

MEMBERS PRESENT: Chairman Frank Dunn, Commissioners Maxine Albers, Barney Barnett, Betsy Clark, Dave Humphries, Dick Pond, and George White. Also present: Airport Manager Paul Bowers, Attorney Randy Pearce and Clerk Mary Ann Harms.

GUESTS: Steve Collins and John Malone, Dalby, Wendland & Co.; Jim Mackley, President I.D.I.; Chuck Kohles, Horizon Aviation; Russ Caldwell, Kirchner Moore & Co.; George Thompson, Coughlin & Co.; Andy Sims and Tim Shea, Grandmet; Joe Bestgen, Avis; Jim Bernath, Daily Sentinel; Steve and Dan Ward, Air Junction; Cynthia Crawford, KEXO; Allen Heimer, Mesa United Bank; Del Heles, Grand Junction Chamber of Commerce.

Meeting was called to order by Chairman Dunn at 8:10 a.m. with all members present.

Good news: 1) enplanements are up over the same period in 1982; 2) we have received a letter on the Energy Impact Funds for the 11/29 rehabilitation; 3) have new comptroller, Jeff Wendland; 4) Aspen Tree has a new menu, with good food and good service to match.

#### Approval of May 5, 1983 Minutes

Minutes of the May 5, 1983 regular meeting were unanimously approved on a motion by Commissioner White and seconded by Commissioner Albers.

#### Introduction of New Board Members Dave Humphries and Bill Love

Dave Humphries is taking the place of City Councilman Louie Brach; Bill Love will be officially appointed to the Board at the June 2, 1983 meeting.

*Love replaces Pond*

#### Amendment to January 27, 1983 Minutes

Commissioner Pond wanted it noted that he had mentioned his Grandmet Lease when he was first introduced to the Board as well as later in the Minutes as reflected in the January 27, 1983 amendment. Commissioner Barnett moved that the amendment with the entire context of the tape be made a part of the Minutes of the January 27th meeting. Commissioner White seconded the motion which unanimously passed. Before proceeding with the next item, Commissioner Clark said she had continually said, since it became knowledge to her that Kirchner Moore was involved with George Thompson and Coughlin & Co. on this bond issue, that she had refrained from any conversation and had removed herself from the Board and sat in the audience as the Company she worked for periodically has done work with Kirchner Moore and is currently working with them so it would be inappropriate for her to be in any part of the discussion or any part of the vote and the record has shown she has not voted on anything but she hasn't had a detailed record in each of the Minutes that she had removed herself to the audience. She removed herself from the discussion at this time (to sit in the audience).

Commissioner Pond also removed himself from the Board during discussion on Coughlin & Co. on the advice of the Airport Attorney as there is the possibility that because of the financial situation at the airport and the contractual relationship he has with the Board. There could be a perceived conflict and he then remove himself from the Board and refrained from participating in any discussion involving Coughlin & Co.

In regard to having a quorum, Attorney Pearce said the law is that if a quorum is present and Board Members abstain from voting, they are considered to have been present for the purpose of a quorum and have voted with the majority of the Board. Although their vote is not cast as a aye or a nay, it is considered as voting in favor of the matter before the Board.

#### Scheduled Guest George Thompson

Frank Dunn said the Finance Committee: George White, Barney Barnett, Allen Heimer from Mesa United Bank, and George Thompson had met on Wednesday.

Mr. George Thompson said we are talking about the refunding issue that the Board in principle authorized Coughlin to proceed with a few weeks ago. They do have an issue put together and are prepared to close May 31st. The size of the issue is \$3,915,000 with the final payoff in December, 1998 and the net affective interest rate is 10.07%. Debt service reduction from 1982-88 is \$489,000 with \$202,000 of that occurring in 1983. As a result of the refunding, the Board reduces their cash outflow on debt service by \$202,000 this year and will free up roughly \$180,000 in existing debt service accounts. This is a very attractive deal considering the municipal bond market has gone to pot in the last three weeks (we've seen a 56 basis point increase in rates).

Mr. Thompson handed out a schedule of refunding bonds; Coughlin will purchase the refunding bonds; the bulk of the proceeds of the bonds will be deposited in an escrow of the U.S. government securities to pay off all the remainder of the outstanding bonds and there is \$250,000 in new money included in this issue which is also available in addition to the \$180,000 in reserves.

