

Walker Field Airport Authority

Minutes of the Regular Board Meeting

March 16, 1999

BOARD COMMISSIONERS PRESENT: Martin O'Boyle Robert McCormick
Miles McCormack Ken Sublett
Craig Springer Mike Sutherland
Gary Morris

AIRPORT STAFF PRESENT: Corinne Nystrom John Thomas
Dan Reynolds David Anderson

ALSO PRESENT: Doug Thompson of West Star Aviation; Kent Pfeider of Colorado Skunkworks; Larry Kempton, Jr. of Kempton Air Service; Tom and Judy Daly of Daly Hangar; and Authority Attorney Doug Briggs.

I. CALL TO ORDER

Chairman McCormack called the meeting to order at 5:19pm.

II. APPROVAL OF AGENDA

Chairman McCormack asked for additions or changes to the published Agenda. Manager Nystrom requested that Consent Item C- "Ground Lease Agreement with Gerald B. Feather, Esq." be discussed in conjunction with Action Item A- "Ground Lease Agreement with Larry Kempton, Jr. dba Kempton Air Service." She also requested the addition of Financial Reports C and D- "Budget Funds Transfer" and "Capital Purchases." Additionally, Manager Nystrom requested the addition of Other Items B- "Paradise Hills Development" (to be discussed prior to Action Items). Finally, Manager Nystrom requested Discussion Item C- "Offset Localizer Update" be discussed in conjunction with Action Item D- "Resolution 1999-002: AIP-18 Grant Agreement to Rehabilitate Taxiway 'A' and Reconstruct Blue Angel Lane."

Commissioner Sutherland moved to approve the Agenda as amended. Vice Chairman McCormick seconded. Voice vote: all ayes. The Agenda was amended as requested.

III. PUBLIC COMMENTS AND COMMUNICATIONS

There were no public comments or communications.

IV. CONSENT AGENDA

A. Minutes: February 16, 1999 Regular Board Meeting

B. Contract with Isbill Associates, Raytheon Infrastructure, Inc. to Conduct Engineering Consulting Services for WFAA Capital Improvement Projects

Staff presented the Board with a proposed contract between the Authority and Isbill Associates/Raytheon Infrastructure, Inc. to conduct engineering consulting services for Authority capital improvement projects. At the January, 1999 Regular Board Meeting, the Board selected Isbill Associates as the principal airport engineer for Authority capital improvement projects for the next five years. Those projects were identified in the advertised request for qualifications process from which Isbill was selected.

The proposed contract would be the base contract for the projects requiring Isbill's services. There is no dollar amount set forth in this agreement. Specific engineering costs will be negotiated for each project and a contract amendment presented to the Board. Staff recommended the Board approve the proposed contract between the Authority and Isbill Associates/Raytheon Infrastructure, Inc.

C. Ground Lease Agreement with Gerald B. Feather, Esq.

Relocated to Action Item A to be discussed in conjunction with "Ground Lease Agreement with Larry Kempton, Jr. dba Kempton Air Service."

D. Reauthorization for Funding and Agreement with Federal Aviation Administration to Provide Funding for FAA Lease Extensions on Fruita VOR Properties

Staff presented the Board with a request to reauthorize funding which had been approved in 1998 for the FAA lease extensions on Fruita VOR properties. In late 1998, the Board approved the expenditure of \$11,300 of WFAA funds for the purpose of paying for a portion of the costs to extend the FAA leases with the property owners on whose property the Fruita VOR is located. The FAA agreed to match this amount for the same purpose. The lease extension agreements were necessary in order to keep the Fruita VOR operational through the winter. The agreements expire on May 30, 1999.

Approximately two weeks ago, the Authority received copies of an agreement between the Authority and the FAA which puts in writing to what both parties verbally agreed last year. Although the lease extensions have been executed, the FAA has not requested any of the Authority funds until now.

Staff provided a copy of the proposed agreement between the Authority and the FAA which the FAA has requested that the Authority approve and sign so that the \$11,300, which the Authority committed last year, can be applied to the VOR property lease extension payments. Staff recommended that the Board reauthorize the \$11,300 which was approved by the Board in 1998, but which the FAA did not request until now. Staff also recommended that the Board approve and authorize the Chairman to sign the proposed agreement contingent upon the review and approval by Authority Attorney Doug Briggs.

Commissioner Sutherland moved to approve the items on the Consent Agenda, including the correction of the Minutes to reflect Commissioner O'Boyle instead of Chairman O'Boyle, and the relocation of Consent Item C to Action Item A. Commissioner O'Boyle seconded. Voice vote: all ayes. Motion carried.

V. ACTION ITEMS

A. Ground Lease Agreement with Larry Kempton, Jr. dba Kempton Air Service and Ground Lease Agreement with Gerald B. Feather, Esq.

Staff presented a proposed Ground Lease Agreement between the Authority and Gerald B. Feather, Esq. Mr. Feather would like to construct a hangar on land located east of the Daly Construction hangar in the Runway 4/22 general aviation area to store and maintain his aircraft as well as aircraft owned by the American Navion Society. The proposed Feather Ground Lease Agreement is based upon a boiler plate agreement with additional language regarding the use of facilities by members of an aircraft-type club.

