



**Grand Junction Regional Airport Authority Board
Special Board Meeting and Work Shop**

Meeting Minutes
January 14, 2014

I. Call to Order

Mr. Steve Wood, Board Chairman, called the Special Meeting of the Grand Junction Regional Airport Authority Board to order at 5:19 PM on January 14, 2014 in Grand Junction, Colorado and in the County of Mesa.

Present:

Commissioners Present:

Steve Wood, Chairman
Sam Susuras
Tom Frishe
Rick Wagner
Paul Nelson

Airport Staff:

Amy Jordan, Interim Director of Aviation
Victoria Villa, Clerk
Gary Schroen
Kathie Lucas
Ben Peck

Other:

Austin Fay, GJRAA
Ryan Chessmore, Fentress
Kelly Dunn, Fentress
Brian Harrison, GJRAA
Robert Caskey, GJAUTA
Jerry McDonough, CAF
Guy Parker, GJAUTA
Shannon Kinslow, TOIL
Deborah Gaul, Citizen
Bob Erbisch, Hangar Owner
Dennis Corsi, Armstrong
Sterling Hurst, EAA
David Hartman, Armstrong
Justin Pietz, Armstrong
Bill Pitts, Citizen
Marisa Fay, Top Flight Aero
Jim Kenley, GJAUTA
Robert Burkey, Networks Unlimited
Eric Trinklein, Armstrong
Jim Grady, GJAUTA
Paul Shochly, GJPS
Nathan Rinderle, Citizen

II. Approval of Agenda

Chairman Steve Wood purposed a change to the agenda. Mr. Wood said that he would like to move the discussion of the Administrative Office Building Project and another item that was not listed in workshop, Policy and Structure changes, to be items for discussion in the meeting.

Commissioner Frishe made a motion to approve the agenda with the purposed changes. Commissioner Nelson seconded. Voice vote: All Aye. The agenda was approved with purposed changes.

III. Conflict Disclosures

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

IV. Commissioner Comments

Commissioner Susuras commented on the Sunday January 12th Daily Sentinel article. Mr. Susuras stated that his comment was not a criticism of Amy Jordan, Interim Director of Aviation, but was a criticism of the Board. Mr. Susuras said that comments made by Ms. Jordan made it look like that Board had taken action on several items and it should not have been discussed with the press. Mr. Susuras told Ms. Jordan to get direction from that Board Chairman of what can and cannot be discussed with the press.

Ms. Jordan responded that she understood.

V. Citizen Comments.

None.

VI. Consent Agenda

A. Minutes: January 2, 2014 Regular Board Meeting

Discussion: NONE

Commissioner Susuras moved to approve the consent agenda. Commissioner Frishe seconded. Voice Vote. All Ayes. The consent agenda was approved as distributed.

VII. Action Items

A. Election of 2014 Officers

Chairman Wood, stated that the By-laws prevent one person from serving in more than one position and at the last meeting Amy Jordan was appointed as Clerk and Treasurer.

Interim Director of Aviation, Amy Jordan briefed the Board. Ms. Jordan said that Article IV, Section I of the By-laws states that no two offices may be held by the same person. Ms. Jordan stated that she is currently holding the Treasurer office and the Clerk office

Discussion:

Commissioner Nelson asked Ms. Jordan which office she would like to let go.

Ms. Jordan said that she would prefer to get rid of the Treasurer Office and keep the Clerk office.

Commissioner Nelson asked if Ms. Jordan had any suggestions for the Treasurer office.

Ms. Jordan said that she thought Gary Schroen, Director of Finance and Business, would be the most obvious for the Treasure but she didn't know if it would be a conflict.

Mr. Schroen stated that he thinks that would be a conflict of interest.

Chairman Wood stated that the Board would rely on staffs input because the staff knows how they are tasked and the Board can make the judgment on the conflict of interest. Chairman Wood said at the current time, Airport Receptionist, Victoria Villa is the Assistant Clerk.

Commissioner Susuras suggested on making Ms. Villa Clerk and Ms. Jordan Treasure.

Ms. Jordan stated that in the Interim she could take Treasure and Ms. Villa can take Clerk.

Chairman Wood asked for a nomination for Assistant Clerk.

Ms. Jordan suggested Mr. Schroen.

Chairman Wood motioned from the Chair for Victoria Villa to become Clerk, Amy Jordan to remain Treasure and Gary Schroen to become assistant Clerk. Voice Vote. All Ayes.

B. Administration Build Necessary Actions

Chairman Wood stated that the Board was a little off the Agenda they had anticipated due to late breaking developments and the work that the staff has been doing.

