

Phoenix-Mesa Gateway Airport Authority

5835 S. Sossaman Road ♦ Mesa, Arizona 85212

BOARD of DIRECTORS' MEETING AGENDA

Monday, May 24, 2010 ♦ 9:00 a.m.

1. **Call to Order: Phoenix-Mesa Gateway Airport Authority** – *Mayor Art Sanders, Chair*
2. **Awards, Guest Introductions, and Announcements**
3. **Comments From the Public:** *(Members of the public may comment on any item of interest. Arizona Open Meeting law does not permit the Board to discuss items not specifically on the agenda.)*
4. **Progress Reports:**
 - a) **ASU Polytechnic** – *Dr. Keith Hjelmstad, Vice President & Dean, College of Technology & Innovation*
 - b) **Chandler-Gilbert Community College** – *John Schroeder, Provost*
5. **Review of Monthly Staff Reports and Updates on:** ♦ **Construction** ♦ **Commercial Service** ♦ **Finance** *Lynn Kusy, Executive Director*
6. **Presentation – FY 2011-2015 Strategic Business Plan** – *Lynn Kusy, Executive Director*
7. **Discussion Item: Responsibilities of the Board of Directors and Executive Director Regarding Lease Amendments** - *Christopher Schmalz, Gust Rosenfeld PLC*
8. **Consent Agenda - Consideration and Possible Approval of:**

Tab A – Minutes of Board Meeting held on March 15, 2010.

- Tab B - B1. 10-07** **Cessna Aircraft Company:** Ratifying the First Amendment to Cessna Aircraft's Lease Agreement that Expands the Leasehold Area by 5,204 Square Feet and Increases Annual Rent to \$124,530.72 Annually Effective March 1, 2010.
- B2. 10-08** **Reliance Williams Gateway LLC:** Ratifying the Termination of a Joint Development Agreement with Reliance Williams Gateway LLC Effective as of March 1, 2010.
- B3. 10-09** **Cimarron Airpark, LLC XVI:** Authorizing a Fifth Lease Amendment with Cimarron Airpark, LLC, XVI Effective March 1, 2010 Extending Cimarron's Temporary Lease of Parcel 3, Lot 60 For One Additional Year Effective as of March 1, 2010.
- B4. 10-10** **IWA Holdings** (dba Crown Air): Authorizing a First Lease Amendment Effective April 1, 2010 Permitting Crown Air to Phase Project Development in Return for Payment of \$31,855.78, and Allows First Rent Payment to be Delayed from February 1, 2010 to August 1, 2010.
- B5. 10-11** **Reliance Companies V, LLC:** Authorizing a First Amendment to the Reliance Companies V, LLC, Ground Lease Modifying Rent Payments and Due Dates Effective March 1, 2010.
- B6. 10-12** **HDH Systems Williams AZ, LLC:** Authorizing a Third Amendment to the HDH Systems Williams AZ, LLC, lease to change the rent calculation formula through December 31, 2012 and revise the individual building construction schedule. This amendment will be effective on June 1, 2010.
- B7. 10-13** **ISS Facility Services:** Authorizing a One-Year Extension of Contract C-2009012 for Custodial Services with ISS Facility Services Commencing July 1, 2010 in the Amount of \$90,000.
- B8. 10-14** **Jetstrip, Inc.:** Authorizing a First Amendment to the Jetstrip Lease Extending the Lease on a Month-to-Month Basis From June 1, 2010 through December 31, 2010.

Agenda – Page Two

Consideration and Possible Approval of:

9. **Resolution No. 10-15** – Adopt the [Fiscal Year 2011-2015 Strategic Business Plan](#).
10. **Resolution No. 10-16** –Authorizing Contracts with [Sanderson Ford, Inc.](#) for the Purchase of Two 2010 Ford F-150 XL Pickup Trucks for a Total Amount of \$32,458.02.
11. **Board Member Comments / Announcements**
12. **Next Meeting:** Monday, June 21, 2010 – 9:00 am
13. **Adjourn**

Pursuant to ARS 38-431.02, notice is hereby given to the members of the Phoenix-Mesa Gateway Airport Authority and the general public that the Airport Authority will hold a meeting open to the public on Monday, May 24, 2010 at 9:00 am. One or more members of the Board may attend meeting by electronic means ♦ Agenda posted at www.phxmesagateway.org



**MINUTES OF THE
PHOENIX-MESA GATEWAY AIRPORT AUTHORITY**

BOARD MEETING

March 15, 2010

AIRPORT AUTHORITY BOARD MEMBERS

Mayor Art Sanders, Queen Creek
Councilwoman Thelda Williams, Phoenix
Mayor John Lewis, Gilbert
Lt. Governor Joseph Manuel, Gila River Indian Community
Mayor Scott Smith, Mesa *

