

Walker Field Airport Authority

Minutes of the Regular Board Meeting

October 20, 1998

BOARD COMMISSIONERS PRESENT: Martin O'Boyle Robert McCormick
 Miles McCormack Gary Morris
 Jim Richards Mike Sutherland (arrived at 5:22pm)
 Ken Sublett

AIRPORT STAFF PRESENT: Corinne Nystrom Dan Reynolds
 John Thomas David Anderson

ALSO PRESENT: Vern Smith of Civil Air Patrol; Randall Farabee and Richard Farabee of Farabee Adventures, Inc.; Bill Miers of Thrifty Car Rental; Gene Murphy of Isbill Associates; Lynn Leibowitz of Leibowitz Airport Management Consultants, Inc.; Larry Nunnery and Ron Nunnery, Airport Lessees; and Authority Attorney Doug Briggs.

I. CALL TO ORDER

Chairman O'Boyle called the meeting to order at 5:16pm.

II. APPROVAL OF AGENDA

Chairman O'Boyle asked for additions or changes to the published Agenda. Manager Nystrom requested Discussion Item B- "General Aviation Development" and Other Item G- "Miscellaneous Items" be added to the Agenda.

Commissioner McCormick moved to amend the Agenda as requested. Vice Chairman McCormack seconded. Voice vote: all ayes. The Agenda was amended as requested.

III. PUBLIC COMMENTS AND COMMUNICATIONS

There were no public comments or communications.

IV. CONSENT AGENDA

- A. Minutes: September 15, 1998 Regular Board Meeting
- B. Minutes: October 9, 1998 Special Board Meeting
- C. Amendment No. 5 to Isbill Associates Engineering Contract

Staff provided the Board with a proposed Amendment No. 5 to the existing contract between Isbill Associates and the Authority which includes the engineering and project administration for the rehabilitation of Taxiway "C." This project will be funded with passenger facility charge (PFC) revenues only, but will be put out to bid as part of a larger project which includes the rehabilitation of Taxiway "A" and improvements to Blue Angel Lane.

Staff recommended the Board approve Amendment No. 5 to the existing contract between Isbill Associates and the Authority and that the Chairman be authorized to sign the Amendment on behalf of the Authority.

- D. Resolution No. 1998-008: Amendment to Application No. 1 of the Passenger Facility Charges Program

Staff presented proposed Resolution No. 1998-008: Amendment to Application No. 1 of the Passenger Facility Charges Program to the Board. The proposed Resolution states that the Authority intends to apply unused passenger facility charge (PFC) funds, collected as a part of the Authority's PFC Application No. 1, towards the rehabilitation of Taxiway "A." Although improvements to Taxiway "A" are a part of Application No. 1, the FAA insisted that a formal amendment to the Application is necessary due to the dollar amounts to be re-directed to this particular project.

Originally, when the improvements to Taxiway "A" were planned, the FAA suggested to the Authority that discretionary funds would be available for the project in addition to the Authority's entitlement and PFC funding. As a PFC project, the Authority was required to begin work by July of 1998. In the process of engineering and scheduling the project, the FAA informed Staff that the necessary discretionary funding would not be available, thus placing the project in jeopardy and forcing the Authority to miss the required start date.

To ensure that this project moved forward, Staff requested the FAA approve the use of uncommitted PFC funds toward Taxiway "A." These PFC amounts were the result of cost savings related to the projects identified and completed as part of PFC Application No. 1. The FAA verbally agreed to this plan, but is requiring the Authority to go through a formal amendment process to the Application, part of which requires the passage of this Resolution.

The use of these unused PFCs toward Taxiway "A" will have ramifications to the Authority's current PFC program, which includes the acquisition of snow removal equipment, rehabilitation of Taxiway "C," and construction of an aircraft rescue firefighting/snow removal equipment (ARFF/SRE) building. The Authority may need to remove one or more projects and/or reduce the scope of the projects unless the Authority decides to borrow funds to front the associated costs

of those projects. Under this Application, the Authority is required to issue a Notice to Proceed on these projects no later than August 1, 1999.

