

REGULAR MEETING
January 27, 1983

Members Present: Chairman pro tem Barnett, Commissioners Albers, Brach, Clark, Dunn, Pond, White. Also present Airport Manager Paul Bowers, Clerk Mary Ann Harms, Attorney Randy Pearce.

Guests: Gene Harrison; Paul Penner, Penner Construction Company; George Orbanek, Daily Sentinel; Gerry White, League of Women Voters; Art Moss, Chamber Aviation Committee; Joe Bestgen, Avis; Bill Meirs, Budget; Dave McClain, Daily Sentinel; Bill Carr, KREX; Jim Bernath, Daily Sentinel; John Porter, Architect.

Meeting was called to order by Chairman pro tem Barnett at 7:11 a.m.

Minutes of the January 6, 1983 Commission Albers asked that the official minutes of the Authority be signed by the person taking the minutes and the Authority Chairman after the minutes are approved. Also as most Board members had not read the January 6, 1983 minutes Commissioner Brach made a motion that approval of the January 6th minutes be delayed until the next meeting. Commissioner Clark seconded the motion which passed unanimously.

Appointment of Chairman of Authority Chairman pro tem Barnett said Commissioner Albers was Chairman in 1979 - 80, then City Councilman Dale Hollingsworth was Chairman in 1981, and County Commissioner Enstrom was Chairman in 1982, and this year the Chairman would be from the city and a permanent Chairman needs to be elected at this meeting. Commissioner Brach nominated Frank Dunn for Chairman, Commissioner Pond seconded the motion which passed unanimously.

Election of Chairman pro tem Commissioner Albers nominated Commissioner White for Chairman pro tem. Commissioner Brach seconded the motion which passed unanimously.

Chairman Dunn Acceptance Speech Chairman Dunn thanked Commissioner Brach for all his support and assistance. Commissioner Clark also thanked Mr. Barnett for the many times he has taken over and for being so instrumental in shaping airport affairs. Commissioner Dunn said he wanted the airport to be successful and that this could best be accomplished if we all work together and communicate with one another. We have one of the nicest airports in the United States and it will take the cooperation of the Board and airport tenants through meeting and workshops. With all the problems put behind the Board, much good will come out of it if we all move forward and put the past behind. We can all feel proud of our accomplishments and in the coming year we can cement relationships and have the community feel this Board will be doing everything possible to create unity.

Management Report

Clarke and Younger Landscape Contract Attorney Pearce said we need to take a closer look at the contract bid documents prepared by the landscape contractor to be sure the plant guarantee is covered and self-draining irrigation pipe is used. Mr. Bower said the bid documents are incorporated into the contract and the contract needs to be reviewed so that all points covered in the meeting between Attorney Pearce, Chairman Dunn and himself are included. Chairman Dunn said contract review will be done by next meeting. To postpone delay in signing this contract, after brief discussion, Commissioner Albers made a motion that the Chairman be authorized to sign the Clarke/Younger contract pending review by Attorney Pearce. Commissioner Brach seconded the motion which unanimously passed.

Interior Planting Contract Chairman Dunn said Mr. Porter had commented that he liked the planting and Mr. Dunn was also pleased. Commissioner Brach asked how many hours per week were covered under the contract and how long was the guarantee on the plants. Mr. Bowers said approximately one hour per week care and the plants were guaranteed for six months and the plant maintenance contract could then be reviewed. Commissioner Clark said it was her understanding that Mrs. Hoisington would help train the airport employees in plant care after the six months were up. Attorney Pearce said the contract did not contain the plant guarantee and also it contained a clause that if the airport is in default it would pay her attorney's fees but the converse is not included to have the airport's attorney fees paid if she defaults. Also Attorney Pearce did not approve of the signature line and the contract needs to be corrected. Commissioner Barnett made a motion that subject to review and rewrite by Attorney Pearce, the Chairman be authorized to sign the Clarke and Younger contract. The motion was seconded by Commissioner White which unanimously passed.

Westcom Terminal Lease Contract Mr. Bowers said this contract is in addition to the telephone contract and is for lease space on the second floor of the terminal building between the gift shop and the administration offices. Commissioner Pond asked about paragraph 25 regarding exclusive telephone concession. Mr. Bowers said this paragraph is standard on all terminal lease space. Attorney Pearce said each new terminal tenant is required to use the airport telephone system. Only those contracts entered into prior to signing of the Westcom phone system, such as the rent-a-cars, are not subject to this provision. Chairman Dunn asked when the rent starts and Mr. Bowers said January 15th. Attorney Pearce directed the airport manager to fill in the \$15.50/sq. ft. rental rate and the rental would start when the lease is signed by Westcom. Commissioner Pond asked about the next to the last paragraph of the lease regarding temperature maintenance in the airport. If the Authority does not maintain the specified temperatures does it constitute a breach of contract. Attorney Pearce said it is the obligation of the Authority to maintain the comfort range. Commissioner Pond asked if then in effect did the Authority breach the contracts with the airport tenants during the terminal start up period.

