

Walker Field Airport Authority

Minutes of the Regular Board Meeting

April 21, 1998

BOARD COMMISSIONERS PRESENT: Martin O'Boyle Robert McCormick
Miles McCormack Charles Gillett
David Graham Jim Richards

AIRPORT STAFF PRESENT: Corinne Nystrom Ted Balbier
John Thomas Dennis Wiss
David Anderson

ALSO PRESENT: Nicole Hernandez of KREX-TV; Peg Wallace of Thunder Mountain Ground Services; Diane Gibson and Donna Sanford of West Star Aviation; Al Acker of Alaska Software; Bill Miers and John Pabst of Thrifty Car Rental; Gary Schulz of Dalby, Wendland, and Co.; Larry Kempton, Sr., Larry Kempton, Jr., Yves Gallet, Jim Stafford, Brenda Kempton, Ray Guziak, Ralph Mulford, and Dell Jones of Kempton Air Services; Jim Baughman of Mesa County; Joe Marie; and Doug Briggs, Authority Attorney.

I. CALL TO ORDER

Chairman O'Boyle called the meeting to order at 5:18pm.

II. APPROVAL OF AGENDA

Chairman O'Boyle asked for additions or changes to the published agenda. Manager Nystrom requested the addition of "Action Item F- Update on Promoco Collection." Chairman O'Boyle noted that the Board would delay discussion and action pertaining to "Action Item E- WFAA Hangar Lease Agreement with Kempton Air Services" until Commissioner McCormick arrives. The Agenda was amended as requested.

III. PUBLIC COMMENTS AND COMMUNICATIONS

There were no public comments or communications.

IV. CONSENT AGENDA

- A. Minutes: March 17, 1998 Regular Board Meeting
- B. Minutes: March 24, 1998 Special Board Meeting
- C. Minutes: April 7, 1998 Special Board Meeting
- D. Resolution No. 1998-003 Amendment to Fees and Charges Policy to Include Monthly Parking Lot Rates

At the March 17, 1998 Regular Board Meeting, the Board approved the implementation of a \$100 monthly parking fee to be instituted in the long-term parking lot. Alan Doherty of Republic recently informed Staff that the monthly fee can include up to 30 days parking, not the 28 to which he originally thought it would be restricted. Therefore, the monthly parking fee will cover a period from 28 to 30 days.

In order to implement this fee, it is necessary to amend the Authority's Fees and Charges Policy to include the new fee. Authority Attorney Briggs drafted Amendment No. 1 to the Fees and Charges Policy which includes the new fee. Staff recommended adoption of "Resolution No. 1998-003- Amendment No. 1 to the Fees and Charges Policy for the Walker Field Airport, Grand Junction, Colorado," as submitted.

Chairman O'Boyle asked if Commissioner McCormick and Commissioner Richards had received any feedback from the City regarding the distribution of Authority Minutes to the City, and whether Staff was continuing to send a full set of Minutes to the City Council members and the County Commissioners. Commissioner Richards commented that during his and Commissioner McCormick's meeting with Mayor Janet Terry, they received no feedback regarding the Minutes. Manager Nystrom noted that Staff will continue to send a full set of Minutes to the City and the County until directed otherwise by the Board. Commissioner Graham asked County Commissioner Baughman if he has been receiving copies of the Minutes. County Commissioner Baughman indicated the current process is satisfactory. Additionally, Chairman O'Boyle asked if Staff was going to present a recommendation regarding restaurant chairs at this meeting. Manager Nystrom stated Staff would have the information available to present at a later Board meeting.

Commissioner Richards moved to approve all of the items on the Consent Agenda, except for Consent Item "D." Voice vote: all ayes, except an abstention by Commissioner Graham on Consent Item "C." Commissioner McCormick seconded. Roll call: all ayes. Motion carried.

Commissioner Graham moved to adopt Consent Item "D." Commissioner Richards seconded. Roll call: all ayes. Motion carried.