Staff recommended the Board adopt Resolution 1998-008 and that the Chairman be authorized to sign the Resolution on behalf of the Authority.

Commissioner McCormick moved to approve the items on the Consent Agenda. Commissioner Richards seconded. Roll call: all ayes, except for Commissioner Sutherland, who was absent. Motion carried.

V. FINANCIAL REPORT

A. August, 1998 Financial Statements/Accounts Receivable Report

Manager Nystrom updated the Board regarding the August, 1998 Financial Statements. Trade payables were reduced, thus also reducing unrestricted cash and investments. Many of these expenditures pertained to capital projects. Revenues by source—commercial fuel sales tax reimbursement is bringing the Airlines category slightly under budget; rental car concessions and military revenues are over budget; the parking lot concession is tracking what was budgeted; and the terminal concessions are slightly under budget primarily due to the pay phone and advertising concessions. General aviation revenues are also doing well.

Overall, total revenues are 12% over what was budgeted. Operating expenses are slightly over budget, primarily due to Administration category expenses, which includes attorneys' fees, Staff overtime, and marketing expenses. Staff is continuing to monitor the unrestricted cash and investments, and efforts will be made to begin rebuilding the cash reserves as soon as the bonds are paid off.

Commissioner Morris asked where the Authority's reserve funds are invested. Manager Nystrom responded that the reserve funds are spread out into different types of accounts—T-Bills, savings accounts, checking accounts, and CDs at several financial institutions. She also noted that the Bank of Cherry Creek is overseeing the retirement of the bonds.

Commissioner Richards moved to acknowledge receipt of the August, 1998 Financial Statements. Vice Chairman McCormack seconded. Voice vote: all ayes. Motion carried.

VI. ACTION ITEMS

A. Budget Rent-A-Car Service Area

Staff presented the Board with a request to commence the transfer of title to the former Budget Rent-A-Car service area improvements from Farabee Adventures, Inc. to the Authority subject to an environmental Phase I being conducted which indicates that no hazardous waste exists on the parcel which would require clean-up. Upon the transfer of the improvements to the Authority, the Authority could either lease the improvements and the service area ground to Farabee Adventures or to another rental car operator authorized to conduct business at the Airport. Attorney Briggs reviewed the current and prior On-Airport Rental Car Concession Agreements

regarding service areas and the improvements located thereon to determine any restrictions on the transferability of the improvements and/or the leasing thereof.

At the September 15, 1998 Regular Board Meeting, the consensus of the Board was to look into the possibility of leasing back the improvements to Farabee Adventures, Inc. The letter of opinion from Attorney Briggs indicated there is nothing in either Farabee's prior Agreement or the current on-airport agreements limiting the Authority's ability to lease the service area and improvements. However, the Master Plan for Walker Field Airport identifies the applicable parcels as rental car service areas.

According to Attorney Briggs, the service area improvements purchased and occupied by Farabee Adventures during the term of its on-Airport Agreement are now the legal property of the Authority per the applicable articles of their previous On-Airport Rental Car Concession Agreement. Therefore, the Authority may do what it deems appropriate with the improvements after receiving a formal conveyance of the improvements from Farabee Adventures, Inc.

Commissioner Morris inquired whether Staff has a complete inventory of the improvements located at the service area. Manager Nystrom stated that Staff has not gained access to the building, although it does have a list of the exterior improvements. Staff presented two recommendations regarding this issue. First, that the Authority conduct a Phase I environmental assessment, and if satisfactory results are received, negotiate a lease of the service area facility to Farabee Adventures, Inc. contingent upon Attorney Briggs' review and approval and the Authority's receipt of letters from other rental car concessionaires indicating they would not object to such a lease. If any other rental car concessionaire is interested in leasing the facility, then a second option would be to put a lease for the service area facility out to bid.