** not present*

GUESTS PRESENT

Kent Dibble, Dibble Engineering
Nadine Becker, Barton Malow
Russ Brandt, Blue Chip Land Corp.
Matt Busby, City of Apache Junction
Shane Dille, Town of Queen Creek
Kevin Eckels, Barton Malow
Kristian Hiu, IDS
Ken Halverson, Jetstrip
Larry Kieser, Mesa Police Department
Johannes Kurz, Gateway Ambassador

Bryan Packham, IDS
Scot Rigby, City of Mesa
Christopher Schmaltz, Gust Rosenfeld
Councilmember John Sentz, Gilbert
Peter Sterling, East Valley Partnership
Art Thomason, Arizona Republic
Paul Womack, Phoenix Fire Center
Floyd Moore, Valle del Oro
Ken Snyder, Dibble Engineering

AIRPORT STAFF PRESENT

Casey Denny, Deputy Director
Doug Drown, Manager – Budget & Financial Planning
Gretchen Hawkins, Executive Assistant/Clerk to the Board of Directors
Lynn Kusy, Executive Director
Bill Mitchell, Director – Operations & Maintenance

CALL TO ORDER

The meeting was called to order by Chair Sanders at 9:00 a.m.

AWARDS, GUEST INTRODUCTIONS, AND ANNOUNCEMENTS

Chair Sanders made the following announcements:

- Former Queen Creek Councilmember Gail Barney was elected last week as the new mayor;
- Each Board member received a copy of the annual financial audit;
- Mayor Smith and members of the Mesa Council are in Washington, D.C.; and
- Gilbert Councilmember John Sentz was introduced.

COMMENTS FROM THE PUBLIC

There were no comments from members of the public.

PROGRESS REPORTS

There were no progress reports given.

EXECUTIVE DIRECTOR'S REPORT - Review of Monthly Staff Reports and Updates on: Construction ♦ Commercial Service ♦ Finance ♦

Mr. Kusy began by expressing condolences to the family of the pilot who was killed in Chandler last week, Nazzi Hirani.

Mr. Kusy provided highlights from the February staff report as follows:

- A kickoff meeting for the Northeast Area Development Study was held in February. The nine-month Study is expected to be completed by the end of the year.
- The Assistant Administrator for Security Operations of the TSA visited and toured Gateway. He presented letters of commendation to two Mesa police officers and two Gateway employees.
- A grand opening celebration will be held this week for the Immigration and Customs Enforcement facility.
- Casey Denny and Bill Mitchell attended the Allegiant Air airports conference. Mr. Denny noted that Allegiant is very pleased with the relationship with the community and with the Airport.
- A General Plan amendment has been filed to increase residential development on property at Queen Creek and Meridian Roads. The Airport Authority traditionally opposes additional residential development in that area (Airport Overflight Zone 2). The proposed amendment has other positive aspects for the area, including transportation improvements, but the Airport will oppose the residential development.
- The January financial performance was very good at approximately \$150,000 ahead for the month.
- February fuel deliveries finished at 1,023,000 gallons, an increase of 30 percent over February 2009. Allegiant Air is a major contributor, with 657,000 gallons (51 percent) in February.
- Government and contract sales decreased and retail sales were generally flat.
- February real estate occupancy rate remains at 55 percent, but a slight increase in lead activity has been seen.
- Himovitz Properties began construction on an additional 15,000 square feet to the former "cargo" building. Half of this space has been pre-leased to U.S. Forest Service.
- Hawker Beechcraft's grand opening event is scheduled for April 22.
- While visiting Gateway last week, the TSA Assistant Administrator looked at the new baggage screening machine while he was here. Staff hopes to eventually have four screening machines on site.
- FAA held their annual tower inspection and we passed with no discrepancies.
- 58,000 passengers were handled in January; load factors were 89 percent on scheduled operations.
- Staff expects March of 2010 will be the busiest month ever with 309 scheduled departures and we anticipate handling 45,000 enplaned passengers in March.

FY09 FINANCIAL REPORT

Dennis Osuch from LarsonAllen LLP reported on the fiscal year 2009 audit. Mr. Osuch said his firm looks at the Airport's financial statements as well as major federal programs. They look at internal controls over these items. He said there were no compliance issues or deficiencies and they issued an unqualified opinion on the annual financial report with no deficiencies.

CONSIDERATION AND POSSIBLE APPROVAL OF:

Minutes of Board Meeting held on February 16, 2010.

Mayor Lewis moved to approve the February 16, 2010 Minutes. Councilwoman Williams seconded the motion. The motion carried unanimously.

RESOLUTION NO. 10-04 – Adopting Fiscal Year 2011 **Budget** in the Amount of \$32,156,142.

Doug Drown, Manager – Budget & Financial Planning, gave a brief presentation on the proposed budget.

