



**NOTICE AND AGENDA OF MEETING OF THE
PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
BOARD OF DIRECTORS - SPECIAL TELEPHONIC**

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Phoenix-Mesa Gateway Airport Authority and to the general public that the Phoenix-Mesa Gateway Airport Authority will hold a telephonic meeting open to the public **Wednesday, January 25, 2017 beginning at 2:30 p.m.** in the Board Room (Saguaro A & B) of the Gateway Administration Building, 5835 South Sossaman Road, Mesa, Arizona. The Board may vote to hold an executive session for the purpose of obtaining legal advice from the Board's attorney on any matter listed on the agenda pursuant to A.R.S. § 38-431.03 (A)(3)&(4).

The agenda for the meeting is as follows:

1. **Call to Order.** (Mayor John Giles, Chair)
Members of the Phoenix-Mesa Gateway Airport Authority will attend either in person or by telephone conference call.
2. **Call to the Public.**
Members of the Board may not discuss items that are not on the agenda. Therefore, action taken as a result of public comment will be limited to directing staff to study the matter or scheduling the matter for further consideration and decision at a later date. Maximum of three minutes per speaker.
3. **Executive Director's Report.** - J. Brian O'Neill, Executive Director/CEO
4. **Consent Agenda.**
 - a. **Minutes** of the Board Meeting held on **December 20, 2016.**

Consideration and Possible Approval of:

5. **Resolution No. 17-01** To authorize a construction contract with **Revolution Industrial, LLC** to complete the South Central Fire Protection Upgrades in an amount not-to-exceed \$485,962.
6. **Resolution No. 17-02** Authorizing a facility lease with **Fabricating/Distributor, Inc.** for Lot 50B, Building 1095 located at 6316 S. Taxiway Circle.
7. **Resolution No. 17-03** Authorizing a facility lease with **Sun Valley Interiors, Inc.** for the facility located at 6410 S Sossaman Road.
8. **Board Member Comments/Announcements.**
9. **Next Meeting:** Tuesday, February 21, 2017 at 9:00 a.m.
10. **Adjournment.**

Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting Maria Gonzalez at 480-988-7603 or mgonzalez@gatewayairport.com. Requests should be made as early as possible to allow time to arrange the accommodation.



Executive Director's Report

January, 2017

Financial Snapshot

Operating Income	November		Month Variance	YTD Comparison		YTD Variance
	FY16	FY17		FY16	FY17	
Revenues	\$1,368,700	\$1,471,596	\$102,896	\$7,084,536	\$7,496,610	\$412,074
Expenses	\$1,318,494	\$1,521,088	\$202,594	\$6,627,998	\$7,252,844	\$624,846
Operating Income <i>(before depreciation)</i>	\$50,206	\$(49,492)	\$(99,698)	\$456,538	\$243,766	\$(212,772)

Investment Fund Balances: As of November 30, 2016: Local Governmental Investment Pool 700 = \$7,807,305; Wells Fargo Collateralized Savings Account = \$18,706,682; Total \$26,513,987.

Finance and Accounting

Year-to-Date Financials Reveals Net Operating Income: PMGAA had a net operating loss of \$49,492 in November. However, year-to-date PMGAA is reporting a net operating income of \$243,766. These results are relatively consistent with each of the previous months in FY17. Jet-A fuel sales, automobile parking fees, and facility lease increases have offset increased Personnel and Contractual Services.

Grants, PFCs & Procurements

Active/Pending Solicitations

Type Solicitation	Number	Title	Anticipated Contract Award (Board Action)
Request for Proposals	2017-012-RFP	South Central Fire Protection Upgrade – Repairing Tank Roofs	January 2017
Request for Qualifications	2017-015-RFQ	Environmental Assessment – Air Traffic Control Tower*	February 2017
Request for Proposals	2017-014-RFP	Taxicab Services for Gateway Airport	February 2017
Request for Proposals	2017-007-RFP	Master Developer for Gateway Aerospace Park	April 2017

*Pending PFC application approval

Information Technology Services

Property and Revenue Management System: PMGAA's new Property and Revenue Management System (PROPWorks) has been activated. The new system was tested and evaluated during December and user training commenced in January.

New Telephone System: The Voice Over Internet Protocol (VOIP) phone system upgrade has been fully implemented. Staff members have been trained and are enjoying all that the new system offers.

Enterprise Resource Planning System: PMGAA has selected Tyler Technologies-MUNIS for its new Enterprise Resource Planning (ERP) system.

Airport Operations

Twelfth Busiest Airport in the Country!: On November 15, 2016 the Gateway Airport air traffic control tower handled 1,408 total aircraft operations, making it the 12th busiest airport in the entire country that day.

Player Piano in Baggage Claim: In response to the successful Mesa Arts Center *Play Me, I'm Yours* project, PMGAA has purchased a Young and Chang Baby Grand Piano equipped with a QRS WiFi Player. The popular player piano is located in the baggage claim area and is available for the public to play and enjoy.



Player piano in terminal

Airport Parking Revenue: PMGAA reported \$222,207 in gross parking revenue for November. Parking transactions increased by 23% compared to last November. Parking revenue helps support the safe and efficient operation of the passenger terminal and other airport infrastructure.

Operations Statistics

Passenger Activity		November FY16	November FY17	% Change	FY16 YTD	FY17 YTD	% Change
Passengers	TOTAL	100,174	100,029	0%	481,389	509,850	6%
	Deplaned	50,270	50,534	1%	243,725	258,870	6%
	Enplaned	49,904	49,495	-1%	237,664	250,980	6%
Allegiant	Scheduled	100,174	99,943	0%	480,810	509,342	6%
	Charter	0	0	0%	466	334	-28%
Elite	Charter	0	86	100%	0	174	100%
Other	Charter	0	0	0%	113	0	-100%

Operations	November			FYTD		
	FY16	FY17	% Change	FY16 YTD	FY17 YTD	% Change
Air Carrier	819	905	11%	3,896	4,449	14%
Military	647	955	48%	2,433	2,476	2%
General Aviation	18,883	23,317	23%	77,940	101,502	30%
TOTAL	20,349	25,177	24%	84,269	108,427	29%

Noise Report

There were 28 noise calls in November; with six Mesa residents responsible for 73% of the calls.

Number of Calls	November 2015	November 2016	% Change	YTD FY16	YTD FY17	% Change
Calls	12	28	133%	73	85	16%

Type of Aircraft	November 2015	November 2016	% Change	YTD FY16	YTD FY17	% Change
	Calls	Calls	Calls	Calls	Calls	Calls
Unknown Jet	10	2	-80%	25	9	-64%
Allegiant MD-83	1	6	500%	7	11	57%
Allegiant A-319	0	4	N/A	13	12	-8%
Other Commercial	1	3	200%	1	5	400%
Commercial Total	2	13	550%	21	32	52%
GA Total	0	7	N/A	0	10	N/A
Military Total	0	6	N/A	27	34	26%
TOTAL	12	28	133%	73	85	16%

Location	November 2015		November 2016		% Change	YTD FY16		YTD FY17		% Change
	Callers	Calls	Callers	Calls	Calls	Callers	Calls	Callers	Calls	Calls
Mesa	2	6	6	22	267%	20	53	19	67	-69%
Gilbert	3	3	6	6	100%	12	13	12	14	8%
Gold Canyon	0	0	0	0	N/A	1	1	0	0	-100%
Queen Creek	2	2	0	0	-100%	4	4	1	2	-50%
Queen Valley	1	1	0	0	-100%	1	1	0	0	-100%
San Tan Valley	0	0	0	0	N/A	1	1	2	2	100%
TOTAL	8	12	12	28	133%	39	73	34	85	16%

Engineering & Facilities

North Apron Area Reconstruction: The North Apron Area Reconstruction Project will remove and replace approximately 1,000,000 square feet of concrete that was originally placed in 1941. Phase I of the project was completed in December 2016. Phase II is currently underway and will take an estimated 80-90 days to complete.



Concrete apron removal

Air Traffic Control Tower Elevator Modernization:

Contractor ThyssenKrupp has completed the construction phase of the project and is now hard at work to ensure the modernized elevator is programmed and commissioned by mid-January. PMGAA would like to commend the air traffic controllers for their patience and understanding during this important project.

Environmental Assessment for a Proposed Air Traffic Control Tower: PMGAA has completed the solicitation process for a consultant to conduct an Environmental Assessment (EA) for the new air traffic control tower. All qualified submittals were reviewed by an evaluation panel and a consultant has been selected for recommendation to the PMGAA Board of Directors for consideration at their February meeting.



New hydraulic piston in ATCT elevator

Environmental Assessment for the Northeast Development Area Plan: This project provides a complete environmental assessment of the Northeast Development Area. The FAA has approved the final draft and granted the Airport permission to publish the final draft for the required public comment period. A Public Informational Meeting and a Public Hearing was held at the Airport on December 13, 2016. No formal comments were received during the official hearing. A final decision by FAA is expected during the first quarter of 2017.

Planning and Zoning

Vertical Development Height Guidance: The FAA recently implemented an airspace change due to vertical development that has occurred in close proximity to Gateway Airport. PMGAA is currently updating the height modeling software that assists staff and applicants interested in pursuing vertical development projects around the Airport. Once the updates have been completed, PMGAA staff will share a new height composite map with the communities adjacent to Gateway Airport.

Environmental and Archaeological

Airport Cell Phone Lot: Seven additional monitoring wells have been installed to collect data to assist federal and state officials in making a determination that work completed during Phase I accomplished the original clean up goals identified in the plan. Once sufficient data is collected from these wells, the USAF will submit data to the agencies for approval to proceed with Phase II of the clean-up process.

Gateway Aviation Services

Fuel-Related Revenue: For the month of November, fuel-related revenue was 9% lower than November 2015. Fiscal year-to-date, fuel-related revenue is down 5% compared to the same time period in FY16. We continue to see a drop in contract fuel revenue and upload fees due to a lack of military and government flight operations occurring at Gateway Airport. Retail Jet and Avgas sales are performing well.

Fuel-Related Revenue	November			FYTD		
	FY2016	FY2017	% Change	FY2016	FY2017	% Change
Net Retail (Jet)	\$52,771	\$81,630	55%	\$292,685	\$433,991	48%
Net AvGas	\$40,295	\$42,464	5%	\$212,558	\$222,942	5%
Storage Fees	\$22,646	\$23,073	2%	\$99,822	\$115,678	16%
Upload Fees	\$256,443	\$191,647	-25%	\$1,112,056	\$865,342	-22%
Total	\$372,155	\$338,814	-9%	\$1,717,121	\$1,637,953	-5%

Fuel (Gallons)	November			FYTD		
	FY2016	FY2017	% Change	FY2016	FY2017	% Change
Retail (Jet)	29,327	45,249	54%	143,248	223,926	56%
AvGas	33,563	39,759	18%	171,944	200,638	17%
Contract	330,119	300,175	-9%	1,494,225	1,295,813	-13%
Commercial	823,481	839,017	2%	3,629,819	4,208,968	16%
Total	1,216,490	1,224,201	1%	5,439,236	5,929,345	9%

Gallons of Fuel Sold: Fuel sales for November were up 1% compared to November FY16 and 9% FYTD. Contract fuel continues to see a decline compared to last year. This is due to less military and government operations along with a drop in transient operations compared to activity levels last year. Jet A and Avgas continue to see increases over last year.

Human Resources

New Employee Wellness Program: PMGAA has introduced a new employee wellness program called Gateway Life. The Human Resources Department is leading this new health and wellness initiative and is kicking it off with a 6-week wellness challenge.

Deputy Director/COO Recruitment: PMGAA has completed the selection process for a new Deputy Director/COO. PMGAA received seventy-five applications for the position and, through an extensive interview process, narrowed the field down to the four most-qualified candidates. After a full day of interviews, presentations, and individual and group meetings, the top candidate was selected and offered the position. An official announcement is forthcoming and his expected start date is early February.

Business Development

Airfield Hangar Renovation Project: The PMGAA Board approved investing not more than \$530,000 to renovate an existing airfield hangar (Hangar 32). The project is anticipated to be completed in FY17.

WestJet Airlines: PMGAA staff is working with representatives from WestJet Airlines getting ready for an anticipated January 19, 2017 new service launch. WestJet, the leading low cost airline in Canada, will serve both Calgary and Edmonton from Gateway Airport.

New Lease Negotiations: PMGAA staff is currently in negotiations with six (6) prospects. Three opportunities are facility expansions by current tenants, two of these opportunities are lease extensions of existing tenant leaseholds, and one opportunity is a new facility lease that would bring a new tenant to the Airport.

Master Developer Solicitation: The Airport's evaluation committee conducted interviews with the two finalists for Master Developer of the 360-acre Gateway Aerospace Park. Members of the evaluation team will perform site visits and additional due diligence on the two finalists. Staff intends to make a recommendation to the PMGAA Board in February/March 2017.

ASU Polytechnic Research Park: PMGAA staff continues to coordinate with Arizona State University on their planning efforts for the ASU Polytechnic Research Park located adjacent to the Airport's Gateway Aerospace Park. ASU and Gateway Airport are working closely on important infrastructure and land use issues associated with the development of the two projects.

Barrio Brewing Company: Plans are moving forward for the construction of a Barrio Brewing Company in the Gateway Aviation Center. The popular restaurant is expected to open no later than October 30, 2017.

Communications and Government Relations

Senator McCain Visit: Members of the PMGAA Board of Directors along with PMGAA staff hosted a recent visit from U.S. Senator John McCain. Senator McCain has long been an active supporter of the redevelopment of the former Williams Air Force Base. While at the now Phoenix-Mesa Gateway Airport, Senator McCain received a briefing on increasing Airport activities, ongoing construction projects, and the need for funding for a new air traffic control tower.



PMGAA Board members and staff welcome Sen. McCain

TSA Pre-Check Temporary Enrollment Center: Gateway Airport will host a temporary TSA Pre-Check enrollment center from January 23-27, 2017. Interested East Valley residents can visit the Airport and sign-up for the TSA Pre-Check Program.

Community Relations



WWII-era B-29 Bomber

Airport Tour Program: PMGAA staff provided several airport tours and community presentations during December, including a presentation to the Sun Lakes Rotary Club and a visit from sixteen neighboring East Valley Institute of Technology (EVIT) students.

Air Power History Tour: Commemorative Air Force, Inc. will bring their Air Power History Tour to Gateway Airport from February 27 to March 6, 2017. This event promotes aviation history and includes tours and flights on a WWII-era B-29 Bomber (for a fee).

Phoenix-Mesa Gateway Airport Authority
AIRPORT - All Operations P&L
November, 2016

	Analysis Utilizing Seasonality Month of November, 2016					Analysis Using Seasonality Y-T-D as of November, 2016			
	2017 Budget	% of Budget Using Seasonality*	November Budget	November Actual	November Variance	% of Budget Using Seasonality	Y-T-D Budget	Y-T-D Actual	Y-T-D Variance
Aeronautical Operating Revenues									
Aircraft Parking	227,421	6.4%	14,574	24,679	10,104	37.4%	85,137	96,619	11,482
Fuel Flowage Fees	390,000	7.2%	28,142	49,067	20,925	39.0%	152,050	214,951	62,901
Landing Fees	846,255	7.4%	62,691	73,681	10,990	35.9%	303,730	354,750	51,021
Lease Income Aero	2,196,582	8.2%	181,079	181,212	133	41.8%	918,188	918,286	98
Fuel Sales	4,145,760	7.7%	317,427	355,697	38,271	39.7%	1,645,264	1,819,462	174,198
Services Sold - Aero	3,812,358	7.1%	272,485	277,670	5,185	38.2%	1,456,244	1,329,890	(126,354)
Sub-total Aero Operating Revenues	11,618,376		876,398	962,006	85,608		4,560,613	4,733,958	173,346
Non-Aeronautical Operating Revenues									
Concessions	600,311	7.2%	43,471	39,095	(4,376)	34.8%	208,897	209,086	189
Lease Income Non-Aero	1,000,086	7.6%	76,196	90,815	14,619	40.7%	406,564	471,379	64,815
Parking	3,156,521	6.9%	218,528	227,427	8,899	44.5%	1,403,242	1,465,588	62,345
Rental Car Fees	1,704,739	7.1%	121,219	146,458	25,239	27.0%	459,833	586,922	127,090
Svcs Sold - Non Aero	96,384	7.8%	7,474	5,795	(1,678)	43.0%	41,422	29,677	(11,745)
Sub-total Non-Aero Operating Revenues	6,558,041		466,888	509,590	42,703		2,519,958	2,762,652	242,694
Total Operating Revenues	18,176,417		1,343,286	1,471,596	128,311		7,080,571	7,496,610	416,039
RESERVE FUND - Non Airport	0		0	0	0		0	0	0
Total Revenues Available for Operating Expenses	18,176,417		1,343,286	1,471,596	128,311		7,080,571	7,496,610	416,039
Operating Expenses									
Costs of Goods Sold	2,687,044	7.8%	208,408	238,439	(30,030)	40.6%	1,091,497	1,185,471	(93,974)
Personnel	7,706,215	8.4%	643,952	661,135	(17,183)	41.1%	3,170,390	3,176,405	(6,015)
Comm & Utilities	858,859	7.2%	62,176	71,150	(8,974)	47.5%	407,782	433,116	(25,334)
Contractual Services	4,551,632	7.9%	357,350	336,116	21,233	38.5%	1,752,752	1,711,544	41,208
Insurance	327,314	8.6%	28,048	23,733	4,314	41.8%	136,778	118,666	18,112
Other	258,395	8.2%	21,147	24,333	(3,186)	38.8%	100,257	73,278	26,979
Repair & Maintenance	902,925	8.0%	72,542	90,646	(18,104)	35.8%	323,643	272,668	50,974
Supplies & Materials	787,630	8.6%	67,897	75,536	(7,640)	40.8%	321,727	281,696	40,031
Air Service Incentives [2,000,000]	0	0.0%	0	0	0	0.0%	0	0	0
Real Estate Development Reserve [500,000]	0	0.0%	0	0	0	0.0%	0	0	0
Operating Contingency [200,000]	75,509	0.0%	0	0	0	0.0%	0	0	0
Total Operating Expenses	18,155,523		1,461,519	1,521,088	(59,569)		7,304,825	7,252,844	51,980
Operating Income (Loss)	20,894		(118,233)	(49,492)	68,741		(224,254)	243,766	468,020

*Using last seven years of historical data.



**MINUTES OF PUBLIC MEETING OF THE
PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
BOARD OF DIRECTORS | December 20, 2016**

A public meeting of the Phoenix-Mesa Gateway Airport Authority was convened on December 20, 2016, beginning at Enter Time a.m. in the Board Room (Saguaro A & B) of the Gateway Administration Building, 5835 South Sossaman Road, Mesa, Arizona.

Members Present

Mayor John Giles, Mesa
Mayor Jenn Daniels, Gilbert
Mayor John Insalaco, Apache Junction
Mayor Gail Barney, Queen Creek
Lt. Governor Monica Antone, Gila River Indian Community*
Councilmember Thelda Williams, Phoenix*

** Neither present nor represented*

Airport Staff Present

J. Brian O'Neill, Executive Director/CEO
Chuck Odom, CFO
Maria Gonzalez, Clerk of the Board
Matthew Wright, Attorney

Members of the Public

Vice Mayor Robin Barker, City of Apache Junction
Aric Bopp, City of Mesa
Scott Butler, City of Mesa
Tracy Corman, Town of Queen Creek
Kent Dibble, Dibble Engineering
Jason Frank, Dowl Engineers
Ken Halverson, Jetstrip/KHM
Fred Himovitz, HPI
Brian Howard, CEI
Anthony Jeffers, Hensel Phelps

John Lewis, East Valley Partnership
Jim McCauley, Wells Fargo
Bryant Powell, City of Apache Junction
Steve Reeder, Kimley-Horne
Mayor-Elect Jeff Serdy, City of Apache Junction
Jeff Stoddard, Hensel Phelps
Councilmember Kevin Thompson, City of Mesa
Chuck Trapani, Mesa Police
Heather Wilkey, Town of Gilbert

1. Call to Order at 9:05 a.m. (Mayor John Giles, Chair)

2. Call to the Public.

There were no comments from the public.

3. Executive Director's Report – J. Brian O'Neill, A.A.E., Executive Director/CEO

The Board of Directors received information related to operational activity, noise summary, fuel sales, and financials. Fiscal Year-to-Date (FYTD) Net Income is \$293,258. Allegiant passenger traffic is up 6% increase FYTD and total operations are up 29%. Gateway continues to be the busiest contract air traffic control tower Airport in the entire country for 2016.

PMGAA welcomes NewLeaf and WestJet as they will begin new Canadian service on January 19, 2017. Both airlines will offer four nonstop flights each week to Calgary (Thursdays, Fridays and Sundays), and Edmonton (Saturdays) on Boeing 737 aircraft.

ADK Executive Search performed the initial phase of the recruitment process for the Deputy Director/COO position, resulting in 75 applicants. PMGAA staff worked with ADK to narrow the field to "most qualified", and on November 29 a committee conducted Skype interviews with 11 applicants, resulting in four candidates moving forward in the process. On December 15, PMGAA hosted the four candidates to a full

day of interviews and meetings. They delivered presentations to a panel consisting of staff from the member governments, met with PMGAA Directors, and attended a meet and greet with PMGAA staff. Currently, background and reference checks are being conducted on the top candidate and PMGAA anticipates an early to mid-February start date.

Mr. O'Neill updated the Board on the following projects:

- Northeast Development Area EA and Public Hearing was held on December 13. The final financial plan was submitted to the FAA and staff is optimistic and hopeful that in January, Gateway will receive a FONSI (Finding of No Significant Impact), which allows staff to explore development opportunities both public and private on the east side of the Airport.
- North Apron Area Project Phase II is on schedule and on budget. Staff continues to work on limiting the amount of disruptions to operations and the activity of general aviation and corporate aircraft.
- Master Developer Solicitation initiative began with enVision Gateway in April, 2016. There was an extensive RFQ process which evolved into an RFP process. The top candidates submitted proposals in greater detail on their vision and how they would approach the use/development of the 360-acres (Aerospace Park). Two very qualified but different proposals were received. Staff is working with a committee of external experts which may include site visits to domestic/international projects from the two candidates. Anticipate returning to the Board in February/March with a presentation and recommendation of a Master Developer that is the "best fit" for the long-term benefit of the region and the Airport.
- The Air Traffic Control Tower Elevator Project is complete; however the State Elevator Inspector has yet to issue a certificate allowing the elevator to be put back in use.
- Embraer E145 Aircraft storage is a revenue generating opportunity for the Airport.
- Barrio Brewing Company is expected to open by the end of April. The proprietor is working diligently to find the appropriate contractor and get construction started.
- Passenger Facility Charge (PFC) #5 Application has been accepted by the FAA as substantially complete. This is important to the Airport as it allows the collection of \$4.50 from each enplaned passenger at the Airport to be applied to projects.
- Transportation Network Companies (TNC) activity is generating revenue for the Airport. Lyft joined in November and anticipate a contract with Uber in the near future.

Mr. O'Neill thanked Mayor Giles, Mayor Barney and Lt. Governor Antone for hosting Senator John McCain on Monday, December 19. Many thanks were given to Senator McCain for his aid/support on the discretionary grant Gateway received to undertake the North Apron Ramp project. Great emphasis was given on the importance and need for funding a new Air Traffic Control Tower at Gateway.

4. Consent Agenda

- a. **Minutes** of the Board Meeting held on November 15, 2016.
- b. Resolution No. 16-54 Authorizing the purchase of HVAC system upgrade services through **HACI Service, LLC** for the Air Traffic Control Tower in the amount of \$202,673.
- c. Resolution No. 16-55 Authorizing the purchase of roof replacement/repair services through **Centimark Corporation** for five PMGAA facilities in the amount of \$199,981.82.
- d. Resolution No. 16-56 Authorizing a contract with **B&F Contracting, Inc.** for fire protection waterlines dedicated to Airport owned buildings on the South Ramp, in the amount of \$191,388.71.

- e. Resolution No. 16-57 Authorizing the purchase of **unleaded and diesel fuel** from the lowest priced State contract vendor at market prices for PMGAA to use and resale in the amount of \$118,525.
- f. Resolution No. 16-58 Authorizing the adoption of the amended **Air Service Incentive Program and Board Policy** to promote additional commercial air service at the Airport.
- g. Resolution No. 16-59 Authorizing additional funds in the amount of \$530,250 from **unrestricted cash reserves** for the implementation of the renovation project for a Phoenix-Mesa Gateway Airport Authority owned building located at 6229 S. Sossaman Road.

Mayor John Insalaco moved to approve the Consent Agenda. Mayor Gail Barney seconded the motion. The motion was carried unanimously.

5. Consideration and Possible Approval of:

- a. **Resolution No. 16-60** Authorizing the Executive Director/CEO to negotiate and execute a contract with **Tyler Technologies, Inc. Munis** for an Airport Enterprise Resource Planning Financial System in the amount not to exceed \$1,190,000.

Mayor Gail Barney moved to approve Resolution No. 16-60; Mayor John Insalaco seconded the motion. The motion was carried unanimously.

- b. **Resolution No. 16-61** Authorizing an operating agreement with **Flair Airlines, Ltd.** for commercial air service at Phoenix-Mesa Gateway Airport.

Mayor Gail Barney moved to approve Resolution No. 16-61; Mayor Jenn Daniels seconded the motion. The motion was carried unanimously.

- c. **Resolution No. 16-62** Authorizing an operating agreement with **West Jet, an Alberta Partnership**, for commercial air service at Phoenix-Mesa Gateway Airport.

Mayor John Insalaco moved to approve Resolution No. 16-62; Mayor Gail Barney seconded the motion. The motion was carried unanimously.

Board Member Comments/Announcements

Mayor Giles thanked Mayor Insalaco for his friendship, mentoring, leadership, and regional cooperation as a member of this Board.

- 6. **Next Meeting:** Tuesday, January 17, 2017 at 9:00 a.m. in the Board Room (Saguaro A & B) of the Gateway Administration Building, 5835 South Sossaman Road, Mesa, Arizona.

7. Adjournment

The meeting adjourned at 9:30 a.m.

Dated this ____ day of _____, 20____.

Maria E. Gonzalez, Clerk of the Board

Board Action Item

To: Board of Directors
From: Bob Draper, P.E., LEED AP, Engineering & Facilities Director
Through: J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: South Central Fire Protection Upgrade – Revolution Industrial, LLC.
Date: January 25, 2017

Proposed Motion

To authorize a construction contract with Revolution Industrial, LLC to complete the South Central Fire Protection Upgrades in an amount not-to-exceed \$485,962.

Narrative

The South Central Fire Protection Tanks were originally installed by the US Air Force as Fuel Tanks. Eleven years ago these tanks were converted to hold water and they became the Phoenix-Mesa Gateway Airport Authority (PMGAA) South Central Fire Suppression System.

When the Tanks were created they had floating tank lids (roofs) on them in order to properly ventilate the fuel, when the tanks were converted to hold water these floating roofs were left in place. It has been determined that the floating roofs are now deteriorating and in need of immediate replacement and we are now at risk of having debris get into our fire pumps. A Request for Proposal was issued to qualified firms to replace the existing floating roofs on two (2) above ground non-potable water storage tanks used for fire suppression systems and other items as necessary.

A Request for Proposal No. 2017-002-RFP for the South Central Fire Protection Tanks Roof Replacement was issued on October 24, 2016, and advertised in the Arizona Business Gazette from October 27, 2016 through November 24, 2016. It was also posted on the PMGAA website and emailed directly to prospective respondents interested in receiving such notices. Four proposals were received and reviewed by staff and the proposal from Revolution Industrial, LLC. provides the best value and satisfies the proposal requirements.

Fiscal Impact

This contract was included in the FY17 capital budget and is funded with non-grant funds as Project CIP 937.

Attachment(s)

Map



RESOLUTION NO. 17-01

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority, formed pursuant to Arizona Revised Statutes § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Airport Authority desires to enter into a contract with Revolution Industrial, LLC;

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

The Phoenix-Mesa Gateway Airport Authority Board of Directors hereby authorizes a construction contract with Revolution Industrial, LLC to complete the South Central Fire Protection Upgrades in an amount not-to-exceed \$485,962. This Resolution also authorizes the Chair or Executive Director/CEO to execute such contract, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Phoenix-Mesa Gateway Airport Authority this 25th day of January, 2017.

John Giles, Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Matthew Wright, Attorney



PhxMesa **Gateway** Airport

South Central Fire Protection Upgrades
CIP Project 937



PHX/MSA GATEWAY AIRPORT
South Central Fire
3/07/2014
Aerial





Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Shea Joachim, CEcD, Business Development Director
Through: J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Fabricating/Distributor Inc., Facility Lease
Date: January 25, 2017

Proposed Motion

Authorizing a Facility Lease with Fabricating/Distributor, Inc. for Lot 50B, Building 1095 located at 6316 S. Taxiway Circle. The lease term is five years, commencing February 1, 2017, with two, five-year renewal options.

Narrative

Fabricating/Distributor, Inc. (FDI) was established in 1996 and specializes in the manufacturing of automated equipment, components, conveyors and tooling for automated equipment. FDI also offers a full range of welding/fabricating services and is a distributor for various industrial, electrical and power transmission products. FDI is an Airport tenant in good standing and currently leasing the aforementioned facility. FDI wishes to remain in the facility and has requested a five-year initial lease term.

Agreement Term and Rate

This agreement has a term of five years, and offers two renewal options for five additional years each.

The initial lease rate is \$15,444.00 per month, or \$5.40 per square foot. per year, for approximately 34,320 square feet. The lease rate is subject to a three percent rate increase every other year.

Attachment(s)

Facility Lease Agreement



RESOLUTION NO. 17-02

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority, formed pursuant to Arizona Revised Statutes § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Airport Authority desires to enter into a lease agreement with Fabricating/Distributor, Inc.

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

The Phoenix-Mesa Gateway Airport Authority Board of Directors hereby authorizes a lease agreement with Fabricating/Distributor, Inc. for Lot 50B, Building 1095 located at 6316 S. Taxiway Circle. The lease term is five years, commencing February 1, 2017, with two five-year renewal options. This Resolution also authorizes the Chair or Executive Director/CEO to execute such contract, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Phoenix-Mesa Gateway Airport Authority this 25th day of January, 2017.

John Giles, Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Matthew Wright, Attorney



Phoenix-Mesa Gateway Airport Authority

FACILITY LEASE

with

FABRICATING/DISTRIBUTOR, INC.

Effective Date: February 1, 2017

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Phoenix-

Mesa

Gateway Airport Authority
FACILITY LEASE

This Facility Lease (the “Lease”) is executed to be effective the FIRST (1) day of FEBRUARY 2017 (the “Effective Date”) between the **PHOENIX-MESA GATEWAY AIRPORT AUTHORITY**, a joint powers airport authority authorized and existing under the laws of the State of Arizona (“Lessor”), and **FABRICATING DISTRIBUTOR, INC.**, an Arizona Corporation] (“Lessee”). Lessor and Lessee may be referred to jointly as “Parties,” and each separately may be referred to as a “Party.”

WITNESSETH:

WHEREAS, Lessor is the owner and operator of the Phoenix-Mesa Gateway Airport generally located at the intersection of Ray Road and Sossaman Road, City of Mesa, Maricopa County, Arizona (the “Airport”); and

WHEREAS, Lessor has the right to lease, license and grant the use of property and facilities on the Airport and has full power and authority to enter into this Lease in respect thereof; and

WHEREAS, Lessor desires to lease to Lessee, and Lessee desires to lease from Lessor, that certain real property at the Airport located at 6316 S. TAXIWAY CIRCLE, and described as LOT 50B consisting of approximately EIGHTY-SIX THOUSAND SIX HUNDRED SIXTY-THREE (86,663) square feet and encompasses BUILDING 1095, consisting approximately Thirty-four Thousand Three Hundred Twenty (34,320) square feet, as set forth in **EXHIBIT A** attached hereto (the “Premises”); and

WHEREAS, Lessor desires to lease the Premises to Lessee on the terms and conditions set forth herein;

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements herein contained, the Parties do hereby undertake, promise and agree, each for itself and its successors and assigns, as follows:

1. LEASE.

Lessor hereby leases the Premises to Lessee, subject to all easements and rights of way that may encumber the Premises, and further subject to all operational and use restrictions and other terms and conditions set forth in this Lease.

1.1 Right to Use Premises. Lessor agrees that so long as Lessee shall timely pay the Base Rent and other charges required to be paid hereunder, and perform all of its other obligations under this Lease, Lessee shall peaceably have and enjoy the use of the Premises without hindrance from Lessor. Lessee specially acknowledges that Lessee has inspected the Premises prior to entering into this Lease and agrees to accept the Premises in an “as is, where is” condition without any warranty or representation from Lessor, either express or implied, of any kind or nature whatsoever with respect to the Premises, including, but not limited to, any warranty of merchantability, habitability, or fitness for any particular or specific purpose, and all such warranties are hereby disclaimed. Should Lessee desire any inspection report, environmental assessment, survey, creation of a legal description, drainage report, or any similar study, Lessee shall be responsible for the same at Lessee’s sole expense.

1.2 Substitution of Premises. In addition to Lessor's other rights set forth in this Lease, Lessor reserves the right, upon no less than NINETY (90) calendar days prior written notice to Lessee, to substitute Comparable Areas for all or any portion of the Premises, including any additions, alternations or improvements thereon, should Lessor, in its reasonable discretion, determine that taking of the Premises, any portion thereof or any improvement thereon, is required for other Airport purposes, and there exists no appropriate alternative. In the event Lessor makes the determination to exercise its rights to substitute, all title, right and interest to the portion of the Premises taken shall immediately vest in Lessor on the date that is NINETY (90) calendar days following receipt of Lessor's notice, or such later date as specified therein. Furthermore, Lessor may require Lessee to vacate any portion or all of the Premises taken. For the purposes of this SECTION 1.2, the term "Comparable Areas" is defined to mean other facilities at the Airport, or any additions or extensions thereof, similar in size to the Premises, brought to the same level of improvement as the Premises and having the same or similar usefulness to Lessee as the portion taken. Lessor shall bear all expenses of bringing the substituted area to the same level of improvement as the Premises, and of moving Lessee's improvements, equipment, furniture and fixtures to the substituted area. If any of Lessee's improvements, equipment, furniture or fixtures cannot be relocated, Lessor shall replace, at Lessor's expense, such non-relocatable improvements and other property with comparable property in the Premises, and Lessor shall be deemed the owner of the non-relocated improvements and other property, free and clear of all claims of any interest or title therein by Lessee, or any other third party whomsoever. It is the specific intent of this SECTION 1.2 that Lessee be placed, to the extent possible, in the same position it would have been, had Lessor not substituted new premises for the Premises; provided, however, that Lessor shall not be obligated to reimburse Lessee for any damages, including lost profits or revenues, due to such substitution. Notwithstanding the foregoing, Lessor shall use reasonable efforts to avoid disruption to Lessee's business.

1.3 Access. Lessee is granted the right of reasonable access to and from the Premises via such portions of the Airport as are or may be necessary to allow Lessee to conduct its business operations permitted herein at and on the Premises and the Airport. Lessor reserves the right to designate the location of such access and to change its location from time to time, as Lessor deems reasonably necessary and appropriate; provided such changes do not materially interfere with Lessee's use of or access to the Premises.

1.4 Permitted Uses. Subject to the provisions of SECTION 1.5, Lessee may use the Premises for metal (and other material) product fabrication, machine shop operations and material fabrication/machine shop parts sales and distribution. Lessee's use of the Premises and operation of its business at and on the Airport and the Premises is subject to all applicable laws, rules and regulations of any governmental authority, including Lessor, and to Lessee's compliance with applicable provisions of the *Airport Rules and Regulations* and *Minimum Standards*.

1.5 Prohibited Activities. Lessee shall not use or permit its agents, employees, contractors, invitees, licensees or customers to use the Premises or the Airport for any use that is in violation of the *Airport Rules and Regulations*, the *Airport Minimum Standards*, any matters of record, or applicable laws, rules, regulations and operating policies of any governmental authority, including Lessor, or for any other activity or operation not specified in SECTION 1.4 herein, or that does not have advance, written approval of Lessor's Executive Director.

1.6 Continuous Operation. Upon commencement of business operations at and on the Premises and the Airport, Lessee shall designate an on-site manager for the term of this Lease who shall be available to Lessor and Lessee's customers, if any, during normal business hours, and otherwise as required by the *Airport Minimum Standards*, as applicable.

1.7 Lessee Acknowledgement. Lessee acknowledges this Lease is a MODIFIED GROSS LEASE and agrees that its obligations to pay Base Rent and all other charges due and owing under the terms hereof shall be absolute and unconditional, and shall not be affected by any circumstances whatsoever, including, without limitation: (i) any set-off, counterclaim, recoupment, defense or other right which Lessee may have against Lessor or the United States of America or anyone else for any reason whatsoever; (ii) any liens, encumbrances or rights of others with respect to the Premises; (iii) the invalidity or unenforceability or lack of due

authorization or other infirmity of this Lease or any lack of right, power or authority of Lessor or Lessee to enter into this Lease; (iv) any insolvency, bankruptcy, reorganization or similar proceedings by or against Lessee, or any other person; or (v) any other cause, whether similar or dissimilar to the foregoing, any future or present law notwithstanding, it being the intention of the Parties hereto that all rent being payable by Lessee hereunder shall continue to be payable in all events and in the manner and at the times provided herein.

2. TERM.

2.1 Initial Term. The term of this Lease shall be for a period of FIVE (5) years, commencing on the Effective Date and terminating on JANUARY 31, 2022 thereafter (the "Term").

2.2 Renewal Term(s). Provided Lessee is not then in default of this Lease and subject to written approval of Lessor, the Parties shall have the option of extending the Term for TWO (2) additional periods of FIVE (5) years each (each, individually, an "Extension"). Lessee may initiate an Extension by giving written notice to Lessor of its desire to do so no later than SIXTY (60) calendar days prior to the expiration of the Term, as set forth in SECTION 2.1 herein. If Lessee has properly notified Lessor of its desire to exercise an Extension and Lessor approves such in writing, then Lessee's Extension of the Term of this Lease shall become effective and all references herein to the "Term" shall mean the initial term as extended.

3. NONEXCLUSIVE RIGHTS.

Lessee shall have the exclusive right to occupy and use the Premises while in compliance with the terms and conditions of this Lease. All other rights granted to Lessee under this Lease are nonexclusive. Lessor may, in its sole discretion and at any time, permit third parties to conduct any and all business activities at the Airport that Lessor deems appropriate, or conduct such activities itself, provided that such activities do not require or materially interfere with Lessee's use of the Premises.

4. RENT.

4.1 Base Rent. Lessee agrees to pay Lessor annual rental for the use of the Premises in the amount of ONE HUNDRED EIGHTY-FIVE THOUSAND THREE HUNDRED TWENTY-EIGHT AND 00/100 DOLLARS (\$185,328.00), payable in equal monthly installments of FIFTEEN THOUSAND FOUR HUNDRED FORTY-FOUR AND 00/100 DOLLARS (\$15,444.00) (the Base Rent). The Base Rent shall be payable in advance, without any prior demand therefor and without any abatement, deductions or set-offs whatsoever, and tendered in lawful currency of the United States, either by check or electronic transfer.

4.2 Rent Increases. The annual Base Rent paid by Lessee shall be increased on every TWENTY-FOUR (24) month anniversary of the Effective Date of this Lease by a percentage equal to THREE (3) percent.

4.3 Reserved.

4.4 Airport Rates and Charges Schedule. Lessee or its subtenants, as applicable and including its contractors, agents, etc., shall pay all fees identified in the most current *Airport Rates and Charges Schedule* at the time of receipt of any covered service or use of any covered facilities, unless specifically outlined in this Lease. The current *Airport Rates and Charges Schedule* is included as **EXHIBIT B** and is subject to change without prior notice or approval of Lessee. Lessee acknowledges and agrees that Lessor may amend the *Airport Rates and Charges Schedule* at any time at Lessor's sole discretion, and that no fee shall apply to the use of the Premises or access to the Premises.

4.5 Payment.

4.5.1 Unless otherwise specified herein, the first payment of Base Rent shall be paid to Lessor upon the delivery of this Lease, for the period from the Effective Date until the end of the calendar month in which the Effective Date occurs, prorated on the basis of the number of such days to the total number of days in said month. Thereafter, all Base Rent payments shall be paid in monthly installments, in advance, on the first day of each calendar month (the "Base Rent Due Date"). On each such date, Lessee shall pay the full Base Rent payment.

4.5.2 No payment to or receipt by Lessor of a lesser amount than that which is due and payable under the provisions of this Lease at the time of such payment shall be deemed to be other than a payment on account of the earliest payment due, nor shall any endorsement or statement on any check or payment prejudice in any way Lessor's right to recover the balance of such payment or pursue any other remedy provided in this Lease or by law.

4.5.3 All payments (and reports, if any) required by this SECTION 4.5 shall be remitted to the following address by the due date(s) specified hereinabove:

Phoenix-Mesa Gateway Airport Authority
Attn.: Department of Finance (Accounts Receivable)
5835 S. Sossaman Road
Mesa, Arizona 85212-6014

or such other address specified in writing by Lessor to Lessee.

4.6 Finance Charges and Late Fees. If Lessee fails to pay any installment of Base Rent or any other charge due and owing to Lessor in full on or before the applicable due date, Lessee shall be responsible for interest on the unpaid installment at the rate of EIGHTEEN PERCENT (18%) per annum from the due date until payment in full is made. In addition, in the event any installment of Base Rent or other charge owing to Lessor is paid more than TEN (10) days after the due date, a late penalty of TEN PERCENT (10%) of the amount of such delinquent Base Rent installment or other charge shall be due and payable in addition thereto.

4.7 Taxes. In the event any governmental authority shall impose a tax or imposition based upon any Base Rent payments or any other sums paid or owing hereunder, or the receipt of such payments by Lessor, Lessee shall pay such amounts to Lessor at the same time and in addition to payments hereunder, which amounts may include, but are not limited to, any or all rental, transaction privilege, sales, excise or other similar tax except income taxes.

4.8 Survival. Lessee's obligation to pay all amounts stated herein, together with any interest thereon and/or penalties therefor, shall survive the termination of this Lease.

5. PERFORMANCE GUARANTEE.

5.1 Security Deposit.

5.1.1 Lessee shall pay to Lessor an amount equivalent to ONE (1) month's Base Rent, or FIFTEEN THOUSAND FOUR HUNDRED FORTY-FOUR AND 00/100 DOLLARS (\$15,444.00), as a security deposit (the "Security Deposit") to insure the faithful performance of all of Lessee's obligations hereunder. Lessee has a previous security deposit in the amount of Seven Thousand and 00/100 Dollars (\$7,000) on account with Lessor and Lessee has directed Lessor to transfer that amount to this Lease in satisfaction of the Security Deposit total specified herein, the balance owed Lessor by Lessee pursuant to this SECTION 5.1.1 is Eight Thousand Four Hundred Forty-Four and 00/100 Dollars (\$8,444.00) (the "Security Deposit Balance"). Lessee shall pay to Lessor Five Hundred Dollars (\$500.00) per month, beginning on the effective date, until said Security Deposit Balance is paid in full.

5.1.2 The Security Deposit, at the election of Lessor, may be applied in reduction of any loss and/or damage sustained by Lessor by reason of the occurrence of any breach, nonperformance or default by Lessee under this Lease without the waiver of any other right or remedy available to Lessor at law, in equity or under the terms of this Lease. If any portion of the Security Deposit is so used or applied, Lessee shall, within FIVE (5) business days after written notice from Lessor, deposit with Lessor immediately available funds in an amount sufficient to restore the Security Deposit to its original amount. In the event of a sale or other transfer of the Premises by Lessor, Lessor shall transfer the remaining balance (if any) of the Security Deposit to Lessor's successor in interest, whereupon the transferor Lessor shall be released from liability to Lessee for the return of such Security Deposit. Unless this Lease is terminated as a result of Lessee's default whereupon Lessee shall immediately forfeit its Security Deposit to Lessor, upon termination, Lessor shall return to Lessee all portions of the Security Deposit which were not otherwise applied by Lessor as permitted above. Lessor

shall have no obligation to maintain a separate account for such security deposit and shall have no obligation to pay interest thereon.

5.2 Reserved.

6. AIRCRAFT OPERATIONS GUIDELINES.

If and to the extent that Lessee, including its subtenants, contractors, agents, etc., operates aircraft at or on the Airport, Lessee shall be subject to the provisions of **EXHIBIT C**. If any subtenant, contractor or agent of Lessee conducting activities on or at the Premises operates aircraft at the Airport, all shall be subject to the provisions of **EXHIBIT C**, which Lessor may enforce directly against such subtenant, contractor or agent, but Lessee shall have no direct liability or responsibility with respect to such matters; except, however, Lessee shall be responsible for compliance by its subtenants, contractors and/or agents with the *Airport Rules and Regulations* and *Minimum Standards*, as appropriate.

7. IMPROVEMENTS.

7.1 Reserved.

7.2 Reserved.

7.3 No Alterations. Lessee shall make no material improvements or alterations to the Premises during the Term of this Lease without the prior written permission of Lessor, which shall not be unreasonably withheld or delayed and, if and to the extent applicable, without the approval by Lessor's Design Review Committee. Lessee shall provide Lessor with electronic as-built drawings (or their equivalent) when any improvement or alteration is completed for which such drawings are reasonably required.

7.4 Title to Alterations and Improvements. Title to all Improvements and alterations on the Premises (but not personal property or trade fixtures) shall vest in Lessor upon the expiration of this Lease, and Lessee agrees to execute and deliver to Lessor, within TEN (10) business days after Lessor's request therefor, a quitclaim deed confirming that title to such improvements and alterations is vested in Lessor.

7.5 Mechanics' Liens. Lessee shall keep the Premises and all improvements constructed by Lessee thereon free of any mechanic or materialmen's liens. In the event that any such lien is filed, Lessee shall, at its sole cost, cause such lien to be removed from the Premises by bonding or otherwise within THIRTY (30) calendar days of notice thereof.

7.6 Permit Required. Lessee shall be responsible for determining whether it is subject to local building/construction codes or permit requirements, and for compliance with them to the extent they are applicable. All structural, electrical, plumbing or mechanical construction or reconstruction shall conform to City of Mesa (the "City") construction and technical codes. No such work shall be commenced without first submitting required plans and obtaining required permits from the City. All such work shall be permitted, inspected and approved by the City prior to concealment or use. Lessee shall provide to Lessor a contemporaneous copy of Lessee's permit application and the associated plans and specifications.

7.7 Damage or Destruction. Lessee shall maintain insurance on all of Lessee's improvements to the Premises. In the event that all or any portion Lessee's improvements are destroyed or rendered unusable due to fire or other catastrophe, Lessee shall replace, repair, restore, modify or improve said improvements, subject to the provisions of SECTION 7.6, using available insurance proceeds together with any additional funds from other available sources, or, alternatively, Lessee shall pay the replacement cost of the improvements to Lessor.

8. MAINTENANCE.

8.1 Responsibilities.

8.1.1 *Lessee.* Lessee shall, at its sole cost and expense, keep the Premises and all improvements therein in a neat and clean condition and in good order, condition and repair throughout the

Term, and promptly advise Lessor when any item specified in SECTION 8.2 below requires servicing or repair. Lessee also shall, at its sole cost and expense, maintain and repair of Lessee's furnishings, trade fixtures or equipment, and be responsible for Premises landscaping and grounds maintenance.

8.1.2 *Lessor.* Lessor shall, at its sole cost and expense, keep the Premises and all improvements therein in good order, condition and repair throughout the Term; except, however, that Lessor shall not be responsible for the maintenance and/or repair of Lessee's furnishings, trade fixtures or equipment. In performing such Premises maintenance, Lessor will prepare, maintain and follow a preventative maintenance schedule for all mechanical, electrical, plumbing, drain, piping and air conditioning systems on the Premises. Lessor's maintenance of the Premises shall consist of the inspection, servicing and repair of all systems and improvements, including the boilers, interior roof and structures, electrical, plumbing, heating and cooling, fire detection and suppression, pavements and pest control.

8.2 Damage to Lessor Property. Any real or personal property of Lessor damaged or destroyed by Lessee as a result of Lessee's use or occupancy of the Premises shall be promptly repaired or replaced by Lessee to the satisfaction of Lessor. In lieu of such repair or replacement, where required by Lessor, Lessee shall pay to Lessor an amount sufficient to compensate for the loss sustained by Lessor.

8.3 Trash Removal. Lessee shall at all times keep the Premises in a neat, clean, safe, sanitary and orderly condition and shall keep such area free of all trash and debris. Lessee shall, at Lessee's expense, be responsible for all trash removal from the Premises. Such trash removal shall be performed on a not less than weekly basis, and all trash shall be disposed of off the Airport. Prior to its removal from the Airport, Lessee shall deposit all trash and debris only at collection stations located on the Premises, in accordance with City code.

8.4 Emergency Repairs. Within FIFTEEN (15) days of the Effective Date, Lessee shall provide Lessor with a list of names and telephone numbers for 24-hour emergency contact for the Premises. Lessee shall promptly provide Lessor with updated lists and changes as necessary.

9. ASSIGNMENT, SUBLETTING AND OTHER TRANSFERS.

9.1 Right to Transfer. Lessee may freely transfer, assign, encumber, pledge or hypothecate its interest in this Lease or any right or interest hereunder, or sublet the Premises or any part thereof, without the prior consent of Lessor; except, however, any assignment other than an assignment as security in conjunction with or as part of a mortgage or deed of trust or an assignment by means of a foreclosure or trustee's sale thereunder shall require Lessor's reasonable prior written consent. In the case of an assignment (other than an assignment as security), the assignee must expressly assume in writing all of Lessee's obligations under this Lease, and in the case of a sublease, the sublease shall expressly provide that it is subject to all of the terms and conditions of this Lease. Upon an assignment of all of its interest in this Lease, the assignor shall be released from all liability and obligation under this Lease from and after the effective date of the assignment.

9.2 Consent Not Required. Lessee may, without Lessor's consent, cause a Transfer to an Affiliate (as hereinafter defined) if Lessee: (i) notifies Lessor in writing at least THIRTY (30) days prior to such transfer; (ii) delivers to Lessor, at the time of Lessee's notice, current financial statements of Lessee and the proposed transferee that are reasonably acceptable to Lessor; and (iii) the transferee assumes and agrees in writing to perform Lessee's obligations under this Lease. For purposes of this SECTION 9.2, "Affiliate" means any person or entity that, directly or indirectly, controls, is controlled by or is under common control with Lessee. For purposes of this definition, "control" shall mean possessing the power to direct or cause the direction of the management and policies of the entity by the ownership of a majority of the voting securities of the entity.

9.3 Deemed Transfers. For the purposes of this Lease, a Transfer shall be deemed to include the following: (i) if Lessee is a corporation, partnership, limited liability company or other legal entity, the transfer of any ownership interest in such entity resulting in a change in the present control of such entity by the person or persons owning a majority of the ownership interest thereof as of the date of this Lease; provided, however, if Lessee is a corporation whose stock is traded on a nationally recognized stock exchange, the transfer of

Lessee's stock shall not constitute a Transfer requiring Lessor's consent; or (ii) the sale of TWENTY-FIVE PERCENT (25%) or more in value of the assets of Lessee.

9.4 Subletting.

9.4.1 Lessee may sublease all or portions of the Premises if the following conditions are met:

a. The sublease and any amendments or modifications thereto are approved in advance and in writing by Lessor, or are in a form which shall have been previously approved in writing (except for changes that do not materially impact Lessor's rights and interests) by Lessor. If a pre-approved form is used, Lessor's advance approval of the actual sublease and any amendments or modifications thereto is not required.

b. Rent for subleased premises shall not be less than fair market value.

c. Sublessee(s) shall not pay, and Lessee shall not accept, prepayment of rent in excess of ONE (1) month's rent.

d. The sublease(s) and sublessee(s) shall at all times be subject to the terms and conditions of this Lease.

e. The permitted uses of the Premises under any sublease shall be the same as that permitted under this Lease.

f. The term of any sublease shall not extend beyond the stated expiration of this Lease.

9.4.2 Upon request from Lessee, Lessor shall enter into a Non-Disturbance and Attornment Agreement; provided, however, that: (i) the conditions of SECTION 9.4.1 have been met; (ii) the sublessee is not then in default beyond an applicable cure period under the sublease or this Lease; and (iii) the sublessee does not have a history of noncompliance with the *Airport Rules and Regulations* or *Minimum Standards*. All legal fees incurred by Lessor in connection with any reasonably necessary legal counsel review and approval of a Non-Disturbance and Attornment Agreement shall be paid by Lessee.

9.4.3 Lessee shall not allow any sublessee unescorted access to the secured areas of the Airport unless and until the sublessee has obtained its own valid Airport security clearance and media from Lessor. Lessee acknowledges that it may take THIRTY (30) calendar days or more to process sublessee for security clearance and media.

9.4.4 Lessee shall submit a copy of each fully executed sublease to Lessor as soon as possible, but no later than FIVE (5) business days after execution.

9.5 Non-Disturbance. Lessor agrees, for the benefit of all subtenants of all or any part of the Premises, that if this Lease or Lessee's right to possession of the Premises is terminated for default or otherwise, all subleases of all or any part of the Premises, except any sublease to an affiliate of Lessee, shall continue in full force and effect, notwithstanding the termination, as direct leases between Lessor and the subtenants and all such subtenants shall, upon request, attorn in writing to Lessor.

10. IDENTIFICATION SIGNS.

Lessee may install on the Premises, a sign or signs identifying its business on the exterior of the Premises; provided, however, that the general type, size, and location of such sign(s) shall conform to Lessor's Comprehensive Sign Plan, be approved in writing by Lessor in advance of installation and be subject to any signage rules, codes and/or regulations of any governmental authority.

11. DEFAULT; TERMINATION BY LESSOR.

11.1 Events of Default. Each of the following shall constitute a material default of this Lease by Lessee (an "Event of Default"):

11.1.1 Failure to pay any installment of Base Rent or other amount due from Lessee hereunder, or required by any other agreement between the Parties, provided that Lessee does not cure such failure within TEN (10) business days after delivery by Lessor of a written notice of such failure.

11.1.2 Failure to perform any of its other obligations under this Lease, provided that Lessee does not cure such failure within THIRTY (30) calendar days after delivery by Lessor of a written notice of such default; provided, however, if a cure of the default reasonably requires more than THIRTY (30) calendar days to complete, then the time to cure shall be extended so long as the cure is being diligently pursued.

11.1.3 The filing of any mechanic's, materialmen's or other lien or any kind against the Premises because of any act or omission of Lessee which lien is not discharged, by bonding or otherwise, within THIRTY (30) calendar days of receipt of actual notice thereof by Lessee.

11.2 Lessor's Remedies. Upon the occurrence of an Event of Default under this Lease, Lessor may, without prejudice to any other rights and remedies available to a Lessor at law, in equity or by statute, but subject to the provisions of SECTIONS 9.2 and 23 herein, exercise one or more of the following remedies, all of which shall be construed and held to be cumulative and non-exclusive:

11.2.1 Terminate this Lease and re-enter and take possession of the Premises; or

11.2.2 Without terminating this Lease, re-enter and take possession of the Premises; or

11.2.3 Without such re-entry, recover possession of the Premises in the manner prescribed by any statute relating to summary process, and any demand for Base Rent, re-entry for condition broken, and any and all notices to quit, or other formalities of any nature to which Lessee may be entitled, are hereby specifically waived to the extent permitted by law; or

11.2.4 With or without terminating this Lease, Lessor may re-let the Premises or any portion thereof.

11.3 No Implied Termination. Lessor shall not be deemed to have terminated this Lease unless Lessor shall have notified Lessee in writing that it has so elected to terminate this Lease. Lessee hereby waives all claims based on Lessor's reentering and taking possession of the Premises, or removing and storing the property of Lessee, and shall save Lessor harmless from all losses, costs or damages occasioned thereby. No such reentry shall be considered or construed to be a forcible entry by Lessor.

11.4 Lessor's Current Damages. Lessor is authorized to make such repairs, refurbishments or improvements to the Premises as may be necessary for the purpose of attempting to re-let the Premises, and the costs and expenses incurred in respect of such repairs, redecorating, refurbishments and improvements shall be paid by Lessee to Lessor within FIVE (5) business days after receipt of Lessor's statement. If Lessor exercises any of the remedies stated above, Lessor shall be entitled to recover from Lessee all damages incurred by Lessor by reason of the Event of Default, which shall include, without limitation, (i) the equivalent of the amount of the Base Rent and all other payments which would be payable under this Lease by Lessee for the remainder of the Term as if this Lease were still in effect, less (ii) the net proceeds of any re-letting by Lessor after deducting all of Lessor's expenses in connection with such re-letting, which shall include, without limitation, repossession costs, repairs, redecorating, refurbishments or improvements to the Premises, brokerage commissions, attorneys' fees, and legal expenses. Lessee shall pay such current damages to Lessor, in the amount set forth in the preceding sentence (hereinafter called the "Deficiency"), in monthly installments on the days on which the Base Rent would have been payable under this Lease as if this Lease were still in effect. All amounts collected by Lessor from subtenants shall be credited against Lessor's damages.

11.5 Lessor's Final Damages. At any time after an Event of Default, whether or not Lessor shall have collected any monthly Deficiency as set forth above, Lessor shall be entitled to recover from Lessee, and Lessee shall pay to Lessor, on demand, as final damages for the applicable Event of Default, the sum of (a) the then present worth (at a discount at the rate of SIX PERCENT (6%) per annum) of (i) the aggregate of the Base

Rent and all other amounts to be paid by Lessee hereunder for the unexpired portion of the term of this Lease (assuming this Lease had not been terminated), less (ii) the amount of such loss that could have been reasonably avoided, plus (b) repossession costs, Lessor's expenses in connection with any attempts it may have made to re-let the Premises (which shall include, without limitation, repairs, refurbishments or improvements to the Premises and brokerage commissions), attorneys' fees, legal expenses, and all other damages incurred by Lessor as a result of such Event of Default. In determining the amount of loss that could reasonably be provided, rents to be paid by subtenants pursuant to SECTION 9.4, if applicable, and other reasonably projected rental income from leasing the Premises shall be taken into account.

11.6 No Waiver by Lessor. No waiver by Lessor of any breach or default by Lessee in the performance of its obligations under this Lease shall be deemed to be a waiver of any subsequent default by Lessee in the performance of any of such obligations, and no express waiver shall affect an Event of Default in a manner other than as specified in said waiver. The consent or approval by Lessor to or of any act by Lessee requiring Lessor's consent or approval shall not be deemed to waive or render unnecessary Lessor's consent or approval to or of any subsequent similar acts by Lessee.

11.7 Content of Default Notice. Any default notice tendered to Lessee hereunder shall be deemed to be sufficient if it is reasonably calculated to put Lessee on inquiry as to the nature and extent of such default, and is made in accordance with SECTION 20 herein.

11.8 Limitation on Exercise of Termination Remedy by Lessor. Notwithstanding anything to the contrary in SECTION 11.2 hereinabove, if an Event of Default occurs, Lessor shall not have the remedy of terminating this Lease or of taking possession of the Premises unless: (i) the Event of Default consists of a failure to pay of Base Rent or other amounts owed to Lessor; or (ii) Lessor has no other remedy that is adequate to protect Lessor's interests. Other remedies that are available to Lessor include self-help and recovery of damages, and nothing in this SECTION 11 shall limit the exercise of any such other remedy.

11.9 Waiver of Landlord's Lien. Lessor hereby waives all statutory or common law landlord's lien rights with respect to personal property located on the Premises.

12. RESERVED.

13. INDEMNIFICATION.

To the fullest extent permitted by law, Lessee hereby agrees to defend, indemnify and hold harmless Lessor and its members, elected or appointed officials, agents, contractors, subcontractors, boards, commissions and employees (hereinafter referred to collectively as the "Lessor" for purposes of this SECTION 13) for, from and against any and all claims, causes of action, liability, suits, litigation (including reasonable attorney's fees and other costs of investigation and litigation), actions, losses, damages or claims of any nature whatsoever which arise out of or in connection with (i) any accident, injury or damages occurring within the Premises, or (ii) any negligent act or omission of Lessee or its agents, employees, contractors, or subcontractors (hereinafter referred to collectively as "Lessee" for purposes of this SECTION 13) in connection with Lessee's operations hereunder and which result directly or indirectly in the injury to or death of any persons or the damage to or loss of any property, or (iii) the failure of Lessee to comply with any provisions of this Lease. This indemnification shall exclude responsibility for any consequential damages and for claims arising by reason of the negligent or wrongful act of Lessor or its employees, contractors or agents.

14. ENVIRONMENTAL PROTECTION.

14.1 Definitions. Unless the context shall clearly require otherwise, the terms defined in this SECTION 14 shall, for all purposes of this Lease and of any agreement amendatory hereof or supplemental hereto, have the meanings herein specified, with the following definitions to be equally applicable to both the single and plural forms of any of the following:

14.1.1 *Environmental Laws.* The term “Environmental Laws” shall mean any one or all of the following, as the same are amended from time to time: the *Comprehensive Environmental Response, Compensation, and Liability Act*, 42 USC Section 9601 et seq.; the *Resource Conservation and Recovery Act*, 42 USC Section 6901, et seq.; the *Toxic Substances Control Act*, 15 USC Section 2601 et seq.; the *Safe Drinking Water Act*, 42 USC Section 300f et seq.; the *Clean Water Act*, 33 USC Section 1251 et seq.; the *Clean Air Act*, 42 USC Section 7401 et seq.; the *Arizona Hazardous Waste Management Act*, A.R.S. Section 49-921 et seq. the *Arizona Environmental Quality Act*, A.R.S. Title 49, as amended; and all regulations thereunder and any other laws, regulations and ordinances (whether enacted by the local, state or federal government) now in effect or hereafter enacted that deal with the regulation or protection of the environment, including the ambient air, ground water, surface water, and land use, including substrata land, or that govern the use of hazardous materials, hazardous waste and hazardous substances and petroleum products.

14.1.2 *Hazardous Material.* The term “Hazardous Material” shall mean any toxic or hazardous material, substance or waste, or any pollutant or contaminant as defined or regulated pursuant to any Environmental Law and petroleum products. For purposes of this definition, petroleum includes petroleum-based substances comprised of a complex blend of hydrocarbons derived from crude oil through processes of separation, conversion, upgrading and finishing (e.g., distillate fuel oils, petroleum solvents and used oils).

14.2 Release by Lessor. Lessor shall indemnify Lessee to the fullest extent permitted by law for any and all environmental damage of any kind, or for the effects of Hazardous Material on the environment, or on any person or property, if any, which have been caused by the use of, or releases from, the Premises and the Airport prior to Lessee’s occupancy of any part thereof. Lessee is not liable for any claims or damages arising from environmental damage resulting from or that are the result of contamination of any kind existing on the Premises or surrounding sites prior to Lessee’s occupancy of thereof.

14.3 Lessee Compliance.

14.3.1 Lessee shall, at the Lessee’s own expense, comply with all present and hereafter enacted Environmental Law, including any amendments thereto, affecting Lessee’s activities on and property interest in the Premises during the period of Lessee’s occupancy of thereof under this Lease.

14.3.2 Lessee shall not cause or permit any Hazardous Material to be brought upon, kept or used in or about the Premises or the Airport by Lessee’s agents, employees, contractors or invitees in violation or threatened or suspected violation of any Environmental Law. The Parties recognize and agree that Lessee may bring on the Premises and Airport and use Hazardous Materials that are ordinarily and customarily used in the conduct of Lessee’s permitted activities under this Lease, provided that such use shall comply fully with all applicable Environmental Laws.

14.4 Indemnification. To the fullest extent permitted by law, Lessee shall indemnify, defend (with counsel reasonably acceptable to Lessor), protect and hold harmless Lessor and its employees and agents for, from and against any and all liability, loss, damage, expense, penalties and legal and investigation fees or costs, arising from or related to any claim or action for injury, liability, or damage to persons or property and any and all claims or actions brought by any person, entity or governmental body, alleging or arising in connection with contamination of the environment or violation of any Environmental Law or other statute, ordinance, rule, regulation, judgment or order of any government or judicial entity which are incurred or assessed as a result of any of Lessee’s activities or operations on the Premises or Airport. This obligation includes, but is not limited to, all costs and expenses related to cleaning up the property, land, soil and underground or surface water as required under the law. Lessee’s obligations and liabilities under this SECTION 14.4 shall survive the termination of this Lease. The indemnification of Lessor by Lessee as described above includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision. Lessor reserves the right to seek injunctive relief as may be permitted under law and equity.

14.5 Remediation. Without limiting the foregoing, if the presence of any Hazardous Material during the Term of this Lease caused or permitted by Lessee results in any Release on the Airport in violation

or potential violation of any Environmental Law, Lessee shall promptly take action to remediate the affected property at its sole expense as necessary to return the Airport to the condition existing prior to the introduction of any such Hazardous Material to the Airport; provided that Lessor's approval of such actions shall first be obtained, which approval shall not, except in an emergency, be unreasonably withheld so long as such actions would not potentially have any material adverse long-term effect on the Airport and Lessee is not under administrative or court order related to such remediation action. Notwithstanding Lessor's approval pursuant to this SECTION 14.5, Lessor is not responsible for directing or managing any remediation action. For purposes of this SECTION 14.5, the term "Release" means any releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing, or dumping.

14.6 Governmental Submittals. Lessee shall, at Lessee's own expense, make all submissions to, provide all information to, and comply with all requirements of the appropriate governmental authority (the "Government") under the Environmental Laws. Should the Government determine that a site characterization, site assessment and/or cleanup plan should be prepared and/or that a cleanup should be undertaken because of any spills or discharges of Hazardous Materials by reasons of Lessee's activities or actions at the Airport which occur during the term of this Lease, then Lessee shall, at the Lessee's own expense, prepare and submit the required plans and financial assurances, and carry out the approved plans.

14.7 Information Sharing.

Lessee shall immediately notify Lessor of any of the following: (i) Lessee's receipt of any notification from any governmental entity either charging or informing Lessee that it will be charged with a significant (as defined below) violation of Environmental Laws, and (ii) any significant change in Lessee's activities on the Premises or Airport that is reasonably likely to adversely change Lessee's or Lessor's obligations or liabilities under the Environmental Laws. In addition, Lessee agrees to provide Lessor with copies of documents reflecting the physical condition of the Premises, including but not limited to, environmental testing of soils and groundwater, and information reasonably requested by Lessor to determine the applicability of the Environmental Laws to the Premises, or to respond to any governmental investigation or claim of liability by third parties which is related to environmental contamination of the Premises or Airport, including Lessee's activities thereon. A "significant violation of Environmental Law" shall be any violation that requires more than THIRTY (30) calendar days to resolve.

14.8 Sublease. Lessee shall insert provisions substantially identical to the provisions of this SECTION 14 in any sublease agreement or contract by which it grants a right or privilege to any person, firm, corporation or other entity under this Lease.

14.9 Actions of Lessee. The activities or actions of Lessee under this SECTION 14 shall include the activities or actions of Lessee's officers, directors, employees, agents, contractors, invitees and successors.

14.10 Clean Water Act; NPDES Permits and SWPPPs. Without in any way limiting the foregoing, Lessee shall comply with all Environmental Laws regarding discharges to water and land, including, without limitation, obtaining and complying with an individual National Pollutant Discharge Elimination System ("NPDES") permit, or requesting coverage under and complying with any applicable multi-sector permit obtained by Lessor. If applicable, Lessee shall also prepare and comply with a site-specific Storm Water Pollution Prevention Plan ("SWPPP") or any revisions to an SWPPP, with respect to Lessee's operations or activities on the Premises or Airport. At Lessee's discretion, Lessee may choose to be added to Lessor's Storm Water Permit and, if such addition is desired, agrees to be subject to the provisions of **EXHIBIT E** attached hereto.

14.11 Reserved.

14.12 Protective Devices and Plans. If Lessee is required by the City to estimate the possible constituents of sanitary sewer discharges in order that the City may define certain discharge limitations for the Premises, Lessee shall complete and return an *Industrial Wastewater Discharge Questionnaire* (the "Questionnaire") to the City and promptly provide Lessor with updates to the Questionnaire as they arise. Also, if the City so

requires, Lessee shall install and maintain appropriate protective devices to prevent accidental discharge of any Hazardous Materials into domestic or industrial drains on or near the Premises and elsewhere on the Airport, as appropriate, and for any other material for which a slug load discharge could pollute the Airport's storm water discharge or disrupt operations at the sewage treatment plant serving the Premises. Lessee shall post a notice in a prominent place on the Premises advising employees what actions to take and whom to call in the event of said discharge, and shall ensure that all employees of Lessee are trained with regard to the spill protection plan hereinafter referenced. Lessee also shall provide Lessor with immediate notice of any spill.

14.13 Right to Enter Premises. Lessor's rights under this Lease specifically include the right of Lessor, the United States Government, the Environmental Protection Agency (the EPA), the Arizona Department of Environmental Quality (ADEQ) and the Arizona Department of Occupational Safety and Health (ADOSH) to enter the Premises upon reasonable notice to Lessee for purposes of: (i) inspecting Lessee's compliance with environmental, occupational safety and health laws and regulations, whether or not such party is responsible for enforcing such laws; (ii) conducting environmental investigation or remediation, including, without limitation, performing tests and surveys, drillings, test-pitting, borings, compiling data and/or records, and other activities related to environmental investigation; and (iii) carrying out remedial or removal actions as required or necessary under applicable laws, including, without limitation, installing monitoring wells, pumping wells and/or treatment facilities. Lessor shall give Lessee TWENTY-FOUR (24) hour's prior notice of its intention to enter the Premises unless it determines the entry is required for safety, environmental, operations, or security purposes. Lessee shall have no claim against Lessor for any entries by the United States, EPA, ADEQ, Arizona ADOSH, or any officer, agent, employee or contractor thereof.

14.14 U.S. Air Force Use and Remedial Action.

14.14.1 The Parties assume no liability or responsibility for environmental impacts and damage caused by the U.S. Air Force's use of Hazardous Materials on any portion of the Airport, including the Premises, prior to the Effective Date, and have no obligation under this Lease to undertake the defense of any claim or action, whether in existence now or brought in the future, solely arising out of the use of or release of any Hazardous Materials or deposits of solid waste on or from any part of the Airport, including, but not limited to, the Premises. Further, the Parties have no obligation under this Lease to undertake environmental response, remediation, or cleanup relating to such use or release. For purposes of this SECTION 14.14, "defense" or "environmental response, remediation, or cleanup" shall include liability and responsibility for the costs of damage, penalties, legal and investigative services relating to such use or release. The terms, "Occupation" or "Use" shall mean any activity or presence (in or upon) such portion of, or such building, facility or other improvement on the Premises.

14.14.2 Pursuant to Section VII.E.3 of the Deed (as defined herein), the U.S. Air Force warrants and covenants that all remedial action necessary to protect human health and the environment with respect to hazardous substances remaining on the Airport has been completed prior to the date of the Deed and, further, any remedial action found to be necessary after the date of the Deed shall be conducted by the U.S. Air Force; provided, however, that the foregoing covenant does not apply where Lessor or Lessee is a potentially responsible party with respect to any portion of the Premises or the Airport.

14.15 Cleanup Requirements. Lessee agrees that Lessor assumes no liability to Lessee should Hazardous Materials cleanup or related requirements, whether imposed by law, regulatory agencies, the U.S. Air Force or Department of Defense interfere with Lessee's use of the Premises. Lessee shall have no claim against Lessor or the United States or any officer, agent, employee or contractor thereof on account of any such interference whether due to entry, performance of remedial or removal investigations, or exercise of any right with respect to the Federal Facilities Agreement (FFA) or the Installation Restoration Program (IRP) or under this Lease or otherwise. Lessee agrees to comply with the provisions of any health or safety plan in effect under the IRP or any hazardous substance remediation or response agreement with environmental regulatory authorities during the course of any of the above described response or remedial actions. Any inspection, survey, investigation, or other response or remedial action shall, to the extent practicable, be coordinated with

representatives designated by Lessee. Lessee shall have no claim on account of such entries against the United States or any officer, agent, employee, contractor, or subcontractor thereof.

14.16 Spill Protection Plan. In the event Lessee undertakes any type of manufacturing, maintenance or other activities on the Premises involving the use or generation of any Hazardous Materials regulated by Hazardous Materials Laws, Lessee shall have an approved plan for responding to Hazardous Materials, fuel, and other chemical spills prior to commencement of activities on the Premises and other approved Airport locations. Such plan shall comply with all applicable requirements of said plan which shall be updated from time to time or as may be required to comply with changes in site conditions or applicable requirements, and shall be approved by all agencies having regulatory jurisdiction over such plan. Such plan shall be independent of Lessor's spill prevention and response plans, if any. Lessee shall not rely on use of Lessor or Lessor personnel or equipment in execution of its plan. Lessee shall file a copy of the approved plan and approved amendments thereto with Lessor's Environmental and Archeological Coordinator within THIRTY (30) calendar days of receipt of a CofO from the City. Notwithstanding the foregoing, should Lessor provide any personnel or equipment, whether for initial fire response and/or spill containment, on the request of Lessee, or because Lessee was not, in the opinion of Lessor, conducting firefighting, containment or timely cleanup actions, Lessee agrees to reimburse Lessor for its actual costs in accordance with all applicable laws and regulations.

14.17 Wells. Lessee shall not install any drinking water or other wells in any location on the Premises without the prior written approval of Lessor.

14.18 Construction Activities and Surface Disturbances.

14.18.1 Should Lessee be permitted to construct improvements on the Premises, Lessee agrees that in the event any hazardous substances, pollutants, contaminants, petroleum or petroleum derivatives are found, Lessee shall promptly notify Lessor of such discovery and shall immediately cease said construction pending investigation and remedial action, if necessary, by Lessor or the appropriate regulatory agency.

14.18.2 After construction of Lessee's improvements on the Premises, if any, either in the future or as otherwise provided herein, Lessee shall not conduct any subsurface excavation, digging, drilling or other disturbance of the surface without the prior written approval of Lessor, which shall not be unreasonably withheld.

15. PROTECTION OF WETLANDS.

Lessee shall minimize the destruction, loss, or degradation of any wetlands located on the Premises. Lessor believes there are no wetlands existing on the Premises as of the Effective Date. However, before locating new construction in wetlands, if any exist, Lessee shall contact Lessor and the United States Army Corps of Engineers and obtain a permit or waivers under Section 404 of the *Clean Water Act*. For purposes of this SECTION 15, the term, "new construction," includes structures, facilities, draining, dredging, channeling, filling, diking, impounding, and related activities.

16. SPECIAL PROVISIONS.

16.1 Lessee shall comply with all applicable Federal, State, and local occupational safety and health regulations.

16.2 Lessee shall be responsible for determining whether it is subject to State and local sanitation, licensing, building code or building permit requirements and whether or not it requires a permit to do business and for compliance with them to the extent they are applicable.

17. INSURANCE.

17.1 Coverage Required. Lessee shall procure and maintain, or cause to be procured and maintained, the following types and amounts of insurance with respect to the Premises:

17.1.1 *Comprehensive General Liability* insurance in the amount of \$2 million per occurrence, covering third party bodily injury and property damage, including coverage for “premises/operations,” “professional,” “host liquor” and “blanket contractual liabilities.”

17.1.2 *Environmental Impairment Liability* (or *Pollution Legal Liability*) insurance in the amount of \$2 million per occurrence, covering third party bodily injury and property damage associated with hazardous materials storage facilities, tanks, piping, ancillary equipment and containment structures, or structures that are used, controlled, constructed or maintained on the Airport, and including expenses for defense, release mitigation and off- and on-site remediation.

17.1.3 *Property* insurance covering all essential personal property (property essential to Lessee’s continued business operations) and all improvements made by Lessee to the Premises, including all replacements and/or additions thereto, for their full insurable value (All Risks) on a replacement cost basis. Such coverage shall be specified on an ISA Special Causes of Loss form.

17.1.4 *Worker’s Compensation* insurance, as required by law, and *Employer’s Liability* insurance in the amount of \$1 million covering work-related injuries to employees and others permitted to operate or otherwise conduct business on the Premises.

17.2 Form. Each insurance policy obtained pursuant to this SECTION, except for *Worker’s Compensation* and *Employer’s Liability* policies, shall: (i) name Lessor as a certificate holder or additional named insured; (ii) contain a provision that written notice of cancellation or modification thereof shall be given to Lessor not less than THIRTY (30) calendar days before such cancellation or modification takes effect (TEN (10) days in case of nonpayment of premium); and (iii) contain a waiver of subrogation in favor of Lessor. Lessee shall not permit any insurance policy to be canceled or modified without Lessor’s written consent unless equivalent replacement policies are issued with no lapse in coverage. All policies shall be obtained from insurance companies licensed to do business in the State of Arizona and possessing a rating of at least A – VII or higher from the A.M. Best Company, or an equivalent rating and approved by Lessor.

17.3 Certificates of Insurance. Lessee shall deliver a certificate of insurance for each policy required herein to Lessor, in standard Acord or equivalent form, prior to the Effective Date and shall continue to provide such certificates throughout the term of this Lease.

17.4 Additional Insurance. At any time during the term of this Lease, Lessor may, if in its reasonable determination the insurance coverage required by this SECTION 17 is no longer adequate, require Lessee to increase its coverage to commercially reasonable amounts.

17.5 Blanket Insurance. Lessee’s insurance obligations under this Lease may be satisfied by means of “blanket” or excess policies.

17.6 Insurance by Lessor. In the event Lessee shall fail to procure any insurance required hereunder, Lessor may, upon written notice to Lessee, procure and maintain any or all of the insurance required of Lessee under this SECTION. In such event, all costs of such insurance procured and maintained by Lessor on behalf of Lessee shall be the responsibility of Lessee and shall be fully reimbursed to Lessor within TEN (10) business days after Lessor advises Lessee of the cost thereof.

18. SURRENDER OF POSSESSION.

18.1 Condition of Property.

18.1.1 Upon the expiration or earlier termination of this Lease, Lessee’s right to occupy the Premises and exercise the privileges and rights granted thereunder shall cease, and Lessee shall peaceably surrender the same and leave the Premises broom clean and in good condition except for normal wear and tear. All trade fixtures, equipment, and other personal property installed or placed by Lessee on the Premises which are not permanently affixed thereto shall remain the property of Lessee, and Lessee shall have the right at any time during the term of this Lease, to remove the same from the Airport and Lessee shall repair, at its sole cost, any damage caused by such removal. Any property not removed by Lessee within FIFTEEN (15) calendar days

of the expiration or earlier termination of this Lease, or revocation of Lessee's right to occupy the Premises, shall become a part of the Premises, and ownership thereof shall vest in Lessor. Lessee shall, however, remain financially liable to Lessor for the cost of repairs to the Premises incurred as a result of Lessor's removal and/or relocation of property formerly belonging to Lessee and not otherwise removed from the Premises, as provided herein, and shall remit to Lessor payment for such costs within TEN (10) business days of Lessee's receipt of Lessor's invoice therefor.

18.1.2 Any trade fixtures, equipment or other property affixed to the Premises by Lessee shall, if required by Lessor, be permanently removed from the Premises by Lessee, at Lessee's expense, within FIVE (5) business days of Lease termination. Should Lessee fail to remove such trade fixtures, equipment or other property within said time, Lessor may remove and dispose of such trade fixtures, equipment or other property at Lessee's expense, and Lessee shall reimburse Lessor for the costs thereof within TEN (10) business days of receipt of Lessor's invoice therefor.

18.2 Holding Over. Lessee shall not remain in possession of the Premises after the expiration or earlier termination of the Term without the express written consent of Lessor. Should Lessee hold over without the express written consent of Lessor, such tenancy shall be at the sufferance of Lessor and not a renewal of the Term. In such case, the Base Rent and all other charges due pursuant to this Lease shall be payable at ONE HUNDRED FIFTY PERCENT (150%) of the amount payable during the last year of the Term, and such tenancy at sufferance shall be subject to every other term, covenant and provision of this Lease. In the event Lessee holds over, Lessee shall be liable for all of Lessor's direct and consequential damages, which shall include, without limitation, costs, fees, expenses, damages and attorneys' fees incurred by Lessor as a result of Lessee's holding over, and damages and expenses incurred by Lessor for its inability to deliver possession of the Premises to a new lessee.

19. INSPECTION BY LESSOR.

Lessor may enter upon the Premises at reasonable times and upon reasonable notice for any reasonable purpose, including, but not limited to, compliance with the terms and conditions of this Lease and the exercise of its governmental functions for such activities as fire protection or security.

20. NOTICES.

20.1 All notices required or permitted under this Lease shall not be effective unless personally delivered or mailed by certified mail, return receipt requested, postage prepaid, or by reputable commercial overnight courier service, to the following addresses:

TO LESSOR: Phoenix-Mesa Gateway Airport Authority
Attn: Business Development Department
5835 South Sossaman Road
Mesa, Arizona 85212

TO LESSEE: Fabricating/Distributor, Inc.
Attn.: Ms. Debra Peacock, Vice President
6316 S. Taxiway Circle
Mesa, Arizona 85212

20.2 Any notice shall be deemed to have been received TWO (2) business days after the date of mailing, if given by certified mail, or upon actual receipt if personally delivered or if given by reputable commercial overnight courier service. Any Party may designate in writing a different address for notice purposes pursuant to this SECTION.

21. SEVERABILITY.

Should a court of competent jurisdiction declare any provision of this Lease invalid, the remaining terms shall remain effective.

22. SALES AND PROPERTY TAXES.

Lessee shall pay any leasehold tax, sales tax, personal property tax, transaction privilege tax, license or permit fee, or any other tax assessed as the result of its occupancy of Premises or conduct of any activity at the Airport under authority of this Lease, including any such tax assessable on Lessor. In the event that laws or judicial decisions result in the imposition of a real property tax or any other form of tax or imposition on the interest of Lessor, such tax shall also be paid by Lessee for the period this Lease is in effect, to the extent such taxes are reasonably attributable to the Premises or a portion thereof or the operation of Lessee's business.

23. APPROVALS, CONSENTS AND NOTICES.

All approvals, consents and notices called for in this Lease shall be in writing, signed by the appropriate Party, and may not be established solely by oral testimony.

24. LIENS AND MORTGAGES.

24.1 General Provisions.

24.1.1 Except as provided in this SECTION 24, Lessee shall not engage in any financing or other transaction creating any mortgage or deed of trust upon the Premises, place or suffer to be placed upon the Premises any lien or other encumbrance, or suffer any levy or attachment to be made on Lessee's interest in the Premises. Any such mortgage or deed of trust, encumbrance or lien shall be deemed a violation of this SECTION, constituting a failure by Lessee to comply with the terms of the Lease, on the date of its execution or filing of record regardless of whether or when it is foreclosed or otherwise enforced.

24.1.2 Notwithstanding anything to the contrary in SECTION 9 herein, Lessee shall, during the Term, be permitted to mortgage, collaterally assign, or otherwise encumber its leasehold interest under this Lease to secure indebtedness, including, without limitation, a loan to finance construction of improvements and other development on the Premises, and including refinancing thereof, subject to the restrictions of SECTION 24.1.3, and provided that the language of such mortgage or deed of trust and of all related documents that require the execution, approval, or consent of Lessor shall be subject to the prior review and approval of legal counsel for Lessor, and that all legal fees incurred by Lessor in connection with such legal counsel review and approval shall be paid by Lessee. Any such encumbrance is referred to as a "Mortgage" and the holder thereof a "Mortgagee." The Mortgagee, upon taking possession or upon foreclosure or taking an assignment in lieu thereof, shall be liable for all future rents and obligations hereunder and shall attorn to Lessor. No Mortgage shall encumber Lessor's interest in the Premises or the improvements thereon. Further and promptly after Lessee assigns or encumbers any portion of the Premises or the improvements thereon, Lessee shall furnish Lessor with a written notice setting forth the name and address of such Mortgagee or trustee.

24.1.3 No Mortgage or deed of trust shall extend to or affect the fee, the reversionary interest or the estate of Lessor in the Premises. No Mortgage or deed of trust shall be binding upon Lessor in the enforcement of its rights and remedies under this Lease and by law provided, unless and until a copy thereof shall have been delivered to Lessor and such Mortgage or deed of trust is authorized in accordance with provisions of this SECTION 24.

24.2 Lessor Agreement. With respect to Mortgagees of the Premises, Lessor agrees that:

24.2.1 If requested by a Mortgagee which shall have duly registered in writing with Lessor its name and address, and if Lessor shall give any notice, demand, election or other communication required hereunder (hereafter, collectively, "Notices") to Lessee, Lessor shall concurrently give a copy of each such Notice to the Mortgagee at the address designated by it. Notices shall be sent by registered or certified mail, return receipt requested, and shall be deemed given SEVENTY-TWO (72) hours after the time they are deposited

in a United States Post Office with postage charges prepaid, addressed to the Mortgagee. No Notice given by Lessor to Lessee shall be binding upon or affect Lessee or the Mortgagee unless a copy of the Notice shall be given to the Mortgagee pursuant to this SECTION 24.2.1.

