

Walker Field Airport Authority

Minutes of the Regular Board Meeting

November 17, 1998

BOARD COMMISSIONERS PRESENT: Martin O'Boyle Robert McCormick
Miles McCormack Ken Sublett
Jim Richards Mike Sutherland

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

ALSO PRESENT: Kent and Ruth Ann Pfeider of Colorado Skunkworks; Dale Hollingsworth, former Authority Board Chairman; Roger Fischer of Timberline Aviation; Matt Smith of Traylor, Tompkins, & Black; Hank Nachtheim of Wastren, Inc.; Bonnie Richards of GISDHO Shuttle; Dave Fishell, historian; Bill Mears of Thrifty Car Rental; Richard Farabee of Farabee Adventures, 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 5:18pm.

II. APPROVAL OF AGENDA

Chairman O'Boyle asked for additions or changes to the published Agenda. Vice Chairman McCormack requested the addition of Discussion Item D- "Run-Up Pad." Manager Nystrom requested Consent Item B- "Second Addendum to Wastren, Inc. & Timberline Ground Services, L.L.C. Lease Agreements" be relocated to Action Item C, and "Planning Document for Grand Junction City Council/Mesa County Commissioners Meeting" be added as Other Items A. Kent Pfeider of Colorado Skunkworks requested Consent Item D- "First Addendum to Ground Lease Agreement with Larry & Ron Nunnery" be relocated to Action Item D.

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

III. PUBLIC COMMENTS AND COMMUNICATIONS

There were no public comments or communications.

IV. UPDATE ON "HISTORY OF WALKER FIELD AIRPORT" PROJECT

Staff, Dave Fishell (local historian), and Dale Hollingsworth (former Authority Board Chairman) updated the Board regarding the proposed "History of Walker Field Airport" project, and Staff requested funding be appropriated in 1998 for the commencement of the writing of the book. In 1997, the Board budgeted \$1,000 for the purpose of hiring a professional writer to research and author a book about the history of Walker Field Airport. The idea was originally conceived by former Board Chairman Dale Hollingsworth in 1996 as a marketing tool, as well as a means for recording Walker Field Airport's interesting history. However, the \$1,000 was never spent in 1997 because the services of a professional writer could not be secured.

Recently, through the assistance of Mr. Hollingsworth, the services of local historian Dave Fishell were solicited, and Mr. Fishell agreed to write the book for the Airport Authority. Mr. Fishell has agreed to write the book for a fee of \$8,000. The proposed 1999 marketing budget includes funding for most of this. However, because of Mr. Fishell's schedule, he is available now to start his research rather than wait until after the first of the year.

Mr. Hollingsworth noted that Mr. Fishell recently completed a professionally-written book for St. Mary's Hospital in Grand Junction (a copy of the St. Mary's Hospital book was reviewed by Board). He continued that there are several areas the proposed book would cover, including Airport improvements and growth, past and present Board members, air service, local aviation history, tenants, Staff, and individuals who have had an impact on local aviation. Mr. Hollingsworth stated that the publishing of the book would probably be completed by a local publisher in a soft-bound edition, contingent upon price quotes to be received at a later time.

Mr. Fishell commented that the timing of this project is important because many people who have first-hand knowledge of the Airport's history still reside in the Grand Valley. Additionally, Mr. Fishell noted some preliminary items of interest that he has uncovered during his preliminary research. His initial projection is that the book will be approximately 100 pages, depending upon the number of photographs to be included.

Commissioner Richards inquired how firm the \$8,000 estimate is. Mr. Fishell answered that it would probably be \$8,000 for the research and writing and \$8,000 for the publishing, depending on the size and number of the books. Commissioner McCormick asked what the next step will be after Mr. Fishell has completed his research and writing. Mr. Fishell responded that the book will be contained on disk and ready for publication.

Commissioner McCormick noted that the Grand Junction Chamber of Commerce recently published a book on the history of Grand Junction. He inquired whether the Chamber of Commerce made a profit on the publication of the book. Mr. Hollingsworth responded that the Chamber of Commerce recouped its costs in approximately one year. Chairman O'Boyle asked who will own the rights to the book. Mr. Fishell stated that if he is paid for writing the book, the Authority will own the rights to it.

Commissioner Sutherland commented that several years ago, the Authority discussed the possibility of setting-up a photo display in the terminal building. Mr. Fishell noted that St. Mary's Hospital recently set-up a photo display. He stated that for a small fee, some of the photos for the Airport book and possible displays can be obtained from the Museum of Western Colorado. Commissioner McCormick inquired if the publishing can be performed by a local company. Mr. Fishell responded that the publishing can be performed by a local company, except for deluxe hard bound versions.

