



Grand Junction Regional Airport Authority Board
Board Meeting and Workshop
Meeting Minutes
June 17, 2014

I. Call to Order

Mr. Steve Wood, Board Chairman, called the Meeting of the Grand Junction Regional Airport Authority Board to order at 5:15 PM on June 17, 2014 in Grand Junction, Colorado and in the County of Mesa.

Present:

Commissioners Present:

Steve Wood, Chairman
Tom Frishe, Vice Chairman
Dave Murray
Paul Nelson
Rick Langley
Rick Wagner
Sam Susuras

Airport Staff:

Amy Jordan, Interim Director of Aviation
Victoria Villa, Clerk
Ted Balbier
Ben Johnson
Fidel Lucero
Ben Peck

Other:

Shannon Kinslow , TOIL
Bill Pitts, Citizen
Bill Marvel, GJAUTA
Matt Justice, San Juan Insulation
Tom Bush, SJID
Brandon Pease, GJ Winnelson
Bonnie Mackey, CED
Robert Burkey, Networks Unlimited
Denise Hamilton, Porvelocity
James Adcox, GJ Winwater
Nathan Rinderle, Upland Companies
W. John O'Donnell, Serco
John Gardiner, Southam & Associates
Stephen Berwanger, Summit Sealants Inc.
Eric Peterson, Berich Masonry
Tim Warner, Rocky Mountain Steel
Bernie Lorimor, Rocky Mountain Steel
Ruben V., RMS Concrete Inc.
Mark Fergen, Mountain Air
Ryan Chessmore, Fentress
Jeff Anderson, Magnum Electric
Rick Thatcher, Winnelson
Denis Corsi, Armstrong
Mark Sills, Mountain Air
Clark Atkinson, Shaw Construction
Larry Kempton, Kempton Air LLC
Larry Kempton, Kempton Air LLC
Ty Withee, Shaw Construction
Waine Clark, Citizen

II. Approval of Agenda

Chairman Wood stated that there are two late additions to the agenda to be considered. One is a possible engagement letter relative to Danielle Urban's representation of the Airport on employment matters and the other one is a memorandum/letter of agreement that has to do with notices to airman and a change in the system. Mr. Wood said that it might be a non-standard agreement therefore it is being brought to the Board's attention. Mr. Wood stated that unless there are any objections he purposes to add those two items.

Discussion:
None

Chairman Wood stated that if there are no objections, by major motion, the Board approves the agenda with the two added items.

III. Conflict Disclosures

Chairman Wood - Hangar Owner
Commissioner Frishe - None
Commissioner Wagner - None
Commissioner Nelson - None
Commissioner Langley - None
Commissioner Murray - None
Commissioner Susuras - None

IV. Commissioner Comments

Commissioner Frishe commented on the West Star construction for their new paint hangar and said it is coming right along.

V. Citizen Comments.

A. Shaw Builders LLC.

Clark Atkinson, President of Shaw Construction, stated that he was present to talk about some of the problems that currently exist and to ask for specific direction and action from the Board. Mr. Atkinson stated that Shaw Construction was the low bidder on the Administration Building project in May 2013. Mr. Atkinson said that Shaw worked diligently with the Airport Authority to cut scope by approximately \$550,000.00 so funds were available to complete the building. Mr. Atkinson said that due to circumstances beyond control, there was a short fall of funds to complete the project which was partly constructed. Mr. Atkinson said that the Authority and

Shaw met to discuss alternatives and Shaw offered to finance completion of the project but the Authority turned it down. Mr. Atkinson stated that Shaw received written notice to indefinitely suspend the work and since the suspension they have not been paid for the work that has been put into place. Mr. Atkinson said that Shaw has a fiduciary obligation not only to itself but to the subcontractors engaged in that project. Mr. Atkinson stated that this project was one of the bigger projects and due to no payment many of these local subcontractors are in dire straits. Mr. Atkinson said that from their perspective they have done what they have been told to do, all work has been completed on time and according with the contract, all of the pay applications have been submitted according to the contract and yet close to 1.2 million dollars is still owed to Shaw Construction by the Airport Authority. Mr. Atkinson said that representatives working on behalf of the airport have informed Shaw that the reason they have not certified the pay applications is because they have not been paid. Mr. Atkinson stated that the situation is dire and it's damaging Shaw and many Subcontractors and those damages include; some people being laid off, some have been sent out of town away from their families, many subcontractors have not been able to make payment to their vendors which has resulted in the subcontractors being cut off or cut back in their credit. Mr. Atkinson said that in addition to all of that Shaw has had a threat on its payment bond which has never happened in 52 years of Shaw being in business. Mr. Atkinson said that they are here seeking the Board's cooperation.