Responding to a question from Mayor Lewis about enplanement assumptions, Mr. Drown explained that staff uses the forecast number received from Allegiant Air looking five to six month out. Staff then uses that number to forecast out about 15 to 16 months. Mr. Drown said staff tends to be conservative on forecasting.

Mayor Lewis asked how solid the four grants are. Mr. Denny responded that although staff is confident about receiving the grants, funding can be impacted by Congress acting on the FAA reauthorization bills. Mr. Drown added that Gateway has received an average of \$15 million each year from the FAA over the past few years.

Mayor Lewis reported that Gilbert leadership is very comfortable with the Airport's proposed budget.

Councilwoman Williams added that Phoenix staff is also comfortable with the budget, but asked for clarification on personnel costs, number of positions, the estimated 2 percent increase for FY2011 for salaries and fringe benefits. Mr. Drown responded that an increase for potential health insurance increases at about 10 percent is included. Mr. Kusy added that staff compensation is flat, but fringe benefits might go up but because they are only a small part of the total line item, the total will increase only slightly. Also, because our fringe benefit contracts are bid on a calendar year basis, we know exactly what our costs will be for the first half of the fiscal year.

Councilwoman Williams moved to approve Resolution No. 10-04. Mayor Lewis seconded the motion. The motion carried unanimously.

RESOLUTION NO. 10-05 – Approving Authorization of Services No. 10-08 with **Dibble Engineering** for Design of a Foam Basin for Hangar 1084 at a Cost Not to Exceed \$66,445.74.

Mr. Kusy explained a foam basin is needed to capture and collect fire retardant if the hangar sprinkler system is engaged. Hangar 1084 has never had this foam basin system.

Mayor Lewis moved to approve Resolution No. 10-05. Councilwoman Williams seconded the motion. The motion carried unanimously.

RESOLUTION NO. 10-06 – Approving Authorization of Services No. 10-1002 with **Dibble Engineering** to Design an Expansion of the Fuel Farm at a Cost Not to Exceed \$135,826.85.

Councilwoman Williams moved to approve Resolution No. 10-06. Mayor Lewis seconded the motion. The motion carried unanimously.

BOARD MEMBER COMMENTS

Mayor Lewis expressed appreciation for last week's "Fergie and Feller Field" courtyard dedication. Mr. Kusy recapped the event by saying that Bob Feller and Ferguson Jenkins were here at Gateway when the courtyard was dedicated to the two pitchers.

Mr. Kusy reported that he was in Washington, D.C. two weeks ago where he met with FAA officials and staff of Congressmen Flake and Mitchell. He said that the House has passed the FAA Reauthorization Bill several months ago and the Bill is being debated on the Senate floor this week. He said the hope is to have the Bill approved by the Senate by the end of the month and then to the Conference Committee. Mr. Kusy said he encouraged the FAA to fund the Airport Improvement Program, the Contract Tower Program, and expansion of our tower hours.

NEXT MEETING

Monday, April 19, 2010 – 9:00 am

ADJOURN

The meeting adjourned at 9:37 am.



Airport Administration
5835 South Sossaman Road
Mesa, Arizona 85212
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www.phxmesagateway.org

Action Item

RESOLUTION NO. 10-07

To: Board of Directors
From: Casey Denny, C.M., C.A.E., Deputy Director
Through: Lynn F. Kusy, C.M., C.A.E., Executive Director
Re: First Amendment to Lease – Cessna Aircraft Company
Date: May 24, 2010

Proposed Motion:

Approve Resolution No. 10-07 ratifying the First Amendment to Cessna Aircraft Company's lease agreement that expands the leasehold area by 5,204 square feet and increases the annual rent from \$123,229.75 to \$124,530.72. This amendment was effective as of March 1, 2010.

Narrative:

On January 18, 2005, Cessna Aircraft Corporation executed a lease with the Airport for 11.3 acres of land for development of a Citation Service Center. The service center was subsequently completed and opened for operations in January 2009.

Section 4.1 of Cessna's lease allowed them the option of installing two underground aviation fuel tanks with a combined capacity of no more than 40,000 gallons. In early 2009, Cessna elected to exercise this option and completed construction in February 2010. However, it was realized that the fuel system and related clear areas extended off the original leasehold. This amendment increased the size of the leasehold to accommodate the fuel facility and all required setbacks, which also increased the annual (gross) rental payment from \$123,229.75 to \$124,530.72. All other provisions of the lease remain unchanged.

The Executive Director executed this amendment based upon staff's interpretation of the Authority's leasing policy and resolution language. Legal counsel has advised that this interpretation may be incorrect, and that it would be best to have the Board formally approve the lease amendment.