Commissioner Richards commented that it doesn't appear that the Authority is ready to receive title to the improvements. Commissioner McCormick asked if Staff was looking for letters of objection or letters of interest from the other car rental concessionaires. Manager Nystrom noted that Staff would like to receive feedback from the other concessionaires whether or not they are interested in leasing the facility. Commissioner Richards asked if the letters from the other car rental concessionaires should indicate an affirmative interest in leasing the service area, or if their expression of no objection to Farabee Adventures, Inc. leasing the service area would be sufficient. Attorney Briggs indicated that the type of letters requested from the other rental car concessionaires is a matter of policy for the Board to decide.

Commissioner Morris and Commissioner McCormick expressed a preference that the Authority seek out the letters of objection or interest, instead of Farabee Adventures, Inc. Staff commented that the Authority may be setting a precedent if it seeks out the letters because there may be other situations in which Staff will then have to seek out the approval or disapproval of other tenants before entering into negotiations with another party for the lease of a parcel. Bill Miers of Thrifty Car Rental asked what would happen if only one of the other car rental concessionaires expressed interest in the facility. Staff answered that the leasehold property and improvements would be put out to bid.

Richard Farabee of Farabee Adventures, Inc. asked if it is normal procedure for the Authority to bid out the lease of buildings owned by the Airport. Specifically, how can you put out to bid a building for which the Authority has already determined its value? Staff responded that it would obtain an independent appraisal of the service area improvements prior to putting the service area

facility out to bid. Manager Nystrom stated that this is probably the first time that this issue has arisen, primarily because these facility improvements have been transferred from each rental car concession operator to its successor since the service areas were constructed approximately 16 years ago. Manager Nystrom continued that Staff would seek an appraisal in order to establish a minimum bid amount. Commissioner Richards recommended that the Phase I environmental assessment be performed prior to the appraisal since the results of the assessment will affect the value of the service area facility.

Staff noted that regardless of the appraisal of the improvements, the ground rent will be the same as the lease rate for the other service areas. Mr. Farabee asked if the other service area improvements will be put out to bid as the facilities revert back to the Authority. Staff responded that this scenario will not occur until the year 2003. Thus an opinion on how to address this issue in the future is not formulated at this time. Attorney Briggs commented that the existing On-Airport rental car concession agreements give an outgoing service area lessee the opportunity to sell the improvements to an incoming rental car concession lessee.

Commissioner Richards moved for the Authority to perform a Phase I environmental assessment of the former Budget Rent-A-Car service facility. If the results of the assessment are favorable, then the Authority should receive title to the improvements and negotiate a lease of the service area facility with Farabee Adventures, Inc. contingent upon the Authority receiving no letters of interest from the other rental car concessionaires following the solicitation of such letters by Staff. If a letter of interest is received by any other rental car concessionaire, then the Authority should put the service area out to bid. Vice Chairman McCormack seconded.

Commissioner Sutherland asked if the Authority should solicit letters of no interest or letters of interest. Manager Nystrom recommended that letters of interest be solicited from the other car rental concessionaires, and if no response is received, then Staff should proceed with negotiating a lease with Farabee Adventures, Inc. Commissioner Sutherland recommended that the solicitation letter to the rental car concessionaires be sent via certified mail. He also inquired whether such a broad motion is needed. Commissioner Richards suggested that the Board go ahead and divide this issue into several components.

Commissioner Richards amended his previous motion and moved to authorize the Authority to perform a Phase I environmental assessment of the former Budget Rent-A-Car service facility. If the results of the assessment are favorable, then the Authority should accept title to the improvements. Commissioner Sutherland seconded.

Commissioner Sutherland suggested that the Board take action on the remaining issues at a later time. Manager Nystrom stated that Staff will initiate the Phase I environmental assessment of the service area. Commissioner McCormick commented that Staff should be able to proceed with soliciting letters of interest without further Board action. It was the consensus of the Board that if the transfer of title comes to fruition, then Staff should proceed with the other recommended steps, including an RFP if necessary. In the meantime, letters should be sent to all rental car operators regarding interest in the service area.

Voice vote: all ayes. Motion carried.

B. Request for Funding for 1998 Capital Projects and Equipment

Staff presented the Board with a request for funding of several 1998 capital projects and equipment. In December, 1997, the Board approved the 1998 Budget. Included with the Budget was a list of projects and equipment that Staff requested the Board consider during 1998 depending upon the revenue stream and actual expenses incurred during the year.