Discussion:

Commissioner Wagner stated that he is wondering how Shaw and Mr. Tippetts went about lowering the cost of the contract. Mr. Wagner said secondly, he is curious about Jviation because Mr. Atkinson is indicating that Jviation isn't willing to sign Shaw's invoices because they haven't been paid, yet the last communication the Board had from Jviation was that they wouldn't sign off because Shaw hadn't complied. Mr. Wagner said that he has taken an opportunity to take a look at the contract and he is at a loss to understand how Shaw thinks it can request the kinds of cost that they are requesting in connection with the temporary suspension of the job because it's not in the contract. Mr. Wagner stated that the Board is happy to look at all of these things but they are under an obligation to the federal government as well as to the citizens to make sure everything that is paid, is paid as part of an agreement between the Board, the contract, the FAA at some level, and whatever contracting federal authorities govern their payment and one of those is for the engineers to sign off on the Shaw invoices.

Mr. Atkinson stated that Jviation has had direct conversation with Shaw's project manager, Ty Withee, as well as Shaw's attorney has had direct conversations with the Airport's attorney and the Airport's attorney did not deny the statements made by Jviation representative, Mike Quinn, that the only reason they have not certified Shaw's payment applications was because Jviation has not been paid the Airport Authority and Mike Quinn has been instructed to not sign the payment applications until payment issues were resolved. Mr. Atkinson stated that Shaw has not received any written notice from the Airport Authority or representatives that have given any deficiency notice or any reason for nonpayment in compliance with the contract.

Commissioner Wagner stated that the Board wants to get everyone paid including Shaw and asked if Shaw knew that Jviation and Fentress didn't have a contract with the airport.

Mr. Atkinson said no because they have no contractual relationship with them.

Mr. Wagner said that it isn't that the Board doesn't think that Shaw has done work but the Board is hesitant to release funds because they don't have the proper authorizations and are under direct order from the federal authorities to make sure that they comply with all of the federal funding and payment requirements. Mr. Wagner said he does want to work with Shaw and get this project resolved and wants to see Shaw come out of it as the good company that it is.

Mr. Atkinson stated that they don't have any verbal agreements, it is all in a written contract in which they are and have been complying with, which is under the umbrella for federal specifications. Mr. Atkinson stated that the March payment application was submitted and received notification from Mike Quinn that he needed additional documentation, documentation that had not been submitted on any previous pay app. Mr. Atkinson said that Shaw submitted the requested documentation immediately and received confirmation from Jviation that they had everything they needed to approve the payment application.

Chairman Wood stated that he would like to correct the record by stating that the last time the Board met they had a pay app and they tabled it because it wasn't signed by anyone. Mr. Wood said that prior to coming to that meeting Mr. Quinn had enumerated what he believed was missing from the pay app and a cursory examination of the contract seemed to verify that what he believed was missing was in fact missing and was a requirement of the contract, why he felt it was necessary on that pay app and not the others is unknown but the only thing the Board has seen is a pay app with no signatures on it. Mr. Wood said that, in Mr. Quinn's estimation, what was missing from that pay app was well known by Shaw prior to the last time the Board met. Mr. Wood said that the Board also had a request from someone saying that Shaw wanted Airport assurance that they would stand the cost of whatever that missing documentation was and the Board's understanding was that it wouldn't and shouldn't be an additional cost because it wasn't a change order, it was simply a requirement of the contract. Mr. Wood said that he wants everyone to understand and wants the record to show that the Board has met exactly one time since the submittal of any type of pay app subsequent to the suspension and the Board didn't vote not to pay it but tabled it because it didn't seem to be a complete pay application to them.

Mr. Atkinson stated that the feel wedged because they have don't the work to the best of their knowledge in compliance with the contract and the fact that the Board meets once a month has created a situation that is untenable for payment on a project this size.

Chairman Wood stated that the Board has met more frequently than once a month especially in the early part of the year and may need to resume that.

Mr. Atkinson asked the Board not to interpret this wrong and it is not a threat but if this doesn't get resolved very soon they will have no other choice but to sue the Authority which is the last thing they want to do. Mr. Atkinson said that on payment application number six Shaw has billed retainage for the work that is completed and the reason is because it was not contemplated nor is it reasonable or ethical to assume that the subcontractors should finance retainage on this project indefinitely.