V. FINANCIAL REPORT

- A. January, 1998 Financial Statements

B. February, 1998 Financial Statements

Manager Nystrom updated the Board regarding the January and February, 1998 Financial Statements. Unrestricted cash and investments are doing well, considering the Runway 11/29 litigation. The accounts payables and accounts receivables are looking good. Working capital has increased compared to the same period last year. Revenues by source have decreased compared to the same period last year. Seasonal fluctuations may account for some of the revenues being slightly under budget for this year. However, with another airline starting June 1st, those figures may improve. Income to retained earnings for the first two months is approximately \$27,800.

There are several new line items that the auditors requested the Authority include in this year's financial statements. Capital Deposits reflects capital items which were invoiced in 1997, but not received until 1998. Construction In-Progress includes items which are not yet on the depreciation schedule because they are still in-progress, but which are included as assets on the balance sheet because they have been partially completed and because invoices have been paid on them. Contingent Liabilities reflects funding received from the State and FAA for the Runway 11/29 repair, and which the Authority anticipates reimbursing to those entities from proceeds collected from the defendants through the lawsuit.

Commissioner Graham asked if the entries in the Construction In-Progress account reflect the value or cost of the projects. Manager Nystrom responded that the amounts reflect the year-to-date costs incurred. Additionally, Commissioner Graham inquired whether the Contingent Liabilities account will be a permanent or temporary line item. Manager Nystrom commented that this account is currently only for the runway repair funding received from the FAA and the State, and will hopefully be removed upon resolution of the litigation.

Commissioner Graham moved to acknowledge the receipt of the January and February, 1998 Financial Statements. Vice Chairman McCormack seconded. Voice vote: all ayes.

C. Accounts Receivable Report

Staff updated the Board regarding several items on the Accounts Receivable Report. Staff received two valuations of Maverick Airways' ground support equipment. One valuation estimates the equipment to be \$6,100. The other valuation noted a \$7,000 estimate. This information will be forwarded to Attorney Briggs for his review. A recent payment received from Sun Pacific International Airlines reduced its delinquency from \$900 to \$553. Promoco's account will be discussed as Action Item "F."

Chairman O'Boyle asked Staff if any of the Maverick ground support equipment would be useful to the Authority. Manager Nystrom noted that the Authority could put any of the equipment to good use, and there is always the possibility that the Authority could sell those items to a third party.

Commissioner McCormick arrived for the Board Meeting.

VI. ACTION ITEMS

A. Rental Car Concession Agreement Bid Awards

On Tuesday, March 31st, Staff opened bids for the 4 rental car concessions and the right to operate on-airport during the period 1998 through 2003. The bids are based on a guaranteed minimum of 10% of gross revenues for the 5-year bid period. The bid guarantees received were: Avis- \$518,577.00; Budget- \$294,471.20; Hertz- \$322,804.53; National- \$301,971.20; and Thrifty- \$369,471.20.

The Concession Agreement with the prospective concessionaires is based on the 1992 Concession Agreement currently in place with three of the top four 1998 bidders, with modifications to Article XXXVI.B.2 (Surrender Upon Termination) and Article V.B.2 through V.B.4 (Rents and Fees). The first modification relates to the ability to sell improvements on the service area parcel. The 1992 Agreement stated that if a current concessionaire's agreement was terminated for any reason, the concessionaire had 60 days to sell its improvements to any concessionaire entering into or having a current agreement with the Authority. If the concessionaire was unable to sell the improvement, the Authority was required to purchase the improvement, less any depreciation.

New language was added to the original provision so that a concessionaire terminating its agreement may now sell its improvements to an outside party not associated with the airport after the initial 60-day period for an additional 60-day period contingent upon said outside party removing the improvement and returning the service area site to a clean level surface. After that time, if the improvement is still in place, the Authority would be required to purchase the improvement as previously stated in the original provision. The second modification relates to the service area rent. It is based on the current land lease rate with the standard cost of living allowance (COLA) provision which is in place with other tenants on the field. The previous rate for the service area was a flat monthly rate with no COLA adjustment.

Staff recommended acceptance of the top four bids contingent upon receiving signed Concession Agreements from each of them and the receipt of the required performance bond amounts. Those bidders are Avis, Hertz, National, and Thrifty. Staff also recommends that the Chairman be authorized to sign the Agreements on behalf of the Authority.