24.2.2 Such Mortgagee entitled to such Notices, as specified above, shall have any and all rights of Lessee with respect to the curing of any default hereunder by Lessee.

24.2.3 If Lessor shall elect to terminate this Lease by reason of any default by Lessee with respect to the Premises, the Mortgagee that shall have become entitled to Notice as provided in this SECTION 24.2 shall have any and all rights of Lessee with respect to curing of any default with respect to the Premises.

24.2.4 Nothing herein contained shall be deemed to impose any obligation on the part of Lessor to deliver physical possession of the Premises to such holder of a Mortgage. To the extent the physical possession of the Premises by a secured creditor is not inconsistent with the terms of this Lease, or is incompatible with the Lessor's selection of available remedies in the Event of Default, Lessor shall not prevent such physical possession.

24.2.5 If more than one Mortgagee shall seek to exercise any of the rights provided for in this SECTION 24, the holder of the Mortgage having priority of lien over the other Mortgagees shall be entitled, as against the others, to exercise such rights. Should a dispute arise among Mortgagees regarding the priority of lien, the Mortgagees shall prove to the satisfaction of Lessor that they have settled that dispute.

24.3 Protection of Mortgagee(s). Until the time, if any, that an approved Mortgage shall be satisfied and released of record:

24.3.1 A Mortgagee shall have the right, for a period equal to the period afforded Lessee to perform any term, covenant, or condition and to remedy any default by Lessee hereunder, and Lessor shall accept such performance with the same force and effect as if furnished by Lessee, and the Mortgagee shall thereby and hereby be subrogated to the rights of Lessor. Such Mortgagee cure period shall begin on the later of: (i) the date Mortgagee receives notice pursuant to Section 24.2, or (ii) the date that Lessee's cure period expires under the Lease. During such Mortgagee cure period, Lessor will not disturb possession, interest or quiet enjoyment by the Lessee or Mortgagee in the real property for any reason, subject to the terms of the Lease, until such Mortgagee cure period has expired. The Mortgagee shall have the right to enter upon the Premises to give such performance.

24.3.2 In case of a default by Lessee in the performance or observance of any non-monetary term, covenant or condition to be performed by it hereunder, if such default cannot practicably be cured by the Mortgagee without taking possession of the Premises, in such Mortgagee's reasonable opinion, or if such default is not susceptible of being cured by the Mortgagee, then Lessor shall not serve a notice of lease termination if and so long as:

a. The Mortgagee shall proceed diligently to obtain possession of the Premises (including possession by a receiver), and, upon obtaining such possession, shall proceed diligently to cure such defaults as are reasonably susceptible of cure (subject to any order by a court of competent jurisdiction staying or otherwise precluding such Mortgagee from obtaining such possession); or

b. The Mortgagee shall institute foreclosure proceedings and diligently prosecute the same to completion (unless in the meantime it shall acquire Lessee's estate hereunder, either in its own name or through a nominee, by assignment in lieu of foreclosure), subject to any order by a court of competent jurisdiction staying or otherwise precluding such Mortgagee from obtaining such possession.

c. The Mortgagee shall not be required to obtain possession or to continue in possession of the Premises pursuant to SECTION 24.3.2a, or to continue to prosecute foreclosure proceedings pursuant to SECTION 24.3.2b, if and when such default shall be cured. If a Mortgagee, its nominee, or a purchaser at a foreclosure sale shall acquire title to Lessee's leasehold estate hereunder, a default that is not reasonably susceptible to cure by the person succeeding to the leasehold interest shall no longer be deemed a default under this Lease.

d. If any Mortgagee is prohibited from commencing or prosecuting foreclosure or other appropriate proceedings in the nature thereof by any process or injunction issued by any court, or by reason of any action by any court having jurisdiction of any bankruptcy or insolvency proceeding involving Lessee, the times for commencing or prosecuting foreclosure or other proceedings, including proceedings to obtain possession, shall be extended for the period of the prohibition.

24.4 New Lease

24.4.1 Lessor agrees that, in the event of early termination of this Lease for any reason (including but not limited to any default by Lessee), Lessor, if requested by any Mortgagee, will enter into a new lease of the Premises with the most senior Mortgagee requesting a new lease, which new lease shall commence as of the date of termination of this Lease and shall run for the remainder of the original term of this Lease, at the rent and upon the terms, covenants and conditions herein contained, provided that:

a. Such Mortgagee shall make written request upon Lessor for the new lease within SIXTY (60) calendar days after the date such Mortgagee receives written notice from Lessor that this Lease has been terminated;

b. Such Mortgagee shall pay to Lessor, at the time of the execution and delivery of the new lease, any and all sums which would, at that time, be due and unpaid pursuant to this Lease but for its termination, and in addition thereto all reasonable expenses, including reasonable attorneys' fees, which Lessor shall have incurred by reason of such termination;

c. Such Mortgagee shall perform and observe all covenants in this Lease to be performed and observed by Lessee, and shall further remedy any other conditions which Lessee under the Lease was obligated to perform under its terms, to the extent the same are reasonably susceptible of being cured by the Mortgagee; and

d. The Lessee under the new lease shall have the same right of occupancy to the buildings and improvements on the Premises and elsewhere on the Airport as Lessee had under this Lease immediately prior to its termination.

Notwithstanding anything to the contrary expressed or implied in this Lease, any new lease made pursuant to this SECTION 24 shall have the same priority as this Lease with respect to any mortgage, deed of trust, or other lien, charge, or encumbrance on the fee of the Premises, and any sublease under this Lease shall be a sublease under the new Lease and shall not be deemed to have been terminated by the termination of this Lease.

24.4.2 Nothing herein contained shall require any Mortgagee to enter into a new lease pursuant to this SECTION 24.4, or to cure any default of Lessee referred to above.

24.4.3 If any Mortgagee shall request a new lease as provided in this SECTION 24.4, Lessor agrees, at the request of, on behalf of and at the expense of the Mortgagee, upon a guaranty from it reasonably satisfactory to Lessor, to institute and pursue diligently to conclusion the appropriate legal remedy or remedies to oust or remove the original Lessee from the Premises, but not any authorized subtenants actually occupying the Premises or any part thereof.

24.4.4 Unless and until Lessor has received notice from each Mortgagee that the Mortgagee elects not to demand a new lease as provided herein, or until the period therefor has expired, Lessor shall not cancel or agree to the termination or surrender of any existing subleases nor enter into any new leases or subleases with respect to the Premises without the prior written consent of each Mortgagee.

24.5 Effect of Transfer. Neither the foreclosure of any Mortgage (whether by judicial proceedings or by virtue of any power of sale contained in the Mortgage), nor any conveyance of the leasehold estate created by this Lease by Lessee to any Mortgagee or its designee by an assignment or deed in lieu of foreclosure or other similar instrument, shall require the consent of Lessor or constitute a default under this Lease, and upon such foreclosure, sale or conveyance, Lessor shall recognize the purchaser or other transferee in connection therewith as the Lessee under this Lease, subject only to an assumption in writing by such purchaser or transferee of all obligations of Lessee under this Lease.

25. GOVERNING LAW; ATTORNEY'S FEES.

The laws of the State of Arizona shall govern the matters set forth in this Lease. Venue of any action brought under this Lease shall, at the option of Lessor, lie in Maricopa County, Arizona.

26. RULES AND REGULATIONS.

Lessee shall at all times comply with all Federal, state and local laws, ordinances, rules, and regulations which are applicable to its activities on the Airport, the Premises itself (including but not limited to the *Americans with Disabilities Act*), or the operation, management, maintenance, or administration of the Airport, including all laws, ordinances, rules and regulations adopted after the Effective Date. Lessee shall at all times comply with the Airport *Minimum Standards* and *Airport Rules and Regulations*, as the same may be amended from time to time. Copies of the current Airport *Minimum Standards* and *Airport Rules and Regulations* are attached hereto as **EXHIBIT D**. Lessee acknowledges and agrees that Lessor may amend the Airport *Minimum Standards* and *Airport Rules and Regulations* at any time in Lessor's sole discretion. Lessee shall be responsible for controlling and preventing disruptive pedestrian and vehicle traffic associated with its activities on the Premises and at the Airport. Lessee also shall display to Lessor any permits, licenses, or other evidence of compliance with laws upon request.

27. CORPORATE AUTHORIZATION.

In executing this Agreement, Lessee represents and warrants to Lessor that if Lessee is a corporation, Lessee has obtained and been granted the full right, power and authority to enter into this Lease.

28. UTILITY LINES AND SERVICE CHARGES.

28.1 Lessee shall, at no cost or expense to Lessor, provide or arrange for any public utility, water and sewage lines, connections and services that are needed in connection with any building(s), structure(s) or other improvement(s) placed on the Premises by Lessee, or required for Lessee's activities thereon, and shall be responsible for the maintenance of such lines and connections from where they enter the Premises. If requested in advance to do so by Lessee, Lessor will grant reasonable rights-of-way on or across the Airport to suppliers of public utility services for the purpose of supplying Lessee with such services, but Lessor reserves the right to designate the lands along which such rights-of-way shall be granted so as to cause the least inconvenience in the operation of the Airport and other Airport tenants.

28.2 Lessee shall pay for all utilities, including trash collection, used in its operations at the Airport and the Premises. The charges and method of payment for each utility or service shall be determined by the appropriate supplier of the utility or service in accordance with applicable laws and regulations, on such basis as the appropriate supplier of the utility or service may establish.

28.3 Notwithstanding the execution of this Lease, Lessor retains the right to the continued use of such utility lines and services as are presently on the Premises and the right to repair the same when necessary in Lessor's sole discretion, including but not limited to, any utility easements on the Premises. Lessor shall conduct such repairs in such a manner and at such times as to not unreasonably interfere with Lessee's activities thereon.

29. RESERVATIONS TO LESSOR.

The Premises are accepted "as is, where is" by Lessee, subject to any and all existing easements or other encumbrances, and Lessor shall have the right to install, lay, construct, maintain, repair and operate such sanitary sewers, drains, storm water sewers, pipelines, manholes, connections; water, oil and gas pipelines; telephone and telegraph power lines; and such other appliances and appurtenances necessary or convenient to use in connection therewith, over, on, across or in proximity to the Premises, or any part thereof, as will not unreasonably interfere with Lessee's or any subtenant's operations hereunder, and to enter upon the Premises for such purposes. Lessor also reserves the right to grant franchises, easements, rights-of-way, and permits, over, on, across or in proximity to any portions of the Premises for the same purposes; provided, that Lessor or the grantee, as applicable, shall not exercise such rights so as to interfere unreasonably with Lessee's or any

subtenant's activities on the Premises and all such interference shall be minimized. Lessor agrees that any rights granted to any parties by reason of this clause shall contain provisions that the surface of the Premises shall be restored to its original condition, at no cost to Lessee, upon the completion of any construction.

30. FEDERAL AVIATION ADMINISTRATION (FAA) PROVISIONS.

30.1 Lessee agrees that in the event improvements are constructed, maintained, or otherwise operated on the Premises for a purpose for which a Department of Transportation (DOT) program or activity is intended, or for another purpose involving the providing of similar services or benefits, Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, *Nondiscrimination in Federally Assisted Programs of the Department of Transportation*, as it may be amended.

30.2 Lessee agrees that: (i) no person shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination on the grounds of race, color, creed, disability, age, sex or national origin in the use of the Premises; (ii) that in the construction of any improvements on, over, or under the Premises and the furnishing of services thereon, no person shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination on the grounds of race, color, or national origin; and (iii) that Lessee shall use the Premises in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21, as it may be amended.

30.3 Lessee assures Lessor that it will comply with pertinent statutes, Executive Orders, and rules promulgated to assure that no person shall, on the grounds of race, creed, color, national origin, or sex, age or handicap, be excluded from participating in any activity.

30.4 Lessor reserves the right to further develop or improve the landing area of the Airport as it sees fit, regardless of the desires or view of Lessee, and without interference or hindrance therefrom.

30.5 Lessor reserves the right, but shall not be obligated to Lessee, to maintain and keep in repair the landing area of the Airport and all publicly owned facilities of the Airport, together with the right to direct and control all activities of Lessee in this regard. Lessor and Lessee agree that Lessee has no responsibility whatsoever with respect to maintenance and repair of the landing area of the Airport, or any publicly owned facilities of the Airport.

30.6 This Lease shall be subordinate to the provisions and requirements of any existing or future agreement between Lessor and the United States relative to the development, operation or maintenance of the Airport.

30.7 There is reserved unto Lessor, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Premises, which shall include the right to cause in the airspace any noise inherent in the operation of aircraft, now known or hereafter used for navigation of or flight in or through the airspace, and for the use of such airspace for landing on, taking off from, or operation on the Airport.

30.8 Lessee agrees to comply with the notification and review requirements covered in 14 CFR Part 77 in the event future construction of a building is planned for the Premises or in the event of any planned modification or alteration of any present or future building or structure situated on the Premises.

30.9 Lessee shall not erect or permit the erection of any structure or building, nor permit the growth of any tree on the Premises, or any other obstruction that exceeds height requirements contained in 14 CFR Part 77 or amendments thereto, or interferes with the runway and/or taxiway "line of sight" of the control tower. In the event these covenants are breached, Lessor reserves the right to enter upon the Premises and to remove the offending structure or object at the expense of Lessee.

30.10 Lessee shall not make use of the Premises in any manner that might interfere with the landing and taking off of aircraft from the Airport or otherwise constitute a hazard. In the event this covenant is breached, Lessor reserves the right to enter upon the Premises and cause the abatement of such interference at the expense of Lessee.

30.11 Nothing contained in this Lease shall be construed to grant or authorize the granting of an exclusive right within the meaning 49 U.S.C. §40103(e) and 47107 (a)(4).

30.12 This Lease and all of the provisions hereof shall be subject to whatever right the United States government now has, or in the future may have or acquire, affecting the control, operation, regulation and taking over of the Airport, or the exclusive or non-exclusive use of the Airport by the United States during the time of war or national emergency.

30.13 To the extent that Lessee conducts or engages in any aeronautical activity for furnishing services to the public at the Airport, Lessee shall furnish its services on a reasonable and not unjustly discriminatory basis to all users and charge reasonable and not unjustly discriminatory prices for each unit or service; except, however, that Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar type of price reductions to volume purchasers.

30.14 Lessee shall conform to Lessor and FAA safety and security rules and regulations regarding use of the Airport air operations area including runways, taxiways, taxilanes and aircraft aprons by vehicles, employees, customers, visitors, etc., in order to prevent security breaches and avoid aircraft incursions and vehicle/pedestrian deviations; complete and pass an airfield safe driving instruction program when offered or required by Lessor; and be subject to penalties as prescribed by Lessor for violations of Airport safety and security requirements.

31. INCORPORATION OF QUITCLAIM DEED.

Lessor owns the Airport pursuant to a Quitclaim Deed from the United States Government (the "Deed"), a copy of which is available to Lessee upon request and is hereby incorporated in its entirety. To the extent the Deed has terms, conditions, obligations, requirements or restrictions that apply to this Lease, Lessor, Lessee or any matter in connection herewith, Lessee agrees to be bound by all the terms, covenants and conditions of the Deed, including the following:

31.1 That this Lease is subject to all terms and conditions of the Deed; and

31.2 That in case of any conflict between the Deed and this Lease, the Deed shall control.

32. REQUIRED PROVISIONS OF QUITCLAIM DEED.

32.1 Section VI (A)(5)(c) of the Deed requires that the following provisions be included in this Lease:

32.1.1 In furnishing services to the public, Lessee shall not discriminate against any person or class of persons by reason of race, color, creed, or national origin, and Lessee shall otherwise provide such services on a fair, equal, and not unjustly discriminatory basis to all users thereof.

32.1.2 Lessee shall charge fair, reasonable, and not unjustly discriminatory prices for each unit for service; except, however, that the Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

32.2 If the Premises are within any of the archaeological sites identified in Section VIII.A of the Deed, then, the provisions of Section VIII of the Deed shall be deemed incorporated in this Lease by this express reference to Section VIII of the Deed.

32.3 To the extent the Deed requires that other specific provisions thereof be inserted in this Lease by express reference to the Deed, this sentence shall constitute an express reference to all such applicable provisions of the Deed.

33. ARCHEOLOGICAL OR CULTURAL RESOURCES.

In the event any archeological or cultural resources are discovered during any construction contemplated or permitted by this Lease, Lessor shall use its best efforts to expedite any necessary actions with

respect thereto, at Lessor's sole cost and expense; provided, however, that in the event the necessary actions with respect to any archeological or cultural resources exceeds or is estimated to exceed \$10,000.00, Lessee shall be entitled to terminate this Lease upon TEN (10) business days' prior written notice to Lessor.

34. AIRPORT SECURITY.

PMGAA Operations Department maintains an approved Airport Security Plan (the "Security Plan") pursuant to 49 CFR Parts 1540 and 1542, and 14 CFR Part 139. Lessee shall at all times comply with PMGAA Operations Department security directives, security bulletins, or verbal notifications existing now or in the future.

34.1.1 Lessee is responsible for maintaining security practices, facilities, and perimeter boundaries on their leasehold that meet the security standards set forth by PMGAA Operations Department.

34.1.2 Lessee shall immediately correct physical or procedural deficiencies which are contrary to PMGAA Operations Department, security directives, security bulletins, or verbal notifications existing now or in the future.

34.1.3 Lessee shall, to the fullest extent permitted by law, indemnify, defend and hold PMGAA harmless for, from and against any security violation committed by any agents, employees, invitees, subcontractors or independent contractors of Lessee.

34.1.4 Lessee shall conduct and document all self-audits and self-inspections as required by TSA or Airport Operations and make such audits available for inspection.

34.1.5 Lessee shall designate a primary security coordinator to receive security related briefings, bulletins and sensitive security information.

34.1.6 PMGAA reserves the right to modify the Security Plan from time to time, as necessary or as directed by TSA. PMGAA Airport Operations shall notify the Lessee security coordinator regarding modifications that effect Lessee.

35. DEFAULT BY LESSOR.

In the event of any alleged breach by Lessor of its covenants contained in this Lease, Lessee shall have available all rights and remedies provided at law or in equity, subject to the terms and conditions of this Lease; provided, however, Lessee may not exercise any such right or remedy unless Lessee has notified Lessor by written notice of such alleged default, and Lessor has not cured such default within the THIRTY (30) calendar day period subsequent to receipt of such notice or, in the event such alleged default is of such a nature that it cannot reasonably be cured within such THIRTY (30) calendar day period, Lessor has failed to cure such alleged default with all due diligence. Notwithstanding anything to the contrary contained in this Lease, in no event shall Lessee be entitled to terminate this Lease or abate or offset any installment of Base Rent, or any other payments to be made by Lessee hereunder.

36. BROKERS.

Lessee represents and warrants that it has not had any dealings with any real estate brokers, finders or agents in connection with this Lease. Lessee further agrees to indemnify, defend (with counsel selected by Lessor) and hold Lessor and Lessor's nominees, successors and assigns harmless from any and all claims, costs, commissions, fees or damages by any person or firm whom Lessee authorized or employed, or acted by implication to authorize or employ, to act for Lessee in connection with this Lease.

37. SALE BY LESSOR.

Lessee agrees to look solely to Lessor's interest in the Premises for the recovery of any judgment from Lessor, it being agreed that neither Lessor nor the holders of the equity interests of Lessor, nor the members, partners, officers, directors or shareholders of Lessor shall be personally liable for any such judgment. In the event of any sale or other conveyance by Lessor of its interest in the Premises, Lessor shall be automatically freed and released from all personal liability accruing from and after the date of such sale or conveyance as respects the performance of any covenant or obligation on the part of Lessor contained in this Lease to be performed, it being intended hereby that the covenants and obligations contained in this Lease on the part of Lessor shall be binding on the Lessor and its successors and assigns only during and in respect to the respective successive periods of ownership of the Premises.

38. ESTOPPEL CERTIFICATE.

Lessee shall, without charge, at any time and from time to time hereafter, within TEN (10) business days after written request of Lessor to do so, certify, by written instrument duly executed and acknowledged by Lessee and certified to Lessor and to any prospective lender or purchaser: (i) as to whether this Lease has been supplemented or amended, and if so, the substance and manner of such supplement or amendment; (ii) as to the existence of any default hereunder to the best of Lessee's knowledge; (iii) as to the date on which Lessee was obligated to commence paying Base Rent and all other charges hereunder and the expiration date of the Term; (iv) as to whether the Lessee has assigned or transferred its interests or any portion thereof in this Lease; and (v) as to any other matters as may be reasonably requested. Lessor and any prospective purchaser or lender to whom the same was certified may rely upon any such certificate.

39. MISCELLANEOUS.

39.1 Personal Liability. No member of or employee of either Party shall be charged personally or held contractually liable by or to the other Party under any term or provision of this Lease because of any breach thereof, or because of its execution or attempted execution.

39.2 No Waiver. No provision of this Lease may be waived or modified except by a writing signed by the Party against whom such waiver or modification is sought.

39.3 Non-Waiver of Rights. No waiver or default by Lessor of any of the terms, conditions, covenants or agreements hereof to be performed, kept or observed by Lessee shall be construed or act as a waiver of any subsequent default of any of the terms, covenants, conditions or agreements herein contained to be performed, kept or observed by Lessee, and Lessor shall not be restricted from later enforcing any of the terms and conditions of this Lease.

39.4 Amendment. Only a written instrument executed by the Parties may amend this Lease.

39.5 Invalid Provisions. Should any provision of this Lease or any application thereof be held invalid by a court of competent jurisdiction, the remainder of this Lease shall not be affected thereby, unless one or both Parties would be substantially and materially prejudiced.

39.6 Litigation Expenses. In the event of litigation between Lessor and Lessee, the prevailing Party shall be entitled to recover its attorneys' fees and all costs and expenses of litigation, including witness fees, expert witness fees, and court costs.

39.7 Headings. The headings contained herein are for convenience in reference only and are not intended to define or limit the scope of this Lease or any term thereof.

39.8 Entire Agreement. This Lease, including exhibits attached hereto at the time of its execution, constitutes the entire agreement between the Parties hereto and supersedes all prior negotiations, understandings and agreements between the Parties concerning such matters.

40. INCORPORATION OF RECITALS.

The recitals set forth herein are acknowledged by the Parties to be true and correct and are incorporated herein by this reference.

IN WITNESS WHEREOF, the Parties have executed this Lease the day and year first above written.

EXECUTED to be effective on the date specified above.

LESSOR:

**PHOENIX-MESA GATEWAY AIRPORT
AUTHORITY**, an Arizona joint powers airport
authority

By: _____
J. Brian O'Neill, A.A.E.
Executive Director/CEO

STATE OF ARIZONA)
) ss.
County of Maricopa)

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me this ___ day of _____, 2017, by J. Brian O'Neill, in his capacity as the Executive Director/CEO of the Phoenix-Mesa Gateway Airport Authority.

Notary Public

My Commission Expires:

LESSEE:

FABRICATING/DISTRIBUTOR, INC., an Arizona Corporation

By: _____
Debra Peacock, Vice President

STATE OF _____)
) ss.
County of _____)

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me this ___ day of _____, 2017, by Debra Peacock, in her capacity as Vice President, Fabricating/Distributor, Inc., an Arizona Corporation, for and on behalf of said Corporation.

Notary Public

My Commission Expires:

EXHIBIT A
DEPICTION OF THE PREMISES

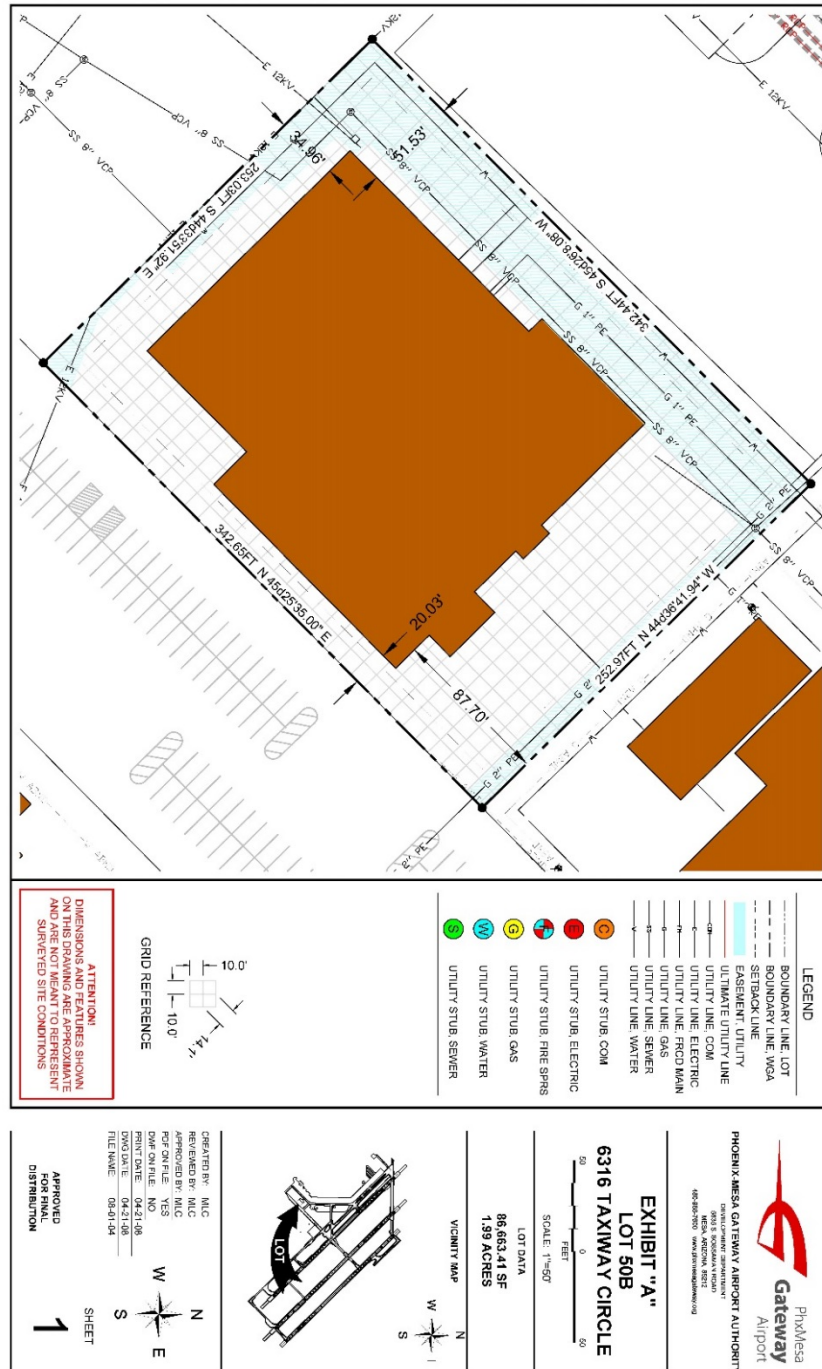


EXHIBIT B

AIRPORT RATES & CHARGES SCHEDULE

http://www.gatewayairport.com/Documents/DocumentLibrary/Board%20Policies/Rates%20&%20Charges_20160701.pdf

EXHIBIT C

AIRCRAFT OPERATIONS GUIDELINES

C1. Use of Airport. Lessee, Lessee's assigns, sublessees, or transferees who operate aircraft at the Airport and are engaged in a private, government, or commercial aeronautical business or service and desire to use the Airport landing facilities for certain types of operations including, but not limited to: 1) taxiing and maneuvering on Airport runways, taxiways, ramps and aprons; 2) landings and approaches ("touch and go", "stop and go"); and 3) low approaches shall be subject to the provisions of this **EXHIBIT C**.

C2. Fees. As appropriate, Lessee shall pay Lessor fees as outlined below:

C2.1 *Landing Fee.* Lessee shall pay a landing fee at a rate equal to the amount reflected on the most current *Airport Rates and Charges Schedule* at the time of the aircraft operation, for each flight subject to a landing fee operated by or in conjunction with Lessee. The weight of any particular aircraft shall be its maximum certificated gross landing weight (MGLW). The amount owed to Lessor for each chargeable aircraft landing for each preceding calendar month shall be due and payable no later than the TWENTIETH (20th) day of the month succeeding the calendar month in which said aircraft landings took place. Lessee's written listing of all aircraft landings subject to such fee shall accompany said payment. Each entry in such listing shall include the date of the landing, the aircraft registration number, the type and model aircraft, the aircraft MGLW and the amount of the fee due.

C2.2 *Aircraft Ramp Space.* Lessee shall pay Lessor monthly, an aircraft-parking fee in an amount equal to that specified in the most current *Airport Rates and Charges Schedule* at the time of use, for each overnight aircraft parking position used by Lessee that is situated on Airport ramp outside Lessee's Premises. Such fees, if any, shall be payable to Lessor no later than the TWENTIETH (20th) day of the month following that in which Lessee occupied or used such space, and such payment shall be accompanied by a written listing of the aircraft (including registration number, make and model), dates and times of usage.

C2.3 *Other Space.* When available and specifically assigned to Lessee, Lessee shall pay Lessor monthly, in advance, a fee for Lessee's non-exclusive use of other space not situated on or part of the Premises. The location and cost of such other space shall be determined by Lessor at its sole discretion, and both may be subject to change from time to time by Lessor, as necessary.

C2.4 *Additional Space/Services.* In the event that Lessee requires space or special services such as, but not limited to, aircraft line services, out-of-station ARFF standby, operations safety officers, ground service equipment, or fuel spills response teams, Lessee shall pay Lessor's standard fees for such services at the time the service is rendered, unless a secured account or agreement is established prior to requesting additional services.

C3. Books and Records. Lessee shall maintain permanent books, records and ledgers accurately reflecting the total number of monthly Aircraft landings for each aircraft subject to a landing fee and any other aforementioned fee indicating the make, type (including model designation), registration, maximum certificated gross landing weight, and arrival and departure time of each aircraft involved. These records shall be made available to Lessor upon request. In addition to monthly payment as set forth in SECTION C2 herein and together therewith, Lessee shall provide Lessor with a written report, indicating all aircraft operations and related information for the preceding calendar month.

C4. Disabled or Abandoned Aircraft. Should any aircraft owned or operated by Lessee through accident or for any other reason, become disabled or be abandoned in any area which could interfere with the continuous, normal operations of any of the runways, taxiways and airfield facilities at the Airport, Lessee shall:

C4.1 Immediately remove said aircraft to such location as may be designated by Lessor, unless such aircraft is required to remain in place pending investigation by the appropriate regulatory agency or agencies of the federal government; and

C4.2 In the event of any accident where federal investigation in place is required, immediately upon receiving clearance to do so from the appropriate federal agency, remove said aircraft and any wreckage or debris resulting therefrom to the area(s) designated by said federal agency authorizing such removal; otherwise, such aircraft wreckage and debris shall be immediately removed from the Airport or stored at a location approved by Lessor.

C4.3 Should Lessee fail to proceed immediately to remove disabled aircraft, or should aircraft owned or operated by Lessee be abandoned on the Airport, Lessor shall have the right to remove such aircraft by any means Lessor deems necessary under the circumstances, and Lessee shall indemnify, defend, keep and hold Lessor, its members, board of directors, officers, agents, officials, servants, employees and contractors harmless from and against any and all claims, costs, loss, liability, actions, suits, proceedings, damage or expense (including costs of suit and attorneys' fees and expenses) incurred by Lessor or claimed by anyone by reason of removal of said aircraft, injury to persons or property or damages to such aircraft caused by such removal, as well as storage costs therefor. Lessee shall reimburse Lessor for any costs incurred by Lessor in removing and storing any aircraft, any property damage to the airport caused by such aircraft or removal within TEN (10) business days of demand therefor.

C5. Aviation Fuel. Lessee, at Lessee's sole cost and expense, shall procure aviation fuel delivered to its aircraft on the Airport. If fueling or defueling aircraft owned or operated by Lessee, or under Lessee's direct control, Lessee shall comply fully with Lessor's *Aviation Fuel Storage, Dispensing and Handling Guidelines*.

C6. Fly Friendly Procedures. Lessee acknowledges receipt of Lessor's *Fly Friendly* noise abatement procedures, and shall provide such information to flight crews, post the information in the Lessee's flight planning area, and use the procedures to the extent possible, when consistent with safety and Air Traffic Control directives.

EXHIBIT D
MINIMUM STANDARDS

<http://www.gatewayairport.com/Documents/DocumentLibrary/Board%20Policies/Airport%20Minimum%20Standards.pdf>

AIRPORT RULES AND REGULATIONS

http://www.gatewayairport.com/Documents/DocumentLibrary/Board%20Policies/Rules%20&%20Regulations_16-53.pdf

EXHIBIT E

STORM WATER PERMIT COMPLIANCE

E1. Acknowledgments.

E1.1 Lessee acknowledges that as a consequence of its activities, operations or location at the Airport, Lessee may be required by EPA Regulations 40 CFR Part 122 (Regulations) to obtain a National Pollution Discharge Elimination System (NPDES) Storm water discharge permit (the "Permit"), a requirement that Lessee can fulfill by:

E1.1.1 Obtaining its own permit; or

E1.1.2 Joining as a co-permittee under Lessor's current storm water permit.

E1.2 Lessor has undertaken to obtain a storm water discharge permit, and Lessee acknowledges that it will enjoy a substantial economic benefit by joining as a co-permittee, and that such benefit serves as good and sufficient consideration for the obligations imposed upon and assumed by Lessee under this **EXHIBIT E**.

E1.3 Lessee acknowledges that it will have to devise and implement Best Management Practices (BMPs) to minimize the contact of storm and other precipitation event water with "significant materials" (as defined in the Regulations) generated, stored, handled or otherwise used by Lessee, and to document such BMPs with a written storm water management plan.

E2. Agreement.

E2.1 Lessee agrees to be made, and to be, a co-permittee on Lessor's NPDES storm water discharge permit, and agrees that said Permit, as it is issued by the EPA, and as it may thereafter be amended, modified or otherwise changed, is incorporated by reference into this **EXHIBIT** and any subsequent renewals.

E2.2 Lessor agrees that, to the extent allowed by law, Lessee shall have the right to be removed from Lessor's Permit should this Lease be cancelled or terminated for other reasons, or due to Lessee's relocation, noncompliance with Permit requirements or exercise of choice; provided that in no event shall Lessee be relieved of its obligation to comply with the requirements of the NPDES permit program with regard to its occupation and use of the Premises and the Airport, nor shall Lessee be excused from any obligations or indemnifications incurred and owed to Lessor prior to Lessee's removal from the Permit, resulting from a failure of Lessee to fulfill an obligation of such.

E3. Compliance.

E3.1 Lessor will provide Lessee with a true and complete copy of the Permit and any revisions thereto, and will, as time and personnel allow, consult with and assist Lessee with regard to Permit and other requirements.

E3.2 Lessor shall have the right to monitor Lessee's compliance with the Permit requirements, including, but not limited to: certification of non-storm water discharges; collection of storm water samples; preparation of storm water management plans; implementation of BMPs; and the maintenance of necessary records.

E3.3 Lessor reserves the right to impose upon Lessee any BMP or other action necessary to insure Lessor's ability to comply with its Permit requirements or applicable Rules. Lessee shall have TEN (10) business days from date of receipt of written notice imposing such BMPs or other requirements to notify Lessor in writing if it objects to any action it is being directed to undertake. If Lessee does not provide the specified timely notice, it will be deemed to have assented to implement the BMPs or other requirements. If Lessee provides Lessor with timely written notice of its objections, the Parties agree to negotiate a prompt resolution

of their differences. Lessee warrants that it will not serve a written notice of objections for purposes of delay or avoiding compliance.

E3.4 Lessee agrees to implement at its sole expense, unless otherwise agreed to in writing between Lessor and Lessee, those Permit and other requirements which pertain to its operations and activities on the Airport, and Lessee warrants that it will use its best efforts to meet all deadlines established by statute, regulation or ordinance, or that are agreed to by the Parties. Lessee acknowledges that time is of the essence in the implementation of all Permit requirements.

E4. Permit Changes. Lessee acknowledges that the terms and conditions of Lessor’s Permit may change from time to time, and upon prior written notice from Lessor to Lessee of proposed changes, Lessee shall be given the opportunity to submit comments to Lessor prior to negotiations with the appropriate governmental entity or entities for permit modifications.

E5. Material Condition. Full compliance with the NPDES permit program, 40 C.F.R. Part 122, is a material condition of this EXHIBIT and for any breach thereof which exposes Lessor to civil or criminal fine, penalty, sanction or remediation cost by any governmental entity. Lessor may terminate this EXHIBIT without recourse by Lessee.

E6. Covenant of Good Faith. Lessor and Lessee covenant to act in good faith to implement any requirements imposed by Lessor’s Permit, to the end that the purposes of Section 402(P) of the Federal *Water Pollution Control Act* (33 U.S.C. 1342 (P)) may be achieved. The Parties acknowledge that close cooperation will be necessary to ensure compliance with any Permit requirements to promote safety and minimize costs, and each Party agrees to a candid exchange of information necessary to coordinate a storm water management and monitoring plan.

E7. Indemnification. The covenants of insurance and indemnification in favor of Lessor imposed by other provisions of this EXHIBIT shall extend to, and are incorporated into, the provisions of this EXHIBIT.

⌘

NOTICE OF LESSEE INTENTION TO JOIN OR REJECT NPDES CO-PERMITTEE STATUS

I, _____, on behalf of FABRICATING/DISTRIBUTOR, INC., being duly authorized to do so, acknowledge that I am fully informed of [my] obligations under the National Pollutant Discharge Elimination System permit program as mandated by Section 402 (P) of the Federal *Water Pollution Control Act* (33 U.S.C. 1342 (P)), and regulations published in 40 C.F.R. Part 122.

I further acknowledge that [we] have been offered the opportunity to join with the Phoenix-Mesa Gateway Airport Authority (PMGAA) as a co-permittee of the NPDES permit issued by the Environmental Protection Agency to the PMGAA as it pertains to the Phoenix-Mesa Gateway Airport (the “Airport”), in accordance with the terms and conditions set forth above.

I, on behalf of FABRICATING/DISTRIBUTOR, INC. and being duly authorized to do so, desire to decline to (please check the appropriate box) join the PMGAA as a co-permittee. I understand and accept the obligation to comply with the aforesaid statute and regulations as they may apply to [our] activities and operations at the Airport.

Dated this _____ day of _____, 2017.

By: _____
Name: _____
Its: _____

Board Action Item

To: Board of Directors
From: Shea Joachim, CEcD, Business Development Director
Through: J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Facility Lease Agreement with Sun Valley Interior Supply, Inc.
Date: January 25, 2017

Proposed Motion

Authorizing a new Facility Lease Agreement with Sun Valley Interior Supply, Inc. for the facility located at 6410 S. Sossaman Road. The lease term is five (5) years and nine (9) months, commencing February 1, 2017 and terminating October 31, 2022 with two, five (5) year renewal options.

Narrative

Sun Valley Interior Supply, Inc. is an Arizona corporation that stores, sells, and distributes drywall material and supplies. Sun Valley Interior Supply, Inc. currently operates from 6410 S. Sossaman Road and has requested a longer term lease.

If the new facility lease agreement is approved, Phoenix-Mesa Gateway Airport Authority (PMGAA) would terminate the current facility lease agreement with Sun Valley Interior Supply, Inc. and enter into the proposed facility lease agreement.

Agreement Term and Rate

This facility lease agreement has a term of five (5) years and nine (9) months with two, five (5) year options, the latter requiring PMGAA written approval. This lease agreement follows a typical Triple Net (NNN) structure in that the tenant is responsible for maintenance, repair, and utilities.

The lease rate in Year One is \$12,490.50 per month and fluctuates based upon a set Base Rent schedule.

Fiscal Impact

The approval of this lease will provide \$830,572.03 to the Airport's operating revenue over the five (5) year and nine (9) month term of the agreement.

Attachment(s)

Facility Lease Agreement



RESOLUTION NO. 17-03

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority, formed pursuant to Arizona Revised Statutes § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Airport Authority desires to enter into a lease agreement with Sun Valley Interior Supply, Inc.;

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

The Phoenix-Mesa Gateway Airport Authority Board of Directors hereby authorizes a lease agreement with Sun Valley Interior Supply, Inc. for the facility located at 6410 S. Sossaman Road. The lease term is five years and nine months, commencing February 1, 2017, and includes two five year renewal options. This Resolution also authorizes the Chair or Executive Director/CEO to execute such contract, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Phoenix-Mesa Gateway Airport Authority this 25th day of January, 2017.

John Giles, Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Matthew Wright, Attorney



Phoenix-Mesa Gateway Airport Authority

FACILITY LEASE

with

Sun Valley Interior Supply, Inc.

Effective Date: February 1, 2017

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Phoenix-Mesa Gateway Airport Authority
FACILITY LEASE

This Facility Lease (“Lease” or “Agreement”) is executed to be effective the FIRST (1) day of FEBRUARY 2017 (“Effective Date”) between the **PHOENIX-MESA GATEWAY AIRPORT AUTHORITY**, a joint powers airport authority authorized and existing under the laws of the State of Arizona (“Lessor”), and **Sun Valley Interior Supply, Inc.**, a Georgia corporation qualified to do business in the state of Arizona (“Lessee”). Lessor and Lessee may be referred to jointly as “Parties,” and each separately may be referred to as a “Party.”

WITNESSETH:

WHEREAS, Lessor is the owner and operator of the Phoenix-Mesa Gateway Airport generally located at the intersection of Ray Road and Sossaman Road, City of Mesa, Maricopa County, Arizona (the “Airport”); and

WHEREAS, Lessor has the right to lease, license and grant the use of property and facilities on the Airport and has full power and authority to enter into this Lease in respect thereof; and

WHEREAS, Lessor desires to lease to Lessee, and Lessee desires to lease from Lessor, that certain real property at the Airport located at 6410 South Sossaman Road, Mesa, Arizona 85212, and described as BUILDING 533 consisting approximately twenty-two thousand, seven hundred and ten (22,710) square feet, located on a 3.7 acre lot as set forth in **EXHIBIT A** attached hereto (the “Premises”); and

WHEREAS, Lessor desires to lease the Premises to Lessee on the terms and conditions set forth herein;

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements herein contained, the Parties do hereby undertake, promise and agree, each for itself and its successors and assigns, as follows:

1. LEASE.

Lessor hereby leases the Premises to Lessee, subject to all easements and rights of way that may encumber the Premises, and further subject to all operational and use restrictions and other terms and conditions set forth in this Lease.

1.1 Right to Use Premises. Lessor agrees that so long as Lessee shall timely pay the Base Rent and other charges required to be paid hereunder, and perform all of its other obligations under this Lease, Lessee shall peaceably have and enjoy the use of the Premises without hindrance from Lessor. Lessee specially acknowledges that Lessee has inspected the Premises prior to entering into this Lease and agrees to accept the Premises in an “as is, where is” condition without any warranty or representation from Lessor, either express or implied, of any kind or nature whatsoever with respect to the Premises, including, but not limited to, any warranty of merchantability, habitability, or fitness for any particular or specific purpose, and all such warranties are hereby disclaimed. Should Lessee desire any inspection report, environmental assessment, survey, creation of a legal description, drainage report, or any similar study, Lessee shall be responsible for the same at Lessee’s sole expense.

1.2 Substitution of Premises. In addition to Lessor’s other rights set forth in this Lease, Lessor reserves the right, upon no less than NINETY (90) calendar days prior written notice to Lessee, to substitute Comparable Areas for all or any portion of the Premises, including any additions, alternations or improvements thereon, should Lessor, in its reasonable discretion, determine that taking of the Premises, any portion thereof or any improvement thereon, is required for other Airport purposes, and there exists no appropriate alternative. In the event Lessor makes the determination to exercise its rights to substitute, all

title, right and interest to the portion of the Premises taken shall immediately vest in Lessor on the date that is NINETY (90) calendar days following receipt of Lessor's notice, or such later date as specified therein. Furthermore, Lessor may require Lessee to vacate any portion or all of the Premises taken. For the purposes of this SECTION 1.2, the term "Comparable Areas" is defined to mean other facilities at the Airport, or any additions or extensions thereof, similar in size to the Premises, brought to the same level of improvement as the Premises and having the same or similar usefulness to Lessee as the portion taken. Lessor shall bear all expenses of bringing the substituted area to the same level of improvement as the Premises, and of moving Lessee's improvements, equipment, furniture and fixtures to the substituted area. If any of Lessee's improvements, equipment, furniture or fixtures cannot be relocated, Lessor shall replace, at Lessor's expense, such non-relocatable improvements and other property with comparable property in the Premises, and Lessor shall be deemed the owner of the non-relocated improvements and other property, free and clear of all claims of any interest or title therein by Lessee, or any other third party whomsoever. It is the specific intent of this SECTION 1.2 that Lessee be placed, to the extent possible, in the same position it would have been, had Lessor not substituted new premises for the Premises; provided, however, that Lessor shall not be obligated to reimburse Lessee for any damages, including lost profits or revenues, due to such substitution. Notwithstanding the foregoing, Lessor shall use reasonable efforts to avoid disruption to Lessee's business. Further notwithstanding the foregoing, Lessee shall have the right to terminate this Lease by delivering written notice to Lessor within thirty (30) days after Lessee's receipt of written notice from Lessor of such relocation, which termination shall become effective upon the earlier of (i) the date set forth in Lessee's notice or (ii) the date Lessee intends to take such portion of the Premises, in which case neither party shall have any further obligations under this Lease, and provided Lessor may nullify such termination by delivering notice to Lessee prior to the stated termination date of Lessor's determination to withdraw the notice of relocation.

1.3 Access. Lessee, its agents, employees, vendors, customers, licensees and invitees are granted the right of reasonable access to and from the Premises via such portions of the Airport as are or may be necessary to allow Lessee to conduct its business operations permitted herein at and on the Premises and the Airport. Lessor reserves the right to designate the location of such access and to change its location from time to time, as Lessor deems reasonably necessary and appropriate; provided such changes do not materially interfere with Lessee's use of or access to the Premises.

1.4 Permitted Uses. Subject to the provisions of SECTION 1.5, Lessee may use the Premises for storage, distribution, and sales of drywall material and supplies. Lessee's use of the Premises and operation of its business at and on the Airport and the Premises is subject to all applicable laws, rules and regulations of any governmental authority, including Lessor, and to Lessee's compliance with applicable provisions of the *Airport Rules and Regulations* and *Minimum Standards*.

1.5 Prohibited Activities. Lessee shall not use or permit its agents, employees, contractors, invitees, licensees or customers to use the Premises or the Airport for any use that is in violation of the *Airport Rules and Regulations*, the *Airport Minimum Standards*, any matters of record provided to Lessee, or applicable laws, rules, regulations and operating policies of any governmental authority, including Lessor, or for any other activity or operation not specified in SECTION 1.4 herein, or that does not have advance, written approval of Lessor's Executive Director.

1.6 Continuous Operation. Upon commencement of business operations at and on the Premises and the Airport, Lessee shall designate an on-site manager for the term of this Lease who shall be available to Lessor and Lessee's customers, if any, during normal business hours, and otherwise as required by the *Airport Minimum Standards*, as applicable.

1.7 Lessee Acknowledgement. Lessee acknowledges this Lease is a TRIPLE NET (NNN) LEASE and agrees that its obligations to pay Base Rent and all other charges due and owing under the terms hereof shall be absolute and unconditional, and shall not be affected by any circumstances whatsoever, including, without limitation: (i) except as expressly set forth in this Lease, any set-off, counterclaim, recoupment, defense or other right which Lessee may have against Lessor or the United States of America or anyone else

for any reason whatsoever; (ii) any liens, encumbrances or rights of others with respect to the Premises; (iii) the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease or any lack of right, power or authority of Lessee to enter into this Lease; (iv) any insolvency, bankruptcy, reorganization or similar proceedings by or against Lessee, or any other person; or (v) any other cause, whether similar or dissimilar to the foregoing, any future or present law notwithstanding, it being the intention of the Parties hereto that all rent being payable by Lessee hereunder shall continue to be payable in all events and in the manner and at the times provided herein.

2. TERM.

2.1 Initial Term. The term of this Lease shall be for a period of FIVE (5) years and NINE (9) months, commencing on the Effective Date and terminating on OCTOBER 31, 2022 thereafter (the "Term").

2.2 Renewal Term(s).

2.2.1 Provided Lessee is not then in default of this Lease beyond any applicable notice and cure period, the Lessee shall have the option of extending the Term for ONE (1) additional period of FIVE (5) years (the "First Extension"). Lessee may initiate the First Extension by giving written notice to Lessor of its desire to do so no later than SIXTY (60) calendar days prior to the expiration of the Term, as set forth in SECTION 2.1 herein. If Lessee has properly notified Lessor of its desire to exercise the First Extension then Lessee's First Extension of the Term of this Lease shall become effective and all references herein to the "Term" shall mean the initial term as extended.

2.2.2 Provided Lessee is not then in default of this Lease beyond any applicable notice and cure period, the Lessee shall have the option of extending the Term beyond the First Extension for ONE (1) additional period of FIVE (5) years (the "Second Extension") after the First Extension has been exercised. Lessee may initiate the Second Extension by giving written notice to Lessor of its desire to do so no later than SIXTY (60) calendar days prior to the expiration of the Term, as set forth in SECTION 2.2.1 herein. If Lessee has properly notified Lessor of its desire to exercise the Second Extension and the Lessor gives the Lessee written approval to do so, then Lessee's Second Extension of the Term of this Lease shall become effective and all references herein to the "Term" shall mean the initial term as extended.

3. NONEXCLUSIVE RIGHTS.

Lessee shall have the exclusive right to occupy and use the Premises while in compliance with the terms and conditions of this Lease. All other rights granted to Lessee under this Lease are nonexclusive. Lessor may, in its sole discretion and at any time, permit third parties to conduct any and all business activities at the Airport that Lessor deems appropriate, or conduct such activities itself, provided that such activities do not require or materially interfere with Lessee's use of the Premises.

4. RENT.

4.1 Base Rent. Lessee agrees to pay Lessor rent for use of the premises (the "Base Rent"). The Base Rent shall be payable in advance, without any prior demand therefor and without any abatement, deductions or set-offs whatsoever, except as expressly set forth in this Lease, and tendered in lawful currency of the United States, either by check or electronic transfer.

4.2 Base Rent Schedule. Lessee agrees to pay Lessor Base Rent for the use of the premises using a fixed schedule (the "Base Rent Schedule"). The Base Rent Schedule shall identify the Base Rent amount paid by the Lessee to the Lessor according to a specified timeline. The Base Rent Schedule is as follows:

4.2.1 Year One Base Rent. Lessee agrees to pay Lessor beginning the Effective Date and extinguishing on October 31, 2017 Base Rent for the use of the Premises in the amount of ONE HUNDRED AND TWELVE THOUSAND, FOUR HUNDRED AND FOURTEEN AND 50/100 DOLLARS (\$112,414.50), payable

in equal monthly installments of TWELVE THOUSAND, FOUR HUNDRED AND NINETY AND 50/100 DOLLARS (\$12,490.50).

4.2.2 Year Two Base Rent. Lessee agrees to pay Lessor commencing November 1, 2017 and extinguishing October 31, 2018 Base Rent for the use of the Premises in the amount of ONE HUNDRED AND THIRTY-EIGHT THOUSAND DOLLARS (\$138,000.00), payable in equal monthly installments of ELEVEN THOUSAND, FIVE HUNDRED DOLLARS (\$11,500.00).

4.2.3 Year Three Base Rent. Lessee agrees to pay Lessor commencing November 1, 2018 and extinguishing October 31, 2019 Base Rent for the use of the Premises in the amount of ONE HUNDRED AND FORTY THOUSAND, SEVEN HUNDRED AND SIXTY DOLLARS (\$140,760.00), payable in equal monthly installments of ELEVEN THOUSAND, SEVEN HUNDRED AND THIRTY DOLLARS (\$11,730.00).

4.2.3 Year Four Base Rent. Lessee agrees to pay Lessor commencing November 1, 2019 and extinguishing October 31, 2020 Base Rent for the use of the Premises in the amount of ONE HUNDRED AND FORTY-THREE THOUSAND, FIVE HUNDRED AND SEVENTY-FIVE AND 20/100 DOLLARS (\$143,575.20), payable in equal monthly installments of ELEVEN THOUSAND, NINE HUNDRED AND SIXTY-FOUR AND 60/100 DOLLARS (\$11,964.60).

4.2.4 Year Five Base Rent. Lessee agrees to pay Lessor commencing November 1, 2020 and extinguishing October 31, 2021 Base Rent for the use of the Premises in the amount of ONE HUNDRED AND FORTY-SIX THOUSAND, FOUR HUNDRED AND FORTY-SIX AND 70/100 DOLLARS (\$146,446.70), payable in equal monthly installments of TWELVE THOUSAND, TWO HUNDRED AND THREE AND 89/100 DOLLARS (\$12,203.89).

4.2.5 Year Six Base Rent. Lessee agrees to pay Lessor commencing November 1, 2021 and extinguishing October 31, 2022 Base Rent for the use of the Premises in the amount of ONE HUNDRED AND FORTY-NINE THOUSAND, THREE HUNDRED AND SEVENTY-FIVE AND 63/100 DOLLARS (\$149,375.63), payable in equal monthly installments of TWELVE THOUSAND, FOUR HUNDRED AND FORTY-SEVEN AND 97/100 DOLLARS (\$12,447.97).

4.3 Increases for Extensions. The annual Base Rent paid by Lessee shall be increased (but never decreased) on every TWELVE (12) month anniversary of the Effective Date of this Lease for exercised extensions pursuant to Section 2.2 by a percentage equal to TWO (2) percent.

4.4 Airport Rates and Charges Schedule. Lessee or its subtenants, as applicable and including its contractors, agents, etc., shall pay all fees identified in the most current *Airport Rates and Charges Schedule* at the time of receipt of any covered service or use of any covered facilities, unless specifically outlined in this Lease. The current *Airport Rates and Charges Schedule* is included as **EXHIBIT B** and is subject to change without prior notice or approval of Lessee. Lessee acknowledges and agrees that Lessor may amend the *Airport Rates and Charges Schedule* at any time at Lessor's sole discretion, and that no fee shall apply to the use of the Premises or access to the Premises.

4.5 Payment.

4.5.1 Unless otherwise specified herein, the first payment of Base Rent shall be paid to Lessor upon the delivery of this Lease, for the period from the Effective Date until the end of the calendar month in which the Effective Date occurs, prorated on the basis of the number of such days to the total number of days in said month. Thereafter, all Base Rent payments shall be paid in monthly installments, in advance, on the first day of each calendar month (the "Base Rent Due Date"). On each such date, Lessee shall pay the full Base Rent payment.

4.5.2 No payment to or receipt by Lessor of a lesser amount than that which is due and payable under the provisions of this Lease at the time of such payment shall be deemed to be other than a

payment on account of the earliest payment due, nor shall any endorsement or statement on any check or payment prejudice in any way Lessor's right to recover the balance of such payment or pursue any other remedy provided in this Lease or by law.

4.5.3 All payments (and reports, if any) required by this SECTION 4.5 shall be remitted to the following address by the due date(s) specified hereinabove:

Phoenix-Mesa Gateway Airport Authority
Attn.: Department of Finance (Accounts Receivable)
5835 S. Sossaman Road
Mesa, Arizona 85212-6014

or such other address specified in writing by Lessor to Lessee.

4.6 Finance Charges and Late Fees. If Lessee fails to pay any installment of Base Rent or any other charge due and owing to Lessor in full on or before the applicable due date, Lessee shall be responsible for interest on the unpaid installment at the rate of EIGHTEEN PERCENT (18%) per annum from the due date until payment in full is made. In addition, in the event any installment of Base Rent or other charge owing to Lessor is paid more than TEN (10) days after the due date, a late penalty of TEN PERCENT (10%) of the amount of such delinquent Base Rent installment or other charge shall be due and payable in addition thereto.

4.7 Taxes. In the event any governmental authority shall impose a tax or imposition based upon any Base Rent payments or any other sums paid or owing hereunder, or the receipt of such payments by Lessor, Lessee shall pay such amounts to Lessor at the same time and in addition to payments hereunder, which amounts may include, but are not limited to, any or all rental, transaction privilege, sales, excise or other similar tax except income taxes.

4.8 Survival. Lessee's obligation to pay all amounts stated herein, together with any interest thereon and/or penalties therefor, shall survive the termination of this Lease.

5. PERFORMANCE GUARANTEE.

5.1 Security Deposit.

5.1.1 On or before the Effective Date, Lessee shall pay to Lessor an amount equivalent to TWO (2) month's Base Rent, or TWENTY-THREE THOUSAND DOLLARS (\$23,000.00), as a security deposit (the "Security Deposit") to insure the faithful performance of all of Lessee's obligations hereunder.

5.1.2 The Security Deposit, at the election of Lessor, may be applied in reduction of any loss and/or damage sustained by Lessor by reason of the occurrence of any breach, nonperformance or default by Lessee under this Lease (beyond any applicable notice and cure period) without the waiver of any other right or remedy available to Lessor at law, in equity or under the terms of this Lease. If any portion of the Security Deposit is so used or applied, Lessee shall, within FIVE (5) business days after written notice from Lessor, deposit with Lessor immediately available funds in an amount sufficient to restore the Security Deposit to its original amount. In the event of a sale or other transfer of the Premises by Lessor, Lessor shall transfer the remaining balance (if any) of the Security Deposit to Lessor's successor in interest, whereupon the transferor Lessor shall be released from liability to Lessee for the return of such Security Deposit. Unless this Lease is terminated as a result of Lessee's default whereupon Lessee shall immediately forfeit its Security Deposit to Lessor, promptly following termination (and in any event not later than ten (10) days following termination), Lessor shall return to Lessee all portions of the Security Deposit which were not otherwise applied by Lessor as permitted above. Lessor shall have no obligation to maintain a separate account for such security deposit and shall have no obligation to pay interest thereon.

5.2 Reserved.

6. AIRCRAFT OPERATIONS GUIDELINES.

If and to the extent that Lessee, including its subtenants, contractors, or agents, operates aircraft at or on the Airport, Lessee shall be subject to the provisions of **EXHIBIT C**. If any subtenant, contractor or agent of Lessee conducting activities on or at the Premises operates aircraft at the Airport, all shall be subject to the provisions of **EXHIBIT C**, which Lessor may enforce directly against such subtenant, contractor or agent, but Lessee shall have no direct liability or responsibility with respect to such matters; except, however, Lessee shall be responsible for compliance by its subtenants, contractors and/or agents with the *Airport Rules and Regulations* and *Minimum Standards*, as appropriate.

7. IMPROVEMENTS.

7.1 Initial Improvements. Lessee shall, at its sole cost and expense, install screening fence line along the portion of the fence facing Sossaman Road if materials or equipment will be stored within the Premises, and Lessee may, at its sole cost and expense, re-pave the Premises or any portion thereof and or replace and install a new, oversized door on the Building in the Premises (such improvements collectively referred to as the "Improvements") in accordance with a site plan prepared by Lessee and approved by Lessor's Design Review Committee, as required, such approval not to be unreasonably withheld or delayed, and in compliance with all applicable governmental regulations, restrictions and building codes.

7.2 Reserved.

7.3 No Alterations. Lessee shall make no material improvements or alterations to the Premises during the Term of this Lease without the prior written permission of Lessor, which shall not be unreasonably withheld or delayed and, if and to the extent applicable, without the approval by Lessor's Design Review Committee, which approval Lessor will not permit to be unreasonably withheld, conditioned or delayed. Lessee shall provide Lessor with electronic as-built drawings (or their equivalent) when any improvement or alteration is completed for which such drawings are reasonably required.

7.4 Title to Alterations and Improvements. Title to all Improvements and alterations on the Premises (but not personal property or trade fixtures) shall vest in Lessor upon the expiration of this Lease, and Lessee agrees to execute and deliver to Lessor, within TEN (10) business days after Lessor's request therefor, a quitclaim deed confirming that title to such improvements and alterations is vested in Lessor.

7.5 Mechanics' Liens. Lessee shall keep the Premises and all improvements constructed by Lessee thereon free of any mechanic or materialmen's liens. In the event that any such lien is filed, Lessee shall, at its sole cost, cause such lien to be removed from the Premises by bonding or otherwise within THIRTY (30) calendar days of notice thereof.

7.6 Permit Required. Lessee shall be responsible for determining whether it is subject to local building/construction codes or permit requirements, and for compliance with them to the extent they are applicable. All structural, electrical, plumbing or mechanical construction or reconstruction shall conform to City of Mesa (the "City") construction and technical codes. No such work shall be commenced without first submitting required plans to, and obtaining required permits from, the City. All such work shall be permitted, inspected and approved by the City prior to concealment or use. Lessee shall provide to Lessor a contemporaneous copy of Lessee's permit application and the associated plans and specifications.

7.7 Damage or Destruction. Lessee shall maintain insurance on all of Lessee's improvements to the Premises. In the event that all or any portion Lessee's improvements are destroyed or rendered unusable due to fire or other catastrophe, then unless this Lease is terminated pursuant to Section 8.6, Lessee shall replace, repair, restore, modify or improve said improvements, subject to the provisions of SECTION 7.6, using available insurance proceeds together with any additional funds from other available sources, or, alternatively, Lessee shall pay the replacement cost of the improvements to Lessor.

8. MAINTENANCE.

8.1 Responsibilities.

8.1.1 *Lessee.* Lessee shall, at its sole cost and expense, keep the Premises and all improvements therein in a neat and clean condition and in good order, condition and repair throughout the Term, subject to any defects that exist as of the Effective Date, normal wear and tear, and damage due to casualty. In doing so, Lessee shall prepare, maintain and follow a preventative maintenance schedule for all mechanical, electrical, plumbing, drain, piping and air conditioning systems on the Premises, and, upon request, provide a copy of such schedule to Lessor and, if required by Lessor, a list of the dates on which such maintenance was actually done. Lessee's maintenance of the Premises shall consist of the inspection, servicing and repair of all systems and improvements, including the boilers, interior roof and structures, electrical, plumbing, heating and cooling, fire detection, pavements, pest control, landscaping and grounds maintenance.

8.1.2 *Lessor.* Lessor shall, at its sole cost and expense, sustain and maintain the structural integrity of the Premises, including the exterior roof, foundation, exterior walls and windows, fire suppression system and all utility connections where such utility connections enter the Premises throughout the Term.

8.2 Damage to Lessor Property. Any real or personal property of Lessor damaged or destroyed by Lessee as a result of Lessee's use or occupancy of the Premises shall be promptly repaired or replaced by Lessee to the substantially same condition that existed as of the Effective Date. In lieu of such repair or replacement, where required by Lessor, Lessee may pay to Lessor an amount sufficient to compensate for the loss sustained by Lessor.

8.3 Trash Removal. Lessee shall at all times keep the Premises in a neat, clean, safe, sanitary and orderly condition and shall keep such area free of all trash and debris. Lessee shall, at Lessee's expense, be responsible for all trash removal from the Premises. Such trash removal shall be performed on a not less than weekly basis, and all trash shall be disposed of off the Airport. Prior to its removal from the Airport, Lessee shall deposit all trash and debris only at collection stations located on the Premises, in accordance with City code.

8.4 Emergency Repairs. Lessee has previously provided Lessor with a list of names and telephone numbers for 24-hour emergency contact for the Premises. Lessee shall promptly provide Lessor with updated lists and changes as necessary.

8.5 Reserved.

8.6 Casualty. If the Premises is partially or wholly damaged or destroyed by storm, fire, lightning, earthquake, or other casualty, which is not the fault of the Lessee, Lessor will deliver Lessee within ten (10) days of such event written notice stating the reasonable estimate of time and cost necessary to repair such damage (the "Damage Notice"). If the Damage Notice indicates the repairs will require more than thirty (30) days to complete or will cost more money than the Lessor is likely to receive from insurance proceeds, both Parties may terminate this Lease by written notice within twenty (20) days of delivery of Damage Notice (or if the Damage Notice is not timely delivered, Lessee may terminate this Lease by written notice to Lessor within twenty (20) days after the last date Lessor was required to deliver the Damage Notice). If the Lease is not terminated, (i) all rental amounts will abate until the repairs are substantially completed, and (ii) Lessor will complete the repairs within thirty (30) days after the date of the Damage Notice.

9. ASSIGNMENT, SUBLETTING AND OTHER TRANSFERS.

9.1 Right to Transfer. Lessee may freely transfer, assign, encumber, pledge or hypothecate its interest in this Lease or any right or interest hereunder (each, a "Transfer"), without the prior consent of Lessor; except, however, any assignment other than an assignment as security in conjunction with or as part of a mortgage or deed of trust or an assignment by means of a foreclosure or trustee's sale thereunder shall require Lessor's reasonable prior written consent. In the case of an assignment (other than an assignment as security), the assignee must expressly assume in writing all of Lessee's obligations under this Lease first accruing after the effective date of the assignment, and in the case of a sublease, the sublease shall expressly provide that it is subject to all of the terms and conditions of this Lease. Upon an assignment of all of its

interest in this Lease, the assignor shall be released from all liability and obligation under this Lease from and after the effective date of the assignment.

9.2 Consent Not Required. Notwithstanding anything herein to the contrary, Lessee may, without Lessor's consent, cause a Transfer to an Affiliate (as hereinafter defined) if Lessee: (i) notifies Lessor in writing at least THIRTY (30) days prior to such transfer; (ii) delivers to Lessor, at the time of Lessee's notice, current financial statements of Lessee and the proposed transferee; and (iii) the transferee assumes and agrees in writing to perform Lessee's obligations under this Lease. For purposes of this SECTION 9.2, "Affiliate" means any person or entity that, directly or indirectly, controls, is controlled by or is under common control with Lessee. For purposes of this definition, "control" shall mean possessing the power to direct or cause the direction of the management and policies of the entity by the ownership of a majority of the voting securities of the entity.

9.3 Deemed Transfers. For the purposes of this Lease, a Transfer shall be deemed to include the following: (i) if Lessee is a corporation, partnership, limited liability company or other legal entity, the transfer of any ownership interest in such entity resulting in a change in the present control of such entity by the person or persons owning a majority of the ownership interest thereof as of the date of this Lease; provided, however, if Lessee is a corporation whose stock is traded on a nationally recognized stock exchange, the transfer of Lessee's stock shall not constitute a Transfer requiring Lessor's consent; or (ii) the sale of TWENTY-FIVE PERCENT (25%) or more in value of the assets of Lessee.

9.4 Reserved.

9.5 Non-Disturbance. Lessor agrees, for the benefit of all subtenants of all or any part of the Premises, that if this Lease or Lessee's right to possession of the Premises is terminated for default or otherwise, all subleases of all or any part of the Premises, except any sublease to an affiliate of Lessee, shall continue in full force and effect, notwithstanding the termination, as direct leases between Lessor and the subtenants and all such subtenants shall, upon request, attorn in writing to Lessor.

10. IDENTIFICATION SIGNS.

Lessee may install on the Premises, a sign or signs identifying its business on the exterior of the Premises; provided, however, that the general type, size, and location of such sign(s) shall conform to Lessor's Comprehensive Sign Plan, be approved in writing by Lessor in advance of installation and be subject to any signage rules, codes and/or regulations of any governmental authority.

11. DEFAULT; TERMINATION BY LESSOR.

11.1 Events of Default. Each of the following shall constitute a material default of this Lease by Lessee (an "Event of Default"):

11.1.1 Failure to pay any installment of Base Rent or other amount due from Lessee hereunder, or required by any other agreement between the Parties, provided that Lessee does not cure such failure within TEN (10) business days after delivery by Lessor of a written notice of such failure.

11.1.2 Failure to perform any of its other obligations under this Lease, provided that Lessee does not cure such failure within THIRTY (30) calendar days after delivery by Lessor of a written notice of such default; provided, however, if a cure of the default reasonably requires more than THIRTY (30) calendar days to complete, then the time to cure shall be extended so long as the cure is being diligently pursued.

11.1.3 The filing of any mechanic's, materialmen's or other lien or any kind against the Premises because of any act or omission of Lessee which lien is not discharged, by bonding or otherwise, within THIRTY (30) calendar days of receipt of actual notice thereof by Lessee.

11.2 Lessor's Remedies. Upon the occurrence of an Event of Default under this Lease, Lessor may, without prejudice to any other rights and remedies available to a Lessor at law, in equity or by statute,

but subject to the provisions of SECTIONS 9.2 and 23 herein, exercise one or more of the following remedies, all of which shall be construed and held to be cumulative and non-exclusive:

11.2.1 Terminate this Lease and re-enter and take possession of the Premises; or

11.2.2 Without terminating this Lease, re-enter and take possession of the Premises; or

11.2.3 Without such re-entry, recover possession of the Premises in the manner prescribed by any statute relating to summary process, and any demand for Base Rent, re-entry for condition broken, and any and all notices to quit, or other formalities of any nature to which Lessee may be entitled, are hereby specifically waived to the extent permitted by law; or

11.2.4 With or without terminating this Lease, Lessor may re-let the Premises or any portion thereof.

11.3 No Implied Termination. Lessor shall not be deemed to have terminated this Lease unless Lessor shall have notified Lessee in writing that it has so elected to terminate this Lease. Lessee hereby waives all claims based on Lessor's reentering and taking possession of the Premises, or removing and storing the property of Lessee, and shall save Lessor harmless from all losses, costs or damages occasioned thereby. No such reentry shall be considered or construed to be a forcible entry by Lessor.

11.4 Lessor's Current Damages. Lessor is authorized to make such repairs, refurbishments or improvements to the Premises as may be reasonably necessary for the purpose of attempting to re-let the Premises, and the costs and expenses incurred in respect of such repairs, redecorating, refurbishments and improvements shall be paid by Lessee to Lessor within FIVE (5) business days after receipt of Lessor's statement. If Lessor exercises any of the remedies stated above, Lessor shall be entitled to recover from Lessee all actual damages incurred by Lessor by reason of the Event of Default, which shall include, without limitation, (i) the equivalent of the amount of the Base Rent and all other payments which would be payable under this Lease by Lessee for the remainder of the Term (excluding any unexercised extensions) as if this Lease were still in effect, less (ii) the net proceeds of any re-letting by Lessor after deducting all of Lessor's reasonable expenses in connection with such re-letting, which shall include, without limitation, repossession costs, repairs, redecorating, refurbishments or improvements to the Premises, brokerage commissions, attorneys' fees, and legal expenses. Lessee shall pay such current damages to Lessor, in the amount set forth in the preceding sentence (hereinafter called the "Deficiency"), in monthly installments on the days on which the Base Rent would have been payable under this Lease as if this Lease were still in effect. All amounts collected by Lessor from subtenants shall be credited against Lessor's damages. Notwithstanding anything in this Lease to the contrary, Lessor shall use commercially reasonable efforts to mitigate damages, including without limitation, the Deficiency.

11.5 Lessor's Final Damages. At any time after an Event of Default, whether or not Lessor shall have collected any monthly Deficiency as set forth above, Lessor shall be entitled to recover from Lessee, and Lessee shall pay to Lessor, on demand, as final damages for the applicable Event of Default, the sum of (a) the then present worth (at a discount at the rate of SIX PERCENT (6%) per annum) of (i) the aggregate of the Base Rent and all other amounts to be paid by Lessee hereunder for the unexpired portion of the term of this Lease (assuming this Lease had not been terminated), less (ii) the amount of such loss that could have been reasonably avoided, plus (b) repossession costs, Lessor's reasonable expenses in connection with any attempts it may have made to re-let the Premises (which shall include, without limitation, repairs, refurbishments or improvements to the Premises and brokerage commissions), attorneys' fees, legal expenses, and all other damages actually or reasonably anticipated to be incurred by Lessor as a result of such Event of Default. In determining the amount of loss that could reasonably be provided, rents to be paid by subtenants pursuant to SECTION 9.4, if applicable, and other reasonably projected rental income from leasing the Premises shall be taken into account.

11.6 No Waiver by Lessor. No waiver by Lessor of any breach or default by Lessee in the performance of its obligations under this Lease shall be deemed to be a waiver of any subsequent default by Lessee in the performance of any of such obligations, and no express waiver shall affect an Event of Default

in a manner other than as specified in said waiver. The consent or approval by Lessor to or of any act by Lessee requiring Lessor's consent or approval shall not be deemed to waive or render unnecessary Lessor's consent or approval to or of any subsequent similar acts by Lessee.

11.7 Content of Default Notice. Any default notice tendered to Lessee hereunder shall be deemed to be sufficient if it is reasonably calculated to put Lessee on inquiry as to the nature and extent of such default, and is made in accordance with SECTION 20 herein.

11.8 Limitation on Exercise of Termination Remedy by Lessor. Notwithstanding anything to the contrary in SECTION 11.2 hereinabove, if an Event of Default occurs, Lessor shall not have the remedy of terminating this Lease or of taking possession of the Premises unless: (i) the Event of Default consists of a failure to pay Base Rent or other amounts owed to Lessor; or (ii) Lessor has no other remedy that is adequate to protect Lessor's interests. Other remedies that are available to Lessor include self-help and recovery of damages, and nothing in this SECTION 11 shall limit the exercise of any such other remedy.

11.9 Waiver of Landlord's Lien. Notwithstanding anything in this Lease to the contrary, including without limitation, the terms set forth in Article 24, Lessor hereby waives all statutory or common law landlord's lien rights with respect to personal property located on the Premises.

12. RESERVED.

13. INDEMNIFICATION.

To the fullest extent permitted by law, but subject to the waiver of subrogation set forth in Section 17.7, Lessee hereby agrees to defend, indemnify and hold harmless Lessor and its members, elected or appointed officials, agents, contractors, subcontractors, boards, commissions and employees (hereinafter referred to collectively as the "Lessor" for purposes of this SECTION 13) for, from and against any and all claims, causes of action, liability, suits, litigation (including reasonable attorney's fees and other costs of investigation and litigation), actions, losses, damages or claims of any nature whatsoever which arise out of or in connection with (i) any accident, injury or damages occurring within the Premises, or (ii) any negligent act or omission of Lessee or its agents, employees, contractors, or subcontractors (hereinafter referred to collectively as "Lessee" for purposes of this SECTION 13) in connection with Lessee's operations hereunder and which result directly or indirectly in the bodily injury to or death of any persons or the damage to or loss of any property, or (iii) the failure of Lessee to comply with any provisions of this Lease. This indemnification shall exclude responsibility for any consequential damages and for claims arising by reason of the negligent or wrongful act of Lessor or its employees, contractors or agents.

14. ENVIRONMENTAL PROTECTION.

14.1 Definitions. Unless the context shall clearly require otherwise, the terms defined in this SECTION 14 shall, for all purposes of this Lease and of any agreement amendatory hereof or supplemental hereto, have the meanings herein specified, with the following definitions to be equally applicable to both the single and plural forms of any of the following:

14.1.1 *Environmental Laws.* The term "Environmental Laws" shall mean any one or all of the following, as the same are amended from time to time: the *Comprehensive Environmental Response, Compensation, and Liability Act*, 42 USC Section 9601 et seq.; the *Resource Conservation and Recovery Act*, 42 USC Section 6901, et seq.; the *Toxic Substances Control Act*, 15 USC Section 2601 et seq.; the *Safe Drinking Water Act*, 42 USC Section 300f et seq.; the *Clean Water Act*, 33 USC Section 1251 et seq.; the *Clean Air Act*, 42 USC Section 7401 et seq.; the *Arizona Hazardous Waste Management Act*, A.R.S. Section 49-921 et seq. the *Arizona Environmental Quality Act*, A.R.S. Title 49, as amended; and all regulations thereunder and any other laws, regulations and ordinances (whether enacted by the local, state or federal government) now in effect or hereafter enacted that deal with the regulation or protection of the environment, including the ambient air, ground water, surface water, and land use, including substrata land, or that govern the use of hazardous materials, solid and hazardous waste, hazardous substances and petroleum products.

14.1.2 *Hazardous Material.* The term “Hazardous Material” shall mean any toxic or hazardous material, substance or waste, or any pollutant or contaminant as defined or regulated pursuant to any Environmental Law and petroleum products. For purposes of this definition, petroleum includes petroleum-based substances comprised of a complex blend of hydrocarbons derived from crude oil through processes of separation, conversion, upgrading and finishing (e.g., distillate fuel oils, petroleum solvents and used oils).

14.2 Release by Lessor. Lessor shall indemnify Lessee to the fullest extent permitted by law for any and all environmental damage of any kind, or for the effects of Hazardous Material on the environment, or on any person or property, if any, which have been caused by the use of, or releases from, the Premises and the Airport prior to Lessee’s occupancy of any part thereof. Lessee is not liable for any claims or damages arising from environmental damage resulting from or that are the result of contamination of any kind existing on the Premises or surrounding sites prior to Lessee’s occupancy of thereof.

14.3 Lessee Compliance.

14.3.1 Lessee shall, at the Lessee’s own expense, comply with all present and hereafter enacted Environmental Laws, including any amendments thereto, affecting Lessee’s activities on and property interest in the Premises during the period of Lessee’s occupancy thereof under this Lease.

14.3.2 Lessee shall not cause or permit any Hazardous Material to be brought upon, kept or used in or about the Premises or the Airport by Lessee’s agents, employees, contractors or invitees in violation or threatened or suspected violation of any Environmental Law. The Parties recognize and agree that Lessee may bring on the Premises and Airport and use Hazardous Materials that are ordinarily and customarily used in the conduct of Lessee’s permitted activities under this Lease, provided that such use shall comply fully with all applicable Environmental Laws.

14.3.3 If Lessee desires and receives written authorization from Lessor to install any above ground storage tank (“AST”) on the Premises or elsewhere on the Airport, Lessee shall submit the plans for such ASTs to Lessor for prior written approval and shall comply with all applicable Environmental Laws related thereto, including Title 40, Code of Federal Regulations, Part 112, as applicable. Lessee shall be the owner of such ASTs for statutory purposes and shall be solely responsible for the design, construction, installation, operation, monitoring, inspection, repair and maintenance of any and all ASTs, including any connected piping and/or dispensing apparatus. All ASTs shall comply with the Office of the State Fire Marshall as well as the Authority Having Jurisdiction (AHJ). Any AST that stores flammable and combustible liquids shall meet the provisions of NFPA 30, *Flammable and Combustible Liquids Code*. Records demonstrating compliance with release detection requirements, including product inventories, calibration and maintenance, sampling, tightness testing and any other records, fees and taxes required by the state or federal governments shall be the responsibility of Lessee. Upon the expiration of this Lease, Lessee shall remove all ASTs in compliance with all applicable Environmental Laws in effect at that time unless otherwise allowed by Lessor.

14.4 Indemnification. To the fullest extent permitted by law, Lessee shall indemnify, defend (with counsel reasonably acceptable to Lessor), protect and hold harmless Lessor and its employees and agents for, from and against any and all liability, loss, damage, expense, penalties and legal and investigation fees or costs, arising from or related to any claim or action for injury, liability, or damage to persons or property and any and all claims or actions brought by any person, entity or governmental body, alleging or arising in connection with contamination of the environment or violation of any Environmental Law or other statute, ordinance, rule, regulation, judgment or order of any government or judicial entity which are incurred or assessed as a result of any of Lessee’s activities or operations on the Premises or Airport. This obligation includes, but is not limited to, all costs and expenses related to cleaning up the property, land, soil and underground or surface water as required under the law. Lessee’s obligations and liabilities under this SECTION 14.4 shall survive the termination of this Lease. The indemnification of Lessor by Lessee as described above includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local

governmental agency or political subdivision. Lessor reserves the right to seek injunctive relief as may be permitted under law and equity.

14.5 Remediation. Without limiting the foregoing, if the presence of any Hazardous Material during the Term of this Lease caused or permitted by Lessee results in any Release on the Airport in violation or potential violation of any Environmental Law, Lessee shall promptly take action to remediate the affected property at its sole expense as necessary to return the Airport to the condition existing prior to the introduction of any such Hazardous Material to the Airport; provided that Lessor's approval of such actions shall first be obtained, which approval shall not, except in an emergency, be unreasonably withheld so long as such actions would not potentially have any material adverse long-term effect on the Airport and Lessee is not under administrative or court order related to such remediation action. Notwithstanding Lessor's approval pursuant to this SECTION 14.5, Lessor is not responsible for directing or managing any remediation action. For purposes of this SECTION 14.5, the term "Release" means any releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing, or dumping.

14.6 Governmental Submittals. Lessee shall, at Lessee's own expense, make all submissions to, provide all information to, and comply with all requirements of the appropriate governmental authority (the "Government") under the Environmental Laws. Should the Government determine that a site characterization, site assessment and/or cleanup plan should be prepared and/or that a cleanup should be undertaken because of any spills or discharges of Hazardous Materials by reasons of Lessee's activities or actions at the Airport which occur during the term of this Lease, then Lessee shall, at the Lessee's own expense, prepare and submit the required plans and financial assurances, and carry out the approved plans. The Lessee shall provide a copy of said plans to the Lessor within thirty (30) days of development.

14.7 Information Sharing.

14.7.1 Lessee shall immediately notify Lessor of any of the following: (i) Lessee's receipt of any notification from any governmental entity either charging or informing Lessee that it will be charged with a significant (as defined below) violation of Environmental Laws, and (ii) any change in Lessee's activities on the Premises or Airport that is reasonably likely to adversely change Lessee's or Lessor's obligations or liabilities under the Environmental Laws. In addition, Lessee agrees to provide Lessor with copies of documents reflecting the physical condition of the Premises, including but not limited to, environmental testing of soils and groundwater, and information reasonably requested by Lessor to determine the applicability of the Environmental Laws to the Premises, or to respond to any governmental investigation or claim of liability by third parties which is related to environmental contamination of the Premises or Airport, including Lessee's activities thereon. A "significant violation of Environmental Law" shall be any violation that requires more than THIRTY (30) calendar days to resolve.

14.7.2 Lessee shall immediately notify Lessor's Operations and Maintenance Department upon discovering a Release or Suspected Release of any amount of material that is stored inside a AST, approved pursuant to SECTION 14.3.3. For purposes of this SECTION, a "Suspected Release" is any discovery of released Hazardous Material at the AST site or surrounding area, erratic behavior of Hazardous Material dispensing equipment, the sudden loss of a Hazardous Material, or when monitoring indicates that a Release has occurred.

14.8 Sublease. Lessee shall insert provisions substantially identical to the provisions of this SECTION 14 in any Airport approved sublease agreement or contract by which it grants a right or privilege to any person, firm, corporation or other entity under this Lease.

14.9 Actions of Lessee. The activities or actions of Lessee under this SECTION 14 shall include the activities or actions of Lessee's officers, directors, employees, agents, contractors, invitees and successors.

14.10 Clean Water Act; NPDES Permits and SWPPPs. Without in any way limiting the foregoing, Lessee shall comply with all Environmental Laws regarding discharges to water and land, including, without limitation, obtaining and complying with an individual National Pollutant Discharge Elimination System ("NPDES") permit, or requesting coverage under and complying with any applicable multi-sector general

permit obtained by Lessor. If applicable, Lessee shall also prepare and comply with a site-specific Storm Water Pollution Prevention Plan (“SWPPP”) or any revisions to an SWPPP, with respect to Lessee’s operations or activities on the Premises or Airport. At Lessee’s discretion and if applicable, Lessee may choose to be added to Lessor’s Storm Water Permit and, if such addition is desired, agrees to be subject to the provisions of **EXHIBIT E** attached hereto.

14.11 Protective Devices and Plans. If Lessee is required by the City to estimate the possible constituents of sanitary sewer discharges in order that the City may define certain discharge limitations for the Premises, Lessee shall complete and return an *Industrial Wastewater Discharge Questionnaire* (the “Questionnaire”) to the City and promptly provide Lessor with a copy and updates to the Questionnaire as they arise. Also, if the City so requires, Lessee shall install and maintain appropriate protective devices to prevent accidental discharge of any Hazardous Materials into domestic or industrial drains on or near the Premises and elsewhere on the Airport, as appropriate, and for any other material for which a slug load discharge could pollute the Airport’s storm water discharge or disrupt operations at the sewage treatment plant serving the Premises. Lessee shall post a notice in a prominent place on the Premises advising employees on what actions to take and whom to call in the event of said discharge, and shall ensure that all employees of Lessee are trained with regard to the spill protection plan hereinafter referenced. Lessee also shall provide Lessor with immediate notice of any spill.

14.12 Right to Enter Premises. Lessor’s rights under this Lease specifically include the right of Lessor, the United States Government, the Environmental Protection Agency (the EPA), the Arizona Department of Environmental Quality (ADEQ) and the Arizona Department of Occupational Safety and Health (ADOSH) to enter the Premises upon reasonable notice to Lessee for purposes of: (i) inspecting Lessee’s compliance with environmental, occupational safety and health laws and regulations, whether or not such party is responsible for enforcing such laws; (ii) conducting environmental investigation or remediation, including, without limitation, performing tests and surveys, drillings, test-pitting, borings, compiling data and/or records, and other activities related to environmental investigation; and (iii) carrying out remedial or removal actions as required or necessary under applicable laws, including, without limitation, installing monitoring wells, pumping wells and/or treatment facilities. Lessor shall give Lessee TWENTY-FOUR (24) hour’s prior notice of its intention to enter the Premises unless it determines the entry is required for safety, environmental, operations, or security purposes. Lessee shall have no claim against Lessor for any entries by the United States, EPA, ADEQ, Arizona ADOSH, or any officer, agent, employee or contractor thereof.