Chairman Wood said that Ms. Walker, who has been engaged as a consultant to Mike Morgan in this is working on getting up to speed on this issue and has been on it for about ten days or so

and from what the Board understands she is has been in communications with Mr. Kane, Shaw's counsel, and they are making good progress and are heading towards a resolution.

Mr. Atkinson asked how long will it take for the Board to act on her recommendation assuming that she and Bill Kane come to a conclusion.

Chairman Wood said that they would act on it at the meeting subsequent to arriving at that point and if it needed to be a special meeting then that would be considered.

Mr. Atkinson asked who the designated representative that Shaw should communicate with at the airport because they have sent documentation to people they think they should but they have no idea.

Chairman Wood stated that he is fine with being included in the loop but when the dialog began to be "we have been getting the run-around for so many weeks" or "we sat in meetings and made promises that are since being broken" which was clearly not a fact, is when he decided he was not getting in it and was not going to have a word war with someone.

Commissioner Susuras asked if it was correct that the engineer would not sign off until they are paid.

Mr. Atkinson said that his project manager Ty Withee was informed directly by Mike Quinn that he was instructed by his direct supervisor no to sign the pay application until Jviation was paid.

Commissioner Susuras asked if the payment to Jviaion was still pending

Chairman Wood said it would be via a Fentress payment because of the sub relationship of Jviation to Fentress. Mr. Wood stated that pay apps 1-4 from Shaw have been paid and pay apps 1-3 from Fentress have been paid.

Commissioner Susuras said that Shaw's point of contact should be the Interim Airport Manager which is Amy Jordan and if she would like to bring in Mr. Wood in as chairman on any agreements or conversations then that should happen. Mr. Susuras stated that if the Airport owes money to Jviation then someone needs to contact them and find out if in fact they do owe them, how much they owe them and when will they sign off on the billings from Shaw Construction.

Commissioner Wagner said that Jviation hasn't been paid because Fentress hasn't been paid and Fentress has come to the Board and submitted bills saying they did "this" and "that" but where does it say that they were supposed to do anything? there is no contractual relationship to say how that billing was even established.

Interim Airport Manager, Amy Jordan, said that it's a bit of a sticky situation that they will need legal advice on because neither Jviation nor Fentress have a contract for the construction administration and they were not chosen in accordance with grant assurance 32. Ms. Jordan said that grant assurance 32 requires specific procedures for selection of consultants to provide construction administration services and that didn't happen.

Commissioner Langley said in regards to the meetings that occurred, he attend one meeting at the job site, at or around the time of shut down, and there was no commitment or comments from the Board as to payment status or commitment to any type of payment at that point.

Commissioner Wagner said this is all getting mixed up because there are really two pieces here, one being, work done for the actual construction part of the project and the other being, work done for the shutdown part of the project.

Mr. Atkinson said that he is not saying any representations were made but they view the Airport Authority being in breach of contract which is forcing them in this situation to fight and they don't want to do that.

Mr. Langley said that Mr. Atkinson indicated that the Airport is in breach of contract and asked if notification has been sent to the Airport Authority stating that.

Mr. Atkinson said no.

Mr. Wagner said the key to this is the engineering piece so Commissioner Susuras's point is well taken.

Chairman Wood said that the action plan is to formally request Jviation's position because the last thing this Board knew was that the reason for pay app number five not being signed was because in the engineer's opinion contractual requirements had not been met.

B. Upland Companies, Inc.

President and owner of Upland Companies, Nathan Rinderle, said that they are the site utilities contractor that was working on the project. Mr. Rinderle stated that he is one of many subcontractors and suppliers present. Mr. Rinderle said that they have worked with Shaw in the past and have always had great success with them and have always been prompt on paying their subcontractors but in this situation Shaw has not been paid therefore they cannot pay Upland Companies as subcontractors. Mr. Rinderle said that the issue at hand is not between any of them as subcontractors and Shaw, the issue is between the Airport Authority and Jviation and/or Fentress so it should not be affecting any subcontractors like it is. Mr. Rinderle said they all need to get paid and this shut down has affect each one of their business's directly and adversely. Mr. Rinderle said that as he sees it they are funding this building right now because they have purchased material and have done work that they have not been paid for. Mr. Rinderle said it has also affected their cash flow because they had counted on this project to carry them a certain amount of days, weeks, and months and he was on the 75% complete side then it just got pulled out from under him so now he is scrambling for work to fill in the gaps, they have laid off employees, have missed out on other job opportunities and has created a big domino effect. Mr. Rinderle said that he knows retainage is usually held out till the end of the project but in this case where the project was suspended and there is no definite time of when it will start back up again the subcontractors feel they need to get that retainage back and they feel Shaw does too. Mr. Rinderle asked for the Board to take into consideration the affect that this shut down has had on all of them and resolve the issues that are holding up pay requests.