Attachment: First Amendment to Lease



PhxMesa **Gateway** Airport

RESOLUTION NO. 10-07

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority, was formed pursuant to Arizona Revised Statutes § 28-8521 *et seq.* for the purpose of, among other things, redeveloping portions of the former Williams Air Force Base as a civilian airport known as the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Airport Authority desires to modify the lease agreement between the Authority and Cessna Aircraft Company that was approved previously by the Board on January 18, 2005;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Phoenix-Mesa Gateway Airport Authority as follows:

The Phoenix-Mesa Gateway Airport Authority Board of Directors hereby ratifies the First Amendment to Cessna Aircraft Company’s lease agreement that expands the leasehold area by 5,204 square feet and increases the annual rent from \$123,229.75 to \$124,530.72. This amendment was effective as of March 1, 2010. This Resolution also authorizes the Chair or Executive Director to execute such agreement, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Phoenix-Mesa Gateway Airport Authority this 24th day of May 2010.

ATTEST:

CLERK

CHAIR

APPROVED AS TO FORM:

ATTORNEY



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Action Item

RESOLUTION NO. 10-08

To: Board of Directors
From: Casey Denny, C.M., C.A.E., Deputy Director
Through: Lynn F. Kusy, C.M., C.A.E., Executive Director
Re: Termination of Joint Development Agreement – Reliance Williams Gateway LLC
Date: May 24, 2010

Proposed Motion:

Approve Resolution No. 10-08 ratifying the termination of a joint development agreement with Reliance Williams Gateway LLC. This termination was effective as of March 1, 2010.

Narrative:

On August 1, 2006, the Airport entered into a joint development agreement with Reliance Williams Gateway LLC for development of approximately 50 acres of non-aviation land adjacent Velocity Way. Its purpose was to bring infrastructure and speculative buildings to the area as a means of jump-starting development within the south central industrial area of the Airport. Key to these efforts was the requirement for Reliance to construct Verona Avenue (now known as Vapor Trail).

Initially, area development began in earnest with Reliance constructing a speculative office/warehouse facility, designing Vapor Trail, and finding three additional developers to build facilities at the Airport. However, the subsequent economic downturn stalled many projects and resulted in Reliance concluding they could no longer afford to complete the centerpiece part of the agreement - - construction of Vapor Trail. This failure placed the agreement in default and led both parties to mutually conclude that termination of the agreement was appropriate. The termination agreement calls for the roadway plans (valued at approximately \$200,000) to transfer to Gateway for a fee of \$16,000. In exchange, the agreement is voluntarily terminated (as opposed to a termination due to default), which allows Reliance to be considered for future development activity at the Airport.

The Executive Director executed this termination based upon staff's interpretation of the Authority's leasing policy and resolution language. Legal counsel has advised that this interpretation may be incorrect, and that it would be best to have the Board formally approve the termination.

Attachment: Termination of Joint Development Agreement



RESOLUTION NO. 10-08

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority, was formed pursuant to Arizona Revised Statutes § 28-8521 *et seq.* for the purpose of, among other things, redeveloping portions of the former Williams Air Force Base as a civilian airport known as the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Airport Authority desires to terminate the previous Joint Development Agreement between the Authority and Reliance Williams Gateway LLC that was approved by the Board of Directors on August 1, 2006;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Phoenix-Mesa Gateway Airport Authority as follows:

The Phoenix-Mesa Gateway Airport Authority Board of Directors hereby ratifies the termination of a joint development agreement with Reliance Williams Gateway LLC. This termination was effective as of March 1, 2010.

Passed and adopted by the Phoenix-Mesa Gateway Airport Authority this 24th day of May 2010.

ATTEST:

CLERK

CHAIR

APPROVED AS TO FORM:

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RESOLUTION NO. 10-09

To: Board of Directors
From: Casey Denny, C.M., C.A.E., Deputy Director
Through: Lynn F. Kusy, C.M., C.A.E., Executive Director
Re: Fifth Amendment to Lease – Cimarron Airpark, LLC XVI
Date: May 24, 2010

Proposed Motion:

Approve Resolution No. 10-09 authorizing a Fifth Amendment to the Cimarron Airpark, LLC, XVI lease agreement that extends the term of Cimarron's temporary lease of Parcel 3, Lot 60 (the former cargo area) for one additional year. This amendment will be retroactive to March 1, 2010.

Narrative:

On March 1, 2009, Cimarron Airpark, LLC, XVI temporarily leased Parcel 3, Lot 60 to accommodate US Forest Service (USFS) activities pending completion of new facilities for them on Parcel 1. Delays in finalizing the USFS lease for those new facilities with the US General Services Administration (on behalf of USFS) have extended the construction schedule, requiring continued use of Parcel 3 for one additional year.