Staff recommended that the following items be approved for acquisition during 1998: eight (8) sling chairs (utilizing the existing chair frames)--\$1,024; air traffic control tower heating, ventilation, and air conditioning (HVAC) maintenance software--\$2,300; and a paint striper--\$4,540. The estimated total of these capital items is \$7,864.

In addition to the capital items, Staff requested that a file cabinet--\$225 and an office chair (for the front desk)--\$335 be acquired and expensed in 1998 as office supplies since the threshold for capitalizing a piece of equipment is \$500. Neither of these two items exceeds that amount. Commissioner Morris asked what the Authority's policy is regarding capitalization of purchases. Manager Nystrom responded that at the request of the Authority's auditors, projects or equipment which are equal to or greater than \$500 are generally capitalized and items under \$500 are expensed. Commissioner Sutherland agreed with Staff's conservative approach of breaking capital expenditures down into two groupings--January 1st and mid-year.

Commissioner McCormick moved to approve the acquisition of the following capital items: eight (8) sling chairs--\$1,024; air traffic control tower HVAC maintenance software--\$2,300; and a paint striper--\$4,540. Commissioner Sutherland seconded. Roll call: all ayes. Motion carried.

VII. DISCUSSION ITEMS

A. Terminal Aesthetics Study Update

Staff updated the Board regarding a review of possible terminal building aesthetic upgrades. Staff advertised a Request for Qualifications to perform a review of the terminal building's aesthetics, displays, signage, and other work items as outlined in the Scope of Work. Local firms were also contacted directly to ensure their awareness of the project. The Authority received six submittals.

Staff recommended it proceed as quickly as possible to arrange interviews with the prospective firms to select the best qualified firm. However, prior to selecting a firm, Staff requested that the Board provide feedback regarding the extent to which the Board wishes to be directly involved in the selection of the best qualified firm. Commissioner Richards commented that the Board should not micro-manage these types of projects.

Manager Nystrom asked if the Board had any particular criteria it would like to add to the selection process. Chairman O'Boyle inquired if there is any monetary limit on the Terminal Aesthetics Study. Manager Nystrom responded that the Board appropriated \$5,000 for the Study as a part of the 1998 Budget. The consensus of the Board was that Staff should proceed as recommended. Commissioner McCormick noted that he felt comfortable with the Scope of Work for the Study. In addition to what was already included in the Scope, Commissioner McCormick recommended that the Study include a review of different color schemes.

Vice Chairman McCormack recommended that any plan of action incorporated into the Study should include the projected costs of each action line item. Commissioner Sutherland suggested that if detailed projections are not available, at least have the consultant provide a range of costs for each action line item. The consensus of the Board was for Staff to proceed with the interviews and recommend a consultant for the Study.

B. General Aviation Development

NOTE: Although this Agenda item is listed as a Discussion Item, action was taken by the Board.

Staff updated the Board regarding several general aviation development issues and asked for feedback regarding these issues. Staff provided general background information: Larry Nunnery and Ron Nunnery have expressed an interest in developing a parcel directly to the north of their hangar in the Runway 4/22 general aviation area. Three other parties had previously submitted letters of interest to the Authority for that parcel, but no agreements have been finalized with the Authority.

Larry Nunnery and Ron Nunnery are willing to enter into a lease agreement with the Authority for that parcel as soon as possible. However, the Authority's existing unwritten policy in determining the priority of interested parties incorporates a "first letter of interest—first in line method." Thus under this method, Larry Nunnery and Ron Nunnery are last in the priority determination. Manager Nystrom noted that Staff is in the process of developing a revised policy to present to the Board for consideration.

Manager Nystrom commented that Colorado Skunkworks, the first party in line for the parcel, requested the Authority commit to funding the construction of a taxilane from Taxilane "C-1A" to the parcel before it would enter into a ground lease for that parcel. However, the Authority indicated to Colorado Skunkworks that Authority funds for the construction of the taxilane would not be available in the near future because several projects are higher in priority for funding than the taxilane, including a back-up localizer to replace the Fruita VOR. Manager Nystrom stated that Larry Nunnery and Ron Nunnery have indicated they are willing to pay for the construction of a taxilane if they execute a ground lease agreement for the parcel.