C. Mountain Air Mechanical

Owner of Mountain Air Mechanical in Rifle Colorado, Mark Fergen, said that he started his business 14 years ago and built a very successful HVAC company and survived the recession, they had to write off well over a million dollars in bad debt but they survived and right now his company is at a point to where if they don't get this resolved within 30 days they may be shutting down. Mr. Fergen asked if there is no contract with Jviation or Fentress then why a signature is needed and he know the Board is waiting for the attorney's to figure it out but his company cannot wait any longer and he knows the Authority is working on it but he needs them to work harder.

VI. Consent Agenda

A. Minutes: May 13, 2014

Discussion:
None.

Chairman Wood major motioned to approve the May 13, 2014 Minutes. Minutes were approved as distributed.

VII. Discussion Items

A. Runway 11/29 Geotech Analysis Update

David Hartman from Armstrong Consultants briefed the Board on the runway 11/29 geotech analysis. Mr. Hartman presented slides with pictures of the geotech analysis and said that they initiated this project after some questions came up of what is wrong with the current runway. Mr. Hartman stated the first of three steps is an analysis of the pavement structure to see if the whole footprint would need reconstructed to full depth or not. Mr. Hartman said that in the future depending what kind of answers come out of this analysis, an analysis of the surface grading is probably another step and then consequently an analysis of the construction logistics. Mr. Hartman said to start on this they drilled 24 holes into the runway for testing and what they found they are still working towards the exact answer but they have preliminary data to make preliminary assessments but they don't have the exact quantification of which parts need full depth and which parts wouldn't. Mr. Hartman presented a table that shows a sampling of the paved cores and generally what they found is the existing footprint is highly variable and is a patch work quilt of many different types of pavement sections. Mr. Harman said that a common feature on most of them is the bottoms are starting to rot but for the most part the samples are all over the map so that is leaning towards some preliminary answers that at this point the entire footprint does not need full depth reconstruction but that's not to say that none of it does, many portions would need the full depth reconstruction to get a 20 year or better cycle out of it and it would be a logistical challenge to reconstruction because the portions that would need full depth reconstruction are scattered. Mr. Hartman said that regarding the runway surface after being at the airport for a week and looking at historic data there are no apparent signs of surface distress.

Mr. Hartman said in a couple of weeks they should have a full quantification of exactly which areas would need that full depth and there are some subsequent analysis that would need to be done if the Airport wants to pursue maintaining the existing footprint which the lease would be the construction logistics, if particularly the center section of the runway needs to be reconstructed the Airport would be looking at some periods of runway closure. Mr. Hartman said that if they were to pursue a replacement runway the Airport could phase it and avoid runway closures but in the end the total cost would be higher however that price for a new runway is not taking into consideration of what it would cost to the Airport of the runway was shut down to perform the reconstruction process.

Discussion:

Commissioner Frishe said that it seems when you start to quantify the entire package with closures involved is going to be far more expensive so the new runway is what is being leaned towards.

Commissioner Wagner asked if a soil analysis has already been done where the new runway would be.

Mr. Hartman said that was part of the 30% design accomplished in the EA, they haven't done it but the files are there.

Mr. Corsi stated that presuming federal funding continues to be available and the FAA continues to fund projects at its current level 90% would be covered by the FAA 5% by the state and the Airport would have a 5% match for the new runway.

B. Finance & Audit Committee Update

Commissioner Langley briefed the Board on the 2013 audit. Mr. Langley said that the field work has been completed and they are in the process of receiving, next week, a draft of the audit report that will be reviewed and the final audit will be issued on the scheduled date of June 30th. Mr. Langley said EKS&H will be here next month for the next Board meeting to present the audit results and the findings. Mr. Langley said that they had four interviews in the last two weeks for the finance manager and they are going to call back two of the candidates for a second interview in the near future.

Discussion:

Chairman Wood and Commissioner Wagner expressed their gratitude to the finance and audit committee.

