



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

BOARD MEETING

May 24, 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

Nadine Becker, Barton Malow	George Raymond, Mesa Resident
Nikki Bernstein, HPI	Richard Reese, Hensel Phelps Construction Co.
Russ Brandt, Blue Chip Land Corp.	Scot Rigby, City of Mesa
Kevin Eckels, Barton Malow	Christopher Schmaltz, Gust Rosenfeld
Tamie Fisher, City of Phoenix	Tom Schuett, Queen Creek Resident
Ken Halverson, Jetstrip	Councilmember John Sentz, Gilbert
Dr. Keith Hjelmstad, ASU Polytechnic	Commander Joe Shelley, Mesa Police Dept.
Larry Kieser, Mesa Police Department	Vicky Songer, Town of Queen Creek
John Kross, Town of Queen Creek	Phil Statt, HPI
Johannes Kurz, Gateway Ambassador	Bruce Tinsley, Access & Egress
Mike McCleve, Gilbert Leadership	Paul Womack, Phoenix Fire Center
Floyd Moore, Valle del Oro	

AIRPORT STAFF PRESENT

Casey Denny, Deputy Director
Carl Drehle, Supervisor, Gateway Aviation Services
Gretchen Hawkins, Executive Assistant/Clerk to the Board of Directors
Dwayne Hoyt, Specialist - Operations
Lynn Kusy, Executive Director
Chris McCarthy, Specialist – Line Service
Bill Mitchell, Director – Operations & Maintenance

CALL TO ORDER

The meeting was called to order by Chair Sanders at 9:02 a.m.

AWARDS, GUEST INTRODUCTIONS, AND ANNOUNCEMENTS

Airport Executive Director Lynn Kusy made the following announcements:

- the Boeing 787 was on the Airport and could be viewed before leaving later in the day
- Gateway received another perfect score from the FAA. This is the 13th annual perfect inspection
- partnering with SandBox Creative, Gateway received three awards for publications and our justPLANEasy Web site
- presented five-year service awards to: Carl Drehle, Supervisor – Gateway Aviation Services; Dwayne Hoyt, Specialist – Operations; and Chris McCarthy, Specialist – Line Service, Gateway Aviation Services

Mr. Kusy introduced:

- Gilbert Councilmember John Sentz and Ms. Vicky Songer, Assistant to the Gilbert Mayor and Council. Mayor Lewis added that Ms. Songer was the “heart” of the Town of Gilbert with eleven plus years at the Town, and
- Commander Joe Shelley, the Airport’s liaison to the Mesa Police Chief.

Mr. Kusy presented a plaque to Mayor Sanders for his service on the Board of Directors since July 2006.

COMMENTS FROM THE PUBLIC

Mr. Tom Schuett from Queen Creek addressed the Board concerning Allegiant Air’s early morning engine run ups. Mr. Schuett said since last fall, he has experienced several instances of extreme jet noise between 3:00 am and 4:00 am. Mr. Schuett asked Airport staff to address the timing of early morning engine run up noise with Allegiant Air, and that staff increase public awareness about how to submit a noise complaint to the Airport.

Mesa resident George Raymond commented on the Airport’s “*Fly Friendly*” procedures. He said that in the past, flights would remain south of the SRP power lines. He said the “... noise was bearable then, but *Fly Friendly* procedures went by the wayside.” Mr. Raymond stated that he feels Allegiant Air doesn’t appear to be using these procedures. He stated that the aircraft are flying “lower than FAA requirement of 2,000 feet minimum.”

Mr. Raymond noted that he had spoken to Airport representatives Brian Sexton and Patrick Oakley. Mr. Raymond requested information about who he could follow up with so he could report back to other homeowners. He also asked that the Airport Authority remind Allegiant Air of the *Fly Friendly* procedures. He said “. . . the noise begins at about 6:00 am and continues to approximately 9:00 pm, seven days a week.” Among Mr. Raymond’s other concerns were: property damage due to vibration, hearing loss, use of antiquated 707 engines, dumping fuel into swimming pools, and aircraft flying at “500 yards” altitude.

PROGRESS REPORTS

- **ASU Polytechnic** – Dr. Keith Hjelmstad reported that enrollment prospects for next year look strong. He noted that the passing of Proposition 100 was a vote of confidence from the people of the State of Arizona on education. Dr. Hjelmstad provided an update on current ASU Polytechnic activities: EVIT will break ground in mid June and begin class in the fall of 2011. Poly Middle School will open in the fall of 2010, Desert Mall and the chilled water plant connection will be done in June, and the Kinder Morgan pipeline removal is complete.

- **Chandler-Gilbert Community College** – no report.

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

Mr. Kusy provided highlights from the April staff reports:

- East Valley Partnership and Mesa Chamber Aviation Committee are forming an alliance to promote aviation in the East Valley.
- Gateway staff hosted a reception at a recent Aviation Modification, Repair, and Overhaul Conference where Mayor Lewis spoke.
- Mayor Smith spoke at the Hawker Beechcraft ribbon cutting and open house.
- Casey Denny is now president of the Arizona Airports Association. Deena Shaffer and Sandy Kukla were elected to the board.
- Noise complaints for March were 30; April had 15.
- A full-scale disaster exercise was coordinated by staff and local police and fire.
- Passenger traffic: Gateway served 88,792 passengers in March.
- We are behind budget on revenues, but still about \$300,000 ahead of budget for the year.
- Revenues exceeded expenses on a monthly basis for two months in a row.