Commissioner Sublett asked if the Authority has a historian on-Staff. Manager Nystrom commented that one of the Staff members performs archiving duties, and has uncovered some interesting historical pictures and information. Commissioner Sublett recommended that the new Communications Coordinator maintain a written history of the Airport, updated on a quarterly basis. Commissioner McCormick inquired if Staff saves newspaper clippings pertaining to the Airport. Manager Nystrom responded that commencing in 1996, Staff has been diligent in saving clippings from newspapers about the Airport. Chairman O'Boyle asked Staff to summarize how this project will affect the 1998 Budget. Manager Nystrom commented that at the December 1998 Regular Board Meeting, Staff will present a proposed 1998 Supplemental Budget to the Board which will reflect any additional projects authorized by the Board during the year. Additionally, the Authority incorporated approximately \$7,200 in the 1999 Budget for this project.

Staff recommended that the Board appropriate \$2,000 in the 1998 Supplemental Budget for the commencement of the authoring of the History of Walker Field Airport book. Commissioner McCormick stated that this project could be a basis for a good marketing program, and the Authority should proceed with this project. The consensus of the Board was to incorporate the \$2,000 into the 1998 Supplemental Budget for the commencement of this project.

V. CONSENT AGENDA

A. Minutes: October 20, 1998 Regular Board Meeting

B. Second Addendum to Wastren, Inc. & Timberline Ground Services, L.L.C. Lease Agreements

Relocated to Action Item C.

C. Ground Transportation Agreement with GISDHO Shuttle, Inc.

Staff presented the Board with a proposed Ground Transportation Agreement between the Authority and GISDHO Shuttle, Inc. The proposed Agreement would allow GISDHO Shuttle, Inc. to operate a customer service booth at the Airport for the purpose of providing for-hire van, luxury limousine, people mover, and bus ground transportation service to its customers. This Agreement was formulated, in part, from existing articles of the standard On-Airport Rental Car Concession Agreement.

In consideration for the privilege of operating within the terminal building, GISDHO would be required to pay the Authority ten percent (10%) of all "Gross Revenues" which it receives, or is entitled to receive, from providing ground transportation to customers picked-up by it from any point on the Airport. This includes, but is not limited to, the Airport terminal building, any premises leased by the Authority to a third party doing business on the Airport, or from any other

location on the Airport. The standard security deposit would be required, but since there is no historical basis to determine the four highest months of "Gross Revenues" that GISDHO would enjoy, the initial deposit will be \$1,000.00 for the first six months of operations. At the end of the six month period, a more accurate amount would be determined based upon gross revenues generated to that point. GISDHO would also be required to provide insurance coverage in an amount equal to other operators of concession agreements with the Authority.

The Agreement would provide GISDHO with the exclusive right to utilize a portion of the baggage claim area and adjacent office located in the terminal building to serve its customers, and the exclusive right to utilize a portion of the parking area adjacent to the rental car parking area as a staging area for its vehicles. The term of the Agreement would be from December 1, 1998 through April 30, 2003.

Staff recommended approval of the Ground Transportation Agreement with GISDHO Shuttle, Inc., and requested that the Chairman be authorized to sign the Agreement on behalf of the Authority. Additionally, Staff recommended that the approval be contingent upon the receipt of the initial security deposit of \$1,000 and a certificate of insurance as required per the Agreement.

D. First Addendum to Ground Lease Agreement with Larry & Ron Nunnery

Relocated to Action Item D.

Commissioner McCormick moved to approve the items on the Consent Agenda. Vice Chairman McCormack seconded. Voice vote: all ayes. Motion carried.

VI. FINANCIAL REPORT

A. Public Hearing Regarding Proposed 1999 Budget and Appropriations

There were no public comments regarding the Proposed 1999 Budget and Appropriations. Manager Nystrom stated that a notice was published in the Daily Sentinel notifying members of the public that they may comment on the Proposed 1999 Budget, and a copy of the Budget was available to any person requesting the document.

Commissioner McCormick inquired whether any of the numbers in the final draft of the proposed 1999 Budget were different than in the draft reviewed by the Board at the November 10th Board Workshop. Manager Nystrom noted there were no changes to the numbers. She commented that the only change made to the proposed 1999 Budget was on page 34 (1st page of the Proposed 1999 Annual Action Plan Objectives) per the Board's request at the Board Workshop.

B. Resolution 1998-009: Resolution to Adopt 1999 Budget and Appropriate Sums of Money

Staff presented proposed Resolution 1998-009: Resolution to Adopt 1999 Budget and Appropriate Sums of Money to the Board. Staff recommended the Board approve the Resolution and that the Chairman be authorized to sign the Resolution on behalf of the Authority.

Noting that the Board has reviewed and discussed the proposed 1999 Budget at two public Board Workshops, Commissioner McCormick moved to adopt Resolution 1998-009: Resolution to Adopt

1999 Budget and Appropriate Sums of Money and that the Chairman be authorized to sign the Resolution on behalf of the Authority. Commissioner Richards seconded. Roll call: all ayes. Motion carried.