C. Financial Update

Commissioner Langley briefed the Board and said that as a result of the audit and completing the audit for 2013 and the vacated position of the Finance Manager, they engaged an independent CPA named Ann Eldridge and she has been working with them to bring financial records up to date and that has been accomplished. Mr. Langley thanked Ms. Eldridge for all of her hard work

and said that she will be helping keep the finance records current until a permanent replacement is found.

Ms. Eldridge briefed the Board on the preparation of May balance sheet and income statements. Ms. Eldridge said that the current assets have decreased approximately 25% from year end and that's caused by some of the money being transferred down into the restricted asset area which relates to paying on bonds and the other piece is being generated from the payment of airport vendors. Ms. Eldridge said that total assets have decreased 14% which relates to paying vendors. Ms. Eldridge said the liability and net position has pretty much stayed the same between yearend and May, it has decrease less than a half of percent. Ms. Eldridge said on the statement of income (operations) the loss is consistent with the prior year.

Discussion:
None.

D. IT Committee Update

Airport Facilities Manager Ben Peck briefed the Board and said May 13th an email was set up for the IT RFP and on May 15th the committee published the RFP to the airport website and set up the legal notice to be published in the Daily Sentinel. Mr. Peck said June 4th was the deadline for all questions and followed up in 72hours with answers and on June 6th they published both questions and answers, then on June 9th they updated that with a clarification due to one answer being incorrect. Mr. Peck said that on June 10th a site walk through was offered where one of the submitters attended that, then all bids were due by 4:30pm on June 13th, three bids have been received and the committee is preparing to start reviewing those independently.

Discussion:
Commissioner Wagner asked if the Board could know who the vendors are.

Mr. Peck said the three vendors are Provelocity, Networks Unlimited and Sequent Information Systems.

Commissioner Wagner asked if they are local.

Mr. Peck said he knows two of the three are but he hasn't looked into Provelocity yet.

E. Director Search Committee

Commissioner Frishe said they had a total of 63 applicants and have started interviews but due to some scheduling issues they have not completed all interviews but that should be done pretty quickly and they will have more information at that time.

Discussion:
Chairman Wood said hopefully soon the committee will have a recommendation for the Board.

F. FAA Part 139 Inspection

Airport Operations Manager, Ben Johnson, briefed the Board and said Part 139 inspection is title 14 of the code of regulations and it covers the certification of Airports. Mr. Johnson said that the inspection took place May 14th through May 16th. Basically what happens is the inspector comes and follows the Airport Certification Manual which outlines how the Airport will comply with Part 139. Mr. Johnson said he did have a handful of findings with areas that were non-compliant and most had to do with record keeping and training. Mr. Johnson said that he and Operations Supervisor Ted Balbier will work on getting these corrected, some of them were corrected the day the inspector found them and he did note that they were corrected and he gave deadlines to fix the other small issues. Mr. Balbier said they are required every year to at least review their plan and then the second year they will do a table top then every third year is when they do the full scale which is what this was.

Discussion:

Chairman Wood asked if they were on track to meet the deadlines.

Mr. Johnson said yes they are easy fixes.

G. Airport Full Scale Emergency Exercise

Operations Supervisor Ted Balbier briefed the Board and acknowledged the groups of people that help put the exercise together. Mr. Balbier said Twin Otter International provided the aircraft and Denver Air Connection provided a bus that was the back end of the aircraft to get 41 victims in there. Mr. Balbier stated that for these exercises they try to make them as realistic as they can to meet the goals of what the FAA requires them to do and they like to make sure all of the agencies that are part of this plan are able to do what they need to do such as hospitals. Mr. Balbier said that is was a successful exercise.

Discussion:

Mr. Johnson said they added an element to have actors play parts of friends and family waiting in the terminal to test the airlines response and that went really well. Mr. Johnson said as part of that they tested the airport security program and had a security incident as well.

Ms. Jordan said from a communication stand point, she and the public information officer from the Grand Junction Police Department worked together to set up a twitter account and he pushed out the information to test how it would work to push out information to the masses quickly and in a short time they had about 4000 contacts.

H. Lease Policy Committee Report

Ms. Jordan briefed the Board and said at the April Board meeting the Board requested staff to sit down with the Grand Junction Airport Users and Tenants Association and discuss the lease guidelines and also to talk about the new standard form lease that is in place. Mr. Jordan said that on May 13th she and Mr. Johnson sat down with Dave Shepard and PJ McGovern who are both tenants and members. Ms. Jordan said that they sat down and brain stormed some ideas and objectives moving forward as to what the issues are and what they would like to accomplish. Ms.

