

Walker Field Airport Authority

Minutes of the Regular Board Meeting

August 21, 2001

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

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

ALSO PRESENT: Steve Smith and Bill Moran of Timberline Aviation; Chris Gaty, Attorney from Traylor, Tompkins, Black & Gaty, P.C. representing Timberline Aviation; Charles Pabst, John Pabst and Jeff Sauer of Thrifty Car Rental; Chris Milliken and Paul King of Enterprise Car Rental; Peg Wallace of Thunder Mountain Ground Service, Inc.; and Authority Attorney Mike Grattan of Younge & Hockensmith, P.C.

I. CALL TO ORDER

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

II. APPROVAL OF AGENDA

Manager Nystrom requested that Action Item B- "Release Agreement Between Federal Signal Corporation and Walker Field, Colorado, Public Airport Authority" be added to the agenda.

Commissioner McCormack moved to approve the Agenda as modified. Commissioner Kirtland seconded. Voice vote: all ayes. Motion carried.

III. PUBLIC COMMENTS AND COMMUNICATIONS

There were no public comments or communications.

IV. CONSENT AGENDA

A. Minutes: July 10, 2001 Special Board Meeting

- B. Minutes: July 17, 2001 Regular Board Meeting
- C. Minutes: August 7, 2001 Special Board Meeting
- D. Acknowledgement of Receipt of June, 2001 Financial Statements/Accounts Receivable Report

On the Statement of Operations, year to date operating revenues are 2.4% higher than budgeted and year to date operating expenses are 7.6% lower than budgeted. The net result of the favorable operating revenues and expenses is an income to retained earnings balance of \$151,433, which is \$81,447 higher than budgeted year to date.

Terminal building concessions, parking, and aviation fuel tax revenues are over budget (year to date), and close monitoring of expenses by all departments resulted in year to date operating expenses that are less than what was budgeted. Parking lot revenues are 12.0% higher than year to date last year.

On the Balance Sheet, nonrestricted cash/investments decreased 12.4% for the month. The decrease in nonrestricted cash/investments resulted from the payment of several large vendor invoices during the month. PFC funds increased \$26,607, reflecting continued program collections. Capital expenditures during the month resulted in an increase to Land, Buildings, and Equipment of \$147,608 (primarily from the terminal building 3rd floor renovation project and Airport Layout Plan Update).

Overall, June reflected favorable financial performance for the Authority.

- E. Non-Exclusive Easement to Public Service Company of Colorado (PSCO) for Lighted Wind Cone and Wind Speed and Direction Indicator

Staff presented the Board with a proposed non-exclusive easement for the lighted wind cone and wind speed and direction indicator. Recently, the electric line to the lighted wind cone and the wind speed and direction indicator located south of Runway 11/29 and west of Runway 4/22 was damaged due to a lightning strike. The existing electric line is buried under portions of the West Star ramp, is over 35 years old, and is maintained by the Authority.

Rather than replace the existing line, PSCO and Staff have determined that it is more efficient to install a new electric line that will be maintained by PSCO. The proposed new location is from a transformer located east of the West Star Aviation ramp to another transformer adjacent to the wind cone. Consequently, PSCO is requesting an easement for the electric line location, and the installation will occur as soon as PSCO can schedule the job, which should occur within the next 30 days. The standard Public Service Company of Colorado easement form is being used.

Staff recommended approval of the non-exclusive utility line easement and recommended that the Chairman be authorized to sign the easement form on behalf of the Authority, contingent on the non-exclusive easement being recorded by PSCO at the Mesa County Clerk and Recorder's Office.

F. Rental Car Concession Compliance Certification Review Report

Staff presented the Board with the results of the rental car concession compliance certification review report performed on Enterprise Car Rental. In 2000, Chadwick, Steinkirchner, Davis & Co., P.C. (CSD) conducted compliance certification reviews of all Walker Field rental car concessions for the May 1, 1999 through April 30, 2000 concession period. The goal of the Authority is to perform annual reviews for subsequent concession periods, with a concessionaire to be selected at random for each review.

After notifying each rental car concessionaire in advance of this year's selection meeting (held on May 25th), Enterprise Car Rental was selected via a drawing at the meeting. CSD has completed its reviews and drafted a report of its findings.

The Board was asked to vote on acceptance of the Report. Upon acceptance by the Board, Staff will forward a check to Enterprise in the amount of \$236.40 to reimburse them for the overpayment of amounts owed to the Authority.

Since the auditors report directly to the Board, Staff did not make a recommendation regarding acceptance of the Rental Car Concession Compliance Certification Review Report.

G. Employee Recognition Program Policy and Procedures

Staff presented the Board with a proposed Employee Recognition Program Policy and Procedures. The existing Authority Employee Recognition Program was developed in 1997. The intent of the Program was to encourage increased employee productivity and creativity. Since that time, Staff has reviewed the Program to measure effectiveness.