I. Current Status

Ryan Chessmore from Fentress Architects briefed the Board and presented slides on the status of the Administration Office Building Project. Mr. Chessmore stated that the overall status is approximately one-thirds complete.

Discussion:
None.

II. Moving Forward

Mr. Chessmore stated that after discussing the spaces labeled “Future Baggage Screening”, “Workshop” and “Duty Officer” with the Ms. Jordan and Mark Miller with the FAA it came to light that the best way to proceed is to sever the connection with the terminal building and refer to this building as an ARFF and Administration building. Mr. Chessmore said that after reviewing this with the FAA along with the changes to the names discussed in previous meetings, it would not change the overall percentage break down on the basement level.

Mr. Chessmore said that after reviewing it the ground level became the ARFF bay and associated locker rooms which became eligible space. Mr. Chessmore said that eligible square footage was reduced by about 3,800 sq. ft. for the ground level. Mr. Chessmore said that after discussions with Mr. Miller it was felt that “Security” was a tenuous attachment so Mr. Miller recommended that it be removed and just have “Fire Chief”, access to the ARFF bay and a portion on the break room. Mr. Chessmore said that square footage was reduced by about 1,900 sq. ft.

Discussion:

Chairman Steve Wood stated that he had talked to Airport Authority counsel Mike Morgan earlier in the day and Mr. Morgan had talked to the FAA as well and said that they would entertain the Airport challenging them a little on the renaming of the building. Mr. Wood stated that they had received an e-mail from Mark Miller that had strongly outlined their preference that the building be renamed. Mr. Wood said that a consequence of that is that the current grant would

be rescinded and the Airport would apply for a new grant and the time frame on that would be late spring early summer

Commissioner Susuras asked Mr. Wood if he has determined what the total cost would be to the Airport Authority if they follow through with these changes.

Interim Director of Aviation Amy Jordan said that she had funding outlined in a spreadsheet that was handed out to the Board. Ms. Jordan proceeded to brief the Board on the spreadsheet. Ms. Jordan stated that the spreadsheet is presented with anticipation of going through with the changes to the floor plans. Ms. Jordan said that the total square foot that is eligible for federal funding will be reduced to approximately 9422 sq. ft. of the total building which amounts to approximately 43.09% of the total project cost being eligible for federal funds. Ms. Jordan said that the contract the Airport has with Shaw Construction hasn't changed and that amount is just over 6.2 million dollars. Ms. Jordan said that the total project cost is going up therefore the FAA's percent participation is going down. Ms. Jordan said that they have two total project costs, one that the FAA is concerned about that's AIP eligible which is \$7,199,818.00 and the true total project cost which is almost 7.8 million. Ms. Jordan said that they currently have a federal AIP grant that was awarded to the Airport. Ms. Jordan stated that the numbers on the spreadsheet were not the same numbers that are in the grant because if they go with the route according to the spreadsheet they will be rescinding the grant and writing a new grant. Ms. Jordan said that the FAA's portion would be almost 2.8 million dollars of this building and the Authority's portion would be 2.6 million. Ms. Jordan said that that wasn't their total portion that's just their portion of the matches on the federal and state grants

Commissioner Susuras asked if it was correct that the Authority has already put in 2million dollars to the building.

Mr. Schroen said the Authority has spent approximately 1.7 million and some of it will be reimbursed with the new grant.

Ms. Jordan said they have not drawn any federal or state money on this project yet

Commissioner Susuras asked what the addition cost would be if they go through with making the changes.

Mr. Schroen said about 1.7 million.

Commissioner Susuras stated that as far as he was concerned the Board had no input in deciding whether or not to change the name of the building, or to do a different grant, or to declare that some of the rooms were not named correctly. Mr. Susuras said he had no say in that as a Board member.

Ms. Jordan stated that no changes have been made to the name of the project yet

Mr. Susuras asked, if it was still possible for the Board to decide that they were not going to do anything and go through with the original grant and original project with the original name on the project and the original names of the rooms.

Commissioner Frishe stated that it's all under investigation and is purposed to be fraud.

Commissioner Susuras stated that there was no evidence of that.