Commissioner McCormick moved to accept the top four bids contingent upon receiving signed Concession Agreements from each of the successful bidders and the receipt of the required performance bond amounts, and that the Chairman be authorized to sign the Agreements on behalf of the Authority. Commissioner Gillett seconded. Roll call: all ayes. Motion carried.

B. Amendment to Nichols Associates Engineering Contract

Staff presented the Board with a proposed amendment to the Nichols Associates Agreement. The existing contract between the Authority and Nichols Associates states that Nichols will perform certain engineering services related to terminal repairs for a cost not to exceed \$9,950. After execution of the contract, discussions with Nichols Associates resulted in Isbill Associates agreeing to take over the administrative functions, particularly FAA-related, since this project is part of the overall AIP-17 project.

Staff then worked with Isbill Associates to assume the bid and contract administration portions of the repair project. In return for the dismissal of these parts of its contract, Nichols agreed to reduce the costs of the agreement by \$1,500, for a revised total not to exceed \$8,450. Isbill's costs will be negotiated as part of its overall engineering fees for work performed for AIP-17.

Specifications and drawings are finished and have been provided to the FAA for approval along with contract documents. As part of its billings to the Authority, Nichols has identified some costs associated with the terminal repairs it believes are over and above the requirements of the existing agreement. Staff has asked Nichols to meet as soon as practical to identify these items and Nichols' estimated costs. Staff has made it clear to Nichols that even if some of these items are justified, in no event will the Authority exceed \$10,000 in total fees to Nichols.

Manager Nystrom noted that at the April 7th Special Board Meeting, Staff presented the Board with a total of the invoices submitted by Nichols pertaining to this project. After receiving further clarification and having further discussions with Nichols, it was noted that the January invoice was for services performed prior to the contract. The revised total of post-contract invoices is approximately \$7,700. Thus, there is approximately \$700 remaining under the contract. Staff recommended the Board approve the contract Amendment to the Nichols Associates Agreement, and that the Chairman be authorized to sign the Amendment on behalf of the Authority.

Commissioner Richards moved to approve the contract amendment to the Nichols Associates Agreement, and that the Chairman be authorized to sign the Amendment on behalf of the Authority. Commissioner McCormick seconded.

Commissioner Gillett asked Staff if he could review an itemization of the services provided to the Authority. Manager Nystrom stated that Staff would provide him with an itemization which includes all work performed from the beginning of the project, including pre-contract services. Chairman O'Boyle asked if the costs noted in the blurb as "above and beyond the contract amount" refer to the pre-contract costs. Manager Nystrom commented that those two items are not the same, and that Staff is still discussing the "above and beyond" amounts with Nichols. An example of those items includes the FAA-required design report.

Commissioner Graham inquired whether the Board should wait to vote on this motion until after the "above and beyond" amounts are determined. Manager Nystrom recommended the Board vote on the Amendment at this meeting because Staff is still discussing the "above and beyond" amounts with Nichols.

Roll call: all ayes. Motion carried.

C. Air Wisconsin/Thunder Mountain Ground Services/Mesa Airlines Lease Space

Staff presented the Board with a request to lease the entire Third Airline Ticket Office (ATO) to Air Wisconsin, to relocate Thunder Mountain Ground Services to the First and Fourth ATOs, and to reduce Mesa Airlines' square footage in the First ATO. The Authority received a written request from Air Wisconsin Airlines Corporation stating its request to lease the entire Third ATO of the main terminal building. The leasing commitment for the Third ATO is a total of 2,400 square feet. The monthly rent for this space will be \$4,468.00.

A standard Use and Lease Agreement will be sent to Air Wisconsin for review and signature. The Agreement is based on the existing agreements with Mesa and Skywest Airlines. There are a few maintenance issues that will need to be addressed in the Third ATO, including replacing the carpet in the main office which is over 10 years old and showing extreme signs of wear and tear. Additionally, numerous ceiling tiles and central air conditioning components will have to be replaced.