The ground lease portions of the Feather Agreement are consistent with leases currently in place for other tenants utilizing land for hangars. The proposed Agreement contains a provision which would render the Agreement null and void if one of several contingencies fails to come to fruition, including the requirement that the parcel be developed within eighteen (18) months of the execution of this Agreement. The amount of square footage for the initial leasehold is based on approximations and will be adjusted accordingly upon receipt of a survey and legal description from a licensed surveyor. This Agreement will be for a twenty (20)-year term with a renewal provision of ten (10) additional years.

Until Mr. Feather has obtained a Certificate of Occupancy, he will pay the initial rate of \$.0454 per square foot per year, equal to \$88.92 per month from March 17, 1999 through March 31, 2000 (until the next CPI-U adjustment in April, 2000). After completion of the improvements on the leasehold, Mr. Feather will commence paying per the rent schedule applicable at the time of completion of the improvements. The standard four month security deposit will be required.

Staff noted there will be a 45' utilities easement located on the east end of the Feather parcel. The easement can be used to install utilities to access other parcels in the Runway 4/22 general aviation area and for the possible future location of a taxiway. Commissioner Morris inquired whether the proposed Agreement will also be with the American Navion Society. Staff noted that the proposed Agreement will be a private ground lease with Mr. Feather.

Staff then provided the Board with a proposed Ground Lease Agreement between the Authority and Larry Kempton, Jr. dba Kempton Air Service. Staff noted that Larry Kempton would like to construct a commercial hangar on land located north of the United Companies/Luxury Wheels hangar in the Runway 4/22 general aviation area to store and maintain his aircraft as well as provide aviation services of a Specialized Aviation Services Operator (SASO).

The proposed Kempton Ground Lease Agreement and SASO Agreement are based upon a boiler plate ground lease agreement with language included from Kempton Air Service's prior agreement with the Authority regarding the use of the facility as a SASO. The Kempton Agreement includes contingency provisions verbatim as the Feather Agreement. If approved by the Board, this language will be included in boiler plate ground lease agreements with future tenants.

The amount of square footage for the initial lease term is based on approximations and will be adjusted accordingly upon receipt of a survey and legal description from a licensed surveyor. The Agreement will be for a twenty (20)-year term with a renewal provision of ten (10) additional years. Until Mr. Kempton has obtained a Certificate of Occupancy, he will pay the initial rate of \$.0454 per square foot per year, equal to \$24.40 per month from March 17, 1999 through March 31, 2000 until the next CPI-U adjustment in April, 2000. After completion of the improvements on the leased premises, Mr. Kempton will commence paying per the rent schedule applicable at the time of completion of the improvements. The standard four (4) month security deposit will be required.

Staff noted that during the survey for the Kempton parcel, it was discovered the Daly hangar is located up to the lease line, and does not have the required 10' setback. In order for the proposed Kempton hangar to fit on its parcel, a variance will need to be approved by the Board. While discussing this issue with Mr. Daly, he brought up an additional issue regarding future access to the northern portion of his parcel if the Feather lease is approved. According to Mr. Daly, he was under the impression that he could access the northern part of his parcel by crossing the proposed Feather parcel.

Staff commented that there are some options available for the development of the northern half of the Daly parcel, including the possible division of the parcel and the refund of rent to Mr. Daly for one-half of his leasehold. This amount totals \$1,527.91. Upon the division of the parcel, the northern portion could be used for possible aeronautical office complex development or the expansion of ramp space for adjacent lessees.

Attorney Briggs commented that the only correspondence the Authority has regarding the issue was a letter several years ago from the Authority to Mr. Daly prior to the construction of his hangar in which the Authority expressed concern over the location of Mr. Daly's hangar. In the letter, the Authority recommended Mr. Daly construct his hangar on the northern portion of his parcel to allow for future expansion of his ramp and to gain access to Taxilane C1-A. However, even if there were any correspondence which inferred that Mr. Daly could utilize the proposed Feather parcel to access Taxilane C1-A, the existing Daly Ground Lease Agreement supersedes any previous writings. Thus any such promise of access across the proposed Feather parcel should have been incorporated into the Daly Agreement, which it was not.

Mr. Daly stated that at the inception of his lease (early 1996), he only wanted to lease the southern portion of his parcel which is adjacent to Taxilane C1-A, but the Authority insisted that

he lease the entire parcel. He noted that he has been paying rent on the entire parcel for three years, even though he has not utilized the northern portion of the leasehold. Additionally, he commented that he was promised there would be a taxilane constructed to the east of his leasehold which would allow access to the northern portion of his parcel.

Commissioner O'Boyle inquired if there are any FAA Advisory Circulars which address the issue of distances between buildings. Staff responded that the FAA allows the airport operator to develop the distances. The Authority has formulated those distances in the Architectural & Development Standards. Commissioner O'Boyle asked how those distances are calculated. Staff noted that the distances are determined by reviewing the intended use and the design group of the aircraft utilizing that area. Additionally, existing City building codes are incorporated into the requirements.

Commissioner Sutherland inquired what size of building Mr. Feather proposes for his leasehold. Staff noted that Mr. Feather has proposed constructing a 72' x 120' with the width of the hangar aligned on the east-west line of the parcel. The hangar will be constructed 10' from the west property line to allow for the easement on the eastern portion of the parcel. Commissioner Morris asked if Mr. Daly has considered the possibility of extending his hangar to the north to allow for access to C1-A. Mr. Daly noted that a deeper hangar will not improve the access to the taxilane.