14.13 U.S. Air Force Use and Remedial Action.

14.13.1 The Parties assume no liability or responsibility for environmental impacts and damage caused by the U.S. Air Force’s use of Hazardous Materials on any portion of the Airport, including the Premises, prior to the Effective Date, and have no obligation under this Lease to undertake the defense of any claim or action, whether in existence now or brought in the future, solely arising out of the use of or release of any Hazardous Materials or deposits of solid waste on or from any part of the Airport, including, but not limited to, the Premises. Further, the Parties have no obligation under this Lease to undertake environmental response, remediation, or cleanup relating to such use or release. For purposes of this SECTION 14.13, “defense” or “environmental response, remediation, or cleanup” shall include liability and responsibility for the costs of damage, penalties, legal and investigative services relating to such use or release. The terms, “Occupation” or “Use” shall mean any activity or presence (in or upon) such portion of, or such building, facility or other improvement on the Premises.

14.13.2 Pursuant to Section VII.E.3 of the Deed (as defined herein), the U.S. Air Force warrants and covenants that all remedial action necessary to protect human health and the environment with respect to hazardous substances remaining on the Airport has been completed prior to the date of the Deed and, further, any remedial action found to be necessary after the date of the Deed shall be conducted by the U.S. Air Force; provided, however, that the foregoing covenant does not apply where Lessor or Lessee is a potentially responsible party with respect to any portion of the Premises or the Airport.

14.14 Cleanup Requirements. Lessee agrees that Lessor assumes no liability to Lessee should Hazardous Materials cleanup or related requirements, whether imposed by law, regulatory agencies, the U.S. Air Force or Department of Defense interfere with Lessee's use of the Premises. Lessee shall have no claim against Lessor or the United States or any officer, agent, employee or contractor thereof on account of any such interference whether due to entry, performance of remedial or removal investigations, or exercise of any right with respect to the Federal Facilities Agreement (FFA) or the Installation Restoration Program (IRP) or under this Lease or otherwise. Lessee agrees to comply with the provisions of any health or safety plan in effect under the IRP or any hazardous substance remediation or response agreement with environmental regulatory authorities during the course of any of the above described response or remedial actions. Any inspection, survey, investigation, or other response or remedial action shall, to the extent practicable, be coordinated with representatives designated by Lessee. Lessee shall have no claim on account of such entries against the United States or any officer, agent, employee, contractor, or subcontractor thereof.

14.15 Spill Protection Plan. In the event Lessee undertakes any type of manufacturing, maintenance or other activities on the Premises involving the use or generation of any Hazardous Materials regulated by Hazardous Materials Laws, Lessee shall have an approved plan for responding to Hazardous Materials, fuel, and other chemical spills prior to commencement of activities on the Premises and other approved Airport locations. Such plan shall comply with all applicable requirements of said plan which shall be updated from time to time or as may be required to comply with changes in site conditions or applicable requirements, and shall be approved by all agencies having regulatory jurisdiction over such plan. Such plan shall be independent of Lessor's spill prevention and response plans, if any. Lessee shall not rely on use of Lessor or Lessor personnel or equipment in execution of its plan. Lessee shall file a copy of the approved plan and approved amendments thereto with Lessor's Environmental and Archeological Coordinator within THIRTY (30) calendar days of receipt of a CofO from the City. Notwithstanding the foregoing, should Lessor provide any personnel or equipment, whether for initial fire response and/or spill containment, on the request of Lessee, or because Lessee was not, in the opinion of Lessor, conducting fire-fighting, containment or timely cleanup actions, Lessee agrees to reimburse Lessor for its actual costs in accordance with all applicable laws and regulations.

14.16 Wells. Lessee shall not install any drinking water or other wells in any location on the Premises without the prior written approval of Lessor.

14.17 Construction Activities and Surface Disturbances.

14.18.1 Should Lessee be permitted to construct improvements on the Premises, Lessee agrees that in the event any hazardous substances, pollutants, contaminants, petroleum or petroleum derivatives are discovered, Lessee shall promptly notify Lessor of such discovery and shall immediately cease said construction pending investigation and remedial action, if necessary, by Lessor or the appropriate regulatory agency.

14.17.2 After construction of Lessee's improvements on the Premises, if any, either in the future or as otherwise provided herein, Lessee shall not conduct any subsurface excavation, digging, drilling or other disturbance of the surface without the prior written approval of Lessor, which shall not be unreasonably withheld.

15. PROTECTION OF WETLANDS.

Lessee shall minimize the destruction, loss, or degradation of any wetlands located on the Premises. Lessor believes there are no wetlands existing on the Premises as of the Effective Date. However, before locating new construction in wetlands, if any exist, Lessee shall contact Lessor and the United States Army Corps of Engineers and obtain a permit or waivers under Section 404 of the *Clean Water Act*. For purposes of this SECTION 15, the term, "new construction," includes structures, facilities, draining, dredging, channeling, filling, diking, impounding, and related activities.

16. SPECIAL PROVISIONS.

16.1 Lessee shall comply with all applicable Federal, State, and local occupational safety and health regulations.

16.2 Lessee shall be responsible for determining whether it is subject to State and local sanitation, licensing, building code or building permit requirements and whether or not it requires a permit to do business and for compliance with them to the extent they are applicable.

17. INSURANCE.

17.1 Coverage Required. Lessee shall procure and maintain, or cause to be procured and maintained, the following types and amounts of insurance with respect to the Premises:

17.1.1 General Commercial Liability insurance in the amount of \$2,000,000 per occurrence, covering third party bodily injury and property damage, including coverage for “premises/operations,” “products and completed operations.”

17.1.2 *Worker’s Compensation* insurance, as required by law, and *Employer’s Liability* insurance in the amount of \$1,000,000 covering work-related injuries to employees and others permitted to operate or otherwise conduct business on the Premises.

17.2 Form. Each insurance policy obtained pursuant to this SECTION, except for *Worker’s Compensation* and *Employer’s Liability* policies, shall: (i) name Lessor as a certificate holder or additional insured; (ii) contain a provision that written notice of cancellation or modification thereof shall be given to Lessor not less than THIRTY (30) calendar days before such cancellation or modification takes effect (TEN (10) days in case of nonpayment of premium); and (iii) contain a waiver of subrogation in favor of Lessor. Lessee shall not permit any insurance policy to be canceled or modified without Lessor’s written consent unless equivalent replacement policies are issued with no lapse in coverage. All policies shall be obtained from insurance companies licensed to do business in the State of Arizona and possessing a rating of at least A – VII or higher from the A.M. Best Company, or an equivalent rating and approved by Lessor.

17.3 Certificates of Insurance. Lessee shall deliver a certificate of insurance for each policy required herein to Lessor, in standard Accord or equivalent form, prior to the Effective Date and shall continue to provide such certificates throughout the term of this Lease.

17.4 Additional Insurance. At any time during the term of this Lease, Lessor may, if in its reasonable determination the insurance coverage required by this SECTION 17 is no longer adequate, require Lessee to increase its coverage to commercially reasonable amounts.

17.5 Blanket Insurance. Lessee’s insurance obligations under this Lease may be satisfied by means of “blanket” or excess policies.

17.6 Insurance by Lessor. In the event Lessee shall fail to procure any insurance required hereunder, Lessor may, upon written notice to Lessee, procure and maintain any or all of the insurance required of Lessee under this SECTION. In such event, all costs of such insurance procured and maintained by Lessor on behalf of Lessee shall be the responsibility of Lessee and shall be fully reimbursed to Lessor within TEN (10) business days after Lessor advises Lessee of the cost thereof.

17.7 Waiver. Lessor and Lessee, to the fullest extent permitted by law, waive all right of recovery against the other for, and agree to release the other from liability for, loss or damage to the extent such loss or damage is covered by valid and collectible insurance in effect at the time of such loss or damage or which is required to be covered pursuant to the terms of this Lease; provided however, that the foregoing release by each party is conditioned upon the other party carrying insurance with the above described waiver of subrogation, and if such coverage is not obtained or maintained by either party, then the other party’s foregoing release shall be deemed to be rescinded until such waiver is either obtained or restated.

18. SURRENDER OF POSSESSION.**18.1 Condition of Property.**

18.1.1 Upon the expiration or earlier termination of this Lease, Lessee's right to occupy the Premises and exercise the privileges and rights granted thereunder shall cease, and Lessee shall peaceably surrender the same and leave the Premises broom clean and in good condition except for normal wear and tear. All trade fixtures, equipment, and other personal property installed or placed by Lessee on the Premises which are not permanently affixed thereto shall remain the property of Lessee, and Lessee shall have the right at any time during the term of this Lease, to remove the same from the Airport and Lessee shall repair, at its sole cost, any damage caused by such removal. Any property not removed by Lessee within FIFTEEN (15) calendar days of the expiration or earlier termination of this Lease, or revocation of Lessee's right to occupy the Premises, shall become a part of the Premises, and ownership thereof shall vest in Lessor. Lessee shall, however, remain financially liable to Lessor for the cost of repairs to the Premises incurred as a result of Lessor's removal and/or relocation of property formerly belonging to Lessee and not otherwise removed from the Premises, as provided herein, and shall remit to Lessor payment for such costs within TEN (10) business days of Lessee's receipt of Lessor's invoice therefor.

18.1.2 Any trade fixtures, equipment or other property affixed to the Premises by Lessee shall, if required by Lessor, be permanently removed from the Premises by Lessee, at Lessee's expense, within FIVE (5) business days of Lease termination. Should Lessee fail to remove such trade fixtures, equipment or other property within said time, Lessor may remove and dispose of such trade fixtures, equipment or other property at Lessee's expense, and Lessee shall reimburse Lessor for the costs thereof within TEN (10) business days of receipt of Lessor's invoice therefor.

18.2 Holding Over. Lessee shall not remain in possession of the Premises after the expiration or earlier termination of the Term without the express written consent of Lessor. Should Lessee hold over without the express written consent of Lessor, such tenancy shall be at the sufferance of Lessor and not a renewal of the Term. In such case, the Base Rent and all other charges due pursuant to this Lease shall be payable at ONE HUNDRED FIFTY PERCENT (150%) of the amount payable during the last year of the Term, and such tenancy at sufferance shall be subject to every other term, covenant and provision of this Lease. In the event Lessee holds over, Lessee shall be liable for all of Lessor's direct and consequential damages, which shall include, without limitation, costs, fees, expenses, damages and attorneys' fees incurred by Lessor as a result of Lessee's holding over, and damages and expenses incurred by Lessor for its inability to deliver possession of the Premises to a new lessee; provided, however, Lessee will only be liable for consequential damages if Lessor has provided Lessee written notice that Lessor has executed a new lease and that damages will be incurred by Lessor if Lessee has not delivered possession by the date specified in Lessor's notice to Lessee, which date must be not earlier than fifteen (15) days after the date of such notice.

19. INSPECTION BY LESSOR.

Lessor may enter upon the Premises at reasonable times and upon reasonable notice for any reasonable purpose, including, but not limited to, compliance with the terms and conditions of this Lease and the exercise of its governmental functions for such activities as fire protection or security.

20. NOTICES.

20.1 All notices required or permitted under this Lease shall not be effective unless personally delivered or mailed by certified mail, return receipt requested, postage prepaid, or by reputable commercial overnight courier service, to the following addresses:

TO LESSOR: Phoenix-Mesa Gateway Airport Authority
Attn: Business Development Department
5835 South Sossaman Road
Mesa, Arizona 85212

TO LESSEE: Sun Valley Interior Supply, Inc.
Attn.: Scott Wherley, General Manager
802 S. 59th Ave.
Phoenix, AZ 85043

WITH A COPY TO: Gypsum Management and Supply, Inc.
Attn.: General Counsel
100 Crescent Centre Parkway
Suite 800
Tucker, GA 30084

20.2 Any notice shall be deemed to have been received TWO (2) business days after the date of mailing, if given by certified mail, or upon actual receipt if personally delivered or if given by reputable commercial overnight courier service. Any Party may designate in writing a different address for notice purposes pursuant to this SECTION.

21. SEVERABILITY.

Should a court of competent jurisdiction declare any provision of this Lease invalid, the remaining terms shall remain effective.

22. SALES AND PROPERTY TAXES.

Lessee shall pay any leasehold tax, sales tax, personal property tax, transaction privilege tax, license or permit fee, or any other tax assessed as the result of its occupancy of Premises or conduct of any activity at the Airport under authority of this Lease, including any such tax assessable on Lessor. In the event that laws or judicial decisions result in the imposition of a real property tax or any other form of tax or imposition on the interest of Lessor, such tax shall also be paid by Lessee for the period this Lease is in effect, to the extent such taxes are reasonably attributable to the Premises or a portion thereof or the operation of Lessee's business.

23. APPROVALS, CONSENTS AND NOTICES.

All approvals, consents and notices called for in this Lease shall be in writing, signed by the appropriate Party, and may not be established solely by oral testimony.

24. LIENS AND MORTGAGES.

24.1 General Provisions.

24.1.1 Except as provided in this SECTION 24, Lessee shall not engage in any financing or other transaction creating any mortgage or deed of trust upon the Premises, place or suffer to be placed upon the Premises any lien or other encumbrance, or suffer any levy or attachment to be made on Lessee's interest in the Premises. Any such mortgage or deed of trust, encumbrance or lien shall be deemed a violation of this SECTION, constituting a failure by Lessee to comply with the terms of the Lease, on the date of its execution or filing of record regardless of whether or when it is foreclosed or otherwise enforced.

24.1.2 Notwithstanding anything to the contrary in SECTION 9 herein, Lessee shall, during the Term, be permitted to mortgage, collaterally assign, or otherwise encumber its leasehold interest under this Lease to secure indebtedness, including, without limitation, a loan to finance construction of improvements and other development on the Premises, and including refinancings thereof, subject to the restrictions of SECTION 24.1.3, and provided that the language of such mortgage or deed of trust and of all

related documents that require the execution, approval, or consent of Lessor shall be subject to the prior review and approval of legal counsel for Lessor, and that all legal fees incurred by Lessor in connection with such legal counsel review and approval shall be paid by Lessee. Any such encumbrance is referred to as a "Mortgage" and the holder thereof a "Mortgagee." The Mortgagee, upon taking possession or upon foreclosure or taking an assignment in lieu thereof, shall be liable for all future rents and obligations hereunder and shall attorn to Lessor. No Mortgage shall encumber Lessor's interest in the Premises or the improvements thereon. Further and promptly after Lessee assigns or encumbers any portion of the Premises or the improvements thereon, Lessee shall furnish Lessor with a written notice setting forth the name and address of such Mortgagee or trustee.

24.1.3 No Mortgage or deed of trust shall extend to or affect the fee, the reversionary interest or the estate of Lessor in the Premises. No Mortgage or deed of trust shall be binding upon Lessor in the enforcement of its rights and remedies under this Lease and by law provided, unless and until a copy thereof shall have been delivered to Lessor and such Mortgage or deed of trust is authorized in accordance with provisions of this SECTION 24.

24.2 Lessor Agreement. With respect to Mortgagees of the Premises, Lessor agrees that:

24.2.1 If requested by a Mortgagee which shall have duly registered in writing with Lessor its name and address, and if Lessor shall give any notice, demand, election or other communication required hereunder (hereafter, collectively, "Notices") to Lessee, Lessor shall concurrently give a copy of each such Notice to the Mortgagee at the address designated by it. Notices shall be sent by registered or certified mail, return receipt requested, and shall be deemed given SEVENTY-TWO (72) hours after the time they are deposited in a United States Post Office with postage charges prepaid, addressed to the Mortgagee. No Notice given by Lessor to Lessee shall be binding upon or affect Lessee or the Mortgagee unless a copy of the Notice shall be given to the Mortgagee pursuant to this SECTION 24.2.1.

24.2.2 Such Mortgagee entitled to such Notices, as specified above, shall have any and all rights of Lessee with respect to the curing of any default hereunder by Lessee.

24.2.3 If Lessor shall elect to terminate this Lease by reason of any default by Lessee with respect to the Premises, the Mortgagee that shall have become entitled to Notice as provided in this SECTION 24.2 shall have any and all rights of Lessee with respect to curing of any default with respect to the Premises.

24.2.4 Nothing herein contained shall be deemed to impose any obligation on the part of Lessor to deliver physical possession of the Premises to such holder of a Mortgage. To the extent the physical possession of the Premises by a secured creditor is not inconsistent with the terms of this Lease, or is incompatible with the Lessor's selection of available remedies in the Event of Default, Lessor shall not prevent such physical possession.

24.2.5 If more than one Mortgagee shall seek to exercise any of the rights provided for in this SECTION 24, the holder of the Mortgage having priority of lien over the other Mortgagees shall be entitled, as against the others, to exercise such rights. Should a dispute arise among Mortgagees regarding the priority of lien, the Mortgagees shall prove to the satisfaction of Lessor that they have settled that dispute.

24.3 Protection of Mortgagee(s). Until the time, if any, that an approved Mortgage shall be satisfied and released of record:

24.3.1 A Mortgagee shall have the right, for a period equal to the period afforded Lessee to perform any term, covenant, or condition and to remedy any default by Lessee hereunder, and Lessor shall accept such performance with the same force and effect as if furnished by Lessee, and the Mortgagee shall thereby and hereby be subrogated to the rights of Lessor. Such Mortgagee cure period shall begin on the later of: (i) the date Mortgagee receives notice pursuant to Section 24.2, or (ii) the date that Lessee's cure period expires under the Lease. During such Mortgagee cure period, Lessor will not disturb possession, interest or quiet enjoyment by the Lessee or Mortgagee in the real property for any reason, subject to the terms of the Lease, until such Mortgagee cure period has expired. The Mortgagee shall have the right to enter upon the Premises to give such performance.

24.3.2 In case of a default by Lessee in the performance or observance of any non-monetary term, covenant or condition to be performed by it hereunder, if such default cannot practicably be cured by the Mortgagee without taking possession of the Premises, in such Mortgagee's reasonable opinion, or if such default is not susceptible of being cured by the Mortgagee, then Lessor shall not serve a notice of lease termination if and so long as:

a. The Mortgagee shall proceed diligently to obtain possession of the Premises (including possession by a receiver), and, upon obtaining such possession, shall proceed diligently to cure such defaults as are reasonably susceptible of cure (subject to any order by a court of competent jurisdiction staying or otherwise precluding such Mortgagee from obtaining such possession); or

b. The Mortgagee shall institute foreclosure proceedings and diligently prosecute the same to completion (unless in the meantime it shall acquire Lessee's estate hereunder, either in its own name or through a nominee, by assignment in lieu of foreclosure), subject to any order by a court of competent jurisdiction staying or otherwise precluding such Mortgagee from obtaining such possession.

c. The Mortgagee shall not be required to obtain possession or to continue in possession of the Premises pursuant to SECTION 24.3.2a, or to continue to prosecute foreclosure proceedings pursuant to SECTION 24.3.2b, if and when such default shall be cured. If a Mortgagee, its nominee, or a purchaser at a foreclosure sale shall acquire title to Lessee's leasehold estate hereunder, a default that is not reasonably susceptible to cure by the person succeeding to the leasehold interest shall no longer be deemed a default under this Lease.

d. If any Mortgagee is prohibited from commencing or prosecuting foreclosure or other appropriate proceedings in the nature thereof by any process or injunction issued by any court, or by reason of any action by any court having jurisdiction of any bankruptcy or insolvency proceeding involving Lessee, the times for commencing or prosecuting foreclosure or other proceedings, including proceedings to obtain possession, shall be extended for the period of the prohibition.

24.4 New Lease

24.4.1 Lessor agrees that, in the event of early termination of this Lease for any reason (including but not limited to any default by Lessee), Lessor, if requested by any Mortgagee, will enter into a new lease of the Premises with the most senior Mortgagee requesting a new lease, which new lease shall commence as of the date of termination of this Lease and shall run for the remainder of the original term of this Lease, at the rent and upon the terms, covenants and conditions herein contained, provided that:

a. Such Mortgagee shall make written request upon Lessor for the new lease within SIXTY (60) calendar days after the date such Mortgagee receives written notice from Lessor that this Lease has been terminated;

b. Such Mortgagee shall pay to Lessor, at the time of the execution and delivery of the new lease, any and all sums which would, at that time, be due and unpaid pursuant to this Lease but for its termination, and in addition thereto all reasonable expenses, including reasonable attorneys' fees, which Lessor shall have incurred by reason of such termination;

c. Such Mortgagee shall perform and observe all covenants in this Lease to be performed and observed by Lessee, and shall further remedy any other conditions which Lessee under the Lease was obligated to perform under its terms, to the extent the same are reasonably susceptible of being cured by the Mortgagee; and

d. The Lessee under the new lease shall have the same right of occupancy to the buildings and improvements on the Premises and elsewhere on the Airport as Lessee had under this Lease immediately prior to its termination.

Notwithstanding anything to the contrary expressed or implied in this Lease, any new lease made pursuant to this SECTION 24 shall have the same priority as this Lease with respect to any mortgage, deed of trust, or other lien, charge, or encumbrance on the fee of the Premises, and any sublease under this Lease shall be a

sublease under the new Lease and shall not be deemed to have been terminated by the termination of this Lease.

24.4.2 Nothing herein contained shall require any Mortgagee to enter into a new lease pursuant to this SECTION 24.4, or to cure any default of Lessee referred to above.

24.4.3 If any Mortgagee shall request a new lease as provided in this SECTION 24.4, Lessor agrees, at the request of, on behalf of and at the expense of the Mortgagee, upon a guaranty from it reasonably satisfactory to Lessor, to institute and pursue diligently to conclusion the appropriate legal remedy or remedies to oust or remove the original Lessee from the Premises, but not any authorized subtenants actually occupying the Premises or any part thereof.

24.4.4 Unless and until Lessor has received notice from each Mortgagee that the Mortgagee elects not to demand a new lease as provided herein, or until the period therefor has expired, Lessor shall not cancel or agree to the termination or surrender of any existing subleases nor enter into any new leases or subleases with respect to the Premises without the prior written consent of each Mortgagee.

24.5 Effect of Transfer. Neither the foreclosure of any Mortgage (whether by judicial proceedings or by virtue of any power of sale contained in the Mortgage), nor any conveyance of the leasehold estate created by this Lease by Lessee to any Mortgagee or its designee by an assignment or deed in lieu of foreclosure or other similar instrument, shall require the consent of Lessor or constitute a default under this Lease, and upon such foreclosure, sale or conveyance, Lessor shall recognize the purchaser or other transferee in connection therewith as the Lessee under this Lease, subject only to an assumption in writing by such purchaser or transferee of all obligations of Lessee under this Lease.

25. GOVERNING LAW; ATTORNEY'S FEES.

The laws of the State of Arizona shall govern the matters set forth in this Lease. Venue of any action brought under this Lease shall, at the option of Lessor, lie in Maricopa County, Arizona.

26. RULES AND REGULATIONS.

Lessee shall at all times comply with all Federal, state and local laws, ordinances, rules, and regulations which are applicable to its activities on the Airport, the Premises itself (including but not limited to the *Americans with Disabilities Act*), or the operation, management, maintenance, or administration of the Airport, including all laws, ordinances, rules and regulations adopted after the Effective Date. Lessee shall at all times comply with the Airport *Minimum Standards* and *Airport Rules and Regulations*, as the same may be amended from time to time. Copies of the current Airport *Minimum Standards* and *Airport Rules and Regulations* are attached hereto as **EXHIBIT D**. Lessee acknowledges and agrees that Lessor may amend the Airport *Minimum Standards* and *Airport Rules and Regulations* at any time in Lessor's sole discretion. Lessee shall be responsible for controlling and preventing disruptive pedestrian and vehicle traffic associated with its activities on the Premises and at the Airport. Lessee also shall display to Lessor any permits, licenses, or other evidence of compliance with laws upon request.

27. CORPORATE AUTHORIZATION.

In executing this Agreement, Lessee represents and warrants to Lessor that if Lessee is a corporation, Lessee has obtained and been granted the full right, power and authority to enter into this Lease.

28. UTILITY LINES AND SERVICE CHARGES.

28.1 Lessee shall, at no cost or expense to Lessor, provide or arrange for any public utility, water and sewage lines, connections and services that are needed in connection with any building(s), structure(s) or other improvement(s) placed on the Premises by Lessee, or required for Lessee's activities thereon, and shall be responsible for the maintenance of such lines and connections from where they enter the Premises. If requested in advance to do so by Lessee, Lessor will grant reasonable rights-of-way on or across the Airport

to suppliers of public utility services for the purpose of supplying Lessee with such services, but Lessor reserves the right to designate the lands along which such rights-of-way shall be granted so as to cause the least inconvenience in the operation of the Airport and other Airport tenants.

28.2 Lessee shall pay for all utilities, including trash collection, used in its operations at the Airport and the Premises. The charges and method of payment for each utility or service shall be determined by the appropriate supplier of the utility or service in accordance with applicable laws and regulations, on such basis as the appropriate supplier of the utility or service may establish.

28.3 Notwithstanding the execution of this Lease, Lessor retains the right to the continued use of such utility lines and services as are presently on the Premises and the right to repair the same when necessary in Lessor's sole discretion, including but not limited to, any utility easements on the Premises. Lessor shall conduct such repairs in such a manner and at such times as to not unreasonably interfere with Lessee's activities thereon.

29. RESERVATIONS TO LESSOR.

The Premises are accepted "as is, where is" by Lessee, subject to any and all existing easements or other encumbrances, and Lessor shall have the right to install, lay, construct, maintain, repair and operate such sanitary sewers, drains, storm water sewers, pipelines, manholes, connections; water, oil and gas pipelines; telephone and telegraph power lines; and such other appliances and appurtenances necessary or convenient to use in connection therewith, over, on, across or in proximity to the Premises, or any part thereof, as will not unreasonably interfere with Lessee's or any subtenant's operations hereunder, and to enter upon the Premises for such purposes. Lessor also reserves the right to grant franchises, easements, rights-of-way, and permits, over, on, across or in proximity to any portions of the Premises for the same purposes; provided, that Lessor or the grantee, as applicable, shall not exercise such rights so as to interfere unreasonably with Lessee's or any subtenant's activities on the Premises and all such interference shall be minimized. Lessor agrees that any rights granted to any parties by reason of this clause shall contain provisions that the surface of the Premises shall be restored to its original condition, at no cost to Lessee, upon the completion of any construction.

30. FEDERAL AVIATION ADMINISTRATION (FAA) PROVISIONS.

30.1 Lessee agrees that in the event improvements are constructed, maintained, or otherwise operated on the Premises for a purpose for which a Department of Transportation (DOT) program or activity is intended, or for another purpose involving the providing of similar services or benefits, Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, *Nondiscrimination in Federally Assisted Programs of the Department of Transportation*, as it may be amended.

30.2 Lessee agrees that: (i) no person shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination on the grounds of race, color, creed, disability, age, sex or national origin in the use of the Premises; (ii) that in the construction of any improvements on, over, or under the Premises and the furnishing of services thereon, no person shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination on the grounds of race, color, or national origin; and (iii) that Lessee shall use the Premises in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21, as it may be amended.

30.3 Lessee assures Lessor that it will comply with pertinent statutes, Executive Orders, and rules promulgated to assure that no person shall, on the grounds of race, creed, color, national origin, or sex, age or handicap, be excluded from participating in any activity.

30.4 Lessor reserves the right to further develop or improve the landing area of the Airport (excluding the Premises) as it sees fit, regardless of the desires or view of Lessee, and without interference or hindrance therefrom.

30.5 Lessor reserves the right, but shall not be obligated to Lessee, to maintain and keep in repair the landing area of the Airport and all publicly owned facilities of the Airport, together with the right to direct and control all activities of Lessee in this regard. Lessor and Lessee agree that Lessee has no responsibility whatsoever with respect to maintenance and repair of the landing area of the Airport, or any publicly owned facilities of the Airport.

30.6 This Lease shall be subordinate to the provisions and requirements of any existing or future agreement between Lessor and the United States relative to the development, operation or maintenance of the Airport.

30.7 There is reserved unto Lessor, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Premises, which shall include the right to cause in the airspace any noise inherent in the operation of aircraft, now known or hereafter used for navigation of or flight in or through the airspace, and for the use of such airspace for landing on, taking off from, or operation on the Airport.

30.8 Lessee agrees to comply with the notification and review requirements covered in 14 CFR Part 77 in the event future construction of a building is planned for the Premises or in the event of any planned modification or alteration of any present or future building or structure situated on the Premises.

30.9 Lessee shall not erect or permit the erection of any structure or building, nor permit the growth of any tree on the Premises, or any other obstruction that exceeds height requirements contained in 14 CFR Part 77 or amendments thereto, or interferes with the runway and/or taxiway "line of sight" of the control tower. In the event these covenants are breached, Lessor reserves the right to enter upon the Premises and to remove the offending structure or object at the expense of Lessee.

30.10 Lessee shall not make use of the Premises in any manner that might interfere with the landing and taking off of aircraft from the Airport or otherwise constitute a hazard. In the event this covenant is breached, Lessor reserves the right to enter upon the Premises and cause the abatement of such interference at the expense of Lessee.

30.11 Nothing contained in this Lease shall be construed to grant or authorize the granting of an exclusive right within the meaning 49 U.S.C. §40103(e) and 47107 (a)(4).

30.12 This Lease and all of the provisions hereof shall be subject to whatever right the United States government now has, or in the future may have or acquire, affecting the control, operation, regulation and taking over of the Airport, or the exclusive or non-exclusive use of the Airport by the United States during the time of war or national emergency.

30.13 To the extent that Lessee conducts or engages in any aeronautical activity for furnishing services to the public at the Airport, Lessee shall furnish its services on a reasonable and not unjustly discriminatory basis to all users and charge reasonable and not unjustly discriminatory prices for each unit or service; except, however, that Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar type of price reductions to volume purchasers.

30.14 Lessee shall conform to Lessor and FAA safety and security rules and regulations regarding use of the Airport air operations area including runways, taxiways, taxilanes and aircraft aprons by vehicles, employees, customers, visitors, etc., in order to prevent security breaches and avoid aircraft incursions and vehicle/pedestrian deviations; complete and pass an airfield safe driving instruction program when offered or required by Lessor; and be subject to penalties as prescribed by Lessor for violations of Airport safety and security requirements.

Notwithstanding anything in this Lease to the contrary, if the enforcement of the terms of Section 30.12 of this Lease unreasonably interfere, in Lessee's reasonable discretion, with the use of the Premises by Lessee as contemplated herein, Lessee shall have the right, on not less than sixty (60) days' prior written notice to Lessor, to terminate this Lease, upon which termination date this Lease shall terminate and neither party shall have any further obligations under this Lease.

31. INCORPORATION OF QUITCLAIM DEED.

Lessor owns the Airport pursuant to a Quitclaim Deed from the United States Government (the "Deed"), a copy of which is available to Lessee upon request and is hereby incorporated in its entirety. To the extent the Deed has terms, conditions, obligations, requirements or restrictions that apply to this Lease, Lessor, Lessee or any matter in connection herewith, Lessee agrees to be bound by all the terms, covenants and conditions of the Deed, including the following:

- 31.1 That this Lease is subject to all terms and conditions of the Deed; and
- 31.2 That in case of any conflict between the Deed and this Lease, the Deed shall control.

32. REQUIRED PROVISIONS OF QUITCLAIM DEED.

32.1 Section VI (A)(5)(c) of the Deed requires that the following provisions be included in this Lease:

32.1.1 In furnishing services to the public, Lessee shall not discriminate against any person or class of persons by reason of race, color, creed, or national origin, and Lessee shall otherwise provide such services on a fair, equal, and not unjustly discriminatory basis to all users thereof.

32.1.2 Lessee shall charge fair, reasonable, and not unjustly discriminatory prices for each unit for service; except, however, that the Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

32.2 If the Premises are within any of the archaeological sites identified in Section VIII.A of the Deed, then, the provisions of Section VIII of the Deed shall be deemed incorporated in this Lease by this express reference to Section VIII of the Deed.

32.3 To the extent the Deed requires that other specific provisions thereof be inserted in this Lease by express reference to the Deed, this sentence shall constitute an express reference to all such applicable provisions of the Deed.

33. ARCHEOLOGICAL OR CULTURAL RESOURCES.

In the event any archeological or cultural resources are discovered during any construction contemplated or permitted by this Lease, Lessor shall use its best efforts to expedite any necessary actions with respect thereto, at Lessor's sole cost and expense; provided, however, that in the event the necessary actions with respect to any archeological or cultural resources exceeds or is estimated to exceed \$10,000.00, Lessee shall be entitled to terminate this Lease upon TEN (10) business days' prior written notice to Lessor.

34. AIRPORT SECURITY.

34.1 PMGAA Operations Department maintains an approved Airport Security Plan (the "Security Plan") pursuant to 49 CFR Parts 1540 and 1542, and 14 CFR Part 139. Tenant shall at all times comply with PMGAA Operations Department security directives, security bulletins, or verbal notifications existing now or in the future.

34.1.1 Lessee is responsible for maintaining security practices, facilities, and perimeter boundaries on their leasehold that meet the security standards set forth by PMGAA Operations Department.

34.1.2 Lessee shall immediately correct physical or procedural deficiencies which are contrary to PMGAA Operations Department, security directives, security bulletins, or verbal notifications existing now or in the future.

34.1.3 Lessee shall, to the fullest extent permitted by law, indemnify, defend and hold PMGAA harmless for, from and against Lessee due to any security violation committed by any agents, employees, invitees, subcontractors or independent contractors of Lessee.

34.1.4 Lessee shall conduct and document all self-audits and self-inspections as required by TSA or Airport Operations and make such audits available for inspection.

34.1.5 Lessee shall designate a primary security coordinator to receive security related briefings, bulletins and sensitive security information.

34.1.6 PMGAA reserves the right to modify the Security Plan from time to time, as necessary or as directed by TSA. PMGAA Airport Operations shall notify the Lessee security coordinator regarding modifications that effect the Lessee.

34.2 Airport Security Badge.

34.2.1 Lessee employees/contractors that require a Badge shall be obligated to complete all training and comply with all security requirements and directives issued by PMGAA Airport Operations, Transportation Security Administration or other entity having security jurisdiction at PMGA.

34.2.2 Lessee, employees and contractors shall comply with all security related audits, inspections, and screening conducted by the PMGA Airport Operations Department

34.2.3 Lessee will immediately return badges to the Airport Badging office when badge holders employment is terminated, the badge is no longer needed or the employee/contractor is on extended leave.

34.2.4 Misuse of a Badge or security procedures will bring about punitive action including suspension or revocation of one or all badges.

35. DEFAULT BY LESSOR.

In the event of any alleged breach by Lessor of its covenants contained in this Lease, Lessee shall have available all rights and remedies provided at law or in equity, subject to the terms and conditions of this Lease; provided, however, Lessee may not exercise any such right or remedy unless Lessee has notified Lessor by written notice of such alleged default, and Lessor has not cured such default within the THIRTY (30) calendar day period subsequent to receipt of such notice or, in the event such alleged default is of such a nature that it cannot reasonably be cured within such THIRTY (30) calendar day period, Lessor has failed to cure such alleged default with all due diligence. Except as expressly set forth in this Lease, in no event shall Lessee be entitled to terminate this Lease or abate or offset any installment of Base Rent, or any other payments to be made by Lessee hereunder.

36. BROKERS.

Lessee represents and warrants that it has not had any dealings with any real estate brokers, finders or agents in connection with this Lease. Lessee further agrees to indemnify, defend (with counsel selected by Lessor) and hold Lessor and Lessor's nominees, successors and assigns harmless from any and all claims, costs, commissions, fees or damages by any person or firm whom Lessee authorized or employed, or acted by implication to authorize or employ, to act for Lessee in connection with this Lease.

37. SALE BY LESSOR.

Lessee agrees to look solely to Lessor's interest in the Premises for the recovery of any judgment from Lessor, it being agreed that neither Lessor nor the holders of the equity interests of Lessor, nor the members, partners, officers, directors or shareholders of Lessor shall be personally liable for any such judgment. In the event of any sale or other conveyance by Lessor of its interest in the Premises, Lessor shall be automatically freed and released from all personal liability accruing from and after the date of such sale or conveyance as respects the performance of any covenant or obligation on the part of Lessor contained in this

Lease to be performed, it being intended hereby that the covenants and obligations contained in this Lease on the part of Lessor shall be binding on the Lessor and its successors and assigns only during and in respect to the respective successive periods of ownership of the Premises.

38. ESTOPPEL CERTIFICATE.

Lessee shall, without charge, at any time and from time to time hereafter, within TEN (10) business days after written request of Lessor to do so, certify, by written instrument duly executed and acknowledged by Lessee and certified to Lessor and to any prospective lender or purchaser: (i) as to whether this Lease has been supplemented or amended, and if so, the substance and manner of such supplement or amendment; (ii) as to the existence of any default hereunder to the best of Lessee's knowledge; (iii) as to the date on which Lessee was obligated to commence paying Base Rent and all other charges hereunder and the expiration date of the Term; (iv) as to whether the Lessee has assigned or transferred its interests or any portion thereof in this Lease; and (v) as to any other matters as may be reasonably requested. Lessor and any prospective purchaser or lender to whom the same was certified may rely upon any such certificate.

39. MISCELLANEOUS.

39.1 Personal Liability. No member of or employee of either Party shall be charged personally or held contractually liable by or to the other Party under any term or provision of this Lease because of any breach thereof, or because of its execution or attempted execution.

39.2 No Waiver. No provision of this Lease may be waived or modified except by a writing signed by the Party against whom such waiver or modification is sought.

39.3 Non-Waiver of Rights. No waiver or default by Lessor of any of the terms, conditions, covenants or agreements hereof to be performed, kept or observed by Lessee shall be construed or act as a waiver of any subsequent default of any of the terms, covenants, conditions or agreements herein contained to be performed, kept or observed by Lessee, and Lessor shall not be restricted from later enforcing any of the terms and conditions of this Lease.

39.4 Amendment. Only a written instrument executed by the Parties may amend this Lease.

39.5 Invalid Provisions. Should any provision of this Lease or any application thereof be held invalid by a court of competent jurisdiction, the remainder of this Lease shall not be affected thereby, unless one or both Parties would be substantially and materially prejudiced.

39.6 Litigation Expenses. In the event of litigation between Lessor and Lessee, the prevailing Party shall be entitled to recover its attorneys' fees and all costs and expenses of litigation, including witness fees, expert witness fees, and court costs.

39.7 Headings. The headings contained herein are for convenience in reference only and are not intended to define or limit the scope of this Lease or any term thereof.

39.8 Entire Agreement. This Lease, including exhibits attached hereto at the time of its execution, constitutes the entire agreement between the Parties hereto and supersedes all prior negotiations, understandings and agreements between the Parties concerning such matters.

39.9 Mortgages. Lessor represents and warrants there are no mortgages or deeds of trust that encumber or burden the Premises.

40. INCORPORATION OF RECITALS.

The recitals set forth herein are acknowledged by the Parties to be true and correct and are incorporated herein by this reference.

IN WITNESS WHEREOF, the Parties have executed this Lease the day and year first above written.

EXECUTED to be effective on the date specified above.

LESSOR:

PHOENIX-MESA GATEWAY AIRPORT AUTHORITY, an Arizona joint powers airport authority

By: _____
J. Brian O'Neill, A.A.E.
Executive Director/CEO

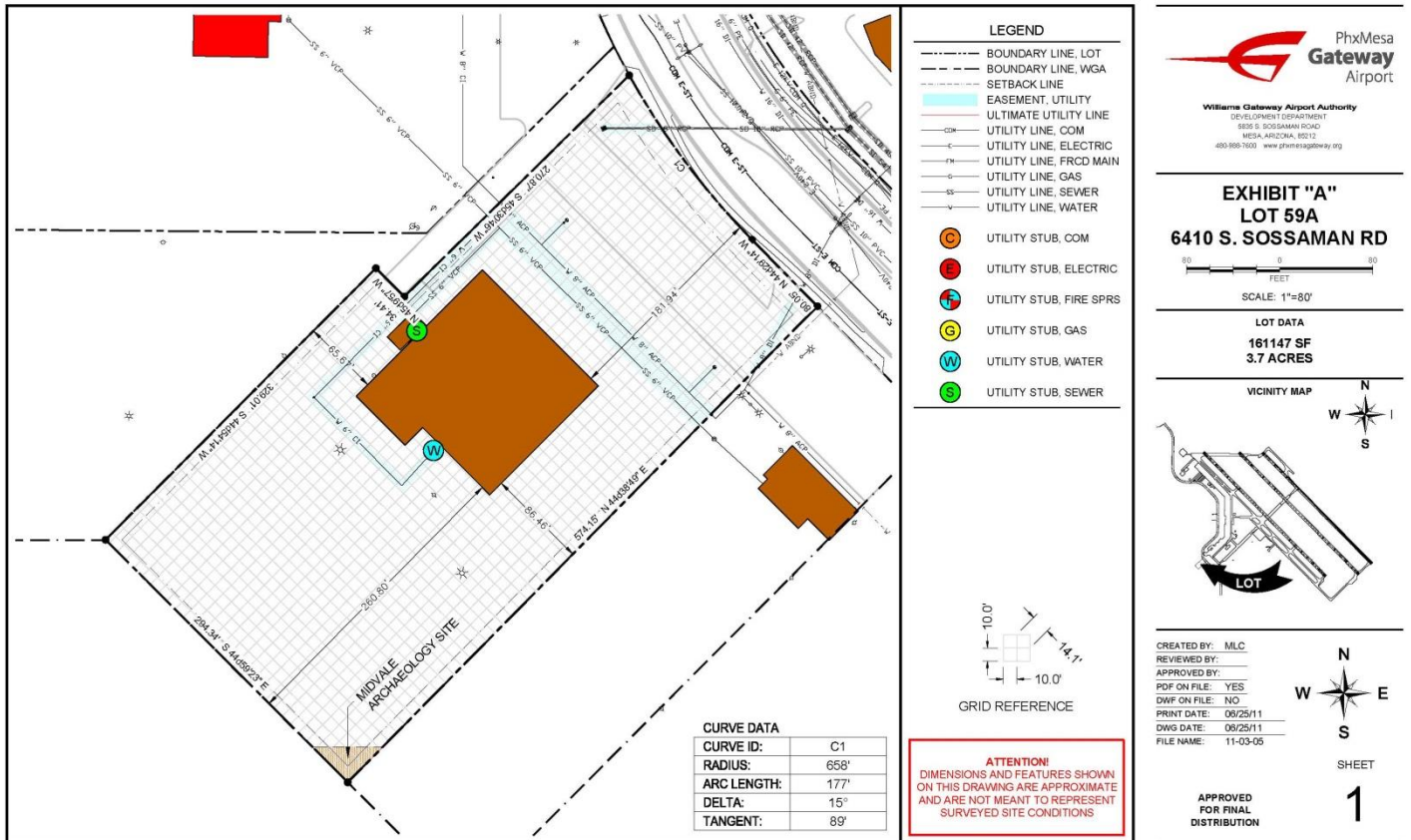
STATE OF ARIZONA)
) ss.
County of Maricopa)

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me this ____ day of _____, 2017, by J. Brian O'Neill, A.A.E. in his capacity as the Executive Director/CEO of the Phoenix-Mesa Gateway Airport Authority.

Notary Public

My Commission Expires:

EXHIBIT A
DEPICTION OF THE PREMISES



6410 South Sossaman Road



Overall size: 22,710 s.f.

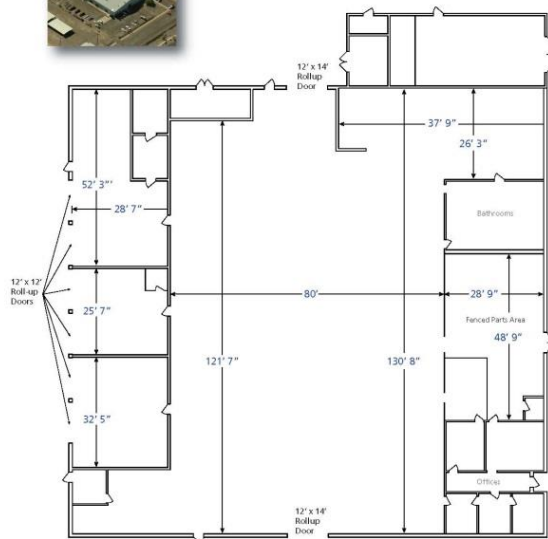


EXHIBIT B

AIRPORT RATES & CHARGES SCHEDULE

http://www.gatewayairport.com/Documents/DocumentLibrary/Board%20Policies/Rates%20&%20Charges_20160701.pdf

EXHIBIT C**AIRCRAFT OPERATIONS GUIDELINES**

C1. Use of Airport. Lessee, Lessee's assigns, sublessees, or transferees who operate aircraft at the Airport and are engaged in a private, government, or commercial aeronautical business or service and desire to use the Airport landing facilities for certain types of operations including, but not limited to: 1) taxiing and maneuvering on Airport runways, taxiways, ramps and aprons; 2) landings and approaches ("touch and go", "stop and go"); and 3) low approaches shall be subject to the provisions of this **EXHIBIT C**.

C2. Fees. As appropriate, Lessee shall pay Lessor fees as outlined below:

C2.1 *Landing Fee.* Lessee shall pay a landing fee at a rate equal to the amount reflected on the most current *Airport Rates and Charges Schedule* at the time of the aircraft operation, for each flight subject to a landing fee operated by or in conjunction with Lessee. The weight of any particular aircraft shall be its maximum certificated gross landing weight (MGLW). The amount owed to Lessor for each chargeable aircraft landing for each preceding calendar month shall be due and payable no later than the TWENTIETH (20th) day of the month succeeding the calendar month in which said aircraft landings took place. Lessee's written listing of all aircraft landings subject to such fee shall accompany said payment. Each entry in such listing shall include the date of the landing, the aircraft registration number, the type and model aircraft, the aircraft MGLW and the amount of the fee due.

C2.2 *Aircraft Ramp Space.* Lessee shall pay Lessor monthly, an aircraft-parking fee in an amount equal to that specified in the most current Airport Rates and Charges Schedule at the time of use, for each overnight aircraft parking position used by Lessee that is situated on Airport ramp outside Lessee's Premises. Such fees, if any, shall be payable to Lessor no later than the TWENTIETH (20th) day of the month following that in which Lessee occupied or used such space, and such payment shall be accompanied by a written listing of the aircraft (including registration number, make and model), dates and times of usage.

C2.3 *Other Space.* When available and specifically assigned to Lessee, Lessee shall pay Lessor monthly, in advance, a fee for Lessee's non-exclusive use of other space not situated on or part of the Premises. The location and cost of such other space shall be determined by Lessor at its sole discretion, and both may be subject to change from time to time by Lessor, as necessary.

C2.4 *Additional Space/Services.* In the event that Lessee requires space or special services such as, but not limited to, aircraft line services, out-of-station ARFF standby, operations safety officers, ground service equipment, or fuel spills response teams, Lessee shall pay Lessor's standard fees for such services at the time the service is rendered, unless a secured account or agreement is established prior to requesting additional services.

C3. Books and Records. Lessee shall maintain permanent books, records and ledgers accurately reflecting the total number of monthly Aircraft landings for each aircraft subject to a landing fee and any other aforementioned fee indicating the make, type (including model designation), registration, maximum certificated gross landing weight, and arrival and departure time of each aircraft involved. These records shall be made available to Lessor upon request. In addition to monthly payment as set forth in SECTION C2 herein and together therewith, Lessee shall provide Lessor with a written report, indicating all aircraft operations and related information for the preceding calendar month.

C4. Disabled or Abandoned Aircraft. Should any aircraft owned or operated by Lessee through accident or for any other reason, become disabled or be abandoned in any area which could interfere with the continuous, normal operations of any of the runways, taxiways and airfield facilities at the Airport, Lessee shall:

C4.1 Immediately remove said aircraft to such location as may be designated by Lessor, unless such aircraft is required to remain in place pending investigation by the appropriate regulatory agency or agencies of the federal government; and

C4.2 In the event of any accident where federal investigation in place is required, immediately upon receiving clearance to do so from the appropriate federal agency, remove said aircraft and any wreckage or debris resulting therefrom to the area(s) designated by said federal agency authorizing such removal; otherwise, such aircraft wreckage and debris shall be immediately removed from the Airport or stored at a location approved by Lessor.

C4.3 Should Lessee fail to proceed immediately to remove disabled aircraft, or should aircraft owned or operated by Lessee be abandoned on the Airport, Lessor shall have the right to remove such aircraft by any means Lessor deems necessary under the circumstances, and Lessee shall indemnify, defend, keep and hold Lessor, its members, board of directors, officers, agents, officials, servants, employees and contractors harmless from and against any and all claims, costs, loss, liability, actions, suits, proceedings, damage or expense (including costs of suit and attorneys' fees and expenses) incurred by Lessor or claimed by anyone by reason of removal of said aircraft, injury to persons or property or damages to such aircraft caused by such removal, as well as storage costs therefor. Lessee shall reimburse Lessor for any costs incurred by Lessor in removing and storing any aircraft, any property damage to the airport caused by such aircraft or removal within TEN (10) business days of demand therefor.

C5. Aviation Fuel. Lessee, at Lessee's sole cost and expense, shall procure aviation fuel delivered to its aircraft on the Airport. If fueling or defueling aircraft owned or operated by Lessee, or under Lessee's direct control, Lessee shall comply fully with Lessor's *Aviation Fuel Storage, Dispensing and Handling Guidelines*.

C6. Fly Friendly Procedures. Lessee acknowledges receipt of Lessor's *Fly Friendly* noise abatement procedures, and shall provide such information to flight crews, post the information in the Lessee's flight planning area, and use the procedures to the extent possible, when consistent with safety and Air Traffic Control directives.

EXHIBIT D
MINIMUM STANDARDS

<http://www.gatewayairport.com/Documents/DocumentLibrary/Board%20Policies/Airport%20Minimum%20Standards.pdf>

&
AIRPORT RULES AND REGULATIONS

http://www.gatewayairport.com/Documents/DocumentLibrary/Board%20Policies/Rules%20&%20Regulations_16-53.pdf

Exhibit E**STORM WATER PERMIT COMPLIANCE****E1. Acknowledgments.**

E1.1 Lessee acknowledges that as a consequence of its activities, operations or location at the Airport, Lessee may be required by EPA Regulations 40 CFR Part 122 (Regulations) to obtain a National Pollution Discharge Elimination System (NPDES) Storm water discharge permit (the "Permit"), a requirement that Lessee can fulfill by:

E1.1.1 Obtaining its own permit; or

E1.1.2 Joining as a co-permittee under Lessor's current storm water permit.

E1.2 Lessor has undertaken to obtain a storm water discharge permit, and Lessee acknowledges that it will enjoy a substantial economic benefit by joining as a co-permittee, and that such benefit serves as good and sufficient consideration for the obligations imposed upon and assumed by Lessee under this **EXHIBIT E**.

E1.3 Lessee acknowledges that it will have to devise and implement Best Management Practices (BMPs) to minimize the contact of storm and other precipitation event water with "significant materials" (as defined in the Regulations) generated, stored, handled or otherwise used by Lessee, and to document such BMPs with a written storm water management plan.

E1.4 It is the Lessee's obligation to determine if its activities or operations require obtaining such permit.

At such time as Lessee determines applicability and agrees to Section E1.1.2 above, the following shall apply:

E2. Agreement.

E2.1 Lessee agrees to be made, and to be, a co-permittee on Lessor's Multi-Sector General Permit (MSGP), and agrees that said Permit, as it is issued by the Arizona Department of Environmental Quality (AZDEQ), and as it may thereafter be amended, modified or otherwise changed, is incorporated by reference into this **EXHIBIT** and any subsequent renewals.

E2.2 Lessor agrees that, to the extent allowed by law, Lessee shall have the right to be removed from Lessor's Permit should this Lease be cancelled or terminated for other reasons, or due to Lessee's relocation, noncompliance with Permit requirements or exercise of choice; provided that in no event shall Lessee be relieved of its obligation to comply with the requirements of the AZPDES permit program with regard to its occupation and use of the Premises and the Airport, nor shall Lessee be excused from any obligations or indemnifications incurred and owed to Lessor prior to Lessee's removal from the Permit, resulting from a failure of Lessee to fulfill an obligation of such.

E3. Compliance.

E3.1 Lessor will provide Lessee with a true and complete copy of the Permit and any revisions thereto, and will, as time and personnel allow, consult with and assist Lessee with regard to Permit and other requirements.

E3.2 Lessor shall have the right to monitor Lessee's compliance with the Permit requirements, including, but not limited to: certification of non-storm water discharges; collection of storm water samples; preparation of storm water management plans; implementation of BMPs; and the maintenance of necessary records.

E3.3 Lessor reserves the right to impose upon Lessee any BMP or other action necessary to insure Lessor's ability to comply with its Permit requirements or applicable Rules. Lessee shall have TEN (10)

business days from date of receipt of written notice imposing such BMPs or other requirements to notify Lessor in writing if it objects to any action it is being directed to undertake. If Lessee does not provide the specified timely notice, it will be deemed to have assented to implement the BMPs or other requirements. If Lessee provides Lessor with timely written notice of its objections, the Parties agree to negotiate a prompt resolution of their differences. Lessee warrants that it will not serve a written notice of objections for purposes of delay or avoiding compliance.

E3.4 Lessee agrees to implement at its sole expense, unless otherwise agreed to in writing between Lessor and Lessee, those Permit and other requirements which pertain to its operations and activities on the Airport, and Lessee warrants that it will use its best efforts to meet all deadlines established by statute, regulation or ordinance, or that are agreed to by the Parties. Lessee acknowledges that time is of the essence in the implementation of all Permit requirements.

E4. Permit Changes. Lessee acknowledges that the terms and conditions of Lessor's Permit may change from time to time, and upon prior written notice from Lessor to Lessee of proposed changes, Lessee shall be given the opportunity to submit comments to Lessor prior to negotiations with the appropriate governmental entity or entities for permit modifications.

E5. Material Condition. Full compliance with the AZPDES permit program, 40 C.F.R. Part 122, is a material condition of this **EXHIBIT** and for any breach thereof which exposes Lessor to civil or criminal fine, penalty, sanction or remediation cost by any governmental entity, Lessor may terminate this **EXHIBIT** without recourse by Lessee.

E6. Covenant of Good Faith. Lessor and Lessee covenant to act in good faith to implement any requirements imposed by Lessor's Permit, to the end that the purposes of Section 402(P) of the Federal *Water Pollution Control Act* (33 U.S.C. 1342 (P)) may be achieved. The Parties acknowledge that close cooperation will be necessary to ensure compliance with any Permit requirements to promote safety and minimize costs, and each Party agrees to a candid exchange of information necessary to coordinate a storm water management and monitoring plan.

E7. Indemnification. The covenants of insurance and indemnification in favor of Lessor imposed by other provisions of this **EXHIBIT** shall extend to, and are incorporated into, the provisions of this **EXHIBIT**.

NOTICE OF LESSEE INTENTION TO JOIN OR REJECT NPDES CO-PERMITTEE STATUS

I, _____, on behalf of SUN VALLEY INTERIOR SUPPLY, INC., being duly authorized to do so, acknowledge that I am fully informed of our obligations under the National Pollutant Discharge Elimination System permit program as mandated by Section 402 (P) of the Federal *Water Pollution Control Act* (33 U.S.C. 1342 (P)), and regulations published in 40 C.F.R. Part 122 and the Arizona Department of Environmental Quality (AZDEQ).

I further acknowledge that, if applicable we have been offered the opportunity to join with the Phoenix-Mesa Gateway Airport Authority (PMGAA) as a co-permittee of the AZPDES permit issued by the Environmental Protection Agency to the PMGAA as it pertains to the Phoenix-Mesa Gateway Airport Authority (the "Airport"), in accordance with the terms and conditions set forth above.

I, on behalf of SUN VALLEY INTERIOR SUPPLY, INC. and being duly authorized to do so, (please check applicable box)

- desire to join the PMGAA as a co-permittee and understand and accept the obligation to comply with the aforesaid statute and regulations as they may apply to our activities and operations at the Airport.
- decline to join the PMGAA as a co-permittee.
- have determined the regulations are not applicable.

Dated this _____ day of _____, 2017.

By: _____
(Signature)

Name: _____
(Print Name)

Its: _____
(Title)

Management Information Reports

1. Solicitation Notification



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Management Information Report

To: Board of Directors
From: Chuck Odom, Interim Chief Financial Officer
Through: J. Brian O'Neill, A.A.E., Executive Director/CEO
Re: Solicitation Notification
Date: January 25, 2017

This report is to provide notification of the active and upcoming solicitations to help ensure compliance with the Phoenix-Mesa Gateway Airport Authority procurement transparency clause. The active activities include the following:

Active/Pending Solicitations

Type Solicitation	Number	Title	Anticipated Contract Award (Board Action)
Request for Proposals	2017-012-RFP	South Central Fire Protection Upgrade – Repairing Tank Roofs	January 2017
Request for Qualifications	2017-015-RFQ	Environmental Assessment – Air Traffic Control Tower*	February 2017
Request for Proposals	2017-014-RFP	Taxicab Services for Gateway Airport	February 2017
Request for Proposals	2017-007-RFP	Master Developer for Gateway Aerospace Park	April 2017

*Pending PFC application approval

Future Solicitations

Type Solicitation	Number	Title	Scheduled for Release	Anticipated Contract Award (Board Action)
Request for Proposals	2017-013-RFP	Airport Herbicide Application	January 2017	April 2017
Request for Proposals	2017-016-RFP	Landscape Maintenance	February 2017	May 2017

If you have any questions about the solicitations or the procurement process, please feel free to contact me at 480-988-7613.

News

- [Articles \(3\)](#)



PHOENIX-MESA Gateway Airport reports highest number of October travelers ever

BY KTAR.COM | December 7, 2016 @ 5:31 am



(Facebook Photo)

PHOENIX — An airport in the greater Phoenix area reported its busiest month of October ever on Tuesday.

[Phoenix-Mesa Gateway Airport](#) said in a press release that 100,981 passengers passed through during the month, making it the busiest October in the facility's history.

"More and more air travelers are discovering the value and convenience of using Gateway Airport," Executive Director/CEO J. Brian O'Neill said in a press release. "Customers appreciate our easy access, inexpensive parking, hassle-free terminal, and low fares."

The airport said the more than 100,000 passengers marked an 8 percent increase over 2015's figures.

It is estimated that 1.4 million people will travel through the airport this year.

In addition to setting a new October record, the airport also said it welcomed the eight millionth person that was flying with Allegiant Airlines and passed through the Valley.

The airline has operated out of Phoenix-Mesa Gateway since 2007.

"Eight million Allegiant passengers in nine years is truly a success story," John Giles, the mayor of Mesa and chairman of the Phoenix-Mesa Gateway Airport Authority, said in the same release. "Our partnership with Allegiant creates a significant economic benefit for the Phoenix East Valley."

Allegiant runs 38 nonstop routes out of the East Valley facility.

Comments

Tweet



Suspicious bag delays departures at Phoenix-Mesa Gateway Airport

Posted: Dec 10, 2016 9:43 AM
 Updated: Dec 10, 2016 9:43 AM

By Phil Benson **CONNECT**

MESA, AZ (KPHO/KTVK) - There was a brief scare at Phoenix-Mesa Gateway Airport Saturday morning.

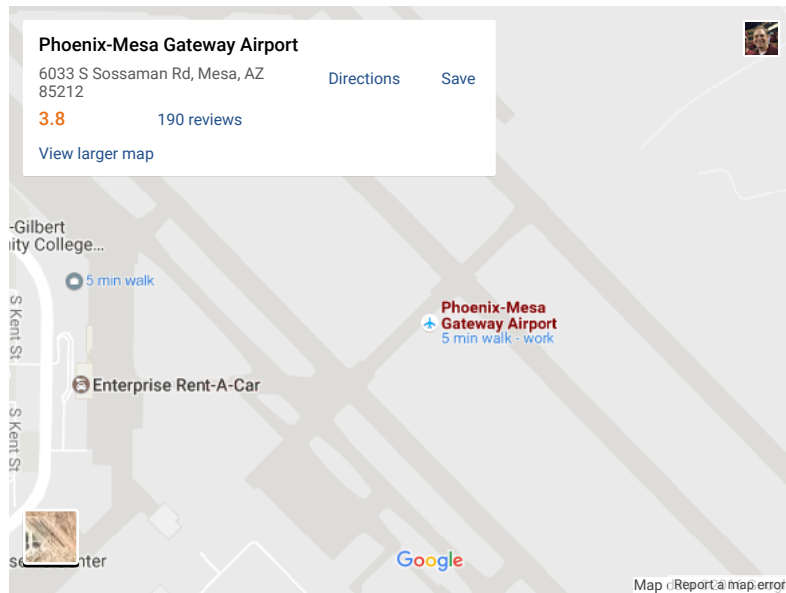
A suspicious bag delayed three departures.

Out of an abundance of caution, bomb-sniffing dogs helped security officials determine what was inside.

It turned out to be nothing more than a battery-operated toothbrush.


The bag was cleared and passengers were soon on their way again.

[Google map: Phoenix-Gateway Mesa Airport]



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Go solar without paying a dime upfront

BY SOLARCITY

We pay for the panels, you just pay for the lower energy bill. Go solar with no enrollment, install, or system costs. Get your free quote now

0 Comments

Sort by **Newest**



Add a comment...

Facebook Comments Plugin

FOR THE EXCLUSIVE USE OF BSEXTON@PHXMESAGATEWAY.ORG

From the Phoenix Business Journal:

<http://www.bizjournals.com/phoenix/news/2016/12/12/uber-lyft-can-now-operate-at-phoenix-mesa-gateway.html>

Uber, Lyft can now operate at Phoenix-Mesa Gateway Airport

Dec 12, 2016, 11:17am MST

Ride-sharing companies can now operate at Phoenix-Mesa Gateway Airport.

The East Valley regional airport revised its ground transportation rules to allow services such as Uber and Lyft to pick up and drop off at the passenger terminal.

The approval was based on "strong consumer demand," according to an airport statement.

Phoenix Sky Harbor International Airport began permitting these services earlier this year in May after their ground transportation rules were amended. Sky Harbor has been implementing additional transportation services as of late as well.

The ride-sharing services will join taxicab service, ride-share vans, limousines, and car rental services that are already available at Phoenix-Mesa Gateway.

"Visitors to services at the Phoenix-Mesa Gateway Airport Authority, said in a statement.

The airport has been seeing quite a bit of growth this year, with a new CEO, its first international flights, infrastructure improvements, new passenger records and restaurant agreements.

Steven Totten
Reporter
Phoenix Business Journal



FLICKR

An Uber app being used in Japan.



**NOTICE AND AGENDA OF MEETING OF THE
PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
BOARD OF DIRECTORS**

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Phoenix-Mesa Gateway Airport Authority and to the general public that the Phoenix-Mesa Gateway Airport Authority will hold a meeting open to the public **Tuesday, February 21, 2017 beginning at 9:00 a.m.** in the Board Room (Saguaro A & B) of the Gateway Administration Building, 5835 South Sossaman Road, Mesa, Arizona. The Board may vote to hold an executive session for the purpose of obtaining legal advice from the Board's attorney on any matter listed on the agenda pursuant to A.R.S. § 38-431.03 (A)(3)&(4).

The agenda for the meeting is as follows:

1. **Call to Order.** (Mayor John Giles, Chair)
Members of the Phoenix-Mesa Gateway Airport Authority will attend either in person or by telephone conference call.
2. **Call to the Public.**
Members of the Board may not discuss items that are not on the agenda. Therefore, action taken as a result of public comment will be limited to directing staff to study the matter or scheduling the matter for further consideration and decision at a later date. Maximum of three minutes per speaker.
3. **Executive Director's Report.** - J. Brian O'Neill, A.A.E., Executive Director/CEO
4. **Presentation: FY18 Budget, Capital Budget and CIP** – Chuck Odom, Chief Financial Officer
5. **Consent Agenda.**
 - a. **Minutes** of the Special Telephonic Board Meeting held on **January 25, 2017.**
 - b. **Resolution No. 17-04** Adoption of revised **Airport Rates & Charges** schedule effective March 1, 2017.

Consideration and Possible Approval of:

6. **Resolution No. 17-05** Approval of the **Airport Land Use Compatibility Plan Update** and recommendations, including directing staff to complete Plan implementation with adjacent communities and counties.
7. **Resolution No. 17-06** Authorizing an agreement with **AAA Cab Service, Inc. (DBA Yellow Cab)** for taxicab service at the Charles L. Williams Passenger Terminal.
8. **Board Member Comments/Announcements.**
9. **Next Meeting:** Tuesday, March 21, 2017 at 9:00 a.m.
10. **Adjournment.**

Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting Maria Gonzalez at 480-988-7603 or mgonzalez@gatewayairport.com. Requests should be made as early as possible to allow time to arrange the accommodation.



Executive Director's Report

February, 2017

Financial Snapshot

Operating Income	December		% Change	FYTD Comparison		% Change
	FY16	FY17		FY16	FY17	
Revenues	\$1,425,679	\$1,380,492	\$(45,187)	\$8,510,215	\$8,877,102	\$366,887
Less Expenses	\$1,328,862	\$1,402,775	\$73,913	\$7,956,860	\$8,655,619	\$698,759
Operating Income <i>(before depreciation)</i>	\$96,817	\$(22,283)	\$(119,100)	\$553,355	\$221,483	\$(331,872)

Investment Fund Balances: As of December 31, 2016: Local Governmental Investment Pool 700 = \$7,814,526; Wells Fargo Collateralized Savings Account = \$18,509,046; Total \$26,323,572. This is a decrease of \$190k from the November balance. This is primarily due to the timing of cash flows related to grant funded construction projects.

Finance and Accounting

PMGAA is reporting a YTD Net Operating Income of \$221,483. The monthly cash basis operating result for December was a net loss of \$22,283. The YTD and monthly financial results are relatively consistent with previous months' results. Revenue increases in Jet A and LL100 fuel sales and parking fees are being offset by increased personnel and contractual services expenditures.

Grants, PFCs & Procurements

Active/Pending Solicitations

Type Solicitation	Number	Title	Anticipated Contract Award (Board Action)
Request for Qualifications	2017-015-RFQ	Environmental Assessment – Air Traffic Control Tower*	February 2017
Request for Proposals	2017-014-RFP	Taxicab Services for Gateway Airport	February 2017
Request for Proposals	2017-007-RFP	Master Developer for Gateway Aerospace Park	April 2017

*Pending PFC#5 Application approval

Information Technology Services

PMGAA staff coordinated with WestJet Airlines to establish the airline in our Common Use Terminal Equipment (CUTE) System. This will enable WestJet to deliver a consistent, optimized gate, and boarding experience for their customers.

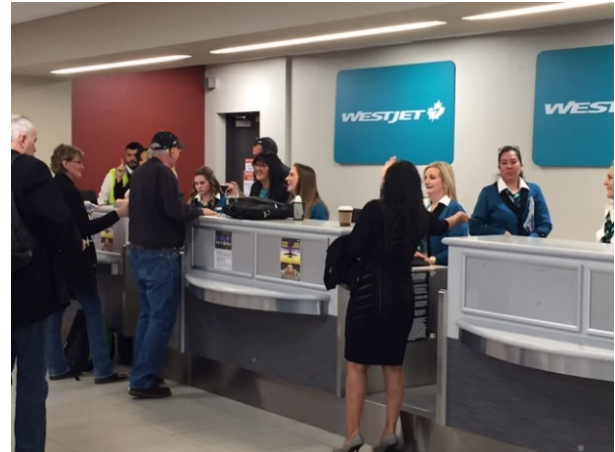
The Voice over Internet Protocol (VOIP) phone system upgrade has been fully implemented and PMGAA staff has been trained on the many additional features of the new system. The project also includes installation of a new terminal paging system and the capabilities of a new voice recording system.

Airport Operations

WestJet Airlines began nonstop service to Calgary and Edmonton in Alberta, Canada on January 19th and January 21st respectively. This exciting new service is being well received by both Canadians and East Valley residents. We are hopeful that WestJet will consider continuing the service beyond the end of the winter season (April 30th).

PMGAA staff completed the Annual FAA Automated Weather Observing System (AWOS) Inspection with no discrepancies.

Vehicle parking revenue in December decreased by 5.1% compared to December 2015. This decrease coincides with a 4.91% decrease in the number of enplaned passengers that month.



WestJet Airlines Ticket Counter

Operations Statistics

Passenger Activity		December		% Change	FYTD		% Change
		FY16	FY17		FY16	FY17	
Passengers	TOTAL	119,502	114,383	-4%	600,891	624,233	4%
	Deplaned	61,020	58,426	-4%	304,745	317,296	4%
	Enplaned	58,482	55,957	-4%	296,146	306,937	4%
Allegiant	Scheduled	119,500	113,980	-5%	600,310	623,322	4%
	Charter	0	377	100%	468	711	52%
Elite	Charter	0	26	100%	0	200	100%
Other	Charter	0	0	0%	113	0	-100%

Operations	December		% Change	FYTD		% Change
	FY16	FY17		FY16	FY17	
Air Carrier	949	996	5%	4,845	5,445	12%
Military	442	363	-18%	2,875	2,839	-1%
General Aviation	15,946	20,691	30%	93,886	122,193	30%
TOTAL	17,337	22,050	27%	101,606	130,477	28%

Noise Report

PMGAA staff responded to 11 noise calls during the month of December, a 50% decrease compared to December 2015. For CY16, PMGAA fielded a total of 212 noise calls, a 3% decrease compared to CY15.

Noise Calls	December		% Change	FYTD		% Change
	FY16	FY17		FY16	FY17	
Calls	22	11	-50%	95	96	1%

Type of Aircraft	December		% Change	FYTD		% Change
	FY16	FY17		FY16	FY17	
	Calls	Calls	Calls	Calls	Calls	Calls
Unknown Jet	6	2	-67%	31	11	-65%
MD-83	3	3	0%	10	14	40%
A-319	1	2	100%	14	14	0%
Other Commercial	0	0	0%	1	5	400%
Commercial Total	4	5	25%	25	37	48%
General Aviation Total	0	1	100%	0	11	100%
Military Total	12	3	-75%	39	37	-5%
TOTAL	22	11	-50%	95	96	1%

Location	December				% Change	FYTD				% Change
	FY16		FY17			FY16		FY17		
	Callers	Calls	Callers	Calls	Calls	Callers	Calls	Callers	Calls	Calls
Mesa	6	9	2	5	-44%	26	62	21	72	-69%
Gilbert	3	3	5	6	20%	15	16	17	20	25%
Gold Canyon	0	0	0	0	N/A	1	1	0	0	-100%
Queen Creek	9	10	0	0	-100%	13	14	1	2	-86%
Queen Valley	0	0	0	0	N/A	1	1	0	0	-100%
San Tan Valley	0	0	0	0	N/A	1	1	2	2	100%
TOTAL	18	22	7	11	-50%	57	95	41	96	1%

Engineering & Facilities

Phase II of the North Apron Area Reconstruction Project will be complete on February 18th. Phase III will begin on February 19th with an anticipated completion date of early May.



Prepping the North Apron Area



Paving the North Apron Area

The modernization project for the air traffic control tower elevator was completed on January 12th and the elevator has returned to service. PMGAA provided a pizza party for air traffic controllers to thank them for their patience and understanding during the project.

The Final Environmental Assessment for the Northeast Development Area has been signed by the Airports division of FAA and we are currently waiting for the Finding of No Significant Impact (FONSI) to be issued by the FAA Regional Administrator. The FONSI is expected to be issued by March 2017.

Construction (well, actually destruction) has begun on the new restaurant in the Gateway Aviation Center. The popular Barrio Brewing Company will replace the Flight Deck Café that closed in 2016 due to the owner's retirement. The new full-service restaurant and bar is scheduled to be open for business on or before April 30th.

Make sure you tell your family and friends that the Barrio Brewing Company is coming to Gateway Airport this spring!



Barrio Brewing Company under construction



Planning and Zoning

The final draft of the PMGAA Land Use Compatibility Plan Update was completed in early February after a series of informational meetings were held with community and county officials and their staff. The updated Plan, including a summary of changes, was provided to adjacent community and county Development Services/Planning Directors for their final review. PMGAA staff will submit the Plan to the PMGAA Board for consideration at their February 21, 2017 meeting.

Gateway Aviation Services

For the month of December, fuel-related revenue was 9% lower than December 2015. Fiscal year-to-date, fuel-related revenue is down 5% compared to the same time period in FY16. We continue to see a reduction in military operations that has had a negative impact on our upload fees. Retail Jet and AvGas sales are performing well.

Fuel-Related Revenue	December		% Change	FYTD		% Change
	FY16	FY17		FY16	FY17	
Net Retail (Jet A)	\$55,307	\$74,885	35%	\$347,992	\$508,875	46%
Net AvGas	\$31,398	\$41,733	33%	\$243,422	\$264,675	9%
Storage Fees	\$29,696	\$27,457	-8%	\$129,519	\$143,135	11%
Upload Fees	\$186,105	\$132,710	-29%	\$1,298,161	\$998,052	-23%
TOTAL	\$302,506	\$276,785	-9%	\$2,019,094	\$1,914,737	-5%

Fuel (Gallons)	December		% Change	FYTD		% Change
	FY2016	FY2017		FY2016	FY2017	
Retail (Jet)	32,877	38,248	16%	176,125	262,174	49%
AvGas	29,223	38,210	31%	201,168	238,848	19%
Contract	236,404	210,362	-11%	1,730,629	1,506,175	-13%
Commercial	1,079,847	998,417	-8%	4,709,666	5,207,385	11%
Total	1,378,352	1,285,237	-7%	6,817,588	7,214,582	6%

Gallons sold for December were down 7% compared to FY16 and are up 6% YTD. Contract fuel continues to see a decline compared to last year. This is due to less military and government operations along with a decrease in ad hoc operations. Last year we also had a number of An-124 operations that we have not seen thus far in FY17. Jet A and AvGas continue to see increases over last year.

Human Resources

PMGAA has kicked off a 6-week wellness challenge that includes exercise classes and nutrition counseling. The goal of the program is to provide interested employees the opportunity to learn more about the many benefits associated with a healthy diet and regular exercise.

PMGAA employees completed mandatory Sensitivity Training Sessions designed to reinforce the importance of creating and maintaining a respectful work environment.

Business Development

The PMGAA Board approved two new leases for available industrial space that will generate approximately \$1.8 million in additional operating revenue over the life of the agreements. PMGAA staff also worked with two existing airport tenants to negotiate new leases that will generate almost \$60,000 in additional operating revenue.

The Gateway Aerospace Park Master Developer solicitation continues to move forward. The evaluation team is currently conducting site visits and completing additional due diligence on the two finalists. PMGAA staff intends to make a presentation and recommendation to the PMGAA Board for consideration at the March or April Board meeting.

Communications and Government Relations

PMGAA staff hosted a festive reception including refreshments and giveaways in the passenger terminal to celebrate the arrival of WestJet's inaugural flight from Calgary, Alberta, Canada. The sold out Boeing 737-800, complete with Frozen livery, arrived to a large crowd of well-wishers and media that showed up to participate in the historic international event. Many thanks to the folks from Visit Mesa who were on hand to distribute goodie bags and welcome Canadian visitors to all that the East Valley has to offer.

It was great to see multiple airlines listed on the departure/arrival monitors in baggage claim.

During the week of January 23 – 27, PMGAA partnered with the TSA to host a temporary TSA Pre-Check Enrollment Center in the Gateway Aviation Center. Two hundred and eighty-three individuals paid the \$85 fee to sign up for the five-year program; exceeding expectations of the TSA contractor assigned to operate the temporary facility.



Inaugural WestJet Airlines Flight

Community Relations

PMGAA staff provided several airport tours and group presentations during the month of January. One of PMGAA's top goals for 2017 and beyond is to increase participation and build stronger relationships with community, civic, and business organizations across the region.

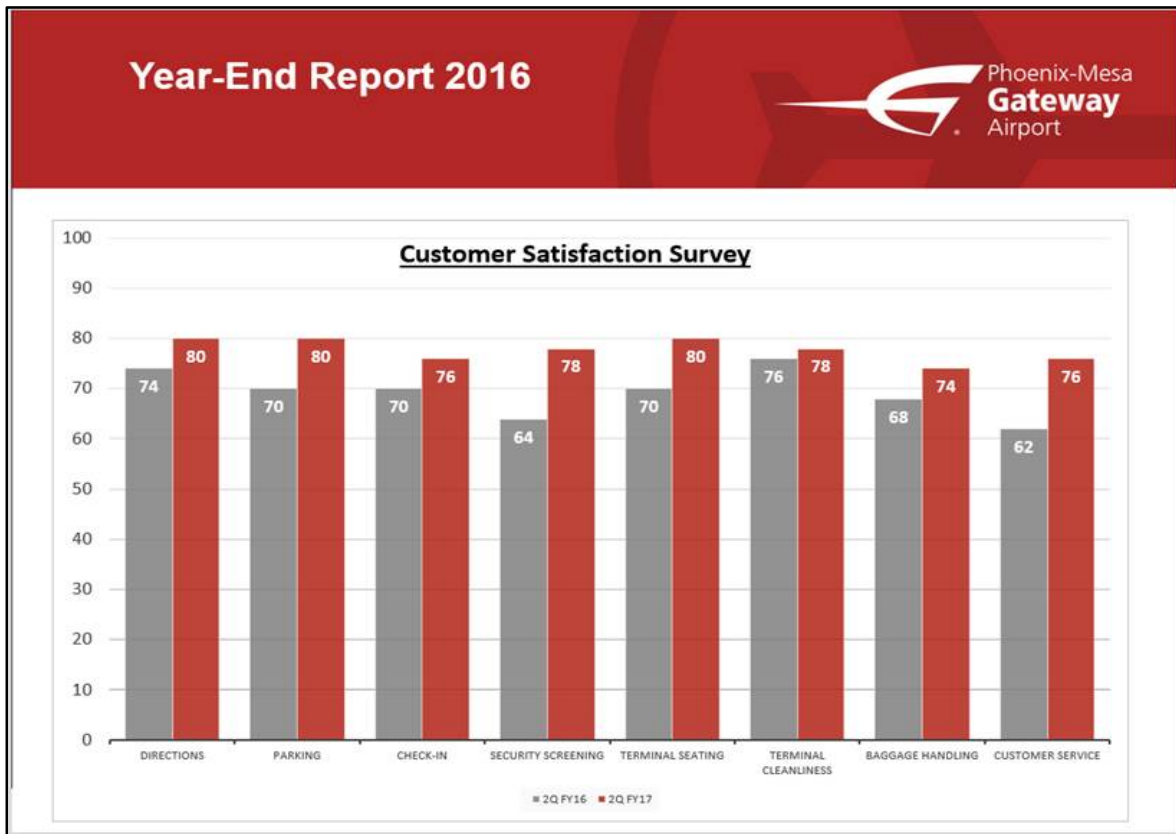
In January, PMGAA also launched its new Community Relations web page featuring radar flight tracking, airport statistics, an FAQ section, airport tour/presentation information, and an online noise complaint submittal form.

We sponsored and attended various community events including the City of Apache Junction's Library Speakers Series and Town of Gilbert State of the City event.



Kids of all ages enjoy airport tours

2016 Customer Satisfaction Survey Results





FISCAL YEAR 2018: Budget



Key Assumptions

1. Member contributions for FY18 will remain flat
2. Enplaning passenger activity will be flat at 665,650 in FY18
3. Commercial aircraft landings will increase by 2.2%
4. Fuel sales will be down by \$146k; Volume \$336k and Price (\$482k)
5. Lease Income – Non Aero will go up by \$162k in FY18
6. Air-Service Incentive Program carries over from previous fiscal year
7. Operating Contingency is 10% of total expenses from unrestricted cash reserve

Significant Operating Revenue Changes



	FY17 Budget	FY18 Budget	\$ Change	%
1. Fuel Flowage Fees	\$ 390,000	\$ 549,000	\$ 159,000	41%
2. Fuel Sales Revenue	\$ 4,146,000	\$ 3,999,000	\$ -146,000	-4%
3. Upload Fees	\$ 2,782,000	\$ 3,036,000	\$ 254,000	9%
4. Parking Revenue	\$ 2,975,000	\$ 3,162,000	\$ 187,000	6%
5. Rental Car Revenue	\$ 1,705,000	\$ 1,754,000	\$ 49,000	3%

Significant Operating Expense Changes



	FY17 Budget	FY18 Budget	\$ Change	%
1. Contractual Services	\$ 4,536,000	\$ 4,819,000	\$ 283,000	6%
2. Cost of Fuel Sold	\$ 2,687,000	\$ 2,696,000	\$ -9,000	.3%
3. Personnel Costs	\$ 7,598,000	\$ 8,049,000	\$ 452,000	6%
Operating Contingency (Other)		\$ 1,894,000		



Summary

Total Operating Revenue	\$18,944,000
Cash from Unrestricted Reserve	<u>\$3,894,000</u>
Total Resources	\$22,838,000
Direct Operating Expenditures	(\$18,943,000)
Potential Air Service Incentives	(\$2,000,000)
Contingencies	<u>(\$1,894,000)</u>
Total Expenditures	\$22,837,000
Net Operating Results	<u>\$1,000</u>

Capital Budget Highlights



Summary of Significant Projects	Amount
Construct Taxiway C Phase Three	\$ 8,400,000
Terminal Baggage Claim Expansion	\$ 1,800,000
Design Rehab Taxiway Kilo Taxiway B to Runway 12C	\$ 1,200,000
ARFF Truck Replacement	\$ 1,050,000
Vapor Trail Parallel Storm Drain Line – Construct	\$ 1,000,000
Airport Master Plan Update	\$ 900,000
Fuel Storage Facility Renewal Project Phase 2	\$ 303,500
CR - AWOS Replacement	\$ 250,000
CR – Roof Repair or Replace	\$ 200,000
NADP Benefit Cost Analysis	\$ 200,000
Construct Bldg 1080 ADA Improvements	\$ 170,000
Total Capital Projects	\$18,756,000

Member Government Contributions



Member	Contributions
City of Mesa	\$ 1,700,000
City of Phoenix	\$ 1,300,000
Gila River Indian Community	\$ 450,000
Town of Gilbert	\$ 350,000
Town of Queen Creek	\$ 130,000
City of Apache Junction	\$ 130,000
Total for FY18	\$ 4,060,000

Same contribution amounts as FY17

Capital Funding Summary

FAA Grants	\$ 8,469,000
ADOT Grants	\$ 1,496,000
PFCs	\$ 2,850,000
Member Contributions	\$ 4,060,000
PMGAA Cash Reserve	\$ 261,710
PMGAA Carry Forward	\$ 1,321,000
Capital/Maintenance Reserve	\$ 300,000
Total Capital Budget	\$ 18,756,000



**MINUTES OF PUBLIC MEETING OF THE
PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
BOARD OF DIRECTORS - SPECIAL TELEPHONIC | January 25, 2017**

A public meeting of the Phoenix-Mesa Gateway Airport Authority was convened on January 25, 2017, beginning at 2:30 p.m. in the Board Room (Saguaro A & B) of the Gateway Administration Building, 5835 South Sossaman Road, Mesa, Arizona.

Members Present via Telephone

Mayor John Giles, Mesa
Mayor Jenn Daniels, Gilbert
Mayor John Insalaco, Apache Junction
Mayor Gail Barney, Queen Creek
Lt. Governor Monica Antone, Gila River Indian Community
Councilmember Thelda Williams, Phoenix

Airport Staff Present

J. Brian O'Neill, Executive Director/CEO
Chuck Odom, CFO
Maria Gonzalez, Clerk of the Board
Ann Marie Anderson, Attorney

Members of the Public

There were no members of the public in attendance.

1. **Call to Order** at 2:40 p.m. (Mayor John Giles, Chair)

2. **Call to the Public.**

There were no public comments.

3. **Executive Director's Report** – J. Brian O'Neill, A.A.E., Executive Director/CEO

The Board of Directors received information related to operational activity, noise summary, fuel sales, and financials. Fiscal Year-to-Date (FYTD) actual Net Income is \$243,766. Allegiant operations increased and passenger activity decreased due to the continued transition to an all Airbus 319 fleet. In 2016, Gateway was the busiest contract air traffic control tower in the country.

WestJet Airlines began new nonstop service to Calgary on January 19, 2017, and Edmonton on January 21, 2017. WestJet is committed to providing service throughout their winter schedule, and their operation at Gateway is not having a negative impact on their Phoenix operation.

The Customer Satisfaction Survey results for Calendar Year 2016 (CY16) indicated that ratings in all categories improved over the most recent 12-month period. Categories include Directions, Parking, Check-In, Security Screening, Terminal Seating, Terminal Cleanliness, Baggage Handling and Customer Service. Airlines, concessions, and TSA are committed to working with PMGAA to achieve "continuous improvement" at the Airport.