This Fifth Amendment extends the term for Parcel 3 for one additional year. It also permits Cimarron to cancel this extension at any time prior to the scheduled expiration date (February 28, 2011) if construction of the new facilities on Parcel 1 is completed earlier, and Cimarron provides 30 day's advance notice to the Airport Authority. All other provisions of the lease, including rent, remain unchanged.

Attachment: Fifth Amendment to Lease



PhxMesa **Gateway** Airport

RESOLUTION NO. 10-09

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority, was formed pursuant to Arizona Revised Statutes § 28-8521 *et seq.* for the purpose of, among other things, redeveloping portions of the former Williams Air Force Base as a civilian airport known as the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Airport Authority desires to modify the Ground Lease Agreement between the Authority and Cimarron Airpark, LLC XVI that was approved previously by the Board on May 23, 2005;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Phoenix-Mesa Gateway Airport Authority as follows:

The Phoenix-Mesa Gateway Airport Authority Board of Directors hereby authorizes a Fifth Amendment to the Cimarron Airpark, LLC, XVI lease agreement that extends the term of Cimarron’s temporary lease of Parcel 3, Lot 60 (the former cargo area) for one additional year. This amendment will be retroactive to March 1, 2010. This Resolution also authorizes the Chair or Executive Director to execute such agreement, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Phoenix-Mesa Gateway Airport Authority this 24th day of May 2010.

ATTEST:

CLERK

CHAIR

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Action Item

RESOLUTION NO. 10-10

To: Board of Directors
From: Casey Denny, C.M., C.A.E., Deputy Director
Through: Lynn F. Kusy, C.M., C.A.E., Executive Director
Re: First Amendment to Lease – IWA Holdings, LLC, (Dba Crown Air Aviation)
Date: May 24, 2010

Proposed Motion:

Approve Resolution No. 10-10 authorizing a First Amendment to the IWA Holdings, LLC, (Dba Crown Air Aviation) lease agreement to permit Crown Air to phase development of their original project and delay their first scheduled rent payment from February 1, 2010 to August 1, 2010. This amendment will be effective as of April 1, 2010.

Narrative:

On March 1, 2008, IWA Holdings, LLC, (Dba Crown Air Aviation) executed a lease with the Airport for approximately 13 acres of land for development of a general aviation aircraft maintenance and avionics repair station and large corporate aircraft hangars. As a result of current economic conditions and a change in company leadership, Crown Air requested an accommodation to vary the construction milestones specified in their lease.

The accommodation, specified in this First Amendment, allows Crown Air to: 1.) divide their project into two parts, the first of which must now be completed no later than March 1, 2012; and 2.) pay for an option for Lots 42C/D (6.63 acres) for up to two years and eight months.

In return for this accommodation, Crown Air has agreed to: (i) pay the Airport Authority \$31,855.78; (ii) commence Base Rent payments on August 1, 2010; and (iii) remit payments for the Phase 2 option parcel equal to \$14,884.46 for the first eight months, \$19,845.94 for the next 12 months, and \$21,014.35 for the final 12 months. This accommodation enables the Airport to acquire a new aircraft maintenance and avionics repair capability that will serve a variety of small piston aircraft and corporate jets, which is not currently available on the Airport. All other provisions of the lease remain unchanged.

Attachment: First Amendment to Lease



PhxMesa **Gateway** Airport

RESOLUTION NO. 10-10

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority, was formed pursuant to Arizona Revised Statutes § 28-8521 *et seq.* for the purpose of, among other things, redeveloping portions of the former Williams Air Force Base as a civilian airport known as the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Airport Authority desires to modify that certain Property Lease Agreement between the Authority and IWA Holdings, LLC (Dbas Crown Air Aviation) that was approved previously by the Board on February 19, 2008;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Phoenix-Mesa Gateway Airport Authority as follows:

The Phoenix-Mesa Gateway Airport Authority Board of Directors hereby authorizes a First Amendment to the IWA Holdings, LLC, (Dbas Crown Air Aviation) lease agreement to permit Crown Air to phase development of their original project and delay their first scheduled rent payment from February 1, 2010 to August 1, 2010. This amendment will be effective as of April 1, 2010. This Resolution also authorizes the Chair or Executive Director to execute such agreement, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Phoenix-Mesa Gateway Airport Authority this 24th day of May 2010.

ATTEST:

CLERK

CHAIR

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Action Item

RESOLUTION NO. 10-11

To: Board of Directors
From: Casey Denny, C.M., C.A.E., Deputy Director
Through: Lynn F. Kusy, C.M., C.A.E., Executive Director
Re: First Amendment to Lease – Reliance Companies V, LLC
Date: May 24, 2010

Proposed Motion:

Approve Resolution No. 10-11 authorizing a First Amendment to the Reliance Companies V, LLC, ground lease modifying rent payments and due dates. This amendment was effective as of March 1, 2010.