C. September, 1998 Financial Statements/Accounts Receivable Report

Manager Nystrom updated the Board regarding the September, 1998 Financial Statements. She provided a revised Summary Statement to the Board which included a reallocation of Federal Express revenues into the Air Cargo line item. Manager Nystrom commented that September is generally not a strong month for revenues. However, revenues in September this year were strong. Unrestricted cash and investments increased, trade payables decreased, and working capital increased compared to August 1998.

Overall, revenues looked good. The only line item within the airline revenue category which is slightly under budget is commercial fuel sales tax revenue. Within the terminal concessions category, the pay phone and advertising line items are slightly under budget. However, rental car revenues are substantially over budget. Additionally, non-military government revenues are slightly under budget because operations at the BLM fire center this year were less than expected. Operating revenues year-to-date are approximately 14.5% over budget.

Operating expenses were slightly over budget. The primary reason for the higher than expected operating expenses is the Administration category. Attorneys' fees, marketing projects, personnel services, and Staff overtime expenses have resulted in Administration expenses being over budget year-to-date. Manager Nystrom commented that Staff is in the process of researching the expenses contained in the professional services line item, and may be recommending some changes within the next couple of months on how to reduce these expenditures. Year-to-date income to retained earnings is substantially over budget.

Vice Chairman McCormack moved to acknowledge receipt of the September, 1998 Financial Statements. Commissioner Richards seconded. Roll call: all ayes. Motion carried.

VII. ACTION ITEMS

A. Letter of Intent Leasing Policy

Staff presented the Board with a draft of a proposed Letter of Intent Leasing Policy for Board review. At a previous Board workshop, the Board directed Staff and Authority Attorney Briggs to draft a leasing policy that addresses the procedures regarding letters of intent received from parties interested in leasing property from the Authority. The necessity for formulating such a policy has arisen recently with the receipt of several letters of interest for one parcel.

The proposed Letter of Intent Leasing Policy was written in conjunction with the Authority's First Option to Lease Policy which addresses procedures and timelines for development. The provisions within the proposed Letter of Intent Leasing Policy are similar to the First Option to Lease Policy, and include a deposit requirement.

Commissioner Richards inquired if this issue was the same issue that was discussed several years ago. Manager Nystrom commented that in the past, the Board discussed the First Option to Lease

Policy, which pertains to existing tenants wishing to develop adjacent parcels. The Letter of Intent Leasing Policy is intended to provide guidelines for new tenants or existing tenants wishing to enter into a lease agreement with the Authority for a specific parcel.

Kent Pfeider of Colorado Skunkworks requested a copy of the proposed Letter of Intent Leasing Policy. Commissioner Sutherland provided several recommendations. First, he suggested that letters of intent should be required to contain more detail, including exact parcel specifications. Second, Commissioner Sutherland inquired whether the Policy addresses the issue of what happens if two or more letters and deposits are received within one day of each other. To remedy this situation, he suggested that the Authority develop a form to be submitted by prospective tenants to the Authority. Third, he asked what would happen if a first priority applicant's letter of interest is rejected while a second letter of interest from a different party is submitted. Would the first party reclaim its first priority if the letter of interest was modified and resubmitted? Fourth, Commissioner Sutherland expressed concern that a prospective tenant may wish to develop its parcel in phases versus having to comply with strict timelines for development.

Mr. Pfeider commented that if a prospective tenant has submitted a letter of intent to the Authority, there should be specific requirements conveyed to the interested party as soon as possible. Commissioner McCormick asked if Staff has met with the general aviation tenants regarding this topic. Manager Nystrom noted that Staff has held meetings with the general aviation tenants to discuss various issues, including this topic. Notices were sent to all general aviation tenants. She commented that at the most recent general aviation tenant meeting, West Star Aviation was the only tenant who attended.

Chairman O'Boyle asked if this Policy will address the concerns Mr. Pfeider has presented. Authority Attorney Doug Briggs responded that this proposed Policy has been drafted to serve as a road map, and it goes a long way in letting prospective tenants know what is expected during the process. Attorney Briggs also noted that this Policy can be as specific as the Authority wishes. Mr. Pfeider commented that the Authority has not responded to his specific requests for information. Commissioner Sutherland commented that it may not be possible for this type of Policy to address every conceivable questions a prospective lessee may have.

Commissioner Richards recommended that Staff compile the correspondence between Mr. Pfeider and the Authority to review Mr. Pfeider's concerns. Chairman O'Boyle stated that the Authority has had an unwritten policy of dealing with letters of intent. However, recent events have necessitated the formalization of a policy to address this issue. He requested Staff expound upon these recent events.

Manager Nystrom noted that the Authority has experienced an increase in the number of parties interested in leasing parcels at the Airport. Until recently, prospective lessees did not even submit letters of intent. In the last three years, the Authority has seen an increase in interest for parcels at the Airport. There is now competition for these parcels. A specific example is the interest expressed by several parties for the parcel directly north of the Nunnery parcel. Manager Nystrom commented that a formal written policy will help to increase the professionalism in dealing with prospective lessees, and to address the increased demand for parcels.