Staff commented that perhaps what Mr. Daly is referring to when he has stated that the Authority was going to construct a taxilane to the east of the Daly parcel was that GM Hangar had a first right of refusal for the proposed Feather parcel. GM Hangar's plans for the development of that parcel included the construction of a shade hangar. On both the east and west side of the shade hangar, there was going to be ramp space. Although there is no documentation to support this, this ramp space may have been the access way to the taxilane to which Mr. Daly is referring. Mr. Daly agreed with that statement.

Manager Nystrom provided background regarding the parcels referred to in this issue. She noted that Mr. Daly's Agreement was negotiated during a previous Authority administration. Unfortunately, there was no record of an intent to construct a taxilane to the east of the Daly parcel. The GM Hangar Agreement, with the corresponding first right of refusal, was negotiated subsequent to the approval of the Daly Agreement. Commissioner Sutherland noted that the taxilane to which Mr. Daly has referred is not even listed in the Walker Field Airport Master Plan. The Master Plan was developed at approximately the same time as the negotiations for the Daly Agreement. Commissioner Sutherland stated it would be unfair to impose any possible implied agreements between the Authority and Mr. Daly upon Mr. Feather.

Mr. Daly stated that the \$1,527.91 in rent abatement that he is requesting is less than the actual value of that land. He noted that the value of that land has increased substantially since the date of the commencement of his leasehold. Commissioner Sutherland noted that Mr. Daly is requesting the Authority require an adjacent lessee to construct a shade hangar and to grant an easement to Mr. Daly across that parcel to the taxilane.

Commissioner Sutherland inquired for what purpose the northern portion of the Daly leasehold could be used. Manager Nystrom commented it would need to be used for an aeronautical use, such as an aircraft parts shop. Commissioner O'Boyle recommended relocating the 45' easement on the Feather parcel from the east side to the west side. Manager Nystrom noted that Staff

reviewed this possibility yesterday, but it would not be compatible with Mr. Feather's plans for his hangar and could create a problem of aircraft access on the parcel adjacent to Mr. Feather's to the east.

Chairman McCormack asked if the Feather Agreement had to be decided tonight or whether continued discussions could be held between those two parties and Staff regarding access issues across the Feather parcel. The consensus of the Board was to postpone action on the Feather Agreement until a later date. Staff commented it would work together with Mr. Daly and Mr. Feather to review this issue.

Staff recommended that the Board approve the Ground Lease Agreement between the Authority and Larry Kempton, Jr. dba Kempton Air Service and that the Chairman be authorized to sign the Agreement on behalf of the Authority. Staff also recommended that the approval be contingent upon receipt of the security deposit, certified survey and legal description, a letter of approval from City Planning, FAA Form 7460-1 review approval, approved building permit, and an insurance certificate as required per the Agreement.

Vice Chairman McCormick moved to approve the Ground Lease Agreement between the Authority and Larry Kempton, Jr. dba Kempton Air Service, that the Chairman be authorized to sign the Agreement on behalf of the Authority, and that the approval be contingent upon receipt of the security deposit, certified survey and legal description, a letter of approval from City Planning, FAA Form 7460-1 review approval, approved building permit, and an insurance certificate as required per the Agreement. Commissioner Sutherland seconded.

Commissioner Sutherland noted that the initial ground lease rate for Kempton Air Service is \$.0454/sq. ft./yr., which is not the commercial lessee rate. Manager Nystrom commented that this rate will be in effect until Mr. Kempton constructs the hangar. After that time, Kempton Air Service will pay the commercial rate.

Roll call: all ayes, except for Commissioner O'Boyle, who abstained. Motion carried.

Mr. Daly noted that if Mr. Feather wishes to construct a taxilane on his parcel on which Mr. Daly could access Taxilane C1-A, he would be willing to pay for half of the costs of the taxilane. Chairman McCormack inquired if the Board should take action on the Feather Agreement at this meeting. Manager Nystrom requested that an attempt be made to resolve this issue prior to any action on the Feather Agreement.

Commissioner O'Boyle moved to table action on the Feather Agreement until the April, 1999 Regular Board Meeting. Commissioner Springer seconded. Voice vote: all ayes. Motion carried.

B. WFAA Static Display Policy

This Agenda Item was discussed after Other Item B. Staff provided the Board with a draft of the proposed Authority Static Display Policy which was discussed by the Board and re-worked at the March, 1999 Board Workshop. Additionally, Staff provided the Board with written comments received by interested parties regarding the proposed Policy. Manager Nystrom recommended the Board consider two issues regarding this Agenda Item—the Policy itself and where to locate static displays at the Airport.

Commissioner Sutherland recommended changing "important to the region" to "benefit the region." Additionally, he recommended modifying the requirement of the displays being aircraft only to "an aviation theme." Commissioner O'Boyle noted this could be accomplished by allowing variance requests.

Commissioner O'Boyle moved to approve the Authority Static Display Policy as amended. Commissioner Sublett seconded.

