

MINUTES
Regular Meeting August 4, 1983

Members Present: Chairman Dunn, Commissioners H.R. Barnett, Betsy Clark, Al Cornelison, Dave Humphries, Bill Love, and George White. Also present Airport Manager Paul Bowers, Attorney Randy Pearce, and Clerk Mary Ann Harms.

Guests: George Orbanek, Gary Schmitz, Daily Sentinel; Lance Hernandez, KJCT; Mark Thompson, KQIL.

The meeting was called to order at 8:10 a.m. Chairman Dunn welcomed the media, and the good news was that the Authority had received a \$1,414,275.66 check from the FAA for the runway construction project.

I. July 21, 1983 Minutes

The July 21, 1983 Minutes were changed by Comm. Barnett to read "marginal propensity to consumer" on page 3, last paragraph, line 4. Comm. Clark moved the Minutes be approved as amended and Commissioner White seconded the motion which unanimously passed.

II. Prescheduled Guests

There were no prescheduled guests.

III. Management Report

1. Finance Committee Report. Chairman Dunn said he and Commissioners Barnett, Humphries, Love and White had met with Mr. Wendland and Manager Bowers. Comm. White said projections through December showed an \$88,000 positive cash flow. Comm. Love said the projections they were presented on an excellent set of statements; and if such statements were available once a month, the Finance Committee would be in good shape. Comm. White said these are numbers we can hang our hat on and Chairman Dunn said the statements are easily understood. Comm. White said these figures are not so great that the Authority can afford to take any dramatic cuts. The Finance Committee has concerns about some tenants, and we need to be watchful on the expense side of the administrative costs and need to get them down. Comm. Barnett said these reports will be helpful in budgeting for next year and that some adjustments need to be made.

Mr. George Orbanek asked if he can assume Penner-Frantz will be fulfilling their obligations, and Comm. White said yes. Mr. Orbanek asked, "what if they don't" and Comm. White said the airport will survive. Chairman Dunn said the Finance Committee has looked at a worse case situation and the Authority knows where it stands. Comm. White said they also have reviewed the Dalby-Wendland Management Letter and the items listed are being taken care of.

Chairman Dunn said this is the first time the computer has been on line. Comm. White said the Authority had just gotten

in too many things at one time. He added that the reports are available for the Board and the Budget percentiles are done for the first six months of 1983. Comm. White said the earlier figures projected by Comm. Barnett, Mr. Bowers and himself gave a worse case \$1.3 million revenue projection and the accountant's projection is \$1.38 million.

2. Design Committee Report. Chairman Dunn said this Committee had a meeting yesterday with some of the original terminal design team members (Comm. White, Maxine Albers and Louie Brach). Comm. Brach was unable to attend. Mr. Dunn said he had asked Comm. Love to sit in on the meeting along with Architect Jack Porter, Jerry Manis from Centric, and Dave Yoder from Yoder Engineering. The meeting was to see if we couldn't establish the right kind of communications and get a meeting of the minds.

Mr. Porter assured the Committee that he will work diligently with the contractors involved. Mr. Porter will hold a meeting every ten days to report the progress being made to the Committee. Mr. Porter asked that a list of problems be submitted from the contractors and airport management by Friday, August 5th. Everyone should work together to get things solved. Chairman Dunn said this is a public building and we need to have a good sound structure; and that every new building has a certain amount of problems. He said he had come out of the meeting knowing that everyone was aware of the problems and will work together to get them solved and the construction team needs to be involved to the end. The Board will be given updated reports as the problems are solved.

Comm. Clark said all buildings have problems and they are not all solved in the construction phase. Chairman Dunn said they should be through the first year construction phase warranty period. Comm. White said the Committee had down and had a free exchange and we now have a plan and route to get things done; it is time we know where the bugs are and get things straightened out. Centric, Yoder and Porter are willing to cooperate. Chairman Dunn thanked Comm. Love for his committee participation.

Comm. White asked that the Finance Committee Agenda be made a part of the Minutes to show everyone what was being done. He said Mr. Wendland is doing a good job and we are very comfortable with the job he is doing.

Chairman Dunn said he hand delivered two letters to Porter regarding the vents in the bag claim area and ATO Space #4. Mr. Porter said he had wanted to meet with the potential tenant for the fourth ATO space before taking care of the door, as there are several ways of taking care of this. Comm. White said he remembered Mr. Bowers talking about the doors being put in backwards in December or January. Chairman Dunn said Mr. Porter would take care of the ATO space and the vent fan system in the baggage area.