Commissioner White asked how long a period is involved before such a breach of contract would occur and Chairman Dunn said we did not want a specific temperature in the lease. Attorney Pearce suggested the word "reasonable" temperature and Mr. Brach suggested the word "adequate" and if the temperature falls below this range, the Authority will make an attempt to fix it. Commissioner White made a motion that both paragraphs be taken out of the lease regarding cooling and heating minimums and maximums and in their place use the word "adequate" and approve the lease with these changes. Commissioner Albers seconded the motion which passed unanimously.

1982 Board Action Resolution Attorney Pearce said he may have made a mistake when he allowed Board members to vote on the Grandmet lease when only four members were present when the vote was taken. The Airport By-Laws require the majority of the Board be present to vote on those expenditures over \$10,000.00. Three of the members presented voted in favor and one member against. Attorney Pearce said he hasn't researched this question as to the meaning of "expenditure" as opposed to leasehold improvement. Research of all Board actions and recap of all votes taken during terminal construction will be made. Commissioner Barnett said a previous effort to update the By-Laws was never completed by Commissioners Hollingsworth and Enstrom and this Resolution is an effort to clean up the Board's actions. Attorney Pearce read the Resolution in its entirety which is attached hereto and hereby made a permanent part of this record. Commissioner Brach made a motion that the Resolution be adopted and Commissioner Barnett seconded the motion. Chairman Dunn directed Clerk to call a roll call vote given as follows: Commissioner Barnett, yes; Commissioner White, yes; Commissioner Brach, yes; Commissioner Clark, yes; Commissioner Pond, yes; Commissioner Albers, yes; Chairman Dunn, yes. Resolution was unanimously adopted.

Commissioner Dunn said he had cast the negative vote on Grandmet and as the restaurant is in place, he would change his negative vote on Grandmet to yes and requested the record be changed.

Attorney Pearce requested the Clerk to number airport resolutions as adopted. Commissioner Brach made a motion that Clerk, Mrs. Harms, mark this Resolution as 1-83-1. Commissioner White seconded the motion which passed unanimously.

Air Travel Center Update Mr. Paul Penner, representing Air Travel Center, which is a partnership made up of Norman Franz, Ken Danneberg, Bill Harmden and himself, is based on a 50/50 equal ownership in the partnership. Mr. Penner traced the development of the hotel design and search to obtain financing from signing of the contract to date. In December, 1982 they received a strong letter of intent and are working with that entity right now and the stipulations to date are acceptable, it has just taken longer than anticipated. The loan application budget includes the lease fees due the airport. The firm they are dealing with has put in place One Billion Dollars in loans in

one year. Timing appears to be mid-February to complete the paperwork for a firm Letter-of-Commitment, 30 days after such letter should be allowed for the loan process (March 15, 1983).

Mr. Penner requested the Board grant an extension of the lease fee from 1/1/83 to 3/1/83 and pay a reasonable interest cost from January 1, 1983 until payment is made.

Chairman Dunn asked when could they break ground and Mr. Penner said the minute the funding is in place they will apply for a building permit. Commissioner Barnett asked Mr. Penner if the March date is adequate and also recommended Attorney Bill Nelson be contacted before the Board makes a lease extension which might jeopardize the existing lease. Commissioner White said they would have \$131,750 due March 31 and also the quarterly payment on the \$209,000.00 is due on the same date.

Commissioner Albers made a motion to accept the delay in payment subject to review by Mr. Nelson and Mr. Nelson preparing the necessary documents to effectuate such change and interest to be paid from January 1 until the debt is cleared. Commissioner Brach seconded the motion which passed unanimously.

By-Law Change Attorney Pearce said all Board members had received a copy of the By-Laws with suggested changes. Chairman Dunn suggested a workshop be scheduled to give Attorney Pearce input. Commissioner Brach suggested a committee be appointed to work with Attorney Pearce and bring the results back to the Board. Commissioner Barnett said we are ready now to have a workshop as the changes have already been made. Chairman Dunn scheduled a workshop for 7:30 p.m. Monday evening, January 31, 1983 in the airport offices and the public and press is invited.

