

VI. ACTION ITEMS

A. **Resolution No. 2008-007: Resolution Amending 2008 Budget and Appropriations**

2008 incremental expenditures have been identified that were unanticipated at the start of 2008. The additional expenditures are:

1. Walker Field Drive – For landscaping change orders financed through interest earned on bonds - \$500,000
 2. A6 military aircraft paint - \$65,000
 3. Overflow parking improvement - \$35,000
 4. FAA building paint and carpet - \$35,000
 5. Re-key door locks - \$8,000
 6. Vehicle fuel due to fuel price increases - \$35,000
 7. Land Purchase 2.76 acres - \$18,202
 8. Engineering of car rental car parking area - \$150,000
 9. Building - \$100,000
- Total incremental expenditures: \$946,202

Staff recommended approval of additional expenditures.

Manager Tippetts reviewed the additional expenditures as outlined in the Resolution.

Commissioner Lacy questioned the cost for re-keying door locks and asked if this would be an ongoing expense. Manager Tippetts responded that Staff is addressing the issue of whether or not to allow for re-keying of door locks in the annual budget. He added also that there has been discussion with the lock company to work out a plan for which the cost to re-key is not so costly.

Commissioner Granum questioned the cost for painting the stationary A6 military aircraft. Manager Tippetts explained that \$50,000 had been budgeted for this expenditure; however, the cost was underestimated. He stated that additional costs will be encumbered to move the A6 prior to the Blue Angels performance and to put the aircraft back up after the air show. He commented that the Board has elected to not take any more stationary aircraft because of the ongoing maintenance expense.

Commissioner Doody moved to adopt Resolution No. 2008-007: Resolution Amending 2008 Budget and Appropriations. Vice Chairman Stevens seconded. Roll call: Commissioner Lacy, aye; Commissioner Doody, aye; Vice Chairman Stevens, aye; Chairman Simons, aye; Commissioner LaCroix, aye; Commissioner Little, aye; Commissioner Granum, aye. All ayes. Motion carried.

B. Resolution No. 2008-008: Resolution Supporting the City ¼% Sales Tax Increase and Removal of the Tabor Revenue Cap for the City of Grand Junction

The City Council of the City of Grand Junction discussed at its August 18, 2008 meeting, placing a question on the November ballot asking the City electors to approve a ¼% sales tax increase for the construction and operation of seven new public safety buildings in the City known as the Public Safety Project. Resolution No. 117-08 was passed and adopted by City Council on August 18, 2008, authorizing the ballot questions. This Resolution declares the Grand Junction Regional Airport Board's support for City ballot questions that:

- a) Increase the City Sales Tax by ¼% for the construction and operation of the Public Safety Project proposed by the City and
- b) Exempt the ¼% tax from the TABOR provisions and
- c) Remove the City from the TABOR revenue limitations and
- d) Provide that the ¼% tax will be rescinded when the Riverside Parkway debt is paid and the TABOR revenue limitation is lifted.

Commissioner Granum moved to approve Resolution 2008-008: Support the City of Grand Junction's ¼% Sales Tax Increase and Removal of the Tabor Revenue Cap. Commissioner Lacy seconded. Roll call: Commissioner Lacy, aye; Commissioner Doody, aye; Vice Chairman Stevens, aye; Chairman Simons, aye; Commissioner LaCroix, aye; Commissioner Little, aye; Commissioner Granum, aye. All ayes. Motion carried.

C. Request from Ron Nunnery

Mr. Nunnery of Grand Junction Aircraft reiterated his written request for a 10-year lease extension based on the premises that P&L Properties was allowed a 10-year lease extension. He added that without the extension he cannot apply for a 1031 exchange.

Chairman Simons opened discussion to Airport Counsel and Board Members.

Airport Attorney, Mike Morgan, commented that the Airport Authority's current policy is to lease ground for hangars for no more than a 30-year term. He stated that this leasing policy is consistent with other airport policies around the region. He added that airports will sometimes allow an extension to a lease if there is a significant capital improvement to be made to the facility that will ultimately come back to the airport. Mr. Morgan offered several important factors for the Board to consider of Mr. Nunnery's request which are paraphrased as follows:

- (1) The extension would be a policy change; it would not be just for Mr. Nunnery's hangars; every other hangar on the airport that currently has a 30-year term could go to 40 years.

(2) The term of years in a lease is a valuable property right. If the Airport allows a lease extension without consideration it is arguably a gift of the public property. Airport Staff did an estimate of what it thought the difference would be over a 10-year period between 30 and 40 years at current rates and leases and at what the true market rate would likely be and came up with a guesstimate of approximately \$19 million in value, if all of the Airport lease extensions were granted. What it did not consider is the fact that at the end of 30 years if at the Airport's option it took the hangar back, the Airport could actually rent the hangar in addition to the ground. In other words, the Airport would be putting off for 10 years its ability to rent the hangar facilities.

(3) If the Authority grants a longer lease term, it would give up control that either the Airport Authority or future Authority Boards has over the Airport. As long as the leases are there, that is the use to which that property must be put. After the end of the lease terms, the Authority Board can then decide to use that ground for something else if it is in the best interest of the Airport.