Commissioner Wagner said that he disagreed. Commissioner Wagner stated that he believes there are substantial problems and... "legal difficulties" that are attendant on the grant submissions and the uses that were assigned to these portions of the building. Mr. Wagner said that in order to stay in compliance with the law and the rules associated with the grant deployment, those descriptions of the usages have to fall into what the actual usage is going to be. Commissioner Wagner said that in the past it became clear that descriptions of usages for portions of the building were mischaracterized and as such are mischaracterized in a way that allowed for them to receive direct grant funding from the FAA that their actual use would not be eligible for. Mr. Wagner said that that is the reason why staff has been trying to reallocate the names and the actual uses so that it's eligible for funding on some level. Mr. Wagner said that if they were to go through and submit the material as it existed, it is not the use that it was going to be used for and that would be a misrepresentation to the granting authority and the Airport cannot be part of that.

Further discussion took place among the Board as to whether or not the spaces in the building were mislabeled.

Commissioner Susuras asked Mr. Schroen if he anticipated the airport being out of money by the time they finish this building.

Mr. Schroen stated that if they continue the course they are guessing that probably by the end of February they would be out of their reserves.

Commissioner Wagner stated that that is the whole purpose of resetting and reinstating, to get the federal money which is where majority of those reserves come from. Mr. Wagner said that the only way they would run out of money is by failing to comply with the reasonable expectations of the Federal Government in writing these grants.

Commissioner Susuras said that his prediction is if they continue to operate the airport the way they are today, in a year to a year and a half, the airport is going to be in receivership and will no longer have a director they will have a receiver appointed by the FAA and the courts to run the airport. Mr. Susuras stated that he doesn't know why they didn't let the original grant go through.

Ms. Jordan stated that it is important to staff that when it comes to the floor plan that they be honest and accurate moving forward. Ms. Jordan stated that the airport has plans that were sent out to contractors and the spaces and the labels on the spaces were not consistent with what was submitted to the FAA.

Commissioner Susuras said that that should have come from the Board not staff.

Chairman Steve Wood stated that staff has not done anything except fact find.

Ms. Jordan said that at the last Board meeting they presented the red and green floor plans and they had a conference call with the FAA and Mr. Wood on Monday and indicated the changes to the floor plans they requested in the Board meeting prior and then it started from there on not being able to call it a “terminal phase” if there is no space in the facility that is being used to facilitate passenger and or baggage screening, so they it was inaccurate to continue to call it a terminal phase.

Commissioner Susuras commented that the investigation needs to stop and they need to get a final report and move forward. Mr. Susuras stated that the board needs to focus on building the airport up.

Commissioner Wagner stated that he believes the internal investigation has been valuable, necessary and crucial. Mr. Wagner said that they have found themselves in a bad situation but it is not something that is going to be destructed to the airport. Mr. Wagner said that the only way it will destroy the airport is if they don't address the situation and let things go on as they were.

Commissioner Susuras said that his suggestion is still to go back to the original plan, if the FAA will allow it, and let them fund it the way they said they would fund it to begin with. Mr. Susuras said that there is no proof that the rooms were mislabeled.

Commissioner Nelson stated that he thinks the Board should rename the spaces and come clean with the authorities they get the money from.

Commissioner Wagner said that the comparison between what must be spent and what might be lost is what the Board has to engage in. Mr. Wagner said that the Board has to decide what is in the hazard and what is cost to pull it back out. Mr. Wagner said that the Board didn't start this but it is their job to straighten it out and that is what they are going to do.

Ms. Jordan read an e-mail she received from the FAA on Monday January 13th 2014.

Commissioner Nelson said he would like to examine the options of either slowing down the construction of the building or stop it completely. Mr. Nelson said he is not recommending anything at this point but rather wants to know the consequences of these options.

Chairman Steve Wood stated that he met with, Steve Meyer, the owner of Shaw Construction to discuss the airports situation and possible options. Mr. Wood said that Mr. Meyer is not able to speak with absolute assurance on the cost of completely stopping the project right now but is probably around 3 to 3.5 million dollars. Mr. Wood said that there would be no grant money for any unfinished projects. Mr. Wood said that Mr. Meyer wanted the Board to know that Shaw is willing to work with the airport. Mr. Wood stated that if they asked Shaw to slow down the Board will have to give them contractual permission to do so.

Commissioner Susuras asked if fines would be involved in slowing down the project.

Chairman Wood said that he wasn't sure if there would be fines but it is safe to say that contractually there would be a cost associated with slowing down.

Commissioner Susuras asked if the best choice would be to keep moving forward at normal speed.

Chairman Wood said that the airports ability to borrow money from other sources is limited. Mr. Wood said that the airport does not really have collateral to borrow against. Mr. Wood stated that the airport can and has done revenue bonds but they still have a revenue bond from the past that they are still retiring and will be for a while.

