

Walker Field Airport Authority

Minutes of the Special Board Meeting

July 10, 2001

BOARD COMMISSIONERS PRESENT: Miles McCormack Steve Ammentorp
Robert McCormick Karen Berryman
Ken Sublett Craig Springer
Dennis Kirtland

AIRPORT STAFF PRESENT: Corinne Nystrom Gary Mancuso
David Anderson Dan Reynolds
Charlie Novinskie Ted Balbier

ALSO PRESENT: Authority Attorney Mike Grattan of Younge & Hockensmith, P.C.; Doug Thompson, Greg Laabs, Mary Grovves, and Adam Maynard of West Star Aviation; Roger Fischer, Bill Moran, Steve Smith and Jon Johnson of Timberline Aviation; Chris Gaty, Attorney from Traylor, Tompkins, Black & Gaty, P.C. representing Timberline Aviation; Kevin Scott of Valley/Phillips Petroleum; Donna Sanford of Air BP; and Mike Sutherland and Mike Anton of Grand Junction Air Show, Inc.

I. CALL TO ORDER

Chairman Springer called the meeting to order at 5:15 pm.

II. DISCUSSION OF ECONOMIC IMPACT OF THE DEFENSE FUELS CONTRACT AT WALKER FIELD

Greg Laabs of West Star Aviation presented information regarding the Department of Defense military fueling contract at Walker Field which is currently in the bidding process to determine which fixed base operator (FBO) at the airport will be awarded the contract. He stated that West Star Aviation would like the Airport Authority to develop and adopt minimum standards for fueling and servicing military aircraft at Walker Field. Doug Thompson of West Star Aviation noted that there are some types of military aircraft which West Star believes it is the only FBO at the airport capable of servicing because of the equipment and training West Star currently possesses.

Mr. Thompson noted the importance of the fueling contract to the Authority. He stated that the number one reason military aircraft choose to refuel at Walker Field is the availability of a concrete aircraft ramp used by West Star Aviation, which reduces the potential for foreign objects and debris (FOD) on the ramp. He continued that West Star Aviation has the equipment necessary for supporting defense fueling, including tow bars and ground power units.

Mr. Thompson provided some historical background of West Star Aviation's growth in military fuel sales at Walker Field, and he stated that West Star is concerned that Timberline Aviation cannot adequately service military aircraft. Because of this concern, he recommended that the Authority adopt minimum standards applicable to military aircraft fueling. Chairman Springer asked for clarification as to what West Star is requesting to be included in the minimum standards. Mr. Thompson recommended requiring the same amount of concrete ramp that West Star Aviation has available. He also stated that Timberline should be required to have servicing and starting units specific to the military aircraft utilizing Walker Field.

Commissioner McCormick stated that the Board discussed military fueling minimum standards approximately three years ago. Commissioner McCormick asked if the timing of West Star's request is related to the current Department of Defense fueling contract bid process. Mr. Thompson indicated that West Star's request for Board discussion of this issue is related to the upcoming award of the fuel contract.

Mr. Thompson stated that military fueling minimum standards have been established at Ellington Field in Houston, TX. He requested that the Authority adopt similar standards at Walker Field prior to the deadline for the FBO submittals of their "best and final offers" to the Department of Defense. Chairman Springer posed the question as to whether or not the defense fueling bid process would be delayed if the Authority imposed military fueling minimum standards.

Commissioner Sublett referred to a letter that West Star Aviation submitted to the Authority dated July 5, 2001. He asked for clarification of the last sentence of paragraph 3 referring to West Star not allowing air show aircraft to park on the public use ramp adjacent to its facility if West Star is not awarded the defense fueling contract. Greg Laabs stated that the ramp would be open for normal daily operations, but would be closed to air show aircraft. Manager Nystrom noted that the FAA provided 90% of the funding for that public use ramp.

Commissioner Kirtland requested a timeline regarding the defense fueling bid process. Donna Sanford of Air BP commented that the request for proposals (RFP) was published on April 16, 2001. The proposals were due on May 16th. The pre-award notice was sent to Timberline on June 26th. Following the pre-award notice, an inspection was conducted of the airport and applicable facilities. Kevin Scott of Phillips/Valley Oil commented that the inspection team was comprised of several federal government inspectors who performed an on-site inspection to ensure that the eventual successful bidder can perform the requirements of the contract.

Once the final inspections are completed, Mr. Scott noted that negotiations will occur with the successful entity. Chris Gaty, legal counsel representing Timberline Aviation, stated that the effective date of the defense fueling contract is October 1, 2001. Prior to the final award of the contract, Mr. Gaty stated that the competing FBOs must provide a best and final price to the Department of Defense. He indicated that the best and final price must be submitted next week.

Mr. Gaty commented that Timberline successfully completed the pre-award inspection and meets the applicable federal acquisition requirements. He cautioned the Authority against imposing any additional requirements above and beyond the existing federal requirements. Mr. Thompson stated that West Star Aviation was not inspected because the Department of Defense had recently inspected West Star and had given it the highest possible rating.

Mike Sutherland of Grand Junction Air Show, Inc. (GJAS) presented the Board with information regarding the planned 2002 Air Show. He stated that GJAS submitted its applications this week to seek jet teams for the 2002 Air Show and expressed hope that if Timberline is awarded the defense fueling

contract, Timberline would assist GJAS during the air show with the same level of support that GJAS has received in prior years from West Star.