Accounts Payable Mr. Bowers said there are several restaurant draws which have exceeded the \$400,000 and the principals will be in tomorrow. Commissioner Pond said he would like to see a letter regarding this matter. Mr. Pond also requested Mrs. Harms keep an inventory on Grandmet as everything over \$400,000 belongs to the Authority and we need to know by documentation what is ours and what is theirs.

Commissioner Brach asked how much longer Isbill and Associates would be on the payables and Commissioner Barnett said this work by Isbill sets us up for our 1983 AIP funds. Commissioner Clark asked about Isbill's progress on the Master Plan and Mr. Bowers said this had been put off due to the move into the new terminal but would be completed this spring.

Mr. Bowers said he had received a packet from Mr. Porter with payables due which are not on this payables listing. The billing includes \$9,700 in work done, invoices and final payment of \$19,000 on fee adjustments. Mr. Bowers suggested the payment of \$9,700 be paid but not the final \$19,000.

Commissioner Pond noted a payable for CocaCola for \$22.95 for the Administrative office and said other tenants had been asked to remove their Coke machines. Mr. Pond said either all tenants have them or no one. We need to establish a firm policy on everything and that everything communicated to the tenants be documented. Commissioner Clark asked that the overage on the payment to Mrs. Hoisington be investigated. It was also requested that the ADAP, AIP, and other capital expenses be separated from the regular payables. Commissioner Brach asked if Mr. Bowers had spoken with Dave Yoder about the propane charges he had incurred heating the terminal building. Mr. Bowers said he had told Mr. Yoder he would talk with him about propane use after the heating system was fixed and in place. Commissioner Barnett made a motion that the payables be approved, Commissioner Clark seconded the motion requesting investigation of the Hoisington overage. The motion passed unanimously.

Accounts Receivable The Board requested that the small overdue accounts payable be collected. The Board also requested a new Accounts Receivable form be developed that would show monthly account activity as well as account aging. Commissioner White made a motion to receive the receivables and Commissioner Clark seconded the motion which passed unanimously.

Enplanement Report Fares are about one-half of what they were a week ago but enplanements were down in 1982 compared to 1981. There was a question regarding at what point abatement of rent in the rental car contract would occur. Attorney Pearce said the base year upon which abatement is figured is 1983 and enplanements would have to be 20% below this base year. Commissioner Clark asked how the airlines can arbitrarily cancel flights and Mr. Bowers said the airline authority comes from the 1978 Deregulation Act but the airlines do not intentionally alter flight schedules. Chairman Dunn said we need to work on tourism with Club 20 and the Chamber of Commerce.

Monarch Aviation Attorney Pearce said he had prepared the contract for the Monarch old terminal lease and had given the draft to Monarch Attorney Prinster and the matter appeared to be close to resolution. Attorney Pearce said he was awaiting the survey and legal description of the land involved.

Cowden/Niehues Under their contract, Cowden/Niehues is obligated to purchase certain fixtures. They need our lease assigned to enable them to obtain a loan from Mesa Federal and Attorney Pearce saw no problem with this. Commissioner Brach made a motion that the Board approve lease assignment with Cowden/Niehues. Commissioner Pond seconded the motion which passed unanimously.

Other Matters Commissioner Barnett said elderly people are having trouble carrying their luggage and may need carts to help move it around. Mr. Bowers said the "Smart Carte" would initially cost the user \$1.00 with \$.25 refunded when the crat was returned. It would cost the airport \$250.00 per month and

would not be cost effective; smart carte would pay the airport a percentage on their gross over \$250.00.

Mr. Bowers said during ski season airport tenant's children aged 12-18 act as sky caps on Saturdays. Also Mr. Sammie Hudson, who runs the shoeshine concession, would like to Sky Cap from the inside to the outside of the building. Chairman Dunn said Sky Caps would be better than the carts and asked that this possibility be explored.

Security Area Commissioner Pond said he picked his wife up at 7:27 p.m. and the security area was closed and people were waiting in the hall and there was no seating available and could something be done to keep this area open. Mr. Bowers said this is a sterile concourse area under Federal Air Regulations 107 and 108 for outgoing flights. The area will be closed until there are late deplaning flights and at the last meeting when Mr. Phelps from Frontier addressed the Board and told them he was closing security at 6:30 p.m., the Board agreed. Commissioner Clark said they had agreed to Frontier making some changes but not to a cutback in passenger services. Mr. Bowers said the additional three hours per day to keep security open would cost the airport an additional \$6,000; also, the FAA will be contacted regarding what type of security sweep would have to be conducted prior to the first flight out each morning if the public were allowed to access this area without clearing security. Commissioner White said he strongly feels that arrangements can be made to keep this area open and if a guard is required such expenditure could be funded on an interim basis.