Commissioner Susuras said that they need to move forward with the construction project and full speed if the only way the airport can get additional funding from the FAA is by renaming the building and submitting a new plan.

Ms. Jordan said that they would not get additional funding but they will need to resend the grant and apply for a new grant.

Commissioner Susuras asked if it was 100% sure that they would receive the grant.

Ms. Jordan said that it was not 100% but it is entitlement funds so there is a good chance the airport will get it.

Commissioner Susuras stated that that was part of his argument and again asked if they can go back to using the original grant.

Ms. Jordan answered that they could if they used the basement to screen bags, used the 1700 Sq. ft. on the ground level as a workshop and hired a duty officer.

Commissioner Wagner asked Ryan Chessmore from Fentress Architects if the connection between the terminal building and the new building was part of this plan.

Mr. Chessmore said that there was a conceptual connection between the buildings but is not there currently and was not in this scope.

Commissioner Susuras stated that he would like to keep the original grant but change the name of the space and the building.

Ms. Jordan stated that what triggers having to apply for a new grant is changing the name of the project, purpose and need on the grant.

Commissioner Frishe asked if the grant could be amended.

Ms. Jordan stated that the grant could be amended but it would be dirty. Ms. Jordan stated that while on the conference call with the FAA Mr. Schroen asked the question of what they recommended to make sure when there is an inspection done on it or an audit in the future they could prevent any possible lawsuit or action against the airport. Ms. Jordan stated that they said that the cleanest route would be to resend and reissue the grants.

Chairman Wood asked Ms. Jordan and Mr. Schroen if they knew the time frame of the submittal of the new grant application.

Ms. Jordan stated that Mark Miller with the FAA said that they would just need a letter from the airport stating the change and intended use of the building and requesting the grant be closed with no financial draws being made. Ms. Jordan said that then the FAA would close the grant and recover all of the entitlement funds and go forward as if it was a new grant request for 2014 and time frame would be late spring early summer.

Dennis Corsi from Armstrong Consultants commented on what history shows as far as the time frame for the FAA to issue grants. Mr. Corsi also read The Airport Improvement Program Handbook, (FAA Order No.5100.38c) under Terminal Development, identifying what is eligible and ineligible for FAA funding. Mr. Corsi stated that from what they have seen from the drawing the building is an aircraft rescue and firefighting station combined with a staff administration building.

Commissioner Susuras asked if they start with a new grant if the FAA will be stricter and could possibly not give a grant at all.

Mr. Corsi said absolutely not.

Chairman Wood asked Armstrong Consultants if they could say on the option of rolling over funds or transferring them to another airport this year and then getting theirs next year.

Mr. Corsi stated that currently the airport had a 3.6 million dollar grant in entitlements, and another 1.8 million dollars coming to the airport in 2014 that would be the total available entitlement funding. Mr. Corsi said that the eligible portion of the building, with the changes, is changing from around 3.6 million down to a lower number so having more available grant money isn't going to help because the airport already has more grant money than what is eligible for federal participation. Mr. Corsi stated that borrowing from another airport won't help and what is not used this year will roll over to next year.

Commissioner Nelson made a motion to adopt the name change and notify the FAA that the Airport is rescinding grant AP51 and will reapply for a new grant timely. Commissioner Wagner seconded. Voice Vote. All Ayes.

Commissioner Wagner made a motion directing staff with the participation of the Chairman to contact Shaw Construction to determine their ability to slow down the project and what the degrees of speed reduction would be and what cost they might entail and report back at the next scheduled Authority meeting. Commissioner Susuras seconded. Voice Vote. All Ayes.

III. Construction Administration Contract

Interim Director of Aviation Amy Jordan and Kelly Dunn with Fentress Architects briefed the Board on the recent discovery that there was never a construction administration contract executed prior to the beginning of construction. Ms. Jordan stated that Fentress and their sub-consultants have been operating in good faith.

Ms. Dunn said that Fentress is the prime member of the consultant team. Ms. Dunn stated that Fentress has an AIA contract with the airport for the beginning stages of the project and the construction administration phase was to be an additional service or an amendment to that contract. Ms. Dunn said that along with Fentress Aviation is also about of the team doing the civil engineering and the FAA required paperwork, Big Horn engineering as their mechanical/electrical/plumbing engineers and Lindower Dunn as their structural engineer. Ms. Dunn presented a slide show to show everyone's responsibilities.

Discussion:

Chairman Wood asked in between the letter where the current grant is rescinded and the application and new grant should the airport just maintain their reporting duties to the FAA right on through.

Ms. Dunn stated that she believes that would be required

Commissioner Susuras asked if anything has been paid to Fentress yet.