Mr. Gaty commented that the defense fueling contract is awarded through a fair, open, and competitive process to determine the best entity for the contract. He noted that the Defense Energy Support Center (DESC), which oversees the contracts, understands there are specific requirements that must be met in order to properly perform the contract needs. These requirements include ramp space, employee training, fuel farms, recordkeeping, and equipment. He noted that DESC has an inspection process where inspectors are sent out to perform in-depth inspections to verify every aspect of an FBO's operations.

Mr. Scott commented that under the existing federal bid procedures, the best bidder will obtain the contract. He stated that because of the exhaustive DESC inspection process, the low bidder does not necessarily win the contract. Finally, he stated that West Star is looking for the Authority to step-in and create rules to allow West Star to prevail in the bid process by having the Authority declare that the existing DESC criteria is inadequate.

Mr. Thompson stated that West Star's goal is to have a level playing field in the defense fueling bid process. Commissioner McCormick asked West Star Aviation representatives what West Star is requesting of the Authority regarding this issue. Mr. Thompson recommended that the Authority impose military fueling minimum standards. Commissioner McCormick stated that he views this issue as a federal procurement process, and it should be kept separate from the issue of minimum standards. Additionally, he recommended that the Authority not interfere with the defense fueling bid process.

Commissioner Kirtland commented that because the DESC has not made a final decision regarding this issue, it appears that both Walker Field FBOs are still in the running for the bid award. Mr. Thompson noted that West Star Aviation could bid down its fuel price and refuse to provide additional services to the military aircraft. He commented that if West Star proceeded with this option, it could result in reduced military revenues to the Authority and the community.

Commissioner Sublett provided the Board with public information and documentation on standards established for the awarding of defense fueling contracts. He stated that the DESC establishes standards for these contracts, not the Airport Authority. DESC Document 1548D provides much of the minimum fueling standards and is approved for use by all agencies of the Department of Defense. Copies of these standards were provided to the Board members. According to 1548D, the DESC Contracting Officer is responsible for the quality of service of the fueling provider and may terminate a contract on the spot. Commissioner Sublett recommended against Authority involvement in this issue because it is the government's responsibility to develop minimum standards, not the Authority's.

Commissioner Sublett noted that military fueling minimum standards would take considerable time and expense to properly draft, and he cautioned against drafting minimum standards on a whim. He also expressed a concern that the revenues received from military fueling operations may not equal the risk the Authority incurs from military aircraft activities at Walker Field. He suggested that the Authority compare the military fuel revenues to the financial risk and legal exposure the Authority incurs by having the military fly into Walker Field.

Manager Nystrom provided the Board with copies of Minutes from two previous Board meetings where the issue of military fueling minimum standards was discussed. Additionally, she noted that Staff recently contacted three airports in the western U.S. regarding this issue. The three airports contacted were: Cheyenne, WY; Colorado Springs, CO; and Albuquerque, NM. Three questions were posed to the operators of those airports:

- 1) Do you have minimum standards that are applicable to defense fuel contractors?
- 2) Do you impose a military fuel flowage fee?
- 3) Do you have a minimum military fuel flowage revenue guarantee?

Although each of the three airports imposes a fuel flowage fee, none of these airport operators impose military fueling minimum standards or minimum military fuel flowage revenue guarantees.

Authority Attorney Mike Grattan presented information on the Authority's legal exposure for interfering with the defense fueling bid process or interceding on behalf of West Star Aviation. He highlighted two of approximately thirteen possible causes of actions that could be pursued against the Authority:

- 1) Intentional Interference with a Contractual Relationship- "One who intentionally and improperly interferes with the performance of a contract between another party and a third person by inducing or otherwise causing the third person not to perform the contract is subject to liability to the other for the pecuniary loss resulting to the other for the failure of the third person to perform the contract." One possible defense to such claim would be that the interference was not improper.
- 2) Violation of Equal Protection- A third party could state that the Authority is effecting unequal treatment to benefit a single party.

He noted that from an exposure standpoint, the Authority interceding on behalf of any one party is risky and would expose the Authority to legal liability.

Commissioner McCormick asked if there have been any changes in circumstances that materially affect this issue since the previous request by West Star Aviation to impose military fueling minimum standards at Walker Field. Manager Nystrom replied there have been no changes other than what was discussed during this meeting.

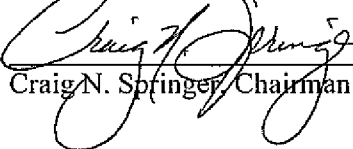
Chairman Springer asked if there was a motion for the Authority to develop and adopt military fueling minimum standards. There was no motion.

Chairman Springer thanked the attendees for their participation in the meeting.

Commissioner McCormick moved to adjourn the meeting. Commissioner Sublett seconded the motion. Unanimously carried.

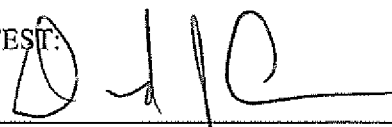
The meeting was adjourned at 6:15 p.m.

APPROVED AND ADOPTED THE 21st DAY OF August, 2001.



Craig N. Springer, Chairman

ATTEST:



David J. Anderson, Clerk