Commissioner McCormick asked to what type of prospective tenants this Policy will apply. Manager Nystrom answered that the Policy would apply to all prospective lessees. Commissioner McCormick asked if this proposed Policy has been distributed to the Airport tenants. Manager

Nystrom commented that the final draft of the proposed Policy was completed last week for inclusion in the Board packets. However, she noted that Staff has held tenant meetings at which this issue was to be discussed. Notices of the meetings were sent to Airport tenants. West Star Aviation was the only attendee at the most recent meeting.

Chairman O'Boyle asked whether this is an issue which requires the solicitation of input from all potentially-affected parties. Commissioner Sublett noted that there appeared to be two separate issues. First, formulating the procedures that the Authority follows. Second, does the procedural framework allow for sufficient information flow to satisfy the needs of the parties involved. If the framework is sufficient, then it is not in the best interests of the Authority to not receive feedback from interested parties. However, it is not necessarily a voting process.

Commissioner Richards commented that the Board is formulating a policy now in a public meeting, and saw the issue as whether the Board needs to go further than what it is now doing. He suggested that the Authority distribute materials to interested parties for solicitation of input. Vice Chairman McCormack recommended the Authority distribute copies of the proposed Letter of Intent Leasing Policy to potentially-affected parties and request their input at a public meeting. Chairman O'Boyle suggested including a brief narrative with the proposed Policy as to the purpose of the Policy.

Commissioner Richards stated that by establishing procedures for policymaking, the Authority may be able to address the tenant concerns. Commissioner McCormick agreed with Commissioner Richards and also suggested that tenant input be obtained on proposed policies which may affect them. The input can then be presented to the Board.

Commissioner Sublett recommended the Authority solicit input and then consolidate the feedback for review. By establishing such a process, Staff will have a method so they have documentation regarding the issue. Such input can be obtained by sending a cover letter and a form to potentially-affected parties. Even if a party does not wish to submit comments, there could at least be a place on the form for them to indicate whether they agree or disagree with a particular issue or policy. Staff can then take that input and use it to revise the policy document before presenting it for review by the Board. Manager Nystrom recommended that input received from affected parties should be in writing. Commissioner Sublett agreed that the input should be in writing, and that a folder be maintained with that input for a particular issue.

Commissioner Sutherland referred to the proposed Policy and asked how Staff would know if the letters of interest received are complete or incomplete or if the proposed development is compatible land use or in the best interests of the Authority. He suggested that maybe now is the time for the Authority to develop a two-step application process for the lease of Airport parcels. Chairman O'Boyle recommended that parties interested in this issue be invited to attend the December 1998 Board Workshop to provide input on this issue. Manager Nystrom inquired whether the Board would like to address just the Letter of Intent Leasing Policy at the Workshop, or if the Board would like to receive a complete Leasing Policies and Procedures document for review.

Commissioner McCormick commented that the Board defines policies and Staff defines the procedures to implement the policies. Commissioner Richards noted that the Authority needs to develop a process on how it sets policies. With the process in hand, interested parties will know how they will be informed of proposed policies. Manager Nystrom verified that the consensus of

the Board was to address two issues--a process to develop all policies and a policy specifically applicable to land leases. Commissioner Sutherland recommended that the Letter of Intent Leasing Policy should make reference to a separate sheet which contains the criteria or procedures. This way, if the criteria are ever changed, the Policy itself would not have to be rewritten. Commissioner Sublett noted that any procedures developed should support the corresponding policies. Chairman O'Boyle differentiated policies which affect tenants versus policies which do not.

Commissioner McCormick moved to place the following two items on the Agenda for the December 1998 Board Workshop--Letter of Intent Policy and Procedures for the Development of Policies in general. Commissioner Sutherland seconded.

Manager Nystrom noted that drafts of the proposed Policy would be mailed to existing and prospective tenants. Additionally, she added that Staff sends Agendas of the Board meetings and workshops to all tenants.

Voice vote: all ayes. Motion carried.

Mr. Pfeider stated he had not received a copy of the Agenda for this Board meeting. Staff explained that the Agendas are mailed to all tenants, but that Mr. Pfeider is no longer a tenant at Walker Field Airport.

B. Selection of Firm to Conduct Terminal Building Renovation Study

Staff presented the Board with a recommendation for the selection of a consulting firm to conduct a renovation study of the terminal building. Manager Nystrom provided background information on the recommended selection. The Authority received submittals of qualifications from six firms and elected to interview five. All five of the firms submitted excellent proposals. Manager Nystrom noted that Staff had narrowed its recommendation for the selection of the firm to two consultants, but requested Board feedback before it could recommend one of the two firms.

Manager Nystrom stated that one of the consulting firms has excellent ideas on how to improve the appearance of the terminal building, but has no airport design experience. However, the other firm has extensive experience in airport design and would provide ideas for improvements to the landside areas in addition to the terminal building. She asked for clarification as to which type of firm the Board would prefer.

