

WALKER FIELD AIRPORT AUTHORITY
REGULAR MEETING MINUTES
MAY 5, 1983

Members Present: Chairman Frank Dunn; Commissioners H.R. Barnett, Betsy Clark, Frank Dunn, Dick Pond, George White.
Also Present: Airport Manager Paul Bowers, Attorney Randy Pearce, and Clerk Mary Ann Harms.

Guests: Allen Heimer, Mesa United Bank; Peg Wallace, United/Transwestern Airlines; Joe Bestgen, Avis; George Thompson, Coughlin and Company; Russ Caldwell, Kirschner Moore and Company; Kent O'Leary, Continental Airlines; Jim Bernath, Daily Sentinel; and Lance Hernandez, KREX.

Chairman Dunn called the May 5, 1983 Regular Meeting to order at 8:10 a.m. The good news was receipt of \$184,584.60 from Phase II of the Department of Energy Grant and the auction of the airport furniture and restaurant equipment netted \$4,112.00 for the Authority.

Approval of April 21, 1983 Minutes

Comm. White moved the Minutes of the April 21, 1983 meeting be approved, Comm. Barnett seconded the motion. The Minutes were unanimously approved.

George Thompson, Coughlin and Company Possible Revenue Bond Refunding

Comm. Barnett said Paul Bowers, Frank Dunn, George White, George Thompson, Allen Heimer, from Mesa United Bank, and himself had met to evaluate the feasibility of refinancing the bond issue. Allen Heimer was helpful in evaluating the net cost. Comm. Barnett speaking for the Finance Committee said there were three things to discuss: 1) Pursue and draw on the Mesa United Bank line of credit \$260,000 to clean up the balance of the airport construction and give us a clean slate; 2) Finance Committee recommends the refund. This eases the cash flow for the next five years; 3) The Authority hire a part time comptroller/bookkeeper to get a handle on airport finances. This was per Dennis Wagner from Dalby Wendland and Company.

Commissioner White said the \$260,000 draw would clean up all outstanding indebtedness, except Grandmet, through the first of the month and allow the airport to go back to its regular operations. Mr. Heimer said the draw would cover the accounts payable and give the airport funding to carry into June and the Authority would approach the draw on a short term basis. Mr. White said Mesa United had been very helpful and we would be working out a revolving line of credit on a short term basis. All projections have been based on the base amount of the contracts, except the Grandmet percentages giving a projected income of \$1.3 million. Chairman Dunn thanked Allen Heimer for his time and Mesa United Bank for their services.

Mr. Thompson said the last bond issue was uninsured and with this issue senior lien bonds it is being viewed differently. Mr. White said we are looking at 9.8% could it get down to 9% and Mr. Thompson said possibly to 9.25%.

Comm. Barnett said the audit would be done in a week and the auditors would have some recommendations and the Mesa United draw would require a Resolution from the Board. The Resolution was read into the record in its entirety by Chairman Dunn and is attached to the Minutes as part of the official record of the meeting. Comm. Clark moved that the Authority adopt the Resolution as amended to correct Betsy to Elizabeth Clark. Comm. White seconded the motion. The Clerk called roll call vote as follows: Comm. Barnett, yes; Comm. Pond, yes; Comm. White, yes; Comm. Clark, yes; Chairman Dunn, yes. The Resolution was unanimously adopted.

Comm. Barnett said the Finance Committee recommends the Authority do the refunding. Comm. Clark removed herself from the Board to avoid a conflict of interest.

Comm. Pond said he is uncomfortable with the refunding and we still do not have a track record in the new terminal facility. He understands the shortfall due to the construction overruns but said the Authority saved over one million dollars on construction. Comm. White said out of \$10.6 million in construction costs he doesn't think it a poor track record to have a \$261,000 shortfall which is an overrun of approximately 2.3%. Mr. Thompson added the cost came in at roughly \$52/s.f.