To assist with improving the Program, Staff surveyed other entities and researched options for improving the objective criteria for selecting recipients of the awards outlined within the Program. Based on this information, Staff drafted a proposed Employee Recognition Program document.

The Personnel Committee reviewed and approved the proposed Program and associated document at its August 7, 2001 meeting. If approved by the Board, the revised Program would be implemented immediately.

Staff recommended that the Board approve the Employee Recognition Program Policy and Procedures.

Commissioner Kirtland moved to approve the Consent Agenda. Commissioner McCormack seconded. Voice vote: all ayes. Motion carried.

V. ACTION ITEMS

A. Building Use and Lease Agreement with Carol Eichert and Charles A. Pearson for Two Rivers Pilot Supply Terminal Building Concession

Staff presented the Board with a proposed Building Use and Lease Agreement with Carol Eichert and Charles A. Pearson to operate a non-exclusive pilot supply shop named "Two Rivers Pilot Supply," located on the second floor of the terminal building east of the conference room, to sell pilot's logbooks, handbooks, charts, communication devices, and other aeronautical related items. The shop will appeal to pilots and the general public.

The rent paid to the Authority will be \$437.97 per month. Since Authority Staff currently occupies the space, the term of the lease will be for one year from October 1, 2001 or the day after the Authority vacates the premises, whichever is later. The standard form building use and lease agreement is being used.

Chairman Springer asked what type of leasehold finish the Authority will provide for the store. Staff commented that the Authority will not provide finish work for the store. Carol Eichert of Two Rivers Pilot Supply indicated that the existing space finish is adequate for the store's initial needs.

Staff recommended that the Board approve the Building Use and Lease Agreement with Carol Eichert and Charles A. Pearson and that the Chairman be authorized to sign the agreement on behalf of the Authority contingent upon the Authority's receipt of proof of insurance and security deposit.

Commissioner McCormick moved to approve the Building Use and Lease Agreement with Carol Eichert and Charles A. Pearson for Two Rivers Pilot Supply terminal building concession. Commissioner Sublett seconded. Voice vote: all ayes. Motion carried.

B. Release Agreement Between Federal Signal Corporation and Walker Field, Colorado, Public Airport Authority

Staff presented the Board with a proposed Release Agreement Between Federal Signal Corporation and Walker Field, Colorado, Public Airport Authority. At the July 17, 2001 Regular Board Meeting, the Authority Board of Commissioners approved a motion for Authority Staff and Authority legal counsel to proceed with surrendering the two (2) firefighting vehicles that the Colorado EMS Foundation had been attempting to finance and donate to the Authority.

Pursuant to that motion, and to protect the Authority's interests, Authority legal counsel drafted a proposed Surrender Agreement which Federal Signal Corporation signed so that the two (2) firefighting vehicles could be surrendered to Federal Signal Corporation. To ensure that the Authority could execute the proposed Surrender Agreement, Authority Attorney Mike Grattan recommended that the Board approve the Surrender Agreement and authorize the Chairman to sign the agreement on behalf of the Authority.

In conjunction with the surrender of the two (2) firefighting vehicles, Kansas State Bank recently contacted the Authority and indicated it may have a perfected

security interest in some equipment that had been affixed to the vehicles. The Authority is holding this equipment until the process of verifying Kansas State Bank's claims has been completed.

Commissioner McCormick moved to approve the Surrender Agreement Between Federal Signal Corporation and Walker Field, Colorado, Public Airport Authority and authorize the Chairman to sign the Agreement on behalf of the Authority. Commissioner Berryman seconded. Voice vote: all ayes. Motion carried.

VI. BOARD COMMITTEE REPORTS

A. *FACILITIES COMMITTEE*

Commissioner McCormick reported that some of the furnishings for the terminal building 3rd floor Authority Administration Offices will be arriving within the next couple of weeks. The terminal building heating ventilation and air conditioning (HVAC) is being reviewed by HVAC engineers because the 3rd floor and airline ticket office areas are planned to have separate HVAC systems.

Because of the increase in airport construction activity, Commissioner McCormick recommended that the Authority review the possibility of hiring a general contractor/construction manager (GCCM) to help coordinate the bid processes, and actual construction projects. The GCCM would also be responsible for looking for ways to reduce project costs. The scope of work and expectations would be defined for each job. The GCCM would also provide competitive bids from various trades and work with Authority Staff, engineers and architects.

Commissioner McCormick noted that the Facilities Committee is reviewing the possibility of using passenger facility charge (PFC) revenues to pay for a portion of the airline ticket offices HVAC system. Staff commented that it has had initial discussions with the FAA regarding the PFC-eligibility of this project.