Commissioner McCormick asked if the cost of the services for both of the firms is the same. Manager Nystrom indicated that one of the firms stated it could definitely provide the requested services for \$5,000. The other firm did not guarantee that it could stay within the budgeted amount. Manager Nystrom summarized the issue--would the Board prefer a firm with airport experience which would focus more on traffic flow and functionality or would it prefer a firm which would provide ideas for a more eye-catching terminal? Commissioner Sublett noted that some flashy buildings do not achieve their objectives. Thus the Authority should make sure that functionality is the primary objective.

Commissioner McCormick commented that the terminal building is twenty years old and has had very few upgrades. Commissioner Sutherland recommended that the Authority spruce up the

terminal and make sure it is functional. Staff noted that the Scope of Work for the Study has two parts--ideas for improvements and a plan to implement the improvements with projected costs.

Commissioner McCormick recommended selecting the firm which could provide the broadest base of information for \$5,000. Commissioner Sutherland inquired if both of the finalists are architectural firms. Manager Nystrom answered that both of the firms are architectural firms. Based on feedback from the Board, Staff recommended the Board select Van Sant Group to perform the terminal building study. Manager Nystrom stated that Van Sant Group possesses a lot of airport consulting experience, including work at over 50 airports in the U.S.

Vice Chairman McCormack moved to authorize Staff to proceed with negotiations with Van Sant Group to perform the terminal building study. Commissioner Sutherland seconded. Voice vote: all ayes. Motion carried.

C. Second Addendum to Wastren, Inc. & Timberline Ground Services, L.L.C. Lease Agreements

Staff presented the Board with a proposed Second Addendum to Wastren, Inc. & Timberline Ground Services, L.L.C. Lease Agreements for review. The parcel of land addressed in the Addendum is located west of the existing Timberline facility, and is known commonly as the calibration pads. Staff provided background information regarding the proposed Second Addendum.

Wastren, Inc. desired to reduce the amount of square footage it leases from the Authority and Timberline Ground Services, L.L.C. requested to add the Wastren reduced square footage to its leasehold in order to accommodate additional aircraft parking in conjunction with its FBO facility. The proposed addendum would reduce Wastren's leasehold by 121,097 square feet, thereby reducing its leasehold to 13,984 square feet. The addition of the 121,097 square feet to the existing Timberline leasehold would bring its leasehold to 359,008 square feet. The revenue the Authority receives monthly for the two parcels would not change in total amount.

The Addendum states that Wastren would retain the liability for the calibration pads and any environmental issues associated with said pads during the term of its Lease Agreement, and should Wastren terminate its Lease Agreement with the Authority, Timberline would be required to assume the leasehold area that Wastren vacates, after Wastren removes the pads and does the necessary environmental clean-up of the site.

In consideration for the Authority approving the transfer of the "exchange parcel two" from Wastren to Timberline's leasehold, the Addendum reduces Timberline's first right of refusal on an option parcel pursuant to Article XXXVIII.A of its underlying Lease Agreement with the Authority (located east of Timberline's existing facility) from eleven and a half (11.5) acres to six (6) acres, located directly adjacent to Timberline's existing parcel. The effective date of this Addendum would be December 1, 1998. In addition to the Second Addendum, Wastren and Timberline requested Authority approval for an operational agreement between them regarding the operational rights and usage of the calibration pads. Attorney Briggs is in the process of reviewing this operational agreement.

Chairman O'Boyle noted that the Addendum exhibit referring to the pads does not show a cul-de-sac at the end of the pads. Matt Smith, the attorney representing Timberline on this issue,

commented that the turnaround is not a part of the calibration pads. Roger Fischer of Timberline commented that it plans to create additional drainage into the existing V-pan drain. Chairman O'Boyle inquired how entities will be able to continue to use the pads. Mr. Fischer stated that any entity needing to use the pads can coordinate such usage with Timberline.

Mr. Smith indicated that Timberline has spent much time working with Wastren on this issue. The original plan was to resurface the pads. However, because the pads are beginning to deteriorate, they will need to be disposed of. Commissioner Richards stated that as a representative on the Joint Utilization Commission, he noted there are many agencies which would like to see the calibration pads remain at Walker Field Airport. Mr. Smith commented that because of Timberline's close proximity to the calibration pads, it will be able to closely monitor the level of utilization of the pads.

Staff recommended the Board approve the Second Addendum to Wastren and Timberline's Lease Agreements as submitted and requested that the Chairman be authorized to sign the Second Addendum on behalf of the Authority contingent upon both parties signing said Addendum prior to signing by the Authority Board Chairman. Additionally, Staff recommended the Board approve the operational agreement contingent upon review and approval by Attorney Briggs and that the Chairman be authorized to sign the operational agreement on behalf of the Authority.