Vice Chairman McCormick requested "criteria" be added to the end of the second paragraph. Commissioner Springer inquired whether procurement language should be incorporated into the Policy, such as a plan from the applicant which includes a timeline. Commissioner Morris agreed with Commissioner Springer and noted the Authority should have a complete plan for a display prior to acquiring the aircraft. Commissioner Sutherland recommended the Authority require some type of funding or improvements guarantee from the applicant prior to construction of a display. Vice Chairman McCormick recommended incorporating these changes to the Policy and tabling action on the Policy until a later Board meeting.

Commissioner O'Boyle withdrew his motion.

Commissioner Morris asked when the 18-month completion requirement begins to toll. Commissioner Springer recommended displays be completed within 18 months of the approval of a comprehensive design and procurement plan. Commissioner Sublett noted that a plan is a comprehensive set of benchmarks from the start of a project through the date of completion. Vice Chairman McCormick recommended that "land use" be added to the 5th bullet in the Policy. The consensus of the Board was for a final draft of the Policy to be presented to the Board at the next Board meeting. Additionally, the consensus of the Board was that there should be a limit of four static displays at the Airport.

C. Acquisition of F-14 Aircraft for Airport Static Display

Staff presented a request to the Board for the acquisition of an F-14 aircraft for an on-Airport static display. This issue has been the topic of discussion at several recent Board meetings and workshops. Staff provided the Board with historical and projected costs for maintaining the two existing static displays, including the possible disposal of these aircraft. Manager Nystrom noted there are several issues to consider—first, does the Authority want to acquire an F-14; second, if yes, where should the aircraft be located; and third, which party will pay for the acquisition and maintenance of the aircraft. Several members of the Board expressed interest in acquiring the aircraft.

Commissioner Sublett noted that he used several methods for analyzing whether or not the Authority should acquire the F-14. Each method yielded the same conclusion—acquiring the aircraft is not in the Authority's long-term best interests. Commissioner Morris agreed with Commissioner Sublett that the acquisition of the aircraft should not be approved at this time. However, Commissioner Morris commented that the reason he would not support the acquisition of the aircraft at this time is because the proposed Static Display Policy criteria have not been met.

Commissioner O'Boyle asked why Commissioner Sublett does not believe acquiring the F-14 would not be in the Authority's best interests. Commissioner Sublett responded that it doesn't

appear the Authority has a handle on the long-term costs of the displays, the existing displays are not maintained properly, there are hidden costs of the displays which Staff has not considered, and there are other more important issues which the Authority should be addressing, such as the quality of commercial air service.

Commissioner Sutherland noted that the Authority has addressed the issue of commercial air service on many occasions. Commissioner Sublett stated that the Authority has positioned itself as a victim of the airlines. Commissioner Sutherland commented that the Air Service Task Force has worked to improve air service. Commissioner Sublett inquired who has coordinating authority regarding air service. Commissioner Sutherland recommended the Authority address this issue at a Board Workshop.

Regarding the acquisition of the F-14, Vice Chairman McCormick recommended the Authority acquire the aircraft, but no Authority money be spent to acquire or maintain the static display. Commissioner Springer stated that he fully supports Mr. Thompson in his efforts to help improve the Airport. However, from the point of view of an airport user, he is concerned with the direction being taken with this issue. The Authority is not addressing the issues that it should. Commissioner Sutherland commented that he compares static displays to landscaping. The Authority could redirect all expenditures from landscaping to improving air service, but is that truly what the airport users would want? He noted that the Authority controls its costs, but at the same time, attempts to improve the aesthetics of the Airport.

Commissioner Morris inquired how Staff arrived at the \$5,000 acquisition cost calculation. Manager Nystrom noted that the acquisition cost was based on the calculations provided to Staff by Mr. Thompson. Commissioner O'Boyle noted that air service is an equal component of the airport environment along with many other components. He continued that static displays are an attraction for the community, and the acquisition of the F-14 can provide a benefit to the community.

Vice Chairman McCormick commented that static displays have not been a high priority for the Authority in the past. He expressed concern that the Authority should complete the entrance sign project before proceeding with an additional display. Additionally, he expressed concern regarding the proposed location of the F-14. Commissioner Morris recommended Mr. Thompson provide an estimate of the increase in Authority revenues as a result of locating the F-14 static display in close proximity to the proposed restaurant. Mr. Thompson commented that he needed to know tonight whether or not the Authority would like to acquire the F-14. Commissioner Morris indicated it would raise the comfort level of the Authority if it can be shown that the acquisition of the aircraft will result in increased military revenues for the Authority. Mr. Thompson indicated that Sky Adventures, LLC would maintain the aircraft for as long as the business is in existence.

Commissioner Morris inquired if the maintenance of the aircraft can be assigned to Sky Adventures. Manager Nystrom noted that the Authority is ultimately responsible for the acquisition and maintenance of the aircraft. Vice Chairman McCormick asked what the status of the negotiations is between the Authority and Sky Adventures. Manager Nystrom commented that negotiations have been on-going for some time, there are several contingencies involved, and the projected opening date is September 1, 1999. Commissioner Sutherland suggested that a percentage of gross sales from Sky Adventures be used to maintain the aircraft static display. Mr. Thompson stated that he could not commit the investors' money at this meeting towards the

maintenance of the display. Manager Nystrom highlighted several provisions of the aircraft loan agreements, including the requirement that the Authority is responsible for all expenses in obtaining and maintaining the aircraft. Additionally, the aircraft cannot be loaned to any entity for monetary gain. Thus Staff would need to work with Attorney Briggs to make sure that any agreement with Sky Adventures would be in conformance with the loan agreement.