With the request by Air Wisconsin to lease the entire Third ATO, Staff recommended moving Thunder Mountain Ground Services to another location. A provision exists in Thunder Mountain's Lease Agreement with the Authority stating that if an airline desires to lease the entire Third ATO, Thunder Mountain must commit to leasing the entire ATO on a full-time basis or relocate to another available location. After meeting with Peg Wallace and Marilyn Petek of Thunder Mountain, they wished to relocate their operations to the First ATO on their existing rental rate structure rather than committing to the increased rate required to remain in the Third ATO. This leasing commitment for the First ATO is near the same square footage as Thunder Mountain's existing leasehold in the Third ATO. The monthly rental for Thunder Mountain's First ATO space will be approximately \$580.00 per month.

With Thunder Mountain's anticipated move to the First ATO, there will be some construction required to accommodate two separate operators in the First ATO, including the removal and relocation of a wall, and replacing of carpet. Also included in the construction will be a renovation of the ticket counter to include the addition of another bag well to accommodate an additional check-in location. Thunder Mountain has also requested leasing storage space in the Fourth ATO, which is currently being utilized by the Authority.

The resulting available space in the First ATO for Thunder Mountain is a result of Mesa Airlines' request to reduce the amount of its First ATO leasehold. The request is based upon Mesa's termination of United Express flights to Denver which will reduce the amount of needed space from 2,400 square feet to 1,240 square feet. Mesa's rent will decrease \$2,159.53 to a new monthly rate of \$2,308.47. The current combined monthly ticket counter rents from the existing tenants is \$7,140.24. After the move, the combined monthly rents will be \$9,448.71, an increase of \$2,308.47 per month or \$27,701.64 per year.

Staff commented that at least \$4,000 is needed to complete the necessary relocation and construction work, and that it has received a preliminary bid from a general contractor to complete some of the work in the First ATO (excluding carpet). Chairman O'Boyle asked if the \$4,000 included Air Wisconsin's share of the remodeling. Staff responded that the amount requested is only for the Authority's portion of the work. Commissioner McCormick inquired if the requested amount includes the Authority's portion for both of the ATOs. Staff responded that amount includes all of the Authority's portion of the work for both of the ATOs.

Staff recommended approval of Air Wisconsin's request to lease the entire Third ATO, and to allow Staff to negotiate a Use and Lease Agreement with Air Wisconsin. Staff also recommended the relocation of Thunder Mountain Ground Services to the First and Fourth ATOs, and that the Authority fund the construction costs, up to \$4,000, associated with the requested move based on Thunder Mountain's long-term commitment to serve Walker Field Airport. Additionally, Staff recommended approval of Mesa Airlines' request to reduce the square footage of its leasehold in the First ATO.

Commissioner McCormick moved to approve Air Wisconsin's request to lease the entire Third ATO, and to allow Staff to negotiate a Use and Lease Agreement with Air Wisconsin; to relocate Thunder Mountain Ground Services to the First and Fourth ATO; to authorize the Authority to fund associated construction costs, up to \$4,000; and approve the reduction of the square footage of Mesa Airlines' First ATO leasehold. Commissioner Richards seconded. Voice vote: all ayes. Motion carried.

D. Request for Funding to Survey Landside Property for Utility Easements

Staff presented the Board with a request to approve the creation of utility easements and surveys necessary for a parcel of Authority property in which the Colorado State Patrol (CSP) is interested in leasing, and to appropriate the necessary funds to provide these services. The CSP has requested that utilities, including electric, gas, water, sanitary sewer, and phone, be brought onto the parcel of land that it will be leasing in preparation for the construction of its building. Some of these utilities are not currently on the property, specifically, electric, gas and sanitary sewer.

Historically, the Authority has provided utilities to the parcels, and the tenants are responsible for having the connections made from the stubs to their buildings. In keeping with this practice, the Authority has contacted Public Service, Ute Water, and the City of Grand Junction to inquire of the availability of services. All of the utilities requested by the CSP are available. However, in order to bring the different utilities onto the property, the Authority will have to provide utility easements to the different agencies allowing them to place their lines on Airport property. The utilities currently on Airport property, water and phone, do not require easements.