Commissioner McCormick moved to approve the Second Addendum to Wastren, Inc. and Timberline Ground Services, L.L.C. Lease Agreements as submitted and the operational and use agreement between Timberline and Wastren, both of which are contingent upon approval from the Authority Attorney, and that the Chairman be authorized to sign the Addendum and operational agreement on behalf of the Authority. Vice Chairman McCormack seconded. Voice vote: all ayes. Motion carried.

Chairman O'Boyle inquired whether the eleven and a half acres for which Timberline had a first right of refusal was granted prior to the Authority's implementation of the First Right of Refusal Policy. Manager Nystrom confirmed that it was. Commissioner Sutherland asked if a survey will be conducted on the new eastern boundary of the six acre parcel for which Timberline has the first right of refusal. Mr. Fischer stated Timberline would probably contract with KS Survey and provide the survey to the Authority.

D. First Addendum to Ground Lease Agreement with Larry & Ron Nunnery

Staff presented the Board with a proposed First Addendum to the Ground Lease Agreement with Larry & Ron Nunnery. Larry & Ron Nunnery recently purchased the hangar, formerly owned by Colorado Skunkworks, L.L.C., located in the 4/22 general aviation area to store and maintain their aircraft.

At the October 20, 1998 Regular Board Meeting, the Nunnerys presented a letter of intent to the Board to lease a parcel of property located north of their existing leasehold to construct a ramp addition to their existing hangar. Since the Authority had, on-file, three additional letters of interest for the affected parcel, the Board directed Staff to correspond with the three other interested parties to determine if they were willing to enter into a lease agreement with the Authority under the same conditions offered by the Nunnerys.

Staff mailed letters to the three other parties and received one written response. That response was from Larry Kempton of Kempton Air Service, who stated he was still interested. However, he did not commit to the construction requirements of the non-exclusive taxilane to match the Nunnerys' offer. Therefore, after determining that none of the other interested parties was willing to match the offer made by the Nunnerys, the Authority commenced negotiations with the Nunnerys.

This Addendum to the existing ground lease agreement has been requested because the Nunnerys wish to sell aircraft from the facility. In order to do so, they wish to increase the amount of square footage leased from the Authority by 17,331 square feet, (subject to a non-exclusive utility and taxilane easement containing 545 square feet). This Addendum will be for the remaining term of their existing ground lease agreement and would yield an additional amount of \$90.14 per month to the existing monthly payment of \$66.97 until the next CPI-U adjustment in April of 1999. The standard four (4) month security deposit will be increased based on the combination of the lease payments for each parcel.

In addition to the increase in square footage leased from the Authority, the Nunnerys are requesting to amend their existing ground lease agreement to allow them to sell aircraft from their facility. They have also agreed to construct a non-exclusive taxilane to gain access to their expanded leasehold in accordance with construction specifications utilized in the construction of taxilane C-1A (as required per the Board's discussion at the October 1998 Regular Board Meeting) from the northern edge of taxilane C-1A to within 55 feet of the leased parcel's northern boundary along Aviator's Way. Staff commented that at the time the letter of interest was received from the Nunnerys, no firm commitments to construct the taxilane had been received from any of the other interested parties.

Commissioner McCormick inquired whether the taxilane construction requirements were in accordance with FAA specifications. Staff responded that the specifications for which the Authority is asking a potential lessee to comply were provided by Isbill Associates, the Authority's engineering firm. The specifications call for the same pavement strength as what is found on C-1A. Commissioner Richards asked if Staff followed a procedure requiring earnest money be provided from a prospective lessee to the Authority to reserve a specific parcel. Staff noted that the Letter of Intent Leasing Policy had not been formalized at the time this issue arose; therefore no earnest money was requested.

Commissioner Richards asked what type of procedures the Authority has been following with regard to leasing procedures. Staff commented that recently there was a different parcel in which several parties were interested in leasing. To hold the parcel for development, the Authority implemented a requirement that the party enter into a short-term full-rate lease agreement with the Authority. Otherwise, the Authority would not hold the parcel for that particular prospective lessee. Because there was no formal policy in place regarding such scenarios, the Authority treated the situation as a standard real estate transaction where a party must place a contract on the parcel in order to reserve it for lease. Thus if an interested party does not provide earnest money or have a contract in place with the lessor, the lessor may negotiate with other parties for the lease of the specific parcel.

Manager Nystrom expounded upon the responses the Authority received from the other interested parties in response to the letter the Authority sent to them asking if they were interested in leasing the parcel to the north of the Nunnery hangar on the same terms as those offered by the

Nunnerys. She noted that John Hendricks, one of the interested parties, acknowledged receipt of the letter, but stated he was not interested. Another party, Larry Kempton of Kempton Air Service, submitted a letter, but did not commit to the same terms. Staff informed Mr. Kempton that his response did not indicate a willingness to commit to the same terms, and invited him to resubmit his letter because there was still time remaining before the deadline. However, the Authority never received a revised letter from Mr. Kempton. Staff had a telephone conversation with a third interested party, Kent Pfleider of Colorado Skunkworks, but he indicated he would not match Nunnerys' offer.

