

MINUTES OF SPECIAL MEETING

July 1, 1981

Members Present: Chairman Hollingsworth, Commissioners Louis Brach, H. R. Barnett, George White, Maxine Albers, Rick Enstrom. Airport Manager Paul Bowers and Airport Clerk Mary Ann Harms. Guests: Paul Penner of Penner Construction Company, Bill Boll of Professional Investment Properties, and Attorney Bill Nelson

Chairman Hollingsworth called the Special Meeting to order at 8:51 A.M., which he said was for the formal signing of a contract for a hotel complex development at Walker Field. He noted this contract completion enables the new terminal development and airport growth to proceed on schedule and is the culmination of a long, tedious process in rehabilitating and developing Walker Field. He specifically thanked the other Airport Board Members and Attorney Bill Nelson. He asked special acknowledgement be given to Maxine Albers, who is senior member on the Authority and who, as Chairman, provided the ways and means to bring about the airport development so desired by the community: under her guidance \$3.96 million in Oil Shale Trust Funds were received, and realizing this still would not be sufficient funding, provided the leadership to bring the Authority to where it stands today. (An Airport Press Release was then distributed and is attached to, and made a part of this official record.)

Attorney Bill Nelson was asked to summarize the agreements to be signed. Mr. Nelson said there were essentially two agreements; one a ground lease on the initial eight acre hotel development, and two, a supplemental agreement on the balance of the ten acres remaining in the initially discussed eighteen acre parcel.

The Ground Lease on eight acres is for fifty years, with a minimum payment of \$209,000/year, or, three and one-half (3½) percent of annual total hotel gross revenue, whichever is greater. If and when the FAA releases the remaining ten acres from the Section 16 restriction on office building development, the Authority will receive five (5) percent of any office building leases developed on this lease site. There will be a reduced rent start up period at half the annual minimum until December 31, 1982, when such reduced payment will be made, with full rent commencing on January 1, 1983.

This is a triple net lease on the ground, with no expense to the Airport Authority (insurance, taxes, etc. paid by the Lessee), just a right to income. The Airport Authority does not subordinate the land for the Lessee; the Lessee can pledge only improvements on the land.

The second or supplemental agreement is for the remaining ten acres of eighteen acres near the planned terminal development. To date the FAA has authorized only a hotel operation on this Section 16 land and the eight acres leased for that specific purpose. If the FAA is persuaded to allow additional facilities, the balance of the land is automatically leased to the Lessee under the same term and conditions as the original eight acres; same percentages, and same square foot rate. Also, any future land let for development is offered first to the Lessee to enable them to protect their investment.

To make sure the Authority was dealing with responsible business people, three local banks (U. S. Bank, First National Bank and Mesa United Bank) performed a background investigation and assured the Authority that it was dealing with substantial business people with a depth of knowledge to lead to a successful enterprise. Further Mr. Nelson thanked the Board subcommittee composed of Commissioners Barnett, Brach and White for their help, time and attendance at the many meetings over the long negotiation period that led to today's successful contract completion.

Mr. Paul Penner said he appreciated the opportunity to work with the Airport Authority and Mr. Nelson and that the negotiations team was open and ready to work and deal with special development problems. He said this is a mutually beneficial lease which allows Lessee flexibility and Lessor protection and that his joint venture looked forward to continuing development in the Grand Junction community, and its \$10½ million commitment to the Airport, with a recognition of the need for good quality development at the Airport. Mr. Bill Boll, local representative for Penner-Frantz, thanked the Authority members and Attorney Nelson for all courtesies extended to him and his associates.

In response to several press questions, Mr. Penner noted he is in negotiations with several major hotel franchise holders, one being the Hilton and that he expects to reach an agreement within 30 - 45 days. There are currently two other Penner projects in town; Spring Valley Condominiums and Horizon Towers.

Commissioner Albers thanked the subcommittee members and Attorney Nelson, then made a motion that the Chairman of the Authority be authorized to sign the agreement as presented. Commissioner Brach seconded the motion which passed unanimously.

Chairman Hollingsworth asked the Board to consider the continued retention of Attorney Nelson to pursue the release of airport land from the restrictive covenant enforced by the FAA. The Board agreed that the natural culmination to Attorney Nelson's work would be to see the release of the airport lands from under the covenant. Commissioner Brach made a motion to retain Bill Nelson as counsel to pursue the release of the airport land. Commissioner Barnett seconded the motion which passed unanimously.

The meeting was adjourned at 9:15 A.M.