In the past, the Authority has used the services of KS Professional Surveying to perform surveys and create utility easements. Kurt Shepherd of KS has been contacted and has agreed to perform the needed surveys and easements. All utility easements and any necessary surveying will include legal descriptions. The estimate received from KS for the work is \$3,615, which also includes a topography survey, a boundary survey for a minor subdivision, and the easement descriptions. Staff is also requesting estimates from another surveyor.

Manager Nystrom noted that the proposed CSP leasehold is covered under a "Section 16 Release" which allows for the use of certain Airport parcels for non-aeronautical uses. The proposed leasehold would encompass approximately 2 acres between Landing View Lane and the western egress of Walker Field Drive. She also commented that the CSP is requesting that the Authority pay for the surveying and easement work, and that if the Board approved the payment of the work, it could be setting a precedent since the prospective lessees generally pay for the surveying services. However, because the Authority is a political subdivision of Colorado, the Authority works in partnership with the State (specifically, the Department of Transportation), and the Authority receives State discretionary grant money and support, Staff recommended that the Board approve the creation of the utility easements and surveys necessary for the CSP, and to appropriate the necessary funds to provide these services.

Commissioner Graham asked if the Authority did not pay for the surveying costs, would this affect the proposed lease with the CSP. Manager Nystrom commented that Staff had been told that the Authority not paying for the surveying services would be a "deal breaker." Chairman O'Boyle inquired how much land along H Road could be used for non-aeronautical purposes.

Manager Nystrom noted there are 16 acres along H Road which could be used for non-aeronautical purposes, and that the utility easements for the proposed CSP leasehold would also benefit the other potential users of the 14 acres along H Road because the easements would be located along the east side of the Walker Field Drive egress.

Chairman O'Boyle asked whether the infrastructure development of the 16 acres would occur based on demand or if Staff recommended platting the 16 acres in the near future. Manager Nystrom recommended that the Authority consider platting several parcels on the Airport, perhaps in the next budget cycle, so that the Authority is in a better position to respond to future demand. Commissioner Richards commented that the CSP used to be a part of the Department of Transportation and the Division of Aeronautics is within the Department of Transportation. Thus there is a "kinship" between the CSP and the Division of Aeronautics. Commissioner Graham inquired what the proposed lease term is for the CSP. Manager Nystrom responded that the CSP has requested a 50-year lease.

Commissioner McCormick commented that this surveying work and utility easements would be contributing to the infrastructure of the Airport, which is a topic the Board has discussed at previous Board workshops. Commissioner Richards asked whether the FAA will raise similar concerns as with the most recent BLM lease. Manager Nystrom commented that the CSP is aware of the current landside land rates, and that Staff does not anticipate any objections by the FAA. Commissioner Graham inquired whether the Authority should create an RFP for surveying services for the entire 16 acres to obtain a better deal. Manager Nystrom commented that the costs would be substantially higher than with only 2 acres, but if the Board wished for Staff to do so, Staff would create an RFP for surveying services for the entire 16 acres. Staff noted that there is a topographical survey for the 16 acres, but it is at 10-foot intervals instead of CSP's requested 1-foot intervals. Chairman O'Boyle asked if Staff was comfortable that the drainage survey for the proposed CSP leasehold is compatible with nearby parcels. Staff responded that because the proposed CSP leasehold is adjacent to H Road, the runoff would drain directly into the storm sewer, and should not affect any other Authority property.

Commissioner Richards moved to appropriate up to \$4,000 for the surveying services and easement establishment costs, and that this is a one-time appropriation for such costs. Vice Chairman McCormack seconded. Voice vote: All ayes, except Commissioner Graham who voted against the motion.

E. WFAA Hangar Lease Agreement with Kempton Air Services

Chairman O'Boyle abstained from any discussion or actions relating to this Action Item, and yielded the table to Vice Chairman McCormack. At previous Board meetings and workshops, Staff held discussions with the Board regarding the future of the Authority-owned hangar which is currently leased to Kempton Air Services. At the April 7th Special Board Meeting, the Board authorized Staff to employ the services of Walsh Environmental Scientists and Engineers to conduct certain environmental tests on the hangar building as a direct result of Larry Kempton expressing concerns to Staff about potential hazards. Staff is currently working with Walsh to conduct these tests. Staff is also in the process of receiving cost estimates from various types of contractors regarding renovation of the hangar. These contractors include electrical, plumbing, HVAC, and painting.