Mr. Schroen said that a couple of payments have been made.

Commissioner Wagner asked what the seven or eight hundred thousand dollars was for that was paid to Fentress over the last 3 or so years.

Mr. Schroen stated 694,000.00 was the amount paid over the last 3 or so years.

Ms. Dunn said she doesn't think it was that much but they did a conceptual layout for the airport to determine the direction of the aesthetic of all the buildings. Ms. Dunn stated that they then moved into the development of the building that went through conceptual schematic design, design development and construction documents. Ms. Dunn stated that the contract that is in place is for schematic design, design development and construction documents but they continued working through the bidding and negotiation phase and during that phase the former director indicated that he wanted Fentress to invoice the airport on a time and materials basis and those invoices were paid then in October the former director requested that Fentress provide the proposal for construction administration.

Commissioner Susuras asked if they were looking at a contract for the entire amount including the amount the airport has already paid.

Ms. Jordan stated that they were not sure how much they have paid for construction administration.

Ms. Dunn stated that the airport has paid the design phase and the bidding and negotiation and Fentress has invoice for the first payment for the construction and administration but she is unsure if that has been paid or not.

Commissioner Susuras asked if they were suggesting doing a contract because there isn't one.

Commissioner Wagner stated that it sounded like they better do a contract because just between the times the spreadsheet was done and tonight they have already gone up 21000.00 dollars.

Ms. Dunn stated that that was an increase in the civil engineering and FAA fee.

Commissioner Wagner asked if Fentress's fees would increase if they decide to slow the project down.

Ms. Dunn asked what type of delay because she would like to believe that they can hold that fee if they can exercise control over what their activities are during that delay.

Chairman Wood said that he is thinking probably around 2-4 months in delay at most. Mr. Wood asked if it was any cheaper with Fentress if the project is slowed down.

Ms. Dunn stated that slowing down would probably be more expensive.

Chairman Wood stated that the impact on the purposed contract amendment probably awaits the outcome of meeting with Shaw Construction.

Ms. Jordan stated that she doesn't feel comfortable paying an invoice without a contract unless the Board is okay with it.

Commissioner Wagner stated that is was work performed and asked for by, at that time, authorized agent for the airport. Mr. Wood stated that his concern, for the airports benefit and Fentress's benefit, is know what kind of work stoppage is going to take place if any.

Chairman Wood stated that unless there were any objections the Board will authorize Ms. Jordan to approve payment for Fentress's Invoice. Mr. Wood stated that it was premature to adopt the amendment tonight.

IV. Change Order #3

Deputy Director of Operations Kathie Lucas and Deputy Director of Facilities Ben Peck briefed the Board on Change Order #3. Ms. Lucas distributed a handout to the board. Mr. Peck stated that when they started doing change orders staff asked if they could group smaller sums into one instead of coming to Board meetings with minimal change orders. Mr. Peck said that part of the problem that Shaw has brought to their attention is that they need some action done on them so Shaw came up with Pending Change Order (PCO) and as of now neither Ms. Lucas nor Mr. Peck have clear directive as to if they can sign a PCO if so what is the top out? Can they sign up to a certain dollar amount?

Ms. Lucas said that the other part of this is that this is not the total formal finished project for change order #3. Ms. Lucas said that there are a couple of cost estimates they were hoping to firm up the cost for both PCO 6 and 7 but they are still waiting on numbers. Ms. Lucas said that they were not asking to approve the change orders now but they would like some direction on the items. Ms. Lucas said that additionally with the changing of the building from the previous status

neither the FAA nor the States is going to be included in the change order cost associated with this building. Ms. Lucas said that when that changes depending on the outcome the FAA and the state some of those cost may be eligible and when that happens they don't directly come to the airport, the FAA ties into it as does the state. Ms. Lucas stated that it may change some of these cost as it might previous change orders as well.

Discussion:

Chairman Wood stated that the expenditures up to 10,000.00 dollars, in accordance with the by-laws, staff can be authorized to make but also there was a request by the county that the county and the city wanted to be notified of any change orders.

Commissioner Susuras stated that that was a very good point however, each individual change order is not over the 10,000 dollar limit and he feels the Board needs to make their own decisions, reporting is good but the Board needs to be able to make their own decisions.

Commissioner Wagner stated that by bundling them to bring to the Boards attention they are over the 10,000 dollar limit but they are individual change orders and he feels the Board can authorize someone to make change orders. Mr. Wagner asked how they end up with ARFF bay doors without any power to them and how did they end up with an ARFF bay ceiling that is not tall enough to fit the doors. Mr. Wagner stated that he didn't want to micro manage this but they are very interesting questions and he would trust staff to ask these kinds of questions.