Jordan said that they met again on May 28th for finalize those draft objectives and talked about a proposed timeline and put them into a product they could present to the Board. Ms. Jordan presented the brief background summary and some draft objectives to the Board in hopes to draft proposed changes to the guidelines and the lease document itself. Ms. Jordan pointed out objective number six specifically because it seems to be a pressing issue which considers reversionary vs. non-reversionary leases and the four of them have taken a position of favoring a non-reversionary method. Ms. Jordan said a couple of things they are asking for the Board is that the committee would like a Board member be appointed to the committee to help guide them through the process and would also like to request feedback from the Board in regards to the draft objectives.

Discussion:

Chairman Wood said that he has spoken with Commissioner Nelson and he has expressed his willingness to be the Board member on the approved committee by Chairman Wood.

VIII. Action Items

A. Selection of Officers: Deputy Clerk

Ms. Jordan briefed the Board and stated that at the January 14th Board meeting Steve Wood was appointed as Chairman, Tom Frishe was appointed as Vice Chairman, Amy Jordan was appointed as Treasure, Victoria Villa was appointed as Clerk and Gary Schroen was appointed as Deputy Clerk. Ms. Jordan said that article four section two of the by-laws state that the Board of Directors may also at any meeting designate a deputy clerk or deputy treasure and currently the deputy clerk position is being held by an employee that is no longer with the Airport.

Discussion:

Chairman Wood said that he would interpret this exert from the by-laws to mean that at a meeting they could appoint a deputy clerk as needed if needed.

Commissioner Murray asked if there was a need for a deputy clerk.

Ms. Jordan said occasionally there may be a need if Ms. Villa can't make a meeting. Ms. Jordan said Brian Harrison has filled in the past so if the Board wanted to elect someone from staff they would recommend Brian Harrison.

Commissioner Susuras said he would recommend appointing Brian Harrison as Deputy Clerk

*Commissioner Susuras made a motion to appoint Brian Harrison as Deputy Clerk.
Commissioner Frishe seconded. Voice Vote. All Ayes.*

B. Proposed Sublease – Larry Kempton

Ms. Jordan briefed the Board and stated that Mr. Kempton went to staff proposing a sublease for his hangar located at 2851 Aviators Wy. Ms. Jordan said that Mr. Kempton is pursuing a sublease with the City of Grand Junction and the City of Grand Junction intends to store Grand

Junction police Dept. equipment and other vehicles, particularly the Bomb Squad vehicles and other related equipment as well as the Grand Junction Regional Communication Center Mobile Communication vehicle. Ms. Jordan said it could be considered a non-aeronautical use and may require additional amendments to Mr. Kempton's base ground lease, however, it's something the Board needs to decide if it is or isn't. Ms. Jordan said the sublease was sent to the FAA for review and comment and they responded in email and those comments were sent to the city's attorney, John Shaver, and he has incorporated most of those comments into a redline version of the sublease. Ms. Jordan said that staff needs direction from the Board as far as if the Board consider this sublease aeronautical or non-aeronautical because this is going to be the guidance as to what additional amendments need to be done to Mr. Kempton original ground lease. Ms. Jordan said that if they move forward with a non-aeronautical sublease then they need some guidance on one of Mr. Miller's comments which is fair market value should be charged so that would be an amendment that would need to be made and what is fair market value. Mr. Kempton did solicit a realtor to get a market analysis done.

Discussion:

Commissioner Nelson said that for the purpose of disclosure the opinion from the realtor is Dale Bety from Coldwell Banker and Mr. Nelson is a realtor and one of the owners of Coldwell Banker Residential.

Further discussion took place on whether or not this is considered aeronautical or non-aeronautical use.

Commissioner Wagner said this seems to facilitate the operation and security concerns for the airport.

Commissioner Susuras said that since the lessee and the sub lessee have arrived at a price that's market value they're meeting the market value issue.

Ms. Jordan said that the FAA wants the Airport to charge Mr. Kempton market value. Ms. Jordan said that currently Mr. Kempton is paying more than what the analysis is proposing is fair market value.

Ms. Jordan said there are no definitions in Part 139 for aeronautical use. Ms. Jordan said a ground sublease is a document that is defined in the standardized agreement resolution as something that staff can execute, however, the city is requesting it be executed at a Board level because they use to sublease a hangar at the airport and the airport then purchased that hangar and evicted them so they would like some assurance that it's not going to happen again.