Vice Chairman McCormick moved to approve the acquisition of the F-14 with the following conditions: 1) the Authority allocate \$0 for the acquisition, maintenance, or display of the aircraft; 2) the Authority not submit a letter of request until a lease is executed with Sky Adventures which includes obligations for the maintenance and display of the aircraft; and 3) the display be located on Sky Adventures' leasehold. Commissioner Sutherland seconded.

Vice Chairman McCormick expressed concern that the Authority should not buy-in financially to Sky Adventures' plans. Additionally, he noted that if Sky Adventures ceases operations, the Authority will be responsible for the cleaning and maintaining of that aircraft. Commissioner Morris asked for Mr. Thompson's opinion regarding the motion. Mr. Thompson indicated if this motion is passed, there will be no aircraft. Commissioner Morris wanted to make sure the aircraft is acquired. Vice Chairman McCormick commented that there has been very little progress in the negotiations for an Agreement between the Authority and Sky Adventures. Commissioner Sutherland noted that he feels comfortable with Vice Chairman McCormick's motion because the Authority would not be stuck with maintaining the aircraft.

Mr. Thompson commented that if the aircraft is acquired now, he can acquire it for less costs than if the acquisition is delayed. Mr. Thompson commented that he is committed to the Airport, and if the Authority wants the aircraft, then it should commit to the acquisition. Commissioner Morris asked Mr. Thompson if the financial backers could provide a letter of commitment to the Authority.

Vice Chairman McCormick amended the second condition of his motion to allow Staff to proceed with the acquisition of the aircraft.

Attorney Briggs commented that there may be a way to draft provisions to obligate Sky Adventures for displaying and maintaining the aircraft, but the Authority may be walking a fine line regarding its obligations under the aircraft loan agreement. Vice Chairman McCormick commented that regardless of how an agreement with Sky Adventures is drafted, the Authority will ultimately be responsible for the maintenance of the aircraft display. Manager Nystrom asked if there is a reason why the display would need to be located on Sky Adventures' proposed leasehold. Vice Chairman McCormick commented that the proposed location of the display is in a less desirable location and the display will be located next to the restaurant. Regarding the aircraft's proposed location on a leasehold, Manager Nystrom expressed concern regarding the provision in the aircraft loan agreement which prohibits monetary gain derived from the aircraft. Vice Chairman McCormick stated that the Authority will not be deriving monetary gain by locating the aircraft on the leasehold. Commissioner Sutherland also expressed concern regarding whether the motion conflicts with the loan agreement because of the provision regarding the responsibility of the maintenance of the aircraft.

Roll call: ayes- Commissioner Sutherland, Commissioner Morris, Commissioner O'Boyle, Vice Chairman McCormick, and Commissioner Springer; nay- Commissioner Sublett; abstain- Chairman McCormack. Motion carried.

D. Resolution 1999-002: AIP-18 Grant Agreement to Rehabilitate Taxiway 'A' and Reconstruct Blue Angel Lane

Staff presented the Board with a proposed resolution for the approval of Airport Improvement Program (AIP)-18 for the rehabilitation of Taxiway 'A' and the reconstruction of Blue Angel Lane. The Authority has applied for an AIP Grant to assist in the completion of these two projects. The total estimated cost of these projects is \$1,749,290. The total amount of AIP entitlement funds available for use by the Authority is \$1,031,000. However, due to Congressional actions, these funds must be programmed in two separate grant cycles. The maximum amount which the FAA can fund under the first grant cycle is \$832,560.

Manager Nystrom noted that some adjustments need to be made to fund the upcoming projects. As a result of the Authority's recent amendment to its passenger facility charges (PFC) program, \$865,000 in PFCs is available to apply towards the rehabilitation of Taxiway 'A.' The sum of the available FAA and PFC funds is \$1,697,560. In order to complete both projects, it will be necessary for the Authority to fund \$51,730. The Taxiway 'C' rehabilitation project will be funded entirely with PFCs. Approximately \$35,000 of this amount can be reimbursed by the FAA to the Authority in the second grant cycle (approximately \$198,000) later this year. The remaining portion is the Authority's local match for reconstructing Blue Angel Lane and is not eligible for reimbursement by the FAA. The 1999 Authority budget currently includes \$15,000 for reconstructing Blue Angel Lane.

Staff recommended that the Board approve "Resolution 1999-002: AIP-18 Grant Agreement to Rehabilitate Taxiway 'A' and Reconstruct Blue Angel Lane" contingent upon approval by the City of Grand Junction and Mesa County, as required by the FAA. Staff also recommended that the Board appropriate an additional \$2,000 of Authority funds to complete the local match for the reconstruction of Blue Angel Lane (total amount is \$17,000) and that the Board appropriate \$35,000 of Authority funds to complete the Taxiway 'A' rehabilitation. The Authority will then request from the FAA that \$35,000 of the second grant cycle funds be utilized to reimburse the Authority for these costs. The net outlay of Authority funds for both of these projects would then be \$17,000 for the Blue Angel Lane project. Commissioner Morris inquired how certain it is that the second grant cycle funds will be forthcoming. Manager Nystrom commented that it is quite certain the Authority will be receiving the \$198,000 later this year.

