



Grand Junction Regional Airport Authority Board
Special Board Meeting
Meeting Minutes
October 29, 2013

I. Call to Order

Mr. Denny Granum, Board Chairman, called the special meeting of the Grand Junction Regional Airport Authority Board to order at 5:15 PM on October 29, 2013 in Grand Junction, Colorado and in the County of Mesa.

Present:

Commissioners Present:

Denny Granum, Chairman
David Hibberd, Vice Chairman
Sam Susuras
Tom Frishe
Rick Wagner
Steve Wood
Paul Nelson

Airport Staff:

Rex Tippetts, Director of Aviation
Amy Jordan, Clerk
Gary Schroen
Kathie Lucas

Other:

Tom Bart
Joni Edwards
Gary Edwards
Patricia Sliter, Armstrong Consultants
Ken Rice, West Star Aviation
Ty Withee, Shaw
Jason Virzi, Jviation
Jim Trott, Jviation
Michael Quinn, Jviation
Collin and Marisa Fay, Citizen
Bill Pitts, Citizen
Bob Raspberry, West Star Aviation
Shannon Kinslow, TOIL
Dave Krogman, West Star Aviation
Austin Fay, GJRA
Chance Ballegeer, GJRA
Lyle Dechant, Mesa County
Bill Marvel, GJAUTA
Wayne Clark, GJAUTA

II. Approval of Agenda

Commissioner Wood moved to approve the agenda. Commissioner Nelson seconded. Voice vote: All Aye. The agenda was approved as distributed.

III. Conflict Disclosures

Chairman Granum – Hangar Owner
Vice Chairman Hibberd – Hangar Owner

Commissioner Wood – Hangar Owner
Commissioner Susuras – None
Commissioner Frishe – None
Commissioner Wagner – None
Commissioner Nelson – None

IV. Commissioner Comments

None.

V. Citizens Comments

Bill Pitts, Citizen.

Mr. Pitts acknowledged Mr. Steve Wood and Dave Shepard, for an award they received recently from the Aircraft Owners and Pilots Association (AOPA). Mr. Pitts noted this was for the organization of the tenant association.

Additionally, Mr. Pitts mentioned an article in the newspaper recently that discussed the employment that would be generated by the West Star Aviation Facility Expansion, and noted that over the past 4 years, the Airport has lost over 150 jobs because of the mismanagement of the airport, due to the security gates and fences.

VI. Discussion Items

A. West Star Facility Expansion

Airport Attorney, Michael Morgan, briefed the Board on the West Star Aviation Facility Expansion project. Mr. Morgan gave a brief history of the project, stating that this project commenced with the need for West Star Aviation to build an aircraft paint hangar facility, and West Star's needs for assistance for tax-free bond financing, from the Airport Authority, to make the project work.

Mr. Morgan continued to discuss the economic impact and benefits of the project. Mr. Morgan noted that earlier in 2013, the Board had worked with the Division of Wildlife to amend their ground lease and make ground available for a right-of-transit, to allow this project to move forward.

Mr. Morgan also noted that at the Board's August 29th workshop, the idea emerged that this project would work best if West Star Aviation built the facility itself, being that the facility is complex and specialized, and the airport does not have expertise doing. Following, the Airport Authority would purchase the hangar and lease it back to West Star. Additionally, following that workshop, there were questions on the steps to move forward.

Mr. Morgan discussed the draft Purchase and Sales Agreement (PSA), which is the next major step in this project moving forward, including the three major contingencies the PSA encloses. Those steps include: 1) Five additional lease addendums or assignments. Mr. Morgan then walked through the additional land "cleaning-up" that needs to take place to free the ground space needed for the hangar.

Mr. Morgan discussed the various lessee holds that would need to be amended. The first is an access easement granted to GJT Storage. The second involves 35 feet being transferred from GJT Storage to West Star Aviation. The third involves

West Star amending the Area B Lease to incorporate the 35 feet. The fourth involved the assignment of the Area B Lease from West Star to P&L Properties. The fifth involve P&L Properties amending its leasehold area to remove the area necessary for the paint hangar facility. Mr. Morgan explained that this would “free-up” the land, so that the land is controlled only by the Airport Authority and not encumbered by a lease.

Mr. Morgan explained that the unencumbered area would then need to be leased to West Star through a ground lease, to allow for the construction of the paint hangar facility.

Mr. Morgan then explained the other two contingencies involved in the PSA. One contingency being West Star securing satisfactory financing for the construction of the hangar facility by December 1, 2013, and the final contingency of the PSA, is the Airport Authority securing satisfactory bond financing for the purchase of the hangar by December 15, 2013. Mr. Morgan noted that is the three contingencies just discussed occur, than the PSA becomes effective.