Miscellaneous Items

Monarch Terminal Occupancy/Air Freight Operations Chairman Dunn asked when Monarch would be ready to take occupancy of the old terminal property and Mr. Pearce said as soon as the contract is signed. Mr. Bowers said there will be some air freight problems at that time as the airlines are still operating air freight through the old terminal and problems moving tenants in the Mile Hi hangar have not been resolved.

Signage/Ready Car Area/Buses Chairman Dunn said more signage is still needed; Mr. Bowers said we are getting a sign a day. Chairman Dunn asked about changing parking lines in the ready car area from vertical to diagonal with possible rent-a-car participation in the cost. Mr. Bowers said the buses on Saturdays are now controlled. Commissioner Brach asked if the ready car area had been shortened as he recalled bus parking had been designed into that area. Mr. Bowers said that when the 200 ready car spaces were provided it eliminated the bus parking which had been planned along the north boundary of the ready car area where National has its spaces.

Insurance Consultant Commissioner Albers said to might be a good idea to have a risk management consultant analyze the airport insurance and Mr. Bruce Taylor from Denver would charge \$4500 to

do this. Commissioner Barnett said this was too expensive. Commissioner White wanted to make sure insurance certificates were in place on airport contracts. Commissioner Barnett said local insurance men Ray Beckner and Ron Ford had reviewed the airport insurance. Commissioner Brach said it would be better if such review would come from an outside independent person with a negotiated rate. Commissioners Albers, White, and Pond will investigate such possibilities and give a report on their findings at the Monday night workshop (1/31/83).

D.O. Insurance and Conflict of Interest Commissioner Pond said he was honor bound to go over the Officer's and Director's Liability Insurance scenario. Commissioner Barnett said during the Hertz lawsuit depositions there were some questions regarding an airport insurance policy written through the Valley Agency in March of 1981. The Airport Board had directed management to get director's and officer's liability insurance. Mr. Barnett had contacted Mr. Dufford to see if it were possible to get coverage under the County's policy as most companies wouldn't handle this type of coverage. Four companies were contacted and response was only received from Mountain West. Ed Staats was contacted by Mrs. Harms regarding this insurance coverage. The Minutes of the 2/27/81 meeting appear incorrect but Mr. Barnett was not in attendance to correct them. The policy was written through the Valley Agency as an accommodation only and the policy has since been assigned to Mr. Ron Ford at the Colorado West Agency in Fruita.

Attorney Pearce said the Minutes of 2/27/81 discussed award of insurance. Later that day application/proposal was signed with International Surplus Lines and a check was signed. The Valley Agency was the low bidder by \$9.00. During that day, a mistake was made by the staff and/or Board and there is no wrong doing on the part of Mr. Barnett. About three months later an additional \$79.00 was due over the original bid. Mr. Barnett said regardless of which policy the Board had selected, they would have had to pay the non-admitted carrier tax (\$79.00). He should have assigned the policy at the time but didn't and the commissioner is minimal on the policy and he was sure it had been the intention of the Board to take the low bid.

Commissioner Albers said she was sure that due to the conflict of interest, the Board elected to take the higher of the two bids to avoid this type of situation and that the check was made out ahead of time to the low bidder and signed at or following the meeting. Commissioner White said he didn't know how this happened or how it could be corrected.


George Orbanek from the Daily Sentinel asked what relevancy does this have to the lawsuit and Art Moss asked why questioning during the depositions were allowed to go so far afield. Attorney Pearce said rules of evidence do not apply during depositions and it was his choice. He said Mr. Cyphers has alot of complaints and he allowed him to go into these areas rather than attempt to cover up errors or mistakes which Mr. Pearce

perceived as more damaging than the information coming out and mistakes have been made and we will do what we can to correct them and make them public.

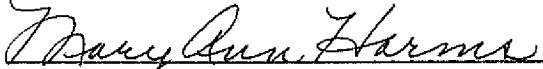
Commissioner White asked for clarification on what would be perceived as conflicts of interest and Attorney Pearce said Board members cannot do business with the airport. Members must decide how other business conducted would be perceived as legally there is no conflict and it was up to individual Board members. When bids are involved there is no problem. Any issues before the Board that are or could be perceived as a conflict, the member may abstain. Commissioner Barnett suggested that in the future when members are appointed to the Board these types of problems should be discussed in the beginning of their tenure.

Design Committee Meeting Mr. Porter asked the Design Committee composed of Commissioners Albers, White, and Brach, to meet with himself and Dave Yoder. The meeting was arranged for 6:30 p.m. Monday, January 31, 1983 at the airport.

Approved as set forth this 10th day of February, 1983.



Frank Dunn, Chairman



Mary Ann Harms, Clerk