Chairman Dunn said this will give us \$428,000 of new money to pay off our debts. Commissioner White asked about the difference in the first year total debt service from the finance committee meeting held the 25th when it was \$236,000 and today it is \$267,000, about \$32,000 more money. George Thompson said this is accrued interest Coughlin will pay to the Authority to add to the \$236,000 and the payment in December will be the \$267,000. Mr. Thompson said this is not quite as attractive a situation as we were talking about a few weeks ago, primarily it reflects the change in the market place but he recommends adopting the refunding at this time it is vastly in the best interest of the airport.

Commissioner Barnett said we've agonized over this and have some other alternatives but as the finance committee and other people, we feel this is the best alternative. The Board has a short term problem and cash flow has to be solved; we could borrow on a short term basis and hope for a miracle, the bank would loan it to us, but in the long run we feel this is the best route to take. Personally, he has a problem with public bodies constantly refinancing and mortgaging their future but he thinks in this case its warranted. The Board all agreed to the concept at the last meeting and there has been a few number changes but apparently the market has forced this, the interest rate is reasonable, but we do have a problem in the seventh year where there is quite a jump in the debt service. Commissioner Albers asked about an early call date and Mr. Thompson said 1988 at 102. Mr. Barnett said he's optomistic that if the Board makes good business decisions, they can cope with this. We'll have a great deal less debt service in the six year period and I would say on behalf of George White, Frank Dunn, myself and Paul Bowers, we recommend we go ahead.

Commissioner White asked can we legally have positive arbitrage. Mr. Thompson said yes its legal because its not a yield calculation on each separate bond issue it is a yield calculation on the escrow itself; the escrow includes all the bond issues. So even though you have a negative arbitrage in the escrows that's a result of last years issue which is the higher rate issue and you are enjoying a fairly large yield return on the oldest bonds of over three points. Its the rate on the refunding bonds that becomes the controlling factor on the yield of the escrow. Commissioner White asked about the "slugs". Mr. Thompson said the average slug yield is something like 9.40 (slug means state and local government series). Mr. Caldwell said the rates fluctuate. Mr. Thompson said the actuarial yield on the escrow was a 9.95, we would be allowed almost a 10.5 but there are no slugs or markets out there. There are no markets out there we could put together in a maturity manner that would improve this over \$2,000 and its not worth the paperwork.

Chairman Dunn asked Mr. Thompson to mention his attempts to get this issue insured. Mr. Thompson said AMBAC had insured the Aspen Airport bonds but would not do Walker Fields. Their basis was that Aspen was a county owned airport with little debt and only a slight downward trend in enplanements while Walker Field showed an 11.9% drop in 1981 and a 11.2% drop in 1982, and even though 1983 enplanements are up it wasn't enough to get AMBAC to insure this issue.

Commissioner Barnett moved that the Board authorize the Chairman to execute the Underwriting Agreement which is a contract between the Airport Authority and Coughlin and Kirschner subject to Attorney review; Commissioner White second the motion. The motion passed unanimously with Commissioners Clark and Pond abstaining.

Mr. Thompson said there is a Resolution in the proceedings which he will run through quickly. It goes through a series of recitals about the old bond issue and that you want to refund \$3,295,000 authorize bonds sale in underwriting agreement, provides for temporary bonds for closing on May 31st and regular bonds will be issued June 15. Proceeds on escrow is established and what escrow does in paying off the old bonds; the funds and accounts with specific reference to the reserve account which has been structured to grow to \$635,000 and then all the interest flows out of it at that point; a rates of maintenance covenant 100% O & M, 130% of debt service and same kinds of historic and projected revenue tests for the issuance of parity lien bonds 130% of debt service tests.

Commissioner Barnett moved the adoption of this Resolution. Commissioner Albers seconded the motion. Role call vote: Commissioner Barnett, yes; Commissioner Albers, yes; Commissioner White, yes; Commissioner Humphries, yes; Chairman Dunn, yes. Commissioners Pond and Clark abstained from voting. The Resolution unanimously passed.