Manager Nystrom provided historical background of the hangar. The structure was built in the late 1950s and was historically known as the Wegner Hangar. In 1981, Monarch Aviation deeded the hangar to the Authority with the specific condition that the Authority develop the building into an air cargo facility. Although that never happened, several short-term tenants leased the hangar from the Authority. Kempton Air Services moved into the hangar in the early 1990s, and leased the building from the Authority on a month-to-month basis until a formalized 5-year lease was executed in 1993.

Kempton Air Services is classified as a specialized fixed base operator, and provides flight instruction, aircraft maintenance, and aircraft rentals. When the Board approved the Kempton 5-year lease in 1993, it was understood that the compatibility of having a specialized fixed base operator next to the air carrier ramp was not in the best interests of the Authority. Additionally, the FAA expressed concern over Kempton Air Services' location next to the air carrier ramp for security reasons.

Manager Nystrom commented that Kempton Air Services is a good and valued tenant. Approximately one year ago, the Board held several workshops to discuss different uses for the Authority-owned hangar, and noted that at some time, the hangar should be put to a different use. Kempton's existing Lease Agreement is set to expire on August 31, 1998. Prior to that time, either party may terminate the Agreement with or without cause upon 30 days written notice.

Manager Nystrom indicated that the airport is in a growth mode, with several new tenants and aircraft operations in 1998 exceeding the 1997 figures. Thus it is prudent for the Authority to plan for future growth. Additionally, she noted there have been several discussions with prospective tenants for the use of the Authority-owned hangar, and rather than waiting until one month prior to the expiration of the Kempton Agreement, the Authority should address this issue now. Staff recommended that the Authority not renew its Agreement with Kempton Air Services, and not waive the right to terminate the Agreement with or without cause with 30 days notice to Kempton.

Commissioner Richards moved to notify Kempton Air Services that its Agreement with the Authority will not be renewed upon its expiration on August 31, 1998. Additionally, he moved that the Authority does not waive its right to terminate the Agreement with or without cause with 30 days notice to Kempton. Commissioner Gillett seconded.

Commissioner Graham noted that this motion does not constitute giving 30 days notice of intent to cancel the Agreement with Kempton. Commissioner McCormick inquired whether it was even necessary to reserve the right to terminate the Agreement with 30 days notice to Kempton. Commissioner Richards responded that either party may still terminate the Agreement prior to the August 31st expiration date as long as 30 days notice is provided to the other party. Vice Chairman McCormack commented that Larry Kempton was kind enough to provide him with a tour of the facility, and that he would like to work with Mr. Kempton to keep Kempton Air Services at Walker Field Airport.

Several members of the public spoke on this issue. Yves Gallet stated that he has been utilizing Kempton Air Services for many years, and noted the good service and friendly atmosphere Kempton provides to its customers. He felt that Kempton Air Services is the only fixed base

operator at Walker Field which provides reasonable prices on aircraft rentals. Additionally, he expressed concern that the Authority is not protecting general aviation.

Gary Schulz is a private pilot who rents aircraft from Kempton. He expressed confusion as to what the objective was of the Authority not renewing Kempton's Agreement, and that Kempton is providing employment, but the Authority is trying to "kick him out." Another pilot, Dale Jones, stated that he has been in aviation for 45 years, and was concerned about the future of general aviation at Walker Field. He noted that commercial aviation "comes and goes," and he has known Larry for many years. Mr. Jones also commented that Kempton Air Services is very good for the airport.

Al Acker, President of Alaska Software, commented that one of the selling points of moving his company to Grand Junction was that Walker Field Airport is an excellent facility. However, the drawback is that commercial air service is insufficient. He further commented that Kempton Air Service makes up for the poor air service, and allows him to economically get to and from Grand Junction. Jim Stafford asked what use the Authority has for the Authority-owned hangar. Manager Nystrom responded that commercial service operators, which includes air cargo, may have a business need to be located adjacent to the air carrier ramp.