Mr. Pfleider distributed a sheet which he represented to be a summary of his expenses incurred in preparation for leasing the parcel, and he expressed concerns regarding the letters of interest procedures. He suggested that the Authority improve its policies and procedures regarding letters of interest. Mr. Pfleider stated he had spent \$330 on a survey of the parcel, of which the Authority now has the benefit. Additionally, he stated that he had spent 53 hours of his time obtaining bids for the taxilane, contacting City and County planning departments, and preparing for the lease of the parcel.

Mr. Pfleider said that if he had known about the requirements for building the taxilane to FAA specifications at the beginning, he could have looked at other options. Commissioner McCormick responded that the issue of the taxilane being built to FAA specifications came from the Board after discussing the issue at several Board workshops. Mr. Pfleider requested that the Authority reimburse him for the survey work performed. Commissioner Sutherland noted that Mr. Pfleider has brought up some valid concerns, and that the Authority is attempting to formulate policies so that it can handle the demand for parcels. Commissioner Sutherland recommended that the Authority reimburse Mr. Pfleider for the survey work which was performed on the parcel. Commissioner Sutherland suggested the Authority move forward and work with prospective tenants who are willing to lease available parcels at the Airport. Chairman O'Boyle commented that this agenda item is for the benefit of Larry and Ron Nunnery.

Commissioner Sutherland inquired if the Addendum would require any party which leases the parcel directly east of this parcel to reimburse the Nunnerys for a portion of the taxilane costs. Staff responded that this Addendum does not contain such a provision. Because the Authority received no firm commitments from any of the other interested parties to construct the taxilane, Staff recommended approval of the Addendum to the Ground Lease Agreement with Larry and Ron Nunnery contingent upon the Authority's receipt of the increased security deposit amount and the Nunnerys' compliance with the specified construction requirements for the non-exclusive taxilane. Additionally, Staff recommended that the Chairman be authorized to sign the Addendum on behalf of the Authority.

Commissioner Sutherland moved for the Authority to approve the Addendum to the Ground Lease Agreement with Larry and Ron Nunnery contingent upon the Authority's receipt of the increased security deposit amount and the Nunnerys' compliance with the specified construction requirements for the non-exclusive taxilane. Additionally, Commissioner Sutherland moved that the Chairman be authorized to sign the Addendum on behalf of the Authority.

Larry and Ron Nunnery indicated that work on the taxilane would probably commence on Thursday or Friday of this week. Commissioner McCormick asked if Mr. Pfleider should be reimbursed for the survey work. Commissioner Sutherland stated that if the Authority or the

Nunnerys benefited from the survey, then the Authority should reimburse Mr. Pfleider upon receipt of a copy of the invoice.

Commissioner McCormick recommended the Authority try to anticipate as many scenarios as possible. Commissioner Sublett agreed with Commissioner McCormick and furthered that with the more policies the Authority has in place, the more specific issues can be addressed in a timely manner. Commissioner Richards stated that in every instance, the Authority should treat all parties with fairness, and in this case the Authority treated Mr. Pfleider fairly.

Chairman O'Boyle stated that it is important for the Authority to recognize there have been profound changes at the Airport and the Mission of the Authority is to be a user and tenant-friendly airport. However, there is more of a demand for parcels at the Airport than what is available. He noted that the Authority must consider what is in the best interests of all the users of the Airport. Commissioner McCormick commented that he feels comfortable that the Board has looked at the best interests of the Airport regarding this issue.

VIII. DISCUSSION ITEMS

A. Terminal Building Beam Replacement Project Update

Staff updated the Board regarding the progress of the terminal building beams replacement project. Staff commented that adjustments had to be made to the scaffolding last week which required the services of a scaffolding engineer. Work was performed on Friday, Saturday, and Sunday night, and R.W. Jones is almost ready to replace the first beam. At this point, the project is approximately one week to ten days behind schedule.

Commissioner McCormick inquired whether the scaffolding would support the load of the roof if a heavy snow storm occurs. Staff commented that according to the engineer, the scaffolding is stressed to 300% of what it is normally supposed to support. Thus it allows for the contingency of a heavy snow storm. Chairman O'Boyle asked what the revised date is of the completion of the project. Staff commented that mid-January is the new target completion date. However, it may be sooner because the learning curve for each beam replacement should allow for progressively faster beam replacements.

Staff noted that there may be a few change orders during this project because of the unknowns which may occur. Additionally, Staff commented that the contractor requested it be allowed to catch up to its planned schedule by working during the day, but Staff is in the process of denying that request to prevent any disruption to the tenants and passengers. Chairman O'Boyle asked if Isbill Associates is overseeing this project. Staff answered that Isbill Associates is only providing administration oversight for this project. Chairman O'Boyle inquired if the engineering contract with Nichols Associates addresses unknowns. Staff commented that Nichols Associates will review requests for change orders as they occur and either agree or disagree with the requests. If Nichols and the Authority agree with the request, it is forwarded to the FAA for approval or disapproval.