Chairman Wood stated that the way things currently stand the staff is authorized to make expenditures up to 10,000 dollars without specific board approval and he would suggest a change to that and it has the new caveat on it that checks over 500 dollars have to be co-signed and he feels fairly comfortable with that element of it.

Commissioner Susuras asked if Ms. Lucas was the head of the department that does the review of the construction.

Ms. Lucas said yes.

Ms. Jordan stated that Mr. Peck oversees a lot of the construction as well.

Chairman Wood suggested a threshold of 50,000 dollars to be reported to the city and county.

Commissioner Susuras and Commissioner Wagner stated that they felt that was reasonable and they support that

Chairman Wood stated that unless there are any objections, staff is authorized to approve and implement change orders up to 10,000 dollars and when there is a change order that is 50,000 dollars or more the Authority will be obligated to notify the City and the County that they have made that change.

V. IT Representative

Deputy Director of Facilities Ben Peck briefed the board on the IT representative. Mr. Peck stated that when staff stated looking at this building and stated doing some cost reductions and the term “valued engineering” was used to reduce cost and one of the valued engineer services is IT. Mr. Peck said that currently there is another good faith situation with Sequent. Mr. Peck said that going into this building they are getting to a phase that the airport needs some IT person to give some input on the design of the building. Mr. Peck stated that it was brought to his attention that the airports in-house electrician would do some of the running of IT cabling and such with some guidance from Sequent Information Systems. Mr. Peck stated that staff would like to make sure it is okay with the Board to still utilize Sequent for construction support knowing that they are working in good faith and without a contract.

Discussion:

Commissioner Wagner asked what the value was to this consulting work.

Mr. Peck stated that that was a tough question to answer. Mr. Peck said that going back into the spread sheet there was a dollar amount in there for networking and equipment all lumped together which was about 188000 dollars. Mr. Peck stated that it would be fair to say if they came to a construction meeting on a monthly base they could probably keep that meeting at 200 dollars per month as well as the occasional RFI answering submission questions which would be at trying not to exceed about 500 dollars a month.

Chairman Wood stated that unless there are any objections the Board will be fine with that with a caveat in that that unless and until the Authority would engage in an IT contract with a different entity.

Commissioner Wagner said that as long as the amount spent does not exceed any contractual bid amounts the Authority requires under their by-laws and are proceeding towards an RFP for that purpose.

VIII. Discussion Items

A. IT Committee Update

Ms. Lucas briefed the Board on the update from the IT Committee. Ms. Lucas

said that the IT Committee met together on January 7th to discuss the RFP at the meeting Commissioner Susuras brought a couple of people from the city of Grand Junction including their IT manager and their internal services to help guide and give suggestions. Ms. Lucas said that after they went through and looked at the RFP there were several discussion points and recommendations but the bottom line came to all IT things there are many people dealing with IT individually no one person really has a grasp on the whole thing. Ms. Lucas said that they established a position in order to funnel that so that they will have a main contact so that whoever the final IT service will be, they won't be left with many people contacting them directly as well as this main contact could be qualified to help with some of the small problems.

Discussion:

Chairman Wood asked if there is anyone on staff now that is a candidate to be this main contact.

Mr. Peck stated that as of now they were looking at a new hire position.

Ms. Lucas stated that they are not aware of anyone on staff currently that has knowledge of this but they discussed possibly tying it in with another position.

Chairman Wood asked what other skill sets seem to marry up with this one.

Ms. Lucas said that they went through everyone on staff to see if there was anyone and they have a lot of people with a lot of skill sets but that is not one of them.

Commissioner Frishe stated that the systems at the airport are very complex.

Mr. Peck stated that the current IT provider has done an exceptional job they are just trying to figure out how to get to a point where they have a person that can fluently write an RFP for their services.

Chairman Wood cleared up what was being purposed, after the meeting and with the city personnel the conclusion is to write an RFP for an every purpose outside contractor and a blend of an organic in house capability and combine that with less frequent outside help.

Ms. Lucas stated that that was correct and that is why they would like to have a contract with their current IT services so they can get a better grasp and have at least a short term contract for fee stabilization.

Commissioner Wagner stated that the problem he has is that the airport doesn't have the technical capability to write an RFP to bid out for a new provider unless they have the existing provider write the RFP.

Ms. Lucas said they don't have to necessarily write the RFP but more information needs to be gathered.