Mr. Gallet asked why the Authority is against general aviation. Manager Nystrom noted that the Authority is pro general aviation, has lowered lease rates in the 4/22 general aviation area, and plans to expand the general aviation area. She commented that this issue merely addresses the location on the Airport where the general aviation operators should be located.

Commissioner Richards commented that this issue does not mean the end of general aviation at Walker Field, but merely the end of using the Authority-owned hangar for general aviation.

Mr. Acker asked if the Authority has another hangar from which Kempton could operate. Commissioner McCormick commented that many businesses have to relocate when their leaseholds expire, and are not renewed by their landlords. Additionally, he commented that air freight traffic has grown significantly. Mr. Stafford commented that Mr. Kempton has nowhere else to go.

Mr. Kempton commented that the hangar was near the end of its useful life, but Kempton Air Services "strung the use" of the hangar out for an additional 10 years. He expressed concern that when other Walker Field tenants found out that he has to move, the asking price for another location increased. There have been many pilots from all over the world who have rented aircraft from Kempton. He stated that most of the growth experienced in the 4/22 area is from aircraft owners who have their own hangars, not from general aviation. Further, he stated that there is no affordable place in the 4/22 general aviation area for him to relocate his business.

Vice Chairman McCormack stated that it is not the intention of the Board to force Kempton off of the airport. Ralph Mulford asked if the Authority-owned hangar will be big enough for any cargo tenant who wishes to locate there. He believed the Authority should consider the people who use Kempton's services. Dale Jones stated that he had just returned from John Wayne Airport in California, and he noted that the entire airport is air cargo, with 8 or 10 Boeing 747s.

Commissioner McCormick stated he is in favor of Vice Chairman McCormack continuing to work for a solution with Larry Kempton, and at this point, he believes it is in the best interests of the Authority to approve this motion. Commissioner Graham disclosed to the Board that Mr.

Kempton contacted him, and he told Mr. Kempton that he sees this issue from a standpoint that the best interests of the Authority is actually a valuation of the respective values of both entities.

However, because the alternative use is hypothetical, Commissioner Graham did not feel it would be appropriate to approve the motion. Commissioner McCormick commented that if the Board felt that there would probably be an alternative use for the hangar, then the Board should let Mr. Kempton know as soon as possible so that he can find an alternative location. Vice Chairman McCormack noted that he hopes that the Authority can work out a solution with Mr. Kempton.

Roll call: all ayes, except for Commissioner Graham who voted against the motion. Motion carried.

F. Update on Promoco Collection

Manager Nystrom updated the Board regarding collection efforts against Promoco. At the March, 1998 Regular Board Meeting, the Board authorized Staff and Attorney Briggs to pursue collection efforts against Promoco. Because Phil Roth has two outstanding unsatisfied judgments against him totaling \$18,000, a letter was sent to Phil Roth of Promoco suggesting the possibility of exchanging the phone display board for forgiveness of Promoco's debt to the Authority. Promoco is delinquent in the amount of \$975.39. Staff received a faxed favorable response to the suggestion of the exchange, and recommends acceptance of the phone display board in exchange for forgiveness of Promoco's debt to the Authority.

Commissioner Richards asked what the estimated value is of the phone board. Staff responded that the board was custom-built, and that it is difficult to place a value on the board. However, the board could be put to good use by the Authority. Vice Chairman McCormack commented that he would like to see the accounts receivable get cleaned-up. Thus he recommended action.

Vice Chairman McCormack moved to forgive Promoco's debt to the Authority in exchange for the phone display board, and to authorize Manager Nystrom to sign such an agreement on behalf of the Authority. Commissioner Graham seconded. Voice vote: all ayes, except for Commissioner McCormick who voted against the motion. Motion carried.