Commissioner Sutherland recommended setting a deadline for the other three interested parties to enter into a lease agreement with the Authority. Commissioner McCormick agreed with Commissioner Sutherland and added that notice to all three of the parties could probably be given at the same time. Commissioner Sutherland suggested that if any of the other three parties wishes to enter into an agreement with the Authority, it must agree to the same terms as contained in the offer by Larry Nunnery and Ron Nunnery, with no strings attached. Chairman O'Boyle furthered that the resolution of this issue applies to this parcel only and should not be viewed by any party as being a precedent.

Manager Nystrom commented that Staff has initiated discussions with West Star Aviation regarding the granting of an easement through West Star's T-hangar area to open up an Authority-owned parcel for lease. She noted that West Star is disinclined to allow an even though the Authority lease agreement with West Star Aviation allows for easements across West Star's leased premises. Thus landlocking by current tenants may also become an issue as Airport leaseable

land becomes scarce. The FAA prohibits landlocking by tenants unless they develop or expand onto the landlocked parcels within a short period of time after leasing the landlocked property.

Vice Chairman McCormack asked if one of the possible lessees, Colorado Skunkworks, could be located on the parcel just south of the West Star T-hangars. Staff noted that is a possibility. Regarding the parcel at issue, Staff commented that Colorado Skunkworks objected to the Authority's position that any taxilane constructed from Taxilane "C-1A" to the parcel immediately north of the Nunnery hangar must be built to FAA specifications. Commissioner Richards cautioned that the Board should only provide a policy to the Staff, not directives as to where prospective tenants should be located.

Larry Nunnery asked why the Board doesn't insist that interested parties sign a lease agreement immediately instead of being able to lock up particular parcels with letter of interest. Commissioner Richards responded that the Authority tries to help prospective lessees, and that this particular issue has not arisen in the past.

Commissioner Richards moved that Staff send letters to the original three parties who have submitted letters of interest for the parcel immediately to the north of the existing Nunnery hangar, notifying the parties that they have seven (7) days in which to decide whether they are willing and interested in entering into a lease agreement with the Authority for that parcel under the same terms as those offered by Larry Nunnery and Ron Nunnery. Commissioner Sutherland seconded. Voice vote: all ayes. Motion carried.

Park Douma of West Star Aviation commented that West Star is looking at the possibility of expanding its operations, and asked what it needs to do to express its interest in specific parcels on the Airport. Commissioner Morris responded that West Star should approach the Authority Staff with a proposal. Chairman O'Boyle noted that the issue of determining the priority of interest in a particular parcel is a recent occurrence. Thus it is important that the Authority develop a specific policy. Commissioner McCormick suggested that any future letter of interest accepted by the Authority should be accompanied by earnest money.

Manager Nystrom noted that Staff has had meetings recently with West Star Aviation to discuss Airport development issues occurring near West Star's leased parcels. She stated that these meetings are intended to assist West Star with its planning process for any possible expansion.

VIII. OTHER ITEMS

A. Meeting with City of Grand Junction and Mesa County Regarding Adjacent Land Use and On-Airport Land Use

Staff updated the Board regarding the scheduling of a meeting between the Authority and the City of Grand Junction and Mesa County to discuss adjacent land use and on-Airport land use issues. Commissioner Sutherland stated that he had spoken with Mayor Janet Terry and Sue Mueller of the City of Grand Junction, and that the City would prefer to hold the meeting in late November or early December. Commissioner Richards commented that the Mesa County Planning Commission will be holding a meeting to discuss the Land Development Code on November 5th. Manager Nystrom commented that Staff will be attending a City Planning Commission land use meeting this Thursday at 6:30pm as well as the County Planning Commission meeting on the 5th.