Mr. Pond said the Board has a moral obligation to the bond holders at a debt service of 1.6 and asked what our current debt service is. Mr. Thompson said coverage of operating income after expenses started at 1.8 from last year taking everything into consideration. Refunding debt service is currently 1.65 due to reduction in revenue. Mr. Pond asked if bond counsel Talmadge and accountant firm of Fox and Company could come over and talk to the Board and asked if time is critical. Mr. Thompson said \$127,000 in debt service is due on June 1 and if we don't refund that the \$127,000 comes out of airport operating revenues; if we do refund the \$127,000 comes out of the bond issue. Mr. Pond asked if we don't need a better track record before considering the refund and Russ Caldwell said when these bonds are refunded, the bonds will have a triple A rating which benefits the original bond holders. Mr. Pond said he does not want to sell the bonds on June 1 and on September 1 be in the same position. If that happens then our problems are more serious than any of us are seeing and he would like to do this refunding three months from now. Mr. Thompson said that three months would cost the Authority \$127,000.

Comm. White said the refund meets our needs and puts us in a better position with the short term debt and we will be able to handle the long term debt. The surplus dollars out of the refinancing will pay off the short term debt at the bank. Comm.

Barnett said he was opposed to the bond refund at the last meeting but the comparison sheet prepared by Allen Heimer proved it was something we should do.

Mr. Thompson said the Authority currently has \$3,340,000 outstanding and needs \$225,000 (cost of doing this is about \$20,000) and we would put an additional \$65,000 in the existing \$353,000 reserve account. That gives you \$335,000, you add that to the \$3,340,000 and you get \$3,675,000. The additional then consists of expenses of doing the issue and we get into a very complex issue here on how you can invest an escrow and because the escrow must cover all the principal and interest on the outstanding bonds but the yield on the escrow, the interest yield, will be less than what is paid out interest-wise on the outstanding bonds so you have to increase the principal amount, somewhat, to cover the principal and interest on all the outstanding bonds, so by our calculation you have the \$3,810,000 issue.

Comm. Pond then asked Mr. Thompson if this issue would cover the needs of Walker Field and Mr. Thompson answered it would for at least the next three to four years or maybe the Authority would never again be back in the bond market.

Comm. White said the airport is worth approximately \$50,000,000 in assets with less than 10% of that in debt. That is minimal debt compared to assets. Chairman Dunn said we need to call for a vote and that this refund is not something the Board is rushing into but is the best course of action for the Board at this time.

Comm. Barnett moved that the Board request Coughlin and Company to proceed with and follow through in the manner outlined today with the bond package to be closed on May 31, 1983. Comm. White seconded the motion.

Comm. White said this does not give authorization for the sale of the bonds without the approval of the Board. Comm. Pond asked Att. Pearce about the status on the Penner/Frantz payment and Att. Pearce answered he had tried to contact them without success and it would be best for he and the Finance Committee to go to Denver to be sure the money will be available from Penner.

Chairman Dunn called for the question and Commissioners Barnett, Pond, White and the Chairman voted in favor of the motion with Commissioner Clark abstaining. Comm. Clark said she abstained because the company she works for does work for Kirschner Moore.

Approval of Concept for Part Time Controller

Comm. Barnett thanked the administration for all their hard work. He said there are some excellent people in the community available for this position and he suggested the first two months this position be on a full time basis and then go to 20 hours per week. Questions was raised if the budget would need to be amended. Comm. White suggested the Authority contract for this

help and not go through the advertising process.

Comm. White moved the Authority hire someone on a contract basis for controller/accountant and that this be separate from the airport auditing firm. Comm. Pond seconded the motion which unanimously passed.

Discussion followed regarding hiring procedure and Comm. Clark made a motion that the Finance Committee hire a consultant to do the work as quickly as possible. Comm. Barnett said he did not the responsibility for this to be on the Finance Committee and would like to bring the Finance Committee recommendations back to the next meeting. Motion died for lack of second. Further discussion followed regarding the immediacy of the problem and Comm. Clark made a motion that the Board authorize the Finance Committee and airport manager to proceed to select a consultant. The motion was seconded by Comm. Pond and unanimously passed.