Additionally, Mr. Morgan explained that once the PSA becomes effective, West Star would have a determined number of months to build the hangar.

Additionally, if West Star builds the hangar within the determined allotted time, to the specifications, obtain a certificate of occupancy, along with additional agreements, then there is a closing of the PSA, and the Airport Authority would then purchase the hangar equal to the construction cost, but not to exceed \$8 million dollars.

Mr. Morgan noted that the time frames are draft, and that those would need to be discussed and decided on by the Board.

Mr. Morgan explained that once the Airport Authority purchased the hangar facility, a Hangar Lease would be put in place and the term would be one necessary to recoup all the costs associated. Mr. Morgan noted that the term is unknown at this point, but that the goal would be to keep West Star’s monthly payments to no more than \$113,000.00.

Mr. Morgan said that West Star would be required, at closing, to produce a \$1.2 million dollar letter of credit to secure its payments.

Discussion:

Commissioner Wagner confirmed that the Airport Authority would be obligated to no more than \$8 million dollars. Therefore, if the project comes in over budget, West Star would be required to absorb those overruns. Wagner noted also that if West Star is able to see some savings and is to come in under budget (under \$8 million dollars), that they would then see those savings through either a lower monthly payment, or a decreased term.

Mr. Morgan explained to the Board that if the PSA is satisfactory, that the Board would need to take a variety of actions, listed out in the Action Items section of the agenda. Mr. Morgan also noted that due to the anonymities contained in the PSA, such as the dates and the financing details, the Board could approve the concept of the PSA and it would not be binding, until the anonymities are clarified and the Board proceeds with signature.

Chairman Granum said that if the Board approves the access agreement, and the various lease assignments, those items are of no regret. Therefore, whether this project move forward, or not, the steps necessary to free up the property for the hangar, could easily be taken care of tonight.

Commissioner Wagner noted that the access easement does not require Board signature, it just requires ratification, since it is already complete.

Commissioner Frishe asked Mr. Morgan if it would be possible to make this a comprehensive package and have a completed PSA before approval. Mr. Morgan explained that it would be difficult to make a comprehensive package deal, in that the Airport Authority does not have control over all parties involved, and that all parties should be tied-up prior to signing the PSA.

Commissioner Wagner expressed his understanding of the need to have all the parties committed and that the lender would require some sort of acknowledged responsibility from all involved.

Commissioner Wood questioned why all parties need to be aware of the financing details of each other. Commissioner Wood also asked if the potential lender had reviewed the PSA.

Mr. Morgan said that to his knowledge, the lender has not reviewed the PSA. Mr. Morgan also explained that although the document does not become effective until signed, the document does have items that require participation from the lenders and the lenders should be involved to some extent before the PSA be signed.

Mr. Morgan also noted that the Airport Authority's financing is important to be satisfactory to both parties, due to the payback term.

Mr. Morgan noted that the concept of the PSA should be approved, and not signed until all the contingencies are satisfied and the lender involved, preliminarily.

Commissioner Wagner questioned when bond counsel is involved.

Mr. Morgan said that preliminary discussions with bond counsel have occurred, but little money has been spent, until this project is solidified.

Commissioner Susuras noted that action items A-E should precede the PSA, and those items should be acted on tonight.

Chairman Granum agreed, and asked that the Board move to the action items on the agenda.

VII. Action Items

A. Access Easement: GJT Storage

Chairman Granum said he would entertain a motion. There was no additional discussion.

Commissioner Susuras moved to ratify the access easement for GJT Storage. Commissioner Nelson seconded. Voice vote: All Aye. Motion passes.

B. Ground Lease Partial Assignment: GJT Storage

Chairman Granum said he would entertain a motion. There was no additional discussion.

Commissioner Wagner moved to approve the partial assignment of the GJT Storage ground lease to West Star Aviation and to authorize the Director of Aviation to execute all necessary documents. Commissioner Frishe seconded. Voice vote: All Aye. Motion passes.

C. Ground Lease Addenda: West Star Aviation

Chairman Granum said he would entertain a motion. There was no additional discussion.

Commissioner Susuras moved to approve the ground lease addenda for West Star Aviation, which amends the ground lease to assume the assignment from GJT Storage, and to authorize the Director of Aviation to execute all necessary documents. Commissioner Nelson seconded. Voice vote: All Aye. Motion passes.

D. Ground Lease Assignment: West Star Aviation

Chairman Granum said he would entertain a motion. There was no additional discussion.

Commissioner Susuras moved to approve the ground lease assignment from West Star Aviation to P&L Properties and to authorize the Director of Aviation to execute all necessary documents. Commissioner Nelson seconded. Voice vote: All Aye. Motion passes.

E. Ground Lease Addenda: P&L Properties

Chairman Granum said he would entertain a motion.
Mr. Morgan recommended that this item be approved, but not delivered.
There was no additional discussion.