Total passenger activity for Calendar Year 2016 (CY16), there was an increase by 5.6% in comparison to CY2015. Gateway Airport continues to grow at a rate faster than the national average.

4. **Consent Agenda**

a. **Minutes** of the Board Meeting held on December 20, 2016.

Mayor Gail Barney moved to approve the Consent Agenda; Councilmember Thelda Williams seconded the motion. The motion was carried unanimously.

Consideration and Possible Approval of:

5. **Resolution No. 17-01** To authorize a construction contract with **Revolution Industrial, LLC** to complete the South Central Fire Protection Upgrades in an amount not-to-exceed \$485,962.

Mayor Gail Barney moved to approve Resolution No. 17-01; Councilmember Thelda Williams seconded the motion. The motion was carried unanimously.

6. **Resolution No. 17-02** Authorizing a facility lease with **Fabricating/Distributor, Inc.** for Lot 50B, Building 1095 located at 6316 S. Taxiway Circle.

Councilmember Thelda Williams moved to approve Resolution No. 17-02; Mayor Serdy seconded the motion. The motion was carried unanimously.

7. **Resolution No. 17-03** Authorizing a facility lease with **Sun Valley Interiors, Inc.** for the facility located at 6410 S Sossaman Road.

Councilmember Thelda Williams moved to approve Resolution No. 17-03; Mayor Jenn Daniels seconded the motion. The motion was carried unanimously.

8. **Board Member Comments/Announcements**

There were no comments/announcements.

9. **Next Meeting:** Tuesday, February 21, 2017 at 9:00 a.m. in the Board Room (Saguaro A & B) of the Gateway Administration Building, 5835 South Sossaman Road, Mesa, Arizona.

10. **Adjournment.**

The meeting adjourned at 2:56 p.m.

Dated this _____ day of _____, 20_____.

Maria E. Gonzalez, Clerk of the Board



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Chuck Odom, Chief Financial Officer
Through: J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Airport Rates and Charges – Recommended Revision Effective March 1, 2017
Date: February 21, 2017

Proposed Motion

Adoption of revisions to the Airport Rates and Charges schedule with an effective date of March 1, 2017.

Narrative

Airport staff has performed a complete review of all of the Phoenix-Mesa Gateway Airport Authority's (PMGAA) rates, charges and fees assessed in the business operations of the airport. Staff is recommending significant revisions to the Board approved Airport Rates and Charges schedule. Historically, the Phoenix-Mesa Gateway Airport (Airport) has operated with a Board approved Airport Rates and Charges schedule, effective July 1, 2016, and various other fees assessed in the normal course of airport operations.

The recommended schedule recognizes the operational rates and charges necessary to operate the Airport with commercial carriers and the Gateway Aviation Services (Fixed Based Operator). For example, previously approved schedules did not include charges for Passenger Terminal/Airfield – Exclusive Use Areas, Non-Operating Agreement Passenger Terminal – Common Use Areas and Equipment Rates or Gateway Aviation Services (Fixed Based Operator) Rates and Charges – Daily Ramp Fee.

The recommended schedule also moves previously Board approved rates, charges and fees to a schedule of Airport Fees. Moved fees include: Airport Security Fees, Meeting Area & Room Rental, Public Records Requests, Special Airport Equipment and Services, Special Staff Assistance and Telephone/Internet Services. This schedule is maintained and approved by the Executive Director/CEO.

On January 18, 2017, the recommended Airport Rates and Charges schedule was posted to the PMGAA website as well as mailed to tenants for their comment.

Fiscal Impact

The recommendation has no fiscal impact. The proposed rates, charges and fees are consistent with the Airport Rates and Charges, effective July 1, 2017 or are consistent with previous business practice.

Attachment(s)

Airport Rates and Charges Schedule
Edited Airport Rates and Charges Schedule, effective July 1, 2016



RESOLUTION NO. 17-04

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Authority desires to revise the posted Airport Rates and Charges schedule.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby adopts the revised Airport Rates and Charges Schedule with an effective date of March 1, 2017.

Passed and adopted by the Authority this 21st day of February, 2017

John Giles, Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Matthew Wright, Attorney

Signatory Commercial Carriers	Scheduled Commercial Carriers, FAR Part 121, 129 and 135 operators, with a 90-day rolling average of 90 or more departures per month.		
Non-Signatory Commercial Carriers	Scheduled Commercial Carriers, FAR Part 121, 129 and 135 operators, with a 90-day rolling average of less than 90 departures per month.		
Aircraft Landing Fee	<p>Signatory Commercial Carriers, General Aviation and Others - \$1.20 per 1,000 lbs. maximum gross landing weight (MGLW).</p> <p>Non-Signatory Commercial Carriers - \$1.80 per 1,000 lbs. MGLW.</p> <p><i>Exemptions:</i></p> <ol style="list-style-type: none"> 1. U.S. Government owned aircraft 2. Non-revenue and flight training aircraft up to 12,500 MGLW 3. All based flight training school aircraft 		
Aircraft Terminal Use Fee	<p>Signatory Commercial Carriers - \$50 per Turn*</p> <p>Non-Signatory Commercial Carriers - \$75 per Turn*</p> <p>*Refer to page 2 for "Non-Operating Agreement Passenger Terminal – Exclusive Use Areas - Full Service" description and equipment specification.</p>		
Aircraft Parking Fee	Aircraft Passenger Capacity	Signatory	Non-Signatory
	1-69	\$ 35	\$ 53
	70-250	\$ 70	\$105
	251 or greater	\$100	\$150
	Will be assessed for the occupancy of an aircraft parking position for more than 3 hours, including terminal gates and remote parking positions, and for each additional 24 hour period.		
Airport Car Rental Customer Facility Charge (CFC)	\$2.50 per vehicle rental day		
Aviation Fuel Flowage Fee	\$0.12 per gallon – paid to PMGAA by any entity or person dispensing fuel on the Airport in accordance with PMGAA Aviation Fuel Storage, Dispensing & Handling Guidelines.		
Fire Suppression Services	<p>\$.50 per year per square foot of floor space + \$250.00 set-up charge, billed in monthly installments. 15% of annual fees required as security deposit.</p> <p>South ramp connection fee = \$209,746.00</p>		
Parking Rates	Fee by Location	Rate	Daily Maximum Charge
	Hourly Parking Lot	\$1.00 / 30 minutes*	\$18.00
	Daily Parking Lot	\$1.00 / 30 minutes*	\$11.00
	Ray Road Economy Parking Lot	\$1.00 / 30 minutes*	\$ 7.00
	Lost Ticket Fee (all locations)		\$42.00
	* Grace period for first 10 minutes		
Passenger Facility Charge (PFC)	\$4.50 per enplaned commercial passenger, Per FAA Approved PFC Application; reference Federal Register: (Vol. 79, Number 3)		
Airport Licenses & Permits	Fuel Dispensing Permit	\$100.00 per organization, permit valid for 2 years	
	Fuel Handling Permit (includes exam)	\$15.50 per individual, permit valid for 2 years	
	Fuel Storage & Service Equipment Permit	\$38.00 per filtration vessel, permit valid for 2 years	
Common Use Terminal Equipment	Signatory Commercial Carriers	\$1,250 per month	
	Non-Signatory Commercial Carriers	\$ 500 per month	
Passenger Terminal/Airfield – Exclusive Use Areas			
Item	Description	Amount	
Terminal Office Space	Exclusive use of airline ticketing and other offices: includes electric, water and maintenance; excludes janitorial services, internet and telephone services	\$32.00 per sq. ft. per year	
Paved Equipment Staging/Storage Area	Paved staging area in the vicinity of the SIDA in excess of that used during normal aircraft servicing operations	\$ 2.00 per sq. ft. per year	

Non-Operating Agreement Passenger Terminal – Common Use Areas and Equipment Rates				
Item	Description	Aircraft Passenger Capacity	Resources Included	Rate
Full Service	Includes ticket counter(s) and lobby area, secure hold room and boarding area podium, aircraft parking position (2 hours), baggage claim area, and common use computer equipment per flight, as scheduled by Airport Operations. 1 ticket counter = 2 positions	1-69	1 ticket counter, 1 gate podium, 1 shared use hold room, 1 baggage belt, 1 aircraft parking spot	\$ 260 per flight
		70-250	2 ticket counters, 1 gate podium, 1 shared use hold room, 1 baggage belt, 1 aircraft parking spot	\$ 495 per flight
		251 or greater	3 ticket counters, 2 gate podiums, 2 shared use hold rooms, 1 baggage belt, 1 aircraft parking spot	\$ 915 per flight
Ticket Counter and Lobby	Use of 1 ticket counter and shared use of the lobby area for up to 2.5 hours. Includes common use equipment.	1-69	1 ticket counter and lobby	\$ 75 per flight
		70-250	2 ticket counters and lobby	\$150 per flight
		251 or greater	3 ticket counters and lobby	\$ 225 per flight
Boarding Gates – Secured Hold Room	Shared use of secured boarding gate area for up to 2 hours and one aircraft parking position. Includes use of gate podium, common use equipment, and one set of aircraft stairs.	1-69	1 gate podium and 1 hold room	\$110 per flight
		70-250	1 gate podium and 1 hold room	\$220 per flight
		251 or greater	2 gate podiums and 2 hold rooms	\$ 440 per flight
Baggage Claim	Use of baggage claim area and baggage delivery belt/slide. Includes aircraft parking position*. * if associated with a live departure within 3 hours of arrival. Otherwise standard aircraft parking fee applies.	1-69	1 belt, oversize slide, aircraft parking*	\$ 75 per flight
		70-250	1 belt, oversize slide, aircraft parking*	\$125 per flight
		251 or greater	2 belts, oversize slide, aircraft parking*	\$ 250 per flight
Operational Surcharges	Charges for exceeding allocated time slots on common use areas	Ticket counter or gate	Occupying a gate after the scheduled allocation time, resulting in aircraft holding or gate change.	\$200 per hour
		Use of ticket counter or gate without prior permission.		\$200 plus regular fees
		Failure to use allocated time slot without 48 hour cancellation notice	Negatively impacting another scheduled carrier or causing Airport to shift resources to accommodate.	\$200 plus regular fees
U.S. Customs and Border Protection (CBP) Service User Fees		Category (based on MGLW)		Inspection Fee (per aircraft arrival)
		<5,000		\$73.16
		5,001 – 12,500.		\$225.10
		12,501 – 35,000		\$315.14
		35,001 – 100,000		\$432.20
		100,001 – 255,000		\$607.77
> 255,000		\$754.09		

Airport Rates and Charges*

Effective **March 1, 2017**

	Regular service hours are Monday – Friday, 0830 – 1630 hrs. (MST). After-hours by appointment only. For after-hours appointments, there will be a minimum two-hour fee of \$377.05 per inspector in addition to the standard user fee shown above. Two hours after the aircraft’s scheduled arrival time, each additional 30 minutes required of the U.S. Customs Inspector will incur a \$55.71 fee above the \$377.05 minimum each.
--	---

Gateway Aviation Services (Fixed Based Operator) Rates and Charges

Daily Ramp Fee	Mass Gross Landing Weight	Rate	Purchase of the following fuel gallon minimums or a minimum receipted purchase of \$15 from the restaurant located in the General Aviation Center will waive the first Daily Ramp Fee per visit.
		<5000	\$ 20.00
	5,001-12,500	\$ 30.00	100
	12,501-35,000	\$100.00	200
	35,001-100,000	\$200.00	300
	100,001-255,000	\$300.00	1,000
	>255,001	\$500.00	2,500

Airport Rates and Charges*

Effective July 1, 2016 March 1, 2017

Signatory Commercial Carriers	Scheduled Commercial Carriers, FAR Part 121, 129 and 135 operators, with a 90 day rolling average of 90 or more departures per month.		
Non-Signatory Commercial Carriers	Scheduled Commercial Carriers, FAR Part 121, 129 and 135 operators, with less than a 90 day rolling average of 90 departures per month.		
Aircraft Landing Fee	<p>Signatory Commercial Carriers, General Aviation and Others - \$1.20 per 1,000 lbs. maximum gross landing weight (MGLW). FAR Part 135 and 121 operators pay a landing fee based on weight or \$5.00 minimum (whichever is greater).</p> <p>Non-Signatory Commercial Carriers - \$1.80 per 1,000 lbs. MGLW.</p> <p><i>Exemptions:</i></p> <ol style="list-style-type: none"> 1. U.S. Government owned aircraft 2. Non-revenue and flight training aircraft up to 12,500 MGLW 3. All based flight training school aircraft 		
Open Ramp Tie-Down Fees (Space subject to availability)	Category (based on MGLW)	Monthly Tie-Down Fee (2-month minimum)	
	<5,000 lbs.	\$44.00	
	5,001—12,500 lbs.	\$98.00	
	12,501—35,000 lbs.	\$201.00	
	35,001—100,000 lbs.	\$316.00	
	100,001—255,000 lbs.	\$672.00	
	> 255,000 lbs.	\$1,321.00	
Aircraft Terminal Use Fee	Signatory Commercial Carriers - \$50 per Turn*		
	Non-Signatory Commercial Carriers - \$75 per Turn*		
	*Refer to page 2 for "Non-Operating Agreement Passenger Terminal – Exclusive Use Areas - Full Service" description and equipment specification.		
Aircraft Parking Fee	Aircraft Passenger Capacity	Signatory	Non-Signatory
	1-69	\$ 35	\$ 53
	70-250	\$ 70	\$105
	251 or greater	\$100	\$150
	Will be assessed for the occupancy of an aircraft parking position for more than 3 hours, including terminal gates and remote parking positions, and for each additional 24 hour period.		
Airport Car Rental Customer Facility Charge (CFC)	\$2.50 per vehicle rental day		
Airport Security Fees	Item	Fee	
	Security badge	\$36.00 *	
	Contractor badge with arm band	\$41.00	
	Replacement/Unreturned badge	\$50.00	
	Criminal History Record Check	\$52.00	
	Tenant facility key—Lost Parking Permit	\$5.00 per key	
	New lock core or change out	\$55.00	
	* Law enforcement and emergency response personnel are exempt from badge fees, —except replacement badge fees.		
Aviation Fuel Flowage Fee	\$0.12 per gallon – paid to PMGAA by any entity or person dispensing fuel on the Airport in accordance with PMGAA Aviation Fuel Storage, Dispensing & Handling Guidelines.		
Fire Suppression Services	\$.50 per year per square foot of floor space + \$250.00 set-up charge, billed in monthly installments. 15% of annual fees required as security deposit. South ramp connection fee = \$209,746.00		
Meeting Area & Room Rental	Room Type	Hourly Rate *	Daily Rate *
	Conference Rooms (up to 12 people)	\$39.00	\$195.00
	Board Room (up to 60 people)	\$59.00	\$225.00

Airport Rates and Charges*

Effective July 1, 2016 March 1, 2017

	* Plus 2.25% sales tax. 50% discount for airport tenants. Subject to availability. Additional fees may include long distance phone charges or equipment use. After normal business hours additional security staffing fees may be applied, if not arranged otherwise by renter.		
Parking Rates	Fee by Location	Rate	Daily Maximum Charge
	Hourly Parking Lot	\$1.00 / 30 minutes*	\$18.00
	Daily Parking Lot	\$1.00 / 30 minutes*	\$11.00
	Ray Road Economy Parking Lot	\$1.00 / 30 minutes*	\$7.00
	Lost Ticket Fee (all locations)		\$42.00
	* Grace period for first 10 minutes		
Passenger Facility Charge (PFC)	\$4.50 per enplaned commercial passenger, Per FAA Approved PFC Application; reference Federal Register: (Vol. 79, Number 3)		
Public Records Requests	Item *1	Format	Charge
	Black/White Copies *2	8 1/2in. x 11in.	\$0.30 per page
		11in. x 14in.	\$0.30 per page
		11in. x 17in.	\$0.50 per page
	Color Copies *2	8 1/2in. x 11in.	\$0.50 per page
		11in. x 14in.	\$0.50 per page
		11in. x 17in.	\$1.00 per page
	Item *1	Format	Charge
	CD-ROM	Audio/Video Recording	\$5.00 per CD
	Email	Electronic	No Charge
Returned Payment Items	Checks, Credit Card, etc.	\$25.00	
*1 Complete documents available per current price list—contact Airport Administration. *2 Double-sided = two pages			
Special Airport Equipment & Services	Item *1	Hourly Rate	Daily Rate (8 Hrs)
	High-Intensity Light Cart	\$71.00	\$263.00
	Pavement Sweeper—vacuum truck	\$123.00	Not available
	Pavement Sweeper—kick broom	\$83.00	\$583.00
	Water truck *2	\$123.00	\$840.00
	Fixed Ground Power Unit / Preconditioned Air at Terminal Gate Positions	\$25 per use up to 2 hours; \$12.50 per hour thereafter.	
	Fuel Dispensing Permit	\$100.00 per organization, permit valid for 2 years	
	Fuel Handling Permit (includes exam)	\$15.50 per individual, permit valid for 2 years	
	Fuel Storage & Service Equipment Permit	\$38.00 per filtration vessel, permit valid for 2 years	
	Hazardous Materials Response	Hourly fees for airport staff assistance (rates listed above) plus actual cost + 12% for purchased materials and contracted services for clean up of fuel and other hazardous material spills.	
	Lavatory Waste Dump	\$5.50 per use	
	*1 Equipment rate includes fuel and a qualified operator, as appropriate, subject to availability and applicable sales taxes. *2 Plus water usage		
	Airport Licenses & Permits	Fuel Dispensing Permit	\$100.00 per organization, permit valid for 2 years
Fuel Handling Permit (includes exam)		\$15.50 per individual, permit valid for 2 years	
Fuel Storage & Service Equipment Permit		\$38.00 per filtration vessel, permit valid for 2 years	
Special Staff Assistance	Staff Position	Hourly Rate *	
	Airfield Operations Specialist	\$66.00	

Airport Rates and Charges*

Effective July 1, 2016 March 1, 2017

	Airfield Maintenance Technician	\$66.00		
	Facilities Maintenance / Trades Specialist	\$78.00		
	Line Service Specialist	\$52.00		
	* Minimum staff charge is one (1) hour during business hours and four (4) hours for after-hour callbacks. * Parts and materials are charged at actual cost plus 12%, plus applicable taxes.			
Telephone / Internet Services	Item	Monthly Fee		
	Line Fee *	\$33.23		
	8-button digital phone with display	\$9.80		
	16-button digital phone with display	\$15.68		
	Analog phone	\$2.80		
	Voice mail	\$2.24		
	Dark fiber lease	\$.05 per linear foot		
	Internet connection	\$85.00, includes (1) external IP address.		
	Additional IP address	\$85.00, price per each additional external IP address.		
	Data Communication Rack Unit	\$15.00 – price per unit (1U) of rack space		
	Common Use Terminal Equipment	\$500 per month fee to utilize Airport's CUTE computing environment for passenger travel		
	Long distance: \$.05/minute for interstate calls; \$.05/minute for intrastate calls			
	* All assigned numbers will have a Line Fee; this cost covers incoming and outgoing — trunks, switch gear associated with the number, maintenance fees, tariffs and taxes.			
Common Use Terminal Equipment	Signatory Commercial Carriers	\$1,250 per month		
	Non-Signatory Commercial Carriers	\$ 500 per month		
Passenger Terminal/Airfield – Exclusive Use Areas				
Item	Description	Amount		
Terminal Office Space	Exclusive use of airline ticketing and other offices: includes electric, water and maintenance; excludes janitorial services, internet and telephone services	\$32.00 per sq. ft. per year		
Paved Equipment Staging/Storage Area	Paved staging area in the vicinity of the SIDA in excess of that used during normal aircraft servicing operations	\$ 2.00 per sq. ft. per year		
Non-Operating Agreement Passenger Terminal – Common Use Areas and Equipment Rates				
Item	Description	Aircraft Passenger Capacity	Resources Included	Rate
Full Service	Includes ticket counter(s) and lobby area, secure hold room and boarding area podium, aircraft parking position (2 hours), baggage claim area, and common use computer equipment per flight, as scheduled by Airport Operations. 1 ticket counter = 2 positions	1-69	1 ticket counter, 1 gate podium, 1 shared use hold room, 1 baggage belt, 1 aircraft parking spot	\$ 260 per flight
		70-250	2 ticket counters, 1 gate podium, 1 shared use hold room, 1 baggage belt, 1 aircraft parking spot	\$ 495 per flight
		251 or greater	3 ticket counters, 2 gate podiums, 2 shared use hold rooms, 1 baggage belt, 1 aircraft parking spot	\$ 915 per flight
Ticket Counter and Lobby	Use of 1 ticket counter and shared use of the lobby area for up to 2.5 hours. Includes common use equipment.	1-69	1 ticket counter and lobby	\$ 75 per flight
		70-250	2 ticket counters and lobby	\$150 per flight
		251 or greater	3 ticket counters and lobby	\$ 225 per flight

Airport Rates and Charges*

Effective ~~July 1, 2016~~ March 1, 2017

Boarding Gates – Secured Hold Room	Shared use of secured boarding gate area for up to 2 hours and one aircraft parking position. Includes use of gate podium, common use equipment, and one set of aircraft stairs.	1-69	1 gate podium and 1 hold room	\$110 per flight
		70-250	1 gate podium and 1 hold room	\$220 per flight
		251 or greater	2 gate podiums and 2 hold rooms	\$ 440 per flight
Baggage Claim	Use of baggage claim area and baggage delivery belt/slide. Includes aircraft parking position*. * if associated with a live departure within 3 hours of arrival. Otherwise standard aircraft parking fee applies.	1-69	1 belt, oversize slide, aircraft parking*	\$ 75 per flight
		70-250	1 belt, oversize slide, aircraft parking*	\$125 per flight
		251 or greater	2 belts, oversize slide, aircraft parking*	\$ 250 per flight
Operational Surcharges	Charges for exceeding allocated time slots on common use areas	Ticket counter or gate	Occupying a gate after the scheduled allocation time, resulting in aircraft holding or gate change.	\$200 per hour
		Use of ticket counter or gate without prior permission.		\$200 plus regular fees
		Failure to use allocated time slot without 48 hour cancellation notice	Negatively impacting another scheduled carrier or causing Airport to shift resources to accommodate.	\$200 plus regular fees
U.S. Customs and Border Protection (CBP) Service User Fees		Category (based on MGLW)		Inspection Fee (per aircraft arrival)
		<5,000 lbs.		\$73.16
		5,001 – 12,500 lbs.		\$225.10
		12,501 – 35,000 lbs.		\$315.14
		35,001 – 100,000 lbs.		\$432.20
		100,001 – 255,000 lbs.		\$607.77
		> 255,000 lbs.		\$754.09
Regular service hours are Monday – Friday, 0830 – 1630 hrs. (MST). After-hours by appointment only. For after-hours appointments, there will be a minimum two-hour fee of \$377.05 per inspector in addition to the standard user fee shown above. Two hours after the aircraft's scheduled arrival time, each additional 30 minutes required of the U.S. Customs Inspector will incur a \$55.71 fee above the \$377.05 minimum each.				
Gateway Aviation Services (Fixed Based Operator) Rates and Charges				
Daily Ramp Fee	Mass Gross Landing Weight	Rate		Purchase of the following fuel gallon minimums or a minimum airport restaurant receipted purchase of \$15 will waive the first Daily Ramp fee per visit.
	<5000	\$ 20.00		10
	5,001-12,500	\$ 30.00		100
	12,501-35,000	\$100.00		200
	35,001-100,000	\$200.00		300
	100,001-255,000	\$300.00		1,000
>255,001	\$500.00		2,500	



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Bob Draper, P.E., LEED AP, Engineering & Facilities Director
Through: J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Airport Land Use Compatibility Plan Update
Date: February 21, 2017

Proposed Motion

Approval of the Airport Land Use Compatibility Plan Update and recommendations, including directing staff to complete Plan implementation with adjacent communities and counties.

Narrative

At the Board of Director's meeting on April 21, 2015, the Board approved Resolution No. 15-15 authorizing a contract with Ricondo & Associates to assist in an update to Gateway's Airport Land Use Compatibility Plan. The Scope of Work included a review of existing related plans and implemented land use measures, review/update of the planning scenario noise exposure areas and overflight areas, and updated land use & flight safety policies. This plan is an update to the Williams Regional Planning Study completed in 1996, and the first update to the planning scenario noise contours since 2000. At the Board of Director's meeting on July 19, 2016, the Board approved Resolution No. 16-25 with intent to approve the plan and its recommendations, directing staff to complete Plan outreach with adjacent communities prior to final Plan approval.

Since the July 19 Resolution, staff has held a series of meetings with staff and officials from The City of Mesa, Towns of Gilbert and Queen Creek, and Maricopa and Pinal Counties, whose portions of their jurisdictions would fall within the updated Airport Planning Area. The meetings discussed the Plan's methodology, concerns, and implementation. With the availability of updated FAA modeling software, planning scenario noise exposure contours were also regenerated, based on the original assumptions. The result was slightly reduced contours, which were replaced in the associated Plan exhibits. The final Plan draft includes updated language, tables, and exhibits incorporating the feedback, and addressing the concerns raised by the communities in regards to implementation. If adopted and approved, work would begin promptly with the communities and counties for recording and implementation through local zoning processes.

Fiscal Impact

This contract was included in the FY2016 operating budget and is non-grant funded approved as Project 453.

Attachment(s)

July 19, 2016 Board Action Item Report and Resolution & Airport Land Use Compatibility Plan Update presentation.



RESOLUTION NO. 17-05

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority, formed pursuant to Arizona Revised Statutes § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Airport Authority desires to approve the Airport Land Use Compatibility Plan Update, which is an update to the Williams Regional Planning Study completed in 1996 (“Plan”);

WHEREAS, the Airport Authority desires to provide direction to Airport Authority staff to complete the Plan’s implementation with adjacent communities and counties;

WHEREAS, the Plan will not change any current air traffic patterns or flight procedures, but is intended for new developments at and around the Airport;

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

The Phoenix-Mesa Gateway Airport Authority Board of Directors hereby authorizes the Airport Land Use Compatibility Plan Update and recommendations, including directing staff to complete Plan implementation with adjacent communities and counties. This Resolution also authorizes the Chair or Executive Director/CEO to make such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Phoenix-Mesa Gateway Airport Authority this 21st day of February, 2017.

John Giles, Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Matthew Wright, Attorney



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Shea Joachim, CEcD, Business Development Director
Through: J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Taxicab Service – AAA Cab Service, Inc.
Date: February 21, 2017

Proposed Motion

Authorizing an agreement with AAA Cab Service, Inc. (DBA Yellow Cab) for taxicab service at the Charles L. Williams Passenger Terminal. The agreement term is two (2) years, commencing March 1, 2017, with three (3) one-year renewal options.

Narrative

A Request for Proposal (RFP) was issued on November 1, 2016 for taxicab services to provide ground transportation taxicab service at the Charles L. Williams Passenger Terminal. Yellow Cab was the sole qualified respondent to the RFP. Yellow Cab is also the current taxicab service provider at the Airport with an agreement expiring on February 28, 2017.

Agreement Term and Rate

This agreement has a term of two (2) years and offers three (3) one-year renewal options.

The annual permit fee for year one is \$63,000 and for year two the fee shall be \$64,800. Each renewal option shall include a permit fee increase equal to approximately three percent.

Attachment(s)

Terminal Ground Transportation License Agreement (Taxicab Services)



RESOLUTION NO. 17-06

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Authority desired to enter into an agreement with AAA Cab Service, Inc. (DBA Yellow Cab);

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorize an agreement with AAA Cab Service, Inc. (DBA Yellow Cab) for taxicab service at the Charles L. Williams Passenger Terminal. The agreement term is two (2) years, commencing March 1, 2017, with three (3) one-year renewal options. This resolution also authorizes the Chair or Executive Director/CEO to execute such Agreement, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 21st day of February, 2017

John Giles, Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Matthew Wright, Attorney



Phoenix-Mesa Gateway Airport Authority

**TERMINAL GROUND TRANSPORTATION
(Taxicab Services)
LICENSE AGREEMENT**

with

AAA CAB SERVICE, INC.

Effective Date: March 1, 2017

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Phoenix-Mesa Gateway Airport Authority

TERMINAL GROUND TRANSPORTATION (TAXICAB SERVICES) LICENSE AGREEMENT

This nonexclusive TERMINAL GROUND TRANSPORTATION (“TAXICAB SERVICES”) LICENSE AGREEMENT ("Agreement") is made and entered into this FIRST (1st) day of MARCH 2017 (“Effective Date”), by and between the **PHOENIX-MESA GATEWAY AIRPORT AUTHORITY**, a joint powers airport authority authorized and existing under the laws of the State of Arizona ("PMGAA"), and **AAA CAB SERVICE, INC.**, an Arizona corporation (“Licensee”). PMGAA and Licensee may be referred to jointly as “Parties,” and each separately as a “Party.”

WITNESSETH:

WHEREAS, PMGAA is the owner and operator of the Phoenix-Mesa Gateway Airport, an airport and airfield property generally located at the intersection of Ray Road and Sossaman Road, City of Mesa, Maricopa County, Arizona ("Airport"); and

WHEREAS, PMGAA has the right to lease, license and grant the use of property and facilities on the Airport and has full power and authority to enter into this Agreement in respect thereof; and

WHEREAS, PMGAA has solicited proposals for taxicab services at the Airport; and

WHEREAS, PMGAA desires Licensee’s services as the operator of a TAXICAB SERVICES business from and in proximity to the Airport’s airline passenger terminal (“Terminal”), is willing to make space available for use by Licensee in connection therewith, and has deemed Licensee qualified to perform said services, and Licensee desires to perform and provide said services and Licensee acknowledges that other forms of transportation may be provided by other forms of ground transportation providers pursuant to the nonexclusive nature of this Agreement;

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements herein contained, the Parties do hereby undertake, promise and agree, each for itself and its successors and assigns, as follows:

1. AGREEMENT.

1.1 General.

1.1.1 PMGAA hereby grants to Licensee, for the term and under the conditions herein provided, a nonexclusive and revocable right to enter upon and use the Airport (pursuant to the provisions of SECTION 32 herein) for the privilege and purpose of conducting its business as a taxicab service provider from the Terminal located at 6033 S. Sossaman Road, Mesa, Arizona, as it presently exists or may subsequently be expanded, and, specifically, from those specified taxicab passenger pickup and staging locations depicted in **EXHIBIT A** which is attached hereto and made a part hereof. Licensee agrees and acknowledges that PMGAA and the Airport may enter into or has entered into license agreements with Transportation Network Companies (“TNC”), including but not limited to Uber and Lyft, and as such, Licensee waives and relinquishes any and all causes of action (including but not limited to any alleging breach of this agreement or any of the provisions contained therein), lawsuits, damages, liability, or any other form of equitable or financial relief regardless of the purported legal theory or cause of action, whereby such claim is directly or indirectly connected to PMGAA and/or the Airport’s provision of or allowing for TNC services in or around the Airport.

1.1.2 In return for the privileges and rights herein granted, Licensee shall provide taxicab service from the Terminal SEVEN (7) days per week, 365-days per year, as dictated by airline flight schedule(s). At a minimum, Licensee shall ensure a sufficient number of taxicabs are available to satisfy public demand for

such services during the period THIRTY (30) minutes before until ONE (1) hour after each airline flight arrival, and at other times via radio dispatch. Licensee shall limit passenger wait times to less than FIVE (5) minutes whenever EIGHTY-FIVE PERCENT (85%) of its fleet is in use at the Airport, and FIFTEEN (15) minutes at all other times. When ADA-compliant vehicles are necessary, passenger wait times shall be limited to FIFTEEN (15) minutes.

1.1.3 Licensee shall not engage in any other commercial revenue producing activity at the Airport that is in addition to or materially differs from the activity set forth in SECTION 1.1.1 and SECTION 1.1.2 herein without first applying for and receiving written approval for such activity from PMGAA. In the event Licensee engages in any such other commercial revenue producing activity prior to obtaining such written approval, without waiver or limitation of any other remedies of PMGAA at law or equity, Licensee hereby agrees to immediately cease said activity upon notice from PMGAA, and remit to PMGAA the sum equal to TWENTY PERCENT (20%) of Licensee's gross billings for such unauthorized activity, plus any expenses incurred by PMGAA in the course of any audit conducted for any or all of Licensee's activities.

1.2 Definitions. For purposes of this Agreement, the following terms and definitions shall be applicable herein:

Driver shall mean any person who drives and/or operates a taxicab on the Airport pursuant to this Agreement.

Safety Regulations means the provisions of A.R.S. Title 28, Chapter 14, as amended, and any applicable rules and regulations promulgated thereunder by the Motor Vehicle Division of the State of Arizona Department of Transportation and the PMGAA Executive Director or his/her designee.

Taxicab means a ground transportation motor vehicle with a designated seating capacity of seven (7) or fewer passengers, excluding the driver, having four doors for passenger ingress and egress, and furnished for hire on an exclusive basis and at a charge or fare based upon time and/or mileage, the total for which is recorded and indicated on a taxicab meter.

Taxicab Meter means any mechanical, electrical or electronic device that is installed in a taxicab and conforms to the standards established by the State of Arizona, and otherwise measures the distance driven and/or time upon which the fare is based and numerically displays, in dollars and cents, such fare in a manner readily visible to the passenger(s) and at the fare or rate displayed on the outside of the vehicle.

Taxicab Queuing Area means that certain area, designated by the PMGAA Executive Director, for Licensee's passenger pickup, as depicted in **EXHIBIT A** and which is subject to change at the Executive Director's sole and absolute discretion.

Taxicab Staging Area means that certain area, designated by the PMGAA Executive Director, for the staging of Licensee's taxicabs prior to such taxicabs being dispatched to the Terminal Queuing Area for passenger pickups, as depicted in **EXHIBIT A** and which is subject to change at the Executive Director's sole and absolute discretion.

1.3 Licensee's Acknowledgement. By entering into this Agreement, Licensee acknowledges and agrees that:

1.3.1 PMGAA may enter into similar agreements with other Licensees for services similar to those provided hereunder and under similar terms; provided, however, that PMGAA shall not grant to any other individual or entity a similar concession under terms and conditions substantially different from or more favorable than those granted to Licensee, and provided that such third party activities do not require or materially interfere with Licensee's permitted activities at and on the Airport.

1.3.2 This Agreement is subject to requirements of the U.S. Department of Transportation regulations, 49 CFR Part 23, as amended. Licensee agrees that it will not discriminate against any business owner or individual because of the owner's or individual's race, color, national origin or sex in connection with

the award or performance of any concession agreement, management contract or subcontract, purchase or lease agreement or other agreement covered by 49 CFR Part 23. Licensee further agrees to include such prior statement in any subsequent agreement or contract covered by 49 CFR Part 23 that it enters, when required, and cause those businesses and/or individuals to similarly include the statements in further agreements.

1.3.3 Its obligations to pay annual permit fees and all other charges due and owing under the terms hereof shall, except as otherwise provided herein, be absolute and unconditional, and shall not be affected by any circumstances whatsoever, including, without limitation: (i) any set-off, counterclaim, recoupment, defense or other right which Licensee may have against PMGAA or the United States of America or anyone else for any reason whatsoever; (ii) any liens, encumbrances or rights of others with respect to Licensee's business; (iii) the invalidity or unenforceability or lack of due authorization or other infirmity of this Agreement or any lack of right, power or authority of PMGAA or Licensee to enter into this Agreement; (iv) any insolvency, bankruptcy, reorganization or similar proceedings by or against Licensee, or any other person; or (v) any other cause, whether similar or dissimilar to the foregoing, any future or present law notwithstanding, it being the intention of the Parties hereto that all fees and charges being payable by Licensee hereunder shall continue to be payable in all events and in the manner and at the times provided herein.

2. TERM.

2.1 The term of this Agreement shall commence on the Effective Date and terminate TWO (2) years thereafter, on February 28, 2019 ("Term"), unless sooner terminated as provided herein. Provided Licensee is not then in default of this Agreement, this Agreement may be extended for THREE (3) additional periods of ONE (1) year each (each of which is an "Extension"), at the sole discretion of the PMGAA Executive Director. If the Executive Director elects to provide Licensee such Extension, Licensee shall be provided a written notification of such no later than SIXTY (60) days prior to the expiration of the Term, which Licensee shall promptly execute and return to the Executive Director, no later than TEN (10) business days after receipt. Any reference herein to "Term", shall be inclusive of any exercised Extension.

2.2 This Agreement shall terminate upon: (i) the end of the Term, including any Extension thereto; or (ii) earlier termination pursuant to the provisions of this Agreement.

3. FEES.

3.1 Annual Permit Fee.

3.1.1 For and in consideration of the privilege and authorization herein granted, Licensee shall pay to PMGAA a non-refundable annual permit fee in the amount of:

a. Year one; SIXTY-THREE THOUSAND AND 00/100 DOLLARS (USD\$63,000.00) for TWENTY (20) taxicabs, payable at the rate of THREE THOUSAND ONE HUNDRED FIFTY AND 00/100 DOLLARS (USD\$3,150.00) each cab. Paid in monthly installments of FIVE THOUSAND TWO HUNDRED FIFTY AND 00/100 DOLLARS (USD \$5,250)

b. Year two; SIXTY-FOUR THOUSAND EIGHT HUNDRED AND 00/100 DOLLARS (USD\$64,800.00) for TWENTY (20) taxicabs, payable at the rate of THREE THOUSAND TWO HUNDRED FORTY AND 00/100 DOLLARS (USD\$3,240.00) each cab. Paid in monthly installments of FIVE THOUSAND FOUR HUNDRED AND 00/100 DOLLARS (USD \$5,400)

c. Option Year One; SIXTY-SIX THOUSAND EIGHT HUNDRED AND 00/100 DOLLARS (USD\$66,800.00) for TWENTY (20) taxicabs, payable at the rate of THREE THOUSAND THREE HUNDRED FORTY AND 00/100 DOLLARS (USD\$3,340.00) each cab. Paid in monthly installments of FIVE THOUSAND FIVE HUNDRED SIXTY-SIX AND 67/100 DOLLARS (USD \$5,566.67)

d. Option Year Two; SIXTY-SIX THOUSAND EIGHT HUNDRED AND 00/100 DOLLARS (USD\$68,800.00) for TWENTY (20) taxicabs, payable at the rate of THREE THOUSAND FOUR HUNDRED FORTY AND 00/100 DOLLARS (USD\$3,440.00) each cab. Paid in monthly installments of FIVE THOUSAND SEVEN HUNDRED THIRTY-THREE AND 33/100 DOLLARS (USD \$5,733.33)

e. Option Year Three; SEVENTY-ONE THOUSAND AND 00/100 DOLLARS (USD \$71,000.00) for TWENTY (20) taxicabs, payable at the rate of THREE THOUSAND FIVE HUNDRED FIFTY AND 00/100 DOLLARS (USD\$3, 550.00) each cab. Paid in monthly installments of FIVE THOUSAND NINE HUNDRED SIXTEEN AND 67/100 DOLLARS (USD \$5,916.67)

3.1.2 In advance on or before the Effective Date and each TWELVE (12) month anniversary thereafter, additional taxicab commitments placed in service for less than a full payment year shall be assessed a portion of such fee, retroactive to the first day of the month in which the taxicab was placed in service. Payments, except those remitted via electronic transfer, shall be made in person, via appointment, at the Airport Administration Offices, 5835 S. Sossaman Road, Mesa, Arizona 85212-0614. Appointments can be scheduled by contacting the Business Development Department at (480) 988-7600. Licensee, if remitting payments via electronic transfer, shall provide the Business Development Department a written accounting of what such transfer pertains to immediately upon remittance. Such accounting may be remitted via email.

3.1.3 Licensee's refusal or failure to pay all annual permit fees on or before the Effective Date (and on or before each 12-month anniversary of the Effective Date thereafter), shall be subject to a delinquent account fee equal to TEN PERCENT (10%) of the amount owed ("Delinquent Account Fee"). Such refusal or failure to pay said annual permit fees, or any Delinquent Account Fees, shall be considered a breach of this Agreement and subject Licensee's privileges hereunder to immediate suspension and/or termination.

3.2 Taxes. In the event any governmental authority shall impose a tax or imposition based upon any payments or any other sums paid or owing hereunder or the receipt of such payments by PMGAA, then, Licensee shall pay such amounts to PMGAA at the same time and in addition to payments hereunder, which amounts may include, but are not limited to, any or all rental, transaction privilege, sales, excise or other similar tax except income taxes. Licensee's obligation to pay such amounts together with any interest thereon and/or penalties therefore, shall survive the termination of this Agreement.

3.3 Payments – All Fees. All payments of the fees and charges specified in SECTIONS 3.1 and 3.2 herein shall be tendered in lawful currency of the United States, either by cash, check or electronic transfer, and shall be free from all claims or setoffs of any kind against PMGAA.

3.4 Survival. Licensee's obligation to pay all amounts herein stated, together with any interest thereon and/or penalties therefore, shall survive the termination of this Agreement.

4. PERFORMANCE GUARANTEE.

4.1 Prior to commencement of services, Licensee shall provide and maintain during the Term of this Agreement, a performance cash payment, bond or letter of credit ("LOC") ("Performance Guarantee") to guarantee Licensee's full and faithful performance of its covenants and obligations hereunder, and to stand as security for payment by Licensee of all claims by PMGAA. Licensee's failure to provide the Performance Guarantee shall be a material breach of this Agreement. The required amount of the Performance Guarantee for this Agreement is FIVE THOUSAND DOLLARS (USD\$5,000.00), and PMGAA shall not pay interest to Licensee on any cash payment, bond or LOC.

4.2 If the Performance Guarantee is in the form of a cash payment, PMGAA shall return said payment, less any damages owed to PMGAA pursuant to this Agreement, if any, to Licensee within TEN (10) business days of the expiration of this Agreement. If this Agreement is terminated at any time as a result of Licensee's default, Licensee shall forfeit its Performance Guarantee to PMGAA as liquidated damages for such default and termination.

4.3 If the Performance Guarantee is in the form of a bond, it shall be issued in a form that is satisfactory to PMGAA and must be issued by a surety company authorized to write surety business in the State of Arizona. The surety company providing the bond must have an A.M. Best (or equivalent) rating of B+ VI or better for the immediately previous FOUR (4) calendar quarters.

4.4 If the Performance Guarantee is in the form of an LOC, it shall be issued by a local financial institution in the Phoenix Metropolitan area, in a form that is satisfactory to PMGAA, and PMGAA must be

able to draw upon the LOC at any of the financial institution's counters in the Phoenix Metropolitan area. If an LOC is obtained, then, unless PMGAA receives a written extension of that LOC in a form acceptable to PMGAA at least THIRTY (30) calendar days before the end of the term of such LOC, PMGAA, without notice to Licensee, may draw upon the full amount of the LOC and retain all proceeds as a cash security pursuant to this SECTION. A copy of PMGAA's required LOC format is at **EXHIBIT F**.

5. PASSENGER TRANSACTIONS.

5.1 Fares. Licensee shall, without exception, ensure that all taxicabs operating under this Agreement employ and display the same pricing schedule and meter rates at all times. Licensee also shall ensure that all drivers providing service under this Agreement charge fares that are equal to or less than the maximum meter rates depicted on the outside of the vehicle, and shall furnish receipts to passengers upon passenger request. Non-paying passengers shall not be permitted to ride in vehicles, except for Licensee's supervisors and PMGAA officials conducting inspections and/or training.

5.2 Credit (and Debit) Cards.

5.2.1 Each vehicle providing service under this Agreement shall have electronic credit (and debit) card transaction equipment installed and operating therein to accept credit and debit card transactions as payment for fares. Licensee and its drivers shall not charge passengers any fees associated with processing credit and debit card payments, and shall, at a minimum, accept credit and debit cards from the following issuers: American Express, MasterCard and Visa (and display applicable window decals therefore).

5.2.2 Licensee, including all drivers operating under this Agreement, must process its own credit (and debit) card transactions. Credit card accounts shall not be sold for processing without prior written approval from PMGAA. Licensee is responsible for compliance with *Payment Card Industry Data Security Standards* for all credit (and debit) card transactions conducted for services provided under this Agreement.

6. FLEET.

6.1 Base Fleet.

6.1.1 As determined by Licensee's bid, Licensee shall initiate and maintain service throughout the Term with a base fleet of TWENTY (20) vehicles, of which at least: (i) FIFTEEN PERCENT (15%) or THREE(3) vehicles must be ADA compliant and wheelchair accessible.

6.1.2 The Executive Director, at his or her sole discretion, reserves the right to adjust the base fleet size as may be necessary to meet Terminal passenger demand. Increases or decreases in the base fleet size may be made from Licensee's originally awarded Agreement, or if necessary, the Executive Director may negotiate additional taxicab service agreements. If Licensee is unable to meet its base fleet size obligation, as specified herein, the Executive Director may negotiate with other Licensees or additional taxicab service providers to provide sufficient taxicab services at the Airport.

6.2 Reserved.

6.3 Reserved.

6.4 Fleet Specifications. All vehicles providing taxicab services under this Agreement shall:

6.4.1 Be model year 2009 or newer, and not older than 8-years at any time during the Term.

6.4.2 Be large-size or mid-size vehicles, as determined by 40 CFR § 600.315-82, *Classes of Comparable Automobiles*. In addition:

a. Vehicles must have a designated minimum seating capacity of not less than FOUR (4) passengers, not including the driver, with separate, usable cargo space greater than or equal to 15 cubic feet.

b. ADA-compliant and wheelchair accessible vehicles shall have a minimum of FOUR (4) doors for passenger and driver ingress and egress, and a designated minimum seating capacity of FOUR (4) passengers, including ONE (1) forward-facing wheelchair position with securement.

6.4.3 Comply fully with the current taxicab meter requirements specified by the Arizona Department of Agriculture Weights and Measures Services Division, and accurately display the fare.

a. Whenever a taxicab meter has been damaged or repairs that might affect the accuracy of its indications have been made, or any official security seals have been mutilated, such device shall not thereafter be used until it has been officially examined, re-approved and resealed by Arizona Department of Agriculture Weights and Measures Services Division. Neither the Licensee nor the driver may tamper with the taxicab meter or any seal connection or part thereof, or make any change in the vehicle's mechanism or its tires that would affect the operation of the taxicab meter. Additionally, Licensee shall not allow a vehicle to operate under this Agreement unless all taxicab meter and cable housing seals are in "good" condition.

b. All taxicab meters shall be calibrated to reflect Licensee's fare rates.

6.4.4 Display the proper decals reflecting authorization to operate as a taxicab in the State of Arizona.

6.4.5 Be equipped with a permanently installed, illuminated sign mounted on the vehicle roof displaying the word, "TAXI" or "CAB," or other equivalent expression generally accepted by the public as indicating the vehicle is for hire.

6.4.6 Be equipped with Federal Communications Commission (FCC)-licensed radio receivers/transmitters (mobile station) or other suitable radio frequency/computer assisted dispatch (RF/CAD) system that is compliant with federal, state and local laws that shall be operational on a 24-hour basis. Such equipment shall provide Licensee the means to dispatch taxicabs and drivers to the appropriate Taxicab Staging and Queuing Areas, as required, and establish procedures for notifying drivers located within the Taxicab Staging Area to relocate to the Taxicab Queuing Area as and when spaces become available. Drivers shall not be permitted to cruise the Airport or Terminal areas to make such determination.

6.4.7 Permanently display "First mile" (or "Flag drop") and "each additional mile" fares, and the traffic delay charge per hour on the exterior and in the interior of all vehicles. In addition, rate signs shall be displayed on the exterior door panel, but not on the door glass.

6.4.8 Have a properly installed and maintained air conditioning system to provide sufficient passenger comfort at all times. Air conditioners shall be operable at all times when outside air temperatures reach 85-degrees Fahrenheit, or upon passenger request. Heaters shall be operable upon passenger request and shall sufficiently heat the interior of vehicles.

6.4.9 Be structurally sound and maintained in accordance with A.R.S. Title 28, free of any exterior sheet metal damage, maintained in a damage-free and clean condition, free of oxidation or rust of paint, and free of road dust, mud and grime. Wheel covers shall be mounted on all wheels at all times, when vehicles are not otherwise equipped with decorative aluminum wheels. If such decorative wheels are installed on a vehicle, all wheels shall be the same type and design.

6.4.10 Comply with the Smoke Free Arizona Act, as set forth in A.R.S. §§ 36-601.01 et seq. Vehicle interiors shall be clean and free of foreign matter and offensive odors. There shall be no litter in the vehicles or trunks, and upholstery shall be kept clean, intact and free of rips and tears.

6.4.11 Be distinguished by a single, uniform Licensee vehicle identification color scheme and marking system. Licensee shall submit to PMGAA a description (either photographic or otherwise) adequate to identify said color scheme and markings to be employed on Licensee's vehicles, so as to distinguish them visually from other taxicabs operating at the Airport. All of Licensee's vehicles must adhere to a single livery and color scheme throughout the Term.

7. OPERATING PLANS.

Licensee shall adhere to the following, PMGAA-approved plans throughout the Term of this Agreement. Such plans shall be provided to PMGAA on or before the Effective Date of this Agreement and be kept current throughout the Term. Subsequent changes to any plan require advance, written approval from PMGAA. If approved, such changed plan(s) shall replace that contained herein.

7.1 Customer Service Plan. Licensee shall provide high caliber customer service to Airport passengers and the general public in accordance with Licensee's defined and approved plan, which is attached as **EXHIBIT C** hereto and made a part hereof. Such plan shall, at a minimum: (i) define Licensee's customer service programs and philosophies, including customer dispute resolution and customer service monitoring programs; (ii) describe all related emergency procedures; (iii) describe procedures for serving passengers with special needs, in compliance with applicable ADA requirements; (iv) describe procedures for recording customer complaints, including those related to investigating and resolving complaints, and providing copies of completed and resolved complaint forms to PMGAA; (v) describe procedures for responding to passenger complaints received by PMGAA and forwarded to Licensee for action; and (vi) provide procedures for returning any found property lost by passengers to PMGAA staff. Continuing or excessive passenger complaints regarding Licensee's services may be deemed a material default of this Agreement, leading to Agreement suspension and/or termination.

7.2 Driver Conduct Plan. Licensee shall ensure proper driver conduct while operating at and on the Airport, and when transporting passengers, through compliance with a defined and approved plan, which is attached as **EXHIBIT D** hereto and made a part hereof. Such plan shall, at a minimum: (i) describe/define acceptable and unacceptable driver conduct; (ii) describe corrective action(s) for drivers who violate any applicable rules, regulations or federal or state laws; (iii) establish personal hygiene standards; and (iv) establish and describe uniform and/or appearance standards, ensuring such are compliant with those specified within the *Airport Rules and Regulations*. Continuing violations of plan requirements and/or complaints by passengers against any driver may result in suspension or revocation of said driver's Airport operating privileges.

7.3 Training Plan. Licensee shall ensure all drivers possess the knowledge and skills necessary to operate a taxicab legally and safely through compliance with a defined and approved plan, which is attached as **EXHIBIT E** hereto and made a part hereof. Such plan shall, at a minimum, address: (i) ADA sensitivity and compliance; (ii) *Airport Rules and Regulations*; (iii) customer service skills, including those for internal and external customers; (iv) effective communications skills; (v) knowledge of traffic laws and the overall Phoenix Metropolitan area; (vi) passenger assistance and public relations; and (vii) vehicle safety procedures. Implementation of this plan through varied training techniques, including written material, classroom training and supervised on-the-job training, is highly encouraged.

8. STAFF AND DRIVERS.

8.1 General. To the extent applicable under Arizona Revised Statutes (ARS) §41-4401, as amended, Licensee warrants compliance with all federal immigration laws and regulations that relate to Licensee's employees, franchisees, owner-operators and contractors operating on Licensee's behalf under this Agreement. Licensee's breach of the above-mentioned warranty shall be deemed a material breach of this Agreement and may result in its termination by PMGAA. PMGAA retains the legal right to randomly inspect the papers and records of any employee, franchisee, owner-operator or contractor operating under this Agreement to ensure Licensee is complying with the above-mentioned warranty.

8.2 General Manager. Licensee shall designate a General Manager in writing to PMGAA during the Term of this Agreement who shall:

8.2.1 Serve as Licensee's primary contact for PMGAA staff.

8.2.2 Be responsible for Licensee's compliance with all contractual obligations under this Agreement.

8.2.3 Establish and implement appropriate procedures for ensuring sufficient radio contact is maintained between Licensee's taxicab dispatcher and drivers who are located in the Taxicab Staging Area and elsewhere to ensure drivers can be called and relocated to the Taxicab Queuing Area when queuing spaces are available for occupancy.

8.2.4 Attend all Notice of Violation (NOV) hearings.

8.2.5 Be available during regular business hours (local Phoenix area time).

8.2.6 Respond to PMGAA inquiries within TWENTY-FOUR (24) business hours.

8.2.7 Provide immediate response to PMGAA inquiries involving accidents, labor issues and other critical matters, regardless of the time of day such an event occurs.

8.3 Drivers.

8.3.1 *General.*

a. Licensee shall be directly responsible for the conduct of all drivers operating under this Agreement, notwithstanding the legal relationship entered into by and between Licensee and the driver. Any breach of the terms and conditions of this Agreement by any driver shall be construed as a material breach of this Agreement by Licensee, and subject the Agreement to termination in whole or in part with cause. It is the expressed intent of the Parties hereto that the status of any driver shall not act as any bar, defense or in any matter absolve Licensee from direct responsibility for the conduct of any driver operating under this Agreement.

b. Licensee shall remove any driver from the Airport upon a determination by Licensee's supervisor or PMGAA staff that the individual has been assigned for duty for which he or she is unqualified for suitability or security reasons, or is found to be otherwise unfit for the performance of duties. PMGAA may request the removal of any driver determined to be unqualified for service at the Airport, and Licensee shall bear full financial responsibility for costs when driver removal or replacement is necessary, as determined by the Executive Director.

8.3.2 *Driver Photo Identification Media.* Prior to operating any vehicle providing service under this Agreement, Licensee shall issue each driver photo identification media that shall: (i) validate such driver's authorization to provide taxicab services thereunder; and (ii) certify that each driver meets all base qualifications specified in SECTION 8.4.3 below, including having satisfied all requisite training and instruction requirements specified in this Agreement. Drivers shall display their photo identification media on the driver's side vehicle dashboard (or such other location approved in advance by PMGAA) at all times while operating a taxicab at or on the Airport.

8.3.3 *Base Qualifications.* By issuing photo identification media to a driver, Licensee certifies to PMGAA that such driver meets the following qualifications:

a. The driver is at least NINETEEN (19) years of age and is properly licensed by the State of Arizona to serve as a taxicab driver.

b. The driver is subject to Licensee's alcohol and substance abuse screening program,

c. The driver has successfully completed a defensive driving course approved by PMGAA within the previous 24-months, as well as all training specified in **EXHIBIT E**.

d. The driver has undergone a medical evaluation by a licensed physician and that, in the physician's professional opinion, the driver is physically capable of operating a commercial motor vehicle.

9. RULES AND REGULATIONS; SAFETY STANDARDS.

9.1 Licensee shall at all times comply with all Federal, State and local laws, ordinances, rules, and regulations which are applicable to its operations at and on the Airport (including but not limited to the Americans with Disabilities Act), or the operation, management, maintenance, or administration of the Airport, including all laws, ordinances, rules and regulations adopted after the Effective Date. Licensee shall at all times comply with the *Airport Rules and Regulations*, as applicable and as the same may be amended from time to time at PMGAA's sole and absolute discretion. A copy of the *Airport Rules and Regulations* is attached hereto as **EXHIBIT G**. Licensee also shall display to PMGAA any permits, licenses, or other evidence of compliance with laws upon request.

9.2 Licensee shall comply with all vehicle and driver safety standards, as provided in A.R.S. Title 28, Chapter 14, and any applicable rules or regulations adopted by the Arizona Motor Vehicle Division and/or PMGAA during the Term of this Agreement.

10. AMERICANS WITH DISABILITIES ACT (ADA).

Licensee shall comply with the ADA as a mandatory requisite of compliance with this Agreement, and acknowledges and understands its applicability to this Agreement. Licensee agrees to train all employees and drivers performing under this Agreement on ADA requirements.

11. ADVERTISING STANDARDS.

11.1 Vehicles providing service under this Agreement shall not display any advertising copy that:

11.1.1 Is false, misleading or deceptive.

11.1.2 Relates to an illegal activity.

11.1.3 Reflects explicit sexual or obscene material, or material harmful to minors, as defined in A.R.S. Title 13, Chapter 35.

11.1.4 Advertises alcohol, tobacco and/or anti-social behavior.

11.1.5 Includes language that is obscene, vulgar, profane or scatological.

11.1.6 Relates to instruments, devices, items, products or paraphernalia designed for use in connection with sexual activity.

11.2 Licensee shall comply with any PMGAA request to remove any advertising PMGAA deems to be inappropriate.

12. RECORDS AND AUDITING.

12.1 Licensee Records.

12.1.1 With respect to its operations at and on the Airport, Licensee shall keep true and accurate records, books and data which shall demonstrate strict compliance with the provisions of Sections 8.3.3 and 23.1 herein. Said records, books and data shall be kept and maintained at Licensee's business office in the local Phoenix, Arizona area, or upon written PMGAA request, shall be made available for audit at the Airport, within TEN (10) business days after such request. PMGAA and its authorized representatives shall have the right at reasonable times and during business hours to inspect and examine records, books and other data as required to verify compliance with this Agreement.

12.1.2 All records pertaining to this Agreement shall be kept on a generally accepted accounting basis for a period of THREE (3) years following the expiration or earlier termination of this Agreement.

12.2 PMGAA Audit Authority. PMGAA or its authorized representatives shall have the right to audit Licensee's records relating to billings and payments reported and paid hereunder, and any other activity

by Licensee on the Airport during the TWELVE (12) consecutive month period preceding the date of such audit. If PMGAA finds or determines that a discrepancy exists for the period of the audit, Licensee shall promptly pay the cost and expense of PMGAA's audit. For purposes of this Agreement, a "discrepancy" shall mean one where audited billings exceed reported billings by TWO PERCENT (2%) or more. The amount of any such deficiency established by such audit shall be conclusive and binding upon the Parties and shall be paid by Licensee no later than TEN (10) calendar days from the billing date.

13. DAMAGE AND INSPECTIONS.

13.1 Damage to Airport Property.

13.1.1 Licensee shall, at Licensee's own expense, be fully responsible for all damages to Airport property caused by drivers operating under this Agreement. If Licensee fails to reimburse PMGAA for damage caused to PMGAA, Licensee's authorization to operate under this Agreement may be suspended until PMGAA has been fully compensated, to PMGAA's complete satisfaction.

13.1.2 Should greater than FIFTY PERCENT (50%) of the Terminal be rendered untenable by fire or other casualty, such that commercial airline schedules are similarly diminished, and PMGAA either cannot or elects to not complete restorative action within a reasonable period of time, Licensee shall have the option to terminate this Agreement.

13.2 Inspections. PMGAA, its authorized employees, agents, contractors, subcontractors and other representatives shall have the right, but not the obligation, at all reasonable times, to inspect Licensee's vehicles during regular business hours (or at any time in case of an emergency) to ascertain the condition of said vehicles and to determine Licensee's compliance with the terms of this Agreement. The right of inspection shall impose on PMGAA no duty to inspect and shall impart no liability upon PMGAA for failure to inspect.

14. LIQUIDATED DAMAGES.

14.1 PMGAA reserves the right, at its sole and absolute discretion, to temporarily suspend, deny or permanently revoke Licensee's operating privileges, including those pertaining to any Licensee vehicle, employee, franchisee, owner-operator, contractor or driver found to be in violation of any safety, customer service, vehicle condition and/or cleanliness or regulatory provision of the Arizona Department of Transportation or this Agreement; and to impose the following fines, which Licensee agrees to pay, on a per observed, per violation basis, in U.S. Dollars:

VIOLATION	DESCRIPTION	AMOUNT
V-1	Operating a vehicle not registered for service in accordance with this Agreement	\$100.00
V-2	Soliciting, scooping or hawking passengers anywhere in proximity to the Terminal	\$100.00
V-3	Operating an unsafe vehicle and/or one that violates the motor vehicle safety standards specified herein	\$100.00
V-4	Displaying inappropriate driver conduct (e.g., being discourteous or rude, arguing, engaging in physical fighting or loud, boisterous verbal disputes, sleeping or smoking in a vehicle, etc.)	\$100.00
V-5	Charging a fare in excess of the published rate	\$100.00
V-6	Failing to accept a credit (or debit) card for payment	\$100.00

V-7	Failing to comply with dispatch direction and/or the specified migration protocol	\$100.00
V-8	Failing to comply with insurance requirements required by this Agreement	\$100.00
V-9	Failing to provide the fleet size specified by this Agreement	\$100.00
V-10	Failing to properly display Licensee's driver photo identification media	\$100.00
V-11	Failing to transport a service animal or comply with ADA requirements	\$100.00
V-12	Failing to report damage to Airport property	\$100.00
V-13	Leaving a vehicle unattended at the Terminal Queuing Area location	\$100.00

14.2 Licensee agrees all of the violations listed in SECTION 14.1 above shall result in PMGAA incurring damages that are impractical or impossible to determine. Licensee agrees the above monetary assessments are reasonable approximations of such damages.

14.3 PMGAA will notify Licensee, in writing, of the time, place and nature of a violation (a "Notice of Violation" or "NOV"), as well as any facts PMGAA has to substantiate the violation. Licensee shall respond within TEN (10) calendar days of the date PMGAA mailed the NOV to Licensee, and Licensee's response shall be reviewed by the PMGAA Director of Operations and Maintenance who may, at his or her sole discretion, uphold or reverse the violation. Licensee's failure to respond in the time specified hereinabove shall be deemed an admission that the violation occurred.

14.4 All sums payable by Licensee to PMGAA under this SECTION shall be due and payable within THIRTY (30) calendar days after the Notice of Violation was mailed (if no appeal is undertaken), or after a written decision upholding the violation has been mailed. All sums unpaid after such THIRTY (30) days shall be considered delinquent and shall be subject to a Delinquent Account Fee equal to TEN PERCENT (10%) of the amount due. If Licensee refuses to pay any sum due under this SECTION, including any Delinquent Account Fee, PMGAA may suspend this Agreement until payment in full is received, or terminate the Agreement for default.

15. MARKETING AND PUBLIC RELATIONS.

15.1 Licensee may be required by PMGAA to distribute customer notices, as well as cooperate with and participate in marketing, promotion, advertising, public relations and public education programs and projects.

15.2 PMGAA shall be the exclusive public media spokesperson in connection with the taxicab services provided under this Agreement. Under no circumstances shall Licensee or its employees or drivers be permitted to distribute any printed or written materials to Airport passengers without prior written approval from PMGAA's Executive Director.

16. FAILURE TO COMPLY.

If any services performed hereunder or equipment provided hereunder are not in conformity with the requirements of this Agreement, in addition to other available remedies, PMGAA shall have the right to require Licensee to immediately take all necessary steps to ensure future performance of the services in conformity with such requirements.

17. INDEMNIFICATION.

To the fullest extent permitted by law, Licensee hereby agrees to defend, indemnify and hold harmless PMGAA and its members, elected or appointed officials, agents, contractors, subcontractors, boards, commissions and employees (hereinafter referred to collectively as the "PMGAA" for purposes of this SECTION) from any and all claims, causes of action, liability, suits, litigation (including reasonable attorney's fees and other costs of investigation and litigation), actions, losses, damages or claims of any nature whatsoever which arise out of or in connection with (i) any accident, injury or damages occurring at or on the Airport, or (ii) any negligent act or omission of Licensee or its drivers, agents, employees, contractors, or subcontractors (hereinafter referred to collectively as "Licensee" for purposes of this SECTION) in connection with Licensee's operations hereunder and which result directly or indirectly in the injury to or death of any persons or the damage to or loss of any property, or (iii) the failure of Licensee to comply with any provisions of this Agreement. This indemnification shall exclude responsibility for any consequential damages and for claims arising by reason of the negligent or wrongful act of PMGAA or its employees, contractors or agents (excluding Licensee as an employee, contractor or agent).

18. INSURANCE.

18.1 Coverage Required. Licensee shall at all times and prior to the Effective Date, at its sole expense, maintain in effect the insurance coverage set forth below, including delivering a certificate of insurance for each policy to PMGAA; and shall continue to provide such certificates throughout the Term:

18.1.1 *Comprehensive General* liability insurance in an amount not less than USD\$1,000,000 per occurrence and USD\$2,000,000 aggregate covering third party bodily injury and property damage and including coverage for "premises/operations," "products and completed operations," "professional," "host liquor" and "blanket contractual" liabilities.

18.1.2 *Comprehensive Automobile* insurance covering all owned, non-owned and hire vehicles operated on the Airport that are assigned to or used in the performance of commercial activities on the Airport in an amount not less than the greater of USD\$1,000,000 per occurrence and USD\$2,000,000 aggregate, or as required by law.

18.1.3 *Workers' Compensation* insurance, as required by law, and *Employer's Liability* insurance in the amount of \$500,000, covering Licensee's employees operating at or on the Airport.

18.2 Form.

18.2.1 Each insurance policy obtained pursuant to this SECTION, except for *Workers' Compensation* and *Employer's Liability* policies, shall: (i) name PMGAA as a certificate holder or additional named insured; (ii) contain a provision that written notice of cancellation or modification thereof shall be given to PMGAA not less than THIRTY (30) calendar days before such cancellation or modification takes effect (TEN (10) days in case of nonpayment of premium); and (iii) contain a waiver of subrogation in favor of PMGAA.

18.2.2 Licensee shall not permit any insurance policy to be canceled or modified without PMGAA's written consent unless equivalent replacement policies are issued with no lapse in coverage. All policies shall be obtained from insurance companies licensed to do business in the State of Arizona and possessing a rating of at least A - VII or higher from the A.M. Best Company, or an equivalent rating approved by PMGAA.

19. INDEPENDENT CONTRACTOR STATUS; EMPLOYMENT DISCLAIMER.

19.1 The Parties agree Licensee is providing services under this Agreement on a part-time and/or temporary basis, and that the relationship created by this Agreement is that of employer and independent contractor. Neither Licensee nor any of Licensee's drivers, agents, employees or servants shall be deemed to be drivers, agents, employees or servants of PMGAA. PMGAA is interested only in the results obtained under this Agreement. The manner, means and mode of completing the same are under the sole control of Licensee.

19.2 This Agreement is not intended to constitute, create, give rise to or otherwise recognize a joint venture, partnership or formal business association or organization of any kind whatsoever, and the rights and obligations of the Parties shall be only those expressly set forth in this Agreement. The Parties agree that no individual performing under this Agreement on behalf of Licensee shall be considered a PMGAA employee, and that no rights of PMGAA Civil Service, PMGAA retirement or PMGAA personnel rules shall accrue to such individual. Licensee shall have total responsibility for all salaries, wages, bonuses, retirement, withholdings, worker's compensation, other employee benefits and all taxes and premiums appurtenant thereto, concerning such individuals and shall save and hold harmless PMGAA with respect thereto.

20. CONFIDENTIALITY.

20.1 All data, including personal identifying information, financial account information or other personal information collected, obtained or transmitted to Licensee in connection with this Agreement shall be protected and secured in accordance with federal, state and local laws. Licensee shall also comply with any PMGAA policy implemented relating to protecting or securing such data. The obligations of Licensee under this SECTION shall survive termination of this Agreement.

20.2 Licensee agrees the requirements of this SECTION shall be incorporated into all subcontracts entered into by Licensee, as they may affect or are related to this Agreement. It is further agreed that a violation of this SECTION shall be deemed to cause irreparable harm that justifies injunctive relief in court. A violation of this SECTION may result in immediate termination of this Agreement without notice.

21. CONTACTS WITH THIRD PARTIES.

Licensee shall not contact third parties to provide any information in connection to the services provided under this Agreement without prior written consent of PMGAA. Should Licensee be contacted by any person requesting information or requiring testimony relative to the services Licensee is providing under this Agreement or any other prior or existing Agreement with PMGAA, Licensee shall promptly inform PMGAA and shall not disclose such information or give such testimony without written consent from PMGAA or a court order. The obligations of Licensee or any Licensee subcontractor under this SECTION shall survive termination of this Agreement. Licensee agrees that the requirements of this SECTION shall be incorporated into all subcontracts entered into by Licensee that are or may be related to this Agreement. It is further agreed that a violation of this SECTION shall be deemed to cause irreparable harm that justifies injunctive relief in court. A violation of this SECTION also may result in immediate termination of this Agreement without notice.

22. DBE/MBE/WBE/SBE UTILIZATION.

PMGAA extends to each individual, firm, vendor, supplier, contractor, subcontractor and licensee an equal economic opportunity to compete for PMGAA business and strongly encourages voluntary utilization of disadvantaged and/or minority-owned, woman-owned and small businesses to reflect both the industry and community ethnic composition. The use of such businesses is encouraged whenever practical.

23. COMPLIANCE WITH LAWS; SUPPLEMENTAL TERMS AND CONDITIONS.

Licensee, its drivers, agents, employees, invitees, subcontractors and independent contractors shall comply with all directions, rules, regulations and operating procedures of PMGAA in effect or hereinafter promulgated, and shall observe and obey all ordinances of the City of Mesa, as well as all federal and state statutes and regulations governing the use of the Airport and Licensee's business activities thereon, including the specific requirements of this SECTION. If a subsequently enacted law imposes substantial additional costs on Licensee, a request for amendment may be submitted to PMGAA.

23.1 Federal Fair Labor Standards Act. This agreement and all subcontracts that result from this agreement incorporate by reference the provisions of 29 CFR part 201, the Federal Fair Labor Standards Act (FLSA), with the same force and effect as if given in full text.

The Licensee has full responsibility to monitor compliance to the referenced statute or regulation. The Consultant must address any claims or disputes that arise from this requirement directly with the U.S. Department of Labor – Wage and Hour Division.

23.2 Occupational Safety and Health Act of 1970. This agreement and all subcontracts that result from this agreement incorporate by reference the provisions of 29 CFR part 1910 with the same force and effect as if given in full text. Licensee must provide a work environment that is free from recognized hazards that may cause death or serious physical harm to the employee. The Licensee retains full responsibility to monitor its compliance and their subcontractor's compliance with the applicable requirements of the Occupational Safety and Health Act of 1970 (20 CFR Part 1910). Licensee must address any claims or disputes that pertain to a referenced requirement directly with the U.S. Department of Labor – Occupational Safety and Health Administration

23.3 Legal Worker Requirements. Licensee warrants and agrees that to the extent applicable under A.R.S. §41-4401, as amended, Licensee will comply with all federal immigration laws and regulations that relate to Licensee's employees, including the E-verify requirements under ARS §23-214(A), as amended. Licensee's breach of the above-mentioned warranty shall be deemed a material breach of this Agreement and may result in its termination by PMGAA. PMGAA retains the legal right to randomly inspect the papers and records of any employee who works under this Agreement to ensure Licensee is complying with the above-mentioned warranty.

23.4 Conflict of Interest. Licensee acknowledges that the provisions of A.R.S. §38-511, as amended are incorporated into this Agreement. Licensee further acknowledges that, to the best of its knowledge, information and belief, no person has been employed or retained to solicit or secure this Agreement upon a promise of a commission, percentage, brokerage or contingent fee, and that no member of PMGAA or employee thereof has any financial interest in Licensee's business firm. For breach of violation of this warranty, PMGAA shall have the right to annul this Agreement without liability, including any such commission, percentage, brokerage or contingent fee.

23.5 Scrutinized Business Operations. Licensee certifies that, pursuant to ARS §§35-391.06 and 35-393.06, as amended, it does not have a scrutinized business operation in the Sudan or Iran. For purposes of this SECTION, the term "scrutinized business operations" shall have the meanings set forth in ARS §§ 35-391 and 35-393, as applicable. If PMGAA determines that Licensee submitted a false certification, PMGAA may impose remedies as provided by law, including termination of this Agreement.

23.6 Nondiscrimination.

23.6.1 Licensee shall charge fair, reasonable and not unjustly discriminatory prices for its services; except that, Licensee may be allowed to offer reasonable and non-discriminatory discounts, rebates or other similar types of price reductions to volume or frequent purchasers. Non-compliance with this requirement shall be considered a material breach of this Agreement for which PMGAA shall have the right to

terminate this Agreement and any estate created herewith, without liability therefore; or, at the election of PMGAA or the United States, either or both of which shall have the right to judicially enforce said requirement.

23.7 Civil Rights – General. The Licensee agrees to comply with pertinent statutes, Executive Orders and such rules as are promulgated to ensure that no person shall, on the grounds of race, creed, color or national origin, sex, age or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance.

23.8 Civil Rights – Title VI Assurances. During the performance of this contract, the Licensee, for itself, its assignees, and successors in interest agrees as follows:

23.8.1 Compliance with Regulations: The Licensee (hereinafter includes consultants) will comply with the Title VI List of Pertinent Nondiscrimination Acts and Authorities, as they may be amended from time to time, which are herein incorporated by reference and made a part of this contract.

23.8.2 Non-discrimination: The Licensee, with regard to the work performed by it during the agreement, will not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The Licensee will not participate directly or indirectly in the discrimination prohibited by the Nondiscrimination Acts and Authorities, including employment practices when the agreement covers any activity, project, or program set forth in Appendix B of 49 CFR Part 21.

23.8.3 Solicitations for Subcontracts, Including Procurements of Materials and Equipment: In all solicitations, either by competitive bidding, or negotiation made by the Licensee for work to be performed under a subcontract, including procurements of materials, or leases of equipment, each potential subcontractor or supplier will be notified by the Licensee of the contractor's obligations under this agreement and the Non-discrimination Acts And Authorities on the grounds of race, color, or national origin.

23.8.4 Information and Reports: The Licensee will provide all information and reports required by the Acts, the Regulations and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by PMGAA or the Federal Aviation Administration to be pertinent to ascertain compliance with such Nondiscrimination Acts and Authorities and instructions. Where any information required of a Licensee is in the exclusive possession of another who fails or refuses to furnish the information, the Licensee will so certify to PMGAA or the Federal Aviation Administration as appropriate, and will set forth what efforts it has made to obtain the information.

23.8.5 Sanctions for Noncompliance: In the event of a Licensee's noncompliance with the Nondiscrimination provisions of this agreement, the Recipient will impose such contract sanctions as it or the Federal Aviation Administration may determine to be appropriate, including, but not limited to:

a. withholding payments to the Licensee under the agreement until the Licensee complies; and/or

b. cancelling, terminating, or suspending a agreement, in whole or in part.

23.8.6 Incorporation of Provisions: The Licensee will include the provisions of paragraphs one through six in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations and directives issued pursuant thereto. The Licensee will take action with respect to any subcontract or procurement as PMGAA or the Federal Aviation Administration may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if the Licensee becomes involved in, or is threatened with litigation by a subcontractor, or supplier because of such direction, the Licensee may request PMGAA to enter into any litigation to protect the interests of PMGAA. In

addition, the Licensee may request the United States to enter into the litigation to protect the interests of the United States.

23.9 Civil Rights – Title VI List of Pertinent Nondiscrimination Acts and Authorities

During the performance of this agreement, the Licensee, for itself, its assignees, and successors in interest (hereinafter referred to as the “Licensee”) agrees to comply with the following non-discrimination statutes and authorities; including but not limited to:

- Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d *et seq.*, 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin);
- 49 CFR part 21 (Non-discrimination In Federally-Assisted Programs of The Department of Transportation—Effectuation of Title VI of The Civil Rights Act of 1964);
- The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 U.S.C. § 4601), (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
- Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. § 794 *et seq.*), as amended, (prohibits discrimination on the basis of disability); and 49 CFR part 27;
- The Age Discrimination Act of 1975, as amended, (42 U.S.C. § 6101 *et seq.*), (prohibits discrimination on the basis of age);
- Airport and Airway Improvement Act of 1982, (49 USC § 471, Section 47123), as amended, (prohibits discrimination based on race, creed, color, national origin, or sex);
- The Civil Rights Restoration Act of 1987, (PL 100-209), (Broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms “programs or activities” to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);
- Titles II and III of the Americans with Disabilities Act of 1990, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. §§ 12131 – 12189) as implemented by Department of Transportation regulations at 49 CFR parts 37 and 38;
- The Federal Aviation Administration’s Non-discrimination statute (49 U.S.C. § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
- Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures non-discrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;
- Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 Fed. Reg. at 74087 to 74100);
- Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 U.S.C. 1681 *et seq.*).

24. ENVIRONMENTAL COMPLIANCE.

Licensee shall, at Licensee's own expense, comply with all present and hereinafter enacted environmental laws, rules and regulations and any amendments thereto, affecting or applying to Licensee's operations and activities at or on the Airport.

25. AIRPORT SECURITY PLAN.

PMGAA maintains an approved Airport Security Plan ("Security Plan") pursuant to 49 CFR Parts 1540 and 1542, and 14 CFR Part 139, as amended. Concessionaire shall at all times comply with the Security Plan and the written and verbal directives issued by Airport Operations supporting the Security Plan.

25.1 The concessionaire shall immediately correct physical or procedural deficiencies which are contrary to the Security Plan, security directives, security bulletins, or verbal notifications existing now or in the future. Concessionaire is responsible for maintaining security practices, facilities, and perimeter boundaries on their leasehold that meet the security standards of the Security Plan.

25.2 Concessionaire shall, to the fullest extent permitted by law, indemnify, defend and hold PMGAA harmless for, from and against any violations of the Security Plan committed by any agents, employees, invitees, subcontractors or independent contractors of Concessionaire.

25.3 Tenants shall conduct and document all self-audits and self-inspections as required by TSA or Airport Operations and make such audits available for inspection.

25.4 Concessionaire shall designate a primary security coordinator to receive security related briefings, bulletins, and sensitive security information.

25.5 PMGAA reserves the right to modify the Security Plan from time to time, as necessary or as directed by TSA.

26. TAXES, LICENSES AND PERMITS.

Licensee shall pay all taxes and assessments that may be levied or charged upon its property, equipment and activity hereunder, and shall secure and comply with all licenses and permits required by PMGAA or any other governmental authority exercising jurisdiction over its business or activities. Licensee shall also pay any taxes or assessments levied upon PMGAA as a result of Licensee conducting its business under the authority of this Agreement.

27. NON-ASSIGNABILITY.

27.1 Licensee shall have no power to assign its rights and obligations under this Agreement without the prior written consent of the PMGAA Executive Director. Any attempt to assign this Agreement without such prior written consent shall be void.

27.2 An essential consideration provided to PMGAA by Licensee to induce PMGAA to enter into this Agreement is Licensee's representation that Licensee's General Manager, MR. HOSSEIN "JOE" DIBAZAR, will be serving as Licensee's primary representative in the execution of this Agreement. Therefore, should the above-named individual sever his/her relationship with Licensee, or otherwise be unavailable to carry out Licensee's duties and responsibilities under this Agreement for an extended period of time, which period shall be determined at the sole discretion of the PMGAA Executive Director, then, PMGAA, without notice, may immediately terminate this Agreement for cause.

28. NOTICES.

28.1 Notices required under this Agreement shall be in writing and delivered personally or by registered or certified mail, postage prepaid, addressed as follows:

TO PMGAA: Phoenix-Mesa Gateway Airport Authority
Attn.: Business Development Department
5835 S. Sossaman Road
Mesa, Arizona 85212-0919
Telephone: (480) 988-7649

TO LICENSEE: AAA Cab Service, Inc.
Attn.: Mr. Hossein Dibazar, General Manager
4525 E. University Drive
Phoenix, Arizona 85034
Telephone: (602) 722-3360

28.2 Notice by certified or registered mail in the manner described above shall be deemed effective the day after its deposit in the mail.

29. NONWAIVER.

PMGAA's right to revoke this Agreement shall be absolute. Any election by PMGAA to not enforce any provision of this Agreement, or any failure by PMGAA to exercise any of the remedies allowed PMGAA under this Agreement, shall not operate as a waiver by PMGAA of its right.

30. APPLICABLE LAW.

The laws of the State of Arizona, including its conflicts of law provisions, shall govern the matters set forth in this Agreement. Venue of any action brought under this Lease shall, at the option of PMGAA, lie in Maricopa County, Arizona.

31. PRIOR PERMITS.

Upon execution hereof, this Agreement shall supersede and cancel any prior agreement(s) between PMGAA and Licensee with respect to Licensee's taxicab or ground transportation business activities at or on the Airport, or from the Terminal, governed hereby. Licensee shall not construe PMGAA's execution of this Agreement as a waiver of any prior indebtedness or obligation to PMGAA under any prior agreement or license, nor does PMGAA waive any claim or cause of action arising therefrom.

32. CANCELLATION PROVISIONS.

32.1 PMGAA's Right of Cancellation. Except as may be otherwise provided herein, PMGAA shall have the right to cancel or terminate this Agreement in its entirety immediately if Licensee commits any one or more of the hereinafter listed events of default, and does not cure such default within TEN (10) business days of PMGAA's written notice thereof. Upon receiving notice of such termination, Licensee shall immediately cease its operations at and on the Airport and remove all of its employees and personal property therefrom.

32.1.1 *With Cause.*

a. If Licensee shall fail to pay any fee or other amount due from Licensee hereunder or as a result of any other agreement executed between the Parties.

b. Solely for purposes of this SECTION 32.1.1 b., if Licensee shall neglect or fail to perform, keep or observe any other terms, covenants or conditions herein contained and if such neglect or failure shall continue for a period of THIRTY (30) calendar days after delivery by PMGAA of a written notice

of such default; provided, however, if a cure of the default reasonably requires more than THIRTY (30) calendar days to complete, then the time to cure shall be extended so long as the cure is being diligently pursued.

c. The occurrence of any act that deprives Licensee of the rights, licenses, permits and authorizations necessary for the proper and lawful conduct of the Licensee's business operations at and on the Airport, and from the Terminal.

d. Excessive liquidated damages and/or complaints against Licensee by Airport passengers and the general public.

e. The filing, by Licensee, of a voluntary petition in bankruptcy; or its adjudication as a bankruptcy pursuant to an action filed against it; or the taking of its assets by a court under any Federal reorganization act; or the appointment of a receiver for its assets; or the occurrence of a general assignment or attempted assignment for the benefit of creditors.

f. The filing of any mechanic's, materialmen's or other lien or any kind against the Licensee because of any act or omission of Licensee which lien is not discharged, by bonding or otherwise, within THIRTY (30) calendar days of receipt of actual notice thereof by Licensee.

g. Existence, for a period in excess of TEN (10) calendar days, of any strike, lockout, work stoppage or other dispute between Licensee and its employees, drivers, contractors or subcontractors which, in the opinion of PMGAA, interferes with the operation of the Airport, or endangers or inconveniences users of Airport facilities.

h. If Licensee shall discontinue or abandon its operations at the Airport for any 24-hour period, exclusive of periods when no commercial airline flight arrivals are scheduled or planned.

i. For violation of any laws, ordinances, regulations or provisions of this Agreement, PMGAA reserves the right to terminate this Agreement immediately when such action is considered by the PMGAA Executive Director, at his or her sole and absolute discretion, to be in the best interest of Airport passengers and the general public.

32.1.2 *Without Cause.* PMGAA may terminate this Agreement without cause upon TEN (10) days advance written notice to Licensee. In the event of termination without cause, Licensee shall be entitled solely to a pro-rata refund of any fee herein paid, plus return of Licensee's Performance Guarantee.

32.1.3 *Temporary Suspension.* PMGAA may suspend this Agreement for Licensee's failure to perform in accordance with the terms, covenants and conditions of this Agreement.

32.2 Licensee's Right of Cancellation. Except as otherwise provided herein, Licensee shall have the right to terminate this Agreement in its entirety upon THIRTY (30) calendar days advance written notice to PMGAA if one or more of the following events of default are committed by PMGAA:

32.2.1 The issuance by any court of competent jurisdiction of any injunction preventing or restraining the use of the Airport in such a manner as to substantially restrict Licensee from conducting its business activities at and on the Airport and from the Terminal, which injunction is not caused by any act or omission of Licensee and such injunction remains in force for at least SIXTY (60) consecutive calendar days.

32.2.2 If Licensee is deprived of the use of all or a major portion of the Airport or Terminal for THIRTY (30) consecutive calendar days or more, subject to the relocation or other applicable renovation provision provided for herein.

32.2.3 The assumption by the United States Government and the authorized agencies thereof, or any other governmental agency, of the operation, control or use of Airport facilities, including the Terminal, or any substantial part or parts thereof in such a manner as to substantially restrict the conduct of Licensee's business thereto for a period of THIRTY (30) calendar days or more.