Chairman Dunn asked Mr. Wendland if he would address the Board on what he had discussed with the Finance Committee. Mr. Wendland said the Balance Sheet and Income Statement for the period ended June 30th is available to the Board. He compared the operating results to the six month budget and talked about the cash flow to date and projected to year end and how it would be impacted by the loss of tenants or renegotiating of contracts. Chairman Dunn said the computer is working as planned, and Mr. Wendland said the computer and software is doing the job we bought it to do. Chairman Dunn said we will keep up to date and will have monthly reports that are easy to read and show us exactly where we stand. Mr. Wendland said all the reports given to the Finance committee yesterday will be available on a monthly basis.

Mr. Orbanek asked if the airport was operating in the black through June 30, and Mr. Wendland said yes. Comm. White said its nothing to brag about, but we are \$13,317 positive. He added he would like to see the bills paid on the 10th day of the month rather than on the 20th. Chairman Dunn said we are investing our money wisely and Mr. Wendland said any short term excess funds out of the construction project is placed, by bids from local institutions, according to the best interest rates. Comm. White suggested Mr. Wendland work closely with Comm. Humphries on the investments.

3. Runway Construction Update. Chairman Dunn said the runway will be shutdown this week. Mr. Bowers said if there is rain this weekend it will result in another closure the following weekend. The night before last, work was being done on the center portion of the runway starting at 8:00 p.m. - laying petromat and tac course and laying 2, 18' strips of asphalt on top of the petromat and it started pouring. As a result of that, Corn couldn't start paving until 8:00 a.m. so the airport was shutdown yesterday and opened for flights about 7:30 p.m. and Corn worked until midnight last night and made up alot of the lost time. This weekend they will be putting on the friction course, a 7/8" topping that requires full runway length application to minimize the seams. If it rains this weekend, we are just going to have to do it on another weekend.

Comm. Clark asked about incoming flights and Mr. Bowers said there will be no flights in on the main runway this weekend from 8:00 p.m. Friday to 8:00 a.m. Tuesday. He said the project should be totally completed by the 12th of this month, instead of the 10th as two days were lost earlier due to the weather. Mr. Bowers said we still need to do the cement cans for the runway lights. This is because of the depth of the runway overlay. All the lights have to be raised by a cement can extension and these cans may or may not be here in time. Comm. White asked about the average thickness of the runway matt and Mr. Bowers said from 21" - 30"; and that when this project is done our runway will compare to any runway in the country as far as quality of surface. Mr.

Mr. Bowers said a section in front of Monarch has 18" of new asphalt. In answer to a question by Mark Thompson, Mr. Bowers said this weekend 6,000' of the parallel taxiway, designated Runway 12/30, will handle small twins, Rocky Mountain Airway twin Otters and Transwesterns Flights. Frontier will again be busing to Montrose. Comm. Clark asked what the Rocky Mountain fare is, and Mr. Bowers said the same as the other airlines. Comm. Clark asked about the cheaper Montrose fare and Mr. Bowers said the \$49.00 fare was offered by Trans Colorado and can be offered because of their lower operating costs, and Comm. Clark said also group costs. Mr. Bowers said the current Grand Junction round trip fare to Denver is \$158.00.

Mr. Bowers said he needs approval to pay two bills: 1) Isbill for \$40,722.00 for engineering services on the runway project; and 2) \$1,513,000 to Corn Construction Company. Mr. Bowers said Isbill's fee is coming in about 15% less than estimated. Mr. Bowers said the work has been done, and we have the money and would suggest the Board authorize payment. Comm. Clark asked if there was any problem paying these bills, and Mr. Wendland said he had spoken with Gene Murphy from Isbill Associates and Isbill will be paid when the Authority receives their funding from the Energy Impact monies. Comm. White said it shouldn't take long to receive the money, and Mr. Wendland said about two weeks.

Comm. White moved that we approve payments to Corn and Isbill, subject to Isbill's and Mr. Bowers' approval of the Corn bill and Mr. Wendland's review. Comm. Clark seconded the motion which unanimously passed.

IV. Other Matters As Commissioners Desire.

1. Penner-Frantz. Atty. Pearce said he had received a call from Norman Frantz, and that Mr. Frantz has been good about calling back. Mr. Frantz expected to have the final details on the loan yesterday but didn't get them. He said he should have them this afternoon. Mr. Pearce said Penner-Frantz paid their extension fee, but the extension expired August 1. The Authority has some other things to resolve with them when they get their loan payment, and a meeting should be set up with Penner-Frantz to arrange for a payment schedule. Mr. Penner was very encouraged, and Mr. Pearce said it looks good.

