

SPECIAL MEETING
December 1, 1982

Members Present: Chairman pro tem Barnett; Commissioners Louie Brach, Betsy Clark, Frank Dunn, and George White. Also present: Airport Manager Paul Bowers, Clerk Mary Ann Harms, and Attorney Randy Pearce.

Guests: George Thompson from Coughlin and Co., Allen Heimer from Mesa United Bank, and Attorney Steve Hodge representing Western Slope Telephone.

Special meeting was called to order by Chairman pro tem Barnett at 2:05 p.m.. The WesCom Dial Telephone Service Agreement was presented for approval. Commissioner Brach made a motion that Western Slope Telephone provide a letter concerning subscription of unsold lines that meets with airport attorney approval and that the Board approve the amended contract with Western Slope Telephone and authorize the Chairman to sign it. Commissioner Clark seconded the motion which passed unanimously. (Lengthy workshop discussion of this contract preceded the special meeting.)

Prior to start of revenue bond issuance matters, Board members informally viewed lightweight, exposed aggregate panels that Logos Construction proposed for use on Budget Rent-a-cars service center building. Members informally agreed that use of these panels would be acceptable if local aggregate to match the terminal was used.

Mr. George Thompson presented the Board the disclosure statement used to offer the revenue bonds for sale. The bonds had been offered on a test basis and Coughlin was willing to purchase the issuance. The interest rates average 10.484% over 15 years. The offering statement needs to be attached to the marketing agreement. The underwriting agreement states the specific terms and conditions of the bonds and interest rates. The discount rate at 3.75 equates to \$94,875+ or - issuance cost (itemization of these costs was given in an 1/11/82 Coughlin letter which was previously distributed to Board members). Thompson noted there is an error in the preliminary statement that states the airport pays the preparation costs, Coughlin pays for this. Bond counsel, bond printing and issuance costs and the bond reserve account are paid out of the bond proceeds. Interest plus the discount equals an average 10.871% over the 15 year issue. Mr. Thompson said the check would be cut December 22nd.

Chairman pro tem Barnett reminded the Board that the airport bonds did not have the rating of the county bonds. At the Board meeting a month ago, the Board authorized the bond issue to change from \$2.3 million to \$2.530 million, on a motion by Mr. Barnett to allow for an additional \$200,000 to match forthcoming FAA grants. After that meeting, a due diligence meeting was set up to provide necessary information with Commissioners Barnett and Brach present. Mr. Thompson said the call provisions are what sells bonds and the rates are not set any higher than a ten year call at 101. The costs of the bond issuance are lower than expected and the 1983 Fox Feasibility Study shows a 1.8 debt service coverage, sufficient to enable sale of the bonds.

Mr. Heimer said the lower interest rates makes this a better deal than the United Bank of Denver prime rate percentage-wise. In terms of cash flow, the bond is the way to go. Mr. Barnett said the bond proceeds will be used to repay the \$1.8 million bank loan. Mr. Heimer said that a meeting is needed at the first of the year to establish a revolving line of credit. Mr. Heimer said currently the government is taking care of its financial needs without coming into the market and increasing interest rates: T-bill and discount rates are lower, demand is not there so rates come down. Mr. Heimer continued that, in his opinion, inflation is at 5% with 1983 estimated at 5.75% and as the supply of money increases it will increase to 7-8% and gradually return to 5%. Rates should go up in the spring with prime rate returning to 13 - 13 1/2% and slowly decreasing over the rest of the year. Current rates are the lowest they've been since 1979.

A discussion followed regarding interest rate fluctuation and Commissioner White said if it meets our needs and serves our purpose, we should go for it; it is a "seat of the pants" judgement call. Commissioner Clark said she is not opposing issuance today, but last meeting permission was only given to proceed with the study and the work leading to issuance. Commissioner Clark suggested that future feasibility studies be done in-house. Mr. Thompson said such a study needs the credibility of a C.P.A. firm to make the issuance marketable. He also added an additional \$30,000 for bond registration would be charged after January 1, 1983 (due to a change in law).

Commissioner Brach said the Walker Field bond issuance needs to precede the forthcoming Stapleton bond issue. Commissioner Brach made a motion that the Bond Resolution be adopted and the Chairman be authorized to sign subject to approval by counsel of any changes. Commissioner Dunn seconded the motion and Chairman pro tem Barnett called for a roll call vote, given as follows: Commissioner Dunn, yes; Commissioner Brach, yes; Commissioner Clark, yes, but with reservation; Commissioner White, yes; Commissioner Barnett, yes. The motion passed unanimously. Commissioner Clark said her reservation voiced in passage of the Bond Resolution was that future interest rates may be better than they are today.

There was a question raised as to the procedure to expend over \$10,000. The current language in the by-laws requires a vote of the "entire" Board. According to Attorney Pearce, today's action is to authorize an agreement not an expenditure.

Commissioner Brach made a motion to authorize the Chairman to execute the Underwriting Agreement and give to counsel for release to Coughlin and further that the Chairman be authorized to sign an amendatory agreement specifying United Bank of Denver trustee and paying agent and further that Coughlin and Co. as a further service, at no additional charge, disperse all bond proceeds and remit net proceeds to the Authority. Commissioner Dunn seconded the motion. Chairman pro tem Barnett called for a voice vote: Dunn, yes; Brach, yes; Clark, yes; White, yes; Barnett, yes. The motion passed unanimously.

The meeting adjourned on a motion by Commissioner Brach, seconded by Commissioner Clark, with unanimous passage.