32.2.4 A breach by PMGAA of any of the terms and covenants or conditions within this Agreement. In the event of such a breach, Licensee shall have available all rights and remedies provided at law

or in equity, subject to the terms and conditions of this Agreement; provided, however, Licensee may not exercise any such right or remedy unless Licensee has notified PMGAA by written notice of such alleged default, and PMGAA has not cured such default within a THIRTY (30) calendar day period subsequent to receipt of such notice or, in the event such alleged default is of such a nature that it cannot be reasonably cured within such THIRTY (30) day period, PMGAA has failed to cure such alleged default with all due diligence. Notwithstanding anything to the contrary in this Agreement, in no event shall Licensee be entitled to terminate this Agreement or abate or offset any fees or other payments to be made by Licensee hereunder.

33. PROFESSIONAL COMPETENCY.

33.1 Qualifications. Licensee represents that it is familiar with the nature and extent of this Agreement, the services and any conditions that may affect its performance thereunder. Licensee further represents that it is fully experienced and properly qualified, compliant with all applicable license requirements and is equipped, organized and financed to perform such services.

33.2 Level of Care and Skill.

33.2.1 Services provided by Licensee shall be performed in a manner consistent with that level of care and skill ordinarily exercised by members of Licensee's profession currently practicing in the same industry under similar conditions.

33.2.2 Acceptance or approval by PMGAA of Licensee's work shall in no way relieve Licensee of liability to PMGAA for damages suffered or incurred arising from Licensee's failure to adhere to the aforesaid standard of professional competence.

34. FORCE MAJEURE.

Licensee shall not be responsible or liable for, or deemed to be in breach hereof because of any delay in the performance of its obligations hereunder to the extent caused by circumstances beyond its control, without its fault or negligence, and that could not have been prevented by the exercise of due diligence, including, but not limited to, fires, natural disasters, riots, wars, unavoidable and unforeseeable site conditions, failure of PMGAA to provide data within PMGAA's possession or to make necessary decisions or provide necessary comments in connection with any required reports prepared by Licensee in connection with the services and the unforeseeable inability to obtain necessary site access, authorization, permits, licenses, certifications and approvals (such causes hereafter call "Force Majeure").

35. RELEASE OF INFORMATION.

Licensee shall not publish, release, disclose or announce to any member of the public, press, official body or any other third party: (i) any information concerning this Agreement, the services or any part thereof; or (ii) any documentation or the contents thereof, without the prior written consent of PMGAA, except as may be required by law. The name of any site on which services are performed shall not be used in any advertising or other promotional context by Licensee without the prior written consent of PMGAA.

36. WAIVER OF CLAIMS FOR ANTICIPATED PROFITS.

Licensee waives any claims against PMGAA and its officers, officials, agents and employees for the loss of anticipated profits caused by any suit or proceeding, directly or indirectly, involving any part of this Agreement.

37. CONTINUATION DURING DISPUTE.

37.1 Licensee agrees as a condition of this Agreement that in the event of any dispute between the Parties, provided no Notice of Termination has been given to PMGAA, and if it is feasible under the terms of this Agreement, each Party shall continue to perform the obligations not related to the dispute required of it during the resolution of such dispute, unless enjoined or prohibited by a court of competent jurisdiction.

37.2 Failure or delay by either Party to exercise any right, power or privilege specified in or appurtenant to this Agreement shall not be deemed a waiver thereof.

38. THIRD PARTY BENEFICIARY CLAUSE.

The Parties expressly agree that this Agreement is not intended by any of its provisions to create of the public or any member thereof a third party beneficiary, nor to authorize anyone not a party to this Agreement to maintain a suit for personal injuries or property damage pursuant to the terms or provisions of this Agreement.

39. CORPORATE AUTHORIZATION.

In executing this Agreement, Licensee represents and warrants to PMGAA that if Licensee is a corporation, Licensee has obtained and been granted the full right, power and authority to enter into this Agreement.

40. MISCELLANEOUS.

40.1 Personal Liability. No member of PMGAA or employee or agent of either Party shall be charged personally or held contractually liable by or to the other Party under any term or provision of this Agreement because of any breach thereof or because of its execution or attempted execution.

40.2 No Waiver. No provision of this Agreement may be waived or modified except by a written instrument signed by the Party against whom such waiver or modification is sought.

40.3 Non-Waiver of Rights. No waiver or default by PMGAA of any of the terms, conditions, covenants or agreements hereof to be performed, kept or observed by Licensee shall be construed or act as a waiver of any subsequent default of any of the terms, covenants, conditions or agreements herein contained to be performed, kept or observed by Licensee, and PMGAA shall not be restricted from later enforcing any of the terms and conditions of this Agreement.

40.4 Amendment. This Agreement may be amended only by a written instrument executed by the Parties, except that fleet listing at **EXHIBIT B** may be updated at any time, upon mutual agreement of the Parties, without formal amendment but shall, upon said mutual agreement, become a valid **EXHIBIT B** replacement to this Agreement thereafter.

40.5 Cancellation. The Parties hereto acknowledge and agree that this Agreement may be cancelled pursuant to the provisions of ARS § 38-511, as amended.

40.6 Invalid Provisions. Should any provision of this Agreement or any application thereof shall be held invalid by a court of competent jurisdiction, the remainder of this Agreement shall not be affected thereby, unless one or both Parties would be substantially and materially prejudiced.

40.7 Litigation Expenses. In the event of litigation between PMGAA and Licensee, the prevailing Party shall be entitled to recover its attorneys' fees and all costs and expenses of litigation, including witness fees, expert witness fees, and court costs.

40.8 Headings. The headings contained herein are for convenience in reference only and are not intended to define or limit the scope of this Agreement or any term thereof.

40.9 Approvals, Consents and Notices. All approvals, consents and notices called for in this Agreement shall be in writing, signed by the appropriate party, and may not be established solely by oral testimony.

40.10 Entire Agreement. This Agreement, including exhibits attached hereto at the time of its execution, constitutes the entire Agreement between the Parties hereto.

41. INCORPORATION OF RECITALS.

The recitals set forth above are acknowledged by the Parties to be true and correct and are incorporated herein by this reference.

IN WITNESS WHEREOF, the Parties have executed this Agreement the day and year first above written.

[Signatures follow on Page 20]

FOR PMGAA:

**PHOENIX-MESA GATEWAY AIRPORT
AUTHORITY**, an Arizona joint powers airport authority

By: _____
J. Brian O'Neill, AAE, Executive Director/CEO

STATE OF ARIZONA)
)
 ss.

) ss.
County of Maricopa)

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me this ____ day of _____, 2017,
by J. Brian O'Neill, in capacity as the Executive Director/CEO of the Phoenix-Mesa Gateway Airport
Authority.

Notary Public

My Commission Expires:

FOR LICENSEE:

AAA CAB SERVICE, INC., an Arizona corporation

By: _____
Hossein Dibazar, General Manager

STATE OF ARIZONA)
)
ss.

) ss.
County of Maricopa)

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me this ____ day of _____, 2017,
by Hossein Dibazar, in his capacity as the General Manager of AAA Cab Service, Inc.

Notary Public

My Commission Expires:

EXHIBIT A

Depiction of Taxicab Passenger Pickup (Queuing) and Staging Locations

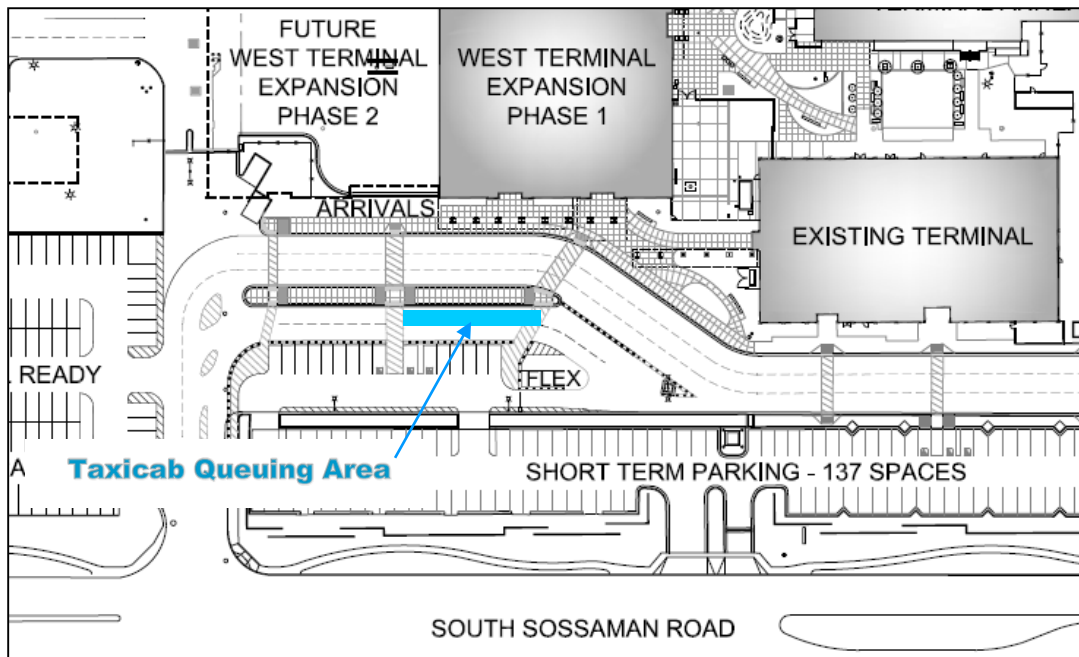


EXHIBIT B
Authorized Taxicab Listing

Company Name (depicted on all taxicabs): **Yellow Cab**

No.	Vehicle No.	Model Year	Make	Model	Vehicle Identification Number (VIN)	License Plate Number
1	727	2010	FORD	CROWN VICTORIA	2FABP7BV 2AX123538	4ZY-702
2	1003	2012	TOYOTA	PRIUS	JTDKN3D UXC541170 0	4ZY-377
3	1013	2010	TOYOTA	PRIUS	JTDKN3D U5A518192 0	4ZW-212
4	1026	2010	FORD	CROWN VICTORIA	2FABP7BV 1AX131145	4ZY-021
5	1050	2012	TOYOTA	PRIUS	JTDZN3EU 8C3038536	CK35300
6	1057	2010	TOYOTA	PRIUS	JTDKN3D UXA000338 4	4ZY-924
7	1061	2010	TOYOTA	CAMERY	4T1BB3EK 6AU111950	4ZY-503
8	1084	2010	TOYOTA	PRIUS	JTDKN3D U8A011999 1	4ZX-837
9	1087	2013	TOYOTA	PRIUS	JTDKN3D U7D167650 4	CJ91392
10	1094	2013	TOYOTA	PRIUS	JTDKN3D U0D167595 4	CK35254
11	1095	2010	TOYOTA	PRIUS	JTDKN3D U5A518714 9	4ZX-764
12	1146	2013	TOYOTA	PRIUS	JTDKN3D U7D566674 3	CK35296
13	1208	2012	DODGE	MINIVAN	2C4RDGB GXCR19516 2	4ZX-847
14	1209	2011	DODGE	MINIVAN	2D4RN3D G9BR75484 9	4ZX-795
15	1216	2010	CHRYSLER	M/VAN	2A4RR5D1 XAR358821	4ZY-184

16	1219	2014	DODGE	MINIVAN	2C4RDGB G4ER10651 3	4ZY-884
17	1222	2010	CHRYSLER	M/VAN	2A4RR5DX 2AR152879	CJ16399
18	1729	2010	TOYOTA	PRIUS	JTDKN3D U1A010800 7	4ZT-988
19	1742	2010	TOYOTA	PRIUS	JTDKN3D U3A011824 6	4ZV-186
20	1762	2010	TOYOTA	PRIUS	JTDKN3D U8A004957 1	4ZV-669
21	1007	2012	TOYOTA	PRIUS	JTDKN3D U7C151268 4	4ZW-249
22	1010	2010	TOYOTA	PRIUS	JTDKN3D U6A519494 9	4ZW-205
23	1040	2010	TOYOTA	PRIUS	JTDKN3D U9A012492 5	4ZX-763
24	1760	2010	TOYOTA	PRIUS	JTDKN3D U6A019379 6	4ZX-278
25						
26						
27						
28						
29						
30						

NOTE: ADA-compliant vehicles highlighted in **YELLOW**.

Listing current as of: **March 1, 2017**

EXHIBIT C

Licensee's Customer Service Plan

We at AAA Cab Service, Inc. (Db a Yellow Cab) constantly strive to maintain our policy of "Total Customer Satisfaction". Realizing that, despite all efforts, incidents will occasionally occur. We have Policies and Procedures (P&P) in place that all in our organization follow to adhere to our standard. These P&Ps include emergency and accident plans, special needs clients, complaint resolution and lost and found department processes.

Emergencies

AAA has Road Supervisors trained in accident reporting and investigation procedures that respond to all accidents. At a minimum, each accident report must include:

- Name of driver;
- Name of transported passengers(s);
- Specific details of the accident and related injuries; and
- Exact date and time of accident.

A copy of the police report is brought to the main office within 24 hours. If there are injuries involved, the information is delivered by the Road Supervisor to the main office immediately following the investigation. AAA reports all accidents to the airport by 3p.m. on the next business day.

Medical Emergencies

In the event of a medical emergency due to an accident or otherwise, all drivers must:

- Call 911
- Notify the CTP Dispatcher/Representative

Drivers will perform basic first aid in accordance, if required, with and within the scope of their training.

Basic first aid actions to be rendered, if necessary, by all drivers include:

- Stopping the bleeding (direct pressure);
- Protecting the wound (clean dressing);
- Keeping the airway clear; and
- Preventing or treating for shock.

Drivers also will follow the accident reporting procedures outlined above.

Accident Investigations

All accident/incidents must be referred to the AAA Quality Management Department.

All accident/incidents are investigated, resolved and reported to the Quality Management Manager and Risk Management.

ADA / Special Needs

Prior to being allowed on the road, all ADA vehicle drivers go through extensive special needs training, including sensitivity training, American Red Cross first aid and CPR certification, and proper loading, transporting and unloading of ADA clients.

Quality Management Program/Process

AAA has always maintained the highest level of customer service by training, monitoring and tracking customer service issues. When a grievance or service issue or concern is reported to AAA, the following quality management process will be implemented:

Grievance Checklist

Passenger Name: _____

Case / SAM#: _____

Done?	Phase	Date	Notes
1	Grievance Assessment		
2	Trip Detail Report		
3	Trip Detail Analysis		
4	Follow-up and review		
5	Management contact		
6	Driver contact		
7	Customer contact (If Applicable/Possible)		
8	Additional follow-up		
9	Additional details		
10	Hand-Off		
1			
1	Assess the nature of the grievance and ensure all aspects are identified and categorized		
2	Obtain trip detail reports and other data/information pertaining to the grievance (SAM, Supervisor Callback)		
3	Perform analysis of detail reports and other data collected and identify possible root causes		
4	Follow-up and review initial findings with QM staff for input (oversight/explanation/policies/procedures/additional insight)		
5	Contact appropriate management staff (complaint about driver- Fleet Manager; complaint about employee- Comm. Manager; etc.)		
6	Driver Involved? Obtain a driver statement, written or oral		
7	Passenger contact for additional information, clarification and acknowledgement of grievance if applicable/possible		
8	Follow-up and review additional findings with QM staff for input (management response(s)/action(s))		
9	Insert additional details requested by manager, if applicable		
10	Hand off to manager for final review, action taken, and submission to Airport		

Lost and Found

All drivers report daily to the cage at the main office to pay their lease. Within the cage is a Lost and Found Department. Any items found in vehicles are turned in to the Lost and Found Department, along with the details of what customer may have left the item, if known.

Any call for lost items is immediately directed to the cage for search and verification. If the item has been turned in, it is available for passengers between the hours of 5:00a.m. - 7:00p.m. every day of the week.

EXHIBIT D

Licensee's Driver Conduct Plan

AAA Drivers shall abide by all terms of their independent contractor and owner/operator contract agreements. In addition, all AAA drivers shall adhere to Phoenix-Mesa Gateway *Airport Rules and Regulations*, and adhere to the Airport's vendor conduct policies and standards.

Performance and Appearance:

- AAA drivers will observe all traffic laws at all times.
- All drivers must use seat belts at all times.
- At no time will any AAA vehicle transport more people than there are seat belts to accommodate.
- AAA drivers will project the highest level of professionalism, courtesy and respect towards all passengers at all times.
- Drivers will avoid becoming argumentative and will never demand that a customer do anything.
- Diplomacy will be practiced at all times. Professionalism and courtesy will also be displayed to all customers, airport staff, and the general public.
- Should a situation arise in which the driver feels that their ability to remain professional and courteous is affected, drivers should inform the passenger that they are going to notify a supervisor for resolution.
- Drivers are prohibited from smoking inside or in immediate proximity to any opening to the taxicab while the taxicab is staged at the Airport Taxicab Queuing Area.
- Drivers contracting to drive at any airport must practice and exhibit a high level of personal hygiene.
- Drivers will be neat and clean.
- Clothes will be washed and free from offensive odor, stains, paint, tears, and/or excessive discoloration.
- Athletic shoes may be worn, but must be clean; black, casual shoes are recommended.
- Long hair will be tied back so as not to interfere with transports or create a safety hazard.
- AAA ID cards must be visible to others and clearly identify driver.
- Drivers shall adhere to all present and future Airport requirements pertaining to conduct and appearance.

Drivers contracting to drive at any airport must practice and exhibit a high level of personal hygiene.

- Drivers will be neat and clean.
- Clothes will be washed and free of offensive odor
- Clothes should be free from stains, paint, tears and excessive discoloration.
- Long hair will be tied back so as not to interfere with transports or create a safety hazard.
- ID cards must be visible to others and clearly identify the driver.

Uniforms (appearance) shall be dictated within the terms of the airport contract. Drivers who wish to service the airport will be required, contractually not legally, to abide by the terms and conditions set forth in the Phoenix-Mesa Gateway Airport contract.

Disciplinary Action(s):

Drivers who fail to meet the requirements of Driver Conduct Plan may become subject to sanctions and/or suspensions up to the complete termination of AAA Cab Service, Inc. contracting privileges.

Any contest or appeal of sanctions or suspensions can be made directly to the AAA Fleet Manager.

EXHIBIT E

Licensee's Training Plan

Independent contractors of AAA Cab Service, Inc., or any of its subsidiary entities, to include owner/operators, are required to attend a 2-day "Basic Orientation" presentation presented by AAA Certified Instructors.

In addition to the Basic Orientation, drivers who wish to service Phoenix-Mesa Gateway Airport are given additional training that includes:

- The Americans with Disabilities Act (ADA);
- Sensitivity and cultural awareness;
- Customer service training;
- Driver's Handbook covering effective communications;
- Geographic training, including map reading for the greater Phoenix metropolitan area;
- Defensive Driving, certified and distributed by the National Highway Transportation and Safety Agency (NHTSA);
- General passenger assistance training; and
- Vehicle pre-shift inspection training.

The training information provided to AAA drivers is provided and presented using a company approved training manual, 2-days of classroom training, one-half (1/2) day field training with a driver trainer, and individual and on-the-job training (OJT) training, as needed or required.

Driver tests are given to verify acceptable knowledge of the greater Phoenix area, including familiarity with major cities, area landmarks, highways and cross streets.

In addition to having certified trainers in the area of National Highway Transportation and Safety Agency Defensive Driving Courses (curriculum available online), AAA has two certified American Red Cross Trainers on staff that provide training in CPR and immediate response First Aid.

AAA also uses the various ground transportation manuals for Airport driver training that address the *Airport Rules and Regulations*.

EXHIBIT F
(Optional) Letter of Credit Format

[Items in YELLOW to be completed as appropriate]

<Name of Bank>

IRREVOCABLE STANDBY LETTER OF CREDIT

NO. _____

To: Phoenix-Mesa Gateway Airport Authority
Attn.: Business Development Department
5835 S. Sossaman Road
Mesa, Arizona 85212-0614

Applicant: _____

Amount: \$ _____

Expiration Date: _____

We hereby establish our irrevocable Standby Letter of Credit No. _____ in your favor available against sight drafts drawn on <Name of Bank> at the office of the undersigned located at <address> [must be in the Phoenix Metropolitan Area], accompanied by the following documents:

1. A certificate purportedly signed by the Phoenix-Mesa Gateway Airport Authority (PMGAA) Executive Director stating one or more of the following:
 - A. PMGAA is drawing against <Name of Bank> Standby Letter of Credit No. _____ as <Name of Licensee> has failed to perform its obligations under/failed to comply with the PMGAA Terminal Ground Transportation (Taxicab Services) License Agreement and PMGAA requires payment under this Standby Letter of Credit of \$<amount>.
 - B. PMGAA is drawing against <Name of Bank> Standby Letter of Credit No. _____ as <Name of Licensee> has failed to provide a replacement letter of credit prior to sixty (60) days before the expiration date, as required by the PMGAA Terminal Ground Transportation (Taxicab Services) License Agreement.
2. This original Standby Letter of Credit No. _____ for endorsement.

Partial and multiple drawings are permitted under this Standby Letter of Credit.

Unless otherwise stated, all documents are to be forwarded to us by mail, or hand delivered to our counters.

Documents are to be directed to: <Name and title of Bank representative>

We hereby agree that this Standby Letter of Credit shall be duly honored upon presentation and delivery of the certification specified above.

Except as otherwise stated herein, this Standby Letter of Credit is subject to the International Standby Practices (ISP98), International Chamber of Commerce Publication No. 600 and, as to matters not governed by ISP98, shall be governed by and construed in accordance with the laws of the State of Arizona, without regard to principles of conflicts of law.

<Bank>

By: _____

EXHIBIT G

Airport Rules and Regulations

http://www.gatewayairport.com/Documents/DocumentLibrary/Board%20Policies/Rules%20&%20Regulations_16-53.pdf



Phoenix-Mesa Gateway Airport Authority
 5835 S Sossaman Road
 Mesa, Arizona 85212-6014
www.gatewayairport.com

Management Information Report

To: Board of Directors
From: Chuck Odom, Chief Financial Officer
Through: J. Brian O’Neill, A.A.E., Executive Director/CEO
Re: Solicitation Notification
Date: February 6, 2017

This report is to provide notification of the active and upcoming solicitations to help ensure compliance with the Phoenix-Mesa Gateway Airport Authority procurement transparency clause. The active activities include the following:

Active/Pending Solicitations

Type Solicitation	Number	Title	Anticipated Contract Award (Board Action)
Request for Proposals	2017-014-RFP	Taxicab Services for Gateway Airport	February 2017
Request for Qualifications	2017-015-RFQ	Environmental Assessment – Air Traffic Control Tower*	March 2017
Request for Proposals	2017-007-RFP	Master Developer for Gateway Aerospace Park	April 2017
Request for Proposals	2017-013-RFP	Airport Herbicide Application	May 2017
Request for Proposals	2017-016-RFP	Landscape Maintenance	May 2017

*Pending PFC application approval

Future Solicitations

Type Solicitation	Number	Title	Scheduled for Release	Anticipated Contract Award (Board Action)
Invitation for Bid	2017-021-IFB	Taxiway A	April 2017	June 2017
Request for Proposals	2017-022-RFP	Airport Revenue Parking Management	April 2017	July 2017
Invitation for Bid	2017-025-IFB	West Terminal Expansion Phase IV - Improvements	June 2017	July 2017
Invitation for Bid	2017-024-IFB	West Terminal Expansion Phase IV – Roadway Improvements	June 2017	September 2017

If you have any questions about the solicitations or the procurement process, please feel free to contract me at 480-988-7613.

FOR THE EXCLUSIVE USE OF BSEXTON@PHXMESAGATEWAY.ORG

From the Phoenix Business Journal:

<http://www.bizjournals.com/phoenix/news/2017/01/04/canadian-flights-to-mesa-gateway-canceled-before.html>

Canadian flights to Mesa Gateway canceled before first takeoff

Jan 4, 2017, 10:08pm MST

An airline has canceled planned international flights between Canada and Mesa weeks before the first takeoff.

The Arizona Republic reports that NewLeaf Travel Co., which was set to debut service between Calgary and Edmonton and Phoenix-Mesa Gateway Airport Jan. 19, decided to permanently cancel the service.

In November, NewLeaf announced plans to offer three weekly nonstop flights between the Mesa airport and the Canadian destinations. They were to be Phoenix-Mesa Gateway's first international flights.

But NewLeaf nixed those plans in a Facebook post this week, according to The Republic, citing competing Canadian carrier **WestJet Airlines** — but not by name.

"When an airline in Canada found out that NewLeaf was servicing Phoenix-Mesa they too decided to follow our schedule. Within hours of NewLeaf's announcement this airline had also lowered its fares and offered service to an airport it had previously ignored for over a decade," NewLeaf CEO Jim Young said on Facebook. "We [*sic*] very sorry Alberta, but we cannot offer service to Phoenix-Mesa this year. This is a classic case of the big guy squishing the little guy so that the big guy can profit more."

Shortly after NewLeaf's initial announcement in November, WestJet Airlines also announced flights between Mesa and Calgary and Edmonton.

WestJet already offers service from Phoenix Sky Harbor International Airport.

Customers who booked seats on NewLeaf's now-nixed flights will receive refunds, according to The Republic.

Currently, Phoenix-Mesa Gateway is only serviced by Allegiant Air.

Tim Gallen

Digital Editor

Phoenix Business Journal



PROVIDED BY THE CANADA ARIZONA BUSINESS COUNCIL
NewLeaf Travel Co. has canceled planned flights between Canada and Mesa.

Phoenix-Mesa Gateway Airport to welcome first international flight from Canada

BY KTAR.COM | January 19, 2017 @ 8:02 am



(Facebook Photo)

PHOENIX — Phoenix-Mesa Gateway Airport is about to be awarded a new title: International airport.

The airport will welcome its first international flight from WestJet Airlines on Thursday at 1:30 p.m., according to a recent press release.

The flight will make its way from Calgary, Alberta in Canada and will be greeted in Mesa with goodies, including cake and grab bags.

WestJet will offer non-stop service from Calgary and Edmonton into Mesa, a move that was [initially announced](#) in November 2016.

Flights to Calgary will occur three times a week and flights to Edmonton will occur only once a week.

The Phoenix-Mesa Gateway Airport has seen a spike in interest over the past year: Other airlines, including NewLeaf and Allegiant, have begun to offer flights out of the East Valley airport.

NewLeaf, a Canadian airline, will also begin [offering flights](#) to and from Calgary and Edmonton three times a week.

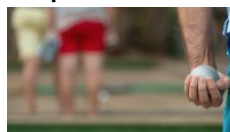
Allegiant will be [offering domestic, low-cost flights](#) from Fresno, California, Memphis, Tennessee and Des Moines, Iowa.

Comments

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Bocce ball and basketball: How you can help Arizona's Special Olympics athletes



Emerging tech jobs in Phoenix and how to get one in 2017



Newseditor [TRAVEL NEWS \(/TOURISM-AND-TRAVEL\)](#) 2 weeks ago

WestJet inaugurates service to Mesa, Arizona



The FINANCIAL -- With the arrival of flight 1518 today, WestJet officially inaugurates the start of service to Phoenix-Mesa Gateway Airport from Calgary. Inaugural service from Edmonton begins January 21.

"WestJet is providing our guests in Calgary and Edmonton even more options when travelling to this very popular sun destination," said Brian Znotins, WestJet Vice-President, Network Planning. "The Phoenix-Mesa market is very robust and WestJet

continues to add new service to meet demand. These new non-stop flights connect Albertans to a highly desirable leisure market and offer convenience to those looking to fly directly into Mesa. We are proud to have Mesa as our 28th U.S. destination."

"Tourism is a vital part of our economy, and the Greater Phoenix area is home to hundreds of businesses that trade goods and services with Canada," said Mesa Mayor John Giles, Chairman of the Phoenix-Mesa Gateway Airport Authority. "Having direct international service to Calgary and Edmonton opens the door for additional economic opportunities for the Valley. In addition, these new flights offer the community easy access to Alberta's tourism industry including some of the best skiing in North America. WestJet is known for their exceptional customer service and they are a perfect complement to the Just Plane Easy experience at Gateway Airport."

Service between Calgary and Phoenix-Mesa will operate three times weekly and Edmonton and Phoenix-Mesa will operate once weekly through April 29, 2017, according to WestJet.

This winter, the airline has a total of 60 weekly flights to Arizona including a recently added second flight on Tuesdays from Edmonton to Phoenix. Edmonton now has a total of 12 weekly flights to Arizona while Calgary has a total of 22.

Flights will be operated on WestJet's Boeing 737 aircraft featuring the enhanced Plus product and WestJet Connect, WestJet's inflight entertainment system accessed directly through smartphones, tablets or computers. Almost 75 per cent of WestJet's Boeing fleet is now equipped with WestJet Connect.

All flights allow WestJet Rewards members the opportunity to earn WestJet dollars to be used towards the payment of a WestJet-marketed flight or a WestJet Vacations package (excluding taxes, fees and charges).



**NOTICE AND AGENDA OF MEETING OF THE
PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
BOARD OF DIRECTORS - TELEPHONIC**

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Phoenix-Mesa Gateway Airport Authority and to the general public that the Phoenix-Mesa Gateway Airport Authority will hold a telephonic meeting open to the public **Tuesday, March 21, 2017 beginning at 9:00 a.m.** in the Board Room (Saguaro A & B) of the Gateway Administration Building, 5835 South Sossaman Road, Mesa, Arizona. The Board may vote to hold an executive session for the purpose of obtaining legal advice from the Board's attorney on any matter listed on the agenda pursuant to A.R.S. § 38-431.03 (A)(3)&(4).

The agenda for the meeting is as follows:

1. **Call to Order.** (Mayor John Giles, Chair)
Members of the Phoenix-Mesa Gateway Airport Authority will attend either in person or by telephone conference call.
2. **Call to the Public.**
Members of the Board may not discuss items that are not on the agenda. Therefore, action taken as a result of public comment will be limited to directing staff to study the matter or scheduling the matter for further consideration and decision at a later date. Maximum of three minutes per speaker.
3. **Executive Director's Report.** - J. Brian O'Neill, A.A.E., Executive Director/CEO
4. **Consent Agenda.**
 - a. **Minutes** of the Board Meeting held on **February 21, 2017.**
 - b. **Resolution No. 17-07** Authorizing the filing of grant applications including agreeing to all understandings and assurances contained therein; and, authorizing the acceptance and execution of any **Arizona Department of Transportation** grant offer(s) or loan(s) applied for or received between July 1, 2017 and June 30, 2018.
 - c. **Resolution No. 17-08** Authorizing the filing of grant applications including agreeing to all understandings and assurances contained therein; and, authorizing the acceptance and execution of any **Federal Aviation Administration** grant offer(s) applied for or received between July 1, 2017 and June 30, 2018.
 - d. **Resolution No. 17-09** Authorizing a Professional Service Agreement with **Landrum & Brown, Inc.** to perform an Environmental Assessment for the construction of a new Air Traffic Control Tower in an amount not-to-exceed \$146,683.

Consideration and Possible Approval of:

5. **Resolution No. 17-10** Adopting the proposed **Operating Budget, Capital Budget, and Member Government Contributions** for the fiscal year ending June 30, 2018.
6. **Board Member Comments/Announcements.**
7. **Next Meeting:** Tuesday, April 18, 2017 at 9:00 a.m.
8. **Adjournment.**

Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting Maria Gonzalez at 480-988-7603 or mgonzalez@gatewayairport.com. Requests should be made as early as possible to allow time to arrange the accommodation.



Executive Director's Report

March, 2017

Financial Snapshot

OPERATING INCOME	January		Month Variance	FYTD Comparison		FYTD Variance
	FY16	FY17		FY16	FY17	
Revenues	\$1,553,523	\$1,743,703	\$190,180	\$10,063,738	\$10,620,805	\$557,067
Less Expenses	\$1,393,403	\$1,485,008	\$91,605	\$9,350,263	\$10,140,627	\$790,364
Operating Income (before depreciation)	\$160,120	\$258,695	\$98,575	\$713,475	\$480,178	(\$233,297)

Investment Fund Balances: As of January 31, 2017: Local Governmental Investment Pool 700 = \$7,820,784; Wells Fargo Collateralized Savings Account = \$18,511,404; Total \$26,332,188. This is substantially unchanged from December balances.

Finance and Accounting

PMGAA reported a net operating income of \$258,695 for the month of January 2017. Year-to-date (YTD) net operating income increased to \$480,178. Fuel sales and vehicle parking revenue continue to outperform FY16 results. However, current fiscal year increases in personnel, jet fuel and contractual services continue to place pressure on the total net YTD results.

Grants, PFCs & Procurements

Active/Pending Solicitations

Type of Solicitation	Number	Title	Anticipated Contract Award
Request for Qualifications	2017-015-RFQ	Environmental Assessment – Air Traffic Control Tower*	March 2017
Request for Proposals	2017-007-RFP	Master Developer for Gateway Aerospace Park	April 2017
Request for Proposals	2017-013-RFP	Airport Herbicide Application	May 2017
Request for Proposals	2017-016-RFP	Landscape Maintenance	May 2017

**Pending PFC application approval*

Information Technology Services

ERP Financial System Implementation Phase I is underway. This phase will include core financials, capital projects, grants, and cashiering.

Airport Operations

PMGAA passed its annual FAA 139 Certification and Safety Inspection with no reportable conditions and no findings; a significant achievement for any airport. PMGAA operations staff is to be commended for a job very well done!

Vehicle parking revenue increased from \$199,358 in January 2016 to \$216,436 in January 2017, an increase of 8.6%.

In January, Gateway Airport volunteers provided 240.25 hours of service, worth an estimated \$5,660.29. PMGAA would like to extend a big "Thank You" to these dedicated and professional front-line customer service ambassadors.

Operations Statistics

PASSENGER COUNTS		JANUARY		% Change	FYTD		% Change
		FY16	FY17		FY16	FY17	
Passengers	TOTAL	107,696	107,509	0%	708,587	731,742	3%
	Deplaned	55,570	55,738	0%	360,315	373,034	4%
	Enplaned	52,126	51,771	-1%	348,272	358,708	3%
Allegiant	Scheduled	105,315	105,372	0%	705,625	728,694	3%
	Charter	2381	213	-91%	2849	924	-68%
WestJet	Scheduled	0	1898	100%	0	1898	100%
Elite	Charter	0	26	100%	0	226	100%
Other	Charter	0	0	0%	113	0	-100%

OPERATIONS	JANUARY		% Change	FYTD		% Change
	FY16	FY17		FY16	FY17	
Air Carrier	884	938	6%	5,729	6,383	11%
Military	535	1836	243%	3,410	4,675	37%
General Aviation	15,760	21,306	35%	109,646	143,499	31%
TOTAL	17,179	24,080	40%	118,785	154,557	30%

Noise Report

PMGAA received 42 noise calls in January 2017. More than half of the total calls came from the Town of Gilbert; with one resident placing ten calls during the month.

Noise Calls	January		% Change	FYTD		% Change
	FY16	FY17		FY16	FY17	
Calls	17	42	147%	112	138	23%

Type of Aircraft	January		% Change	FYTD		% Change
	FY16	FY17		FY16	FY17	
	Calls	Calls	Calls	Calls	Calls	Calls
Unknown Jet	8	4	-50%	39	15	-62%
MD-83	2	15	650%	12	29	141%
A-319	1	4	300%	15	18	20%
Other Commercial	0	2	100%	1	7	600%
Commercial Total	3	21	600%	28	58	107%
General Aviation Total	0	2	100%	0	13	100%
Military Total	6	15	150%	45	52	16%
TOTAL	17	42	147%	112	138	23%

Location	January				% Change	FYTD				% Change
	FY16		FY17			FY16		FY17		
	Callers	Calls	Callers	Calls	Calls	Callers	Calls	Callers	Calls	Calls
Mesa	6	14	3	5	-64%	32	76	24	77	1%
Gilbert	1	1	11	23	2200%	16	17	28	43	153%
Gold Canyon	0	0	1	1	100%	1	1	1	1	0%
Queen Creek	2	2	2	7	-250%	15	16	3	9	-44%
Queen Valley	0	0	0	0	N/A	1	1	0	0	-100%
San Tan Valley	0	0	3	3	100%	1	1	5	5	400%
Unknown	0	0	2	3	100%	0	0	2	3	100%
TOTAL	19	17	22	42	147%	66	112	63	138	23%

Engineering & Facilities

PMGAA is progressing with the North Apron Area Replacement Project. This important construction project is removing and replacing approximately 1,000,000 square feet of concrete (more than 17 football fields). Phase II is complete and the demolition has started for Phase III. Project managers anticipate a Phase III completion date in early May 2017.



Phase II complete



Phase III underway

Preliminary hydrologic and hydraulic design for the Ellsworth Channel Relocation has been approved by PMGAA, the City of Mesa, and the Flood Control District of Maricopa County. The final design package is expected to be awarded by the Board in April 2017.

Planning and Zoning

The Airport Land Use Compatibility Plan Update is complete and was approved by the Board at the February 21, 2017 meeting. Next steps involve recording the map documents with the County Recorder's offices and working with the local communities to incorporate plan recommendations into local and county zoning, along with the creation of a height overlay map to identify maximum allowable heights near the airport to protect airspace.

Environmental and Archaeological

In April 2016, PMGAA completed an Air Traffic Control Tower Site Survey to determine the optimal location of a new air traffic control tower. Based on the results of the survey, the new air traffic control tower would be located 410 feet northwest of the existing tower. A Request for Qualifications (RFQ) for consultants interested in conducting an Environmental Assessment (EA) for development of the new air traffic control tower was issued in November 2016. An evaluation committee reviewed the qualifications of all submittals received and determined that Landrum & Brown best satisfied the requirements. Landrum & Brown have provided a scope of work and proposed budget in preparation for Board approval.

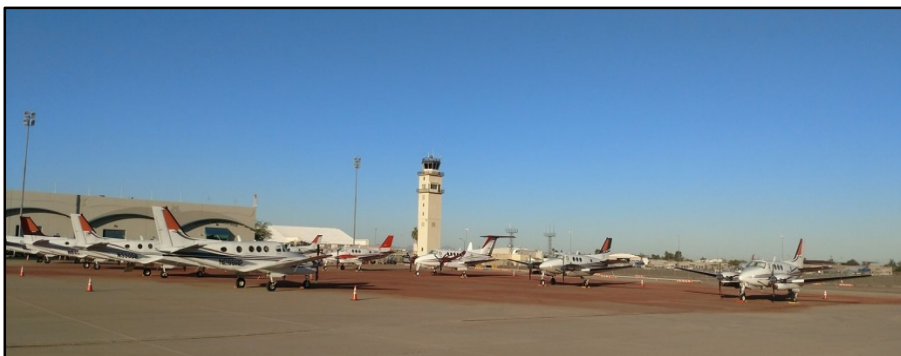
Gateway Aviation Services

Fuel-related revenues for January 2017 were up 7% over January last year and 7% higher than the FY17 budget. PMGAA saw net positive revenue for both retail Jet-A and AvGas sales during the month. FYTD, fuel-related revenues are 3% less than the same time period last fiscal year, but 9% above FY17 budget.

Fuel-Related Revenue	January			FYTD		
	FY2016	FY2017	% Change	FY2016	FY2017	% Change
Net Retail (Jet)	\$72,076	\$107,595	49%	\$420,069	\$616,470	47%
Net AvGas	\$40,689	\$43,458	7%	\$284,645	\$308,133	8%
Storage Fees	\$28,356	\$26,326	-7%	\$157,875	\$169,461	7%
Upload Fees	\$250,250	\$242,113	-3%	\$1,548,411	\$1,240,165	-20%
TOTAL	\$391,371	\$419,492	7%	\$2,411,000	\$2,334,229	-3%

Fuel (Gallons)	January			FYTD		
	FY2016	FY2017	% Change	FY2016	FY2017	% Change
Retail (Jet)	35,332	52,613	49%	211,457	314,787	49%
AvGas	34,989	38,220	9%	236,157	277,068	17%
Contract	313,679	323,406	3%	2,044,308	1,829,581	-11%
Commercial	1,031,122	957,294	-7%	5,740,788	6,164,679	7%
TOTAL	1,415,122	1,371,533	-3%	8,232,710	8,586,115	4%

Gallons of fuel sold for the month of January were down 3% year over year but are up 4% FYTD. Retail Jet-A and AvGas were up 49% and 9% respectively. Contract gallons are also up year over year due to a strong month of military activity and continued increase in non-commercial flight activity. Commercial fuel delivery has increased by 7% FYTD.



USFS aircraft on the ramp

The United States Forest Service (USFS) was very active at the airport during the month of February conducting lead and attack training missions in preparation for the upcoming fire season.

You may have seen this aircraft traversing the East Valley during the month of February. Bombardier is conducting tests at the airport with its CS100 aircraft. Gateway Airport has become popular among airlines looking to test the operational capabilities and efficiency of their aircraft equipment. We offer exceptional customer service, three long runways, and great flying weather.



Bombardier CS100 making a fuel stop

Human Resources

PMGAA continues to “revamp” its human resources performance management system. Supervisors and employees will now benefit from real-time, continuous feedback instead of a one-time annual performance review.

PMGAA welcomed new Deputy Director/COO Scott Brownlee to the team in February. Scott is a seasoned and knowledgeable aviation professional who brings a high level of commercial and general aviation management experience, as well as state and federal aviation experience to Gateway Airport. Welcome Scott!

Business Development

The PMGAA Board approved a two-year license agreement for taxicab service at the passenger terminal with AAA Cab Service, Inc., effective March 1, 2017. The new license agreement will generate \$127,800 in operating revenue over the initial term of the agreement.

PMGAA is currently in various stages of negotiation with four (4) companies. Two of the discussions are expansions/renewals with current tenants that, if successful, would absorb 771 SF of space and contribute \$10,000 annually to Airport operating revenues. Two of the opportunities are with companies looking to lease land and facilities at the Airport worth approximately \$50,648 annually in new Airport operating revenue.

The Airport's evaluation team has concluded site visits for the two finalists for the ongoing Master Developer solicitation. The team has additional due diligence to complete before making its recommendation to the PMGAA Board in April/May 2017.

Strategic Communications and Government Relations



Cleveland service water cannon salute

Allegiant launched new nonstop service to Cleveland on February 17th. Gateway Airport celebrated the new Allegiant service with a reception at the gate and a traditional water cannon salute. PMGAA would like to thank Allegiant for their continued investment in the Phoenix-Mesa area.

Congressman Andy Biggs visited the airport and participated in a roundtable discussion sponsored by Visit Mesa and the U.S. Travel Association. We took the opportunity to give the Congressman a tour of the airfield and our air traffic control tower.

The Russian-built Antonov 124 cargo aircraft visited Gateway Airport in February to pick up some equipment from Boeing. Various members of the PMGAA Board and Boeing team members took the opportunity to tour the inside the enormous aircraft before it departed for Hawaii on its way to the Australian Air Show.



Antonov 124 readies for take-off

PMGAA Executive Director/CEO J. Brian O'Neill, A.A.E. and PMGAA Strategic Communications and Government Relations Manager Ryan Smith joined Mesa Mayor and PMGAA Chairman John Giles and Mesa Deputy City Manager Scott Butler for a trip to Washington D.C to meet with members of the Arizona Congressional Delegation, U.S. House and U.S. Senate staff, and the Federal Aviation Administration (FAA). The purpose of the trip was to gain support for an FAA Reauthorization Bill that includes a provision removing the FAA Airport Improvement Program (AIP) funding cap of \$2 million for construction of contract air traffic control towers. The group also advanced discussions regarding future plans for the regional Airport Surveillance Radar (ASR) located on the eastside of the Airport.

Community Relations

The PMGAA Community Relations Department was very active during the month of February, providing Airport tours, civic and community presentations, and participating on an increasing number of community and business organization boards of directors. PMGAA staff also released the first Allegiant Alliance *"I Pledge Allegiant..."* video message on social media channels. Great job team!



Future pilots on a recent Airport tour



**MINUTES OF PUBLIC MEETING OF THE
PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
BOARD OF DIRECTORS | February 21, 2017**

A public meeting of the Phoenix-Mesa Gateway Airport Authority was convened on February 21, 2017, beginning at 9:00 a.m. in the Board Room (Saguaro A & B) of the Gateway Administration Building, 5835 South Sossaman Road, Mesa, Arizona.

Members Present

Mayor John Giles, Mesa
Mayor Jenn Daniels, Gilbert
Mayor Jeff Serdy, Apache Junction
Mayor Gail Barney, Queen Creek
Lt. Governor Monica Antone, Gila River Indian
Community
Councilmember Thelda Williams, Phoenix

Airport Staff Present

J. Brian O’Neill, Executive Director/CEO
Scott Brownlee, Deputy Director/COO
Chuck Odom, CFO
Maria Gonzalez, Clerk of the Board
Ann Marie Anderson, Attorney

Members of the Public

Roc Arnett
Aric Bopp, City of Mesa
Matt Busby, City of Apache Junction
Tracy Corman, Town of Queen Creek
Kent Dibble, Dibble Engineering
Bob Halbekath, Horizon Aero
Fred Himovitz, HPI
Brian Howard, CEI
Kunal Jain, Thai Chili
Anthony Jeffers, Hensel Phelps
Mara Kelly, City of Phoenix

Councilmember Robin Barker, City of Apache Junction
John Lewis, East Valley Partnership
Jim McCauley, Wells Fargo
Bryant Powell, City of Apache Junction
Jordan Rose, Rose Law Group
Stephanie Salazar, Arizona State University
Scott Sikel, HDR
Angela Talbot, JE Dunn
Councilmember Kevin Thompson, City of Mesa
Heather Wilkey, Town of Gilbert
John Williams, Ricondo & Associates

1. **Call to Order** at 9:00 a.m. (Mayor John Giles, Chair)

2. **Call to the Public.**

There were no public comments.

3. **Executive Director’s Report** – J. Brian O’Neill, A.A.E., Executive Director/CEO

Mr. O’Neill introduced Mr. Scott Brownlee as the new Deputy Director/COO of PMGAA.

The Board of Directors received information related to operational activity, noise summary, fuel sales, and financials. Fiscal Year-to-Date (FYTD) actual Net Income is \$221,483.

The inaugural flight to Cleveland, OH took place on Friday, February 17, 2017 at 7:30 a.m. The flight was 100% full.

WestJet Airlines service to Calgary and Edmonton indicate load factors are significantly higher than anticipated. The operation at Gateway is not having a negative impact on the Phoenix operation, indicating “new” customers in the East Valley.

Gateway Airport successfully completed the 2017 Federal Aviation Administration (FAA) Part 139 Certification Inspection with no reportable conditions, setting the bar for Airports in the region. Some items included in the inspection were Airport Rescue/Fire Fighting equipment, training, and response times; Airport Emergency Plan; paved/unpaved safety areas and runway approaches; airfield markings, signage, and lighting. Mr. O'Neill commended the Operations and Engineering teams for their commitment to keep Gateway operating safely and efficiently.

Barrio Brewing Company is under construction with an "must" open date of April 30, 2017. A facility tour will be coordinated for the Board.

Gateway hosted the Antonov (AN-124), which is under contract with Boeing to transport their product around the world. The aircraft departed on Monday, February 20 and will return to Gateway in mid-March.

Community Outreach continues to be an important strategic goal of PMGAA with concentration on being a better neighbor and community citizen. There has been an increase in community outreach efforts and the number of local groups visiting to learn more about the airport, jobs at the airport, and aviation in general. PMGAA is committed to continue community outreach efforts and is exploring opportunities to create an educational component for elementary school children and potentially their curriculums.

Gateway continues to be the busiest contract air traffic control tower in the country.

4. Presentation: FY18 Budget, Capital Budget and CIP – Chuck Odom, Chief Financial Officer

Mr. Odom provided a conceptual budget for the Board's review with plans to return in March for adoption of the FY18 Budget, Capital Budget and CIP.

5. Consent Agenda

- a. **Minutes** of the Special Telephonic Board Meeting held on **January 25, 2017**.
- b. **Resolution No. 17-04** Adoption of revised **Airport Rates & Charges** schedule effective March 1, 2017.

Councilmember Thelda Williams moved to approve the Consent Agenda; Mayor Barney seconded the motion. The motion was carried unanimously.

Consideration and Possible Approval of:

5. **Resolution No. 17-05** Approval of the **Airport Land Use Compatibility Plan (ALUCP) Update** and recommendations, including directing staff to complete Plan implementation with adjacent communities and counties.

Mr. Anthony Bianchi provided the Board with a final presentation of the ALUCP. By way of background, the Board approved Resolution No. 16-25 on July 19, 2016 with intent to approve the plan and its recommendations and directing PMGAA staff to work with the adjacent communities to ensure their concerns were addressed. Individual and combined meetings with Queen Creek, Mesa, Gilbert, Maricopa County and Pinal County were conducted. The updated plan and recommendations are based on outreach applicable to new development and is not a proposed change to flight patterns.

Next steps pending Board approval would be to 1) record updated Airport Overflight Area Map with the County Recorders, 2) implementation through City, Town, and County zoning processes, and 3) finalize the height guidance and overlay with adjacent communities.

Councilmember Thelda Williams moved to approve Resolution No. 17-05; Mayor Barney seconded the motion. The motion was carried unanimously.

- 6. Resolution No. 17-06** Authorizing an agreement with **AAA Cab Services, Inc. (DBA Yellow Cab)** for taxicab service at the Charles L. Williams Passenger Terminal.

Mayor Gail Barney moved to approve Resolution No. 17-06; Lt. Governor Monica Antone seconded the motion. The motion was carried unanimously.

8. Board Member Comments/Announcements

There were no comments/announcements.

- 9. Next Meeting:** Tuesday, March 21, 2017 at 9:00 a.m. in the Board Room (Saguaro A & B) of the Gateway Administration Building, 5835 South Sossaman Road, Mesa, Arizona.

10. Adjournment.

The meeting adjourned at 9:50 a.m.

Dated this _____ day of _____, 20_____.

Maria E. Gonzalez, Clerk of the Board



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Bob Draper, P.E., LEED AP, Engineering & Facilities Director
Through: Scott Brownlee, Deputy Director/COO
J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Authorizing Applications and Acceptance of ADOT Grants and/or Loans
Date: March 21, 2017

Proposed Motion

To authorize the filing of grant applications including agreeing to all understandings and assurances contained therein; and, authorizing the acceptance and execution of any Arizona Department of Transportation (ADOT) grant offer(s) or loan(s) applied for or received between July 1, 2017 and June 30, 2018 by the Airport Authority Chairman of the Board, Executive Director/CEO or Deputy Director/COO.

Narrative

ADOT received the Phoenix-Mesa Gateway Airport Authority (PMGAA) Airport Capital Improvements Program (fiscal years 2018-2022) and the 2008 Airport Master Plan Update. ADOT may offer PMGAA a grant or multiple grants for capital improvements projects at any time during the year.

Staff requests authority to prepare grant applications and/or loan requests and submit to ADOT for capital planning and construction projects. PMGAA intends to accept offer(s) received, agrees to accomplish the described development, and will comply with the terms and conditions of the grant agreement(s) and/or loan agreements, including maintaining compliance with the assurances made as part of the project application(s).

Fiscal Impact

Grants from ADOT make the capital improvement program at the Airport financially feasible and also make the Airport eligible for federal grant awards.

Attachment(s)

N/A



RESOLUTION NO. 17-07

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Authority desired to accept any grant offer(s) and/or loan(s) from the Arizona Department of Transportation;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes the filing of grant applications including agreeing to all understandings and assurances contained therein; and, authorizing the acceptance and execution of any Arizona Department of Transportation (ADOT) grant offer(s) and/or loan(s) applied for or received between July 1, 2017 and June 30, 2018 by the Airport Authority Chairman of the Board, Executive Director/CEO or Deputy Director/COO. This resolution also authorizes the Chair or Executive Director/CEO to execute such contract, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Phoenix-Mesa Gateway Airport Authority this 21st day of March, 2017

Jenn Daniels, Vice Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Ann-Marie Anderson, Attorney



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Bob Draper, P.E., LEED AP, Engineering & Facilities Director
Through: Scott Brownlee, Deputy Director/COO
J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Authorizing Applications and Acceptance of FAA Grants
Date: March 21, 2017

Proposed Motion

To authorize the filing of grant applications including agreeing to all understandings and assurances contained therein; and, authorizing the acceptance and execution of any Federal Aviation Administration (FAA) grant offer(s) applied for or received between July 1, 2017 and June 30, 2018 by the Airport Authority Chairman of the Board, Executive Director/CEO or Deputy Director/COO.

Narrative

The FAA has received the Phoenix-Mesa Gateway Airport Authority (PMGAA) Airport Capital Improvements Program (fiscal years 2018-2022) and the 2008 Airport Master Plan Update. The FAA may offer PMGAA a grant or multiple grants for capital improvements projects at any time during the year.

Staff requests authority to prepare grant applications and submit to the FAA for capital planning and construction projects. PMGAA further requests authority to accept offer(s) received, agrees to accomplish the described development or scope, and comply with the terms and conditions of the grant agreement(s), including maintaining compliance with the assurances made as part of the project application(s).

Fiscal Impact

Grants from the FAA make the capital improvement program at the Airport financially feasible and leverage additional grant awards.

Attachment(s)

N/A



RESOLUTION NO. 17-08

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Authority desired to accept any grant offer(s) from the Federal Aviation Administration;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes the filing of grant applications including agreeing to all understandings and assurances contained therein; and, authorizing the acceptance and execution of any Federal Aviation Administration (FAA) grant offer(s) applied for or received between July 1, 2017 and June 30, 2018 by the Airport Authority Chairman of the Board, Executive Director/CEO or Deputy Director/COO. This resolution also authorizes the Chair or Executive Director/CEO to execute such contract, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Phoenix-Mesa Gateway Airport Authority this 21st day of March, 2017 .

Jenn Daniels, Vice Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Ann-Marie Anderson, Attorney



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Bob Draper, P.E., LEED AP, Engineering & Facilities Director
Through: Scott Brownlee, Deputy Director/COO
J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Environmental Assessment for a New Air Traffic Control Tower
Date: March 21, 2017

Proposed Motion

To authorize a Professional Service Agreement with Landrum & Brown, Inc. to perform an Environmental Assessment (EA) for the construction of a new Air Traffic Control Tower (ATCT) in an amount not-to-exceed \$146,683 subject to final approval of FAA PFC #5 for Phoenix Mesa Gateway Airport.

Narrative

Airport flight operations are currently controlled from a 106 foot (eye level height) ATCT built by the Air Force in 1970, located in the southwestern portion of the airport. However, the existing ATCT does not comply with current code requirements for new construction, in addition to facing mechanical and space issues as well as identified line of sight concerns.

In April, 2016 the Federal Aviation Administration (FAA) conducted a siting study to determine the optimum location and height for a new ATCT in accordance with FAA guidelines for siting and design standards, while also considering the existing airport development plan. Five sites were evaluated utilizing the FAA's Airway Facilities Tower Integration Lab to evaluate the line of sight from the prospective ATCT sites to the airport movement areas as well as the orientation and equipment layout of the cab. A final location was determined through this evaluation and is to be located approximately 410 ft northwest of the existing tower. The tower is proposed with a 164 ft eye level height (with the top of the tower at 194 ft) with an increased cab size of 550 sq ft; the existing cab size is 225 sq ft.

Request for Qualifications 2017-015-RFQ for an Environmental Assessment for a New ATCT was issued on November 7, 2016. The RFQ was advertised in the Arizona Business Gazette on November 10th, 17th and 24th, posted on the Airport's website as well as advertised on three websites: Airports Consultant Council, the Airports Council International - North America, and Arizona Airports Association. In addition, nine prospective respondents received a copy of the solicitation directly. The Statements of Qualifications (SOQ's) opened on December 1, 2016 and five SOQ's were received. The Evaluation Committee reviewed all SOQ's received and determined the qualifications from Landrum & Brown, Inc. best satisfied the requirements for PMGAA, based on the award criteria. Landrum & Brown Inc.'s specific experience with environmental assessments for air traffic control towers, project leadership, staffing as well as their project understanding and approach offers the best overall service for PMGAA.

Fiscal Impact

This contract was included in the FY17 budget and will be funded with Passenger Facility Charges under CIP 945.

Attachment(s): N/A



RESOLUTION NO. 17-09

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Authority desired to enter into an agreement with Landrum & Brown, Inc.;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes a Professional Service Agreement with Landrum & Brown, Inc. to perform an Environmental Assessment (EA) for the construction of a new Air Traffic Control Tower (ATCT) in an amount not-to-exceed \$146,683, subject to final approval of FAA PFC #5 for Phoenix Mesa Gateway Airport. This resolution also authorizes the Chair or Executive Director/CEO to execute such Agreement, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Phoenix-Mesa Gateway Airport Authority this 21st day of March, 2017.

Jenn Daniels, Vice Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Ann-Marie Anderson, Attorney



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Chuck Odom, Chief Financial Officer
Through: J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Operating Budget, Capital Budget, and Member Government Contributions for Fiscal Year ending June 30, 2018.
Date: March 21, 2017

Proposed Motion

To adopt the proposed Operating Budget, Capital Budget, and Member Government Contributions for the fiscal year ending June 30, 2018.

Narrative

The following is an overview of the proposed budgets and member contributions.

Key Assumptions – FY18 Budget

1. All comparisons regarding operating forecasts, operating revenues, and operating expenses are calculated using Phoenix-Mesa Gateway Airport Authority's (PMGAA) FY17 Budget.
2. No increase in member contributions for FY18.
3. Commercial Passengers: Enplaning passenger activity will remain flat at 665,650 in FY18. Commercial passengers are the key drivers for non-aeronautical revenues including parking, concessions, and rental cars.
4. Commercial Operations: Commercial aircraft landings will increase by 2.2% in FY18 when compared to FY17. Due to change in the fleet of commercial flights, load factors are anticipated to drop. Commercial aircraft landings generate landing fees and other aeronautical revenue. Passenger capacity is smaller with new fleet.
5. Lease Income - Non Aeronautical: Staff will continue to aggressively pursue additional facility and ground lease agreements. Non-aeronautical lease revenues are projected to increase by \$162k in FY18.
6. Fuel Markets: Fuel market prices will be constant through the budget year.
7. Operating Revenues: Revenues are projected to **increase** by approximately 4% from **\$18.2 million** in FY17 to **\$18.9 million** in FY18.
8. Direct Operating Expenses: Expenditures are projected to **increase** approximately 4% from **\$18.2 million** in FY17 to **\$18.9 million** in FY18.
9. Air-Service Incentive Program remains the same for FY18; **\$2.0 million** funded from unrestricted cash reserves (prior year member non-aeronautical related contributions).
10. Total operating expenditures are **\$22.8 million** with the inclusion of potential expenditures related to



the air service incentive program and a 10% contingency calculated on total direct operating expenses.

Revenue Highlights:

Aeronautical Vs. Non-Aeronautical Revenues:

Revenue	FY17 Budget	FY18 Budget	Difference	%
Aeronautical Revenue	\$ 11,618,376	\$ 12,066,381	\$ 448,005	4%
Non-Aeronautical Revenue	6,558,040	6,877,680	319,640	5%
Total Revenues	\$ 18,176,416	\$ 18,944,061	\$ 767,645	4%

Total Operating Revenues:

Revenue	FY17 Budget	FY18 Budget	Difference	%
Aero Ope Rev: Aircraft Parking	\$ 227,421	\$ 236,800	\$ 9,379	4%
Aero Oper Rev: Fuel Flowage	390,000	549,000	159,000	41%
Aero Oper Rev: Landing Fees	846,255	958,344	112,089	13%
Aero Oper Rev: Lease Income	2,196,582	2,153,945	(42,637)	-2%
Aero Oper Rev: Svcs Sold	3,812,358	4,169,352	356,994	9%
Aero Oper Rev: Fuel Sales	4,145,760	3,998,940	(146,820)	-4%
Non-Aero Oper Rev: Concess	600,310	574,297	(26,013)	-4%
Non-Aero Oper Rev: Lease Income	1,000,086	1,161,642	161,556	16%
Non-Aero Oper Rev: Parking	3,156,521	3,297,637	141,116	4%
Non-Aero Oper Rev: Rental Car	1,704,739	1,753,520	48,781	3%
Non-Aero Oper Rev: Svcs Sold	96,384	90,584	(5,800)	-6%
Total Operating Revenue	\$ 18,176,416	\$ 18,944,061	\$ 767,645	4%



Total Operating Expenditures:

Expense	FY17 Budget	FY18 Budget	Difference	%
Communications & Utilities	\$ 858,859	\$ 945,751	\$ 86,892	10%
Contractual Services	4,535,732	4,818,645	282,913	6%
Costs of Goods Sold	2,687,044	2,696,330	9,286	0%
Insurance	327,314	327,314	0	0%
Other	458,395	290,881	(167,514)	-37%
Personel and Compensation Benefits	7,597,624	8,049,157	451,533	6%
Repair & Maintenance	902,925	937,930	35,005	4%
Supplies & Materials	787,630	877,420	89,790	11%
Total Direct Operating Expenses	\$ 18,155,523	\$ 18,943,428	\$ 787,906	4%
Air Incentive		2,000,000		
Contingency		1,894,000		
Total Operating Expense		\$ 22,837,428		

Capital Improvement Program (CIP) Project Summary

The total Capital Budget for FY18 is **\$18.76 million** including **\$1,320,642** for capital projects that will be carried over from FY17 to FY18. The recommended FY18 capital projects are listed in [Attachment 2](#) with more detailed explanations of projects in [Attachment 3](#).

Capital Improvement Program Funding Summary

FAA	\$ 8,468,580
ADOT	1,495,710
PFCs	2,850,000
Member Contributions	4,060,000
PMGAA Cash Reserve	261,710
PMGAA Carry Forward*	1,320,642
Capital/Maintenance Reserve	300,000
Total for FY18	\$ 18,756,642

* All carryovers are funded through PMGAA, excluding \$40,000 funded through ADOT.



Member Government Contributions

PMGAA is recommending no changes to the Member Government contributions from FY17 to FY18. The recommended contributions for FY18 are as follows:

City of Mesa	\$ 1,700,000
City of Phoenix	1,300,000
Gila River Indian Community	450,000
Town of Gilbert	350,000
Town of Queen Creek	130,000
City of Apache Junction	130,000
Total for FY18	<u>\$ 4,060,000</u>

- Attachments:**
1. FY18 Proposed Operating Budget
 2. Proposed FY18 Capital Budget
 3. FY18 Capital Improvement Project Descriptions
 4. Map of FY18 Capital Projects
 5. Graphs



RESOLUTION NO. 17-10

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Authority is required pursuant to Arizona Revised Statute and Section 9 of the Joint Powers Airport Authority Agreement to recommend to the governing bodies of the Authority’s members an operating budget, capital budget, and capital improvement program for each fiscal year; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorize the adoption of the Phoenix-Mesa Gateway Airport Authority Fiscal Year 2018 Operating Budget in the amount of \$22,837,428, the Phoenix-Mesa Gateway Airport Authority Fiscal Year 2018 Capital Improvement Program Budget of \$18,756,642 and incorporated as if fully set forth herein, subject to the authority granted to the Executive Director/CEO under Board Policy #15-04, and including the member government contributions and proportions provided as follows: City of Mesa \$1,700,000 (41.87%); City of Phoenix \$1,300,000 (32.02%); Gila River Indian community \$450,000 (11.09%); Town of Gilbert \$350,000 (8.62%); Town of Queen Creek \$130,000 (3.20%); City of Apache Junction \$130,000 (3.20%).

Passed and adopted by the Phoenix-Mesa Gateway Airport Authority this 21st day of March, 2017.

Jenn Daniels, Vice Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Ann-Marie Anderson, Attorney

Phoenix-Mesa Gateway Airport Authority
 Operating Budget
 Fiscal Year Ending June 30, 2018

Attachment 1

Airport Operating Activities

	FY17 Budget	FY18 Budget	% change from FY17 Budget
OPERATING REVENUES			
Aeronautical			
Aircraft Parking	\$ 227,421	\$ 236,800	4%
Fuel Flowage Fees	390,000	549,000	41%
Landing Fees	846,255	958,344	13%
Lease Income	2,196,582	2,153,944	-2%
Products Sold	4,145,760	3,998,940	-4%
Services Sold	3,812,358	4,169,352	9%
Sub-total Aeronautical Revenues	<u>11,618,376</u>	<u>12,066,381</u>	4%
Non-Aeronautical			
Concessions Fees	\$ 600,311	\$ 574,297	-4%
Lease Income	1,000,086	1,161,642	16%
Parking & Ground Transportation	3,156,521	3,297,637	4%
Rental Car Fees	1,704,739	1,753,520	3%
Services Sold	96,384	90,584	-6%
Sub-total Non-Aeronautical Revenues	<u>6,558,040</u>	<u>6,877,680</u>	5%
Total Operating Revenues	<u>\$ 18,176,416</u>	<u>\$ 18,944,061</u>	4%
DIRECT OPERATING EXPENSES			
Costs of Goods Sold	\$ 2,687,044	\$ 2,696,330	0%
Communications & Utilities	858,859	945,751	10%
Contractual Services	4,535,732	4,818,645	6%
Insurance	327,314	327,314	0%
Personnel Compensation & Benefits	7,597,624	8,049,157	6%
Repair & Maintenance	902,925	937,930	4%
Supplies & Materials	787,630	877,420	11%
Other	458,395	290,881	-37%
Total Direct Operating Expenses Prior to Incentives or Contingency	<u>\$ 18,155,523</u>	<u>\$ 18,943,428</u>	4%
Air-Service Incentive Program		2,000,000	
10% Contingent Liability		\$ 1,894,000	
Total Incentive and Operating Contingency		<u>\$ 3,894,000</u>	
Total Operating Expenses and Incentives/Contingency		<u>\$ 22,837,428</u>	
Potential Usage of Unrestricted Cash Reserve		<u>3,894,000</u>	
Total Operating Results		<u>\$ 632</u>	

Phoenix - Mesa Gateway Airport Authority
Proposed FY18 Capital Budget - Attachment 2
Allocations of Capital Funds

Cost Center	Project ID - Project Name	TotalCostEstimateLatest	ABC Priority	Priority
Landside	722 - Vapor Trail Parallel Storm Drain Line - Construct	\$ 1,000,000.00	B	101
Landside	443 - Construct Bldg 1080 ADA Improvements	\$ 170,000.00	C	108
Airside	649 - Construct Taxiway C Phase 3	\$ 8,400,000.00	A	101
Airside	726/728 - Design Rehab Taxiway Kilo Taxiway B to Runway 12C	\$ 1,200,000.00	A	102
Landside	925 - CR-Roof Repair or Replace	\$ 200,000.00	A	107
Airside	928 - Purchase 2 Vehicles for ENF	\$ 60,000.00	C	106
Airside	929 - Airport Master Plan Update	\$ 900,000.00	A	104
Eastside	842 - NADP Benefit Cost Analysis	\$ 200,000.00	A	101
Landside	629 - Install Entry Way Canopies - Bldg 45	\$ 50,000.00	C	106
Airside	677 - Mogas-Diesel Truck Unit 245 Replacement	\$ 100,000.00	A	103
Airside	683 - GPU 400hz/28.Ov Unit 260 Replacement	\$ 85,000.00	A	104
Airside	685 - GPU 400hz/28.Ov Unit 261 Replacement	\$ 85,000.00	A	105
Airside	912 - Three (3) Fuel Stands	\$ 60,000.00	A	106
Landside	954 - General Aviation Center Improvements Phase II	\$ 80,000.00	C	105
Airside	815 - Replacement Fuel Truck	\$ 60,000.00	C	105
Airside	1001 - Fuel Storage Facility Renewal Project Phase 2	\$ 303,500.00	A	101
Airside	859 - CR - AWOS Replacement	\$ 250,000.00	A	101
Landside	894 - CR - Parking Equipment Replace (Multi Year)	\$ 20,000.00	A	103
Airside	931 - Replacement Emergency Backup Generator Bldg 516	\$ 35,000.00	A	102
Landside	955 - Purchase Vertical Milling Machine	\$ 10,000.00	C	104
Terminal	999 - Purchase (2) Passenger Boarding Ramps	\$ 140,000.00	C	104
Airside	623 - 30R Crack Seal and overruns and shoulder	\$ 85,000.00	A	102
Airside	624 - CR- G/K/P shoulders Crack Fill, Seal, Stripe	\$ 30,000.00	A	101
Landside	953 - CR - Landside Pavement Condition Analysis	\$ 30,000.00	C	104
Airside	956 - CR - Whiskey RON Pad Maintenance	\$ 35,000.00	A	103
Landside	871 - Security 2018 - Greater Visibility Sensitive Areas	\$ 25,500.00	A	101
Non-Aero	975 - Safety Management System Implementation	\$ 40,000.00	A	102
Airside	699 - ARFF Truck Replacement	\$ 1,050,000.00	A	101
Terminal	1004 - Terminal Baggage Claim Expansion	\$ 1,800,000.00		
Airside	881 - Purchase 2 full size 1/2 ton pick-ups	\$ 75,000.00	A	102
Airside	882 - Purchase 2 full size 1/2 ton pick-ups	\$ 75,000.00	A	101
Airside	976 - Replace ARFF Attack Command Vehicle	\$ 80,000.00	A	105
Terminal	980 - Replace Aged Golf Carts	\$ 30,000.00	A	103
Airside	993 - New truck for second electrician	\$ 37,000.00	C	106
Airside	997 - Vehicle - New fleet addition light duty truck	\$ 22,000.00	C	104
Non-Aero	864 - US Customs Technology Refresh	\$ 25,000.00	A	105
Non-Aero	869 - Security 2018 - Servers Lenel System	\$ 38,000.00	A	102
Non-Aero	874 - Tech Refresh - Server \$40k - SharePoint Consulting \$35k	\$ 75,000.00	A	106
Non-Aero	877 - Technology Refresh - Storage Area Network-Multi Yr	\$ 150,000.00	A	103
Non-Aero	994 - Admin Building Copier Refresh	\$ 25,000.00	A	104
		\$ 17,136,000.00		

FAA	Arizona	PMGAA	PFC	Totals
		\$ 1,000,000.00		\$ 1,000,000.00
		\$ 170,000.00		\$ 170,000.00
\$ 7,649,040.00	\$ 375,480.00	\$ 375,480.00		\$ 8,400,000.00
	\$ 1,080,000.00	\$ 120,000.00		\$ 1,200,000.00
		\$ 200,000.00		\$ 200,000.00
		\$ 60,000.00		\$ 60,000.00
\$ 819,540.00	\$ 40,230.00	\$ 40,230.00		\$ 900,000.00
		\$ 200,000.00		\$ 200,000.00
		\$ 50,000.00		\$ 50,000.00
		\$ 100,000.00		\$ 100,000.00
		\$ 85,000.00		\$ 85,000.00
		\$ 85,000.00		\$ 85,000.00
		\$ 60,000.00		\$ 60,000.00
		\$ 80,000.00		\$ 80,000.00
		\$ 60,000.00		\$ 60,000.00
		\$ 303,500.00		\$ 303,500.00
		\$ 250,000.00		\$ 250,000.00
		\$ 20,000.00		\$ 20,000.00
		\$ 35,000.00		\$ 35,000.00
		\$ 10,000.00		\$ 10,000.00
		\$ 140,000.00		\$ 140,000.00
		\$ 85,000.00		\$ 85,000.00
		\$ 30,000.00		\$ 30,000.00
		\$ 30,000.00		\$ 30,000.00
		\$ 35,000.00		\$ 35,000.00
		\$ 25,500.00		\$ 25,500.00
		\$ 40,000.00		\$ 40,000.00
			\$ 1,050,000.00	\$ 1,050,000.00
			\$ 1,800,000.00	\$ 1,800,000.00
		\$ 75,000.00		\$ 75,000.00
		\$ 75,000.00		\$ 75,000.00
		\$ 80,000.00		\$ 80,000.00
		\$ 30,000.00		\$ 30,000.00
		\$ 37,000.00		\$ 37,000.00
		\$ 22,000.00		\$ 22,000.00
		\$ 25,000.00		\$ 25,000.00
		\$ 38,000.00		\$ 38,000.00
		\$ 75,000.00		\$ 75,000.00
		\$ 150,000.00		\$ 150,000.00
		\$ 25,000.00		\$ 25,000.00
\$ 8,468,580.00	\$ 1,495,710.00	\$ 4,321,710.00	\$ 2,850,000.00	\$ 17,136,000.00

Sources of PMGAA Capital Funds Summary

FAA
ADOT
PFCs
Member government contributions
PMGAA Cash Reserve
Total Sources of Funds
Carryovers from FY17
Capital/Maintenance Reserve
Totals:

FAA	Arizona	PMGAA	PFC	Totals
\$ 8,468,580.00				\$ 8,468,580.00
	\$ 1,495,710.00			\$ 1,495,710.00
			\$ 2,850,000.00	\$ 2,850,000.00
		\$ 4,060,000.00		\$ 4,060,000.00
		\$ 261,710.00		\$ 261,710.00
\$ 8,468,580.00	\$ 1,495,710.00	\$ 4,321,710.00	\$ 2,850,000.00	\$ 17,136,000.00
				\$ 1,320,642.00
				\$ 300,000.00
				\$ 18,756,642.00

Fiscal Year 2018 Capital Improvement Projects – Attachment 3

CIP #	Title/Description	Cost
	AIRSIDE	
623	RWY 30R Crack Seal including overruns and shoulder: Required maintenance for RWY 30R for Crack seal, slurry seal, and restripe.	\$85,000
624	CR- TWYs G/K/P shoulders Crack Fill, Seal, Stripe: Needed maintenance for airfield infrastructure.	\$30,000
649	Construct Taxiway C (L to RWY End 30R) - Phase 3: Construct Taxiway C from TWY L to P (30R). 75' x 4,100 including shoulders, drainage and lighting.	\$8,400,000
677	Mogas-Diesel Truck Unit 245 Replacement: Purchase a Mogas diesel Truck to replace Unit 245	\$100,000
683/685	GPU 400hz/28.0v Units 260 &261 Replacement: Replace old equipment.	\$170,000
699	ARFF Truck Replacement: Purchase an Airport Rescue and Fire Fighting apparatus as replacement for aging Oshkosh T-1500 (F21).	\$1,050,000
726/728	Twy K between RWY 12R & 12C – Design & Construct Twy K between RWY 12R & RWY 12C: 953' x 150' (17,000 SY PCCP) to Twy K, 35' x 953' (8,000 SY AC) for taxiway shoulders, including lighting, drainage, signage & marking.	\$1,200,000
815	Fuel Tanker (7,000 Gal): Multiple year lease-to-purchase agreement to acquire a new Jet-A Fuel Truck for Gateway Aviation Services.	\$60,000
859	CR - AWOS Replacement: Design, procure and install new AWOS system.	\$250,000
881/882	Purchase 4 full size 1/2 ton pick-ups: Replacements for 4 vehicles purchased in 1996 and 1997 TRK-520, TRK-552, TRK 530, & TRK 540	\$150,000
912	Three (3) Fuel Stands: Purchase three (3) fuel stands for use at the terminal to fuel larger aircraft.	\$60,000
928	Purchase 2 Vehicles for ENF: The Engineering and Facilities Department is growing and has six employees that need access to vehicles for work on PMGAA property. (1) one small SUV for a new position and 1 (one) truck to replace a salvaged vehicle.	\$60,000
929	Airport Master Plan Update: Update Master Plan for the Airport	\$900,000
931	Emergency Backup Generator Replacement, Bldg. 516: Backup Emergency Generator for Radio Repeater Building 516 - Current equipment is inoperable and not economically feasible for repair.	\$35,000
956	CR - Whiskey RON Pad Maintenance: Crack seal, seal coat and stripe Taxiway Whiskey Remote RON Pad.	\$35,000

976	Replace ARFF Attack Command Vehicle: Replace 1995 Attack 20, Fire-fighting command truck.	\$80,000
993/997	New vehicles for 2nd airfield electrician and 1 new fleet truck: Purchase new work truck for new airfield electrician and Purchase and outfit a light duty service truck. Tool box and ladder rack. Beacons/lights for AOA driving. (No ATC radio)	\$59,000
1001	Fuel Storage Facility Renewal Project Phase 2: Continuation of various improvements for safety and efficiency.	\$303,500
EASTSIDE		
842	NADP Benefit Cost Analysis: Prepare a benefit cost analysis for the East Side Terminal complex and supporting facilities. The BCA is designed to guide the FAA in its consideration of discretionary AIP funding for the new future east side terminal.	\$200,000
TERMINAL		
980	Replace Aged Golf Carts: Replace three 1996 Golf carts utilized by the OPM department to support daily terminal operations.	\$30,000
999	Purchase (2) Passenger Boarding Ramps: Purchase (2) Passenger Boarding Ramps to support air carrier operations.	\$140,000
1004	West Term Expansion Phase IV: Baggage claim improvements to facilitate passenger increases and expectation.	\$1,800,000
LANDSIDE		
443	Construct Bldg. 1080 ADA Improvements: Construction of Remodel/upgrade restrooms in Bldg. 1080 to meet ADA requirements in a commercial bldg.	\$170,000
629	Install Entry Way Canopies - Bldg. 45: Provide shade covering on all entry ways at Bldg. 45.	\$50,000
722	Vapor Trail Parallel Storm Drain Line - Construct: Construct drainage line to parallel Vapor Trail to control stormwater runoffs South of Vapor Trail in the Aerospace Park.	\$1,000,000
871	Security 2018 - Greater Visibility Sensitive Areas: Expand our security system within the airport to allow for greater visibility of sensitive areas.	\$25,500
894	CR - Parking Equipment Replace: Replace parking system components. Margi mentioned that there would probably be an ongoing cost of approximately \$20,000 per year (on-going) to maintain/refurbish these devices.	\$20,000
925	CR-Roof Repair or Replace: Repair or replace roofs on various bldgs. (1083, 24, 32, Hangar 46, 1089, 1355, 1358)	\$200,000

953	CR - Landside Pavement Condition Analysis: Assess the condition of the landside pavements for the purpose of producing a pavement condition map; includes parking lots and roadways owned and maintained by PMGAA.	\$30,000
954	General Aviation Center Improvements Phase II: Construction of proposed improvements. Improvements to include airside entry-way, redesign of customer service desk area, and floors.	\$80,000
955	Purchase Vertical Milling Machine: Machine and fleet shop equipment	\$10,000
	NON-AERO	
864	US Customs Technology Refresh: Perform technology refresh on US Customs computer network and equipment.	\$25,000
869	Security 2018 - Servers Lenel System: Technology refresh the existing Lenel On Guard server hardware.	\$38,000
874	Tech Refresh - MS Exchange/Server/SharePoint: Upgrade current email exchange system from 2010 to 2013 and upgrade Windows Server from 2008 to 2012.	\$75,000
877	Technology Refresh - Storage Area Network: Annual technology refresh replacing current Storage Area Network devices which house all Airport data.	\$150,000
975	Safety Management System Implementation: SMS Software to track and report on Safety Hazards, Safety Recommendations, and Safety Events. 2016 SNPRM requires implementation within 24 months of the approval of the new rule for small, medium, and large hubs and airports with over 100,000 operations.	\$40,000
994	Admin Building Copier Refresh: Refresh project to replace Administration Building copiers. Two copier's multifunction to support department's needs from faxing/scanning/copying/printing.	\$25,000
N/A	Capital Project Reserve – TBD	\$200,000
N/A	Maintenance Reserve – TBD	\$100,000
	TOTAL	\$17,436,000

ATTACHMENT 4

FY18 CIP Project Locations

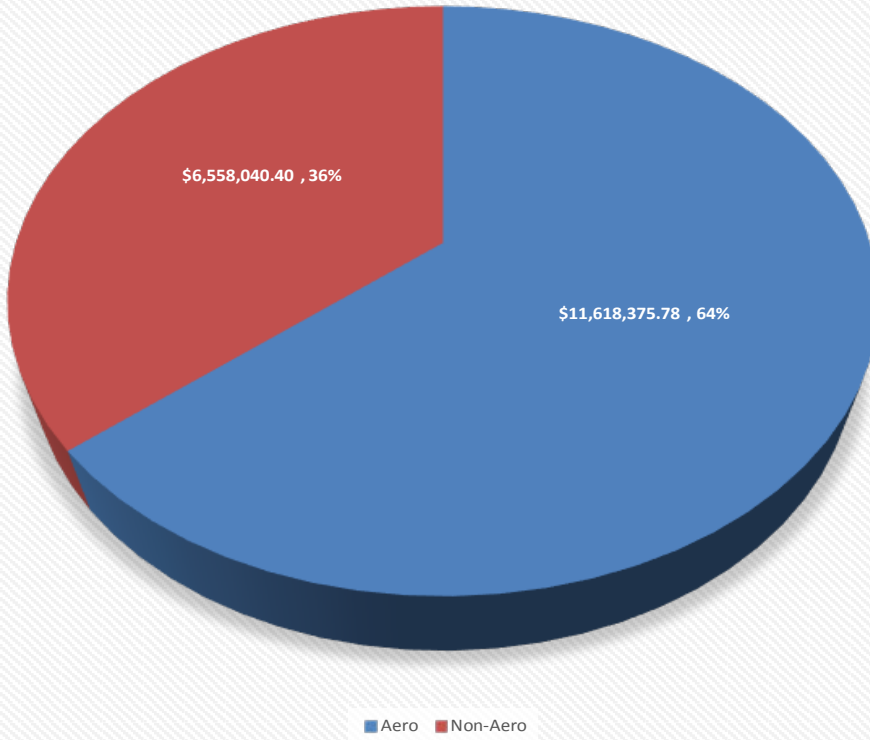
CIP projects* not shown by
location on map:

677, 699,
815, 842,
864, 869,
871, 874,
877, 881,
882, 894,
925, 928,
929, 953,
955, 975,
976, 980,
993, 994,
997

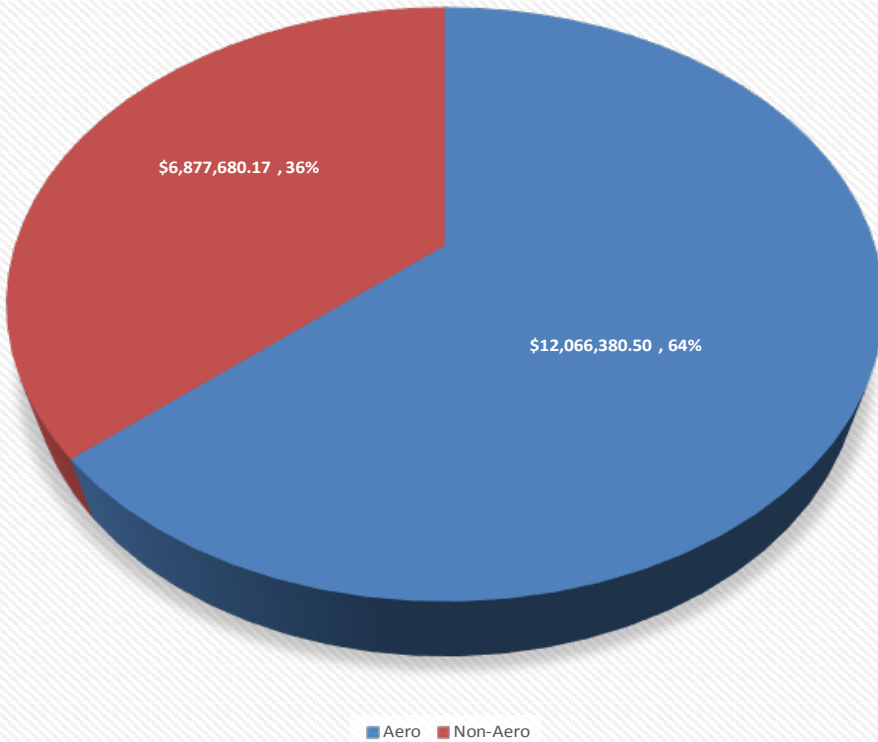
* NOTE:
See FY18 CIP project list
for all project descriptions



FY17 Budgeted Aero Vs. Non Aero Revenues

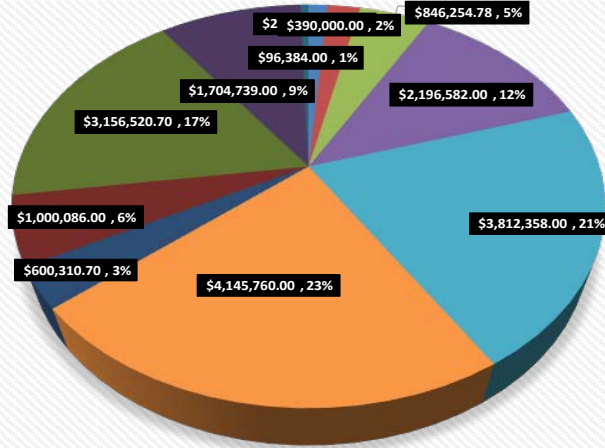


FY18 Budgeted Aero Vs. Non Aero Revenues



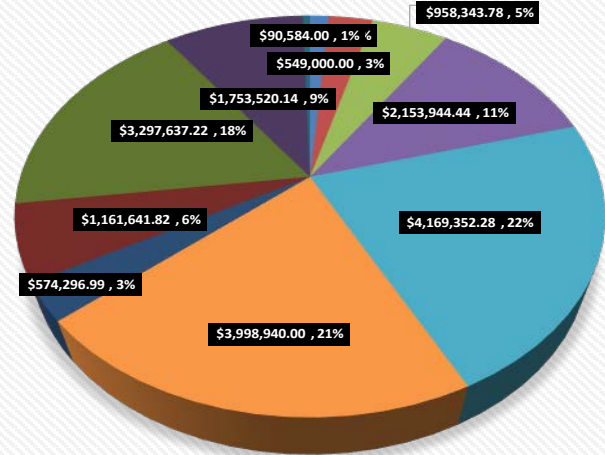
Attachment 5

FY17 Budgeted Revenues \$18.2M



- AERO OPER REVS:Aircraft Parking
- AERO OPER REVS:Lease Income Aero
- NON-AERO OPER REVS:Concessions
- NON-AERO OPER REVS:Rental Car
- AERO OPER REVS:Fuel Flowage Fees
- AERO OPER REVS:Swces Sold
- NON-AERO OPER REVS:Lease Income Non-Aero
- NON-AERO OPER REVS:Swces Sold
- AERO OPER REVS:Landing Fees
- Aeronautical Oper Revs: Fuel Sales
- NON-AERO OPER REVS:Parking & Grd Trans

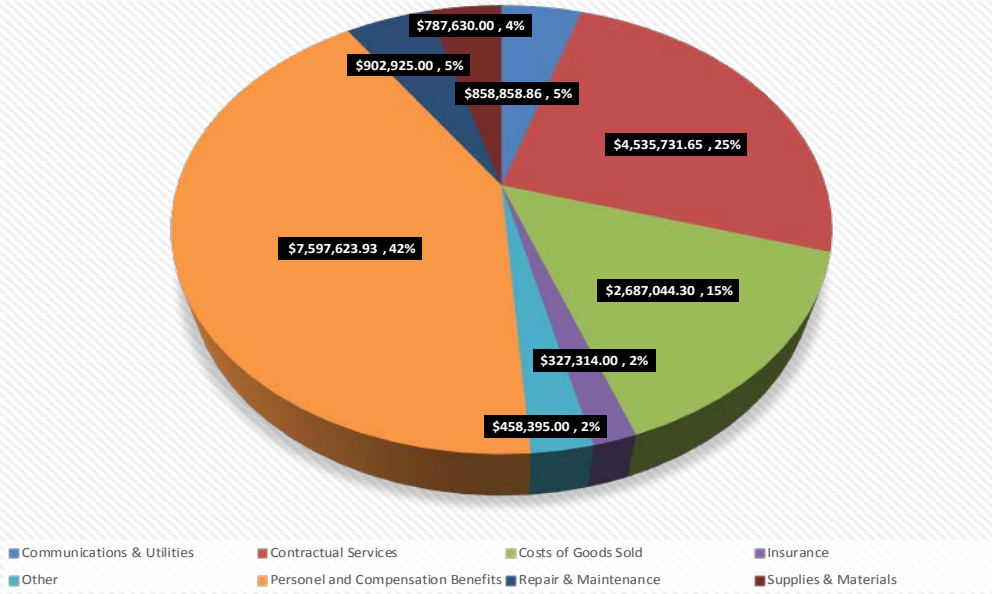
FY18 Budgeted Revenues \$18.9M



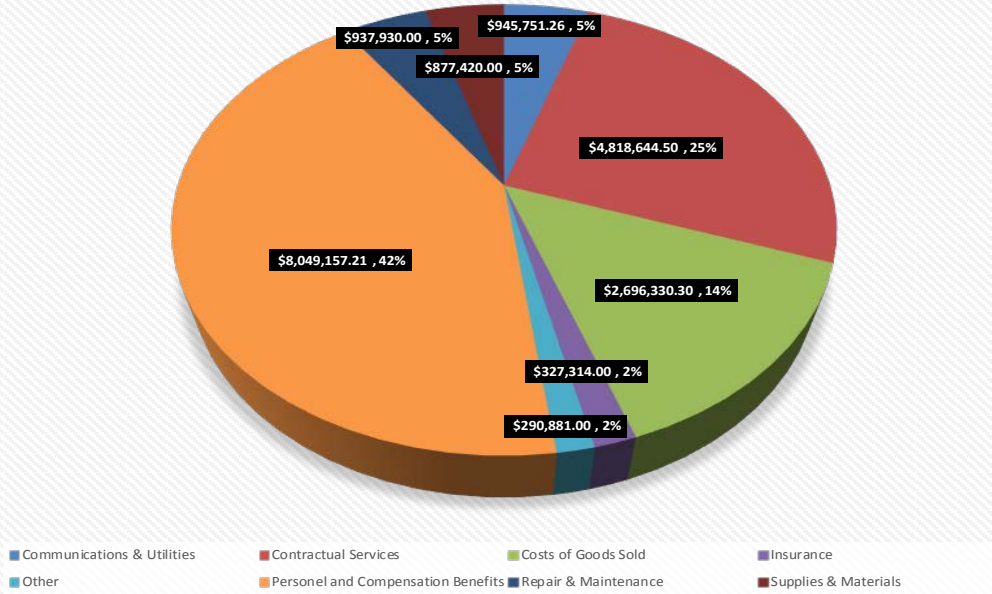
- AERO OPER REVS:Aircraft Parking
- AERO OPER REVS:Lease Income Aero
- NON-AERO OPER REVS:Concessions
- NON-AERO OPER REVS:Rental Car
- AERO OPER REVS:Fuel Flowage Fees
- AERO OPER REVS:Swces Sold
- NON-AERO OPER REVS:Lease Income Non-Aero
- NON-AERO OPER REVS:Swces Sold
- AERO OPER REVS:Landing Fees
- Aeronautical Oper Revs: Fuel Sales
- NON-AERO OPER REVS:Parking & Grd Trans

Attachment 5

FY17 Budgeted Direct Operating Expenditures \$18.2M



FY18 Budgeted Direct Operating Expenditures \$18.9M



Management Information Reports

1. Solicitation Notification



Phoenix-Mesa Gateway Airport Authority
 5835 S Sossaman Road
 Mesa, Arizona 85212-6014
www.gatewayairport.com

Management Information Report

To: Board of Directors
From: Chuck Odom, Chief Financial Officer
Through: J. Brian O’Neill, A.A.E., Executive Director/CEO
Re: Solicitation Notification
Date: March 21, 2017

This report is to provide notification of the active and upcoming solicitations to help ensure compliance with the Phoenix-Mesa Gateway Airport Authority procurement transparency clause. The active activities include the following:

Active/Pending Solicitations

Type Solicitation	Number	Title	Anticipated Contract Award (Board Action)
Request for Qualifications	2017-015-RFQ	Environmental Assessment – Air Traffic Control Tower*	April 2017
Request for Proposals	2017-007-RFP	Master Developer for Gateway Aerospace Park	April 2017
Request for Proposals	2017-013-RFP	Airport Herbicide Application	April 2017
Request for Proposals	2017-016-RFP	Landscape Maintenance	May 2017

*Pending PFC application approval

Future Solicitations

Type Solicitation	Number	Title	Scheduled for Release	Anticipated Contract Award (Board Action)
Invitation for Bid	2017-021-IFB	Taxiway A	April 2017	June 2017
Request for Proposals	2017-022-RFP	Airport Revenue Parking Management	May 2017	September 2017
Invitation for Bid	2017-025-IFB	West Terminal Expansion Phase IV - Improvements	June 2017	July 2017
Invitation for Bid	2017-024-IFB	West Terminal Expansion Phase IV – Roadway Improvements	June 2017	September 2017

If you have any questions about the solicitations or the procurement process, please feel free to contact me at 480-988-7613.



