

SPECIAL MEETING  
AIRPORT AUTHORITY MINUTES  
August 11, 1978

Members Present: Chairman Larry Brown, Members Errol Snider, Maxine Albers, Larry Kozisek, and Robert Holmes. Airport Manager Jim Spelman, Assistant Manager Paul Bowers, Clerk T. M. Ford

Mr. Ronald Rish, City Engineer, outlined the various functions planned by City and County forces in the planned parking improvement project. He presented a letter of agreement that will be signed by the City and County once the firm cost estimates for the work is received. Mr. Holmes moved for approval of the agreement for the Authority. Mr. Kozisek seconded the motion which passed.

Mr. Kozisek asked if it appeared the costs would be within the framework of earlier cost estimates. Mr. Frank Brown, who engineered the project, indicated he felt it would. Mr. Rish said he felt this could better be answered when all estimates are received.

Mr. Spelman spoke of the proposed refunding of the present airport bonds. He said there would be some advantage as an aid to issuance of new bonds in a couple of years when a new terminal is built. He said if the refunding was accomplished and new bonds issued for a terminal in the amount of \$1,875,000, then a yearly reduction in payments of \$20,043.00 could be realized which would make it easier to meet debt ratio requirements for paying both issues. Mr. George Thompson of Coughlin and Company said refunding the present bonds would reduce the debt service of the Authority. He said his firm also had a problem with the covenant dealing with County and City assuming operating expenses. He said if a downturn should occur then bond holders

could demand the covenant be followed and a law suit could result. He said another covenant ties all bond issuances to Boettcher and Company. Mr. Thompson said IRS regulations will be changed September 1 and refunding bonds after that time could cost more money.

Mr. Dan Harrington of Boettcher and Company spoke on the refunding issue. He said he wanted to point out some concerns expressed in a letter from Chairman Larry Brown, Mr. Harrington said there had been concern about the present rating, but that at the time the bonds were issued it was a unique bond issue. He also said the debt service should be at 1.65 coverage to get an "A" bond rating and that the Authority is about at 1.3, and he said they should not go below this debt service or a lower bond rating would be given to the Authority. He also said he had talked to Mr. Spelman about raising the debt service to 1.65 by 1981, the possible date of a new bond issue. He said the City-County covenant (in which the City and County would guarantee payment in case of default of the bond payment) remains very important. He said the second covenant regarding Boettcher and Company can be reviewed yearly and Boettcher would gladly step aside if they feel a nationally known consultant is being involved in airport projects for which bonding is contemplated. Mr. Brown asked Mr. Harrington to put this in writing, which he said he would do, and Mr. Harrington added they would not sign off now, without a known consultant and a full feasibility study on the finances of the airport. Mr. Thompson said he felt his company would feel comfortable to issue bonds without covenants, and he said it is not mandatory that a 1.3

debt service be maintained.

Mr. Spelman said the covenant regarding the City and County backing the bonds is both unconstitutional and contrary to the Airport Authority Act and that the Authority had already had one lawsuit on this. Mr. Harrington said he did not agree with this. He said Arapahoe County has the same arrangement. Mr. Thompson said he felt that the bonds could have been marketed without this clause.

Mr. Holmes said he would like both Mr. Harrington and Mr. Thompson to make a recommendation on the possible refunding of the current bonds, as well as City Finance Director John Tasker. Mr. Tasker said he did feel the IRS will cut off advance refunding with new regulations scheduled for adoption September 1.

Mr. Harrington said if the Airport was not facing a new issue of \$1,875,000 in bonds for a new terminal in 1981 he would flip a coin, but that to refund now would be "foolishness", and he suggested it be done in 1981. Mr. Thompson said he felt it would be in the best interest of the Authority to refund at this time. Mrs. Albers asked what would happen if the Authority went for a higher rating and failed. Mr. Harrington said that would back the Authority into a corner. Mr. Tasker said the higher rating could mean as much a one-half to one-half a percent in the bond interest rate.

Mr. Snider said he felt that the Board should be arriving at a decision to refund the bonds if it was the right thing to do now, and not because the IRS might change the regulations. Mr. Holmes said he agreed to this. Mr. Brown asked for a recommendation from Mr. Tasker, who said he felt the Authority should get proposals from both. Mr. Tasker also said if the Authority waits until 1980,

"you will pay for it".

Mr. Brown said there were several alternatives for the Authority . . . say no to the refunding proposal; ask for proposals; or pick one firm and do the refunding.

Mr. Kozisek moved that both Boettcher and Company and Coughlin and Company, be asked to make proposals. Mr. Holmes seconded the motion. The motion passed with Mr. Holmes, Mr. Kozisek and Mr. Brown voting yes; Mr. Snider, and Mrs. Albers voting no.

It was decided to have a Special Meeting at 7:30 p.m. on August 21, to discuss the proposals.

Mr. Brown said Mrs. Albers would be representing the Board at the Colorado Ski-Points Hearing in Aspen next week. He suggested she appear representing the Authority, rather than as Chairman pro tem, and all members agreed. Mr. Kozisek moved the Authority also agree to support the prepared statement to be read at the Hearing by Mrs. Albers. Mr. Snider seconded the motion which passed.

The Authority adjourned at 2:00 p.m.