Manager Nystrom noted that the Authority recently received notification that the offset localizer is eligible for AIP funding. The Authority has appropriated \$100,000 for the localizer in the 1999 Capital Budget. This amount is in addition to the \$60,000 appropriated from the State of Colorado. She recommended the Authority utilize \$35,000 of the Authority's appropriation for the offset localizer for the Taxiway 'A' rehabilitation, then when the second portion of the AIP grant cycle is approved, the Authority could reimburse itself for the \$35,000 out of the AIP amounts received.

Commissioner O'Boyle moved to approve Resolution 1999-002 contingent upon the receipt of approval from the City of Grand Junction and Mesa County. Additionally, he moved to appropriate an additional \$2,000 of Authority funds to complete the local match for the reconstruction of Blue Angel Lane and that the Board appropriate \$35,000 of Authority funds to complete the Taxiway 'A' rehabilitation. Commissioner Sublett seconded. Roll call: all ayes. Motion carried.

E. AIP-18 Supplemental Co-Sponsorship Agreements with Mesa County and City of Grand Junction

Staff presented the Board with proposed Supplemental Co-Sponsorship Agreements with Mesa County and the City of Grand Junction. In prior years, the FAA required the City of Grand Junction and Mesa County to sign a Supplemental Co-Sponsorship Agreement with the Authority as a contingency of the Grant Agreement. The FAA no longer requires the Supplemental Co-Sponsorship Agreement. However, both the City and County require the Supplemental Co-Sponsorship Agreement as a condition of their approval of the Grant Agreement. The FAA has indicated that it does not object to the Supplemental Co-Sponsorship Agreement being signed by either the City or County.

Staff noted that the City Council is scheduled to consider the Supplemental Co-Sponsorship Agreement and AIP-18 Grant Agreement on Wednesday, March 17th, and the Mesa County Commissioners are scheduled to consider these items on March 22nd. The Supplemental Co-Sponsorship Agreement is the same agreement which has been approved in the past except that the project number and amount of grant funds available have been updated to reflect the AIP-18 Grant.

Commissioner O'Boyle noted the City and County used to balk at signing the Supplemental Co-Sponsorship Agreement when the FAA required it, but now the City and County continue to sign the Agreement even though it is not required by the FAA. Commissioner Sutherland commented that the City has not recently reviewed why it continues to sign the Agreement.

Staff recommended the Board approve the Supplemental Co-Sponsorship Agreements with the City of Grand Junction and Mesa County as submitted and requested that the Chairman be authorized to sign the Agreements on behalf of the Authority.

Vice Chairman McCormick moved to approve the AIP-18 Supplemental Co-Sponsorship Agreements with Mesa County and the City of Grand Junction and that the Chairman be authorized to sign the Agreements on behalf of the Authority. Commissioner Springer seconded. Roll call: all ayes. Motion carried.

F. Bid Award and Contract with United Companies to Rehabilitate Taxiways 'A' and 'C' and Reconstruct Blue Angel Lane

Staff presented the Board with a proposed Bid Award and Contract with United Companies to rehabilitate Taxiways 'A' and 'C' and to reconstruct Blue Angel Lane. The Authority advertised these projects and opened bids on February 23, 1999. They were advertised as one project with three separate schedules. The Authority received two bids, both of which were under the Authority Engineer's estimate—United Companies- \$1,828,957.75 and Elam Construction- \$1,902,286.50.

Staff recommended that the Board award the bid for this project to United Companies and that the Chairman be authorized to sign the contract with United Companies, contingent upon the receipt of approval by the FAA and the execution of the AIP-18 Grant Agreement by both Mesa County and the City of Grand Junction.

Commissioner O'Boyle moved to award the bid for the rehabilitation of Taxiways 'A' and 'C' and the reconstruction of Blue Angel Lane to United Companies and that the Chairman be authorized to sign the contract with United Companies, contingent upon the receipt of approval by the FAA and the execution of the AIP-18 Grant Agreement by both Mesa County and the City of Grand Junction. Commissioner Sutherland seconded. Roll call: all ayes. Motion carried.

VI. FINANCIAL REPORTS

A. Accounts Receivable Report

Staff provided the Board with an update on the Authority's delinquent accounts receivables. The Authority received \$430.00 from American Aviation yesterday. This payment reduced its delinquent balance from \$1,333.82 to \$903.82. Regarding Marge's Frozen Custard, Staff noted it is continuing to work with Marge's in the collection of Marge's delinquent amounts. Marge's will be ceasing operations on March 20, 1999.

B. 1998 Audit Report Update

Staff updated the Board regarding the progress of the 1998 Audit Report. Staff commented that the auditors have completed their field work at the Airport. This afternoon, the auditors provided an initial draft for Staff review. The Audit Report will be presented by the auditors to the Board at the April 20, 1999 Regular Board Meeting.

C. Budget Funds Transfer

Staff presented the Board with a request to transfer funds in the 1999 Budget from capital appropriations to operating expenses. Historically, Runway 11/29 litigation expenditures have been capitalized. With the change in auditors, the new auditors have requested that the Authority treat such expenditures as operating expenses. Because the Authority budgeted \$25,000 in the 1999 Capital Budget for Runway 11/29 litigation costs, Staff recommended this amount be transferred from capital appropriations to operating expenses.