Commissioner Barnett said many people had asked him why wasn't the bond issue adequate last year; why do you keep refinancing, and I think for the benefit of the Board Members who will be here long after I'm gone, we walked to the edge financially, I think its something we should all remember in the future when we're trying to conduct this airport as a business. We can't continue to spend in some areas without regard to our future or the future Board Members. Commissioner Albers said yes but there were alot of extenuating circumstances in that we did not have proper information. We did not know where those dollars were and that's why. Commissioner Barnett said his purpose is not to point a finger anywhere, the economy went to heck but now its time for real fiscal responsibility. We don't want to be refinancing these things every couple of years. Commissioner White said we are not using any of these dollars for operating expense. We need them for capital improvements.

Mr. Thompson said the Board needs to sign the waiver of notice of this meeting. It will reflect that Commissioners Pond and Clark abstained but all signatures will be required. Also by a new IRS ruling, we must have a public hearing prior to the delivery of the definitive bonds. Mr. Thompson said he would take care of the advertising and the hearing will be set for the June 2 Regular Board Meeting.

### 1982 Audit Report

Mr. Steve Collins of Dalby, Wendland and Co. said the Management Letter will be ready at the next meeting and that the Authority was given a clean audit opinion. Mr. Collins briefly went through the audit report with the Board.

Commissioner Pond asked about the \$51,000 net income figure on page 3 and Mr. Collins said the Authority brought in \$51,000 more than it spent. Mr. Pond asked about retained earning and Mr. Collins said this was since day one.

Commissioner Pond asked about the Penner payment and Attorney Pearce said they will pay \$141,000 on June 1, this includes interest. Commissioner Humphries asked if the individuals had signed personally for this and Commissioner White said the Board had requested personal guarantee with the third extension of the agreement. Attorney Pearce said the same people included in the Joint Venture had also signed personally.

Commissioner Barnett asked Mr. Collins about the number of hours for the audit and Mr. Collins said they had anticipated more hours due to the construction and bond issue. Mr. Collins said the airport had made great progress over four years ago and next year will be even easier and smoother. Commissioner Clark asked how soon the management letter would be ready and Mr. Collins said it would be done for the June 2 Board Meeting.

Commissioner Humphries asked Mr. Collins if he had had a chance to look at the latest Fox & Co. newest study. Mr. Collins said he had not been personally involved. Commissioner Humphries said what he was concerned about was the 59% increase in revenues in 1983 over 1982. Mr. Collins said this would be reasonable as we are in the new building. Mr. Bowers said in answer to the question asked Mr. Collins, that Mr. Dennis Wagner with Dalby Wendland had reviewed this and was in agreement with those numbers. Commissioner Barnett said Dennis had in fact provided them with a lot of the numbers.

#### Dalby, Wendland Engagement Letter

The bond issue requires a stub period for the first quarter of the year and Dalby has agreed to do this. Mr. Bowers said there is no price on the letter because it was not clear as to how much work Jeff Wendland would be doing. Commissioner Albers asked at what point we would know how much we would be paying for this service. Attorney Pearce asked if Dalby had an hourly rate they would apply to this. Mr. Collins said they would have an hourly rate of approximately \$35 and they would account for it accordingly. Commissioner Clark asked if a motion is needed to accept the audit and the Board said not until the management letter is received and reviewed.

Commissioner Clark moved that the Board engage Dalby Wendland for the first quarter of 1983 for work that needs to be done including the amendment which states the rate as \$35 per hour. Commissioner Albers seconded the motion which passed unanimously.

#### Management Report

1) Temporary contract with Jeff Wendland, CPA. Chairman Dunn welcomed Mr. Wendland on board. Mr. Wendland said Paul and he had come to an agreement he would work for 90 days as a comptroller. The first job is to help Dalby Wendland with the stub period.

2) Complete conversion of the accounting system onto the computer and software in concert with Dalby Wendland recommendations as included in the management letter.

3) Customize procedures and document the accounting functions so there is a set of instructions so anyone coming in can come up to speed on the computer with relative ease.

4) Take over the Dalby Wendland cash flow projections; this would be lessen the expense and also we have quicker access to the information.

5) Internal audits of the tenant accounts with Board approval.

6) Spend time with Board to orient them toward airport accounting and the accounting system and the computer capabilities and limits.

7) Provide the Board with better and quicker information, reduce audit costs and accelerate quicker cash flow.