(4) Authority boards modernize their lease language from time to time and as leases are transferred, the Authority tries to upgrade and modernize the lease language. If you grant a 10-year extension you are putting off for ten years modernization of that lease language.

(5) When lease terms end you have that land available to lease to other people, and competition is thereby fostered to come on to the Airport. The longer the lease terms are, and the more the Airport puts them off, the more the Airport is restricting competition for access to the airport.

Commissioner LaCroix stated that he was not in favor of granting lease extensions and/or making changes to existing contracts.

Vice Chairman Stevens commented that he did not believe it would be in the best interest of the Airport to increase the existing 30-year lease terms especially when considering the Master Plan that is now in place which will allow for a new runway, possible new terminal and general aviation area.

Commissioner Granum commented that unfortunately under the old regime, a number of tenants at the Airport were led to believe that leases could be extended and/or renegotiated beyond the 30-year term. He added he believed the current policy is flexible and if someone came to the Board with a specific reason, the Board has the right to renegotiate the lease if it so chooses. Commissioner Granum added also that the Board has to consider the long-term factor at the Airport.

Commissioner Doody agreed with Mr. Morgan's perspective that the existing policy is for the health of the Airport. He stated he felt P&L Properties' lease

extension was an isolated case and one that considerably benefited the Airport. He commented, however, that he was not in agreement with changing existing policy.

After considerable discussion including similar views from other Board members, it was the consensus of the Board to deny Mr. Nunnery his request for a lease extension.

D. Ground Lease Estoppel Certificate and Agreement – Monument Aircraft Service Inc.

Hangar owners desiring to sell their hangars on the Airport typically request as “assignment” of the Authority’s ground lease. It is the policy of the Authority to instead offer a new ground lease with the buyer in the Authority’s then-current form, but for a term of years ending when the seller’s term would have ended. Authority policy is that in the absence of significant additional investment, hangar leases are for a term of 20 years, with the hangar owner having an option to extend for 10 years if it is not then in default.

The Nunnerys desire to sell their hangar to Monument Aircraft Service Inc., and Monument has requested the new lease. Monument will be financing the purchase of the hangar through the Colorado Housing and Financing Authority (“CHFA”). As a condition to providing that financing, CHFA requires that the Authority and Monument (1) deem the 10-year option to already have been exercised, so that the lease term will be longer than the loan term, and (2) enter into a “Ground Lease Estoppel Certificate and Agreement.”

Estoppel agreements typically contain the lessor’s statements as to the lease being in full force and effect, no defaults exist, and the amount of the rent. CHFA’s form of the estoppels agreement further requires the Authority to certify that it (a) has not and will not encumber (place a lien on) the leased ground, except it may encumber the rents to be received from the lease, (B) in the event that Monument defaults on its loan, CHFA may take assignment of the lease, and assign the lease to a hangar purchaser, and (C) in the event of Monument’s default, CHFA will be given an opportunity to cure the default.

(The language requested by CHFA is commercially reasonable but, as noted above, it differs from the Authority’s standard leasing policies. Mike Morgan has modified the documents to remove objectionable terms, and believe they should be acceptable, so long as the Authority is willing to (a) commit to not encumber the leased ground without CHFA consent, (b) allow assignment of the lease (rather than requiring entry into a new lease), (c) give CHFA the right to cure defaults, and (d) enter into similar agreements with other lenders and hangar purchasers in the future.)

Staff recommended approval of the estoppel.

Airport Attorney, Mike Morgan, explained the purpose for the ground lease estoppel certificate and agreement. He commented that if the Board approves the request it may have to grant similar estoppel certificates to someone else who comes in for financing.

Commissioner Granum moved to approve the Ground Lease Estoppel Certificate and Agreement with the Airport Manager's signature. Commissioner LaCroix seconded. Voice vote: all ayes. Motion carried.

D. Grant Request for \$3M for Fencing

Manager Tippetts and Ed Storer explained that the grant would cover removal of the old 4-strand, barbed-wire fencing and replacement with chain-link fencing.

Commissioner Granum moved to approve the grant request. Commissioner Little seconded. Voice vote: all ayes. Motion carried.

VII. DISCUSSION ITEMS

A. Manager's Update

Manager Tippetts provided an update on the CIP. He commented that dirt work will begin approximately 2013 which will allow the cargo area and new general aviation area to be filled in. He added that in addition to the new runway, a considerable amount of usable land for the Airport will be created.

B. Construction Update

Ed Storer reported on current construction progress and stated that everything should be completed by the end of the month.

C. Presentation of 2009 Budget (Proposed Budget Work Session, November 11, 2008)

Manager Tippetts distributed copies of the proposed 2009 Budget and announced that a Budget Workshop is scheduled for November 11th.

Manager Tippetts advised there would not be a Board Workshop in October and that the next Regular Board Meeting will take place October 21, 2008.

VI. EXECUTIVE SESSION

Vice Chairman Stevens moved to adjourn the regular meeting and proceed into Executive Session for the purpose of receiving legal advice on a specific legal question. Commissioner Doody seconded. Voice vote: all ayes. Motion Carried.

The meeting adjourned into Executive Session at 6:14 pm.

Chairman Doug Simons

ATTEST:

Amy Jordan, Clerk