Commissioner Nelson called attention to the final paragraph that says it's important to realize the hangar is not located in an open commercial market it's located behind locked gate in an area of restricted use, it remains up to the members of the Airport Authority to determine what is fair to the airport community.

Commissioner Wood asked if the Board decides this is aeronautical use can the FAA come back and say that it's not what happens then compared to the discussion of fair market value or not fair market value.

Ms. Jordan said that if they decide this is an aeronautical use then the discussion of fair market value doesn't need to happen.

Ms. Jordan said that in the Airport Compliance Manual order 5190, the definition of aeronautical use is; "Any activity that involves, makes possible or is required for the operation of aircraft or that contributes to or is required for the safety of such operations."

Commissioner Frishe moved to authorize staff to execute this sublease. Commissioner Nelson seconded. Voice Vote. All Ayes.

C. Commercial Insurance Renewal

Ms. Jordan briefed the Board and said at the May regular Board meeting staff gave the Board an updated status on the airport insurance renewal for the periods of June 1, 2014 to June 1, 2015 and they didn't have exact premium information at that time but they do now. Ms. Jordan presented premium information and they are requesting that the Board ratifies the policy renewals for the current period.

Discussion:

Commissioner Susuras asked what the reason was for the 54% increase on director and officers.

Ms. Jordan said they have numerous outstanding claims against that policy.

Commissioner Murray asked how many claims.

Ms. Jordan said two that she is aware of.

Chairman Wood said that the civil case pending which would have been something at the D&O insurance was getting tapped for but the case has been dismissed.

Commissioner Langley asked if that was considered in this premium.

Ms. Jordan said no because the dismissal came out after the renewal occurred.

Commissioner Langley said that staff should go back and request for it to be reconsidered.

Chairman Wood added for the limit of coverage to be reconsidered.

Commissioner Langley made a motion to approve the premium as presented. Commissioner Susuras seconded. Voice Vote. All Ayes.

D. Fleet Proposal

Mr. Johnson briefed the Board and stated that over the past several weeks' staff has been looking into the fleet needs of the Airport and would like to make some recommendations and some changes. Mr. Johnson said the first three items are three GMC diesel trucks the Airport would like to dispose of and replace them with vehicles that are better suited to the operation of the airport. Airport Fleet Supervisor, Fidel Lucero, stated that the trucks are not practical for airport operation use. Mr. Lucero said that the interior of trucks are all leather which is not practical for operations on the airport and is just unnecessary luxury. Mr. Johnson and Mr. Lucero also briefed the Board on a flex wing mower that is used on the airfield for mowing large areas. Mr. Johnson said it is a 2007 model and is starting to need some major repairs. Mr. Lucero has looked at the piece of equipment and a new like unit is \$29,865.00 and they are willing to give trade in value of \$10,000.00 for the current unit.

Discussion:

Commissioner Susuras asked what the mileage was on the trucks.

Mr. Lucero said that they range from about 1400 to 2500 miles.

Commissioner Susuras asked why staff wants to sell them rather than trade them in.

Mr. Johnson said that Mr. Lucero has approached a dealer that has an extremely attractive offer for all three trucks.

Mr. Lucero said that the dealer has offered to buy these trucks outright for \$146,000.00 for all three trucks.

Mr. Johnson said all together the trucks were purchased for \$151,520.00.

Mr. Johnson said they would like to replace them with two vehicles, one being a truck and the other possibly being a larger SUV and each of them would be under the \$50,000 limit.

Commissioner Susuras made a motion to authorize staff to sell three 2013 GMC Sierra Denali diesel trucks to the dealer. Commissioner Wagner seconded. Voice Vote. All Ayes.

Commissioner Frishe made a motion to authorize staff to trade in the flex wing mower for a new like model. Commissioner Nelson seconded. Voice Vote. All Ayes.

E. Notams

Mr. Johnson briefed the Board on a new notam system. Mr. Johnson said that something that came out of the Part 139 inspection was that the inspector would like the Airport to switch over systems for notices to airmen (Notams). Mr. Johnson said that switching it over changes the agreements that they have in place for issuing notams. Mr. Johnson said there are two agreements and one of them is a letter of agreement between the contractor traffic control tower at The Airport and The Airport Authority and it covers issuing notams and notification and it requires The Airport to contact The Tower when a notam is issued. Mr. Johnson said that the

memorandum of the agreement is between the branch of the FAA that is in control of the system (The Aeronautical Information Management Branch) and the memorandum covers the issuing of notams as well, which says they will provide the system and let the Airport use it so there is no cost to switching over. The memorandum is not changeable but the letter of agreement is.