Narrative:

On August 1, 2006, Reliance Companies V, LLC executed a ground lease with the Airport for approximately 4.2 acres of land for construction of a speculative industrial flex building that was to serve as an incubator for other development within the area defined as the Aero Business Park.

Reliance's first payment of base rent was scheduled to begin on the earlier of August 1, 2011 or after 50 percent of their building is tenant occupied. Due to a continuing negative real estate market, Reliance has experienced difficulties in finding tenants for its building, which is affecting the project's solvency. Since the ground rent has not yet started and the facility's occupancy remains low, Reliance requested temporary ground rent payment relief.

Staff recommends adopting this amendment, which changes the rent commencement date from August 1, 2011 to August 1, 2012, and defers rent due between August 1, 2012 and July 31, 2015, at which time it would become due in equal monthly installments of \$3,310.80 (including interest) for 10-years thereafter as an additional ground rent payment. In addition, this amendment eliminates the percentage rent formula so that 100 percent of rent commences on August 1, 2015. The amendment also offers Reliance the opportunity to repay all deferred rent early, should it elect to do so.

Attachment: First Amendment to Lease



PhxMesa **Gateway** Airport

RESOLUTION NO. 10-11

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority, was formed pursuant to Arizona Revised Statutes § 28-8521 *et seq.* for the purpose of, among other things, redeveloping portions of the former Williams Air Force Base as a civilian airport known as the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Airport Authority desires to modify the lease agreement between the Authority and Reliance Companies V, LLC that was approved previously by the Board on July 17, 2006;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Phoenix-Mesa Gateway Airport Authority as follows:

The Phoenix-Mesa Gateway Airport Authority Board of Directors hereby approves the proposed First Amendment to Lease authorizing a waiver of rent for the period August 1, 2011 through July 31, 2012; deferral of rent due during the period August 1, 2012 through July 31, 2015, with monthly payments of \$3,310.80 commencing on August 1, 2015 and continuing for 10 years thereafter unless sooner repaid to the Authority; and establishing August 1, 2015 as the date actual payments begin. This Resolution also authorizes the Chair or Executive Director to execute such agreement, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Phoenix-Mesa Gateway Airport Authority this 24th day of May 2010.

ATTEST:

CLERK

CHAIR

APPROVED AS TO FORM:

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Action Item

RESOLUTION NO. 10-12

To: Board of Directors
From: Casey Denny, C.M., C.A.E., Deputy Director
Through: Lynn F. Kusy, C.M., C.A.E., Executive Director
Re: Third Amendment to Lease – HDH Systems Williams AZ, LLC
Date: May 24, 2010

Proposed Motion:

Approve Resolution No. 10-12 authorizing a Third Amendment to the HDH Systems Williams AZ, LLC, lease to change the rent calculation formula through December 31, 2012 and revise the individual building construction schedule. This amendment will be effective on June 1, 2010.

Narrative:

HDH Systems is the developer of general aviation T and box hangars on the Airport. In lieu of the Airport developing such facilities, HDH leased land from the Airport and constructed 54 aviation hangars that are offered for sale or lease to private aircraft owners at market rate.

HDH Systems' original lease was structured such that rent was variable based upon the percentage of hangars actually occupied, regardless of size. However, this approach failed to recognize a variation in hangars sizes, which unintentionally disadvantaged HDH. To correct this and re-set the lease to its original intent, this amendment modifies the rent calculation to be based upon *square feet* of hangars occupied versus *number* of hangars occupied.

In addition, the decline in the real estate market has significantly affected hangar sales. As a result, cash flow is currently insufficient to sustain the project (HDH's actual rent rolls and expenditures were reviewed by staff). In an effort to facilitate HDH's continuing efforts to sustain the project through the lull in the real estate market and avoid Gateway or a third party having to step in through default proceedings, this amendment temporarily rolls back a previous CPI increase until January 2013. These changes will temporarily reduce the monthly rent from \$8,556.31 to approximately \$5,955.07, until January 2013 when total rent is scheduled to increase to approximately \$11,763.66.

This amendment also revises the construction milestone reflecting an earlier completion of Building D and later completion date for Building A, which will now be January 1, 2013.

The intent of this amendment is to keep the project viable during this critical initial development time period. Typically, staff would refrain from recommending renegotiating lease terms due to market changes, but the dramatic and significant fall in hangar sales and rentals occurring during a critical start-up timeframe compels staff to recommend this amendment. The resulting ground lease rate remains competitive in the current market.