Commissioner Pond asked if all this was possible in a 90 day period. Mr. Wendland said his contract has been left open ended and at the end of 90 days he would be willing to discuss a continuation. Mr. Bowers has a schedule of target dates and he will keep the Board informed on where it stands. Commissioner White wanted a budget comparison and six month report. Commissioner Pond wanted a monthly P & L statement. Mr. Wendland said target dates are by June 15 to have a P & L through May 31, 1983 and then have a monthly P & L.

Attorney Pearce clarified Jeff Wendland's connection with Dalby Wendland & Co. Jeff's father is no longer a partner in the firm so there is no conflict there; the only other matter that could come up that might cause a problem is Jeff has a business connection with John Caldwell who is basically doing the same job at Monarch that Jeff is doing here and it might be uncomfortable for him to do an indepth audit at Monarch so we might have to have someone else do that.

Commissioner Barnett said the Finance Committee interviewed several people who were mostly CPA's and one of the reasons we picked Jeff was his expertise with computer equipment. If we were going to prioritize, the computer would be number one.

## 2. Runway 11/29 and Taxiway Contract Award:

Chairman Dunn mentioned this is the single largest grant Walker Field has ever received, it is purely discretionary money. Something that comes under the jobs bill and it is a one time opportunity.

Commissioner White moved we accept the \$3.5 million dollar FAA grant. Commissioner Clark seconded the motion which unanimously passed.

### 3. State Commitment to Fund Energy Impact Request:

Chairman Dunn said we need to thank the Energy Impact Committee and Commissioners Barnett and White for their hard work and should also write a letter of thanks to Gov. Lamm. There is another presentation to be made in Trinidad, Colorado on July 1, which will be the difference between \$350,000 and \$525,000, and Commissioner Barnett and Manager Bowers will be attending. Chairman Dunn said we need to keep in touch with our state officials.

Commissioner White asked on the \$3.5 million the \$350,000 is a out 10% match and we need \$388,800, about \$13,000 additional.

### 4. Runway 11/29 and Taxiway Contract Award:

Chairman Dunn said the bids had come in over the engineer's estimate with the apparent low bidder Corn Construction at \$4,064,506 and the engineer's estimate at \$3,735,948.50. All we can do today is give preliminary approval.

Mr. Bowers said he would suggest we award the contract to Corn if they have met the MBE and FAA and Isbill specifications and authorize the Notice of Award and Notice to Proceed. The difference between the \$4 million and \$3.5 million grant monies will be made up in adjustments of Schedules IV and V. Schedule V, bypass taxiway with 29 is essentially an additional taxiway turnoff which will be the future parallel taxiway to 4/22 between the taxiway and the runway that would not be done now but at a future date when the taxiway to 4/22 is done, that would take off \$140,000; Schedule IV, widening of fillets on turnoffs between taxiway and runway some will not be done and some only partially done so we can get that money back to a \$3,577,000 construction cost. The total project cost was \$3,880,000. Isbill's cost is 8% for engineering/design and construction supervision at \$311,000 leaving \$3,577,000 for actual construction.

Commissioner White said part of the \$500,000 was night scheduling that had to cost \$200,000. Commissioner Barnett asked where we are in dealing with the airlines. Mr. Bowers said Continental, Frontier, and United have agreed to pay up to \$75,000 in additional cost over and above what it would cost if we had followed our original schedule. Commissioner Barnett asked if Isbill knew the cost differential. Mr. Bowers said we would be sitting down with Corn and work out the difference between day and night scheduling. The project will start mid-June and finish mid-August. There will be runway closure at night from 8:00 p.m. Monday July 11 through 8:00 a.m. Tuesday August 9th and there will be two weekend closures - one is the last weekend in July (Sat., Sun., and Mon. July 24, 25, and 26) and on the weekend of August 7, 8, and 9.

Commissioner Albers moved we authorize the Chairman to sign the Notice of Award and Notice Proceed subject to approval by Isbill and the FAA. Commissioner White seconded the motion which passed unanimously.

5. T-Hangar Development Contract with Dan Ward:

Mr. Steve Ward said this is a viable contract and fair to both sides and they are ready to go. Commissioner Pond asked if they would tie to the Bendix pad and Mr. Ward said they would build their own ramp and taxiway access. Commissioner White questioned the six acres at \$12.50/mth/acre for six years. Commissioner Barnett said the fill and leveling to get this property to the proper elevation is very expensive. Mr. Bowers said they are leasing two acres and six acres that need extensive improvement.