Commissioner Susuras stated that what they need is to have someone concentrate on all of the IT information, codes, passwords so that they know what is going on throughout the entire airport.

Chairman Wood stated that part of what drives this is the amount of money spent outside over time the airport could have someone in-house.

Commissioner Wagner stated that he doesn't want to see these contracts broken up into various pieces.

Commissioner Susuras stated that they would still have the provider but would also have an internal person.

Commissioner Wagner stated that anything beyond that, if it starts growing they need a contract and need a fair open bid process.

Chairman Wood asked if there was a thought to what this person worth.

Ms. Lucas stated that they did base their cost off what the city is currently using. Ms. Lucas said that they also talked about what level do they need and the result was that they need an analyst is roughly 60,000.00.

Further discussion took place on details of a new position and what history shows the Airport spent with Sequent Information Systems which was 26,000.00 for IT services for the whole year and 93,000.00 altogether but it includes hardware purchases.

Ms. Lucas stated they are asking to hire an IT person and for a short term contract with Sequent.

Robert Burkey with Networks Unlimited asked if they are going to do a short term contract will the RFP be for 2015.

Chairman Wood stated that that was the question before the board.

Commissioner Wagner stated that he doesn't feel like there is enough information

Mr. Schroen said that he would be happy to do an analysis on a cost and time for an in-house person.

Chairman Wood said that staff is free to utilize Sequent's services with the caveat and limits that were discussed.

Ms. Lucas asked if they would prefer to have a contract to that nature even short term.

Chairman Wood said no because they need an RFP process to get to a contract.

Chairman Wood stated that unless there were any objections he will authorize staff to spend an amount no to exceed 4000 dollars per month for the next three months and expect an RFP by the April Board meeting and that will reflect whether or not to go forward on the bases an outside contract or organically grow the capability among the staff.

B. Special Litigation Committee Update

Commissioner Wagner stated that he had a slight inclusion to some of the remarks made at the last meeting. Mr. Wagner stated that what they have been seeking to do is to follow some federal compliance guidelines that they believe are necessary to set into place in order to get back on track with the Airports ability to seek federal funding and to lower the risk level. Mr. Wagner stated that one of those compliance regards is to have a compliance plan of which the Authority is not really in possession of. Mr. Wagner stated that one of the tasks they are going to be working on is coming up with a compliance plan to make sure all aspects of whatever federal funding is received in the future are followed. Mr. Wagner stated that one thing he wants to address is setting up some sort of outside pipeline situation so that individuals that believe there are problems at the airport can bring them to the attention of the Board outside the chain of command. Mr. Wagner stated that a compliance audit will be conducted periodically to make sure they are being followed. Mr. Wagner stated that they are going to establish a financial comptroller type position outside the chain of command slightly. Mr. Wagner they will also recommend the reestablishment of the Board audit committee. Mr. Wagner stated that they will also be doing some Board policies on conflicts.

Discussion:

Chairman Wood asked if Commissioner Wagner is anticipating any Board decision or action relative to the items he discussed. Mr. Wood said that they could take some limited action and authorize staff to proceed with implementing a whistle blower policy.

Commissioner Wagner stated that he anticipated authorizing staff and having them work on an interim bases.

Chairman Wood asked if it was Commissioner Wagner's proposal that they collectively be prepared to take action on it at the February meeting.

Commissioner Wagner said that he thinks himself and Commissioner Nelson could work with Bill Taylor could probably work with the Board in a very brief period and get them ready to be implemented for the Boards consideration in that time frame.

Chairman Wood stated that unless there were any objections he would consider that the Special Litigation Committee and the staff as the SLC deems helpful, to work together and bring to the Board by the February 18th Board meeting those changes.

C. November 2013 Financial Statements

Deputy Director of Finances Gary Schroen briefed the Board on the November 2013 financial statements. Mr. Schroen said that he would speak to a specific fund which will be fund 2. Handouts were distributed to the Board and Mr. Schroen briefed the Board on the information on that handout. Mr. Schroen stated that the Airport has 3 funds. Mr. Schroen stated that in fund 2 there is a lot of activity but the biggest one are the federal draws. Mr. Schroen said that they have not drawn any money probably since September. Line items were presented by Mr. Schroen. Mr. Schroen explained passenger facility charges (PFC). Mr. Schroen said that another fee they collect within the same fund is Airport Improvement fuel flowage fees. Mr. Schroen said that the next one is Rental car facility CFC which is the charge to the rental car companies \$3.25 per rental car per day which is going into fund 2 as well. Mr. Schroen spoke on expenditures as well and stated that any time they borrow money it is considered revenue and when they do the audit they move it out of revenue and classify it as a principle loan and same when they pay the principle it is considered expenditure. Mr. Schroen explained the interest on the SIB loan. Mr. Schroen said the next debt payment on the Walker Field Bonds is about 20 million dollars and that goes into a bond sinking fund and they pay 128000.00 dollars (400 dollars a month) and the interest is paid semi-annually and the principle is paid once a year. Mr. Schroen spoke on the line items for capital project expenditures, architectural fees, the ramp design and the admin building. Mr. Schroen said that so far on a year-to-date bases for the federal AIP project they spent 2.2 million. Mr. Schroen spoke on restricted cash and that it can't be spent on anything except debt service.