Commissioner Susuras moved to approve but not deliver the ground lease addenda for P&L Properties, which amends the ground lease to assume the assignment from West

Star Aviation, and to authorize the Director of Aviation to execute all necessary documents. Commissioner Nelson seconded. Voice vote: All Aye. Motion passes.

F. Standard Form Ground Lease: West Star Aviation

Director of Aviation, Rex Tippetts explained that this is the draft of the ground lease that would eventually be assigned to West Star Aviation, for the construction period of the hangar project. Tippetts noted that this draft is a modified version of the already approved ground lease, with the changes in redlines.

Tippetts recommended that no action be taken on this item tonight, but requested that the Board review the document and give him comments as soon as possible.

G. Paint Hangar Lease: West Star Aviation

Director of Aviation, Rex Tippetts explained that this is the draft of the hangar lease that would eventually be assigned to West Star Aviation, once the hangar is built and the sale of the hangar to the Airport Authority is closed.

Tippetts recommended that no action be taken on this item tonight, but requested that the Board review the document and give him comments as soon as possible.

H. West Star Aviation: Purchase and Sales Agreement

Chairman Granum opened the floor for discussion to approve the concept of the PSA and allow staff to move forward tightening up the contingencies.

Discussion:

Commissioner Wagner said that he would like to make sure that everyone on the Board feels comfortable moving in that direction.

Commissioner Frishe expressed concern with receiving a new draft version of the PSA the evening before the meeting, and would like more time to review the document.

Commissioner Susuras said that he has no issues with staff and counsel moving forward with the PSA, in concept. Susuras noted that at this stage, all the items that will be acted on are essentially of no regret.

Commissioner Frishe endorsed staff and counsel to move forward, but noted that he was not ready to approve the PSA.

Chairman Granum said that all that needs to be done this evening is to approve the concept and that the actual PSA needs edits, but the contingencies within the PSA need to be moved forward on.

Commissioner Wagner stated that moving forward in concept was necessary, at this point. Wagner noted the past time and efforts that have occurred and said it is time to move forward. Wagner also noted that approving the PSA in concept, does not tie the Authority to anything, and if the specified contingencies are not met, the Authority can walk away.

Commissioner Susuras moved to approve staff and counsel to move forward with the West Star Aviation Purchase and Sales Agreement and requested that staff and counsel report back to the Board with draft documents for review by November 13, 2013. Commissioner Nelson seconded. Voice vote: All Aye. Motion passes.

Discussion:

Commissioner Wood asked if Mr. Morgan would please review the timeline.

Mr. Morgan discussed the three dates, outlined in the PSA:

1. November 20th – Lease Assignments/Amendments to be complete.
2. December 1st – West Star Aviation construction financing secure.
3. December 15th – Airport Authority bond financing secure.
- 4.

I. Resolution 2013-007: Donation of Surplus International Plow Truck

Director of Aviation, Rex Tippetts explained to the Board that the Grand Junction Regional Airports would like to donate International Paystar 5000 Plow Truck to the Alamosa Airport.

The reasons for donation are due to:

- Continued maintenance costs for this unit which is not a primary runway snow removal unit. Though this unit is not used its regular upkeep is still accruing PM maintenance costs, such as oil life and filter regular maintenance, electrical system upkeep, coolant system upkeep, and more.
- Storage space is at a premium at the Airport fleet facilities.

Additionally, if the airport was to sell this unit out right because the this unit was purchased with help from FAA funding, the approval of received funds would have to be granted by the FAA prior to use on FAA approved purchase and that amount would be deducted from the following years available funds provided by the FAA for that year.

The Grand Junction Regional Airport has retained ownership of this unit for 4 years without outstanding repair costs outside of PM service costs thus far however limited use of this unit is resulting in continued and more frequent mechanical up keep related to hydraulic, electrical and mechanical oil seals from lack of use.

Upcoming repairs for this unit include:

- Front steer axle tires replace due to less than 2/32 tread depth wear.
- Steering gear box reseat for CLASS III leaks.

- Regular PM Service due by time only not by hours.
- Transmission/T-case complete service.
- Complete safety inspection to include service brake inspection, hydraulic system operational checks and replacement of some known hydraulic lines that are currently a CLASS I leak at this time.

Commissioner Susuras moved to approve resolution 2013-007: Donation of Surplus International Plow Truck. Commissioner Frishe seconded. Roll call vote: All Aye. Motion passes.

VIII. Adjournment

Commissioner Frishe moved to adjourn the board meeting of October 29, 2013. Commissioner Nelson seconded. Voice vote, All Aye.

The Board adjourned the meeting at 6:16 PM.

Denny Granum, Board Chairman

ATTEST:

Amy Jordan, Clerk to the Board