Commissioner Sutherland moved to transfer \$25,000 for Runway 11/29 litigation expenditures out of the 1999 Capital Budget and into the Special Counsel expense account. Commissioner Morris seconded. Voice vote: all ayes. Motion carried.

D. Capital Purchases

This item was withdrawn from the Agenda.

VII. DISCUSSION ITEMS

A. Runway 4/22 General Aviation Development Update

Staff provided the Board with the first draft of the proposed Runway 4/22 general aviation area layout plan for Board review. At the February, 1999 Regular Board Meeting, Staff provided the Board with the layout plan for the property scheduled to be developed east of the Fuoco hangar in

the 4/22 general aviation area. Manager Nystrom commented that Staff has had preliminary meetings with the City of Grand Junction and Ute Water regarding the installation of sewer and water lines to the proposed development area.

Manager Nystrom noted that Staff has formulated several recommendations for the Runway 4/22 general aviation area, including: 1) at least one hangar row in the area should be reserved for operators of design group II (larger size) aircraft; 2) instead of constructing three different taxilanes, the tenants should be required to construct a large enough ramp (at their expense) for tenants in the southern portion of the area to taxi across and access the main taxilane; 3) reduce the width of the access road from 30' to 20'; and 4) decrease the number of fillets at the taxilane intersections.

Manager Nystrom noted as soon as the Runway 4/22 general aviation area layout plan is finalized, platting of the parcels and engineering of the utilities can begin. Chairman McCormack recommended that fillets on the eastern portion of the taxilane intersections be included in the plan. Commissioner Springer inquired that if this area was ready for leasing, how many of the parcels could be leased. Staff noted that five of the parcels could be leased immediately. Commissioner Sutherland asked what type of gates will be installed along the access road. Manager Nystrom noted that in the short-term, the entrance gate for the access road will remain at its present location near the Confederate Air Force hangar.

Commissioner O'Boyle asked how the size of the hangars was determined and how flexible the plan would be for tenants wishing to lease more or less land. Manager Nystrom responded that the existing demand and the amount of space available were factors used for determining the size of the parcels. Regarding a tenant who wishes to build on more than one parcel, the entire space of both parcels would need to be leased, not just a partial amount.

Commissioner Sutherland asked whether this is the final draft of the development plan. Manager Nystrom responded that Staff would like to present a final draft of the plan to the Board for action at a later date. Commissioner Sutherland inquired if Staff has a cost estimate for the development. Manager Nystrom responded that Staff believes the utilities can be installed to the area for under \$50,000. However, the direction Staff is heading is that the tenants will pay for the improvements on their parcels, with the exception of possible funding for common-use areas.

B. Restaurant Concession Update

Staff updated the Board regarding the restaurant concession. Marge's Frozen Custard will be ceasing operations as the restaurant concessionaire effective March 20, 1999. Manager Nystrom commented that discussions with Coffee Time, LLC for the possible operation of the restaurant have been on-going, but that Coffee Time has requested exclusive rights to sell food items in the terminal building.

The most recent FAA position regarding this issue is that exclusive rights cannot be granted to Coffee Time unless the restaurant concession is put out to bid. The only exception to this would be if Coffee Time became disadvantaged business enterprise (DBE) certified and was granted the same exclusive rights as what Marge's currently has for the remaining term of its concession agreement. Coffee Time has portrayed to Staff that it may be willing to obtain DBE certification. However, Coffee Time is concerned with the opening of the Hangar Deck Restaurant to the west

of the terminal building, and has now expressed reluctance to operate the restaurant unless they have exclusivity on the terminal building food concession.

Manager Nystrom commented that Coffee Time is up for a mutual automatic renewal in December, 1999. In light of the FAA's position regarding exclusivity, the Authority may wish to not renew Coffee Time's exclusive cappuccino concession, and put the concession out to bid. Vice Chairman McCormick recommended the Authority cease negotiations with Coffee Time and proceed with obtaining some type of snack shop in the restaurant area. Commissioner O'Boyle questioned whether not having a restaurant in the terminal building is actually a crisis. Vice Chairman McCormick noted there are several other options the Authority should review, including food services from the Incubator or UTEC.

C. Offset Localizer Update

This item was discussed in conjunction with Action Item D.

D. Landside Non-Aeronautical Property Appraisal

Staff provided the Board with the results of the appraisal of landside non-aeronautical parcels and how the appraisal may impact the Authority's land lease rates for those parcels. Manager Nystrom commented that on February 16, 1999, the FAA issued a Final Policy Statement Concerning the Use of Airport Revenue. The Final Policy includes the requirement that airport operators must charge fair market value rent for non-aeronautical parcels. Because of the new Policy, the lease rate contained in the Colorado State Patrol Agreement may need to be modified.

Commissioner Sutherland moved to amend the existing land lease resolution to reflect that non-aeronautical land will be leased at the fair market value of the land at the time of negotiations. Chairman McCormack seconded. Roll call: all ayes. Motion carried.