B. *PERSONNEL COMMITTEE*

Commissioner Sublett reported that the Board is in the process of reviewing several of the Authority's policies and procedures. As a part of the review process, he recommended that the Personnel Committee address the Authority's Code of Ethics for Board members and Staff. The existing Code of Ethics was written in the mid-1980s.

The consensus of the Board was for the Personnel Committee to begin its review and initial revisions to the Authority's Code of Ethics and discuss them at an upcoming Board Workshop.

VII. AIRPORT MANAGER'S REPORT

A. EAST AIR CARRIER RAMP RECONSTRUCTION PROJECT

Staff reported that because of adverse weather, concrete pouring has been delayed until August 22, 2001.

B. RUNWAY 11/29 FOG SEAL AND PAINTING PROJECT

Staff commented that the results of the bid process for the Runway 11/29 Fog Seal and Painting Project will be presented to the Board at the September, 2001 Regular Board Meeting. The project is planned to be completed by mid-October, 2001. To allow for optimal sealing and curing, it will be necessary to close the entire main runway for at least one day during the project.

C. NAVIGATORS WAY EXTENSION

Staff updated the Board regarding the extension of Navigators Way. As a part of the east air carrier ramp reconstruction project, there are some aggregate millings available to the Authority for the Navigators Way project. Apparently, one of the contractors for the air carrier ramp project had promised some millings to Larry Kempton of Kempton Air Service. However, these millings were inadvertently hauled-away by another contractor working on the project. Because of this, Mr. Kempton has requested some of the Authority's millings. If there are extra millings available after Authority use, the Authority may consider selling some of the extra millings to Mr. Kempton.

D. CITY OF GRAND JUNCTION DETENTION PONDS

Staff reported that a proposed lease agreement with the City of Grand Junction for the construction of City storm water drainage detention basins on airport property is currently being negotiated. The FAA has preliminarily stated that it does not object to the location of the detention basins as long as they do not attract wildlife.

E. RESTAURANT WINDOWS INSTALLATION

Staff noted that a quote was received for the installation of windows in the restaurant area. The quote was higher than anticipated because of concerns that there may be electrical lines and pipes in the wall where the windows will be installed. Because the quote was higher than what was budgeted, Staff is working with the proposed contractor to reduce the cost of the project.

F. COMMERCIAL AIR SERVICE BENCHMARK REPORT

Manager Nystrom commented that the final draft of the Commercial Air Service Benchmark Report is being prepared for distribution at the City of Grand Junction/Mesa County Breakfast Meeting scheduled on Wednesday, September 12th. It will be discussed prior to this date at the September Board Workshop.

G. *VISION 2020 STATEMENT*

Manager Nystrom highlighted some of the statements in the Grand Junction Vision 2020 Statement. Organizations that participated in its preparation include the Grand Junction Area Chamber of Commerce, City of Grand Junction, Mesa County, Mesa State College, and Mesa County Valley School District No. 51. One of the airport-related items in the document was a recommendation to "revitalize air service."

VIII. **DISCUSSION ITEMS**

A. **Off-Airport Rental Car Concession Vehicle Staging Privileges**

Staff presented the Board with information pertaining to the alleged on-airport staging of rental car vehicles by an off-airport rental car concessionaire. Thrifty Car Rental had previously notified the Authority that Enterprise Car Rental (off-airport rental car concessionaire) and Timberline Ground Services, LLC (ground lessee) may be violating their respective agreements with the Authority by staging Enterprise rental car vehicles on the Timberline leasehold. Based on this preliminary information, Staff met with Enterprise and Timberline to discuss the alleged operations and provided a follow-up written notification to each of these entities to remind them of the obligations and prohibitions contained within each of their agreements.

In June, 2001, Thrifty again alleged to the Authority that Enterprise was performing unauthorized rental car operations with the assistance of Timberline. Additionally, Thrifty asserted that because of the alleged Enterprise/Timberline operations, the Authority was in breach of its contract with the on-airport rental car concessionaires. Following receipt of the more recent allegations made by Thrifty, Authority Staff and legal counsel researched the matter further. Authority Staff met again with Thrifty to discuss Thrifty's specific allegations and concerns.

Thrifty then provided Staff with additional information regarding alleged Enterprise and Timberline rental car activities. Thrifty offered to drop its claim that the Authority is in breach of the on-airport rental car concession agreement if the Authority agrees to revoke the "two (2)-mile radius" provision contained within its on-airport rental car concession agreement and guarantees that the two (2)-mile radius will not be included in the next rental car bid and contract documents prepared in 2003. The current two (2)-mile radius provision requires that all vehicle rentals that occur within a two (2)-mile radius of the airport be included within the on-airport rental car concessionaire's gross revenues for the calculation of its concession fees owing to the Authority.