**NOTICE AND AGENDA OF MEETING OF THE
PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
BOARD OF DIRECTORS**

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Phoenix-Mesa Gateway Airport Authority and to the public that the Phoenix-Mesa Gateway Airport Authority will hold a meeting open to the public **Tuesday, April 18, 2017 beginning at 8:30 a.m.** in the Board Room (Saguaro A & B) of the Gateway Administration Building, 5835 South Sossaman Road, Mesa, Arizona. The Board may vote to hold an executive session for the purpose of obtaining legal advice from the Board's attorney on any matter listed on the agenda pursuant to A.R.S. § 38-431.03 (A)(3)&(4).

The agenda for the meeting is as follows:

1. Call to Order. (Mayor John Giles, Chair)

Members of the Phoenix-Mesa Gateway Airport Authority will attend either in person or by telephone conference call.

2. Motion to Convene into Executive Session.

Pursuant to A.R.S. § 38-431.03(A)(3) and (A)(7), the Board of Directors may convene into executive session for the purpose of discussion or consultation for legal advice with the attorney or attorneys of the public body and to consider its position and instruct its representatives regarding negotiations for the purchase, sale or lease of real property as it relates to the Master Developer Request for Proposal.

3. Reconvene from Executive Session to Regular Session.

4. Call to the Public.

Members of the Board may not discuss items that are not on the agenda. Therefore, action taken as a result of public comment will be limited to directing staff to study the matter or scheduling the matter for further consideration and decision at a later date. Maximum of three minutes per speaker.

5. Executive Director's Report. - J. Brian O'Neill, A.A.E., Executive Director/CEO

6. Consent Agenda.

- a. **Minutes** of the Telephonic Board Meeting held on **March 21, 2017**.
- b. **Resolution No. 17- 11** Authorizing a contract with **Eggen Weed Control** for herbicide application for airport premises in an amount not to exceed \$149,737.26 for three years with (2) one year renewal options not to exceed \$51,922.10 and \$52,960.54 each year respectively.
- c. **Resolution No. 17-12** Approval of Authorization of Services No. 16A-1705 with **Dibble Engineering** for the Sossaman Road & Terminal Roadways Modifications Design for a total cost not-to-exceed \$123,151.
- d. **Resolution No. 17-13** Authorizing an Amended and Restated Land Lease with **HDH Systems Williams AZ, LLC** for the parcel located at 5655 South Sossaman Road. The lease term is 28 years and 10 months, with no extension options. Annual ground rent is \$116,085.37.
- e. **Resolution No. 17-14** Authorizing a Facility Lease with **Allegiant Air, LLC** for the facility located at 6045 South Sossaman Road. The lease term is five years with no extension options. Annual rent is \$123,459.

Consideration and Possible Approval of:

- 7. Resolution No. 17-15** Authorizing a new five-year operating agreement with **Allegiant Travel Company**.
- 8. Resolution No. 17-16** Approval of an Authorization of Services with **Premier Engineering** for Final Design Services for the Ellsworth Channel Relocation Project for a total cost not-to-exceed \$491,000.

9. Resolution No. 17-17 Authorizing a Memorandum of Understanding identifying **SkyBridge Partners** as the preferred respondent to the Master Developer Request for Proposal.

10. Board Member Comments/Announcements.

11. Next Meeting: Tuesday, May 16, 2017 at 9:00 a.m.

12. Adjournment.

Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting Maria Gonzalez at 480-988-7603 or mgonzalez@gatewayairport.com. Requests should be made as early as possible to allow time to arrange the accommodation.



Executive Director's Report

April, 2017

Financial Snapshot

OPERATING INCOME	February		Month Variance	FYTD Comparison		FYTD Variance
	FY16	FY17		FY16	FY17	
Revenues	\$1,369,7953	\$1,643,454	\$273,659	\$11,433,533	\$12,264,259	\$830,726
Less Expenses	\$1,420,457	\$1,404,876	\$(15,581)	\$10,770,720	\$11,545,503	\$774,783
Operating Income (before depreciation)	\$(50,662)	\$238,578	\$289,240	\$662,813	\$718,756	\$55,943

Investment Fund Balances: As of February 28, 2017: Local Governmental Investment Pool (LGIP) 700 = \$7,828,360; Wells Fargo Collateralized Savings Account = \$18,513,534; Total \$26,341,894.

Finance and Accounting

Phoenix-Mesa Gateway Airport Authority (PMGAA) reported a net operating income of \$238,578 for the month of February 2017. Year-to-date (YTD) net operating income increased to \$718,756. Fuel sales and vehicle parking revenue continue to outperform FY16 results. However, current fiscal year increases in personnel, jet fuel and contractual services continue to place pressure on the total net YTD results.

Grants, PFCs & Procurements

The Federal Aviation Administration (FAA) issued its Final Agency Determination (FAD) for PMGAA Passenger Facility Charge (PFC) #5 application. The PFC #5 application encompasses reimbursement for 17 completed projects and five new projects totaling \$10,555,651.

PMGAA continues to work with the FAA and the Arizona Department of Transportation (ADOT) on the administration of Federal and State grants.

Active/Pending Solicitations

Type of Solicitation	Number	Title	Anticipated Contract Award
Request for Qualifications	2017-015-RFQ	Environmental Assessment – Air Traffic Control Tower*	April 2017
Request for Proposals	2017-007-RFP	Master Developer for Gateway Aerospace Park	April 2017
Request for Proposals	2017-013-RFP	Airport Herbicide Application	April 2017
Request for Proposals	2017-016-RFP	Landscape Maintenance	May 2017

*Pending PFC application approval

Information Technology Services

Integration of PMGAA's new Property and Revenue Management System continues and staff is busy importing agreements and contracts into the new system. Full implementation is expected by May 1st.

PMGAA completed the software implementation for Phase I of its new Enterprise Resource Planning (ERP) System. Phase I includes core financials, capital projects, grants, and cashiering, and has a tentative "go-live" date of April 2018.

Airport Operations

The new Airport Badging and Service Center opened its doors to the public in February after being relocated to the front of the Gateway Aviation Center. The new office provides additional space for security badging, fuel permitting, and parking access services to the Airport Authority and its tenants.



Before

After

PMGAA staff completed the total refurbishment of the used 4,000 gallon water truck purchased earlier this year. Kudos on a job well done!

Vehicle parking revenue decreased 3% compared to February 2016, which coincides with the 3% decrease in total passengers reported during February 2017.

PMGAA is working closely with the FAA to change the Airport's three-letter identifier from AZA/IWA (yes, we currently have two...very confusing) to AZM. It is expected that the change to AZM will be completed on December 7, 2017. We would like to thank the FAA for their assistance and guidance during this process.

The Gateway A.V.I.A.T.O.R.S. - terminal volunteers and front-line customer service professionals – provided more than 200 hours of service in February. Thank you, your dedication is appreciated!

Operations Statistics

PASSENGER COUNTS		February		% Change	FYTD		% Change
		FY16	FY17		FY16	FY17	
Passengers	TOTAL	118,465	115,166	-3%	827,052	846,908	2%
	Deplaned	60,574	58,927	-3%	420,889	431,961	3%
	Enplaned	57,891	56,239	-3%	406,163	414,947	2%
Allegiant	Scheduled	118,430	110,512	-7%	824,055	839,206	2%
	Charter	35	0	-100%	2,884	924	-68%
WestJet	Scheduled	0	4,520	100%	0	6,418	100%
Elite	Charter	0	134	100%	0	360	100%
Other	Charter	0	0	0%	113	0	-100%

OPERATIONS	February		% Change	FYTD		% Change
	FY16	FY17		FY16	FY17	
Air Carrier	939	983	5%	6,668	7,366	10%
Military	357	645	81%	3,767	5,320	41%
General Aviation	20,581	21,283	3%	130,227	164,782	27%
TOTAL	21,877	22,911	5%	140,662	177,468	26%

Noise Report

PMGAA received 47 noise calls in February 2017. Many of the calls were the result of increased military activity and a Russian-made Antonov 124 aircraft that visited the Phoenix East Valley to transport heavy cargo for a major local manufacturer.

PMGAA is now providing the opportunity to submit noise complaints via its website. The new online portal generated thirty noise complaints during its first three months in operation. PMGAA developed the new online reporting tool as a component of its enhanced Community Relations Program. This new reporting system complements the more traditional communication channels - letter writing, telephone calls, and emails – area residents use to communicate with the Airport regarding aircraft activity.

Noise Calls	February		% Change	FYTD		% Change
	FY16	FY17		FY16	FY17	
Calls	4	47	1,075%	116	185	59%

Type of Aircraft	February		% Change	FYTD		% Change
	FY16	FY17		FY16	FY17	
	Calls	Calls	Calls	Calls	Calls	Calls
Unknown Jet	1	4	300%	40	19	-53%
Commercial Total	3	33	600%	29	91	107%
General Aviation Total	0	2	100%	0	15	100%
Military Total	2	8	300%	47	60	28%
TOTAL	4	47	1,075%	116	185	59%

Location	February				% Change	FYTD				% Change
	FY16		FY17			FY16		FY17		
	Callers	Calls	Callers	Calls	Calls	Callers	Calls	Callers	Calls	Calls
Mesa	2	2	6	32	1,500%	34	78	30	109	40%
Gilbert	0	0	7	9	100%	16	17	35	52	206%
Gold Canyon	0	0	1	1	100%	1	1	2	2	100%
Queen Creek	2	2	3	3	50%	17	18	6	12	-33%
Queen Valley	0	0	0	0	N/A	1	1	0	0	-100%
San Tan Valley	0	0	1	1	100%	1	1	6	6	500%
Unknown	0	0	1	1	100%	0	0	3	4	100%
TOTAL	4	4	19	47	1,075%	70	116	82	185	59%

Engineering & Facilities

PMGAA is progressing with the North Apron Area Replacement Project and concrete paving began for Phase III on March 27th. Phase III is scheduled to be complete on May 9, 2017 and will represent approximately 60% completion of the entire project.

The reconstruction of Taxiway A (Alpha) from Taxiway N (November) to Taxiway L (Lima) was approved by the PMGAA Board on September 20, 2016. Plans and specifications have been sent to FAA and ADOT for approval to bid. It is anticipated that, pending the FAA Grant award, construction will begin in late August or early September 2017.

Construction on the new Barrio Brewing Company restaurant in the Gateway Aviation Center continues to progress. The new restaurant replaces the Flight Deck Café and offers indoor and outdoor seating for approximately 150 guests. The scheduled completion date is April 30, 2017.

Environmental and Archaeological

The long anticipated Finding of No Significant Impact (FONSI) and Record of Decision (ROD) have been received from the FAA for the Environmental Assessment (EA) on the Northeast Area Development Plan. These important documents allow the Airport to proceed with the development of 700 acres of prime real estate located adjacent to Route 202 and SR 24.

PMGAA began an EA on a parcel of land identified during a 2016 site survey as the preferred location for a new air traffic control tower. Landrum & Brown will complete the EA on a site located just northwest of the existing air traffic control tower that has served the airport since 1970.

Gateway Aviation Services

Fuel-related revenue for February 2017 increased 19% over February last year. FYTD, fuel-related revenue is 7% less than the same time period last fiscal year.

Fuel-Related Revenue	February			FYTD		
	FY16	FY17	% Change	FY16	FY17	% Change
Net Retail (Jet)	\$59,008	\$94,501	60%	\$479,076	\$710,971	48%
Net AvGas	\$52,760	\$45,007	-15%	\$337,405	\$353,140	5%
Storage Fees	\$29,218	\$25,610	-12%	\$187,094	\$9,231	-95%
Upload Fees	\$207,837	\$249,066	20%	\$1,756,248	\$1,489,231	-15%
TOTAL	\$348,823	\$414,184	19%	\$2,759,823	\$2,562,573	-7%

Fuel (Gallons)	February			FYTD		
	FY16	FY17	% Change	FY16	FY17	% Change
Retail (Jet)	26,470	44,818	69%	237,927	359,605	51%
AvGas	43,200	41,383	-4%	279,357	318,451	14%
Contract	273,054	374,283	37%	2,317,362	2,203,864	-5%
Commercial	1,062,457	931,266	-12%	6,803,245	7,095,945	4%
TOTAL	1,405,181	1,391,750	-1%	9,637,891	9,977,865	4%

Gallons of fuel sold during the month of February decreased 1% when compared to last February, but are up 4% FYTD. Retail Jet-A was up 69% and Contract fuel was also up due to another strong month of military activity and a continued increase in activity related to the ICE operation.

Gateway Airport hosted a United States Marine Corps (USMC) training exercise with the 1st Expeditionary Operations Training Group.

A growing number of national and international military operations are choosing Phoenix-Mesa Gateway Airport for its impressive infrastructure, superior flying weather, and exceptional customer service.



US Marine Corps training exercise at Gateway Airport

Human Resources

PMGAA developed a Strategic Business Plan and is in the process of implementing a “tactical plan” at the department level designed to help the organization reach seven specific goals: **Increase Air Service; Maintain a High Level of Community Support; Strengthen Financial Sustainability; Invest in People and Operational Assets; Attract Commercial Development; Plan, Build, and Maintain Infrastructure; and Promote Regional Tourism.**

The Gateway Life Wellness Program successfully kicked-off with the completion of a six-week challenge where 15 employees lost a total of 48 pounds. Great job team!

Business Development

PMGAA is currently in various stages of negotiations with eight prospects. Three of the eight opportunities are new land leases that, if successful, would absorb approximately 15 acres of property; two of the opportunities are new companies looking to lease existing facilities at the Airport; and the rest are lease renewals or expansions by existing PMGAA tenants.

Able Engineering exercised a two-year option on their leasehold for 6262 S. Taxiway Circle. The lease extension results in approximately \$120,000 of lease revenue over the duration of the extension.

PMGAA continues to coordinate with Arizona State University (ASU) on planning efforts for the ASU Polytechnic Research Park and the Gateway Aerospace Park. Two exciting projects that may present future joint development opportunities.

Strategic Communications and Government Relations



Hermosillo, Mexico delegation visits Gateway Airport

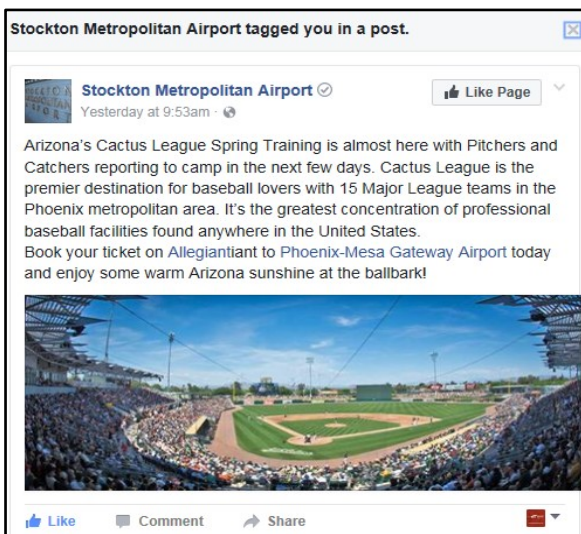
Following a PMGAA visit to Washington, D.C. in February, members of the Arizona Congressional Delegation submitted a letter of support urging the full funding of the Contract Tower Program. PMGAA appreciates their continued strong support for critical programs that help make Phoenix-Mesa Gateway Airport a safe, secure, and efficient air transportation resource.

PMGAA hosted a tour of the Airport for the Mayor of Hermosillo, Mexico and a delegation of 20 business leaders from Sonora interested in creating business opportunities between Mexico and the Phoenix East Valley.

Community Relations

PMGAA had another busy month providing airport tours and presentations to numerous community, school, and civic groups. People of all ages enjoy visiting the Airport to see the aircraft and learn more about the major transformation underway at the former Williams Air Force Base.

PMGAA continues its efforts to expand the **Allegiant Alliance Marketing Cooperative** by coordinating with other Allegiant airports across the country to cross-promote tourism-related activities in the East Valley and the State of Arizona. Whether it's Cactus League Baseball or the Phoenix Open; the NCAA Final Four or the Grand Canyon; golfing; hiking; or arts and entertainment venues, Phoenix-Mesa Gateway Airport is always encouraging visitors to come and take advantage of all that Arizona has to offer.





**MINUTE OF PUBLIC MEETING OF THE
PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
BOARD OF DIRECTORS - TELEPHONIC | March 21, 2017**

A public meeting of the Phoenix-Mesa Gateway Airport Authority was convened on March 21, 2017, beginning at 9:00 a.m. in the Board Room (Saguaro A) of the Gateway Administration Building, 5835 South Sossaman Road, Mesa, Arizona.

Members Present via Telephone

Councilmember Kevin Thompson, Mesa
Mayor Jenn Daniels, Gilbert
Mayor Jeff Serdy, Apache Junction
Mayor Gail Barney, Queen Creek
Lt. Governor Monica Antone, Gila River Indian
Community*

Councilmember Thelda Williams, Phoenix

**Not present nor represented*

Airport Staff Present

J. Brian O'Neill, Executive Director/CEO
Scott Brownlee, Deputy Director/COO
Chuck Odom, CFO
Maria Gonzalez, Clerk of the Board
Ann-Marie Anderson, Attorney (*via telephone*)

Members of the Public

Kent Dibble, Dibble Engineering
Jason Frank, DOWL Engineering
Brian Howard, CEI
Steve Reeder, Kimley Horn & Associates
Anthony Jeffers, Hensel Phelps

1. Call to Order at 9:00 a.m. (Mayor Jenn Daniels, Vice Chair)

2. Call to the Public.

There were no public comments.

3. Executive Director's Report – J. Brian O'Neill, A.A.E., Executive Director/CEO

The Board of Directors received information related to operational activity, noise summary, fuel sales, and financials. Fiscal Year-to-Date (FYTD) actual Net Income is \$480,178.

PMGAA staff joined Mayor Giles and Mesa staff in Washington, D.C. to have discussions with the Federal Aviation Administration (FAA), Arizona Congressional Delegation, and the U.S. House and U.S. Senate Transportation Committee staffers on the importance of removing the Airport Improvement Program (AIP) funding cap of \$2 million for construction of contract air traffic control towers, as well as the removal of the Airport Surveillance Radar facility. PMGAA is hopeful that if there is an FAA Reauthorization Bill, the AIP funding cap will be removed.

The North Apron construction project (ongoing) was made possible by using \$3.5 million in AIP entitlement funding, and a \$6.5 million FAA discretionary grant.

Recent airfield activity includes, Bombardier CS100, U.S. Marines, U.S. Forest Services, and the return of the Antonov-124.

4. Consent Agenda

- a. **Minutes** of the Board Meeting held on **February 21, 2017**.
- b. **Resolution No. 17-07** Authorizing the filing of grant applications including agreeing to all understandings and assurances contained therein; and, authorizing the acceptance and execution of any **Arizona Department of Transportation** grant offer(s) or loan(s) applied for or received between July 1, 2017 and June 30, 2018.
- c. **Resolution No. 17-08** Authorizing the filing of grant applications including agreeing to all understandings and assurances contained therein; and, authorizing the acceptance and execution of any **Federal Aviation Administration** grant offer(s) applied for or received between July 1, 2017 and June 30, 2018.
- d. **Resolution No. 17-09** Authorizing a Professional Service Agreement with **Landrum & Brown, Inc.** to perform an Environmental Assessment for the construction of a new Air Traffic Control Tower in an amount not-to-exceed \$146,683.

Mayor Jeff Serdy moved to approve the Consent Agenda; Councilmember Kevin Thompson seconded the motion. The motion was carried unanimously.

Consideration and Possible Approval of:

5. **Resolution No. 17-10** Adopting the proposed **Operating Budget, Capital Budget, and Member Government Contributions** for the fiscal year ending June 30, 2018.

Mayor Gail Barney moved to approve Resolution 17-10; Mayor Jeff Serdy seconded the motion. The motion was carried unanimously.

6. Board Member Comments/Announcements

7. **Next Meeting:** Tuesday, April 18 at 9:00 a.m. in the Board Room (Saguaro A & B) of the Gateway Administration Building, 5835 South Sossaman Road, Mesa, Arizona.

8. Adjournment.

The meeting adjourned at 9:22 a.m.

Dated this _____ day of _____, 20_____.

Maria E. Gonzalez, Clerk of the Board

Board Action Item

To: Board of Directors
From: Margi EvanSon, Operations & Maintenance Director
Through: Scott Brownlee, Deputy Director/COO
J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Airport Herbicide Application – Eggen Weed Control
Date: April 18, 2017

Proposed Motion

To authorize a contract with Eggen Weed Control for herbicide application for airport premises in an amount not to exceed \$149,737.26 for three years with (2) one year renewal options not to exceed \$51,922.10 and \$52,960.54 each year respectively.

Narrative

The Operations and Maintenance Department ensures that the Airport facilities are safe and present an aesthetically pleasing environment for passengers, visitors, tenants, and staff. This contract covers herbicide application for weed abatement for 238 acres of Airport property including, but not limited to Taxiways, Runways, Fence Lines, Buildings and Structures, Detention Basins, and the Overflow Parking Lot.

A Request for Proposals 2017-013-RFP for Airport Herbicide Application was issued on February 1, 2017. The RFP was advertised in the Arizona Business Gazette on February 2nd, 8th, 16th and 23rd, posted on websites for the Phoenix-Mesa Gateway Airport (PMGAA), the Arizona Airports Association, and Airports Council International-North America. Additionally, a list of prospective respondents received the solicitation announcement directly.

PMGAA received two proposals by the deadline; however, one was deemed nonresponsive and therefore not evaluated. Procurement documented that the solicitation itself was not restrictive and conducted a price analysis on the responsive proposal received to ensure pricing was in line with the requested services. This proposal was received from the incumbent vendor, Eggen Weed Control. The Operations and Maintenance Department reviewed the proposal and have been pleased with the performance of Eggen Weed Control over the course of its current contract and therefore are recommending award be made to them under this solicitation.

Fiscal Impact

This contract was included in the FY17 operating budget for Operations & Maintenance and will be included in subsequent fiscal year budgets pending Board approval.

Attachment(s)

Professional Services Agreement



RESOLUTION NO. 17-11

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Authority desired to enter into a contract with Eggen Weed Control;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorize a contract with Eggen Weed Control for herbicide application for airport premises in an amount not to exceed \$149,737.26 for three years with (2) one year renewal options not to exceed \$51,922.10 and \$52,960.54 each year respectively. This resolution also authorizes the Chair or Executive Director/CEO to execute such Contract, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 18th day of April, 2017.

John Giles, Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Matthew Wright, Attorney



Professional Services Agreement

Agreement made as of the ____ day of _____, 2017.

Contract No: C-2017013

BETWEEN the:

Phoenix-Mesa Gateway Airport Authority, a joint powers airport authority authorized by the State of Arizona
5835 South Sossaman Road
Mesa, AZ 85212

and the Contractor:

Eggen Weed Control, Inc., an Arizona Corporation
7619 East Greenway Road
Scottsdale, AZ 85260

For:

Airport Herbicide Application

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PROFESSIONAL SERVICES AGREEMENT

This is an Agreement by and between the Phoenix-Mesa Gateway Airport Authority, a joint powers airport authority authorized by the State of Arizona (hereafter referred to as the “Airport Authority”) and Eggen Weed Control, Inc., an Arizona corporation (hereafter referred to as “Contractor”), referred to hereinafter as “Party” or collectively as “Parties”.

Whereas, Airport Authority seeks the assistance of Contractor to provide certain professional services;

Whereas, Contractor possesses independent qualifications and abilities to perform such efforts;
and,

Whereas, Contractor is willing to provide such professional services in accordance with the terms and conditions set forth herein.

Now, therefore, the above named Parties enter into this Agreement upon the following terms and conditions:

1. Scope of Work

Contractor shall report to, and act under, the direction of the Operations and Maintenance Director or her authorized designee, in providing the professional services required by this Agreement. Specifically, the Contractor shall deliver the following:

Product and Service Requirements

The Airport consists of approximately two hundred thirty eight (238) acres of river rock, dirt, and gravel covered areas in and around runways, taxiways, and fence lines, as detailed in **EXHIBIT A**. They require a pre and post emergent herbicide application.

There may be occasions when the Contractor may have to exit certain areas that are next to the runway while an aircraft operation takes place. Airport Operations personnel will work closely with the application crews to schedule the work that takes place in these critical areas during the late night hours when aircraft typically do not operate. These types of delays are possible, but should be very minimal.

During application, the operator shall not be allowed to exit the vehicle while in the vicinity of any taxiways or runways.

The Contractor shall establish an application schedule with the applicable Airport Authority representative. Each application, whether pre-emergent or spot spraying, shall begin with a “Written Notice of Intent”, notifying the Airport Authority representative no less than five (5) calendar days prior to the intended spraying activity. Once the work has begun, the Contractor shall have a **MAXIMUM** of eight (8) business days to complete that particular project.

The Contractor shall fax the spray logs to the applicable Airport Authority representative within two (2) business days of completing the contract work.

The applicable Airport Authority representative shall show the Contractor where they may retrieve water. Only one (1) place shall be designated for this.

All runways, taxiways, taxiway edges, fence lines, and designated pocket areas shall be treated with the following products, dictated by temperature. Contractor may suggest product substitutions to Airport Authority, prior to use, however all such substitutions must be approved in writing by Airport Authority prior to use.

Diuron 4L (pre- and post-emergent)

This product needs to be watered in for full effectiveness. Product to be used as follows:

- Temperatures near or over seventy degrees Fahrenheit (70° F).
- Eight (8) quarts per acre with non-ionic surfactant added as last ingredient.
- Sixteen (16) ounces of blue marker per one hundred (100) gallons of water.
- Applied with largest nozzle available with lowest pressure allowed for proper coverage.

DO NOT apply near shrubs, trees, or turf. **DO NOT** apply over any tree root zones or where run-off if possible.

The above product shall NOT be used in any retention basin.

Isoxaben (pre-emergent only)

This product needs to be watered in for full effectiveness. Product to be used as follows:

- Temperature under seventy degrees Fahrenheit (70° F).
- One and thirty-three one hundredths (1.33) pounds active ingredient per acre (ai/A).

Glyosphate (non-selective herbicide, spot treatment only, year-round use)

Product to be used as follows:

- Two percent (2%) solution per label.
- Sixteen (16) ounces blue marker per one hundred (100) gallons water required with product.
- Silicon (only) surfactant required with this product (per product label).

Diquant (non-selective herbicide, spot treatment only)

This product is targeted to top kill plant use only. Product to be used as follows:

- Per label mixture.
- Sixteen (16) ounces blue marker per one hundred (100) gallons water required with product.
- Silicon (only) surfactant required with this product (per product label).

Upon completion, the Contractor shall provide documentation to the applicable Airport Authority representative of work completed at specified rates. The spray report forms established by the Structural Pest Control Commission shall suffice.

Under **NO** circumstances shall the site be sprayed when people are present.

All products supplied by the Contractor shall meet any and all Federal, State, Local, ANSI, and O.S.H.A. laws, rules, and regulations pertaining to the products covered under the scope of this contract.

Contractor shall furnish all labor, materials (except water) and equipment necessary for the completion of the scope of work described herein.

The Contractor shall have sufficient personnel and equipment to complete all work requests, as defined in this Solicitation, in the time frame required by the applicable Airport Authority representative.

All equipment used for the performance of work under the scope of this Contract, shall be maintained in a safe operating condition, and shall comply with all applicable Federal, State, Local, ANSI, and O.S.H.A. laws, rules, and regulations.

The Contractor shall protect and prevent all damage to wires, cable, structures, fences, vehicles, airplanes, trees, plants, and other artifacts. Any damage to public or private property shall be corrected by repair or replacement by the Contractor at his or her own expense to the satisfaction of the property owner or Airport Authority.

Warranty Requirements

All workmanship and materials provided under the scope of this Solicitation shall guarantee and warranty a weed-free environment for all areas treated for a **MINIMUM** period of one (1) year after treatment.

During the term of this contract and all applicable extensions, the Contractor shall respond to a request for re-treatment of weed growth breakthrough within three (3) business days after initial contact. Call-outs will be made for any pre-treated area that experiences more than one-hundred square feet (100 ft²) of weed growth within the warranty period. All call-outs (warranty work) for re-treatment during the warranty period shall be done at no cost to the Airport.

General Vendor Requirements

The Contractor shall be in compliance with all Federal, State, Local, ANSI, and O.S.H.A. laws rules and regulations, and all other applicable regulations for the term of this contract.

The Contractor, without additional expense to the Airport, shall be responsible for obtaining and maintaining any necessary licenses and permits required in connection with the completion of the required services herein.

The Contractor may not subcontract any segment or services covered herein. Contractor shall have been conducting business within the Phoenix Metropolitan area for a **MINIMUM** of two (2) consecutive years.

The Contractor **MUST** keep all licensing required herein current throughout the term of the contract and all applicable extensions. Failure to keep such required licensing current may result in the contract being terminated.

The Contractor shall be responsible to have the label and MSDS in plain view of anyone approaching the vehicle. The Contractor shall also have all of the personal protective gear required at all times.

All vehicles shall have required signage as required by the Arizona Structural Pest Control Commission. Prior to use, Airport Authority shall authorize all equipment used on any Airport sites.

All herbicide applications shall be followed by a fax to the applicable Airport Authority representative stipulating the date of application, what areas were treated, product that was used, dilution of final formula sprayed, weather conditions, and name and license number of applicator.

Vehicle Requirements

The Contractor shall only use trucks and vehicles licensed for use on public streets (when applicable).

All equipment used in the performance of work under the scope of this contract shall be equipped with an amber/yellow light bar OR amber/yellow light which can be clearly seen from a **MINIMUM** distance of five hundred feet (500') in all directions. Applicable Airport Authority representative shall be the sole determinant as to whether equipment warning lights are sufficient,

All Contractor vehicles shall contain signage which includes a **MINIMUM** of the Contractor Company name; and /or logo. Vehicle signage shall be sufficient, in the opinions of the applicable Airport Authority representative, to make it apparent to others, as to the nature of the business and the occupants of the vehicle. Vehicle signage shall appear on a **MINIMUM** of the right and left sides of the vehicle. All vehicles that are used in the performance of work under the scope of this contract shall display the proper vehicle signage. Applicable Airport Authority representative will approve proper identification of vehicles during the life of the contract.

The **MINIMUM** requirements of a Contractor's application equipment shall be as follows:

- Three hundred (300) gallon truck-mounted water tank.
- No hand wands or handguns will be allowed in any open areas, Hand wands or handguns will be allowed along the Airport boundaries and in some areas designated by the applicable Airport Authority representative.
- Application guidance spray system calibrated for the nozzle kit on the unit.
- Computer generated printout of flow metered material. Printed report shall contain gallons of water used and herbicide application rate.
- GPS tracking system is desirable to enable the Contractor to verify the areas that were treated.

Employee Badging, Identification, and Work Apparel

Airport Access Badges are required of all Contractor personnel performing work functions in accordance with this Contract. Contractor personnel shall obtain and properly display an Airport Authority airport security badge in plain view while on the Airport. Airport Security Access Badge applications may be downloaded at www.gatewayairport.com under the General Information/Documents and Forms Link. Contractor is responsible for all badging fees.

All Contractor employees performing work under the scope of this contract shall wear conservative style uniform shirts that will have sewn on or embossed identification labels of the Contractor's company name, and/or logo, and will appear on the front area of the shirt near chest height of the shirt. Shirts may also have the company name or logo appear on the backside of the shirt. The applicable Airport Authority representative will approve proper identification of uniforms during the life of the contract.

Walkman type radios or any apparatus, which may impede hearing or sight, will not be allowed. Earplugs and/or safety glasses are exempt.

Contractor's employees shall wear uniform style slacks, "Levi" type slacks, or Bermuda type shorts. If shorts are to be worn they will be of Bermuda style length. Cut-offs and short-shorts are not acceptable wearing apparel.

Outlandish styles, patterns, hats, colors of wearing apparel, verbiage imprinted on apparel, etc. worn by the Contract Employee that may promote negativity in the work place, or advertise any product other than the Contractor's company name and/or logo will not be allowed.

Sandals, flip-flops, open-toed shoes are not acceptable footwear.

The applicable Airport Authority representative shall be the sole determinant of the appropriateness of all work apparel.

Contractor will provide a roster of his employees that will be performing work under the scope of this contract, for the life of the contract. Contractor will be required to update roster monthly to notify the Airport Authority representative of all changes made in personnel.

Consideration

For all services rendered under this Agreement, the Airport Authority agrees to pay Contractor the established rates included in **EXHIBIT A** as outlined below:

All spray logs and records shall be faxed or emailed to the applicable Airport Authority representative after each treatment. Once the documents have been received and verified, payment shall be authorized.

Weed control shall be deemed complete and accepted once treatment logs have been approved and the Airport staff visually verifies that all areas have been treated.

The Contractor may submit invoices as the service schedule dictates.

All payments made to Contractor shall be net thirty (30) days or the Airport Authority may, at its sole discretion, apply any payment discounts offered by the Contractor, if any (shown in **EXHIBIT A**).

2. Term

This Agreement shall commence on July 1, 2017 and end on June 30, 2020 (the "Base Term").

This Agreement has two (2) optional one-year extensions that the Airport Authority may exercise. Prior to the expiration of the Contract Base Term, the Airport Authority may elect to extend the Contract. All fees for the optional renewal terms are provided for in EXHIBIT A, Fee Schedule. Any extension of this Contract shall require an Amendment signed by both parties.

3. Access to Records

Contractor must provide the Airport Authority, Airport Authority's auditors or any of its duly authorized representatives, with access to all books, documents, papers, and accounting records and other evidence pertaining to all costs incurred under this Agreement, for the purpose of making audits, examinations, excerpts, and transcriptions. Contractor must make such materials available at its office at all reasonable times and maintain and provide access to all of the required records for a period of three (3) years after final payment for services is made by Airport Authority.

4. Assignment

Contractor binds its successors and assignees to all the terms and conditions of this Agreement. Contractor may assign its right to receive payments to such third parties as Contractor may desire without the prior written consent of the Airport Authority, provided that the Contractor gives written notice (including evidence of such assignment) to the Airport Authority thirty (30) days in advance of any payment so assigned. The assignment shall cover all unpaid amounts under this Agreement and shall not be made to more than one (1) party.

Notwithstanding the foregoing, Contractor shall not assign or sub-contract the whole or any part of this Agreement to any other person or entity without the prior written consent of the Airport Authority.

5. Attorney's Fees and Penalties

The Airport Authority shall in good faith perform its obligations required hereunder and does not agree to pay any penalties, liquidated damages, interest, or attorney's fees, except as required by Arizona law.

6. Changes in the Work

In the event the Airport Authority requires a change in scope, character, or complexity of the work after the work has progressed, adjustments in compensation to Contractor shall be determined by the Airport Authority in the exercise of its honest and reasonable judgment, and Contractor shall not commence the additional work or the change of scope until authorized in writing by the Airport Authority. No claim for additional compensation shall be made in the absence of a fully executed amendment to this Agreement.

7. Compliance with Laws

Contractor specifically agrees to comply with any and all applicable state, federal, and local statutes, ordinances, and regulations in its performance of the obligations hereunder and shall ensure subcontractors compliance with the same. The enactment of any state or federal statute or the promulgation of regulations thereunder, after execution of this Agreement, shall be reviewed by the Airport Authority or its designee and the Contractor to determine whether the provisions of this Agreement require formal amendment.

If Contractor is a foreign (out-of-state) entity, it shall be required to furnish a certificate from the Secretary of the State of Arizona showing that the corporation is registered and authorized to transact business in the State of Arizona.

8. Condition of Payment

All services provided by Contractor under this Agreement must be performed to the Airport Authority’s satisfaction, in accordance with all applicable rules, regulations, federal, state and local laws. The Airport Authority shall not pay for any work in violation of federal, state or local statute, ordinance, rule or regulation.

9. Confidentiality of Airport Authority Information

Contractor agrees and understands that all data, materials, information disclosed to or discovered by Contractor in the course of performance of this Agreement shall be considered as confidential and protected data. Therefore, the Contractor agrees that any such data, material or information gathered based upon or disclosed to the Contractor for the purpose of this Agreement will not be disclosed to others or discussed with other parties without the prior written consent of the Airport Authority. These confidential obligations survive any expiration or termination of this Agreement.

10. Default

The following shall constitute an Event of Default, for which the Airport Authority may terminate this Agreement in whole or in part:

- A. Contractor’s failure to correct or cure any breach of this Agreement;
- B. Contractor’s failure to provide services in accordance with the specifications set forth in the Contractor’s written response for request of services, proposal and Scope of Work;
- C. Contractor’s failure to perform the services within the time specified in this Agreement or any extension;
- D. Contractor’s failure to make progress so as to endanger performance of this Agreement; or
- E. Contractor’s failure to perform any of the other provisions of this Agreement.

The rights and remedies of the Airport Authority in this clause are not exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

11. Governing Laws and Dispute Resolution

This Agreement shall be construed in accordance with and governed by the laws of the State of Arizona, excluding any provisions thereof that might refer construction or interpretation of this Agreement to the substantive law of another jurisdiction. Any litigation arising under this Agreement shall be commenced and maintained only in the state or federal courts situated in Maricopa County, Arizona. The Airport Authority and Contractor consent to the personal jurisdiction of, and venue in, such courts, and waive any right to object to this designation of jurisdiction and venue in the future.

12. Indemnification

Contractor shall keep and hold the Airport Authority and its officers, directors, agents, servants and employees harmless from any and all liabilities, losses, suits, claims, judgments, fines, penalties, demands or expenses, including all reasonable costs for investigation and defense thereof (including but not limited to attorney’s fees, court costs and

expert fees), claimed by anyone by reason of injury or damage to persons or property sustained in or about the Phoenix-Mesa Gateway Airport (“Airport”), as a proximate result of the acts or omissions of the Contractor, its agents, servants, or employees, or arising out of the operations of Contractor upon or about the Airport, excepting such liability as may result from the sole gross negligence of the Airport Authority, its officers, directors, agents, servants or employees; provided, however, that upon the filing of any claim with the Airport Authority for damages arising out of incidents for which the Contractor herein agrees to hold Airport Authority harmless, then and in that event, the Airport Authority shall notify Contractor of such claim and Contractor shall have the right to settle, compromise or defend same. Contractor shall further use legal counsel reasonably acceptable to the Airport Authority in carrying out Contractor's obligations hereunder. Any final judgment rendered against the Airport Authority for any cause for which Contractor is liable hereunder shall be conclusive against Contractor as to liability and amount, where the time for appeal there from has expired. The indemnity provision set forth herein shall survive any expiration or termination of this Agreement.

13. Responsibility for Claims and Liabilities

Contractor shall be responsible for all personal injury, wrongful death or property damage resulting from the negligent acts or omissions of Contractor or Contractor's approved subcontractors or agents in connection with the services, and shall be responsible for all parts of their work, both temporary and permanent.

14. Insurance Requirements

Contractor shall procure and maintain at its expense insurance of the kind and in the amount hereinafter provided, by companies authorized to do such business in the State of Arizona, covering all operations under this Agreement whether performed by Contractor or by an approved subcontractor. The insurance requirements set forth below do not in any way limit the amount or scope of liability of the Contractor under this Agreement.

Coverage shall be at least as broad as:

- a. Commercial General Liability: Insurance: Bodily Injury and Property Damage on an “occurrence” basis, including personal injury with limits no less than \$1,000,000 per occurrence, \$2,000,000 General Aggregate.
- c. Auto Liability: with limits no less than \$1,000,000 Combined Single limit per accident for bodily injury and property damage
- d. Workers' Compensation: Statutory Limits as required by the state of Arizona, and Employer's Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease.
- e. Pollution Legal Liability: with a combined single limit, or the equivalent, of not less than \$2,000,000 for each event. A certificate is required.

If the Contractor maintains higher limits than the minimums shown above, the Airport Authority requires and shall be entitled to coverage for the higher limits maintained by the Contractor. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the Airport Authority.

The insurance policies shall provide, or be endorsed to include, the following provisions:

- a. Additional Insured Status: The Airport Authority, its officers, officials, employees, and volunteers are to be included as additional insureds on the CGL policy with respect to liability arising out of your work and ongoing operations performed by or on behalf of the Vendor. Acceptable Additional Insured endorsements are ISO Form CG 20 10 11 85 or a combination of CG 20 10 and CG 20 37 (current edition date). Airport Authority shall be Additional Insured on the Auto Liability policy as required by contract.
- b. Primary Coverage: For any claims related to this contract, the Vendor's General Liability and Auto Liability insurance coverage shall be primary and non-contributory. Any insurance or self-insurance maintained by the Airport Authority, its officers, officials, employees, or volunteers shall be excess of the Vendor's insurance and shall not contribute with it.
- c. Notice of Cancellation: Vendor agrees to provide the Airport Authority 30 days' notice of cancellation for any policy required by this contract.
- d. Waiver of Subrogation: Vendor hereby grants to the Airport Authority a waiver of any right to subrogation and agrees to obtain an endorsement necessary to affect this waiver of subrogation, from the insurer for all lines of coverage required by this contract.

- e. Deductibles and Self-Insured Retentions: Any deductibles or self-insured retentions must be declared and approved by the Airport Authority. The Airport Authority may require the Vendor to purchase coverage with a lower deductible or retention, or provide proof of financial ability to pay losses and related investigations, claim administration, and defense expenses within the retention.
- f. Acceptability of Insurers: Insurance is to be placed with insurers with a current A.M. Best rating of no less than A, unless otherwise approved to the Airport Authority.
- g. Claims Made Policies: No Claims Made policies will be accepted.
- h. Verification of Coverage: Vendor shall furnish the Airport Authority with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by the Airport Authority before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Contractor's obligation to provide the required insurance. The Airport Authority reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.
- i. Special Risks or Circumstances: The Airport Authority reserves the right to modify these requirements, including limits, based on the nature of the risk, scope of work, prior experience, insurer, coverage, or other special circumstances.

15. Independent Contractor

Both Parties hereto will be acting in an individual capacity in the performance of this Agreement and not be acting as agents, employees, partners, joint ventures, or associates of one another. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other Party for any purpose whatsoever. Neither Party will assume any liability for any injury (including death) to any persons, nor damage to any property, arising out of the acts or omissions of the agents, employees, or subcontractors of the other Party. Contractor shall be responsible for providing all necessary Unemployment and Workers Compensation Insurance for its employees.

16. Minority and Woman Owned Business Enterprises

It is the policy of the Airport Authority that Minority and Woman-Owned Business Enterprises shall have the maximum opportunity to participate in the performance of this Agreement. In this regard, Contractor shall take all necessary and reasonable steps to ensure that Minority and Woman-Owned Business Enterprises are given fair and equal opportunities to participate in the execution of this Agreement. Contractor shall not discriminate on the basis of race, color, national origin, or sex in the award and performance of Airport Authority contracts.

17. Non-Discrimination and Other Assurances

Pursuant to IC 22-9-1-10 and the *Civil* Rights Act of 1964 the Contractor, and its agents, and subcontractors shall not discriminate against any employee or applicant for employment in the performance of this Agreement. Contractor shall not discriminate with respect to the hire, tenure, terms, conditions or privileges of employment or any matter directly or indirectly related to employment, because of race, color, religion, sex, disability, national origin or ancestry. Breach of this covenant may be regarded as a material breach of this Agreement.

Civil Rights - General

The contractor agrees to comply with pertinent statues, Executive Orders and such rules as are promulgated to ensure that no person shall, on the grounds of race, creed, color or national origin, sex, age or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance.

Civil Rights – Title VI Assurances

During the performance of this contract, the contractor, for itself, its assignees, and successors in interest agrees as follows:

1. Compliance with Regulations: The contractor (hereinafter includes contractors) will comply with the Title VI List of Pertinent Nondiscrimination Acts And Authorities, as they may be amended from time to time, which are herein incorporated by reference and made a part of this contract.
2. Non-discrimination: The contractor, with regard to the work performed by it during the contract, will not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The contractor will not participate directly or indirectly in the discrimination prohibited by the Nondiscrimination Acts and Authorities, including

employment practices when the contract covers any activity, project, or program set forth in Appendix B of 49 CFR Part 21.

3. Solicitations for Subcontracts, Including Procurements of Materials and Equipment: In all solicitations, either by competitive bidding, or negotiation made by the contractor for work to be performed under a subcontract, including procurements of materials, or leases of equipment, each potential subcontractor or supplier will be notified by the contractor of the contractor's obligations under this contract and the Non-discrimination Acts And Authorities on the grounds of race, color, or national origin.

4. Information and Reports: The contractor will provide all information and reports required by the Acts, the Regulations and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the Airport Authority or the Federal Aviation Administration to be pertinent to ascertain compliance with such Nondiscrimination Acts And Authorities and instructions. Where any information required of a contractor is in the exclusive possession of another who fails or refuses to furnish the information, the contractor will so certify to the Airport Authority or the Federal Aviation Administration as appropriate, and will set forth what efforts it has made to obtain the information.

5. Sanctions for Noncompliance: In the event of a contractor's noncompliance with the Nondiscrimination provisions of this contract, the Recipient will impose such contract sanctions as it or the Federal Aviation Administration may determine to be appropriate, including, but not limited to:

- a. withholding payments to the contractor under the contract until the contractor complies; and/or
- b. cancelling, terminating, or suspending a contract, in whole or in part.

6. Incorporation of Provisions: The contractor will include the provisions of paragraphs one through six in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations and directives issued pursuant thereto. The contractor will take action with respect to any subcontract or procurement as the Airport Authority or the Federal Aviation Administration may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if the contractor becomes involved in, or is threatened with litigation by a subcontractor, or supplier because of such direction, the contractor may request the Airport Authority to enter into any litigation to protect the interests of the Airport Authority. In addition, the contractor may request the United States to enter into the litigation to protect the interests of the United States.

Civil Rights – Title VI List of Pertinent Nondiscrimination Acts and Authorities

During the performance of this contract, the contractor, for itself, its assignees, and successors in interest (hereinafter referred to as the “contractor”) agrees to comply with the following non-discrimination statutes and authorities; including but not limited to:

- Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d *et seq.*, 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin);
- 49 CFR part 21 (Non-discrimination In Federally-Assisted Programs of The Department of Transportation—Effectuation of Title VI of The Civil Rights Act of 1964);
- The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 U.S.C. § 4601), (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
- Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. § 794 *et seq.*), as amended, (prohibits discrimination on the basis of disability); and 49 CFR part 27;
- The Age Discrimination Act of 1975, as amended, (42 U.S.C. § 6101 *et seq.*), (prohibits discrimination on the basis of age);

- Airport and Airway Improvement Act of 1982, (49 USC § 471, Section 47123), as amended, (prohibits discrimination based on race, creed, color, national origin, or sex);
- The Civil Rights Restoration Act of 1987, (PL 100-209), (Broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms “programs or activities” to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);
- Titles II and III of the Americans with Disabilities Act of 1990, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. §§ 12131 – 12189) as implemented by Department of Transportation regulations at 49 CFR parts 37 and 38;
- The Federal Aviation Administration’s Non-discrimination statute (49 U.S.C. § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
- Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures non-discrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;
- Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 Fed. Reg. at 74087 to 74100);
- Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 U.S.C. 1681 et seq).

Federal Fair Labor Standards Act

This contract and all subcontracts that result from this contract incorporate by reference the provisions of 29 CFR part 201, the Federal Fair Labor Standards Act (FLSA), with the same force and effect as if given in full text.

The Contractor has full responsibility to monitor compliance to the referenced statute or regulation. The Contractor must address any claims or disputes that arise from this requirement directly with the U.S. Department of Labor – Wage and Hour Division.

Occupational Safety and Health Act of 1970

This contract and all subcontracts that result from this contract incorporate by reference the provisions of 29 CFR part 1910 with the same force and effect as if given in full text. Contractor must provide a work environment that is free from recognized hazards that may cause death or serious physical harm to the employee. The Contractor retains full responsibility to monitor its compliance and their subcontractor’s compliance with the applicable requirements of the Occupational Safety and Health Act of 1970 (20CFR Part 1910). Contractor must address any claims or disputes that pertain to a referenced requirement directly with the U.S. Department of Labor – Occupational Safety and Health Administration.

18. No Third Party Rights

Nothing contained in this Agreement shall create a contractual relationship with or cause of action in favor of a third party against either the Airport Authority or Contractor.

19. Non-Waiver

No right conferred on either Party under this Agreement shall be deemed waived and no breach of this Agreement excused unless such a waiver or excuse shall be in writing and signed by the Party claimed to have waived such right.

20. Order of Precedence; Incorporation by Reference

Any inconsistency or ambiguity in this Agreement shall be resolved by giving precedence in the following order: (1) this Agreement, (2) Airport Authority purchase order, if any, and (3) Airport Authority's attachments. All of the foregoing, including documents and attachments, are incorporated fully by reference.

21. Ownership of Documents

Items prepared by Contractor or its subcontractors or agents under this Agreement, including but not limited to, all documents, drawings, including design information, concepts, images, renderings, models, cost information, estimates, specifications and reports ("Works") are to be the property of the Airport Authority.

Contractor hereby represents that it is the owner of and hereby assigns to the Airport Authority all rights, title and interest, including all copyrights, copyright registrations, copyright applications, renewals, extensions and all other proprietary or ownership rights, in all Works and things created by Contractor in whole or in part, or hereafter created by the Contractor in connection with this Agreement, including but not limited to, all works based upon, derived from, or incorporating any Works.

In the event of the termination of Contractor under the provisions of this Agreement or the termination, suspension, abandonment or completion of the tasks outlined herein, the Contractor shall deliver to the Airport Authority within thirty (30) days all Works created by the Contractor in connection with this Agreement. The Airport Authority, as the holder of all rights, title and interest, including all copyrights, in all Works created by Contractor, shall have the right to use or reuse any and all such Works for any purpose at the Airport Authority's sole discretion and at no additional cost to the Airport Authority.

Contractor agrees that its contracts with any of its subcontractors, or contractors will contain language that will assign to the Airport Authority ownership of Works and things created by such subcontractors or contractors for the Airport Authority on the same terms and conditions as set forth herein.

22. Performance

This Agreement shall be deemed to have been substantially performed only when fully performed according to its terms and conditions and any modifications thereof.

23. Severability

If one or more clauses, sections, or provisions of this Agreement shall be held to be unlawful, invalid, or unenforceable, it is agreed that the remainder of this Agreement and the enforceable portion(s) of unenforceable provisions shall remain in full force and effect.

24. Special Provisions

The remedies provided in this Agreement shall be cumulative and no one shall be construed as exclusive of any other or of any remedy provided by law and failure of any Party to exercise any remedy at any time shall not operate as a waiver of the right of such Party to exercise any remedy for the same or subsequent default at any time thereafter.

25. Suspension and Termination

In the event that either Party is unable to perform any of its obligations under this Agreement, or to enjoy any of its benefits because of natural disasters, actions or decrees of government bodies, the Party who has been so affected shall immediately give notice to the other Party and shall do everything possible to resume performance. Upon receipt of such notice, all obligations under this Agreement are suspended. If the period of non-performance exceeds thirty (30) days from the receipt of notice, the Party whose ability to perform has not been so affected may, by giving written notice, terminate this Agreement.

26. Termination for Convenience

This Agreement may be terminated in whole or in part by the Airport Authority whenever, for any reason, the Airport Authority determines that such termination is in the best interest of the Airport Authority. Termination of services shall be affected by delivery to the Contractor of a termination notice at least ten (10) days prior to the effective date of the termination, specifying the extent to which services are to be provided until the termination becomes effective. Contractor shall be compensated for services rendered prior to the effective date of termination. In no event shall the Airport Authority be liable for services received by the Airport Authority after the effective date of termination.

Contractor shall be compensated for services herein provided, but in no case shall total payments made to the Contractor exceed the original price due on the Agreement.

Contractor shall have the right to terminate the agreement if Contractor determines that such termination is in the best interest of the Contractor. Termination of services shall be completed by delivery to the Airport Authority of a termination notice at least ten (10) days prior to the effective date of the termination, specifying the extent to which services are to be provided until the termination becomes effective. Airport Authority shall only be invoiced for services rendered by the Contractor prior to the effective date of termination.

27. Working Standards

Contractor agrees to execute its responsibilities by following and applying at all times the highest degree of care expected from contractors in the United States providing similar services such as those required under this Agreement. If the Airport Authority becomes dissatisfied with the work product of or the working relationship with those individuals assigned to work on this Agreement, the Airport Authority may request in writing the replacement of any or all such individuals and the Contractor shall grant such request.

28. Integration

This document incorporates the entire agreement of the Parties and supersedes all prior discussions or agreements concerning any subject matter related hereto. This Agreement may not be amended except by a writing executed by the Parties hereto. The Parties having read and understood the foregoing terms of the attached Agreement do by their respective signatures dated below, hereby agree to the terms hereof.

29. Captions

The headings and section titles of this Agreement are inserted only as a matter of reference, and in no way define, limit or describe the scope or intent of any provision of this Agreement.

Non-Collusion Affidavit

I hereby certify that I am the duly authorized representative of Contractor and that neither I nor any other member, employee, representative, agent or officer of Contractor has directly or indirectly, to the best of his/her knowledge:

A. Entered into or offered to enter into any combination, collusion or agreement to receive or pay, and that he/she has not received or paid, any sum of money or other consideration to any firm or person other than a bona fide employee working solely for me or the Contractor, to solicit or secure this Agreement other than that which appears on the face of this Agreement; or

B. Agreed, as an express or implied condition for obtaining this Agreement, to employ or retain the services of any firm or person in connection with carrying out the Agreement.

IN TESTIMONY WHEREOF, the Parties hereto have executed this Agreement, the day and year referenced below.

Eggen Weed Control, Inc.
An Arizona Corporation

PHOENIX-MESA GATEWAY
AIRPORT AUTHORITY, a joint powers airport
authority authorized by the State of Arizona

By: _____

By: _____
J. Brian O'Neill, A.A.E.

Title: _____

Title: Executive Director/CEO _____

Date: _____

Date: _____

EXHIBIT A



ATTACHMENT D
PRICE PAGE

Grand Total is to be shown on this page.
The following page lists all applicable items individually.

DESCRIPTION	QTY	PER ACRE UNIT COST	EXTENDED COST
Uniform spraying per specifications herein	238.67 Acres	\$ <u>205.00</u>	\$ <u>48,927.35</u>
<u>Spot Spraying</u> , on an as needed basis, for any areas in addition to the two hundred and three (203) specified Airport acres listed herein. <i>thirty eight (238)</i>			<u>\$.005</u> Per Sq. FT.

Andrew G. Eggen

Proposed "not to exceed" increase for subsequent fiscal years.

2ND Year 2 % 3rd Year 2 % 4th Year 2 % 5th Year 2 %

Prompt Payment Discount

As stated in Section Two, paragraph "Discounts", the price(s) quoted herein can be discounted by _____ % if payment is made within _____ days.

Exceptions / Clarifications:

Proposal Certification

By my signature, I certify that I am authorized to bind this firm/individual to provide the services accepted herein, in compliance with the scope of work, technical specifications and other terms and conditions in this Request for Proposal at the price provided on this Price Page.

Andrew G. Eggen
Printed Name

Andrew G. Eggen
Signature

EXHIBIT A
(Continued)

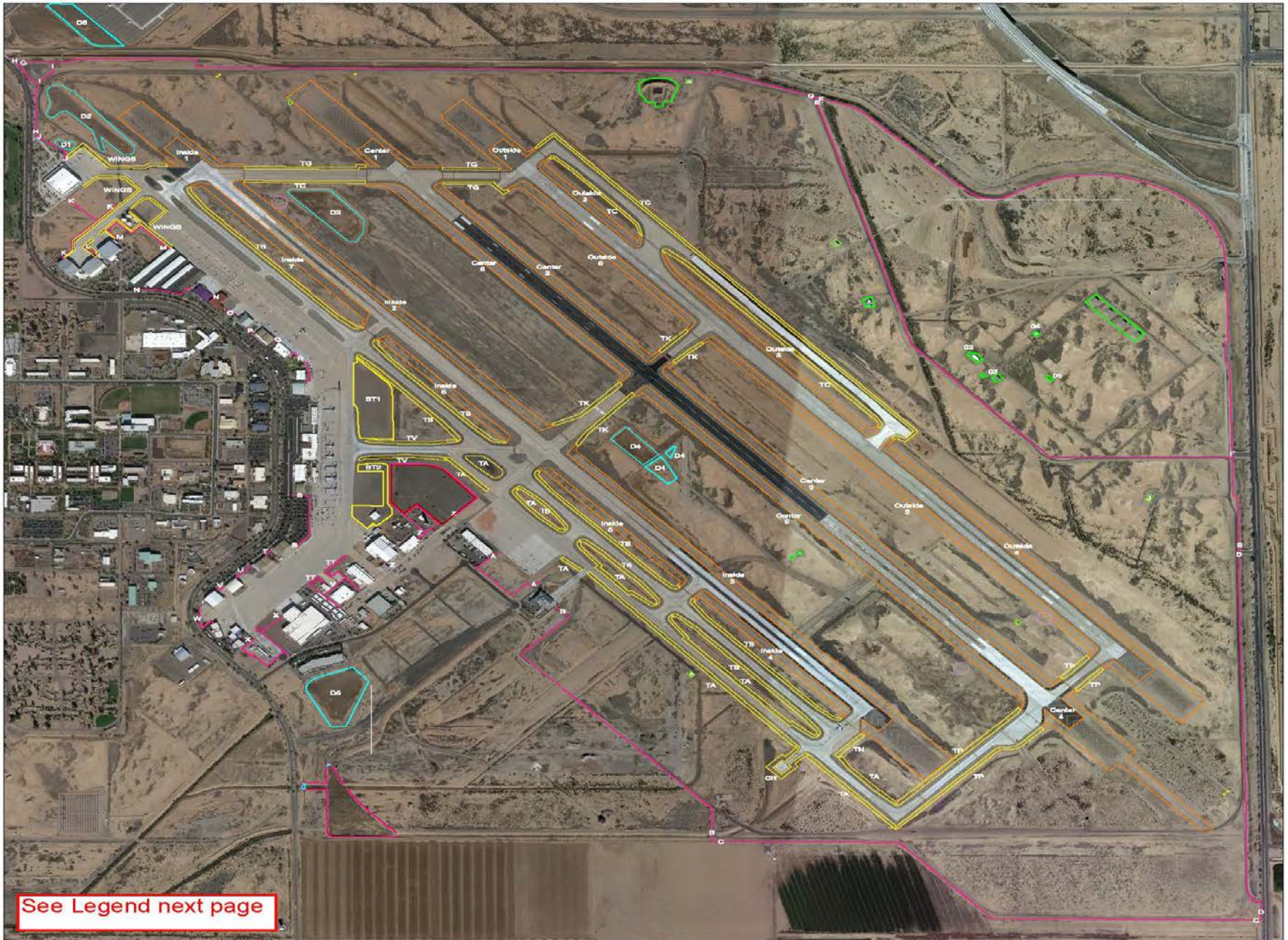


EXHIBIT A
(Continued)







Weed Abatement Map 2016




Last Revision: 12.08.2016 - GJB

Notes: Distances are from concrete edge unless noted.

Runways: 75 feet out from concrete edge. Including up to the hold short marking
Taxiways: 35 feet out from asphalt edge
Fenceline: 2 feet out each side from center of fence
Airfield Signs: 15 feet around signs

Detention Basins: 25 feet, on slopes
Buildings & Structures: 25 feet around

-  Fenceline, Spray Width 2', both sides
Approximate Total: **5.66** acres
-  Runways, Spray Width 75', both sides
Approximate Total: **144.79** acres
-  Taxiways, Spray Width 35', both sides
(BT1 & 2 sprayed inside the boxed area)
Approximate Total: **60.75** acres
-  Lighted Wind Sock, Spray Width 80', around
Approximate Total: **1.80** acres

-  Detention Basins, Spray Width 25', on slope
Approximate Total: **8.06** acres
-  Buildings/Structures, Spray Width 25', around
Approximate Total: **4.61** acres
-  Overflow Parking Lot - CLOSED
Approximate Total: **13.0** acres

Approximate Grand Total: **238.67** acres

Board Action Item

To: Board of Directors
From: Bob Draper, P.E., LEED AP, Engineering & Facilities Director
Through: Scott Brownlee, Deputy Director/COO
J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Sossaman Road & Terminal Roadway Modifications Design – Dibble Engineering
Date: April 18, 2017

Proposed Motion

To approve Authorization of Services No. 16A-1705 with Dibble Engineering for the Sossaman Road & Terminal Roadways Modifications Design for a total cost not-to-exceed \$123,151.

Narrative

In 2016 the Phoenix Mesa Gateway Airport Authority (PMGAA) secured the services of a consulting firm to conduct the West Terminal Optimization Study and the results indicated that selected improvements to Sossaman Road and the re-design of the Terminal Roadways would allow expanded traffic volume; and ease the flow of traffic to/from and in front of the Terminal.

After a Solicitation for Qualifications was completed, Dibble Engineering was chosen as one of the On-Call Airport Engineering Services firms under Contract C-2016011-A. PMGAA staff requested that a more in-depth Scoping Study be performed by Dibble Engineering to help identify areas of improvement and garner agreement from the City of Mesa. The study has been completed.

This proposal provides final engineering and design services for the Sossaman Road & Terminal Roadways Design and includes preparing plans, specifications, estimates and bid-phase services for improvements to both Sossaman Road at the West Terminal, and the West Terminal Roadway/Parking areas to improve capacity and circulation. This proposal is based on improvements that were recommended in the Dibble's *Sossaman Road and West Terminal Access Road Optimization Improvements Scoping Study dated March, 2017*.

Fiscal Impact

This Agreement was included in the FY17 capital budget using PFC funding under CIP 843.

Attachment(s)

Authorization of Services



RESOLUTION NO. 17-12

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Authority desired to obtain design services from Dibble Engineering;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes an Authorization of Services No. 16A-1705 with Dibble Engineering for the Sossaman Road and Terminal Roadways Modifications Design for a total cost not-to-exceed \$123,151. This resolution also authorizes the Chair or Executive Director/CEO to execute such Contract, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 18th day of April, 2017.

John Giles, Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Matthew Wright, Attorney



PhxMesa **Gateway** Airport

AUTHORIZATION OF SERVICES
Dibble Engineering, AOS 16A-1705

The signing of this Authorization (Agreement) by Phoenix-Mesa Gateway Airport Authority (PMGAA) and Dibble Engineering, 7500 N. Dreamy Draw Drive, Suite 200, Phoenix, AZ 85020, authorizes Dibble Engineering to carry out and complete the services described below in consideration of the mutual covenants set forth below:

1. **PROJECT:** Sossaman Road & Terminal Roadway Modifications Design – CIP 843.
2. **SCOPE OF WORK:** Dibble Engineering to provide engineering and design services to the Phoenix Mesa Gateway Airport Authority to prepare plans, specifications, estimates and bid-phase services for improvements to both Sossaman Road at the West Terminal, and the West Terminal Roadway/Parking areas to improve capacity and circulation. This scope of work is based on improvements recommended in Dibble’s *Sossaman Road and West Terminal Access Road Optimization Improvements Scoping Study (March, 2017)*. All services are to be performed in accordance with PMGAA Agreement C-2016011-A including the Standard Terms, and the attached detailed scope of work. Services shall be coordinated with and approved by PMGAA Authorized Representative prior to start of work.
3. **FEE FOR SERVICES:** The fee for services from Dibble Engineering shall be based upon the attached scope of work, not-to-exceed One hundred twenty-three thousand one hundred fifty-one dollars (\$123,151) without the express written approval of PMGAA.
4. **AVAILABILITY OF PROJECT FUNDING:** The approval and continuation of this contract is subject to the availability of funds provided to, made available to, or appropriated by PMGAA for this purpose. In the event that funds are not available or appropriated for PMGAA’s payment requirements under this contract for the goods and/or services to be provided hereunder, PMGAA may terminate this contract by providing notice to the consultant of the lack of the availability of funds. The consultant acknowledges and agrees that one source of funding for this contract may be funds made available from Passenger Facility Charges (PFC), and that this contract, its approval and continuation, is contingent on the availability of those funds being made to PMGAA.
5. **INCORPORATED:** The following documents are hereby incorporated with this Authorization of Services and made part thereof:
 - PMGAA Agreement C-2016011-A dated June 21, 2016
6. **ATTACHED:** The following documents are attached to this Agreement and are incorporated herein by this reference made part thereof:
 - Scope and Fee Proposal dated March 21, 2017

PMGAA and Dibble Engineering acknowledge that they are in agreement with the terms and conditions as set forth in this Authorization.

APPROVED FOR PMGAA:

ACCEPTED FOR DIBBLE ENGINEERING:

By: _____

By: _____

Print: J. Brian O’Neill, A.A.E.

Print: _____

Title: Executive Director/CEO

Title: _____

Date: _____

Date: _____



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Shea Joachim, CEcD, Business Development Director
Through: J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: HDH Systems Williams AZ, Amended and Restated Land Lease
Date: April 18, 2017

Proposed Motion

To authorize an Amended and Restated Land Lease with HDH Systems Williams AZ, LLC. (HDH) for the parcel located at 5655 South Sossaman Road. The lease term is 28 years and 10 months, with no extension options. Annual ground rent is \$116,085.37.

Narrative

The Airport Authority approved an Amended and Restated Land Lease with HDH in November, 2014 that encompassed approximately 7.25 acres of property and postulated the development of general aviation hangars. Due to extenuating, unique circumstances HDH has requested the Airport Authority remove 1.20 acres of undeveloped property from the leasehold. The proposed Amended and Restated Lease reduces the leasehold as requested and cleans up several clerical errors contained within the 2014 Lease. The term of the lease and the lease rate in the proposed Amended and Restated agreement match the remaining term and current lease rate in the 2014 Lease.

Agreement Term and Rate

This agreement term is 28 years, 10 months with no renewal terms.

The initial lease rate is \$116,085.37 annually (\$9,673.78 monthly), with CPI increases every three years. A market adjustment will occur on the 9th and 21st anniversary date.

Attachment(s)

Amended and Restated Lease Agreement



RESOLUTION NO. 17-13

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Authority desired to enter into an Amended and Restated Land Lease with HDH Systems Williams AZ, LLC.;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes an Amended and Restated Land Lease with HDH Systems Williams AZ, LLC. (HDH) for the parcel located at 5655 South Sossaman Road, Mesa, AZ 85212. The lease term is 28 years and 10 months, with no extension options. Annual ground rent is \$116,085.37. This resolution also authorizes the Chair or Executive Director/CEO to execute such Agreement, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 18th day of April, 2017.

John Giles, Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Matthew Wright, Attorney



Phoenix-Mesa Gateway Airport Authority

**Amended and Restated
LAND LEASE**

with

HDH SYSTEMS WILLIAMS AZ, LLC

Effective Date: March 1, 2017

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Phoenix-Mesa Gateway Airport Authority
AMENDED AND RESTATED LAND LEASE

This Amended and Restated Land Lease (the "Lease") is executed to be effective the FIRST (1) day of MARCH 2017 (the "Effective Date") between the **PHOENIX-MESA GATEWAY AIRPORT AUTHORITY**, a joint powers airport authority authorized and existing under the laws of the State of Arizona ("Lessor"), and **HDH SYSTEMS WILLIAMS AZ, LLC**, an Arizona Limited Liability Company ("Lessee"). Lessor and Lessee may be referred to jointly as "Parties," and each separately may be referred to as a "Party."

WITNESSETH:

WHEREAS, Lessor is the owner and operator of the Phoenix-Mesa Gateway Airport generally located at the intersection of Ray Road and Sossaman Road, City of Mesa, Maricopa County, Arizona (the "Airport"); and

WHEREAS, Lessor has the right to lease, license and grant the use of property and facilities on the Airport and has full power and authority to enter into this Lease in respect thereof; and

WHEREAS, Lessor desires to lease to Lessee, and Lessee desires to lease from Lessor, that certain real property at the Airport located at 5655 South Sossaman Road Mesa Arizona described as Lot 20D consisting of 263,230 square feet, as set forth in **EXHIBIT A** attached hereto (the "Premises"); and

WHEREAS, This Amended and Restated Land Lease effective MARCH 1, 2017 shall supersede and replace, in its entirety, the Amended and Restated Ground Lease Agreement effective November 1, 2014 between the **PHOENIX-MESA GATEWAY AIRPORT AUTHORITY and HDH SYSTEMS WILLIAMS AZ, LLC**.

WHEREAS, Lessor desires to lease the Premises to Lessee on the terms and conditions set forth herein;

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements herein contained, the Parties do hereby undertake, promise and agree, each for itself and its successors and assigns, as follows:

1. LEASE.

Lessor hereby leases the Premises to Lessee, subject to all easements and rights of way that may encumber the Premises, and further subject to all operational and use restrictions and other terms and conditions set forth in this Lease.

1.1 Right to Use Premises. Lessor agrees that so long as Lessee shall timely pay the Base Rent and other charges required to be paid hereunder, and perform all of its other obligations under this Lease, Lessee shall peaceably have and enjoy the use of the Premises without hindrance from Lessor. Lessee specially acknowledges that Lessee has inspected the Premises prior to entering into this Lease and agrees to accept the Premises in an "as is, where is" condition without any warranty or representation from Lessor, either express or implied, of any kind or nature whatsoever with respect to the Premises, including, but not limited to, any warranty of merchantability, habitability, or fitness for any particular or specific purpose, and all such warranties are hereby disclaimed. Should Lessee desire any inspection report, environmental assessment, survey, creation of a legal description, drainage report, or any similar study, Lessee shall be responsible for the same at Lessee's sole expense.

1.2 Substitution of Premises. In addition to Lessor's other rights set forth in this Lease, Lessor reserves the right, upon no less than NINETY (90) calendar days prior written notice to Lessee, to substitute Comparable Areas for all or any portion of the Premises, including any additions, alternations or improvements thereon, should Lessor, in its reasonable discretion, determine that taking of the Premises, any portion thereof

or any improvement thereon, is required for other Airport purposes, and there exists no appropriate alternative. In the event Lessor makes the determination to exercise its rights to substitute, all title, right and interest to the portion of the Premises taken shall immediately vest in Lessor on the date that is NINETY (90) calendar days following receipt of Lessor's notice, or such later date as specified therein. Furthermore, Lessor may require Lessee to vacate any portion or all of the Premises taken. For the purposes of this SECTION 1.2, the term "Comparable Areas" is defined to mean other facilities at the Airport, or any additions or extensions thereof, similar in size to the Premises, brought to the same level of improvement as the Premises and having the same or similar usefulness to Lessee as the portion taken. Lessor shall bear all expenses of bringing the substituted area to the same level of improvement as the Premises, and of moving Lessee's improvements, equipment, furniture and fixtures to the substituted area. If any of Lessee's improvements, equipment, furniture or fixtures cannot be relocated, Lessor shall replace, at Lessor's expense, such non-relocatable improvements and other property with comparable property in the Premises, and Lessor shall be deemed the owner of the non-relocated improvements and other property, free and clear of all claims of any interest or title therein by Lessee, or any other third party whomsoever. It is the specific intent of this SECTION 1.2 that Lessee be placed, to the extent possible, in the same position it would have been, had Lessor not substituted new premises for the Premises; provided, however, that Lessor shall not be obligated to reimburse Lessee for any damages, including lost profits or revenues, due to such substitution. Notwithstanding the foregoing, Lessor shall use reasonable efforts to avoid disruption to Lessee's business.

1.3 Access. Lessee is granted the right of reasonable access to and from the Premises via such portions of the Airport as are or may be necessary to allow Lessee to conduct its business operations permitted herein at and on the Premises and the Airport. Lessor reserves the right to designate the location of such access and to change its location from time to time, as Lessor deems reasonably necessary and appropriate; provided such changes do not materially interfere with Lessee's use of or access to the Premises.

1.4 Permitted Uses. Subject to the provisions of SECTION 1.5, Lessee may use the Premises for

1.4.1 Operation of general aviation aircraft storage hangars from which no commercial activities are authorized.

1.4.2 Use of office space located on the southern end of Building B as a business office provided no public business activities requiring routine customer entry or exit are permitted.

1.4.3 For other operational and service activities upon the advance written approval of the Executive Director or the Airport Authority.

1.4.4 Lessee's use of the Premises and operation of its business at and on the Airport and the Premises is subject to all applicable laws, rules and regulations of any governmental authority, including Lessor, and to Lessee's compliance with applicable provisions of the *Airport Rules and Regulations* and *Minimum Standards*.

1.5 Prohibited Activities. Lessee shall not use or permit its agents, employees, contractors, invitees, licensees or customers to use the Premises or the Airport for any use that is in violation of the *Airport Rules and Regulations*, the *Airport Minimum Standards*, any matters of record, or applicable laws, rules, regulations and operating policies of any governmental authority, including Lessor, or for any other activity or operation not specified in SECTION 1.4 herein, or that does not have advance, written approval of Lessor's Executive Director.

1.6 Continuous Operation. Upon commencement of business operations at and on the Premises and the Airport, Lessee shall designate an on-site manager for the term of this Lease who shall be available to Lessor and Lessee's customers, if any, during normal business hours, and otherwise as required by the *Airport Minimum Standards*, as applicable.

1.7 Lessee Acknowledgement. Lessee acknowledges this Lease is a TRIPLE NET (NNN) LEASE and agrees that its obligations to pay Base Rent and all other charges due and owing under the terms hereof shall be absolute and unconditional, and shall not be affected by any circumstances whatsoever, including, without limitation: (i) any set-off, counterclaim, recoupment, defense or other right which Lessee may have

against Lessor or the United States of America or anyone else for any reason whatsoever; (ii) any liens, encumbrances or rights of others with respect to the Premises; (iii) the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease or any lack of right, power or authority of Lessor or Lessee to enter into this Lease; (iv) any insolvency, bankruptcy, reorganization or similar proceedings by or against Lessee, or any other person; or (v) any other cause, whether similar or dissimilar to the foregoing, any future or present law notwithstanding, it being the intention of the Parties hereto that all rent being payable by Lessee hereunder shall continue to be payable in all events and in the manner and at the times provided herein.

2. TERM.

2.1 Initial Term. The term of this Lease shall be for a period of TWENTY-EIGHT (28) years, TEN (10) months, commencing on the Effective Date and terminating on DECEMBER 31, 2045 thereafter (the "Term").

2.2 Renewal Term(s). Intentionally Deleted.

2.3 First Right of Offer. Prior to the termination of this Lease, Lessee will have the First Right of Offer to lease the Premises and all improvements from Lessor to be effective on the termination of this lease and extend for a term to be negotiated in good faith at that time, but in no case shall be greater than ten (10) years, and at a rate equal to the fair market value of the facility as determined by the appraisal method outlined in Section 4.4. Should the parties fail to reach an agreement by the Lease termination date, Lessee shall have no further rights or interest in the property.

3. NONEXCLUSIVE RIGHTS.

Lessee shall have the exclusive right to occupy and use the Premises while in compliance with the terms and conditions of this Lease. All other rights granted to Lessee under this Lease are nonexclusive. Lessor may, in its sole discretion and at any time, permit third parties to conduct any and all business activities at the Airport that Lessor deems appropriate, or conduct such activities itself, provided that such activities do not require or materially interfere with Lessee's use of the Premises.

4. RENT.

4.1 Base Rent. Lessee agrees to pay Lessor annual rental for the use of the Premises in the amount of ONE HUNDRED SIXTEEN THOUSAND EIGHTY-FIVE AND 37/100 DOLLARS (\$116,085.37), payable in equal monthly installments of NINE THOUSAND SIX HUNDRED SEVENTY-THREE AND 78/100 DOLLARS (\$9673.78) (the Base Rent) plus fifteen percent (15%) of Lessee's total monthly revenue from all rented hangars on the Premises. The Base Rent shall be payable in advance, without any prior demand therefor and without any abatement, deductions or set-offs whatsoever, and tendered in lawful currency of the United States, either by check or electronic transfer.

4.2 RESERVED.

4.3 CPI Increases. The annual Base Rent paid by Lessee shall be increased (but never decreased). The first adjustment shall occur on November 1, 2017 then on every THIRD (3) year anniversary of this November Date of this Lease by a percentage equal to the percentage that the Consumer Price Index (CPI) (as defined below) increased during the immediately preceding THIRTY-SIX (36) month period ending NINETY (90) days prior to the end of the adjustment period. For purposes of this Lease, CPI means the United States Department of Labor, Bureau of Statistics Consumer Price Index for all Urban Consumers (CPI-U), U.S. City Average (1982-1984=100). If at any time CPI ceases to exist, Lessor may substitute any official index published by the Bureau of Labor Statistics or by a successor or similar government agency as may then exist and which in Lessor's reasonable business judgment shall be most nearly equivalent to the CPI.

4.4 Market Adjustments to Base Rent.

4.4.1 Notwithstanding the Base Rent increases referenced in SECTION 4.2, the annual Base Rent shall be adjusted on each NINTH (9) and TWENTY-FIRST (21) year anniversary of the Effective Date of this Lease (the "Adjustment Date(s)") as hereinafter set forth in this SECTION. On each such Adjustment Date, the Base Rent shall be adjusted to the fair market base rental rate of the Premises, in relation to comparable (in quality, size, and value) airport-related facilities.