Chairman O'Boyle asked if the FAA has a threshold of how much funding it will commit to the project. Staff responded that the FAA has a threshold which is tied into the Grant amount. Staff

noted that the FAA and Nichols Associates have been very responsive to Staff's needs as the project has progressed.

B. AIP-18 Update

Staff updated the Board on the progress of AIP-18 which will include the rehabilitation of Taxiway "A" and the rehabilitation of Blue Angel Lane. For 1999, Manager Nystrom commented that Congress has appropriated only 50% of what airports normally receive in entitlement funding for the first half of the year. Congress will then consider the remainder of the amount of funding for the second half of the year. Contingent upon the approval by the FAA to use additional passenger facility charge (PFC) funds for the project, Staff is moving forward with the AIP-18 Grant Application.

Manager Nystrom noted that there are several options available—reducing the scope of work for each of the sub-projects, postponing the rehabilitation of Blue Angel Lane, or obtaining a short-term line of credit. According to the FAA, there is also the possibility of airports sharing their entitlement funding. However, because of the complications involved with the sharing of entitlement funds, Staff will likely recommend proceeding with one of the other options. In order to avoid pavement deterioration, Staff recommended against delaying the rehabilitation of Taxiway "A."

C. Rental Car Service Area Update

Staff updated the Board regarding the status of the transfer of title to the improvements located at the former Budget Rent-A-Car service area. Walsh Environmental Services performed a Phase I environmental assessment at the service area. Staff noted that Walsh recommended additional testing be conducted inside the building for asbestos. Additionally, there are unidentified barrels and an unidentified tank which need to be tested or removed. Richard Farabee of Farabee Adventures, Inc. commented that he was not aware of what purpose the barrels or tank were used. Other than these issues, Walsh did not express any other concerns with the facility. Staff commented that the additional investigation for the asbestos would cost approximately \$1,000. The consensus of the Board was to proceed with the asbestos inspection.

Regarding the lease of the facility to a rental car operator, letters of interest were received from Avis, Budget, and Thrifty Car Rental. Additionally, Darren Cyphers of Hertz Car Rental provided written input which contained suggestions for establishing a minimum bid. Once the environmental inspection is complete, Staff will work with Authority Attorney Briggs to transfer the title to the improvements from Farabee Adventures, Inc. to the Authority.

Commissioner McCormick asked what the process would be for the bids. Vice Chairman McCormack recommended that any bids solicited should include painting the outside of the existing building at the rental car service area. Bill Miers of Thrifty Car Rental recommended including service area enhancements as a part of the bids. Additionally, Mr. Miers stated that Thrifty Car Rental believes Thrifty and Avis have first priority in bidding for the service area facility versus Farabee Adventures, Inc. (Budget Rent-A-Car) since the Off-Airport Agreement with Farabee Adventures does not, in Thrifty's opinion, authorize them to lease the service area. Staff requested Thrifty submit a written statement indicating its position on this issue along with references to the provisions in the Agreement which address this.

D. Run-Up Pad

Vice Chairman McCormack requested the Authority revisit the issue of installing a run-up pad at the airport to reduce the number of noise complaints. The issue was discussed several years ago. Manager Nystrom commented that this issue was also discussed at a recent general aviation tenant meeting, and the feedback received from several of the tenants was to locate the run-up pad near the center of the airfield. Commissioner McCormick noted that tenants usually don't receive the noise complaints, but the Authority does.

Several possible locations for the run-up pad were discussed, including north of Runway 11/29 or the east end of the West Star ramp. Manager Nystrom commented that one of the Objectives for 1999 is to review the Airport noise abatement program. Commissioner Sublett suggested that noise buffers be included in the planning process which correlate with projected growth. He commented that noise from the Airport appears to be reflected off of the Bookcliffs towards various portions of the Grand Valley.

IX. OTHER ITEMS

A. Planning Document for Grand Junction City Council/Mesa County Commissioners Meeting

Staff presented a revised draft of the Planning Document for the review of proposed City/County development applications for Board review and feedback. Commissioner Sublett recommended a change in wording in the first sentence of paragraph 3 from "imperative" to "important."

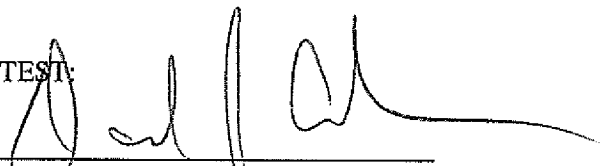
X. ADJOURNMENT

There being no further business to come before the Board, Commissioner Richards moved to adjourn the meeting. Vice Chairman McCormack seconded. Unanimously carried. The meeting was adjourned at 9:03pm.

APPROVED AND ADOPTED THIS 15th DAY OF December, 1998.



Martin O'Boyle, Chairman

ATTEST:


David J. Anderson, Clerk