2. Westcom. The hearing date has been set for August 16. Chairman Dunn asked if Atty. Pearce had had any contact with Westcom and Atty. Pearce said no.

3. Policy on Handling Arrearages. Atty. Pearce said policies need to be established on handling arrearages. He said he had prepared demand letters and Mr. Wendland had sent them out. The Authority needs to set up a policy on eviction procedures and standards need to be established.

Comm. Humphries asked about the Authority's legal standing if a tenant goes bankrupt. Atty. Pearce said we would be unsecured creditors except where we have improvements. Remedy for tenants not bankrupt is to sue the entities and evict. Atty. Pearce said we cannot terminate a tenant's lease when a tenant declares bankruptcy as the lease has value. The Court could order us to let a in new tenant under the same terms or under Chapter 11. Comm. White said even though we are unsecured creditors, we do have a chance at getting arrearages. Atty. Pearce said we have lease leverage. The shortest period on these demand letters sent was seven days for the rent-a-cars and 30 days on Monarch.

Atty. Pearce said we need a general policy established and the administrative functions set forth. Comm. White said as soon as the receivables hit the 60-day column we should write official notification. This notification should be automatically done as the first step after 60 days. Chairman Dunn concurred and said when people get too far behind it becomes hard to catch up. Atty. Pearce said the policy should apply uniformly and he would work on it.

Gary Schmitz, from the Sentinel, asked how many tenants the airport has and how many are in arrears. Mr. Wendland said we have approximately 27 tenants with two in arrears. Mr. Orbanek asked who specifically was in arrears and Chairman Dunn said it is not fair to the tenants to divulge this information.

4. Empty Terminal Concession Space. Comm. Clark asked about the empty concession spaces, and Comm. Barnett suggested we offer it at parity to realtors and draw up specifications for them. Comm. White suggested we talk to some travel agents. Mr. Bowers said he is already doing this and someone is interested.

5. Sidewalks. Comm. Clark asked about the sidewalks under the Mangold. Comm. Barnett said its not the ultimate but sufficient.

6. Parkway in Front of Parking Lot. Comm. Clark asked what was being done, and Mr. Bowers said we will be putting in additional sidewalks. Comm. Barnett said he would note today that we build the sidewalks. Comm. White asked if there would be three walks and Mr. Bowers said four. They will be smaller than the existing walks, and he had spoken with Mays Concrete about them. Comm. White asked if we could get the Pedestrian Walkway signs high enough so people could see where the walkways are. He also suggested we bid the walkways and also cut the weeds presently growing there.

7. Board Policy. Comm. Cornelison said he has not said much to date, but he is a little confused about what he hears. In coming on this Board he thought it would be run like a business; where the Board of Directors set policy and monitor the operation, and the Manager runs it. He finds here, and it is probably due to the conditions that exist, that the Board members are getting actively into negotiations and maybe that is well and

should be, but he would like to see this come to an end. One of the first policies the Authority ought to have is how we are going to organize and run the airport. Are we going to run it like a business or a local government? He said it reminds him of a team of horses where only one horse is pulling at a time. He said he should not criticize the Authority too much, because alot of good things are being done and it is coming along. However, it is confusing to him. He said he would like to get into these matters as time goes by. With the new manager there will have to be new organization and job assignments, and then it will be time to determine whether the Board sets policy or enters into the operation.

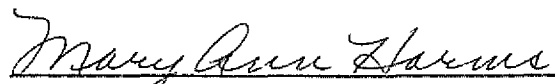
Chairman Dunn said he agrees that the Board should be advisory, but it has been involved in negotiations which couldn't be helped. When the new manager is here the roles should be defined for the Board and the Manager. Comm. Cornelison said he thinks this should be addressed before the new manager comes in, as the manager will need to be directed as to what his duties will be right away. Mr. Cornelison said this should be addressed in the very near future. Comm. Barnett said we need to spell it out in writing and back our manager. Comm. Cornelison said we are operating under extraordinary conditions with a new manager, the construction, and the changes in the economy; and it is a jumble of who is doing what, where and when. He said this is just an overall view and he has not been here to see the intricate workings as the other members have been. He hopes he has not been too critical.

Comm. Dunn said he appreciates comments from the new Board Members, as this gives new perspective and new views. The new members make this a better Board, and fresh approaches are very important. All members' comments are welcomed and things will be changed.

The meeting adjourned at 9:10 a.m.

Approved as set forth this 1st day of Sept., 1983.


Frank Dunn, Chairman


Mary Ann Harms, Clerk