4.4.2 Lessor's determination of such fair market base rental rate for the Premises shall be delivered to Lessee no later than NINETY (90) calendar days prior to the Adjustment Date. If Lessee disputes Lessor's determination of such fair market base rental rate, Lessee shall deliver written notice of such dispute, together with Lessee's determination of such fair market base rental rate, to Lessor within THIRTY (30) calendar days of Lessee's receipt of Lessor's determination. The Parties shall then attempt in good faith to agree upon such fair market base rental rate. If the Parties fail to agree within FIFTEEN (15) business days, they shall, within SEVEN (7) calendar days thereafter, mutually appoint an appraiser to determine the fair market base rental rate. Said appraiser shall have at least FIVE (5) years of full-time commercial appraisal experience and be a member of the Appraisal Institute or comparable professional organization. If the Parties are unable to agree upon an appraiser within such SEVEN (7) calendar days, they shall, within FIVE (5) business days thereafter, apply to the president of the local Board of Realtors for the selection of an appraiser. The president of the Board of Realtors shall, within FIFTEEN (15) business days, select an appraiser with the above qualifications who has not acted in any capacity for either party within the prior TWO (2) years. Within SEVEN (7) calendar days of the appointment (either by agreement or selection) of the appraiser, the Parties shall submit to the appraiser their respective determinations of the fair market base rental rate and any/all substantiated information. Within TWENTY (20) business days thereafter, the appraiser shall review each Party's submittal (and such other information as the appraiser deems necessary) and shall select one Party's submittal as representing the most reasonable approximation of such fair market base rental rate, and the appraiser's fees and expenses shall be paid by the Party whose submittal was not selected.

4.5 Airport Rates and Charges Schedule. Lessee or its subtenants, as applicable and including its contractors, agents, etc., shall pay all fees identified in the most current *Airport Rates and Charges Schedule* at the time of receipt of any covered service or use of any covered facilities, unless specifically outlined in this Lease. The current *Airport Rates and Charges Schedule* is included as **EXHIBIT B** and is subject to change without prior notice or approval of Lessee. Lessee acknowledges and agrees that Lessor may amend the *Airport Rates and Charges Schedule* at any time at Lessor's sole discretion, and that no fee shall apply to the use of the Premises or access to the Premises.

4.6 Payment.

4.6.1 Unless otherwise specified herein, the first payment of Base Rent shall be paid to Lessor upon the delivery of this Lease, for the period from the Effective Date until the end of the calendar month in which the Effective Date occurs, prorated on the basis of the number of such days to the total number of days in said month. Thereafter, all Base Rent payments shall be paid in monthly installments, in advance, on the first day of each calendar month (the "Base Rent Due Date"). On each such date, Lessee shall pay the full Base Rent payment.

4.6.2 No payment to or receipt by Lessor of a lesser amount than that which is due and payable under the provisions of this Lease at the time of such payment shall be deemed to be other than a payment on account of the earliest payment due, nor shall any endorsement or statement on any check or payment prejudice in any way Lessor's right to recover the balance of such payment or pursue any other remedy provided in this Lease or by law.

4.6.3 All payments (and reports, if any) required by this SECTION 4.5 shall be remitted to the following address by the due date(s) specified hereinabove:

Phoenix-Mesa Gateway Airport Authority
Attn.: Department of Finance (Accounts Receivable)
5835 S. Sossaman Road

Mesa, Arizona 85212-6014

or such other address specified in writing by Lessor to Lessee.

4.7 Finance Charges and Late Fees. If Lessee fails to pay any installment of Base Rent or any other charge due and owing to Lessor in full on or before the applicable due date, Lessee shall be responsible for interest on the unpaid installment at the rate of EIGHTEEN PERCENT (18%) per annum from the due date until payment in full is made. In addition, in the event any installment of Base Rent or other charge owing to Lessor is paid more than TEN (10) days after the due date, a late penalty of TEN PERCENT (10%) of the amount of such delinquent Base Rent installment or other charge shall be due and payable in addition thereto.

4.8 Taxes. In the event any governmental authority shall impose a tax or imposition based upon any Base Rent payments or any other sums paid or owing hereunder, or the receipt of such payments by Lessor, Lessee shall pay such amounts to Lessor at the same time and in addition to payments hereunder, which amounts may include, but are not limited to, any or all rental, transaction privilege, sales, excise or other similar tax except income taxes.

4.9 Survival. Lessee's obligation to pay all amounts stated herein, together with any interest thereon and/or penalties therefor, shall survive the termination of this Lease.

5. PERFORMANCE GUARANTEE.

5.1 Security Deposit.

5.1.1 Lessee has paid to Lessor the amount of FIVE THOUSAND DOLLARS (\$5,000), as a security deposit (the "Security Deposit") to insure the faithful performance of all of Lessee's obligations hereunder.

5.1.2 The Security Deposit, at the election of Lessor, may be applied in reduction of any loss and/or damage sustained by Lessor by reason of the occurrence of any breach, nonperformance or default by Lessee under this Lease without the waiver of any other right or remedy available to Lessor at law, in equity or under the terms of this Lease. If any portion of the Security Deposit is so used or applied, Lessee shall, within FIVE (5) business days after written notice from Lessor, deposit with Lessor immediately available funds in an amount sufficient to restore the Security Deposit to its original amount. In the event of a sale or other transfer of the Premises by Lessor, Lessor shall transfer the remaining balance (if any) of the Security Deposit to Lessor's successor in interest, whereupon the transferor Lessor shall be released from liability to Lessee for the return of such Security Deposit. Unless this Lease is terminated as a result of Lessee's default whereupon Lessee shall immediately forfeit its Security Deposit to Lessor, upon termination, Lessor shall return to Lessee all portions of the Security Deposit which were not otherwise applied by Lessor as permitted above. Lessor shall have no obligation to maintain a separate account for such security deposit and shall have no obligation to pay interest thereon.

6. AIRCRAFT OPERATIONS GUIDELINES.

If and to the extent that Lessee, including its subtenants, contractors, agents, etc., operates aircraft at or on the Airport, Lessee shall be subject to the provisions of **EXHIBIT C**. If any subtenant, contractor or agent of Lessee conducting activities on or at the Premises operates aircraft at the Airport, all shall be subject to the provisions of **EXHIBIT C**, which Lessor may enforce directly against such subtenant, contractor or agent, but Lessee shall have no direct liability or responsibility with respect to such matters; except, however, Lessee shall be responsible for compliance by its subtenants, contractors and/or agents with the *Airport Rules and Regulations* and *Minimum Standards*, as appropriate.

7. IMPROVEMENTS.

7.1 RESERVED.

7.2 RESERVED.

7.3 No Alterations. Lessee shall make no material improvements or alterations to the Premises during the Term of this Lease without the prior written permission of Lessor, which shall not be unreasonably withheld or delayed and, if and to the extent applicable, without the approval by Lessor's Design Review Committee. Lessee shall provide Lessor with electronic as-built drawings (or their equivalent) when any improvement or alteration is completed for which such drawings are reasonably required.

7.4 Title to Alterations and Improvements. Title to all Improvements and alterations on the Premises (but not personal property or trade fixtures) shall vest in Lessor upon the expiration of this Lease, and Lessee agrees to execute and deliver to Lessor, within TEN (10) business days after Lessor's request therefor, a quitclaim deed confirming that title to such improvements and alterations is vested in Lessor.

7.5 Mechanics' Liens. Lessee shall keep the Premises and all improvements constructed by Lessee thereon free of any mechanic or materialmen's liens. In the event that any such lien is filed, Lessee shall, at its sole cost, cause such lien to be removed from the Premises by bonding or otherwise within THIRTY (30) calendar days of notice thereof.

7.6 Permit Required. Lessee shall be responsible for determining whether it is subject to local building/construction codes or permit requirements, and for compliance with them to the extent they are applicable. All structural, electrical, plumbing or mechanical construction or reconstruction shall conform to City of Mesa (the "City") construction and technical codes. No such work shall be commenced without first submitting required plans and obtaining required permits from the City. All such work shall be permitted, inspected and approved by the City prior to concealment or use. Lessee shall provide to Lessor a contemporaneous copy of Lessee's permit application and the associated plans and specifications.

7.7 Damage or Destruction. Lessee shall maintain insurance on all of Lessee's improvements to the Premises. In the event that all or any portion Lessee's improvements are destroyed or rendered unusable due to fire or other catastrophe, Lessee shall replace, repair, restore, modify or improve said improvements, subject to the provisions of SECTION 7.6, using available insurance proceeds together with any additional funds from other available sources, or, alternatively, Lessee shall pay the replacement cost of the improvements to Lessor.

8. MAINTENANCE.

8.1 Lessee Responsibilities. Lessee shall, at its sole cost and expense, keep the Premises and all improvements therein in a neat and clean condition and in good order, condition and repair throughout the Term. In doing so, Lessee shall prepare, maintain and follow a preventative maintenance schedule for all mechanical, electrical, plumbing, drain, piping and air conditioning systems on the Premises, and, upon request, provide a copy of such schedule to Lessor and, if required by Lessor, a list of the dates on which such maintenance was actually done. Lessee's maintenance of the Premises shall consist of the inspection, servicing and repair of all systems and improvements, including the boilers, interior and exterior roof and structures, electrical, plumbing, heating and cooling, fire detection and suppression systems, pavements, pest control, landscaping and grounds maintenance.

8.2 Damage to Lessor Property. Any real or personal property of Lessor damaged or destroyed by Lessee as a result of Lessee's use or occupancy of the Premises shall be promptly repaired or replaced by Lessee to the satisfaction of Lessor. In lieu of such repair or replacement, where required by Lessor, Lessee shall pay to Lessor an amount sufficient to compensate for the loss sustained by Lessor.

8.3 Trash Removal. Lessee shall at all times keep the Premises in a neat, clean, safe, sanitary and orderly condition and shall keep such area free of all trash and debris. Lessee shall be responsible for all trash removal from the Premises and Lessee shall deposit all trash and debris only at collection stations located on or in proximity to the Premises, in accordance with City code.

8.4 Emergency Repairs. Within FIFTEEN (15) days of the Effective Date, Lessee shall provide Lessor with a list of names and telephone numbers for 24-hour emergency contact for the Premises. Lessee shall promptly provide Lessor with updated lists and changes as necessary.

9. ASSIGNMENT, SUBLETTING AND OTHER TRANSFERS.

9.1 Consent Required. Except as provided in Section 9.3, Lessee shall not transfer, assign, encumber, pledge or hypothecate this Lease or any right or interest hereunder, or sublet the Premises or any part thereof, nor permit any other person to occupy the Premises (each of which events is herein called a "Transfer"), without the prior written consent of Lessor, such consent to be in the sole discretion of Lessor. Lessor may, as a condition of approval, require any potential transferee to submit biographical and financial information to Lessor at least thirty (30) days prior to the proposed Transfer. Lessee shall submit any proposed documentation relating to a proposed Transfer for Lessor's review and approval. If Lessor consents to such Transfer, the transferee shall obtain any permits required by Lessor as well as execute such documents and pay such fees as Lessor may require in its sole discretion. Lessor may cancel any Transfer entered into without the consent of the Executive Director of the Airport Authority and said Transfer shall be null and void upon notification by Lessor to Lessee. Notwithstanding any Transfer (made with or without the consent of Lessor), Lessee shall not be released from the performance of any of the terms, covenants and conditions of this Lease as a result of a Transfer, and Lessee shall remain liable under this Lease upon any initial Transfer or subsequent Transfer.

9.2 Reserved.

9.3 Deemed Transfers. For the purposes of this Lease, a Transfer shall be deemed to include the following: (i) if Lessee is a corporation, partnership, limited liability company or other legal entity, the transfer of any ownership interest in such entity resulting in a change in the present control of such entity by the person or persons owning a majority of the ownership interest thereof as of the date of this Lease; provided, however, if Lessee is a corporation whose stock is traded on a nationally recognized stock exchange, the transfer of Lessee's stock shall not constitute a Transfer requiring Lessor's consent; or (ii) the sale of TWENTY-FIVE PERCENT (25%) or more in value of the assets of Lessee.

9.4 Subleasing.

9.4.1 Lessee may sublease portions of the Premises without prior approval if the following conditions are met:

a. The sublease and any amendments or modifications thereto shall be in a form which shall have been previously approved in writing (except for changes that do not materially impact Lessor's rights and interests) by Lessor;

b. Rent for subleased premises shall not be less than fair market value.

c. Sublessee(s) shall not make and Lessee shall not accept any prepayment, i.e., covering any period in excess of three (3) months, of that portion of sublessee's rent which is attributable to the Base Rent due hereunder (the "Base Rent Portion"), provided, however, that the portion of sublessee's rent which is in excess of the Base Rent portion may be prepaid. The Base Rent portion shall be calculated as a fraction, the numerator of which shall be the square footage leased by sublessee, plus sublessee's proportionate share of square footage of common areas or facilities on the Premises, and the denominator of which shall be the square footage of the Premises multiplied by the total Base Rent hereunder. Notwithstanding the foregoing, however, prepayment of the Base Rent Portion, for periods in excess of three (3) months, may be made following prior notice to and approval by Lessor, which approval shall not be unreasonably withheld. Any such prepaid Base Rent Portion, shall, at the election of Lessor, be paid directly to Lessor or paid into an interest-bearing escrow account, payable solely to Lessor, with no restrictions on payment to Lessor except as Lessor may determine.

d. The sublease(s) and sublessee(s) shall at all times be subject to the terms and conditions of this Lease.

- e. The permitted uses of the Premises under any sublease shall be the same as that permitted under this Lease.
- f. The term of any sublease shall not extend beyond the stated expiration of this Lease.
- g. Lessee shall not permit any sublessee to operate aircraft to. From

9.4.2 Upon request from Lessee, Lessor shall enter into a Non-Disturbance and Attornment Agreement; provided, however, that: (i) the conditions of SECTION 9.4.1 have been met; (ii) the sublessee is not then in default beyond an applicable cure period under the sublease or this Lease; and (iii) the sublessee does not have a history of noncompliance with the *Airport Rules and Regulations* or *Minimum Standards*. All legal fees incurred by Lessor in connection with any reasonably necessary legal counsel review and approval of a Non-Disturbance and Attornment Agreement shall be paid by Lessee.

9.4.3 Lessee shall not permit any sublessee unescorted access to the secured areas of the Airport unless and until the sublessee has obtained its own valid Airport security clearance and media from Lessor. Lessee acknowledges that it may take THIRTY (30) calendar days or more to process sublessee for security clearance and media.

9.4.4 Lessee shall submit a copy of each fully executed sublease to Lessor as soon as possible, but no later than FIVE (5) business days after execution.

9.5 No Release of Lessee; Further Assignments. No consent by Lessor to any Assignment or Sublease by Lessee shall relieve Lessee of any obligation to be performed by Lessee under this Lease, whether arising before or after the Assignment or Sublease. Any Assignment or Sublease that is not in compliance with this Section shall be void and, at the option of Lessor, shall constitute a material default by Lessee under this Lease. The acceptance of rent or payment of any monetary obligation by Lessor from a proposed assignee or sublessee shall not constitute the consent by Lessor to such Assignment or Sublease.

10. IDENTIFICATION SIGNS.

Lessee may install on the building in which the Premises is located, a sign or signs identifying its business on the exterior of the Premises; provided, however, that the general type, size, and location of such sign(s) shall conform to Lessor's Comprehensive Sign Plan, be approved in writing by Lessor in advance of installation and be subject to any signage rules, codes and/or regulations of any governmental authority.

11. DEFAULT; TERMINATION BY LESSOR.

11.1 Events of Default. Each of the following shall constitute a material default of this Lease by Lessee (an "Event of Default"):

11.1.1 Failure to pay any installment of Base Rent or other amount due from Lessee hereunder, or required by any other agreement between the Parties, provided that Lessee does not cure such failure within TEN (10) business days after delivery by Lessor of a written notice of such failure.

11.1.2 Failure to perform any of its other obligations under this Lease, provided that Lessee does not cure such failure within THIRTY (30) calendar days after delivery by Lessor of a written notice of such default; provided, however, if a cure of the default reasonably requires more than THIRTY (30) calendar days to complete, then the time to cure shall be extended so long as the cure is being diligently pursued.

11.1.3 The filing of any mechanic's, materialmen's or other lien or any kind against the Premises because of any act or omission of Lessee which lien is not discharged, by bonding or otherwise, within THIRTY (30) calendar days of receipt of actual notice thereof by Lessee.

11.1.4 The taking of possession for a period of ten (10) days or more of all or substantially all of the personal property used on the Premises belongs to Lessee by or pursuant to lawful authority of any

legislative act, resolution, rule, order or decree of any court or governmental board, agency, officer, receiver, trustee or liquidator.

11.1.5 The voluntary abandonment by Lessee of its operations or a substantial portion of its operations at the Airport for a period of ten (10) days or more.

11.1.6 The failure of Lessee to maintain all insurance coverage required by this lease

11.2 Lessor's Remedies. Upon the occurrence of an Event of Default under this Lease, Lessor may, without prejudice to any other rights and remedies available to a Lessor at law, in equity or by statute, but subject to the provisions of SECTIONS 9.2 and 23 herein, exercise one or more of the following remedies, all of which shall be construed and held to be cumulative and non-exclusive:

11.2.1 Terminate this Lease and re-enter and take possession of the Premises; or

11.2.2 Without terminating this Lease, re-enter and take possession of the Premises; or

11.2.3 Without such re-entry, recover possession of the Premises in the manner prescribed by any statute relating to summary process, and any demand for Base Rent, re-entry for condition broken, and any and all notices to quit, or other formalities of any nature to which Lessee may be entitled, are hereby specifically waived to the extent permitted by law; or

11.2.4 With or without terminating this Lease, Lessor may re-let the Premises or any portion thereof.

11.3 No Implied Termination. Lessor shall not be deemed to have terminated this Lease unless Lessor shall have notified Lessee in writing that it has so elected to terminate this Lease. Lessee hereby waives all claims based on Lessor's reentering and taking possession of the Premises, or removing and storing the property of Lessee, and shall save Lessor harmless from all losses, costs or damages occasioned thereby. No such reentry shall be considered or construed to be a forcible entry by Lessor.

11.4 Lessor's Current Damages. Lessor is authorized to make such repairs, refurbishments or improvements to the Premises as may be necessary for the purpose of attempting to re-let the Premises, and the costs and expenses incurred in respect of such repairs, redecorating, refurbishments and improvements shall be paid by Lessee to Lessor within FIVE (5) business days after receipt of Lessor's statement. If Lessor exercises any of the remedies stated above, Lessor shall be entitled to recover from Lessee all damages incurred by Lessor by reason of the Event of Default, which shall include, without limitation, (i) the equivalent of the amount of the Base Rent and all other payments which would be payable under this Lease by Lessee for the remainder of the Term as if this Lease were still in effect, less (ii) the net proceeds of any re-letting by Lessor after deducting all of Lessor's expenses in connection with such re-letting, which shall include, without limitation, repossession costs, repairs, redecorating, refurbishments or improvements to the Premises, brokerage commissions, attorneys' fees, and legal expenses. Lessee shall pay such current damages to Lessor, in the amount set forth in the preceding sentence (hereinafter called the "Deficiency"), in monthly installments on the days on which the Base Rent would have been payable under this Lease as if this Lease were still in effect.

11.5 Lessor's Final Damages. At any time after an Event of Default, whether or not Lessor shall have collected any monthly Deficiency as set forth above, Lessor shall be entitled to recover from Lessee, and Lessee shall pay to Lessor, on demand, as final damages for the applicable Event of Default, the sum of (a) the then present worth (at a discount at the rate of SIX PERCENT (6%) per annum) of (i) the aggregate of the Base Rent and all other amounts to be paid by Lessee hereunder for the unexpired portion of the term of this Lease (assuming this Lease had not been terminated), less (ii) the amount of such loss that could have been reasonably avoided, plus (b) repossession costs, Lessor's expenses in connection with any attempts it may have made to re-let the Premises (which shall include, without limitation, repairs, refurbishments or improvements to the Premises and brokerage commissions), attorneys' fees, legal expenses, and all other damages incurred by Lessor as a result of such Event of Default. In such a Default, should Lessee's depreciated book value of the facility

exceed Lessor's final damages, Lessee is not entitled to any compensation and forfeits any remaining value to Lessor. Nothing contained in this paragraph shall limit or prejudice the right of Lessor to prove for and obtain, as damages, an amount equal to the maximum allowed by any statute or rule of law in effect at the time when, and governing the proceedings in which, such damages are to be proved, whether or not such amount be greater, equal to or less than the damages referred to above.

11.6 No Waiver by Lessor. No waiver by Lessor of any breach or default by Lessee in the performance of its obligations under this Lease shall be deemed to be a waiver of any subsequent default by Lessee in the performance of any of such obligations, and no express waiver shall affect an Event of Default in a manner other than as specified in said waiver. The consent or approval by Lessor to or of any act by Lessee requiring Lessor's consent or approval shall not be deemed to waive or render unnecessary Lessor's consent or approval to or of any subsequent similar acts by Lessee.

11.7 Content of Default Notice. Any default notice tendered to Lessee hereunder shall be deemed to be sufficient if it is reasonably calculated to put Lessee on inquiry as to the nature and extent of such default, and is made in accordance with SECTION 20 herein.

12. ASSUMPTION OF CRITICAL OPERATIONS.

In the event that Lessee voluntarily abandons or is prevented from furnishing any of its required commercial services which have been deemed by Lessor in advance and in writing to be critical to the operation of the Airport, and Lessee has received and is in agreement with said notification, Lessor shall have the immediate right or, if time permits, upon TWENTY-FOUR (24) hours advance written notice to Lessee, to assume responsibility for providing such critical services. In exercising such right, Lessor may take control of the Premises, or any portion thereof together with whatever improvements, fixtures and equipment on the Premises as are necessary to provide the critical services without waiving any of Lessor's rights hereunder.

13. INDEMNIFICATION.

Lessee hereby agrees to defend, indemnify and hold harmless Lessor and its members, elected or appointed officials, agents, contractors, subcontractors, boards, commissions and employees (hereinafter referred to collectively as the "Lessor" for purposes of this SECTION 13) for, from and against any and all claims, causes of action, liability, suits, litigation (including reasonable attorney's fees and other costs of investigation and litigation), actions, losses, damages or claims of any nature whatsoever which arise out of or in connection with (i) any accident, injury or damages occurring within the Premises, or (ii) any negligent act or omission of Lessee or its agents, employees, contractors, or subcontractors (hereinafter referred to collectively as "Lessee" for purposes of this SECTION 13) in connection with Lessee's operations hereunder and which result directly or indirectly in the injury to or death of any persons or the damage to or loss of any property, or (iii) the failure of Lessee to comply with any provisions of this Lease. This indemnification shall exclude responsibility for any consequential damages and for claims arising by reason of the negligent or wrongful act of Lessor or its employees, contractors or agents.

14. ENVIRONMENTAL PROTECTION.

14.1 Definitions. Unless the context shall clearly require otherwise, the terms defined in this SECTION 14 shall, for all purposes of this Lease and of any agreement amendatory hereof or supplemental hereto, have the meanings herein specified, with the following definitions to be equally applicable to both the single and plural forms of any of the following:

14.1.1 Environmental Laws. The term "Environmental Laws" shall mean any one or all of the following, as the same are amended from time to time: the Comprehensive Environmental Response, Compensation, and Liability Act, 42 USC Section 9601 et seq.; the Resource Conservation and Recovery Act, 42 USC Section 6901, et seq.; the Toxic Substances Control Act, 15 USC Section 2601 et seq.; the Safe Drinking Water Act, 42 USC Section 300f et seq.; the Clean Water Act, 33 USC Section 1251 et seq.; the Clean Air Act, 42 USC Section 7401 et seq.; the Arizona Hazardous Waste

Management Act, A.R.S. Section 49-921 et seq. the Arizona Environmental Quality Act, A.R.S. Title 49, as amended; and all regulations thereunder and any other laws, regulations and ordinances (whether enacted by the local, state or federal government) now in effect or hereafter enacted that deal with the regulation or protection of the environment, including the ambient air, ground water, surface water, and land use, including substrata land, or that govern the use of hazardous materials, solid and hazardous waste, hazardous substances and petroleum products.

14.1.2 *Hazardous Material.* The term “Hazardous Material” shall mean any toxic or hazardous material, substance or waste, or any pollutant or contaminant as defined or regulated pursuant to any Environmental Law and petroleum products. For purposes of this definition, petroleum includes petroleum-based substances comprised of a complex blend of hydrocarbons derived from crude oil through processes of separation, conversion, upgrading and finishing (e.g., distillate fuel oils, petroleum solvents and used oils).

14.2 Release by Lessor. Lessor shall indemnify Lessee to the fullest extent permitted by law for any and all environmental damage of any kind, or for the effects of Hazardous Material on the environment, or on any person or property, if any, which have been caused by the use of, or releases from, the Premises and the Airport prior to Lessee’s occupancy of any part thereof. Lessee is not liable for any claims or damages arising from environmental damage resulting from or that are the result of contamination of any kind existing on the Premises or surrounding sites prior to Lessee’s occupancy of thereof.

14.3 Lessee Compliance.

14.3.1 Lessee shall, at the Lessee’s own expense, comply with all present and hereafter enacted Environmental Law, including any amendments thereto, affecting Lessee’s activities on and property interest in the Premises during the period of Lessee’s occupancy of thereof under this Lease.

14.3.2 Lessee shall not cause or permit any Hazardous Material to be brought upon, kept or used in or about the Premises or the Airport by Lessee’s agents, employees, contractors or invitees in violation or threatened or suspected violation of any Environmental Law. The Parties recognize and agree that Lessee may bring on the Premises and Airport and use Hazardous Materials that are ordinarily and customarily used in the conduct of Lessee’s permitted activities under this Lease, provided that such use shall comply fully with all applicable Environmental Laws.

14.3.3 If Lessee desires and receives written authorization from Lessor to install any above ground storage tank (“AST”) on the Premises or elsewhere on the Airport, Lessee shall submit the plans for such ASTs to Lessor for prior written approval and shall comply with all applicable Environmental Laws related thereto, including Title 40, Code of Federal Regulations, Part 112, as applicable. Lessee shall be the owner of such ASTs for statutory purposes and shall be solely responsible for the design, construction, installation, operation, monitoring, inspection, repair and maintenance of any and all ASTs, including any connected piping and/or dispensing apparatus. All ASTs shall comply with the Office of the State Fire Marshall as well as the Authority Having Jurisdiction (AHJ). Any AST that stores flammable and combustible liquids shall meet the provisions of NFPA 30, Flammable and Combustible Liquids Code. Records demonstrating compliance with release detection requirements, including product inventories, calibration and maintenance, sampling, tightness testing and any other records, fees and taxes required by the state or federal governments shall be the responsibility of Lessee. Upon the expiration of this Lease, Lessee shall remove all ASTs in compliance with all applicable Environmental Laws in effect at that time unless otherwise allowed by Lessor.

14.4 Indemnification. Indemnification. To the fullest extent permitted by law, Lessee shall indemnify, defend (with counsel reasonably acceptable to Lessor), protect and hold harmless Lessor and its employees and agents for, from and against any and all liability, loss, damage, expense, penalties and legal and investigation fees or costs, arising from or related to any claim or action for injury, liability, or damage to persons or property and any and all claims or actions brought by any person, entity or governmental body, alleging or arising in connection with contamination of the environment or violation of any Environmental Law or other statute, ordinance, rule, regulation, judgment or order of any government or judicial entity which are incurred or assessed as a result of any of Lessee’s activities or operations on the Premises or Airport. This obligation

includes, but is not limited to, all costs and expenses related to cleaning up the property, land, soil and underground or surface water as required under the law. Lessee's obligations and liabilities under this Section 14.4 shall survive the termination of this Lease. The indemnification of Lessor by Lessee as described above includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision. Lessor reserves the right to seek injunctive relief as may be permitted under law and equity.

14.5 Remediation. Without limiting the foregoing, if the presence of any Hazardous Material during the Term of this Lease caused or permitted by Lessee results in any Release on the Airport in violation or potential violation of any Environmental Law, Lessee shall promptly take action to remediate the affected property at its sole expense as necessary to return the Airport to the condition existing prior to the introduction of any such Hazardous Material to the Airport; provided that Lessor's approval of such actions shall first be obtained, which approval shall not, except in an emergency, be unreasonably withheld so long as such actions would not potentially have any material adverse long-term effect on the Airport and Lessee is not under administrative or court order related to such remediation action. Notwithstanding Lessor's approval pursuant to this SECTION 14.5, Lessor is not responsible for directing or managing any remediation action. For purposes of this SECTION 14.5, the term "Release" means any releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing, or dumping.

14.6 Governmental Submittals. Lessee shall, at Lessee's own expense, make all submissions to, provide all information to, and comply with all requirements of the appropriate governmental authority (the "Government") under the Environmental Laws. Should the Government determine that a site characterization, site assessment and/or cleanup plan should be prepared and/or that a cleanup should be undertaken because of any spills or discharges of Hazardous Materials by reasons of Lessee's activities or actions at the Airport which occur during the term of this Lease, then Lessee shall, at the Lessee's own expense, prepare and submit the required plans and financial assurances, and carry out the approved plans. The Lessee shall provide a copy of said plans to the Lessor within thirty (30) days of development.

14.7 Information Sharing.

14.7.1 Lessee shall immediately notify Lessor of any of the following: (i) Lessee's receipt of any notification from any governmental entity either charging or informing Lessee that it will be charged with a significant (as defined below) violation of Environmental Laws, and (ii) any change in Lessee's activities on the Premises or Airport that is reasonably likely to adversely change Lessee's or Lessor's obligations or liabilities under the Environmental Laws. In addition, Lessee agrees to provide Lessor with copies of documents reflecting the physical condition of the Premises, including but not limited to, environmental testing of soils and groundwater, and information reasonably requested by Lessor to determine the applicability of the Environmental Laws to the Premises, or to respond to any governmental investigation or claim of liability by third parties which is related to environmental contamination of the Premises or Airport, including Lessee's activities thereon. A "significant violation of Environmental Law" shall be any violation that requires more than Thirty (30) calendar days to resolve.

14.7.2 Lessee shall immediately notify Lessor's Operations and Maintenance Department upon discovering a Release or Suspected Release of any amount of material that is stored inside an AST, approved pursuant to SECTION 14.3.3. For purposes of this Section, a "Suspected Release" is any discovery of released Hazardous Material at the AST site or surrounding area, erratic behavior of Hazardous Material dispensing equipment, the sudden loss of a Hazardous Material, or when monitoring indicates that a Release has occurred.

14.8 Sublease. Lessee shall insert provisions substantially identical to the provisions of this SECTION 14 in any Airport approved sublease agreement or contract by which it grants a right or privilege to any person, firm, corporation or other entity under this Lease.

14.9 Actions of Lessee. The activities or actions of Lessee under this SECTION 14 shall include the activities or actions of Lessee's officers, directors, employees, agents, contractors, invitees and successors.

14.10 Clean Water Act; NPDES Permits and SWPPPs. Without in any way limiting the foregoing, Lessee shall comply with all Environmental Laws regarding discharges to water and land, including, without limitation, obtaining and complying with an individual National Pollutant Discharge Elimination System ("NPDES") permit, or requesting coverage under and complying with any applicable multi-sector permit obtained by Lessor. If applicable, Lessee shall also prepare and comply with a site-specific Storm Water Pollution Prevention Plan ("SWPPP") or any revisions to an SWPPP, with respect to Lessee's operations or activities on the Premises or Airport. At Lessee's discretion, Lessee may choose to be added to Lessor's Storm Water Permit and, if such addition is desired, agrees to be subject to the provisions of **EXHIBIT E** attached hereto.

14.11 Protective Devices and Plans. If Lessee is required by the City to estimate the possible constituents of sanitary sewer discharges in order that the City may define certain discharge limitations for the Premises, Lessee shall complete and return an Industrial Wastewater Discharge Questionnaire (the "Questionnaire") to the City and promptly provide Lessor with a copy and updates to the Questionnaire as they arise. Also, if the City so requires, Lessee shall install and maintain appropriate protective devices to prevent accidental discharge of any Hazardous Materials into domestic or industrial drains on or near the Premises and elsewhere on the Airport, as appropriate, and for any other material for which a slug load discharge could pollute the Airport's storm water discharge or disrupt operations at the sewage treatment plant serving the Premises. Lessee shall post a notice in a prominent place on the Premises advising employees on what actions to take and whom to call in the event of said discharge, and shall ensure that all employees of Lessee are trained with regard to the spill protection plan hereinafter referenced. Lessee also shall provide Lessor with immediate notice of any spill.

14.12 Right to Enter Premises. Lessor's rights under this Lease specifically include the right of Lessor, the United States Government, the Environmental Protection Agency (the EPA), the Arizona Department of Environmental Quality (ADEQ) and the Arizona Department of Occupational Safety and Health (ADOSH) to enter the Premises upon reasonable notice to Lessee for purposes of: (i) inspecting Lessee's compliance with environmental, occupational safety and health laws and regulations, whether or not such party is responsible for enforcing such laws; (ii) conducting environmental investigation or remediation, including, without limitation, performing tests and surveys, drillings, test-pitting, borings, compiling data and/or records, and other activities related to environmental investigation; and (iii) carrying out remedial or removal actions as required or necessary under applicable laws, including, without limitation, installing monitoring wells, pumping wells and/or treatment facilities. Lessor shall give Lessee Twenty-Four (24) hour's prior notice of its intention to enter the Premises unless it determines the entry is required for safety, environmental, operations, or security purposes. Lessee shall have no claim against Lessor for any entries by the United States, EPA, ADEQ, Arizona ADOSH, or any officer, agent, employee or contractor thereof.

14.13 U.S. Air Force Use and Remedial Action.

14.13.1 The Parties assume no liability or responsibility for environmental impacts and damage caused by the U.S. Air Force's use of Hazardous Materials on any portion of the Airport, including the Premises, prior to the Effective Date, and have no obligation under this Lease to undertake the defense of any claim or action, whether in existence now or brought in the future, solely arising out of the use of or release of any Hazardous Materials or deposits of solid waste on or from any part of the Airport, including, but not limited to, the Premises. Further, the Parties have no obligation under this Lease to undertake environmental response, remediation, or cleanup relating to such use or release. For purposes of this SECTION 14.14, "defense" or "environmental response, remediation, or cleanup" shall include liability and responsibility for the costs of

damage, penalties, legal and investigative services relating to such use or release. The terms, "Occupation" or "Use" shall mean any activity or presence (in or upon) such portion of, or such building, facility or other improvement on the Premises.

14.13.2 Pursuant to Section VII.E.3 of the Deed (as defined herein), the U.S. Air Force warrants and covenants that all remedial action necessary to protect human health and the environment with respect to hazardous substances remaining on the Airport has been completed prior to the date of the Deed and, further, any remedial action found to be necessary after the date of the Deed shall be conducted by the U.S. Air Force; provided, however, that the foregoing covenant does not apply where Lessor or Lessee is a potentially responsible party with respect to any portion of the Premises or the Airport.

14.14 Cleanup Requirements. Lessee agrees that Lessor assumes no liability to Lessee should Hazardous Materials cleanup or related requirements, whether imposed by law, regulatory agencies, the U.S. Air Force or Department of Defense interfere with Lessee's use of the Premises. Lessee shall have no claim against Lessor or the United States or any officer, agent, employee or contractor thereof on account of any such interference whether due to entry, performance of remedial or removal investigations, or exercise of any right with respect to the Federal Facilities Agreement (FFA) or the Installation Restoration Program (IRP) or under this Lease or otherwise. Lessee agrees to comply with the provisions of any health or safety plan in effect under the IRP or any hazardous substance remediation or response agreement with environmental regulatory authorities during the course of any of the above described response or remedial actions. Any inspection, survey, investigation, or other response or remedial action shall, to the extent practicable, be coordinated with representatives designated by Lessee. Lessee shall have no claim on account of such entries against the United States or any officer, agent, employee, contractor, or subcontractor thereof.

14.15 Spill Protection Plan. In the event Lessee undertakes any type of manufacturing, maintenance or other activities on the Premises involving the use or generation of any Hazardous Materials regulated by Hazardous Materials Laws, Lessee shall have an approved plan for responding to Hazardous Materials, fuel, and other chemical spills prior to commencement of activities on the Premises and other approved Airport locations. Such plan shall comply with all applicable requirements of said plan which shall be updated from time to time or as may be required to comply with changes in site conditions or applicable requirements, and shall be approved by all agencies having regulatory jurisdiction over such plan. Such plan shall be independent of Lessor's spill prevention and response plans, if any. Lessee shall not rely on use of Lessor or Lessor personnel or equipment in execution of its plan. Lessee shall file a copy of the approved plan and approved amendments thereto with Lessor's Environmental and Archeological Coordinator within THIRTY (30) calendar days of receipt of a Certificate of Occupancy from the City. Notwithstanding the foregoing, should Lessor provide any personnel or equipment, whether for initial fire response and/or spill containment, on the request of Lessee, or because Lessee was not, in the opinion of Lessor, conducting fire-fighting, containment or timely cleanup actions, Lessee agrees to reimburse Lessor for its actual costs in accordance with all applicable laws and regulations.

14.16 Wells. Lessee shall not install any drinking water or other wells in any location on the Premises without the prior written approval of Lessor.

14.17 Construction Activities and Surface Disturbances.

14.17.1 Should Lessee be permitted to construct improvements on the Premises, Lessee agrees that in the event any hazardous substances, pollutants, contaminants, petroleum or petroleum derivatives are found, Lessee shall promptly notify Lessor of such discovery and shall immediately cease said construction pending investigation and remedial action, if necessary, by Lessor or the appropriate regulatory agency.

14.17.2 After construction of Lessee's improvements on the Premises, if any, either in the future or as otherwise provided herein, Lessee shall not conduct any subsurface excavation, digging, drilling or other disturbance of the surface without the prior written approval of Lessor, which shall not be unreasonably withheld.

15. PROTECTION OF WETLANDS.

Lessee shall minimize the destruction, loss, or degradation of any wetlands located on the Premises. Lessor believes there are no wetlands existing on the Premises as of the Effective Date. However, before

locating new construction in wetlands, if any exist, Lessee shall contact Lessor and the United States Army Corps of Engineers and obtain a permit or waivers under Section 404 of the *Clean Water Act*. For purposes of this SECTION 15, the term, "new construction," includes structures, facilities, draining, dredging, channeling, filling, diking, impounding, and related activities.

16. SPECIAL PROVISIONS.

16.1 Lessee shall comply with all applicable Federal, State, and local occupational safety and health regulations.

16.2 Lessee shall be responsible for determining whether it is subject to State and local sanitation, licensing, building code or building permit requirements and whether or not it requires a permit to do business and for compliance with them to the extent they are applicable.

17. INSURANCE.

17.1 Coverage Required. Lessee shall procure and maintain, or cause to be procured and maintained, the following types and amounts of insurance with respect to the Premises:

17.1.1 Airport Premises Liability insurance in the amount of \$3,000,000 per occurrence, or more, as values require; products/completed operations liability in the amount of at least \$500,000 per occurrence; and host liquor liability if applicable.

17.1.2 Commercial Operators/Automobile Liability insurance for all owned, non-owned and hired vehicles operating on the airside, assigned to or used in the performance of commercial activities in the amount of at least \$1,000,000 per occurrence. If any hazardous material, as defined by any local, state, or federal authority is the subject, or transported, in the performance of this contract, an MCS 90 endorsement is required providing \$5,000,000 per occurrence limits of liability for bodily injury and property damage.

17.1.3 Worker's Compensation insurance, as required by law, and *Employer's Liability* insurance in the amount of \$1,000,000 covering work-related injuries to employees and others permitted to operate or otherwise conduct business on the Premises.

17.1.4 Extended Property coverage in an amount equal to or greater than the replacement cost of the improvements, facility, and any fixtures to be constructed or affixed to the Leased Property by Lessee.

17.2 Form. Each insurance policy obtained pursuant to this SECTION, except for *Worker's Compensation* and *Employer's Liability* policies, shall: (i) name Lessor as a certificate holder or additional named insured; (ii) contain a provision that written notice of cancellation or modification thereof shall be given to Lessor not less than THIRTY (30) calendar days before such cancellation or modification takes effect (TEN (10) days in case of nonpayment of premium); and (iii) contain a waiver of subrogation in favor of Lessor. Lessee shall not permit any insurance policy to be canceled or modified without Lessor's written consent unless equivalent replacement policies are issued with no lapse in coverage. All policies shall be obtained from insurance companies licensed to do business in the State of Arizona and possessing a rating of at least A – VII or higher from the A.M. Best Company, or an equivalent rating and approved by Lessor.

17.3 Certificates of Insurance. Lessee shall deliver a certificate of insurance for each policy required herein to Lessor, in standard Acord or equivalent form, prior to the Effective Date and shall continue to provide such certificates throughout the term of this Lease.

17.4 Environmental Insurance. In the event Lessee or any of its sublessee undertakes any type of manufacturing, maintenance or other activities that involve the use or generation of any substance regulated by federal, state or local governmental authorities as hazardous, toxic or solid waste, Lessee shall obtain environmental insurance in an amount of at least \$1,000,000.

17.5 Additional Insurance. At any time during the term of this Lease, Lessor may, if in its reasonable determination the insurance coverage required by this SECTION 17 is no longer adequate, require Lessee to increase its coverage to commercially reasonable amounts.

17.6 Waiver of Subrogation. Lessor and Lessee and all parties claiming by or through them mutually release and discharge each other from all claims and liability arising from or caused by any casualty or hazard covered or required hereunder to be covered in whole or in part by insurance on the Premises or in connections with property on or activities conducted on the Premises, and waive any right of subrogation which might otherwise exist in or accrue to any person on account thereof. Lessor and Lessee each agree to obtain from their respective insurance carriers as to such policies of insurance a waiver of such carrier's rights of recovery under subrogation or otherwise against such other party.

17.7 Blanket Insurance. Lessee's insurance obligations under this Lease may be satisfied by means of "blanket" or excess policies.

17.8 Use Proceeds. Proceeds of any liability and property damage insurance required under this section shall be applied toward extinguishing, satisfying or remedying the liability, loss or damage with respect to which such proceeds may be paid.

17.9 Insurance by Lessor. In the event Lessee shall fail to procure any insurance required hereunder, Lessor may, upon written notice to Lessee, procure and maintain any or all of the insurance required of Lessee under this SECTION. In such event, all costs of such insurance procured and maintained by Lessor on behalf of Lessee shall be the responsibility of Lessee and shall be fully reimbursed to Lessor within TEN (10) business days after Lessor advises Lessee of the cost thereof.

18. SURRENDER OF POSSESSION.

18.1 Condition of Property.

18.1.1 Upon the expiration or earlier termination of this Lease, Lessee's right to occupy the Premises and exercise the privileges and rights granted thereunder shall cease, and Lessee shall peaceably surrender the same and leave the Premises broom clean and in good condition except for normal wear and tear. All trade fixtures, equipment, and other personal property installed or placed by Lessee on the Premises which are not permanently affixed thereto shall remain the property of Lessee, and Lessee shall have the right at any time during the term of this Lease, to remove the same from the Airport and Lessee shall repair, at its sole cost, any damage caused by such removal. Any property not removed by Lessee within FIFTEEN (15) calendar days of the expiration or earlier termination of this Lease, or revocation of Lessee's right to occupy the Premises, shall become a part of the Premises, and ownership thereof shall vest in Lessor. Lessee shall, however, remain financially liable to Lessor for the cost of repairs to the Premises incurred as a result of Lessor's removal and/or relocation of property formerly belonging to Lessee and not otherwise removed from the Premises, as provided herein, and shall remit to Lessor payment for such costs within TEN (10) business days of Lessee's receipt of Lessor's invoice therefor.

18.1.2 Any trade fixtures, equipment or other property affixed to the Premises by Lessee shall, if required by Lessor, be permanently removed from the Premises by Lessee, at Lessee's expense, within FIVE (5) business days of Lease termination. Should Lessee fail to remove such trade fixtures, equipment or other property within said time, Lessor may remove and dispose of such trade fixtures, equipment or other property at Lessee's expense, and Lessee shall reimburse Lessor for the costs thereof within TEN (10) business days of receipt of Lessor's invoice therefor.

18.2 Holding Over. Lessee shall not remain in possession of the Premises after the expiration or earlier termination of the Term without the express written consent of Lessor. Should Lessee hold over without the express written consent of Lessor, such tenancy shall be at the sufferance of Lessor and not a renewal of the Term. In such case, the Base Rent and all other charges due pursuant to this Lease shall be payable at TWO (2) times the amount payable during the last year of the Term, and such tenancy at sufferance shall be subject

to every other term, covenant and provision of this Lease. In the event Lessee holds over, Lessee shall be liable for all of Lessor's direct and consequential damages, which shall include, without limitation, costs, fees, expenses, damages and attorneys' fees incurred by Lessor as a result of Lessee's holding over, and damages and expenses incurred by Lessor for its inability to deliver possession of the Premises to a new lessee.

19. INSPECTION BY LESSOR.

Lessor may enter upon the Premises at reasonable times and upon reasonable notice for any reasonable purpose, including, but not limited to, compliance with the terms and conditions of this Lease and the exercise of its governmental functions for such activities as fire protection or security.

20. NOTICES.

20.1 All notices required or permitted under this Lease shall not be effective unless personally delivered or mailed by certified mail, return receipt requested, postage prepaid, or by reputable commercial overnight courier service, to the following addresses:

TO LESSOR: Phoenix-Mesa Gateway Airport Authority
Attn: Business Development Department
5835 South Sossaman Road
Mesa, Arizona 85212

TO LESSEE: HDH Systems Williams AZ LLC
c/o Brown Community Management
7255 E. Hampton Ave, Suite 101
Mesa, AZ 85209
Phone: 480-539-1396
Fax: 480-889-5087

20.2 Any notice shall be deemed to have been received TWO (2) business days after the date of mailing, if given by certified mail, or upon actual receipt if personally delivered or if given by reputable commercial overnight courier service. Any Party may designate in writing a different address for notice purposes pursuant to this SECTION.

21. SEVERABILITY.

Should any provision of this Lease be declared invalid by a court of competent jurisdiction, the remaining terms shall remain effective, provided that elimination of the invalid provision does not materially prejudice either Lessor Lessee with regard to their respective rights and obligations.

22. SALES AND PROPERTY TAXES.

Lessee shall pay any leasehold tax, sales tax, personal property tax, transaction privilege tax, license or permit fee, or any other tax assessed as the result of its occupancy of Premises or conduct of any activity at the Airport under authority of this Lease, including any such tax assessable on Lessor. In the event that laws or judicial decisions result in the imposition of a real property tax or any other form of tax or imposition on the interest of Lessor, such tax shall also be paid by Lessee for the period this Lease is in effect, to the extent such taxes are reasonably attributable to the Premises or a portion thereof or the operation of Lessee's business.

23. APPROVALS, CONSENTS AND NOTICES.

All approvals, consents and notices called for in this Lease shall be in writing, signed by the appropriate Party, and may not be established solely by oral testimony.

24. LIENS AND MORTGAGES.

24.1 General Provisions.

24.1.1 Except as provided in this SECTION 24, Lessee shall not engage in any financing or other transaction creating any mortgage or deed of trust upon the Premises, place or suffer to be placed upon the Premises any lien or other encumbrance, or suffer any levy or attachment to be made on Lessee's interest in the Premises. Any such mortgage or deed of trust, encumbrance or lien shall be deemed a violation of this SECTION, constituting a failure by Lessee to comply with the terms of the Lease, on the date of its execution or filing of record regardless of whether or when it is foreclosed or otherwise enforced.

24.1.2 Notwithstanding anything to the contrary in SECTION 9 herein, Lessee shall, during the Term, be permitted to mortgage, collaterally assign, or otherwise encumber its leasehold interest under this Lease to secure indebtedness, including, without limitation, a loan to finance construction of improvements and other development on the Premises, and including refinancings thereof, subject to the restrictions of SECTION 24.1.3, and provided that the language of such mortgage or deed of trust and of all related documents that require the execution, approval, or consent of Lessor shall be subject to the prior review and approval of legal counsel for Lessor, and that all legal fees incurred by Lessor in connection with such legal counsel review and approval shall be paid by Lessee. Any such encumbrance is referred to as a "Mortgage" and the holder thereof a "Mortgagee." The Mortgagee, upon taking possession or upon foreclosure or taking an assignment in lieu thereof, shall be liable for all future rents and obligations hereunder and shall attorn to Lessor. No Mortgage shall encumber Lessor's interest in the Premises or the improvements thereon. Further and promptly after Lessee assigns or encumbers any portion of the Premises or the improvements thereon, Lessee shall furnish Lessor with a written notice setting forth the name and address of such Mortgagee or trustee.

24.1.3 No Mortgage or deed of trust shall extend to or affect the fee, the reversionary interest or the estate of Lessor in the Premises. No Mortgage or deed of trust shall be binding upon Lessor in the enforcement of its rights and remedies under this Lease and by law provided, unless and until a copy thereof shall have been delivered to Lessor and such Mortgage or deed of trust is authorized in accordance with provisions of this SECTION 24.

24.2 Lessor Agreement. With respect to Mortgagees of the Premises, Lessor agrees that:

24.2.1 If requested by a Mortgagee which shall have duly registered in writing with Lessor its name and address, and if Lessor shall give any notice, demand, election or other communication required hereunder (hereafter, collectively, "Notices") to Lessee, Lessor shall concurrently give a copy of each such Notice to the Mortgagee at the address designated by it. Notices shall be sent by registered or certified mail, return receipt requested, and shall be deemed given SEVENTY-TWO (72) hours after the time they are deposited in a United States Post Office with postage charges prepaid, addressed to the Mortgagee. No Notice given by Lessor to Lessee shall be binding upon or affect Lessee or the Mortgagee unless a copy of the Notice shall be given to the Mortgagee pursuant to this SECTION 24.2.1.

24.2.2 Such Mortgagee entitled to such Notices, as specified above, shall have any and all rights of Lessee with respect to the curing of any default hereunder by Lessee.

24.2.3 If Lessor shall elect to terminate this Lease by reason of any default by Lessee with respect to the Premises, the Mortgagee that shall have become entitled to Notice as provided in this SECTION 24.2 shall have any and all rights of Lessee with respect to curing of any default with respect to the Premises.

24.2.4 Nothing herein contained shall be deemed to impose any obligation on the part of Lessor to deliver physical possession of the Premises to such holder of a Mortgage. To the extent the physical possession of the Premises by a secured creditor is not inconsistent with the terms of this Lease, or is incompatible with the Lessor's selection of available remedies in the Event of Default, Lessor shall not prevent such physical possession.

24.2.5 If more than one Mortgagee shall seek to exercise any of the rights provided for in this SECTION 24, the holder of the Mortgage having priority of lien over the other Mortgagees shall be entitled, as against the others, to exercise such rights. Should a dispute arise among Mortgagees regarding the priority of lien, the Mortgagees shall prove to the satisfaction of Lessor that they have settled that dispute.

24.3 Protection of Mortgagee(s). Until the time, if any, that an approved Mortgage shall be satisfied and released of record:

24.3.1 A Mortgagee shall have the right, for a period equal to the period afforded Lessee to perform any term, covenant, or condition and to remedy any default by Lessee hereunder, and Lessor shall accept such performance with the same force and effect as if furnished by Lessee, and the Mortgagee shall thereby and hereby be subrogated to the rights of Lessor. Such Mortgagee cure period shall begin on the later of: (i) the date Mortgagee receives notice pursuant to Section 24.2, or (ii) the date that Lessee's cure period expires under the Lease. During such Mortgagee cure period, Lessor will not disturb possession, interest or quiet enjoyment by the Lessee or Mortgagee in the real property for any reason, subject to the terms of the Lease, until such Mortgagee cure period has expired. The Mortgagee shall have the right to enter upon the Premises to give such performance.

24.3.2 In case of a default by Lessee in the performance or observance of any non-monetary term, covenant or condition to be performed by it hereunder, if such default cannot practicably be cured by the Mortgagee without taking possession of the Premises, in such Mortgagee's reasonable opinion, or if such default is not susceptible of being cured by the Mortgagee, then Lessor shall not serve a notice of lease termination if and so long as:

a. The Mortgagee shall proceed diligently to obtain possession of the Premises (including possession by a receiver), and, upon obtaining such possession, shall proceed diligently to cure such defaults as are reasonably susceptible of cure (subject to any order by a court of competent jurisdiction staying or otherwise precluding such Mortgagee from obtaining such possession); or

b. The Mortgagee shall institute foreclosure proceedings and diligently prosecute the same to completion (unless in the meantime it shall acquire Lessee's estate hereunder, either in its own name or through a nominee, by assignment in lieu of foreclosure), subject to any order by a court of competent jurisdiction staying or otherwise precluding such Mortgagee from obtaining such possession.

c. The Mortgagee shall not be required to obtain possession or to continue in possession of the Premises pursuant to SECTION 24.3.2a, or to continue to prosecute foreclosure proceedings pursuant to SECTION 24.3.2b, if and when such default shall be cured. If a Mortgagee, its nominee, or a purchaser at a foreclosure sale shall acquire title to Lessee's leasehold estate hereunder, a default that is not reasonably susceptible to cure by the person succeeding to the leasehold interest shall no longer be deemed a default under this Lease.

d. If any Mortgagee is prohibited from commencing or prosecuting foreclosure or other appropriate proceedings in the nature thereof by any process or injunction issued by any court, or by reason of any action by any court having jurisdiction of any bankruptcy or insolvency proceeding involving Lessee, the times for commencing or prosecuting foreclosure or other proceedings, including proceedings to obtain possession, shall be extended for the period of the prohibition.

24.4 New Lease

24.4.1 Lessor agrees that, in the event of early termination of this Lease for any reason (including but not limited to any default by Lessee), Lessor, if requested by any Mortgagee, will enter into a new lease of the Premises with the most senior Mortgagee requesting a new lease, which new lease shall commence as of the date of termination of this Lease and shall run for the remainder of the original term of this Lease, at the rent and upon the terms, covenants and conditions herein contained, provided that:

a. Such Mortgagee shall make written request upon Lessor for the new lease within SIXTY (60) calendar days after the date such Mortgagee receives written notice from Lessor that this Lease has been terminated;

b. Such Mortgagee shall pay to Lessor, at the time of the execution and delivery of the new lease, any and all sums which would, at that time, be due and unpaid pursuant to this Lease but for

its termination, and in addition thereto all reasonable expenses, including reasonable attorneys' fees, which Lessor shall have incurred by reason of such termination;

c. Such Mortgagee shall perform and observe all covenants in this Lease to be performed and observed by Lessee, and shall further remedy any other conditions which Lessee under the Lease was obligated to perform under its terms, to the extent the same are reasonably susceptible of being cured by the Mortgagee; and

d. The Lessee under the new lease shall have the same right of occupancy to the buildings and improvements on the Premises and elsewhere on the Airport as Lessee had under this Lease immediately prior to its termination.

Notwithstanding anything to the contrary expressed or implied in this Lease, any new lease made pursuant to this SECTION 24 shall have the same priority as this Lease with respect to any mortgage, deed of trust, or other lien, charge, or encumbrance on the fee of the Premises, and any sublease under this Lease shall be a sublease under the new Lease and shall not be deemed to have been terminated by the termination of this Lease.

24.4.2 Nothing herein contained shall require any Mortgagee to enter into a new lease pursuant to this SECTION 24.4, or to cure any default of Lessee referred to above.

24.4.3 If any Mortgagee shall request a new lease as provided in this SECTION 24.4, Lessor agrees, at the request of, on behalf of and at the expense of the Mortgagee, upon a guaranty from it reasonably satisfactory to Lessor, to institute and pursue diligently to conclusion the appropriate legal remedy or remedies to oust or remove the original Lessee from the Premises, but not any authorized subtenants actually occupying the Premises or any part thereof.

24.4.4 Unless and until Lessor has received notice from each Mortgagee that the Mortgagee elects not to demand a new lease as provided herein, or until the period therefor has expired, Lessor shall not cancel or agree to the termination or surrender of any existing subleases nor enter into any new leases or subleases with respect to the Premises without the prior written consent of each Mortgagee.

24.5 Effect of Transfer. Neither the foreclosure of any Mortgage (whether by judicial proceedings or by virtue of any power of sale contained in the Mortgage), nor any conveyance of the leasehold estate created by this Lease by Lessee to any Mortgagee or its designee by an assignment or deed in lieu of foreclosure or other similar instrument, shall require the consent of Lessor or constitute a default under this Lease, and upon such foreclosure, sale or conveyance, Lessor shall recognize the purchaser or other transferee in connection therewith as the Lessee under this Lease, subject only to an assumption in writing by such purchaser or transferee of all obligations of Lessee under this Lease.

25. GOVERNING LAW; ATTORNEY'S FEES.

The laws of the State of Arizona shall govern the matters set forth in this Lease. Venue of any action brought under this Lease shall, at the option of Lessor, lie in Maricopa County, Arizona.

26. RULES AND REGULATIONS.

Lessee shall at all times comply with all Federal, state and local laws, ordinances, rules, and regulations which are applicable to its activities on the Airport, the Premises itself (including but not limited to the *Americans with Disabilities Act*), or the operation, management, maintenance, or administration of the Airport, including all laws, ordinances, rules and regulations adopted after the Effective Date. Lessee shall at all times comply with the Airport *Minimum Standards* and *Airport Rules and Regulations*, as the same may be amended from time to time. Copies of the current Airport *Minimum Standards* and *Airport Rules and Regulations* are attached hereto as **EXHIBIT D**. Lessee acknowledges and agrees that Lessor may amend the Airport *Minimum Standards* and *Airport Rules and Regulations* at any time in Lessor's sole discretion. Lessee shall be responsible for controlling and preventing disruptive pedestrian and vehicle traffic associated with its activities on the Premises and at the Airport. Lessee also shall display to Lessor any permits, licenses, or other evidence of compliance with laws upon request.

27. CORPORATE AUTHORIZATION.

In executing this Agreement, Lessee represents and warrants to Lessor that if Lessee is a corporation, Lessee has obtained and been granted the full right, power and authority to enter into this Lease.

28. UTILITY LINES AND SERVICE CHARGES.

28.1 Lessee shall, at no cost or expense to Lessor, provide or arrange for any public utility, water and sewage lines, connections and services that are needed in connection with any building(s), structure(s) or other improvement(s) placed on the Premises by Lessee, or required for Lessee's activities thereon, and shall be responsible for the maintenance of such lines and connections from where they enter the Premises. If requested in advance to do so by Lessee, Lessor will grant reasonable rights-of-way on or across the Airport to suppliers of public utility services for the purpose of supplying Lessee with such services, but Lessor reserves the right to designate the lands along which such rights-of-way shall be granted so as to cause the least inconvenience in the operation of the Airport and other Airport tenants.

28.2 Lessee shall pay for all utilities, including trash collection, used in its operations at the Airport and the Premises. The charges and method of payment for each utility or service shall be determined by the appropriate supplier of the utility or service in accordance with applicable laws and regulations, on such basis as the appropriate supplier of the utility or service may establish.

28.3 Notwithstanding the execution of this Lease, Lessor retains the right to the continued use of such utility lines and services as are presently on the Premises and the right to repair the same when necessary in Lessor's sole discretion, including but not limited to, any utility easements on the Premises. Lessor shall conduct such repairs in such a manner and at such times as to not unreasonably interfere with Lessee's activities thereon.

29. RESERVATIONS TO LESSOR.

The Premises are accepted "as is, where is" by Lessee, subject to any and all existing easements or other encumbrances, and Lessor shall have the right to install, lay, construct, maintain, repair and operate such sanitary sewers, drains, storm water sewers, pipelines, manholes, connections; water, oil and gas pipelines; telephone and telegraph power lines; and such other appliances and appurtenances necessary or convenient to use in connection therewith, over, on, across or in proximity to the Premises, or any part thereof, as will not unreasonably interfere with Lessee's or any subtenant's operations hereunder, and to enter upon the Premises for such purposes. Lessor also reserves the right to grant franchises, easements, rights-of-way, and permits, over, on, across or in proximity to any portions of the Premises for the same purposes; provided, that Lessor or the grantee, as applicable, shall not exercise such rights so as to interfere unreasonably with Lessee's or any subtenant's activities on the Premises and all such interference shall be minimized. Lessor agrees that any rights granted to any parties by reason of this clause shall contain provisions that the surface of the Premises shall be restored to its original condition, at no cost to Lessee, upon the completion of any construction.

30. FEDERAL AVIATION ADMINISTRATION (FAA) PROVISIONS.

30.1 Lessee agrees that in the event improvements are constructed, maintained, or otherwise operated on the Premises for a purpose for which a Department of Transportation (DOT) program or activity is intended, or for another purpose involving the providing of similar services or benefits, Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, *Nondiscrimination in Federally Assisted Programs of the Department of Transportation*, as it may be amended.

30.2 Lessee agrees that: (i) no person shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination on the grounds of race, color, creed, disability, age, sex or national origin in the use of the Premises; (ii) that in the construction of any improvements on, over, or under the Premises and the furnishing of services thereon, no person shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination on the grounds of race, color, or national origin;

and (iii) that Lessee shall use the Premises in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21, as it may be amended.

30.3 Lessee assures Lessor that it will comply with pertinent statutes, Executive Orders, and rules promulgated to assure that no person shall, on the grounds of race, creed, color, national origin, or sex, age or handicap, be excluded from participating in any activity.

30.4 Lessor reserves the right to further develop or improve the landing area of the Airport as it sees fit, regardless of the desires or view of Lessee, and without interference or hindrance therefrom.

30.5 Lessor reserves the right, but shall not be obligated to Lessee, to maintain and keep in repair the landing area of the Airport and all publicly owned facilities of the Airport, together with the right to direct and control all activities of Lessee in this regard. Lessor and Lessee agree that Lessee has no responsibility whatsoever with respect to maintenance and repair of the landing area of the Airport, or any publicly owned facilities of the Airport.

30.6 This Lease shall be subordinate to the provisions and requirements of any existing or future agreement between Lessor and the United States relative to the development, operation or maintenance of the Airport.

30.7 There is reserved unto Lessor, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Premises, which shall include the right to cause in the airspace any noise inherent in the operation of aircraft, now known or hereafter used for navigation of or flight in or through the airspace, and for the use of such airspace for landing on, taking off from, or operation on the Airport.

30.8 Lessee agrees to comply with the notification and review requirements covered in 14 CFR Part 77 in the event future construction of a building is planned for the Premises or in the event of any planned modification or alteration of any present or future building or structure situated on the Premises.

30.9 Lessee shall not erect or permit the erection of any structure or building, nor permit the growth of any tree on the Premises, or any other obstruction that exceeds height requirements contained in 14 CFR Part 77 or amendments thereto, or interferes with the runway and/or taxiway "line of sight" of the control tower. In the event these covenants are breached, Lessor reserves the right to enter upon the Premises and to remove the offending structure or object at the expense of Lessee.

30.10 Lessee shall not make use of the Premises in any manner that might interfere with the landing and taking off of aircraft from the Airport or otherwise constitute a hazard. In the event this covenant is breached, Lessor reserves the right to enter upon the Premises and cause the abatement of such interference at the expense of Lessee.

30.11 Nothing contained in this Lease shall be construed to grant or authorize the granting of an exclusive right within the meaning 49 U.S.C. §40103(e) and 47107 (a)(4).

30.12 This Lease and all of the provisions hereof shall be subject to whatever right the United States government now has, or in the future may have or acquire, affecting the control, operation, regulation and taking over of the Airport, or the exclusive or non-exclusive use of the Airport by the United States during the time of war or national emergency.

30.13 To the extent that Lessee conducts or engages in any aeronautical activity for furnishing services to the public at the Airport, Lessee shall furnish its services on a reasonable and not unjustly discriminatory basis to all users and charge reasonable and not unjustly discriminatory prices for each unit or service; except, however, that Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar type of price reductions to volume purchasers.

30.14 Lessee shall conform to Lessor and FAA safety and security rules and regulations regarding use of the Airport air operations area including runways, taxiways, taxilanes and aircraft aprons by vehicles, employees, customers, visitors, etc., in order to prevent security breaches and avoid aircraft incursions and

vehicle/pedestrian deviations; complete and pass an airfield safe driving instruction program when offered or required by Lessor; and be subject to penalties as prescribed by Lessor for violations of Airport safety and security requirements.

31. INCORPORATION OF QUITCLAIM DEED.

Lessor owns the Airport pursuant to a Quitclaim Deed from the United States Government (the "Deed"), a copy of which is available to Lessee upon request and is hereby incorporated in its entirety. To the extent the Deed has terms, conditions, obligations, requirements or restrictions that apply to this Lease, Lessor, Lessee or any matter in connection herewith, Lessee agrees to be bound by all the terms, covenants and conditions of the Deed, including the following:

- 31.1 That this Lease is subject to all terms and conditions of the Deed; and
- 31.2 That in case of any conflict between the Deed and this Lease, the Deed shall control.

32. REQUIRED PROVISIONS OF QUITCLAIM DEED.

32.1 Section VI (A)(5)(c) of the Deed requires that the following provisions be included in this Lease:

32.1.1 In furnishing services to the public, Lessee shall not discriminate against any person or class of persons by reason of race, color, creed, or national origin, and Lessee shall otherwise provide such services on a fair, equal, and not unjustly discriminatory basis to all users thereof.

32.1.2 Lessee shall charge fair, reasonable, and not unjustly discriminatory prices for each unit for service; except, however, that the Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

32.2 If the Premises are within any of the archaeological sites identified in Section VIII.A of the Deed, then, the provisions of Section VIII of the Deed shall be deemed incorporated in this Lease by this express reference to Section VIII of the Deed.

32.3 To the extent the Deed requires that other specific provisions thereof be inserted in this Lease by express reference to the Deed, this sentence shall constitute an express reference to all such applicable provisions of the Deed.

33. ARCHEOLOGICAL OR CULTURAL RESOURCES.

In the event any archeological or cultural resources are discovered during any construction contemplated or permitted by this Lease, Lessor shall use its best efforts to expedite any necessary actions with respect thereto, at Lessor's sole cost and expense; provided, however, that in the event the necessary actions with respect to any archeological or cultural resources exceeds or is estimated to exceed \$10,000.00, Lessee shall be entitled to terminate this Lease upon TEN (10) business days' prior written notice to Lessor.

34. AIRPORT SECURITY.

34.1 PMGAA Operations Department maintains an approved Airport Security Plan (the "Security Plan") pursuant to 49 CFR Parts 1540 and 1542, and 14 CFR Part 139. Lessee shall at all times comply with PMGAA Operations Department security directives, security bulletins, or verbal notifications existing now or in the future.

34.1.1 Lessee is responsible for maintaining security practices, facilities, and perimeter boundaries on their leasehold that meet the security standards set forth by PMGAA Operations Department.

34.1.2 Lessee shall immediately correct physical or procedural deficiencies which are contrary to PMGAA Operations Department, security directives, security bulletins, or verbal notifications existing now or in the future.

34.1.3 Lessee shall, to the fullest extent permitted by law, indemnify, defend and hold PMGAA harmless for, from and against any security violation committed by any agents, employees, invitees, subcontractors or independent contractors of Lessee.

34.1.4 Lessee shall conduct and document all self-audits and self-inspections as required by TSA or Airport Operations and make such audits available for inspection.

34.1.5 Lessee shall designate a primary security coordinator to receive security related briefings, bulletins and sensitive security information.

34.1.6 PMGAA reserves the right to modify the Security Plan from time to time, as necessary or as directed by TSA. PMGAA Airport Operations shall notify the Lessee security coordinator regarding modifications that effect Lessee.

34.2 Airport Security Badge.

34.2.1 Lessee employees/contractors that require a Badge shall be obligated to complete all training and comply with all security requirements and directives issued by PMGAA Airport Operations, Transportation Security Administration or other entity having security jurisdiction at PMGA.

34.2.2 Lessee, employees and contractors shall comply with all security related audits, inspections, and screening conducted by the PMGA Airport Operations Department

34.2.3 Lessee will immediately return badges to the Airport Badging office when badge holders employment is terminated, the badge is no longer needed or the employee/contractor is on extended leave.

34.2.4 Misuse of a Badge or security procedures will bring about punitive action including suspension or revocation of one or all badges.

35. DEFAULT BY LESSOR.

In the event of any alleged breach by Lessor of its covenants contained in this Lease, Lessee shall have available all rights and remedies provided at law or in equity, subject to the terms and conditions of this Lease; provided, however, Lessee may not exercise any such right or remedy unless Lessee has notified Lessor by written notice of such alleged default, and Lessor has not cured such default within the THIRTY (30) calendar day period subsequent to receipt of such notice or, in the event such alleged default is of such a nature that it cannot reasonably be cured within such THIRTY (30) calendar day period, Lessor has failed to cure such alleged default with all due diligence. Notwithstanding anything to the contrary contained in this Lease, in no event shall Lessee be entitled to terminate this Lease or abate or offset any installment of Base Rent, or any other payments to be made by Lessee hereunder.

36. BROKERS.

Lessee represents and warrants that it has not had any dealings with any real estate brokers, finders or agents in connection with this Lease. Lessee further agrees to indemnify, defend (with counsel selected by Lessor) and hold Lessor and Lessor's nominees, successors and assigns harmless from any and all claims, costs, commissions, fees or damages by any person or firm whom Lessee authorized or employed, or acted by implication to authorize or employ, to act for Lessee in connection with this Lease.

37. SALE BY LESSOR.

Lessee agrees to look solely to Lessor's interest in the Premises for the recovery of any judgment from Lessor, it being agreed that neither Lessor nor the holders of the equity interests of Lessor, nor the members, partners, officers, directors or shareholders of Lessor shall be personally liable for any such judgment. In the

event of any sale or other conveyance by Lessor of its interest in the Premises, Lessor shall be automatically freed and released from all personal liability accruing from and after the date of such sale or conveyance as respects the performance of any covenant or obligation on the part of Lessor contained in this Lease to be performed, it being intended hereby that the covenants and obligations contained in this Lease on the part of Lessor shall be binding on the Lessor and its successors and assigns only during and in respect to the respective successive periods of ownership of the Premises.

38. ESTOPPEL CERTIFICATE.

Lessee shall, without charge, at any time and from time to time hereafter, within TEN (10) business days after written request of Lessor to do so, certify, by written instrument duly executed and acknowledged by Lessee and certified to Lessor and to any prospective lender or purchaser: (i) as to whether this Lease has been supplemented or amended, and if so, the substance and manner of such supplement or amendment; (ii) as to the existence of any default hereunder to the best of Lessee's knowledge; (iii) as to the date on which Lessee was obligated to commence paying Base Rent and all other charges hereunder and the expiration date of the Term; (iv) as to whether the Lessee has assigned or transferred its interests or any portion thereof in this Lease; and (v) as to any other matters as may be reasonably requested. Lessor and any prospective purchaser or lender to whom the same was certified may rely upon any such certificate.

39. MISCELLANEOUS.

39.1 Personal Liability. No member of or employee of either Party shall be charged personally or held contractually liable by or to the other Party under any term or provision of this Lease because of any breach thereof, or because of its execution or attempted execution.

39.2 No Waiver. No provision of this Lease may be waived or modified except by a writing signed by the Party against whom such waiver or modification is sought.

39.3 Non-Waiver of Rights. No waiver or default by Lessor of any of the terms, conditions, covenants or agreements hereof to be performed, kept or observed by Lessee shall be construed or act as a waiver of any subsequent default of any of the terms, covenants, conditions or agreements herein contained to be performed, kept or observed by Lessee, and Lessor shall not be restricted from later enforcing any of the terms and conditions of this Lease.

39.4 Amendment. Only a written instrument executed by the Parties may amend this Lease.

39.5 Invalid Provisions. Should any provision of this Lease or any application thereof be held invalid by a court of competent jurisdiction, the remainder of this Lease shall not be affected thereby, unless one or both Parties would be substantially and materially prejudiced.

39.6 Litigation Expenses. In the event of litigation between Lessor and Lessee, the prevailing Party shall be entitled to recover its attorneys' fees and all costs and expenses of litigation, including witness fees, expert witness fees, and court costs.

39.7 Headings. The headings contained herein are for convenience in reference only and are not intended to define or limit the scope of this Lease or any term thereof.

39.8 Entire Agreement. This Lease, including exhibits attached hereto at the time of its execution, constitutes the entire agreement between the Parties hereto and supersedes all prior negotiations, understandings and agreements between the Parties concerning such matters.

40. INCORPORATION OF RECITALS.

The recitals set forth herein are acknowledged by the Parties to be true and correct and are incorporated herein by this reference.

IN WITNESS WHEREOF, the Parties have executed this Lease the day and year first above written.

EXECUTED to be effective on the date specified above.

[Signatures follow on page 27]

LESSOR:

PHOENIX-MESA GATEWAY AIRPORT AUTHORITY, an Arizona joint powers airport authority

By: _____
J. Brian O’Neill, A.A.E.
Executive Director/CEO

STATE OF ARIZONA)
) ss.
County of Maricopa)

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me this ____ day of _____, 2016, by J. Brian O’Neill, in his capacity as the Executive Director/CEO of the Phoenix-Mesa Gateway Airport Authority.

Notary Public

My Commission Expires:

LESSEE:

HDH Systems Williams AZ LLC, an Arizona Limited Liability Company

By: _____
Joe M. Rainey, Managing Member

STATE OF Arizona)
) ss.
County of Maricopa)

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me this ____ day of _____, 2016, by Joe M. Rainey, in his capacity as Managing Member, HDH Systems Williams AZ LLC, an Arizona Limited Liability Company, for and on behalf of said Limited Liability Company.

Notary Public

My Commission Expires:

EXHIBIT A
DEPICTION OF THE PREMISES

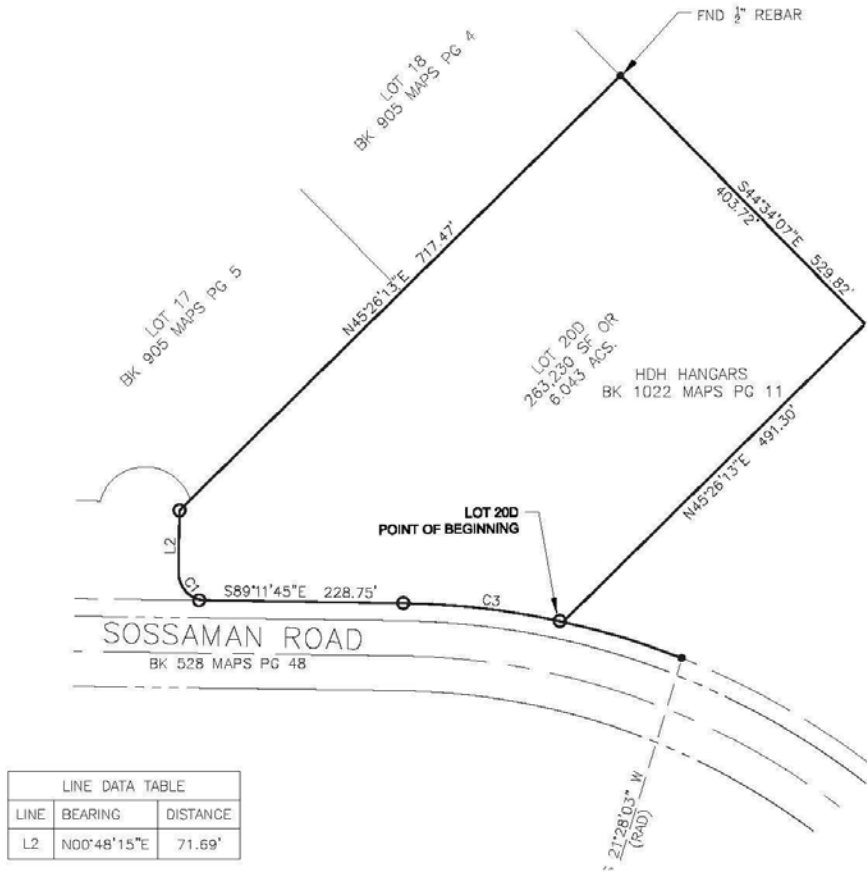


EXHIBIT B

AIRPORT RATES & CHARGES SCHEDULE

http://www.gatewayairport.com/Documents/DocumentLibrary/Board%20Policies/Rates%20&%20Charges_20160701.pdf
f

EXHIBIT C

AIRCRAFT OPERATIONS GUIDELINES

C1. Use of Airport. Lessee, Lessee's assigns, sublessees, or transferees who operate aircraft at the Airport and are engaged in a private, government, or commercial aeronautical business or service and desire to use the Airport landing facilities for certain types of operations including, but not limited to: 1) taxiing and maneuvering on Airport runways, taxiways, ramps and aprons; 2) landings and approaches ("touch and go", "stop and go"); and 3) low approaches shall be subject to the provisions of this **EXHIBIT C**.

C2. Fees. As appropriate, Lessee shall pay Lessor fees as outlined below:

C2.1 *Landing Fee.* Lessee shall pay a landing fee at a rate equal to the amount reflected on the most current *Airport Rates and Charges Schedule* at the time of the aircraft operation, for each flight subject to a landing fee operated by or in conjunction with Lessee. The weight of any particular aircraft shall be its maximum certificated gross landing weight (MGLW). The amount owed to Lessor for each chargeable aircraft landing for each preceding calendar month shall be due and payable no later than the TWENTIETH (20th) day of the month succeeding the calendar month in which said aircraft landings took place. Lessee's written listing of all aircraft landings subject to such fee shall accompany said payment. Each entry in such listing shall include the date of the landing, the aircraft registration number, the type and model aircraft, the aircraft MGLW and the amount of the fee due.

C2.2 *Aircraft Ramp Space.* Lessee shall pay Lessor monthly, an aircraft-parking fee in an amount equal to that specified in the most current *Airport Rates and Charges Schedule* at the time of use, for each overnight aircraft parking position used by Lessee that is situated on Airport ramp outside Lessee's Premises. Such fees, if any, shall be payable to Lessor no later than the TWENTIETH (20th) day of the month following that in which Lessee occupied or used such space, and such payment shall be accompanied by a written listing of the aircraft (including registration number, make and model), dates and times of usage.

C2.3 *Other Space.* When available and specifically assigned to Lessee, Lessee shall pay Lessor monthly, in advance, a fee for Lessee's non-exclusive use of other space not situated on or part of the Premises. The location and cost of such other space shall be determined by Lessor at its sole discretion, and both may be subject to change from time to time by Lessor, as necessary.

C2.4 *Additional Space/Services.* In the event that Lessee requires space or special services such as, but not limited to, aircraft line services, out-of-station ARFF standby, operations safety officers, ground service equipment, or fuel spills response teams, Lessee shall pay Lessor's standard fees for such services at the time the service is rendered, unless a secured account or agreement is established prior to requesting additional services.

C3. Books and Records. Lessee shall maintain permanent books, records and ledgers accurately reflecting the total number of monthly Aircraft landings for each aircraft subject to a landing fee and any other aforementioned fee indicating the make, type (including model designation), registration, maximum certificated gross landing weight, and arrival and departure time of each aircraft involved. These records shall be made available to Lessor upon request. In addition to monthly payment as set forth in SECTION C2 herein and together therewith, Lessee shall provide Lessor with a written report, indicating all aircraft operations and related information for the preceding calendar month.

C4. Disabled or Abandoned Aircraft. Should any aircraft owned or operated by Lessee through accident or for any other reason, become disabled or be abandoned in any area which could interfere with the continuous, normal operations of any of the runways, taxiways and airfield facilities at the Airport, Lessee shall:

C4.1 Immediately remove said aircraft to such location as may be designated by Lessor, unless such aircraft is required to remain in place pending investigation by the appropriate regulatory agency or agencies of the federal government; and

C4.2 In the event of any accident where federal investigation in place is required, immediately upon receiving clearance to do so from the appropriate federal agency, remove said aircraft and any wreckage or debris resulting therefrom to the area(s) designated by said federal agency authorizing such removal; otherwise, such aircraft wreckage and debris shall be immediately removed from the Airport or stored at a location approved by Lessor.

C4.3 Should Lessee fail to proceed immediately to remove disabled aircraft, or should aircraft owned or operated by Lessee be abandoned on the Airport, Lessor shall have the right to remove such aircraft by any means Lessor deems necessary under the circumstances, and Lessee shall indemnify, defend, keep and hold Lessor, its members, board of directors, officers, agents, officials, servants, employees and contractors harmless from and against any and all claims, costs, loss, liability, actions, suits, proceedings, damage or expense (including costs of suit and attorneys' fees and expenses) incurred by Lessor or claimed by anyone by reason of removal of said aircraft, injury to persons or property or damages to such aircraft caused by such removal, as well as storage costs therefor. Lessee shall reimburse Lessor for any costs incurred by Lessor in removing and storing any aircraft, any property damage to the airport caused by such aircraft or removal within TEN (10) business days of demand therefor.

C5. Aviation Fuel. Lessee, at Lessee's sole cost and expense, shall procure aviation fuel delivered to its aircraft on the Airport. If fueling or defueling aircraft owned or operated by Lessee, or under Lessee's direct control, Lessee shall comply fully with Lessor's *Aviation Fuel Storage, Dispensing and Handling Guidelines*.

C6. Fly Friendly Procedures. Lessee acknowledges receipt of Lessor's *Fly Friendly* noise abatement procedures, and shall provide such information to flight crews, post the information in the Lessee's flight planning area, and use the procedures to the extent possible, when consistent with safety and Air Traffic Control directives.

EXHIBIT D
MINIMUM STANDARDS

<http://www.gatewayairport.com/Documents/DocumentLibrary/Board%20Policies/Airport%20Minimum%20Standards.pdf>

&
AIRPORT RULES AND REGULATIONS

http://www.gatewayairport.com/Documents/DocumentLibrary/Board%20Policies/Rules%20&%20Regulations_16-53.pdf

EXHIBIT E

STORM WATER PERMIT COMPLIANCE

E1. Acknowledgments.

E1.1 Lessee acknowledges that as a consequence of its activities, operations or location at the Airport, Lessee may be required by EPA Regulations 40 CFR Part 122 (Regulations) to obtain a National Pollution Discharge Elimination System (NPDES) Storm water discharge permit (the "Permit"), a requirement that Lessee can fulfill by:

E1.1.1 Obtaining its own permit; or

E1.1.2 Joining as a co-permittee under Lessor's current storm water permit.

E1.2 Lessor has undertaken to obtain a storm water discharge permit, and Lessee acknowledges that it will enjoy a substantial economic benefit by joining as a co-permittee, and that such benefit serves as good and sufficient consideration for the obligations imposed upon and assumed by Lessee under this **EXHIBIT E**.

E1.3 Lessee acknowledges that it will have to devise and implement Best Management Practices (BMPs) to minimize the contact of storm and other precipitation event water with "significant materials" (as defined in the Regulations) generated, stored, handled or otherwise used by Lessee, and to document such BMPs with a written storm water management plan.

E2. Agreement.

E2.1 Lessee agrees to be made, and to be, a co-permittee on Lessor's Multi-Sector General Permit (MSGP), and agrees that said Permit, as it is issued by the Arizona Department of Environmental Quality (AZDEQ), and as it may thereafter be amended, modified or otherwise changed, is incorporated by reference into this **EXHIBIT** and any subsequent renewals.

E2.2 Lessor agrees that, to the extent allowed by law, Lessee shall have the right to be removed from Lessor's Permit should this Lease be cancelled or terminated for other reasons, or due to Lessee's relocation, noncompliance with Permit requirements or exercise of choice; provided that in no event shall Lessee be relieved of its obligation to comply with the requirements of the AZPDES permit program with regard to its occupation and use of the Premises and the Airport, nor shall Lessee be excused from any obligations or indemnifications incurred and owed to Lessor prior to Lessee's removal from the Permit, resulting from a failure of Lessee to fulfill an obligation of such.

E3. Compliance.

E3.1 Lessor will provide Lessee with a true and complete copy of the Permit and any revisions thereto, and will, as time and personnel allow, consult with and assist Lessee with regard to Permit and other requirements.

E3.2 Lessor shall have the right to monitor Lessee's compliance with the Permit requirements, including, but not limited to: certification of non-storm water discharges; collection of storm water samples; preparation of storm water management plans; implementation of BMPs; and the maintenance of necessary records.

E3.3 Lessor reserves the right to impose upon Lessee any BMP or other action necessary to insure Lessor's ability to comply with its Permit requirements or applicable Rules. Lessee shall have TEN (10) business days from date of receipt of written notice imposing such BMPs or other requirements to notify Lessor in writing if it objects to any action it is being directed to undertake. If Lessee does not provide the specified timely notice, it will be deemed to have assented to implement the BMPs or other requirements. If Lessee provides Lessor with timely written notice of its objections, the Parties agree to negotiate a prompt resolution

of their differences. Lessee warrants that it will not serve a written notice of objections for purposes of delay or avoiding compliance.

E3.4 Lessee agrees to implement at its sole expense, unless otherwise agreed to in writing between Lessor and Lessee, those Permit and other requirements which pertain to its operations and activities on the Airport, and Lessee warrants that it will use its best efforts to meet all deadlines established by statute, regulation or ordinance, or that are agreed to by the Parties. Lessee acknowledges that time is of the essence in the implementation of all Permit requirements.

E4. Permit Changes. Lessee acknowledges that the terms and conditions of Lessor's Permit may change from time to time, and upon prior written notice from Lessor to Lessee of proposed changes, Lessee shall be given the opportunity to submit comments to Lessor prior to negotiations with the appropriate governmental entity or entities for permit modifications.