E. Colorado State Patrol Lease

Staff updated the Board regarding the Colorado State Patrol Ground Lease Agreement. At the direction of the Board, Staff sent a letter to the State of Colorado which outlined the position the Board took at the February, 1999 Regular Board Meeting regarding the State's proposed changes to the lease agreement which the Board approved in December, 1998. Before the letter was mailed, the State Patrol learned of the Board's position and asked that Staff meet with them to discuss the lease. On March 10th, Staff and Attorney Briggs met with 3 representatives of the State Patrol, a representative from the State Attorney General's Office, and a representative from the State's Real Estate Office.

During the meeting, Staff noted that the FAA had issued its Final Policy Statement which could possibly have an effect on the State Patrol's ground lease rate. Additionally, Staff made it clear to the meeting attendees that Staff would make no promises to them on behalf of the Authority, but would forward the information to the Board for review. The State is now willing to modify the termination clause to allow the Authority to terminate the Agreement. However, they have also requested that if the Authority terminates the Agreement, the Authority would be required to pay the State for the depreciated value of the building. Attorney Briggs cautioned against approving the modification of this clause.

Commissioner Sutherland inquired whether the FAA Policy applies to this Agreement since the Agreement was approved by the Board in December, 1998. Staff indicated it would review this issue. Manager Nystrom commented that former State Senator Tilman Bishop contacted the Authority to discuss this issue and express his concerns that the lease has not been finalized. Commissioner O'Boyle inquired how important it is to attract the State Patrol to locate its facility at the Airport. Manager Nystrom noted that one of the objectives contained in the Authority's Planning Policies is to attract governmental entities to the Airport.

Commissioner Morris expressed concern over the termination clause which would require the Authority to purchase the State Patrol facility if the Authority terminates the lease. Vice Chairman McCormick agreed with Commissioner Morris and recommended the State be responsible for reletting the facility. Attorney Briggs cautioned against this type of modification because the State could then relet to any other State agency, including a parole office.

Manager Nystrom asked the Board if there would be an acceptable counterproposal to the State's termination clause. Commissioner Springer asked if the State could still sign the December, 1998 Agreement and be in compliance with the FAA Policy. Attorney Briggs suggested that this is a possibility, and at a later date an Amendment could be negotiated to the underlying Agreement. Manager Nystrom inquired whether the Board would still accept the original termination clause contained in the December, 1998 Agreement or is there a different clause the Board would like to incorporate into the Agreement. The consensus of the Board was to not have a provision where the Authority would have to purchase the facility from the State if the Authority terminates the lease.

VIII. OTHER ITEMS

A. Insurance Request for Proposals

Staff noted that an airport insurance request for proposals will be solicited in the near future with an effective date of June 1, 1999.

B. Summer Hill Subdivision

This Agenda Item was discussed immediately after Action Item A. Commissioner Morris provided background information to the Board. There is a proposed Filing for a subdivision to the north of Paradise Hills and west of 27 ¼ Road. Because of access requirements, there is a proposed road which would connect the subdivision to 27 ¼ Road. Commissioner Morris inquired if there are any concerns the Authority may have regarding the proposed road.

Commissioner Sutherland asked who owns the property on which the proposed road would be constructed. The exact location of the proposed road has not been determined. Thus Staff commented it would need to review the precise location of the road. Vice Chairman McCormick inquired whether the Authority responded to the proposed subdivision. Staff noted they responded to the proposed subdivision, but the proposal regarding traffic flow was not included in the original documents provided by the City for comment. Commissioner O'Boyle recommended the Authority tell the Planning Commission that it has not had time to review the proposed road.

Commissioner Sutherland asked that if the Authority owns the property, should it allow a right-of-way for the construction of the road. Vice Chairman McCormick recommended that if this issue arises at tonight's meeting, then the Authority should note it is out of the purview of the Authority's review process. Commissioner O'Boyle inquired whether an avigation easement is sufficient protection for the Authority as to the residents of the subdivision. Attorney Briggs noted that an avigation easement protects the Authority, but not if the easement is used unreasonably.

C. Air Traffic Control Tower

Manager Nystrom commented that it appears the control tower at the Airport will be changed over to a contract operator by August, 1999. However, the FAA controllers have noted that the Airport is approaching the number of operations required for a Level II tower. If the tower does reach that level, the FAA may have the option of not transferring operations of the tower to a contract operator. Manager Nystrom noted she will forward this information to the Air Service Task Force because of the possible effects on air service at Walker Field Airport.

D. Security Inspection


Manager Nystrom stated that the FAA conducted a surprise FAR Part 107 security inspection at the Airport last week. The inspector spent almost an entire week at the Airport, and he had nothing but good things to say about how the Authority maintains security at the Airport. She congratulated Staff, and especially Leona Aka and Dan Reynolds, for their efforts in maintaining high security standards.

Commissioner Sublett inquired whether the Authority has reviewed the correlation between growth in population in the community and an increase in aircraft operations. Manager Nystrom stated that Staff has not researched whether or not there is a correlation.

X. ADJOURNMENT

There being no further business to come before the Board, Chairman McCormack moved to adjourn the meeting. Vice Chairman McCormick seconded. Unanimously carried. The meeting was adjourned at 10:56pm.

APPROVED AND ADOPTED THIS 20th DAY OF April, 1999.


Miles C. McCormack, Chairman

ATTEST:


David J. Anderson, Clerk