Commissioner White moved we enter into agreement with Dan Ward, Inc. with terms as specified in lease for 8 acres for the purpose of development of T-hangar as presented to the Board this morning. Commissioner Clark seconded the motion which passed unanimously.

6. Restaurant Parking Validation Agreement Revision:

Commissioner Pond excused himself from the discussion and removed himself from the Board.

Mr. Bowers said at the workshop two weeks ago it was discussed that the initial contract with APCOA and the Aspen Tree did not adequately prove "free" parking. We discussed revising that to a cap of 5% of the restaurant gross; that is to say the restaurant will have free patron parking up to a limit of 5% of their monthly gross with a \$2.50 minimum purchase and a 3 hour maximum to be validated. Anyone in excess of three hours would pay for it. Mr. Pat Bridger at APCOA agreed to this and we will work out the details in Orlando. APCOA will not have the validations cut off to the restaurant on May 27. Aspen Tree Manager Andy Sims said the restaurant is in agreement with this. Mr. Bowers said it will be reduced to a written agreement but will be retroactive to the date of the workshop. Commissioner Albers asked if we are operating under this now and Mr. Bowers said yes.

7. Letter to IDI Director Del Heles regarding Aircraft Manufacturer Relocation:

Chairman Dunn said the Board, the City and County will do everything they can to get these people to relocate to our community. Mr. Heles said they have been in contact with these people, they currently employ 394 in another city and state and are considering relocating to Colorado. They currently are considering Arapahoe and Grand Junction. Initially they weren't interested in Grand Junction, but we had the opportunity to sell the airport to them; their current lease is up in December so timing is critical. He would like a letter of intent from the



Board that would discuss a lease on 34 acres and option on adjoining ten acres. Its up to the Board to decide on what that lease would entail and the price it would carry.

We are talking about 400 jobs and when in production, double that number. I am asking for a reasonable lease, handled as quickly as possible. The manufacturer will construct a 175,000 s.f. building. Typical job creation is 2.7 to 1 on a manufacturing type facility on this particular one we are talking 4 or 5:1. Ultimately this manufacturer would help put Grand Junction on the map. We appreciate the cooperation of the Board and would like a specific offer or at the very worst a range of costs. We have asked the press not to make any announcements as we are in negotiations.

Chairman Dunn said the City, County, IDI and Authority can propose something they can work with and the Authority is aware of the value of something like this to the Authority.

Discussion followed with Commissioner Albers suggesting with upfront dollars being put in there should be a penalty clause for pullout. The ramifications of giving up 40 acres of airport land on a long term basis; cost of developing the area along 4/22; and cooperation of other community entities were discussed.

Chairman Dunn appointed a committee composed of Commissioners Humphries, Love and White with input from Commissioner Barnett. Mr. Bowers said on a best basis 25 years of free land. Our position on this is we are 100% behind this type of development but the airport must be very cautious on 30-40 acres of prime ground and the airport has to be compensated in some way. We will have more ideas when we meet. Commissioner White asked if the Committee has the authority to reach a preliminary decision. Commissioner Albers made a motion that the committee be granted the authority to propound lease terms for airport development of an aircraft manufacturer operation. Commissioner Clark seconded the motion which unanimously passed.

#### 8. Colorado/Wyoming Airport Operators Association Meeting:

Mr. Bowers said he had attended the meeting held on May 18, 19, and 20. The FAA people from Seattle were in attendance and we should have a good grant program next year for grading and drainage along 4/22.


#### Other Matters as Commissioners Desire

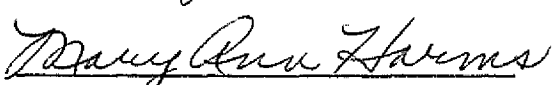
1) Mr. Bowers said he will be paying his expenses out of pocket to attend the AAAE meeting in Orlando. He will be attending the bond closing on May 31 and then go on to Florida and will be gone a total of two weeks.

2) Commissioner Barnett said there are currently over 240 applicants for the manager position and City Personnel Director Claudia Hazelhurst will sort through them. Mr. Barnett said he will talk to potential airport managers when he is in Florida at the AAAE meeting.

3) Commissioner White moved the meeting be adjourned at 11:03 am.

Approved as set forth this 2<sup>nd</sup> day of June, 1983.

  
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Frank Dunn, Chairman

  
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Mary Ann Harms, Clerk