Comm. Barnett said months ago he had asked the Administration to give the Board a recap of what the City does for the airport and asked that Mr. Bowers do this. He added the City does a good job but the Authority needs to give some consideration to going it alone as the airport has different objectives and needs and that maybe the Authority also should be paying employees more or less. Comm. Clark said the Board needs more background and information and not to have this on the agenda unless the Board has the information. Mr. Bowers said he would have the information for the next meeting.

Management Report

1. Bylaw Adoption

Comm. White moved we adopt the new Bylaws. Comm. Clark seconded the motion with all board members voting affirmatively. Chairman Dunn said the city would select the new Authority members next week and Comm. White said the County would make their appointments within the month.

2. Energy Impact

Mr. Bowers said the Authority has requested \$525,000 from the Energy Impact Fund in two phases; Phase I - \$325,000 for runway 11/29; Phase II - \$200,000 for runway 4/22. The Walker Field request is the number one priority from Mesa County and we should hear from the State in June. Mr. Bowers said the commitment from the state is firm but not in writing. Mr. Bowers also said the signature of the City and County will be necessary on the FAA grant for the runway construction.

3. May Meeting Date Change

After brief discussion Comm. Clark moved that the Regular Board Meeting scheduled for May 19 be moved to May 26, and be held at 8:00 a.m. Comm. Barnett seconded the motion which unanimously passed.

4. 11/29 Construction Schedule

Chairman Dunn said everyone had input into arriving at the schedule. Mr. Bowers said Runway 11/29 would be closed from 8:00 p.m. to 8:00 a.m., July 11 through August 9. This would include two, three day weekend closures in late July and first weekend in August, with anticipated project completion August 9. There was some question about the schedule change from the last meeting and Mr. Bowers said all the airlines were at the first meeting but their representatives did not have the authority to act for their companies. Comm. Clark said the new schedule is better but the Board should have had the additional information upon which it was based two weeks ago.

5. Other Matters

June Meeting Date Change: Comm. Clark said she and Chairman Dunn will be out of town on June 16 and made a motion that the June 16 regular meeting be changed to June 23, 8:00 a.m. Comm. White seconded the motion which unanimously passed.

Selection of Manager: Comm. Clark said the cutoff for receipt of applications for selection of a new airport manager is May 27. Comm. Barnett said eleven applications have been received to date and Chairman Dunn said the advertising for the position is just coming out.

Restuarant Parking Conflict

Comm. Pond asked if the parking conflict with the restaurant had been resolved. Att. Pearce said he had received a letter from the Grandmet attorney. There was discussion as to the merits of the issue but the Board needs to set up a framework in which to discuss the issues as right now we are treading water and not making any headway. Also Grandmet is not comfortable working with Mr. Bowers and would like to meet with the entire Board. Mr. Pearce said ordinarily this type of matter is left to management, however, in this instance and in the interest of time the Board should meet with Grandmet. Grandmet has asked that the financial information they present to the Board be kept private. The Board needs to discuss the framework for the meeting with Grandmet and should meet with Mr. Bowers to get the background information. Comm. White suggested this be discussed at a workshop before meeting with Grandmet and the meeting between Grandmet and the Board should have Att. Pearce and Mr. Bowers present. Att. Pearce said the workshop would be public but the Grandmet figures would be kept confidential. Comm. Pond asked that Grandmet give the Board a financial breakdown of their operations by vending, catering, restaurant and bar. Comm. Barnett asked that Grandmet also produce a full recap of their full construction costs and that the Airport Manager must be involved as the Board has gotten in alot of trouble with tenants who wouldn't deal with the Manager.

Workshop: After a brief discussion the Board Workshop was scheduled for Wednesday evening May 11 at 7:00 p.m. in the board

room. Mr. Bowers said he would have the Grandmet information to the Board on Friday, May 6. Att. Pearce said teh Board would not have the Grandmet figures on Wednesday but the next meeting on Grandmet could be set up at the workshop. Comm. Barnett added that prior to the workshop Grandmet must be current on their payments. Mr. Bowers said Grandmet is current on their rent but two months behind on the percentages.

Comm. Clark moved the meeting be adjourned.

Approved as set forth this 26th day of May,
1983.

Mary Ann Harms
Mary Ann Harms, Clerk

Frank Dunn
Frank Dunn, Chairman