Discussion:

Commissioner Wagner asked about Subway and its numbers.

Mr. Schroen stated they made a profit of 92,500.00 dollars but there are a lot of costs such as Ms. Jordan's HR time and Mr. Schroen's cost to fill out the sales tax return that are not included.

Commissioner Wagner stated that it makes no sense to run this Subway. Mr. Wagner stated that there are hidden costs in there on staff time and it makes no sense to devote airport's staff time to this kind of a facility.

Ms. Jordan said that there are other people on staff that dedicate their time to Subway as well.

Mr. Schroen stated a wild guess of 30,000.00 dollars of staff time being used.

Commissioner Wagner asked if they knew what an average operator, in a same or similar facility, pays for rent.

Mr. Schroen said that they met with a local operator and told him the terminal rent was \$30.30 per square foot, and his response was that is much higher than what he pays.

Ms. Jordan said that they haven't done an analysis at another airport to see what the going rate is.

Commissioner Wagner asked what HR duties Ms. Jordan takes care of.

Ms. Jordan said that she takes care of the terminations and paperwork.

Mr. Wagner asked the Board to consider getting some sort of evaluation done Subway to see what its value is. Commissioner Wagner said that he feels it's a poor use of staff time.

Ms. Jordan said that she has done some analysis on if both sides of Subway makes money, feasibility, is the unsecured side needed and so forth and she has found that it doesn't.

Chairman Wood said that if it is making revenue to not be quick to shut it down but Mr. Wagner's point is well taken.

Chairman Wood asked Mr. Schroen to speak on a PERA concern.

Mr. Schroen said that PERA is underfunded and that liability is not being pushed down to local governments but are on track to be fully funded in 30 years. Mr. Schroen stated that they currently pay PERA every time payroll is processed so the cash flow is steady but in the year 2015 the governmental county Board will require them to record a net pension liability which is the unfunded liability they are pushing down to all of the organizations that comprised at unfunded liability.

Discussion:

Chairman Wood asked if this would happen nationwide all at once or in piece.

Mr. Schroen said that he doesn't know if PERA is in a position to do it but they could early adopt if they wanted to.

Mr. Schroen said that PERA has silos and one for local government which is what the airport falls under. Mr. Schroen stated that they have about 5 or 6 silos and each silo had a different underfunded amount. Mr. Schroen said last summer he called PERA and asked them "what would my number be" and they didn't have guidance but they said they were thinking of moving in this particular direction. Mr. Schroen said he did the calculation and came up with anywhere from 2.2 million and 2.8 million. Mr. Schroen said now that PERA has reduced to 7.5% he is guessing that that increased the liability.

Commissioner Susuras asked if anything additional was being sent to PERA to back up the loss.

Mr. Schroen stated that with PERA the employees pay 8% but do not pay social security so it costs a little bit more in PERA. Mr. Schroen said that on the employer side they pay 13.7%, normally employers would pay a matching 6.2% it cost another 7 or 8% above and beyond a corporation would pay. Mr. Schroen said that in 2015 they will record a liability of at least 3 million dollars because the rate return has gone down from 8% to 7.5%.

IX. Any other business which may come before the Board

None.

X. Recess into Executive Session

Commissioner Nelson made a motion to adjourn into executive session to confer with the Authority's legal counsel for the purpose of receiving legal advice relating to pending litigation against the Authority, and related to a pending investigation, as authorized by CRS §24-6-402(4)(b). Commissioner Susuras seconded. Voice vote. All Ayes.

The Board Adjourned into Executive Session at 8:54pm

The Board reconvened into regular session at 10:15pm

Commissioner Frishe moved to adjourn the regular session meeting. Commissioner Wagner seconded. Voice vote. All Ayes.

Steve Wood, Board Chairman

ATTEST:

Victoria Villa, Clerk to the Board