Commissioner Sutherland expressed his hope that the Authority's participation at the Planning Commission Meetings will help to provide the Commissions with information on how the Authority reviews applications for development. Manager Nystrom commented that Staff is in the process of revising the Planning Review Procedures submitted to the Board previously to incorporate the feedback received from the Board at the September, 1998 Regular Board Meeting.

B. Tour of West Star Aviation

Staff presented the Board with an invitation from West Star Aviation for the Board to tour West Star's facilities. Staff noted that it would coordinate an exact date with West Star based upon Board feedback. Commissioner McCormick recommended that the tour be held immediately prior to one of the Board workshops.

C. 1999 Budget Workshop Schedule

The Board discussed the scheduling of the next two upcoming Board workshops. The consensus of the Board was to hold a Board workshop to discuss the Proposed 1999 Budget on October 27, 1998, and a workshop to discuss land use issues on November 10, 1998.

D. 1996 and 1997 Revenue and Cost Allocations

Staff provided the Board with the results of an analysis of revenue and cost allocations for 1996 and 1997 based upon the Authority's audited financial statements. In addition to the 1996 and 1997 breakdowns, Staff provided a summary of revenue and cost allocations since 1992. Manager Nystrom noted that 1996 and 1997 were the first two years that airfield leases were separated into separate cost centers—BLM, 11/29 airfield area leases, and 4/22 general aviation area leases.

Chairman O'Boyle asked if air cargo is considered to be a separate cost center. Manager Nystrom noted that the Authority did not have a lease agreement with any air cargo operator during the years of these breakdowns, but had there been a lease, it would have been included in the 11/29 Leases cost center. Additionally, the Authority receives landing fees and commercial fuel sales tax revenue from all air cargo companies currently operating at Walker Field. Such revenues are allocated to the Airfield- Public Use revenue center. Chairman O'Boyle asked if there had been any consideration of creating air cargo as a separate cost center. Manager Nystrom answered that if the Board wished for Staff to do so, an air cargo cost center could be created. However, if the separate cost center is not created, the Federal Express lease, for example, will be allocated to the 11/29 Leases cost center. Manager Nystrom commented that the FAA requires that an airport operator's rates and charges must be set so that the airlines are not subsidizing any other non-airline cost center.

E. Terminal Beams Renovation Update

Staff provided the Board with an update on the terminal beams renovation project. Staff noted that the materials for the project have been obtained and the project is ready to proceed except that a scaffolding engineer must inspect the scaffolding prior to commencement of the project. There is only one scaffolding engineer in the state of Colorado, and he will not be able to make the inspection until approximately November 2nd.

Commissioner Morris asked how much the rental costs are for the scaffolding. Staff responded that the monthly rental charge is \$4,000.

F. WFAA Website

Staff provided the Board with an update on the development of the Authority's website. Staff noted that the first phase of the website is complete and operational. The website includes flight schedules, information on local attractions, directions to the Airport, lists of Airport services, and hotlinks to other websites. Chairman O'Boyle suggested that Wyoming and New Mexico attractions and locations be included. Commissioner Sutherland recommended that "Grand Junction" appear more often within the website. Vice Chairman McCormack suggested listing restaurants, hotels, and other businesses on the Horizon Drive map.


G. Miscellaneous Items

Manager Nystrom noted that officer elections for the Authority Board are soon approaching and will occur in January, 1999. Additionally, Manager Nystrom commented that Staff is working with Federal Express to obtain a Drop-Box to be placed outside the terminal building.

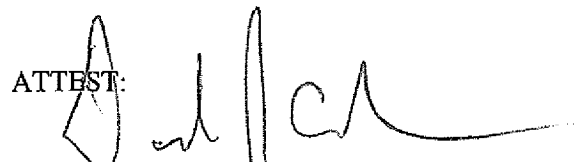
IX. ADJOURNMENT

There being no further business to come before the Board, Commissioner Richards moved to adjourn the meeting. Commissioner McCormick seconded. Unanimously carried. The meeting was adjourned at 7:04pm.

APPROVED AND ADOPTED THIS 17th DAY OF November, 1998.



Martin O'Boyle, Chairman

ATTEST:


David J. Anderson, Clerk