Manager Nystrom noted that the two (2)-mile radius provision has been included within the on-airport rental car concession agreements for many years, and the two (2)-mile radius provision was discussed by the Authority Board of Commissioners during the previous bid process held in 1998. The original intent of the provision was to prevent and discourage on-airport operators from establishing facilities adjacent to airport property to avoid paying the airport concession fee.

Manager Nystrom stated that Thrifty Car Rental has requested that the Authority review both of these issues (alleged breaches of contract by Enterprise and Timberline and the request to revoke the two (2)-mile radius provision) as soon as possible. She noted that Staff is not recommending any action by the Board until Staff has had the opportunity to discuss these issues further with all of the parties involved.

John Pabst, Thrifty Car Rental, reported that the on-airport rental car concession agreements affect Thrifty differently than the other on-airport rental car concessionaires because Thrifty has an off-airport facility which falls within the two (2)-mile radius. Because of the effects of the existing provision, Thrifty is in negotiations to relocate its local rental car operations to a site outside of the two (2)-mile radius area.

Mr Pabst stated that Thrifty needs to make a decision regarding its relocation by August 31st. However, if the Authority would revoke the two (2)-mile radius provision, then Thrifty would prefer to remain at its existing location. Because of the relocation expense savings (if Thrifty remains at its existing location), Thrifty would drop its breach of contract claim against the Authority. He requested that the Authority make a decision regarding the two (2)-mile radius provision prior to August 31st.

Charles Pabst of Thrifty Car Rental commented that there are other airports which exempt local rentals from the 10% concession fees. An example of how some airports exempt local rentals from the concession fees is to provide a statement on the rental agreement requiring the customer to declare whether or not he/she has utilized the airport within the previous twenty-four (24)-hour period.

Authority Attorney Mike Grattan recommended that the Board enter into Executive Session to review the possible legal effects of the Authority's various options regarding these issues. Attorney Chris Gaty, representing Timberline, asked if the Authority will be declaring Timberline in default of its agreement with the Authority. Attorney Grattan responded that it has been alleged that Enterprise and Timberline are engaging in activities beyond the operating rights contained within their respective agreements.

Manager Nystrom recommended that Authority Staff meet with Timberline and Enterprise to discuss the specific allegations. Chairman Springer stated that the fair method of addressing this issue is to gather some additional information.

Commissioner McCormick requested clarification regarding the issues being reviewed. Commissioner McCormick stated that the issues to be reviewed are: alleged Enterprise/Timberline breaches of their respective agreements; the request by Thrifty to revoke the two (2)-mile radius provision; and Thrifty's claim of alleged conflicting language between the on-airport and off-airport rental car concession agreements.

Attorney Grattan again recommended that the Board enter into Executive Session to review the possible legal effects of the various options regarding these issues. Commissioner Sublett asked what the cost of delay would be if the Board did not enter into Executive Session. Attorney Grattan answered that there would be no

cost of delay, but he recommended discussing some legal information regarding these issues.

Commissioner McCormick commented that the Board has incomplete information regarding these issues, and a resolution to some of the issues may result from the meetings with Timberline and Enterprise. Commissioner Kirtland stated that even though the Board has incomplete information, the Authority needs to be as prepared as possible regarding these issues, including reviewing these issues with Authority legal counsel in Executive Session. Commissioner Ammentorp concurred with Commissioner Kirtland. Commissioner Kirtland noted that Thrifty's requested deadline of August 31st is a very short timeframe. Commissioner Berryman indicated a preference to review these issues with Attorney Grattan in Executive Session. Commissioner McCormack concurred with Commissioner Berryman.

Commissioner Kirtland moved to enter into Executive Session to discuss the breach of contract allegations made by Thrifty against Timberline and Enterprise and to discuss Thrifty's requests and possible claims against the Authority. Commissioner McCormack seconded. Roll call: all ayes, except Commissioner McCormick, who voted against entering into Executive Session. Motion carried.

The Board entered into executive session at 6:55 p.m.

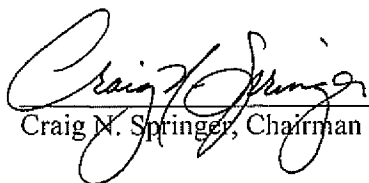
Upon motion duly carried, the Board exited Executive Session at 8:17 p.m.

XI. ADJOURNMENT

There being no further business to come before the Board, Commissioner McCormick moved to adjourn the meeting. Commissioner McCormack seconded. Voice vote: all ayes. Motion carried.

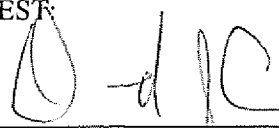
The meeting was adjourned at 8:17 p.m.

APPROVED AND ADOPTED THE 18th DAY OF September, 2001.



Craig N. Springer, Chairman

ATTEST:



David J. Anderson, Clerk