Responding to a question from the audience, Mr. Kusy said the noise complaints numbers are actual calls made to the noise hotline.

PRESENTATION – FY 2011-2015 Strategic Business Plan – Lynn Kusy, Executive Director

Mr. Kusy provided background and rationale for the FY 2011-2015 Strategic Business Plan. He reviewed the seven goals as set out by the Board, their strategies, and how staff plans to accomplish them.

Mayor Lewis asked about future east side development plans. Mr. Kusy said that the general parameters of the east side terminal are based on the Airport Master Plan. Deputy Director Casey Denny added that the Master Plan is demand based and the east side facility is projected to be needed in approximately 2017 or 2018. He also said that the Financial Business Plan and the Northeast Area Development Plan data may add another several years to that schedule, out to 2027. Mr. Denny said the east facility will be approximately 300,000 square feet with 10 gates.

DISCUSSION ITEM: Responsibilities of the Board of Directors and Executive Director Regarding Lease Amendments - Christopher Schmaltz, Gust Rosenfeld PLC

Airport Authority legal counsel Chris Schmaltz drew attention to multiple lease amendments on the consent agenda. He said he has examined the Airport Authority's existing Bylaws and Minimum Standards to discover how lease amendments should be handled. He reported that after reviewing the documents, he found clear guidelines on what authority is delegated to the Executive Director regarding leases, but it is not clear how lease amendments should be handled.

Mr. Schmaltz recommended that the Bylaws and Minimum Standards may need amending to provide clarity as to how lease amendments are handled. He said he will return to the Board in the next few months with recommended changes to these documents, and he may look at revising the form of the lease document itself. He asked for input and direction from the Board.

Mr. Schmaltz said that a lease that is less than one year or less than \$1,000 per month can be approved by the Executive Director. The lease is not specific as it deals with amendments. Infers that staff can make minor changes (i.e., use of property). Mr. Schmaltz recommended changing both Bylaws and changing lease verbiage.

Mayor Sanders said he felt that the Executive Director should have the responsibility and should be given the authority to execute amendments. Mayor Lewis asked if Sr. Staff was briefed on this issue. Mr. Schmaltz confirmed that this was discussed with Sr. Staff at their May 11 meeting. Sr. Staff members discussed several options from a hands-off approach to bringing everything to the Board.

Mayor Smith noted that in any long-term business relationship there is always the potential for changes. He suggested it would not be efficient for the Board to be involved in all changes, but there is a point when changes are material (i.e., property use, lease termination, subletting, etc.). He said there are financial changes and non-financial (substance) which the Board should be involved in. It was determined that staff will work with Mr. Schmaltz and come back to the Board with suggested standards and thresholds for dealing with leases.

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.

Mayor Lewis moved to approve the Consent Agenda. Mayor Smith seconded the motion. The motion carried unanimously.

CONSIDERATION AND POSSIBLE APPROVAL OF:

- ◆ **Resolution No. 10-15** – Adopt the [Fiscal Year 2011-2015 Strategic Business Plan](#).

Mayor Smith moved to approve Resolution No. 10-15. Mayor Lewis seconded the motion. The motion carried unanimously.

- ◆ **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.

Mayor Lewis expressed concern that the vehicles were to be purchased, using the State contract, from a dealer other than Gilbert, Mesa, or Phoenix. He asked if local Gilbert dealers had been solicited in the procurement process. Mayor Lewis requested that staff talk to local dealers to determine if they are able to match the price. Mayor Smith agreed, and suggested that the purchase be supported today, but to support our local communities in the future.

Director Bill Mitchell noted that staff would have to go through the procurement process again, which could take possibly three to six months. Mr. Denny said there may be a procurement issue once the dollar amount is published under the rules of the State contract. Mayor Smith and Mayor Lewis asked that in future bids, staff make the effort to contact local dealers first before the bid goes out.

Mayor Lewis suggested staff inquire with local dealers in the future using the guidelines of proper purchasing.

Mr. Schmaltz added that if the Board put action off for a month, staff would have to do the procurement, which could add two or more months based on existing policies.

Mayor Smith moved to approve Resolution No. 10-16. Mayor Sanders seconded. The motion carried with Mayor Lewis voting no.

BOARD MEMBER COMMENTS

Mayor Smith said he appreciated the Airport's support of the Aerospace Institute and thanked staff for including it in the Strategic Business Plan. He noted the potential for creating a significant economic boost for the East Valley by elevating the aerospace industry and to create development and research opportunities in the state.

Mayor Sanders expressed appreciation for the opportunity to serve on the Board.

NEXT MEETING

Monday, June 21 2010 – 9:00 am

ADJOURN

The meeting adjourned at 10:08 am.