Attachment: Third Amendment to Lease



RESOLUTION NO. 10-12

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority, was formed pursuant to Arizona Revised Statutes § 28-8521 *et seq.* for the purpose of, among other things, redeveloping portions of the former Williams Air Force Base as a civilian airport known as the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Airport Authority desires to modify the Lease Agreement between the Authority and HDH Systems Williams AZ, LLC that was approved previously by the Board on December 19, 2005;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Phoenix-Mesa Gateway Airport Authority as follows:

The Phoenix-Mesa Gateway Airport Authority Board of Directors hereby approves the proposed Third Amendment to Lease authorizing to change the rent calculation formula through December 31, 2012 and revising the individual building construction schedule. This Resolution also authorizes the Chair or Executive Director to execute such agreement, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Phoenix-Mesa Gateway Airport Authority this 24th day of May 2010.

ATTEST:

CLERK

CHAIR

APPROVED AS TO FORM:

ATTORNEY



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Action Item

RESOLUTION NO. 10-13

To: Board of Directors
From: Bill Mitchell, Director, Operations and Maintenance
Through: Lynn F. Kusy, C.M., C.A.E., Executive Director
Re: Custodial Contract – ISS Facility Services
Date: May 24, 2010

Proposed Motion:

Approve Resolution No. 10-13 authorizing a one-year extension of contract C-2009012 for custodial services with ISS Facility Services in the amount of \$90,000 commencing July 1, 2010.

Narrative:

A primary function of the Operations and Maintenance Division is to ensure Airport facilities provide a safe, clean, and healthy environment for passengers, visitors, tenants and staff. This contract covers custodial services for five Airport facilities including the Charles L Williams Passenger Terminal, the General Aviation Center and commencing in November 2010, the west terminal expansion.

In October 2009, the Board awarded a one-year agreement with four one-year optional extensions to ISS Facility Services for custodial services. The initial award expires in June 2010. Staff is satisfied with the services being provided by ISS Facility Services and is recommending a one-year extension. This will be the first of the four one-year optional extensions.

ISS Facility Services, founded in 1901, has over 16,000 employees responsible for the daily cleaning of 400 million square feet. Additionally, ISS Facility Services has a strong track record providing custodial services for aviation facilities including US Airways Flight Center, Denver International Airport, and Orlando International Airport.

Fiscal Impact:

This contract is included in the FY11 operating budget and is funded under Contract Services: Janitorial.

Attachments



RESOLUTION NO. 10-13

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority, was formed pursuant to Arizona Revised Statutes § 28-8521 *et seq.* for the purpose of, among other things, redeveloping portions of the former Williams Air Force Base as a civilian airport known as the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Airport Authority desires to extend custodial services;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Phoenix-Mesa Gateway Airport Authority as follows:

The Phoenix-Mesa Gateway Airport Authority Board of Directors hereby authorizes a one-year extension of contract C-2009012 for custodial services with ISS Facility Services in the amount of \$90,000 commencing July 1, 2010. This Resolution also authorizes the Chair or Executive Director to execute such agreement, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Phoenix-Mesa Gateway Airport Authority this 24th day of May 2010.

ATTEST:

CLERK

CHAIR

APPROVED AS TO FORM:

ATTORNEY



Airport Administration
5835 South Sossaman Road
Mesa, Arizona 85212
Telephone: 480-988-7600
FAX: 480-988-2315
www.phxmesagateway.org

Action Item

RESOLUTION NO. 10-14

To: Board of Directors
From: Casey Denny, C.M., C.A.E., Deputy Director
Through: Lynn F. Kusy, C.M., C.A.E., Executive Director
Re: First Amendment to Lease – Jetstrip, Inc.
Date: May 24, 2010

Proposed Motion:

Approve Resolution No. 10-14 authorizing a First Amendment to the Jetstrip, Inc. lease extending the lease on a month-to-month basis from June 1, 2010 through December 31, 2010.

Narrative:

Jetstrip has been an Airport tenant since 1998, operating out of the former US Air Force paint stripping facility (Building 1541).

In 2009, Jetstrip entered into a new lease that expires on May 31, 2010. A decision on whether to extend or renew this lease has been pending possible new contracts with The Boeing Company and others that would enable Jetstrip to remain in business here. This amendment enables Jetstrip to remain in their facility on a month-to-month basis through December 2010, or until their pending contract decisions are made.

Attachment: First Amendment to Lease



PhxMesa **Gateway** Airport

RESOLUTION NO. 10-14

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority, was formed pursuant to Arizona Revised Statutes § 28-8521 *et seq.* for the purpose of, among other things, redeveloping portions of the former Williams Air Force Base as a civilian airport known as the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Airport Authority desires to modify the Property Lease Agreement between the Authority and Jetstrip, Inc. that was approved on July 28, 2009;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Phoenix-Mesa Gateway Airport Authority as follows:

The Phoenix-Mesa Gateway Airport Authority Board of Directors hereby approves the First Amendment to Lease authorizing a month-to-month extension of the lease term effective June 1, 2010 through December 31, 2010. This Resolution also authorizes the Chair or Executive Director to execute such agreement, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Phoenix-Mesa Gateway Airport Authority this 24th day of May 2010.