VII. DISCUSSION ITEMS

A. AIP-16 - Runway 4/22 Rehabilitation Update

Staff provided the Board with an update on AIP-16. AIP-16 includes paving Runway 4/22 and the installation of precision approach path indicators (PAPIs) on Runway 11 and Runway 4. Staff noted that the paving on Runway 4/22 should be done by the end of next week. The PAPIs are being tested, and should be operational by the end of next week. Thus the runway should be open by the end of next week. At a later date, the pavement on Runway 4/22 will be grooved. After the grooving, AIP-16 will be complete.

B. AIP-17 Update

Staff provided the Board with an update on AIP-17. Staff is preparing to advertise for the work on the terminal beam renovation by the end of next week, with a pre-bid meeting on May 5th

and bid openings on May 15th. The actual work should begin in early June, depending upon materials availability. There may be a lag-time for steel. Additionally, Staff is waiting for approval of the design plans by the FAA. Chairman O'Boyle asked what will become of the old beams. Staff responded that the old beams could be used in the future and possibly for landscaping.

C. Terminal Building Aesthetics Study RFP Process

At the April 7, 1998 Special Board Meeting, the Board indicated that a terminal building aesthetics study is a high priority, and that there was discussion to complete the study in the Fall of 1998. To meet this goal, Staff would like to begin to draft the request for proposals (RFP).

Chairman O'Boyle asked what the Scope of Work would include. Manager Nystrom commented that at a minimum, the interior of the building would be included, and if the Board wished, the exterior of the building would also be included. Commissioner McCormick recommended that Staff prepare a Scope of Work, and then present the Scope at a later Board Workshop. Vice Chairman McCormack recommended splitting the Scope of Work into interior and exterior aesthetics.

Chairman O'Boyle asked what would happen if an RFP was sent out, and the only bidder is a less than conventional designer. Manager Nystrom responded that the Authority could require an interview, references, and a portfolio of previous design work. Chairman O'Boyle inquired when Staff could have the initial draft of the Scope of Work completed. Manager Nystrom commented that Staff would like to have a couple of months to prepare a draft of the Scope of Work.

D. Marketing Agreement with Confederate Air Force

Vice Chairman McCormack abstained from any discussion or actions relating to this Action Item. Staff updated the Board regarding a marketing agreement with Confederate Air Force (CAF), which currently has a ground lease with the Authority as Rocky Mountain Hangar, Inc. Staff has had discussions with CAF about conducting portions of the airport tours which are provided to members of the public, including school children. Approximately 1,100 school children have taken the airport tour during the past school year.

CAF would augment the airport tour by providing a tour of its facilities and aircraft. In return, the Authority would provide a rent credit of \$50/month to Rocky Mountain Hangar. Staff believed this agreement would be a valuable marketing tool for the airport. Commissioner Graham asked if the Authority would be liable and have to provide additional rent credits if the tour attendance grew substantially. Staff responded that the issue was discussed with the CAF, and the response received was that the CAF had no problem with an increase in tour attendance. Staff also noted that both the CAF and Staff members are excited by the partnership, and a cap on tour attendance was not discussed.

VIII. OTHER ITEMS


Chairman O'Boyle noted the inclusion of the Airport Manager Evaluation criteria in the Board packets. Commissioner McCormick commented that the Evaluation criteria was included so that the Board could discuss this issue at the May 5, 1998 Board Workshop.

Chairman O'Boyle asked Staff to set-up a meeting with City Council members and County Commissioners, similar to the type of meeting held last year, and to have the meeting either in Marge's Frozen Custard restaurant or catered by Marge's.

IX. ADJOURNMENT

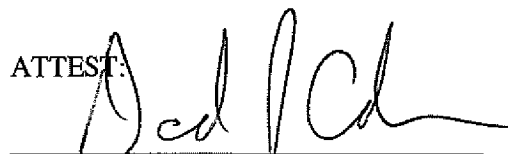
There being no further business to come before the Board, Commissioner Richards moved to adjourn the meeting. Commissioner Gillett seconded the motion. Unanimously carried. The meeting was adjourned at 7:37pm.

APPROVED AND ADOPTED THIS 26 DAY OF May, 1998.



Martin O'Boyle, Chairman

ATTEST:



David J. Anderson, Clerk