Discussion:

Chairman Wood asked about how many staff would be trained on it.

Mr. Johnson said that they have set up four administrators and anyone who is ARFF certified or is trained on the airfield so mostly everyone except subway staff and custodial staff will use it.

Chairman Wood asked if everybody was going to this system.

Mr. Johnson said eventually yes.

Commissioner Frishe made a motion to authorize staff to enter into both memorandum and letter of agreement. Commissioner Susuras seconded. Voice Vote. All Ayes.

F. Danielle Urban

Chairman Wood stated that pool layer; Danielle Urban with Fisher and Phillips, represented The Airport in the civil case that was recently dismissed has over the past several months provided pro bono employment law advice to staff. Mr. Wood said that a few days ago Ms. Urban sent a letter and stated with all due respect she enjoys working with the Airport but eventually she may have to charge for it.

Discussion:

Ms. Jordan said that it is probably long overdue for the Airport to have special council for employment matters.

Chairman Wood stated that there isn't a retainer fee, just simply as needed.

Commissioner Susuras asked what the real necessity is to hire another attorney

Commissioner Langley stated she would be handling any HR and employment related issues and or litigations like the civil case she already handled and to minimize risk in liability in potential lawsuits from either current or former employees.

Commissioner Langley made a motion to accept Fisher and Phillips as airport council for employment related issues at the presented rates. Commissioner Frishe seconded. Voice Vote. All Ayes.

G. (E). Administration Building Project

1. FAA AIP Grant Application Update

Mr. Johnson said that they received an answer from the FAA from the AIP application for the administration building and the application was not accepted and the reasoning was because they could not comply with necessary sponsor certifications.

Discussion:

Commissioner Susuras asked if they can be certified in the future and reapply.

Mr. Johnson said it's a little more complicated now because the deadline has passed and there are certain things that they may never be able to certify. Mr. Johnson said now that they don't have any approved AIP applications this year then entitlement funds will need to be rolled over into next year.

2. Outstanding Pay Requests

i. Shaw Builders LLC.

1. Pay Application #5
2. Pay Application #6
3. Suspension Costs Invoice

Discussion:

Chairman Wood stated that most of this topic was discussed at the beginning of the meeting in the public comment section.

Mr. Johnson said that since the last Board meeting they have received pay application #6 and two suspension cost invoices.

Further discussion took place on specific items on the invoices.

Chairman Wood said that he is reluctant to pay them because it was discussed that the pay apps need to be signed by someone and the first four they knew who they were signed by but they shouldn't rule out the fact that a pay app could be signed by someone else deemed by the Board, but in light of the non-prosecution agreement, he thinks it would be inappropriate to approve a pay application that is not certified.

ii. Fentress Architects

1. February – May Construction Administration Services

Commissioner Wood said he had questions about Fentress's request for payment and the prior contracts they had enclosed that were not in affect.

Ms. Jordan said that there was a contract in affect for the design of the project but that's it.

Commissioner Susuras asked if the concern about the signatures on the pay application is because of the grant which is no longer in affect.

Commissioner Wagner said that one of the things they are trying to find out is that the federal government can consider all of the funds at the Airport as under some sort of federal control and subject to their approval and one of the questions is does that mean if they haven't used past

money to pay for any of these things are they still subject to their requirements because if they are then they will be in trouble with the FAA but if they're not then they can act differently.

Ms. Jordan said that she thinks it is in direct relation to grant assurance #32 which is the selection of consultants.

Further discussion took place on Fentress and Jviation billing and the Boards concern of how the percentage complete is determined.

The Board asked Ryan Chessmore from Fentress if he would contact Jviation and get clarification on why they are not signing off on the Shaw pay applications and what is there request for them to sign off.

Commissioner Frishe said they also need to find out if Jviation doesn't sign off on it who can/will sign off.

IX. Any other business which may come before the Board

Mark Williams who is an attorney in town commented that the Board needs ALL signatures for insurance, transportation and occupancy. Mr. Williams said to stand strong on getting all signatures because they are needed.

XI. Adjournment

Commissioner Nelson moved to adjourn the meeting. Commissioner Frishe seconded. Voice Vote. All Ayes.

The Board Meeting adjourned at 10:13pm

Steve Wood, Board Chairman

ATTEST:

Victoria Villa, Clerk to the Board