ATTEST:

CLERK

CHAIR

APPROVED AS TO FORM:

ATTORNEY



**Phoenix-Mesa Gateway Airport
Airport Administration**
5835 South Sossaman Road
Mesa, Arizona 85212-6014
Telephone: 480-988-7600
FAX: 480-988-2315
www.phxmesagateway.org

Action Item

RESOLUTION NO. 10-15

To: Board of Directors
From: Lynn F. Kusy, C.M., C.A.E., Executive Director
Re: FY 2011-2015 Strategic Business Plan
Date: April 1, 2010

Proposed Motion:

Approve Resolution No. 10-15 adopting the Fiscal Year 2011-2015 Strategic Business Plan.

Narrative:

The purpose of the Strategic Business Plan is to present a clear picture of the activities required during the planning period to fulfill the Airport Authority's mission and meet its goals. The document summarizes the short-term and long-term vision for the Airport, identifies business factors that may affect the Airport, and sets forth a strategy and specific tasks necessary to address each goal.

For the five-year period, the Authority has established seven primary goals and outlined a specific strategy or direction to achieve them:

1. Maintain a high level of community support.
2. Improve the financial operating results.
3. Expand commercial passenger service.
4. Establish cargo service.
5. Generate jobs and economic activity.
6. Improve and expand facilities and services for general aviation.
7. Begin planning for the construction and financing of the east side terminal and related development.

Each department develops an annual work program based on the Strategic Business Plan and the budget, which was adopted by the Board of Directors in March 2010.

Attachment: *FY 2011-2015 Strategic Business Plan*



RESOLUTION NO. 10-15

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority, was formed pursuant to Arizona Revised Statutes § 28-8521 *et seq.* for the purpose of, among other things, redeveloping portions of the former Williams Air Force Base as a civilian airport known as the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Airport Authority desires to adopt the Strategic Business Plan;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Phoenix-Mesa Gateway Airport Authority as follows:

The Phoenix-Mesa Gateway Airport Authority Board of Directors hereby adopts the Fiscal Year 2011-2015 Strategic Business Plan.

Passed and adopted by the Phoenix-Mesa Gateway Airport Authority this 24th day of May 2010.

ATTEST:

CLERK

CHAIR

APPROVED AS TO FORM:

ATTORNEY



Phoenix-Mesa Gateway Airport
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Mesa, Arizona 85212-6014
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Action Item

RESOLUTION NO. 10-16

To: Board of Directors
From: Bill Mitchell, Director, Operations & Maintenance
Through: Lynn F. Kusy, C.M., C.A.E., Executive Director
Re: Vehicle Replacement – Sanderson Ford
Date: May 24, 2010

Proposed Motion:

Approve Resolution No. 10-16 authorizing contracts with Sanderson Ford, Inc. for the purchase of two 2010 Ford F-150 XL pickup trucks for a total amount of \$32,458.02.

Narrative:

In 2004, the Airport Authority developed a Vehicle Replacement Policy to provide guidance, criteria and procedures for the replacement of passenger and transport motor vehicles. Vehicles with high mileage, over 10 years old, high maintenance costs in relation to vehicle value, and a poor condition rating become eligible for replacement. Currently, vehicles TRK-205 and TRK-505 meet the criteria to be considered for replacement this fiscal year.

The Airport Authority is a member of the Strategic Alliance for Volume Expenditures (S.A.V.E). Membership in S.A.V.E. allows staff to access various Arizona municipal and school district contracts. Sanderson Ford, Inc. is a vendor under Arizona Department of Transportation (ADOT) contracts. Sanderson Ford, Inc. will provide two 2010 Ford F-150 XL pickup trucks to meet scope under ADOT contract SCC090000-2.

Fiscal Impact:

This contract is included in the FY11 capital budget, and is funded with Non-Grant Capital funds as Project #590.



PhxMesa **Gateway** Airport

RESOLUTION NO. 10-16

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority, was formed pursuant to Arizona Revised Statutes § 28-8521 *et seq.* for the purpose of, among other things, redeveloping portions of the former Williams Air Force Base as a civilian airport known as the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Airport Authority desires to enter into contracts for vehicle purchase;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Phoenix-Mesa Gateway Airport Authority as follows:

The Phoenix-Mesa Gateway Airport Authority Board of Directors hereby authorizes contracts with Sanderson Ford, Inc. for the purchase of two 2010 Ford F-150 XL pickup trucks for a total amount of \$32,458.02. This Resolution also authorizes the Chair or Executive Director to execute such agreement, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Phoenix-Mesa Gateway Airport Authority this 24th day of May 2010.

ATTEST:

CLERK

CHAIR

APPROVED AS TO FORM:

ATTORNEY