E5. Material Condition. Full compliance with the AZPDES permit program, 40 C.F.R. Part 122, is a material condition of this **EXHIBIT** and for any breach thereof which exposes Lessor to civil or criminal fine, penalty, sanction or remediation cost by any governmental entity, Lessor may terminate this **EXHIBIT** without recourse by Lessee.

E6. Covenant of Good Faith. Lessor and Lessee covenant to act in good faith to implement any requirements imposed by Lessor's Permit, to the end that the purposes of Section 402(P) of the Federal *Water Pollution Control Act* (33 U.S.C. 1342 (P)) may be achieved. The Parties acknowledge that close cooperation will be necessary to ensure compliance with any Permit requirements to promote safety and minimize costs, and each Party agrees to a candid exchange of information necessary to coordinate a storm water management and monitoring plan.

E7. Indemnification. The covenants of insurance and indemnification in favor of Lessor imposed by other provisions of this **EXHIBIT** shall extend to, and are incorporated into, the provisions of this **EXHIBIT**.

NOTICE OF LESSEE INTENTION TO JOIN OR REJECT NPDES CO-PERMITTEE STATUS

I, _____, on behalf of HDH SYSTEMS WILLIAMS AZ LLC, being duly authorized to do so, acknowledge that I am fully informed of my obligations under the National Pollutant Discharge Elimination System permit program as mandated by Section 402 (P) of the Federal *Water Pollution Control Act* (33 U.S.C. 1342 (P)), and regulations published in 40 C.F.R. Part 122 and the Arizona Department of Environmental Quality (AZDEQ).

I further acknowledge that I have been offered the opportunity to join with the Phoenix-Mesa Gateway Airport Authority (PMGAA) as a co-permittee of the AZPDES permit issued by the Environmental Protection Agency to the PMGAA as it pertains to the Phoenix-Mesa Gateway Airport Authority (the "Airport"), in accordance with the terms and conditions set forth above.

I, on behalf of HDH SYSTEMS WILLIAMS AZ LLC and being duly authorized to do so, (please check applicable box).

- desire to join the PMGAA as a co-permittee and understand and accept the obligation to comply with the aforesaid statute and regulations as they may apply to my activities and operations at the Airport.
- decline to join the PMGAA as a co-permittee.
- have determined the regulations are not applicable.

Dated this _____ day of _____, 2017.

By: _____
(Signature)

Name: _____
(Print Name)

Its: _____
(Title)



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Shea Joachim, CEcD, Business Development Director
Through: J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Allegiant Airlines Facility Lease
Date: April 18, 2017

Proposed Motion

To authorize a Facility Lease with Allegiant Air, LLC (“Allegiant”) for the facility located at 6045 South Sossaman Road. The lease term is five (5) years with no extension options. Annual rent is \$123,459.

Narrative

Allegiant currently leases the property at 6045 S. Sossaman Rd. Allegiant’s leasehold of the facility was included in the Airline Operating Agreement effective October 25, 2012. As requested by Allegiant, the proposed Facility Lease increases Allegiant’s leasehold to include the entire facility (11,758 SF). The proposed annual rent will include electric, trash, and water service fees.

Agreement Term and Rate

This agreement term is five years with no extension options.

The initial lease rate is \$123,459 annually (\$10,288.25 monthly), with a 3% increase on every twelve (12) month anniversary.

Attachment(s)

Facility Lease Agreement



RESOLUTION NO. 17-14

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Authority desired to enter into a facility lease with Allegiant Air, LLC;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes a Facility Lease with Allegiant Air, LLC (“Allegiant”) for the facility located at 6045 South Sossaman Road. The lease term is five (5) years with no extension options. Annual rent is \$123,459. This resolution also authorizes the Chair or Executive Director/CEO to execute such Contract, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 18th day of April, 2017.

John Giles, Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Matthew Wright, Attorney



Phoenix-Mesa Gateway Airport Authority

FACILITY LEASE

with

ALLEGiant AIR, LLC

Effective Date: January 1, 2017

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Phoenix-Mesa Gateway Airport Authority
FACILITY LEASE

This Facility Lease (“Lease”) is executed to be effective the first (1) day of January, 2017 (“Effective Date”) between the PHOENIX-MESA GATEWAY AIRPORT AUTHORITY, a joint powers authority authorized by the State of Arizona (“Lessor”), and ALLEGIANT AIR, a Nevada limited liability company authorized to do business in the State of Arizona (“Lessee”). Lessor and Lessee may be referred to jointly as “Parties,” and each separately may be referred to as a “Party.”

WITNESSETH:

WHEREAS, Lessor is the owner and operator of the Phoenix-Mesa Gateway Airport generally located at the intersection of Ray Road and Sossaman Road, City of Mesa, Maricopa County, Arizona (Airport”); and

WHEREAS, Lessor has the right to lease, license and grant the use of property and facilities on the Airport and has full power and authority to enter into this Lease in respect thereof; and

WHEREAS, Lessor desires to lease to Lessee, and Lessee desires to lease from Lessor, that certain real property at the Airport located at 6045 South Sossaman Road, Mesa, Arizona 85212, and described as Hangar 24, consisting of approximately eleven thousand, seven hundred and fifty-eight (11,758) square feet, as set forth in Exhibit A attached hereto (“Premises”); and

WHEREAS, Lessor desires to lease the Premises to Lessee on the terms and conditions set forth herein;

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements herein contained, the Parties do hereby undertake, promise and agree, each for itself and its successors and assigns, as follows:

1. LEASE

Lessor hereby leases the Premises to Lessee, subject to all easements and rights of way that may encumber the Premises, and further subject to all operational and use restrictions and other terms and conditions set forth in this Lease.

1.1 Right to Use Premises. Lessor agrees that so long as Lessee shall timely pay the Base Rent and other charges required to be paid hereunder, and perform all of its other obligations under this Lease, Lessee shall peaceably have and enjoy the use of the Premises without hindrance from Lessor. Lessee specially acknowledges that Lessee has inspected the Premises prior to entering into this Lease and agrees to accept the Premises in an “as is, where is” condition without any warranty or representation from Lessor, either express or implied, of any kind or nature whatsoever with respect to the Premises, including, but not limited to, any warranty of merchantability, habitability, or fitness for any particular or specific purpose, and all such warranties are hereby disclaimed. Should Lessee desire any inspection report, environmental assessment, survey, creation

of a legal description, drainage report, or any similar study, Lessee shall be responsible for the same at Lessee's sole expense.

1.2 Substitution of Premises. In addition to Lessor's other rights set forth in this Lease, Lessor reserves the right, upon no less than Ninety (90) calendar days prior written notice to Lessee, to substitute Comparable Areas for all or any portion of the Premises, including any additions, alternations or improvements thereon, should Lessor, in its reasonable discretion, determine that taking of the Premises, any portion thereof or any improvement thereon, is required for other Airport purposes, and there exists no appropriate alternative. In the event Lessor makes the determination to exercise its rights to substitute, all title, right and interest to the portion of the Premises taken shall immediately vest in Lessor on the date that is Ninety (90) calendar days following receipt of Lessor's notice, or such later date as specified therein. Furthermore, Lessor may require Lessee to vacate any portion or all of the Premises taken. For the purposes of this Section 1.2, the term "Comparable Areas" is defined to mean other facilities at the Airport, or any additions or extensions thereof, similar in size to the Premises, brought to the same level of improvement as the Premises and having the same or similar usefulness to Lessee as the portion taken. Lessor shall bear all expenses of bringing the substituted area to the same level of improvement as the Premises, and of moving Lessee's improvements, equipment, furniture and fixtures to the substituted area. If any of Lessee's improvements, equipment, furniture or fixtures cannot be relocated, Lessor shall replace, at Lessor's expense, such non-relocatable improvements and other property with comparable property in the Premises, and Lessor shall be deemed the owner of the non-relocated improvements and other property, free and clear of all claims of any interest or title therein by Lessee, or any other third party whomsoever. It is the specific intent of this Section 1.2 that Lessee be placed, to the extent possible, in the same position it would have been, had Lessor not substituted new premises for the Premises; provided, however, that Lessor shall not be obligated to reimburse Lessee for any damages, including lost profits or revenues, due to such substitution. Notwithstanding the foregoing, Lessor shall use reasonable efforts to avoid disruption to Lessee's business.

1.3 Access. Lessee is granted the right of reasonable access to and from the Premises via such portions of the Airport as are or may be necessary to allow Lessee to conduct its business operations permitted herein at and on the Premises and the Airport. Lessor reserves the right to designate the location of such access and to change its location from time to time, as Lessor deems reasonably necessary and appropriate; provided such changes do not materially interfere with Lessee's use of or access to the Premises.

1.4 Permitted Uses. Subject to the provisions of Section 1.5, Lessee may use the Premises for storage of aeronautical/aircraft parts and components, general administrative office space, storage and maintenance of ground service equipment, and lawful aircraft maintenance of Lessee's aircraft. Lessee's use of the Premises and operation of its business at and on the Airport and the Premises is subject to all applicable laws, rules and regulations of any governmental authority, including Lessor, and to Lessee's compliance with applicable provisions of the Airport Rules and Regulations and Minimum Standards.

1.5 Prohibited Activities. Lessee shall not use or permit its agents, employees, contractors, invitees, licensees or customers to use the Premises or the Airport for any use that is in violation of the Airport Rules and Regulations, the Airport Minimum Standards, any matters of record, or applicable laws, rules, regulations and operating policies of any governmental authority, including Lessor, or for any other activity or operation not specified in Section 1.4 herein, or that does not have advance, written approval of Lessor's Executive Director.

1.6 Continuous Operation. Upon commencement of business operations at and on the Premises and the Airport, Lessee shall designate an on-site manager for the term of this Lease who shall be available to Lessor and Lessee's customers, if any, during normal business hours, and otherwise as required by the Airport Minimum Standards, as applicable.

1.7 Lessee Acknowledgement. Lessee acknowledges this Lease is a MODIFIED GROSS LEASE and agrees that its obligations to pay Base Rent and all other charges due and owing under the terms hereof shall be absolute and unconditional, and shall not be affected by any circumstances whatsoever, including, without limitation: (i) any set-off, counterclaim, recoupment, defense or other right which Lessee may have against Lessor or the United States of America or anyone else for any reason whatsoever; (ii) any liens, encumbrances or rights of others with respect to the Premises; (iii) the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease or any lack of right, power or authority of Lessor or Lessee to enter into this Lease; (iv) any insolvency, bankruptcy, reorganization or similar proceedings by or against Lessee, or any other person; or (v) any other cause, whether similar or dissimilar to the foregoing, any future or present law notwithstanding, it being the intention of the Parties hereto that all rent being payable by Lessee hereunder shall continue to be payable in all events and in the manner and at the times provided herein.

2. TERM

2.1 Initial Term. The term of this Lease shall be for a period of five (5) years, commencing on the Effective Date and terminating on December 21, 2021 thereafter ("Term").

2.2 Termination Clause. Either party may terminate this Lease by providing the notified party with NINETY (90) days' advance written notice of its intent to do so.

3. NON-EXCLUSIVE RIGHTS

Lessee shall have the exclusive right to occupy and use the Premises while in compliance with the terms and conditions of this Lease. All other rights granted to Lessee under this Lease are nonexclusive. Lessor may, in its sole discretion and at any time, permit third parties to conduct any and all business activities at the Airport that Lessor deems appropriate, or conduct such activities itself, provided that such activities do not require or materially interfere with Lessee's use of the Premises.

4. RENT

4.1 Base Rent. Lessee agrees to pay Lessor annual rental for the use of the Premises in the amount of One Hundred Twenty-Three Thousand, Four Hundred and Fifty-Nine Dollars (USD \$123,459.00), payable in equal monthly installments of Ten Thousand, Two Hundred and Eight-Eight 25/100 Dollars (\$10,288.25) ("Base Rent"). The Base Rent shall be payable in advance, without any prior demand therefor and without any abatement, deductions or set-offs whatsoever, and tendered in lawful currency of the United States, either by check or electronic transfer. All payments referenced in this Lease shall be payable exclusively in United States Dollars.

4.2 Rent Increases. The annual Base Rent paid by Lessee shall be increased (but never decreased) on every Twelve (12) month anniversary of the Effective Date of this Lease by three (3%) percent.

4.3 Reserved.

4.4 Airport Rates and Charges Schedule. Lessee or its subtenants, as applicable and including its contractors, agents, etc., shall pay all fees identified in the most current Airport Rates and Charges Schedule at the time of receipt of any covered service or use of any covered facilities, unless specifically outlined in this Lease. The current Airport Rates and Charges Schedule is included as Exhibit B and incorporated herein by reference and is subject to change without prior notice or approval of Lessee. Lessee acknowledges and agrees that Lessor may amend the Airport Rates and Charges Schedule at any time at Lessor's sole discretion, and that no fee [referenced in the Airport Rates and Charges Schedule] shall apply to the use of the Premises or access to the Premises.

4.5 Payment.

4.5.1 Unless otherwise specified herein, the first payment of Base Rent shall be paid to Lessor upon the delivery of this Lease, for the period from the Effective Date until the end of the calendar month in which the Effective Date occurs, prorated on the basis of the number of such days to the total number of days in said month. All payments referenced in this Lease shall be payable exclusively in United States Dollars. Thereafter, all Base Rent payments shall be paid in monthly installments, in advance, on the first day of each calendar month ("Base Rent Due Date"). On each such date, Lessee shall pay the full Base Rent payment.

4.5.2 No payment to or receipt by Lessor of a lesser amount than that which is due and payable under the provisions of this Lease at the time of such payment shall be deemed to be other than a payment on account of the earliest payment due, nor shall any endorsement or statement on any check or payment prejudice in any way Lessor's right to recover the balance of such payment or pursue any other remedy provided in this Lease or by law.

4.5.3 All payments (and reports, if any) required by this Section 4.5 shall be remitted to the following address by the due date(s) specified hereinabove:

Phoenix-Mesa Gateway Airport Authority
Attn.: Department of Finance (Accounts Receivable)
5835 S. Sossaman Road
Mesa, Arizona 85212-6014

or such other address specified in writing by Lessor to Lessee.

4.6 Finance Charges and Late Fees. If Lessee fails to pay any installment of Base Rent or any other charge due and owing to Lessor in full on or before the applicable due date, Lessee shall be responsible for interest on the unpaid installment at the rate of Eighteen Percent (18%) per annum from the due date until payment in full is made. In addition, in the event any installment of Base Rent or other charge owing to Lessor is paid more than Ten (10) days after the due date, a late penalty of Ten Percent (10%) of the amount of such delinquent Base Rent installment or other charge shall be due and payable in addition thereto.

4.7 Taxes. In the event any governmental authority shall impose a tax or imposition based upon any Base Rent payments or any other sums paid or owing hereunder, or the receipt of such payments by Lessor, Lessee shall pay such amounts to Lessor at the same time and in addition to payments hereunder, which amounts may include, but are not limited to, any or all rental, transaction privilege, sales, excise or other similar tax except income taxes.

4.8 Survival. Lessee's obligation to pay all amounts stated herein, together with any interest thereon and/or penalties therefor, shall survive the termination of this Lease.

5. Reserved

6. AIRCRAFT OPERATIONS GUIDELINES

If and to the extent that Lessee, including its subtenants, contractors, agents, etc., operates aircraft at or on the Airport, Lessee shall be subject to the provisions of Exhibit C. If any subtenant, contractor or agent of Lessee conducting activities on or at the Premises operates aircraft at the Airport, all shall be subject to the provisions of Exhibit C, which Lessor may enforce directly against such subtenant, contractor or agent, but Lessee shall have no direct liability or responsibility with respect to such matters; except, however, Lessee shall

be responsible for compliance by its subtenants, contractors and/or agents with the Airport Rules and Regulations and Minimum Standards, as appropriate.

7. IMPROVEMENTS

7.1 Reserved.

7.2 Reserved.

7.3 No Alterations. Lessee shall make no material improvements or alterations to the Premises during the Term of this Lease without the prior written permission of Lessor, which shall not be unreasonably withheld or delayed and, if and to the extent applicable, without the approval by Lessor's Design Review Committee. Lessee shall provide Lessor with electronic as-built drawings (or their equivalent) when any improvement or alteration is completed for which such drawings are reasonably required.

7.4 Title to Alterations and Improvements. Title to all Improvements and alterations on the Premises (but not personal property or trade fixtures) shall vest in Lessor upon the expiration of this Lease, and Lessee agrees to execute and deliver to Lessor, within Ten (10) business days after Lessor's request therefor, a quitclaim deed confirming that title to such improvements and alterations is vested in Lessor.

7.5 Mechanics' Liens. Lessee shall keep the Premises and all improvements constructed by Lessee thereon free of any mechanic or materialmen's liens. In the event that any such lien is filed, Lessee shall, at its sole cost, cause such lien to be removed from the Premises by bonding or otherwise within Thirty (30) calendar days of notice thereof.

7.6 Permit Required. Lessee shall be responsible for determining whether it is subject to local building/construction codes or permit requirements, and for compliance with them to the extent they are applicable. All structural, electrical, plumbing or mechanical construction or reconstruction shall conform to City of Mesa ("City") construction and technical codes. No such work shall be commenced without first submitting required plans and obtaining required permits from the City. All such work shall be permitted, inspected and approved by the City prior to concealment or use. Lessee shall provide to Lessor a contemporaneous copy of Lessee's permit application and the associated plans and specifications.

7.7 Damage or Destruction. Lessee shall maintain insurance on all of Lessee's improvements to the Premises. In the event that all or any portion Lessee's improvements are destroyed or rendered unusable due to fire or other catastrophe, Lessee shall replace, repair, restore, modify or improve said improvements, subject to the provisions of Section 7.6, using available insurance proceeds together with any additional funds from other available sources, or, alternatively, Lessee shall pay the replacement cost of the improvements to Lessor.

8. MAINTENANCE

8.1 Responsibilities.

8.1.1 *Lessee.* Lessee shall, at its sole cost and expense, keep the Premises and all improvements therein in a neat and clean condition and in good order. Lessee is responsible for janitorial services. Lessee shall follow a preventative maintenance schedule for all mechanical, electrical, plumbing, drain, piping and air conditioning systems on the Premises

8.1.2 *Lessor.* Lessor shall, at its sole cost and expense, sustain and maintain the structural integrity of the Premises, including the exterior roof, fire suppression system and all utility connections where they enter the Premises throughout the Term.

8.2 **Damage to Lessor Property.** Any real or personal property of Lessor damaged or destroyed by Lessee as a result of Lessee's use or occupancy of the Premises shall be promptly repaired or replaced by Lessee to the satisfaction of Lessor. In lieu of such repair or replacement, where required by Lessor, Lessee shall pay to Lessor an amount sufficient to compensate for the loss sustained by Lessor.

8.3 **Trash Removal.** Lessee shall at all times keep the Premises in a neat, clean, safe, sanitary and orderly condition and shall keep such area free of all trash and debris. Lessee shall, at Lessee's expense, be responsible for all trash removal from the Premises. Such trash removal shall be performed on a not less than weekly basis, and all trash shall be disposed of off the Airport. Prior to its removal from the Airport, Lessee shall deposit all trash and debris only at collection stations located on the Premises, in accordance with City code.

8.4 **Emergency Repairs.** Within FIFTEEN (15) days of the Effective Date, Lessee shall provide Lessor with a list of names and telephone numbers for 24-hour emergency contact for the Premises. Lessee shall promptly provide Lessor with updated lists and changes as necessary.

9. ASSIGNMENT, SUBLETTING AND OTHER TRANSFERS

9.1 **Any Transfer of Lease Interest Requires Lessor Advance Written Approval.** In the event Lessee desires to transfer, assign, encumber, pledge or hypothecate any portion of its interest in this Lease or any right or interest hereunder (including, but not limited to as part of a mortgagor deed of trust or an assignment by means of a foreclosure or trustee's sale thereunder)(individually and collectively, "Transfer"), Lessee must obtain the prior written consent of Lessor, with such consent to be in the sole and absolute discretion of Lessor without exception. Where Lessor approves in writing of such Transfer, Lessor shall be entitled to request and acquire written financial assurances, including, but not limited to financial statements, business plans and other information related to the financial condition and plans of any proposed transferee. Further, Lessor, may in its sole and absolute discretion require that Lessee still be liable at law and at equity, as well as financially liable, under the Lease, regardless of whether the assignee expressly assumes in writing all of Lessee's obligations under this Lease or in the case of a sublease. Lessee understands and agrees to these terms and conditions regarding any proposed Transfer, and that any violation of this Section 9, may irreparably harm Lessor as the requirements set forth herein are directly related to PMGAA's (and any Lessee's) legal and financial obligations to the Federal Aviation Administration. This section 9 shall remain valid and enforceable even in the event of amendment to or repeal of FAA regulations, so long as this section 9 does not directly conflict therewith.

9.2 **Lessee's Required Advance Notice to Lessor of Proposed Transfer.** In order for Lessor to even consider a Transfer, Lessee must: (i) notify Lessor in writing at least Forty-five (45) days prior to such proposed transfer; (ii) deliver to Lessor, at the time of Lessee's notice, current financial statements of Lessee and the proposed transferee (along with transferee's business plans) that are reasonably acceptable to Lessor; and (iii) the transferee assumes and agrees in writing to perform Lessee's obligations under this Lease. However, nothing herein shall be construed as Lessor providing its consent to any Transfer or relieving Lessee of any legal, financial or other obligation under the Lease, regardless of Lessor's acceptance or refusal to accept such proposed transfer of Lease. For purposes of this Section 9.2, "Affiliate" means any person or entity that, directly or indirectly, controls, is controlled by or is under common control with Lessee. For purposes of this definition, "control" shall mean possessing the power to direct or cause the direction of the management and policies of the entity by the ownership of a majority of the voting securities of the entity.

9.3 **Deemed Transfers.** For the purposes of this Lease, a Transfer shall be deemed to include, but not be limited to, the following: (i) if Lessee is a corporation, partnership, limited liability company or other legal entity, the transfer of any ownership interest in such entity resulting in a change in the present control of such entity by the person or persons owning a majority of the ownership interest thereof as of the date of this Lease; provided, however, if Lessee is a corporation whose stock is traded on a nationally recognized stock

exchange, the transfer of Lessee's stock shall not constitute a Transfer requiring Lessor's consent; or (ii) the sale of TWENTY-FIVE PERCENT (25%) or more in value of the assets of Lessee.

9.4 Subletting. Lessee shall not sublease the Premises or any portion thereof at any time during the Term of this Lease.

9.5 Non-Disturbance. Lessor agrees, for the benefit of all subtenants of all or any part of the Premises, that if this Lease or Lessee's right to possession of the Premises is terminated for default or otherwise, all subleases of all or any part of the Premises, except any sublease to an affiliate of Lessee, shall continue in full force and effect, notwithstanding the termination, as direct leases between Lessor and the subtenants and all such subtenants shall, upon request, attorn in writing to Lessor.

9.6 This Lease and all provisions hereof are subject and subordinate to the terms and conditions of the instruments and documents under which PMGAA acquired the subject property from the United States of America and shall be given only such effect as will not conflict or be inconsistent with the terms and conditions contained in the lease of said lands from PMGAA and any existing or subsequent amendments thereto, and are subject to any ordinances, rules or regulations which have been, or may hereafter be adopted by PMGAA pertaining to the Airport.

10. IDENTIFICATION SIGNS

Lessee may install on the Premises, a sign or signs identifying its business on the exterior of the Premises; provided, however, that the general type, size, and location of such sign(s) shall conform to Lessor's Comprehensive Sign Plan, be approved in writing by Lessor in advance of installation and be subject to any signage rules, codes and/or regulations of any governmental authority.

11. DEFAULT; TERMINATION BY LESSOR

11.1 Events of Default. Each of the following shall constitute a material default of this Lease by Lessee ("Event of Default"):

11.1.1 Failure to pay any installment of Base Rent or other amount due from Lessee hereunder, or required by any other agreement between the Parties, provided that Lessee does not cure such failure within TEN (10) business days after delivery by Lessor of a written notice of such failure.

11.1.2 Failure to perform any of its other obligations under this Lease, provided that Lessee does not cure such failure within THIRTY (30) calendar days after delivery by Lessor of a written notice of such default; provided, however, if a cure of the default reasonably requires more than THIRTY (30) calendar days to complete, then the time to cure shall be extended so long as the cure is being diligently pursued.

11.1.3 The filing of any mechanic's, materialmen's or other lien of any kind against the Premises because of any act or omission of Lessee which lien is not discharged, by bonding or otherwise, within THIRTY (30) calendar days of receipt of actual notice thereof by Lessee.

11.1.4 The Transfer or attempted transfer of any interest in the Lease to any transferee without Lessor's advance written authorization, which Lessor may withhold in its sole and absolute discretion.

11.2 Lessor's Remedies. Upon the occurrence of an Event of Default under this Lease, Lessor may, without prejudice to any other rights and remedies available to a Lessor at law, in equity or by statute, but subject to the provisions of SECTIONS 9.2 and 23 herein, exercise one or more of the following remedies, all of which shall be construed and held to be cumulative and non-exclusive:

11.2.1 Terminate this Lease and re-enter and take possession of the Premises; or

11.2.2 Without terminating this Lease, re-enter and take possession of the Premises; or

11.2.3 Without such re-entry, recover possession of the Premises in the manner prescribed by any statute relating to summary process, and any demand for Base Rent, re-entry for condition broken, and any and all notices to quit, or other formalities of any nature to which Lessee may be entitled, are hereby specifically waived to the extent permitted by law; or

11.2.4 With or without terminating this Lease, Lessor may re-let the Premises or any portion thereof.

11.3 No Implied Termination. Lessor shall not be deemed to have terminated this Lease unless Lessor shall have notified Lessee in writing that it has so elected to terminate this Lease. Lessee hereby waives all claims based on Lessor's reentering and taking possession of the Premises, or removing and storing the property of Lessee, and shall save Lessor harmless from all losses, costs or damages occasioned thereby. No such reentry shall be considered or construed to be a forcible entry by Lessor.

11.4 Lessor's Current Damages. Lessor is authorized to make such repairs, refurbishments or improvements to the Premises as may be necessary for the purpose of attempting to re-let the Premises, and the costs and expenses incurred in respect of such repairs, redecorating, refurbishments and improvements shall be paid by Lessee to Lessor within FIVE (5) business days after receipt of Lessor's statement. If Lessor exercises any of the remedies stated above, Lessor shall be entitled to recover from Lessee all damages incurred by Lessor by reason of the Event of Default, which shall include, without limitation, (i) the equivalent of the amount of the Base Rent and all other payments which would be payable under this Lease by Lessee for the remainder of the Term as if this Lease were still in effect, less (ii) the net proceeds of any re-letting by Lessor after deducting all of Lessor's expenses in connection with such re-letting, which shall include, without limitation, repossession costs, repairs, redecorating, refurbishments or improvements to the Premises, brokerage commissions, attorneys' fees, and legal expenses. Lessee shall pay such current damages to Lessor, in the amount set forth in the preceding sentence (hereinafter called "Deficiency"), in monthly installments on the days on which the Base Rent would have been payable under this Lease as if this Lease were still in effect. All amounts collected by Lessor from subtenants shall be credited against Lessor's damages.

11.5 Lessor's Final Damages. At any time after an Event of Default, whether or not Lessor shall have collected any monthly Deficiency as set forth above, Lessor shall be entitled to recover from Lessee, and Lessee shall pay to Lessor, on demand, as final damages for the applicable Event of Default, the sum of (a) the then present worth (at a discount at the rate of Six Percent (6%) per annum) of (i) the aggregate of the Base Rent and all other amounts to be paid by Lessee hereunder for the unexpired portion of the term of this Lease (assuming this Lease had not been terminated), less (ii) the amount of such loss that could have been reasonably avoided, plus (b) repossession costs, Lessor's expenses in connection with any attempts it may have made to re-let the Premises (which shall include, without limitation, repairs, refurbishments or improvements to the Premises and brokerage commissions), attorneys' fees, legal expenses, and all other damages incurred by Lessor as a result of such Event of Default. In determining the amount of loss that could reasonably be provided, rents to be paid by subtenants pursuant to Section 9.4, if applicable, and other reasonably projected rental income from leasing the Premises shall be taken into account.

11.6 No Waiver by Lessor. No waiver by Lessor of any breach or default by Lessee in the performance of its obligations under this Lease shall be deemed to be a waiver of any subsequent default by Lessee in the performance of any of such obligations, and no express waiver shall affect an Event of Default in a manner other than as specified in said waiver. The consent or approval by Lessor to or of any act by Lessee requiring Lessor's consent or approval shall not be deemed to waive or render unnecessary Lessor's consent or approval to or of any subsequent similar acts by Lessee.

11.7 Content of Default Notice. Any default notice tendered to Lessee hereunder shall be deemed to be sufficient if it is reasonably calculated to put Lessee on inquiry as to the nature and extent of such default, and is made in accordance with Section 20 herein.

11.8 Limitation on Exercise of Termination Remedy by Lessor. Notwithstanding anything to the contrary in Section 11.2 hereinabove, if an Event of Default occurs, Lessor shall not have the remedy of terminating this Lease or of taking possession of the Premises unless: (i) the Event of Default consists of a failure to pay off Base Rent or other amounts owed to Lessor; or (ii) Lessor has no other remedy that is adequate to protect Lessor's interests. Other remedies that are available to Lessor include self-help and recovery of damages, and nothing in this Section 11 shall limit the exercise of any such other remedy.

11.9 Waiver of Landlord's Lien. Lessor hereby waives all statutory or common law landlord's lien rights with respect to personal property located on the Premises.

12. RESERVED

13. INDEMNIFICATION

To the fullest extent permitted by law, Lessee hereby agrees to defend, indemnify and hold harmless Lessor and its members, elected or appointed officials, agents, contractors, subcontractors, boards, commissions and employees (hereinafter referred to collectively as "Lessor" for purposes of this Section 13) for, from and against any and all claims, causes of action, liability, suits, litigation (including reasonable attorney's fees and other costs of investigation and litigation), actions, losses, damages or claims of any nature whatsoever which arise out of or in connection with (i) any accident, injury or damages occurring within the Premises, or (ii) any negligent act or omission of Lessee or its agents, employees, contractors, or subcontractors (hereinafter referred to collectively as "Lessee" for purposes of this Section 13) in connection with Lessee's operations hereunder and which result directly or indirectly in the injury to or death of any persons or the damage to or loss of any property, or (iii) the failure of Lessee to comply with any provisions of this Lease. This indemnification shall exclude responsibility for any consequential damages and for claims arising by reason of the negligent or wrongful act of Lessor or its employees, contractors or agents.

14. ENVIRONMENTAL PROTECTION

14.1 Definitions. Unless the context shall clearly require otherwise, the terms defined in this Section 14 shall, for all purposes of this Lease and of any agreement amendatory hereof or supplemental hereto, have the meanings herein specified, with the following definitions to be equally applicable to both the single and plural forms of any of the following:

14.1.1 Environmental Laws. The term "Environmental Laws" shall mean any one or all of the following, as the same are amended from time to time: the Comprehensive Environmental Response, Compensation, and Liability Act, 42 USC Section 9601 et seq.; the Resource Conservation and Recovery Act, 42 USC Section 6901, et seq.; the Toxic Substances Control Act, 15 USC Section 2601 et seq.; the Safe Drinking Water Act, 42 USC Section 300f et seq.; the Clean Water Act, 33 USC Section 1251 et seq.; the Clean Air Act, 42 USC Section 7401 et seq.; the Arizona Hazardous Waste Management Act, A.R.S. Section 49-921 et seq. the Arizona Environmental Quality Act, A.R.S. Title 49, as amended; and all regulations thereunder and any other laws, regulations and ordinances (whether enacted by the local, state or federal government) now in effect or hereafter enacted that deal with the regulation or protection of the environment, including the ambient air, ground water, surface water, and land use, including substrata land, or that govern the use of hazardous materials, solid and hazardous waste, hazardous substances and petroleum products.

14.1.2 Hazardous Material. The term "Hazardous Material" shall mean any toxic or hazardous material, substance or waste, or any pollutant or contaminant as defined or regulated pursuant to any Environmental Law and petroleum products. For purposes of this definition, petroleum includes petroleum-based substances comprised of a complex blend of hydrocarbons derived from crude oil through

processes of separation, conversion, upgrading and finishing (e.g., distillate fuel oils, petroleum solvents and used oils).

14.2 Release by Lessor. Lessor shall indemnify Lessee to the fullest extent permitted by law for any and all environmental damage of any kind, or for the effects of Hazardous Material on the environment, or on any person or property, if any, which have been caused by the use of, or releases from, the Premises and the Airport prior to Lessee's occupancy of any part thereof. Lessee is not liable for any claims or damages arising from environmental damage resulting from or that are the result of contamination of any kind existing on the Premises or surrounding sites prior to Lessee's occupancy of thereof.

14.3 Lessee Compliance.

14.3.1 Lessee shall, at the Lessee's own expense, comply with all present and hereafter enacted Environmental Laws, including any amendments thereto, affecting Lessee's activities on and property interest in the Premises during the period of Lessee's occupancy thereof under this Lease.

14.3.2 Lessee shall not cause or permit any Hazardous Material to be brought upon, kept or used in or about the Premises or the Airport by Lessee's agents, employees, contractors or invitees in violation or threatened or suspected violation of any Environmental Law. The Parties recognize and agree that Lessee may bring on the Premises and Airport and use Hazardous Materials that are ordinarily and customarily used in the conduct of Lessee's permitted activities under this Lease, provided that such use shall comply fully with all applicable Environmental Laws.

14.3.3 If Lessee desires and receives written authorization from Lessor to install any above ground storage tank ("AST") on the Premises or elsewhere on the Airport, Lessee shall submit the plans for such ASTs to Lessor for prior written approval and shall comply with all applicable Environmental Laws related thereto, including Title 40, Code of Federal Regulations, Part 112, as applicable. Lessee shall be the owner of such ASTs for statutory purposes and shall be solely responsible for the design, construction, installation, operation, monitoring, inspection, repair and maintenance of any and all ASTs, including any connected piping and/or dispensing apparatus. All ASTs shall comply with the Office of the State Fire Marshall as well as the Authority Having Jurisdiction (AHJ). Any AST that stores flammable and combustible liquids shall meet the provisions of NFPA 30, Flammable and Combustible Liquids Code. Records demonstrating compliance with release detection requirements, including product inventories, calibration and maintenance, sampling, tightness testing and any other records, fees and taxes required by the state or federal governments shall be the responsibility of Lessee. Upon the expiration of this Lease, Lessee shall remove all ASTs in compliance with all applicable Environmental Laws in effect at that time unless otherwise allowed by Lessor.

14.4 Indemnification. To the fullest extent permitted by law, Lessee shall indemnify, defend (with counsel reasonably acceptable to Lessor), protect and hold harmless Lessor and its employees and agents for, from and against any and all liability, loss, damage, expense, penalties and legal and investigation fees or costs, arising from or related to any claim or action for injury, liability, or damage to persons or property and any and all claims or actions brought by any person, entity or governmental body, alleging or arising in connection with contamination of the environment or violation of any Environmental Law or other statute, ordinance, rule, regulation, judgment or order of any government or judicial entity which are incurred or assessed as a result of any of Lessee's activities or operations on the Premises or Airport. This obligation includes, but is not limited to, all costs and expenses related to cleaning up the property, land, soil and underground or surface water as required under the law. Lessee's obligations and liabilities under this Section 14.4 shall survive the termination of this Lease. The indemnification of Lessor by Lessee as described above includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision. Lessor reserves the right to seek injunctive relief as may be permitted under law and equity.

14.5 Remediation. Without limiting the foregoing, if the presence of any Hazardous Material during the Term of this Lease caused or permitted by Lessee results in any Release on the Airport in violation or potential violation of any Environmental Law, Lessee shall promptly take action to remediate the affected property at its sole expense as necessary to return the Airport to the condition existing prior to the introduction of any such Hazardous Material to the Airport; provided that Lessor's approval of such actions shall first be obtained, which approval shall not, except in an emergency, be unreasonably withheld so long as such actions would not potentially have any material adverse long-term effect on the Airport and Lessee is not under administrative or court order related to such remediation action. Notwithstanding Lessor's approval pursuant to this Section 14.5, Lessor is not responsible for directing or managing any remediation action. For purposes of this Section 14.5, the term "Release" means any releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing, or dumping.

14.6 Governmental Submittals. Lessee shall, at Lessee's own expense, make all submissions to, provide all information to, and comply with all requirements of the appropriate governmental authority ("Government") under the Environmental Laws. Should the Government determine that a site characterization, site assessment and/or cleanup plan should be prepared and/or that a cleanup should be undertaken because of any spills or discharges of Hazardous Materials by reasons of Lessee's activities or actions at the Airport which occur during the term of this Lease, then Lessee shall, at the Lessee's own expense, prepare and submit the required plans and financial assurances, and carry out the approved plans. The Lessee shall provide a copy of said plans to the Lessor within thirty (30) days of development.

14.7 Information Sharing.

14.7.1 Lessee shall immediately notify Lessor of any of the following: (i) Lessee's receipt of any notification from any governmental entity either charging or informing Lessee that it will be charged with a significant (as defined below) violation of Environmental Laws, and (ii) any change in Lessee's activities on the Premises or Airport that is reasonably likely to adversely change Lessee's or Lessor's obligations or liabilities under the Environmental Laws. In addition, Lessee agrees to provide Lessor with copies of documents reflecting the physical condition of the Premises, including but not limited to, environmental testing of soils and groundwater, and information reasonably requested by Lessor to determine the applicability of the Environmental Laws to the Premises, or to respond to any governmental investigation or claim of liability by third parties which is related to environmental contamination of the Premises or Airport, including Lessee's activities thereon. A "significant violation of Environmental Law" shall be any violation that requires more than Thirty (30) calendar days to resolve.

14.7.2 Lessee shall immediately notify Lessor's Operations and Maintenance Department upon discovering a Release or Suspected Release of any amount of material that is stored inside an AST, approved pursuant to SECTION 14.3.3. For purposes of this Section, a "Suspected Release" is any discovery of released Hazardous Material at the AST site or surrounding area, erratic behavior of Hazardous Material dispensing equipment, the sudden loss of a Hazardous Material, or when monitoring indicates that a Release has occurred.

14.8 Sublease. Lessee shall insert provisions substantially identical to the provisions of this Section 14 in any Airport approved sublease agreement or contract by which it grants a right or privilege to any person, firm, corporation or other entity under this Lease.

14.9 Actions of Lessee. The activities or actions of Lessee under this Section 14 shall include the activities or actions of Lessee's officers, directors, employees, agents, contractors, invitees and successors.

14.10 Clean Water Act; NPDES Permits and SWPPPs. Without in any way limiting the foregoing, Lessee shall comply with all Environmental Laws regarding discharges to water and land, including, without limitation, obtaining and complying with an individual National Pollutant Discharge Elimination System

(“NPDES”) permit, or requesting coverage under and complying with any applicable multi-sector general permit obtained by Lessor. If applicable, Lessee shall also prepare and comply with a site-specific Storm Water Pollution Prevention Plan (“SWPPP”) or any revisions to a SWPPP, with respect to Lessee’s operations or activities on the Premises or Airport. At Lessee’s discretion and if applicable, Lessee may choose to be added to Lessor’s Storm Water Permit and, if such addition is desired, agrees to be subject to the provisions of Exhibit E attached hereto.

14.11 Protective Devices and Plans. If Lessee is required by the City to estimate the possible constituents of sanitary sewer discharges in order that the City may define certain discharge limitations for the Premises, Lessee shall complete and return an Industrial Wastewater Discharge Questionnaire (“Questionnaire”) to the City and promptly provide Lessor with a copy and updates to the Questionnaire as they arise. Also, if the City so requires, Lessee shall install and maintain appropriate protective devices to prevent accidental discharge of any Hazardous Materials into domestic or industrial drains on or near the Premises and elsewhere on the Airport, as appropriate, and for any other material for which a slug load discharge could pollute the Airport’s storm water discharge or disrupt operations at the sewage treatment plant serving the Premises. Lessee shall post a notice in a prominent place on the Premises advising employees on what actions to take and whom to call in the event of said discharge, and shall ensure that all employees of Lessee are trained with regard to the spill protection plan hereinafter referenced. Lessee also shall provide Lessor with immediate notice of any spill.

14.12 Right to Enter Premises. Lessor’s rights under this Lease specifically include the right of Lessor, the United States Government, the Environmental Protection Agency (the EPA), the Arizona Department of Environmental Quality (ADEQ) and the Arizona Department of Occupational Safety and Health (ADOSH) to enter the Premises upon reasonable notice to Lessee for purposes of: (i) inspecting Lessee’s compliance with environmental, occupational safety and health laws and regulations, whether or not such party is responsible for enforcing such laws; (ii) conducting environmental investigation or remediation, including, without limitation, performing tests and surveys, drillings, test-pitting, borings, compiling data and/or records, and other activities related to environmental investigation; and (iii) carrying out remedial or removal actions as required or necessary under applicable laws, including, without limitation, installing monitoring wells, pumping wells and/or treatment facilities. Lessor shall give Lessee Twenty-Four (24) hour’s prior notice of its intention to enter the Premises unless it determines the entry is required for safety, environmental, operations, or security purposes. Lessee shall have no claim against Lessor for any entries by the United States, EPA, ADEQ, Arizona ADOSH, or any officer, agent, employee or contractor thereof.

14.13 U.S. Air Force Use and Remedial Action.

14.13.1 The Parties assume no liability or responsibility for environmental impacts and damage caused by the U.S. Air Force’s use of Hazardous Materials on any portion of the Airport, including the Premises, prior to the Effective Date, and have no obligation under this Lease to undertake the defense of any claim or action, whether in existence now or brought in the future, solely arising out of the use of or release of any Hazardous Materials or deposits of solid waste on or from any part of the Airport, including, but not limited to, the Premises. Further, the Parties have no obligation under this Lease to undertake environmental response, remediation, or cleanup relating to such use or release. For purposes of this SECTION 14.13, “defense” or “environmental response, remediation, or cleanup” shall include liability and responsibility for the costs of damage, penalties, legal and investigative services relating to such use or release. The terms, “Occupation” or “Use” shall mean any activity or presence (in or upon) such portion of, or such building, facility or other improvement on the Premises.

14.13.2 Pursuant to Section VII.E.3 of the Deed (as defined herein), the U.S. Air Force warrants and covenants that all remedial action necessary to protect human health and the environment with respect to hazardous substances remaining on the Airport has been completed prior to the date of the Deed and, further, any remedial action found to be necessary after the date of the Deed shall be conducted by the

U.S. Air Force; provided, however, that the foregoing covenant does not apply where Lessor or Lessee is a potentially responsible party with respect to any portion of the Premises or the Airport.

14.14 Cleanup Requirements. Lessee agrees that Lessor assumes no liability to Lessee should Hazardous Materials cleanup or related requirements, whether imposed by law, regulatory agencies, the U.S. Air Force or Department of Defense interfere with Lessee's use of the Premises. Lessee shall have no claim against Lessor or the United States or any officer, agent, employee or contractor thereof on account of any such interference whether due to entry, performance of remedial or removal investigations, or exercise of any right with respect to the Federal Facilities Agreement (FFA) or the Installation Restoration Program (IRP) or under this Lease or otherwise. Lessee agrees to comply with the provisions of any health or safety plan in effect under the IRP or any hazardous substance remediation or response agreement with environmental regulatory authorities during the course of any of the above described response or remedial actions. Any inspection, survey, investigation, or other response or remedial action shall, to the extent practicable, be coordinated with representatives designated by Lessee. Lessee shall have no claim on account of such entries against the United States or any officer, agent, employee, contractor, or subcontractor thereof.

14.15 Spill Protection Plan. In the event Lessee undertakes any type of manufacturing, maintenance or other activities on the Premises involving the use or generation of any Hazardous Materials regulated by Hazardous Materials Laws, Lessee shall have an approved plan for responding to Hazardous Materials, fuel, and other chemical spills prior to commencement of activities on the Premises and other approved Airport locations. Such plan shall comply with all applicable requirements of said plan which shall be updated from time to time or as may be required to comply with changes in site conditions or applicable requirements, and shall be approved by all agencies having regulatory jurisdiction over such plan. Such plan shall be independent of Lessor's spill prevention and response plans, if any. Lessee shall not rely on use of Lessor or Lessor personnel or equipment in execution of its plan. Lessee shall file a copy of the approved plan and approved amendments thereto with Lessor's Environmental and Archeological Coordinator within THIRTY (30) calendar days of receipt of a Certificate of Occupancy from the City. Notwithstanding the foregoing, should Lessor provide any personnel or equipment, whether for initial fire response and/or spill containment, on the request of Lessee, or because Lessee was not, in the opinion of Lessor, conducting fire-fighting, containment or timely cleanup actions, Lessee agrees to reimburse Lessor for its actual costs in accordance with all applicable laws and regulations.

14.16 Wells. Lessee shall not install any drinking water or other wells in any location on the Premises without the prior written approval of Lessor.

14.17 Construction Activities and Surface Disturbances.

14.17.1 Should Lessee be permitted to construct improvements on the Premises, Lessee agrees that in the event any hazardous substances, pollutants, contaminants, petroleum or petroleum derivatives are discovered, Lessee shall promptly notify Lessor of such discovery and shall immediately cease said construction pending investigation and remedial action, if necessary, by Lessor or the appropriate regulatory agency.

14.17.2 After construction of Lessee's improvements on the Premises, if any, either in the future or as otherwise provided herein, Lessee shall not conduct any subsurface excavation, digging, drilling or other disturbance of the surface without the prior written approval of Lessor, which shall not be unreasonably withheld.

15. PROTECTION OF WETLANDS

Lessee shall minimize the destruction, loss, or degradation of any wetlands located on the Premises. Lessor believes there are no wetlands existing on the Premises as of the Effective Date. However, before locating new construction in wetlands, if any exist, Lessee shall contact Lessor and the United States Army Corps of Engineers and obtain a permit or waivers under Section 404 of the *Clean Water Act*. For purposes of

this SECTION 15, the term, “new construction,” includes structures, facilities, draining, dredging, channeling, filling, diking, impounding, and related activities.

16. SPECIAL PROVISIONS

16.1 Lessee shall comply with all applicable Federal, State, and local occupational safety and health regulations.

16.2 Lessee shall be responsible for determining whether it is subject to State and local sanitation, licensing, building code or building permit requirements and whether or not it requires a permit to do business and for compliance with them to the extent they are applicable.

16.3 Lessee agrees to and shall at all times comply with the Lessor’s *Standard Terms and Conditions*, as attached hereto as **EXHIBIT F**.

17. INSURANCE

17.1 Coverage Required. Lessee shall procure and maintain, or cause to be procured and maintained, the following types and amounts of insurance with respect to the Premises:

17.1.1 *Aircraft Liability* insurance covering third party bodily injury and property damage, and passenger and contractual liabilities which shall protect and indemnify PMGAA from any and all claims arising in connection with aircraft movement on the airport in the amounts as are customarily carried by a Lessee of like kind and size, but in no event less than \$250,000,000 per occurrence. Such insurance shall also insure against third party liabilities arising from War Risk perils.

17.1.2 *Airport Premises Liability* insurance third party bodily injury and property damage, including coverage for “premises/operations,” “products and completed operations,” “host liquor” and “blanket contractual” liabilities in an amount not less than \$250,000,000 per occurrence.

17.1.3 *Comprehensive Automobile Liability* insurance for all owned, non-owned and hired vehicles operated airside on the Airport that are assigned to or used in the performance of commercial activities in the amount of \$25,000,000 per occurrence or combined single limit. If any hazardous materials are transported in conjunction with Lessee’s business operations at or on the Airport, an MSC 90 endorsement shall be required in addition thereto.

17.1.4 *Worker’s Compensation* insurance, as required by law, and *Employer’s Liability* insurance in the amount of \$1,000,000 covering work-related injuries to employees and others permitted to operate or otherwise conduct business on the Premises.

17.2 Form. Each insurance policy obtained pursuant to this SECTION, except for *Worker’s Compensation* and *Employer’s Liability* policies, shall: (i) name Lessor as a certificate holder or additional named insured; (ii) contain a provision that written notice of cancellation or modification thereof shall be given to Lessor not less than THIRTY (30) calendar days before such cancellation or modification takes effect (TEN (10) days in case of nonpayment of premium); and (iii) contain a waiver of subrogation in favor of Lessor. Lessee shall not permit any insurance policy to be canceled or modified without Lessor’s written consent unless equivalent replacement policies are issued with no lapse in coverage. All policies shall be obtained from insurance companies licensed to do business in the State of Arizona and possessing a rating of at least A – VII or higher from the A.M. Best Company, or an equivalent rating and approved by Lessor.

17.3 Certificates of Insurance. Lessee shall deliver a certificate of insurance for each policy required herein to Lessor, in standard Acord or equivalent form, prior to the Effective Date and shall continue to provide such certificates throughout the term of this Lease.

17.4 Additional Insurance. At any time during the term of this Lease, Lessor may, if in its reasonable determination the insurance coverage required by this SECTION 17 is no longer adequate, require Lessee to increase its coverage to commercially reasonable amounts.

17.5 Blanket Insurance. Lessee's insurance obligations under this Lease may be satisfied by means of "blanket" or excess policies.

17.6 Insurance by Lessor. In the event Lessee shall fail to procure any insurance required hereunder, Lessor may, upon written notice to Lessee, procure and maintain any or all of the insurance required of Lessee under this SECTION. In such event, all costs of such insurance procured and maintained by Lessor on behalf of Lessee shall be the responsibility of Lessee and shall be fully reimbursed to Lessor within TEN (10) business days after Lessor advises Lessee of the cost thereof.

18. SURRENDER OF POSSESSION.

18.1 Condition of Property.

18.1.1 Upon the expiration or earlier termination of this Lease, Lessee's right to occupy the Premises and exercise the privileges and rights granted thereunder shall cease, and Lessee shall peaceably surrender the same and leave the Premises broom clean and in good condition except for normal wear and tear. All trade fixtures, equipment, and other personal property, to include all hazardous material, installed or placed by Lessee on the Premises which are not permanently affixed thereto shall remain the property of Lessee, and Lessee shall have the right at any time during the term of this Lease, to remove the same from the Airport and Lessee shall repair, at its sole cost, any damage caused by such removal. Any property not removed by Lessee within FIFTEEN (15) calendar days of the expiration or earlier termination of this Lease, or revocation of Lessee's right to occupy the Premises, shall become a part of the Premises, and ownership thereof shall vest in Lessor. Lessee shall, however, remain financially liable to Lessor for removal and disposal of any hazardous materials and the cost of repairs to the Premises incurred as a result of Lessor's removal and/or relocation of property formerly belonging to Lessee and not otherwise removed from the Premises, as provided herein, and shall remit to Lessor payment for such costs within TEN (10) business days of Lessee's receipt of Lessor's invoice therefor.

18.1.2 Any trade fixtures, equipment or other property affixed to the Premises by Lessee shall, if required by Lessor, be permanently removed from the Premises by Lessee, at Lessee's expense, within FIVE (5) business days of Lease termination. Should Lessee fail to remove such trade fixtures, equipment or other property within said time, Lessor may remove and dispose of such trade fixtures, equipment or other property at Lessee's expense, and Lessee shall reimburse Lessor for the costs thereof within TEN (10) business days of receipt of Lessor's invoice therefor.

18.2 Holding Over. Lessee shall not remain in possession of the Premises after the expiration or earlier termination of the Term without the express written consent of Lessor. Should Lessee hold over without the express written consent of Lessor, such tenancy shall be at the sufferance of Lessor and not a renewal of the Term. In such case, the Base Rent and all other charges due pursuant to this Lease shall be payable at ONE HUNDRED FIFTY PERCENT (150%) of the amount payable during the last year of the Term, and such tenancy at sufferance shall be subject to every other term, covenant and provision of this Lease. In the event Lessee holds over, Lessee shall be liable for all of Lessor's direct and consequential damages, which shall include, without limitation, costs, fees, expenses, damages and attorneys' fees incurred by Lessor as a result of Lessee's holding over, and damages and expenses incurred by Lessor for its inability to deliver possession of the Premises to a new lessee.

19. INSPECTION BY LESSOR

Lessor may enter upon the Premises at reasonable times and upon reasonable notice for any reasonable purpose, including, but not limited to, compliance with the terms and conditions of this Lease and the exercise of its governmental functions for such activities as fire protection or security.

20. NOTICES

20.1 All notices required or permitted under this Lease shall not be effective unless personally delivered or mailed by certified mail, return receipt requested, postage prepaid, or by reputable commercial overnight courier service, to the following addresses:

TO LESSOR:	Phoenix-Mesa Gateway Airport Authority Attn: Business Development Department 5835 South Sossaman Road Mesa, Arizona 85212
TO LESSEE:	Allegiant Air, LLC Attn.: Thayne Klingler, Manager - Airports 8360 South Durango Drive Las Vegas, Nevada 89113 Direct: (702) 830-8321 Mobile: (702) 308-7717 Email: thayne.klingler@allegiantair.com

20.2 Any notice shall be deemed to have been received TWO (2) business days after the date of mailing, if given by certified mail, or upon actual receipt if personally delivered or if given by reputable commercial overnight courier service. Any Party may designate in writing a different address for notice purposes pursuant to this SECTION.

21. SEVERABILITY

The provisions of this Contract are severable to the extent that any provision or application held to be invalid shall not affect any other provision or application of the Contract, which may remain in effect without the valid provision, or application.

22. SALES AND PROPERTY TAXES

Lessee shall pay any leasehold tax, sales tax, personal property tax, transaction privilege tax, license or permit fee, or any other tax assessed as the result of its occupancy of Premises or conduct of any activity at the Airport under authority of this Lease, including any such tax assessable on Lessor. In the event that laws or judicial decisions result in the imposition of a real property tax or any other form of tax or imposition on the interest of Lessor, such tax shall also be paid by Lessee for the period this Lease is in effect, to the extent such taxes are reasonably attributable to the Premises or a portion thereof or the operation of Lessee's business.

23. APPROVALS, CONSENTS AND NOTICES

All approvals, consents and notices called for in this Lease shall be in writing, signed by the appropriate Party, and may not be established solely by oral testimony.

24. LIENS AND MORTGAGES

24.1 General Provisions.

24.1.1 Except as provided in this SECTION 24, Lessee shall not engage in any financing or other transaction creating any mortgage or deed of trust upon the Premises, place or suffer to be placed upon the Premises any lien or other encumbrance, or suffer any levy or attachment to be made on Lessee's interest in the Premises. Any such mortgage or deed of trust, encumbrance or lien shall be deemed a violation of this

SECTION, constituting a failure by Lessee to comply with the terms of the Lease, on the date of its execution or filing of record regardless of whether or when it is foreclosed or otherwise enforced.

24.1.2 Notwithstanding anything to the contrary in SECTION 9 herein, Lessee shall, during the Term, be permitted to mortgage, collaterally assign, or otherwise encumber its leasehold interest under this Lease to secure indebtedness, including, without limitation, a loan to finance construction of improvements and other development on the Premises, and including refinancing's thereof, subject to the restrictions of SECTION 24.1.3, and provided that the language of such mortgage or deed of trust and of all related documents that require the execution, approval, or consent of Lessor shall be subject to the prior review and approval of legal counsel for Lessor, and that all legal fees incurred by Lessor in connection with such legal counsel review and approval shall be paid by Lessee. Any such encumbrance is referred to as "Mortgage" and the holder thereof, "Mortgagee." The Mortgagee, upon taking possession or upon foreclosure or taking an assignment in lieu thereof, shall be liable for all future rents and obligations hereunder and shall attorn to Lessor. No Mortgage shall encumber Lessor's interest in the Premises or the improvements thereon. Further and promptly after Lessee assigns or encumbers any portion of the Premises or the improvements thereon, Lessee shall furnish Lessor with a written notice setting forth the name and address of such Mortgagee or trustee.

24.1.3 No Mortgage or deed of trust shall extend to or affect the fee, the reversionary interest or the estate of Lessor in the Premises. No Mortgage or deed of trust shall be binding upon Lessor in the enforcement of its rights and remedies under this Lease and by law provided, unless and until a copy thereof shall have been delivered to Lessor and such Mortgage or deed of trust is authorized in accordance with provisions of this SECTION 24.

24.2 Lessor Agreement. With respect to Mortgagees of the Premises, Lessor agrees that:

24.2.1 If requested by a Mortgagee which shall have duly registered in writing with Lessor its name and address, and if Lessor shall give any notice, demand, election or other communication required hereunder (hereafter, collectively, "Notices") to Lessee, Lessor shall concurrently give a copy of each such Notice to the Mortgagee at the address designated by it. Notices shall be sent by registered or certified mail, return receipt requested, and shall be deemed given SEVENTY-TWO (72) hours after the time they are deposited in a United States Post Office with postage charges prepaid, addressed to the Mortgagee. No Notice given by Lessor to Lessee shall be binding upon or affect Lessee or the Mortgagee unless a copy of the Notice shall be given to the Mortgagee pursuant to this SECTION 24.2.1.

24.2.2 Such Mortgagee entitled to such Notices, as specified above, shall have any and all rights of Lessee with respect to the curing of any default hereunder by Lessee.

24.2.3 If Lessor shall elect to terminate this Lease by reason of any default by Lessee with respect to the Premises, the Mortgagee that shall have become entitled to Notice as provided in this SECTION 24.2 shall have any and all rights of Lessee with respect to curing of any default with respect to the Premises.

24.2.4 Nothing herein contained shall be deemed to impose any obligation on the part of Lessor to deliver physical possession of the Premises to such holder of a Mortgage. To the extent the physical possession of the Premises by a secured creditor is not inconsistent with the terms of this Lease, or is incompatible with the Lessor's selection of available remedies in the Event of Default, Lessor shall not prevent such physical possession.

24.2.5 If more than one Mortgagee shall seek to exercise any of the rights provided for in this SECTION 24, the holder of the Mortgage having priority of lien over the other Mortgagees shall be entitled, as against the others, to exercise such rights. Should a dispute arise among Mortgagees regarding the priority of lien, the Mortgagees shall prove to the satisfaction of Lessor that they have settled that dispute.

24.3 Protection of Mortgagee(s). Until the time, if any, that an approved Mortgage shall be satisfied and released of record:

24.3.1 A Mortgagee shall have the right, for a period equal to the period afforded Lessee to perform any term, covenant, or condition and to remedy any default by Lessee hereunder, and Lessor shall

accept such performance with the same force and effect as if furnished by Lessee, and the Mortgagee shall thereby and hereby be subrogated to the rights of Lessor. Such Mortgagee cure period shall begin on the later of: (i) the date Mortgagee receives notice pursuant to Section 24.2, or (ii) the date that Lessee's cure period expires under the Lease. During such Mortgagee cure period, Lessor will not disturb possession, interest or quiet enjoyment by the Lessee or Mortgagee in the real property for any reason, subject to the terms of the Lease, until such Mortgagee cure period has expired. The Mortgagee shall have the right to enter upon the Premises to give such performance.

24.3.2 In case of a default by Lessee in the performance or observance of any non-monetary term, covenant or condition to be performed by it hereunder, if such default cannot practicably be cured by the Mortgagee without taking possession of the Premises, in such Mortgagee's reasonable opinion, or if such default is not susceptible of being cured by the Mortgagee, then Lessor shall not serve a notice of lease termination if and so long as:

a. The Mortgagee shall proceed diligently to obtain possession of the Premises (including possession by a receiver), and, upon obtaining such possession, shall proceed diligently to cure such defaults as are reasonably susceptible of cure (subject to any order by a court of competent jurisdiction staying or otherwise precluding such Mortgagee from obtaining such possession); or

b. The Mortgagee shall institute foreclosure proceedings and diligently prosecute the same to completion (unless in the meantime it shall acquire Lessee's estate hereunder, either in its own name or through a nominee, by assignment in lieu of foreclosure), subject to any order by a court of competent jurisdiction staying or otherwise precluding such Mortgagee from obtaining such possession.

c. The Mortgagee shall not be required to obtain possession or to continue in possession of the Premises pursuant to SECTION 24.3.2a, or to continue to prosecute foreclosure proceedings pursuant to SECTION 24.3.2b, if and when such default shall be cured. If a Mortgagee, its nominee, or a purchaser at a foreclosure sale shall acquire title to Lessee's leasehold estate hereunder, a default that is not reasonably susceptible to cure by the person succeeding to the leasehold interest shall no longer be deemed a default under this Lease.

d. If any Mortgagee is prohibited from commencing or prosecuting foreclosure or other appropriate proceedings in the nature thereof by any process or injunction issued by any court, or by reason of any action by any court having jurisdiction of any bankruptcy or insolvency proceeding involving Lessee, the times for commencing or prosecuting foreclosure or other proceedings, including proceedings to obtain possession, shall be extended for the period of the prohibition.

24.4 New Lease

24.4.1 Subject to FAA regulations, Lessor agrees that, in the event of early termination of this Lease for any reason (including but not limited to any default by Lessee), Lessor, if requested by any Mortgagee, will enter into a new lease of the Premises with the most senior Mortgagee requesting a new lease, which new lease shall commence as of the date of termination of this Lease and shall run for the remainder of the original term of this Lease, at the rent and upon the terms, covenants and conditions herein contained, provided that:

a. Such Mortgagee shall make written request upon Lessor for the new lease within SIXTY (60) calendar days after the date such Mortgagee receives written notice from Lessor that this Lease has been terminated;

b. Such Mortgagee shall pay to Lessor, at the time of the execution and delivery of the new lease, any and all sums which would, at that time, be due and unpaid pursuant to this Lease but for its termination, and in addition thereto all reasonable expenses, including reasonable attorneys' fees, which Lessor shall have incurred by reason of such termination;

c. Such Mortgagee shall perform and observe all covenants in this Lease to be performed and observed by Lessee, and shall further remedy any other conditions which Lessee under the

Lease was obligated to perform under its terms, to the extent the same are reasonably susceptible of being cured by the Mortgagee; and

d. The Lessee under the new lease shall have the same right of occupancy to the buildings and improvements on the Premises and elsewhere on the Airport as Lessee had under this Lease immediately prior to its termination.

Notwithstanding anything to the contrary expressed or implied in this Lease, any new lease made pursuant to this SECTION 24 shall have the same priority as this Lease with respect to any mortgage, deed of trust, or other lien, charge, or encumbrance on the fee of the Premises, and any sublease under this Lease shall be a sublease under the new Lease and shall not be deemed to have been terminated by the termination of this Lease.

24.4.2 Nothing herein contained shall require any Mortgagee to enter into a new lease pursuant to this SECTION 24.4, or to cure any default of Lessee referred to above.

24.4.3 If any Mortgagee shall request a new lease as provided in this SECTION 24.4, Lessor agrees, at the request of, on behalf of and at the expense of the Mortgagee, upon a guaranty from it reasonably satisfactory to Lessor, to institute and pursue diligently to conclusion the appropriate legal remedy or remedies to oust or remove the original Lessee from the Premises, but not any authorized subtenants actually occupying the Premises or any part thereof.

24.4.4 Unless and until Lessor has received notice from each Mortgagee that the Mortgagee elects not to demand a new lease as provided herein, or until the period therefor has expired, Lessor shall not cancel or agree to the termination or surrender of any existing subleases nor enter into any new leases or subleases with respect to the Premises without the prior written consent of each Mortgagee.

24.5 Effect of Transfer. Neither the foreclosure of any Mortgage (whether by judicial proceedings or by virtue of any power of sale contained in the Mortgage), nor any conveyance of the leasehold estate created by this Lease by Lessee to any Mortgagee or its designee by an assignment or deed in lieu of foreclosure or other similar instrument, shall require the consent of Lessor or constitute a default under this Lease, and upon such foreclosure, sale or conveyance, Lessor shall recognize the purchaser or other transferee in connection therewith as the Lessee under this Lease, subject only to an assumption in writing by such purchaser or transferee of all obligations of Lessee under this Lease.

25. GOVERNING LAW

The laws of the State of Arizona shall govern the matters set forth in this Lease. Venue of any action brought under this Lease shall, at the option of Lessor, lie in Maricopa County, Arizona.

26. RULES AND REGULATIONS

Lessee shall at all times comply with all Federal, state and local laws, ordinances, rules, and regulations which are applicable to its activities on the Airport, the Premises itself (including but not limited to the *Americans with Disabilities Act, Public Law 101-336, 42 U.S.C. 12101-12213*), or the operation, management, maintenance, or administration of the Airport, including all laws, ordinances, rules and regulations adopted after the Effective Date. Lessee shall at all times comply with the Airport *Minimum Standards* and *Airport Rules and Regulations*, as the same may be amended from time to time. Copies of the current Airport *Minimum Standards* and *Airport Rules and Regulations* are attached hereto as **EXHIBIT D**. Lessee acknowledges and agrees that Lessor may amend the Airport *Minimum Standards* and *Airport Rules and Regulations* at any time in Lessor's sole discretion. Lessee shall be responsible for controlling and preventing disruptive pedestrian and vehicle traffic associated with its activities on the Premises and at the Airport. Lessee also shall display to Lessor any permits, licenses, or other evidence of compliance with laws upon request.

27. CORPORATE AUTHORIZATION

In executing this Agreement, Lessee represents and warrants to Lessor that if Lessee is a corporation, Lessee has obtained and been granted the full right, power and authority to enter into this Lease.

28. UTILITY LINES AND SERVICE CHARGES

28.1 Reserved.

28.2 Lessor shall pay for all water usage, electric usage and trash collection services in connection with Lessee operations at the Airport and the Premises. The charges and method of payment for each utility or service shall be determined by the appropriate supplier of the utility or service in accordance with applicable laws and regulations, on such basis as the appropriate supplier of the utility or service may establish.

28.3 Notwithstanding the execution of this Lease, Lessor retains the right to the continued use of such utility lines and services as are presently on the Premises and the right to repair the same when necessary in Lessor's sole discretion, including but not limited to, any utility easements on the Premises. Lessor shall conduct such repairs in such a manner and at such times as to not unreasonably interfere with Lessee's activities thereon.

29. RESERVATIONS TO LESSOR

The Premises are accepted "as is, where is" by Lessee, subject to any and all existing easements or other encumbrances, and Lessor shall have the right to install, lay, construct, maintain, repair and operate such sanitary sewers, drains, storm water sewers, pipelines, manholes, connections; water, oil and gas pipelines; telephone and telegraph power lines; and such other appliances and appurtenances necessary or convenient to use in connection therewith, over, on, across or in proximity to the Premises, or any part thereof, as will not unreasonably interfere with Lessee's or any subtenant's operations hereunder, and to enter upon the Premises for such purposes. Lessor also reserves the right to grant franchises, easements, rights-of-way, and permits, over, on, across or in proximity to any portions of the Premises for the same purposes; provided, that Lessor or the grantee, as applicable, shall not exercise such rights so as to interfere unreasonably with Lessee's or any subtenant's activities on the Premises and all such interference shall be minimized. Lessor agrees that any rights granted to any parties by reason of this clause shall contain provisions that the surface of the Premises shall be restored to its original condition, at no cost to Lessee, upon the completion of any construction.

30. FEDERAL AVIATION ADMINISTRATION (FAA) PROVISIONS

30.1 Lessor reserves the right to further develop or improve the landing area of the Airport as it sees fit, regardless of the desires or view of Lessee, and without interference or hindrance therefrom.

30.2 Lessor reserves the right, but shall not be obligated to Lessee, to maintain and keep in repair the landing area of the Airport and all publicly owned facilities of the Airport, together with the right to direct and control all activities of Lessee in this regard. Lessor and Lessee agree that Lessee has no responsibility whatsoever with respect to maintenance and repair of the landing area of the Airport, or any publicly owned facilities of the Airport.

30.3 This Lease shall be subordinate to the provisions and requirements of any existing or future agreement between Lessor and the United States relative to the development, operation or maintenance of the Airport.

30.4 There is reserved unto Lessor, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Premises, which shall include the right to cause in the airspace any noise inherent in the operation of aircraft, now known or hereafter used for navigation of or flight in or through the airspace, and for the use of such airspace for landing on, taking off from, or operation on the Airport.

30.5 Lessee agrees to comply with the notification and review requirements covered in 14 CFR Part 77 in the event future construction of a building is planned for the Premises or in the event of any planned modification or alteration of any present or future building or structure situated on the Premises.

30.6 Lessee shall not erect or permit the erection of any structure or building, nor permit the growth of any tree on the Premises, or any other obstruction that exceeds height requirements contained in 14 CFR

Part 77 or amendments thereto, or interferes with the runway and/or taxiway "line of sight" of the control tower. In the event these covenants are breached, Lessor reserves the right to enter upon the Premises and to remove the offending structure or object at the expense of Lessee.

30.7 Lessee shall not make use of the Premises in any manner that might interfere with the landing and taking off of aircraft from the Airport or otherwise constitute a hazard. In the event this covenant is breached, Lessor reserves the right to enter upon the Premises and cause the abatement of such interference at the expense of Lessee.

30.8 Nothing contained in this Lease shall be construed to grant or authorize the granting of an exclusive right within the meaning 49 U.S.C. §40103(e) and 47107 (a)(4).

30.9 This Lease and all of the provisions hereof shall be subject to whatever right the United States government now has, or in the future may have or acquire, affecting the control, operation, regulation and taking over of the Airport, or the exclusive or non-exclusive use of the Airport by the United States during the time of war or national emergency.

30.10 To the extent that Lessee conducts or engages in any aeronautical activity for furnishing services to the public at the Airport, Lessee shall furnish its services on a reasonable and not unjustly discriminatory basis to all users and charge reasonable and not unjustly discriminatory prices for each unit or service; except, however, that Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar type of price reductions to volume purchasers.

30.11 Lessee shall conform to Lessor and FAA safety and security rules and regulations regarding use of the Airport air operations area including runways, taxiways, taxilanes and aircraft aprons by vehicles, employees, customers, visitors, etc., in order to prevent security breaches and avoid aircraft incursions and vehicle/pedestrian deviations; complete and pass an airfield safe driving instruction program when offered or required by Lessor; and be subject to penalties as prescribed by Lessor for violations of Airport safety and security requirements.

31. TITLE VI

31.1 The tenant/Lessee and its transferee agree to comply with pertinent statutes, Executive Orders and such rules as are promulgated to ensure that no person shall, on the grounds of race, creed, color or national origin, sex, age or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance. Lessee understands and acknowledges that the FAA requires inclusion of and adherence to the terms and conditions of Title VI in all airport/aviation lease agreements where Lessor receives federal funding, including, Lessor in this instance.

31.2 During the performance of this contract, the tenant/lessee, for itself, its assignees, and successors in interest agrees as follows:

1. Compliance with Regulations: The tenant/lessee (hereinafter includes consultants) will comply with the Title VI List of Pertinent Nondiscrimination Acts And Authorities, as they may be amended from time to time, which are herein incorporated by reference and made a part of this contract.

2. Non-discrimination: The tenant/lessee, with regard to the work performed by it during the contract, will not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The tenant/lessee will not participate directly or indirectly in the discrimination prohibited by the Nondiscrimination Acts and Authorities, including employment practices when the contract covers any activity, project, or program set forth in Appendix B of 49 CFR Part 21.

3. Solicitations for Subcontracts, Including Procurements of Materials and Equipment: In all solicitations, either by competitive bidding, or negotiation made by the tenant/lessee for work to be performed under a subcontract, including procurements of materials, or leases of equipment, each potential subcontractor or

supplier will be notified by the tenant/lessee of the tenant/lessee's obligations under this contract and the Non-discrimination Acts And Authorities on the grounds of race, color, or national origin.

4. Information and Reports: The tenant/lessee will provide all information and reports required by the Acts, the Regulations and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the sponsor or the Federal Aviation Administration to be pertinent to ascertain compliance with such Nondiscrimination Acts And Authorities and instructions. Where any information required of a tenant/lessee is in the exclusive possession of another who fails or refuses to furnish the information, the tenant/lessee will so certify to the sponsor or the Federal Aviation Administration as appropriate, and will set forth what efforts it has made to obtain the information.

5. Sanctions for Noncompliance: In the event of a tenant/lessee's noncompliance with the Nondiscrimination provisions of this contract, the Recipient will impose such contract sanctions as it or the Federal Aviation Administration may determine to be appropriate, including, but not limited to:

- a. withholding payments to the tenant/lessee under the contract until the tenant/lessee complies; and/or
- b. cancelling, terminating, or suspending a contract, in whole or in part.

6. Incorporation of Provisions: The tenant/lessee will include the provisions of paragraphs one through six in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations and directives issued pursuant thereto. The tenant/lessee will take action with respect to any subcontract or procurement as the sponsor or the Federal Aviation Administration may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if the tenant/lessee becomes involved in, or is threatened with litigation by a subcontractor, or supplier because of such direction, the tenant/lessee may request the sponsor to enter into any litigation to protect the interests of the sponsor. In addition, the tenant/lessee may request the United States to enter into the litigation to protect the interests of the United States.

31.3 The Lessee for himself/herself, his/her heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree that (1) no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land, and the furnishing of services thereon, no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the lessee will use the premises in compliance with all other requirements imposed by or pursuant to the List of discrimination Acts And Authorities.

31.4 During the performance of this Lease, the tenant/Lessee, for itself, its assignees, and successors in interest agrees to comply with the following non-discrimination statutes and authorities; including but not limited to the following (which Lessor is required to disclose and include in such Lease and other agreements, pursuant to FAA regulation):

- Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d *et seq.*, 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin);
- 49 CFR part 21 (Non-discrimination In Federally-Assisted Programs of The Department of Transportation—Effectuation of Title VI of The Civil Rights Act of 1964);
- The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 U.S.C. § 4601), (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);

- Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. § 794 *et seq.*), as amended, (prohibits discrimination on the basis of disability); and 49 CFR part 27;
- The Age Discrimination Act of 1975, as amended, (42 U.S.C. § 6101 *et seq.*), (prohibits discrimination on the basis of age);
- Airport and Airway Improvement Act of 1982, (49 USC § 471, Section 47123), as amended, (prohibits discrimination based on race, creed, color, national origin, or sex);
- The Civil Rights Restoration Act of 1987, (PL 100-209), (Broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms “programs or activities” to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);
- Titles II and III of the Americans with Disabilities Act of 1990, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. §§ 12131 – 12189) as implemented by Department of Transportation regulations at 49 CFR parts 37 and 38;
- The Federal Aviation Administration’s Non-discrimination statute (49 U.S.C. § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
- Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures non-discrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;
- Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 Fed. Reg. at 74087 to 74100);
- Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 U.S.C. 1681 *et seq.*).

31.5 Lessee agrees that in the event improvements are constructed, maintained, or otherwise operated on the Premises for a purpose for which a Department of Transportation (DOT) program or activity is intended, or for another purpose involving the providing of similar services or benefits, Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, *Nondiscrimination in Federally Assisted Programs of the Department of Transportation*, as it may be amended.

32. FEDERAL FAIR LABOR STANDARDS ACT

This contract and all subcontracts that result from this contract incorporate by reference the provisions of 29 CFR part 201, the Federal Fair Labor Standards Act (FLSA), with the same force and effect as if given in full text.

The Lessee has full responsibility to monitor compliance to the referenced statute or regulation. The Lessee must address any claims or disputes that arise from this requirement directly with the U.S. Department of Labor – Wage and Hour Division.

33. OCCUPATIONAL SAFETY AND HEALTH ACT OF 1970

This contract and all subcontracts that result from this contract incorporate by reference the provisions of 29 CFR part 1910 with the same force and effect as if given in full text. Lessee must provide a work environment that is free from recognized hazards that may cause death or serious physical harm to the employee. The Lessee retains full responsibility to monitor its compliance and their subcontractor's compliance with the applicable requirements of the Occupational Safety and Health Act of 1970 (20CFR Part 1910). Lessee must address any claims or disputes that pertain to a referenced requirement directly with the U.S. Department of Labor – Occupational Safety and Health Administration

34. INCORPORATION OF QUITCLAIM DEED

Lessor owns the Airport pursuant to a Quitclaim Deed from the United States Government (“Deed”), a copy of which is available to Lessee upon request and is hereby incorporated in its entirety. To the extent the Deed has terms, conditions, obligations, requirements or restrictions that apply to this Lease, Lessor, Lessee or any matter in connection herewith, Lessee agrees to be bound by all the terms, covenants and conditions of the Deed, including the following:

- 31.1 That this Lease is subject to all terms and conditions of the Deed; and
- 31.2 That in case of any conflict between the Deed and this Lease, the Deed shall control.

35. REQUIRED PROVISIONS OF QUITCLAIM DEED

32.1 Section VI (A)(5)(c) of the Deed requires that the following provisions be included in this Lease:

32.1.1 In furnishing services to the public, Lessee shall not discriminate against any person or class of persons by reason of race, color, creed, or national origin, and Lessee shall otherwise provide such services on a fair, equal, and not unjustly discriminatory basis to all users thereof.

32.1.2 Lessee shall charge fair, reasonable, and not unjustly discriminatory prices for each unit for service; except, however, that the Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

32.2 If the Premises are within any of the archaeological sites identified in Section VIII.A of the Deed, then, the provisions of Section VIII of the Deed shall be deemed incorporated in this Lease by this express reference to Section VIII of the Deed.

32.3 To the extent the Deed requires that other specific provisions thereof be inserted in this Lease by express reference to the Deed, this sentence shall constitute an express reference to all such applicable provisions of the Deed.

36. ARCHEOLOGICAL OR CULTURAL RESOURCES

In the event any archeological or cultural resources are discovered during any construction contemplated or permitted by this Lease, Lessor shall use its best efforts to expedite any necessary actions with respect thereto, at Lessor's sole cost and expense; provided, however, that in the event the necessary actions with respect to any archeological or cultural resources exceeds or is estimated to exceed \$10,000.00, Lessee shall be entitled to terminate this Lease upon TEN (10) business days' prior written notice to Lessor.

37. AIRPORT SECURITY

34.1 PMGAA Operations Department maintains an approved Airport Security Plan (the “Security Plan”) pursuant to 49 CFR Parts 1540 and 1542, and 14 CFR Part 139. Lessee shall at all times comply with PMGAA Operations Department security directives, security bulletins, or verbal notifications existing now or in the future.

34.1.1 Lessee is responsible for maintaining security practices, facilities, and perimeter boundaries on their leasehold that meet the security standards set forth by PMGAA Operations Department.

34.1.2 Lessee shall immediately correct physical or procedural deficiencies which are contrary to PMGAA Operations Department, security directives, security bulletins, or verbal notifications existing now or in the future.

34.1.3 Lessee shall, to the fullest extent permitted by law, indemnify, defend and hold PMGAA harmless for, from and against any security violation committed by any agents, employees, invitees, subcontractors, sub-lessees or independent contractors of Lessee.

34.1.4 Lessee shall conduct and document all self-audits and self-inspections as required by TSA or Airport Operations and make such audits available for inspection.

34.1.5 Lessee shall designate a primary security coordinator to receive security related briefings, bulletins and sensitive security information.

34.1.6 PMGAA reserves the right to modify the Security Plan from time to time, as necessary or as directed by TSA. PMGAA Airport Operations shall notify the Lessee security coordinator regarding modifications that effect Lessee.

34.2 Airport Security Badge.

34.2.1 Lessee employees/contractors that require a Badge shall be obligated to complete all training and comply with all security requirements and directives issued by PMGAA Airport Operations, Transportation Security Administration or other entity having security jurisdiction at PMGAA. Lessee, employees, and contractors will surrender security badges upon request by Airport Operations; physical security media (badges and keys) remain the property of PMGAA.

34.2.2 Lessee, employees and contractors shall comply with all security related audits, inspections, and screenings conducted by the PMGAA Airport Operations Department

34.2.3 Lessee will immediately return badges to the Airport Badging office when badge holders employment is terminated, the badge is no longer needed or the employee/contractor is on extended leave.

34.2.4 Misuse of a Badge or security procedures will bring about punitive action including suspension or revocation of one or all badges.

38. DEFAULT BY LESSOR

In the event of any alleged breach by Lessor of its covenants contained in this Lease, Lessee shall have available all rights and remedies provided at law or in equity, subject to the terms and conditions of this Lease; provided, however, Lessee may not exercise any such right or remedy unless Lessee has notified Lessor by written notice of such alleged default, and Lessor has not cured such default within the THIRTY (30) calendar day period subsequent to receipt of such notice or, in the event such alleged default is of such a nature that it cannot reasonably be cured within such THIRTY (30) calendar day period, Lessor has failed to cure such alleged default with all due diligence. Notwithstanding anything to the contrary contained in this Lease, in no event shall Lessee be entitled to terminate this Lease or abate or offset any installment of Base Rent, or any other payments to be made by Lessee hereunder.

39. BROKERS

Lessee represents and warrants that it has not had any dealings with any real estate brokers, finders or agents in connection with this Lease. Lessee further agrees to indemnify, defend (with counsel selected by Lessor) and hold Lessor and Lessor's nominees, successors and assigns harmless from any and all claims, costs, commissions, fees or damages by any person or firm whom Lessee authorized or employed, or acted by implication to authorize or employ, to act for Lessee in connection with this Lease.

40. SALE BY LESSOR

Lessee agrees to look solely to Lessor's interest in the Premises for the recovery of any judgment from Lessor, it being agreed that neither Lessor nor the holders of the equity interests of Lessor, nor the members, partners, officers, directors or shareholders of Lessor shall be personally liable for any such judgment. In the event of any sale or other conveyance by Lessor of its interest in the Premises, Lessor shall be automatically freed and released from all personal liability accruing from and after the date of such sale or conveyance as respects the performance of any covenant or obligation on the part of Lessor contained in this Lease to be performed, it being intended hereby that the covenants and obligations contained in this Lease on the part of Lessor shall be binding on the Lessor and its successors and assigns only during and in respect to the respective successive periods of ownership of the Premises.

41. ESTOPPEL CERTIFICATE

Lessee shall, without charge, at any time and from time to time hereafter, within TEN (10) business days after written request of Lessor to do so, certify, by written instrument duly executed and acknowledged by Lessee and certified to Lessor and to any prospective lender or purchaser: (i) as to whether this Lease has been supplemented or amended, and if so, the substance and manner of such supplement or amendment; (ii) as to the existence of any default hereunder to the best of Lessee's knowledge; (iii) as to the date on which Lessee was obligated to commence paying Base Rent and all other charges hereunder and the expiration date of the Term; (iv) as to whether the Lessee has assigned or transferred its interests or any portion thereof in this Lease; and (v) as to any other matters as may be reasonably requested. Lessor and any prospective purchaser or lender to whom the same was certified may rely upon any such certificate.

42. MISCELLANEOUS

39.1 Personal Liability. No member of or employee of either Party shall be charged personally or held contractually liable by or to the other Party under any term or provision of this Lease because of any breach thereof, or because of its execution or attempted execution.

39.2 No Waiver. No provision of this Lease may be waived or modified except by a writing signed by the Party against whom such waiver or modification is sought.

39.3 Non-Waiver of Rights. No waiver or default by Lessor of any of the terms, conditions, covenants or agreements hereof to be performed, kept or observed by Lessee shall be construed or act as a waiver of any subsequent default of any of the terms, covenants, conditions or agreements herein contained to be performed, kept or observed by Lessee, and Lessor shall not be restricted from later enforcing any of the terms and conditions of this Lease.

39.4 Amendment. This Contract shall be modified only by a written amendment mutually agreed to and signed by both Parties, by persons duly authorized to enter into contracts on behalf of each Party.

39.5 Invalid Provisions. Should any provision of this Lease or any application thereof be held invalid by a court of competent jurisdiction, the remainder of this Lease shall not be affected thereby, unless one or both Parties would be substantially and materially prejudiced.

39.6 Litigation Expenses. In the event of litigation between Lessor and Lessee, the prevailing Party shall be entitled to recover its attorneys' fees and all costs and expenses of litigation, including witness fees, expert witness fees, and court costs.

39.7 Headings. The headings contained herein are for convenience in reference only and are not intended to define or limit the scope of this Lease or any term thereof.

39.8 Entire Agreement. This Lease, including exhibits attached hereto at the time of its execution, constitutes the entire agreement between the Parties hereto and supersedes all prior negotiations, understandings and agreements between the Parties concerning such matters.

43. INCORPORATION OF RECITALS

The recitals set forth herein are acknowledged by the Parties to be true and correct and are incorporated herein by this reference.

IN WITNESS WHEREOF, the Parties have executed this Lease the day and year first above written.

EXECUTED to be effective on the date specified above.

LESSOR:

PHOENIX-MESA GATEWAY AIRPORT AUTHORITY, a joint powers authority authorized by the State of Arizona

By: _____
J. Brian O’Neill, A.A.E.
Executive Director/CEO

STATE OF ARIZONA)
) ss.
County of Maricopa)

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me this ____ day of _____, 2017, by J. Brian O’Neill, A.A.E., in his capacity as the Executive Director/CEO of the Phoenix-Mesa Gateway Airport Authority, a joint powers authority authorized by the State of Arizona

Notary Public

LESSEE:

ALLEGIANT AIR, a Nevada limited liability company

By: _____
Thayne Klingler, Manager - Airports

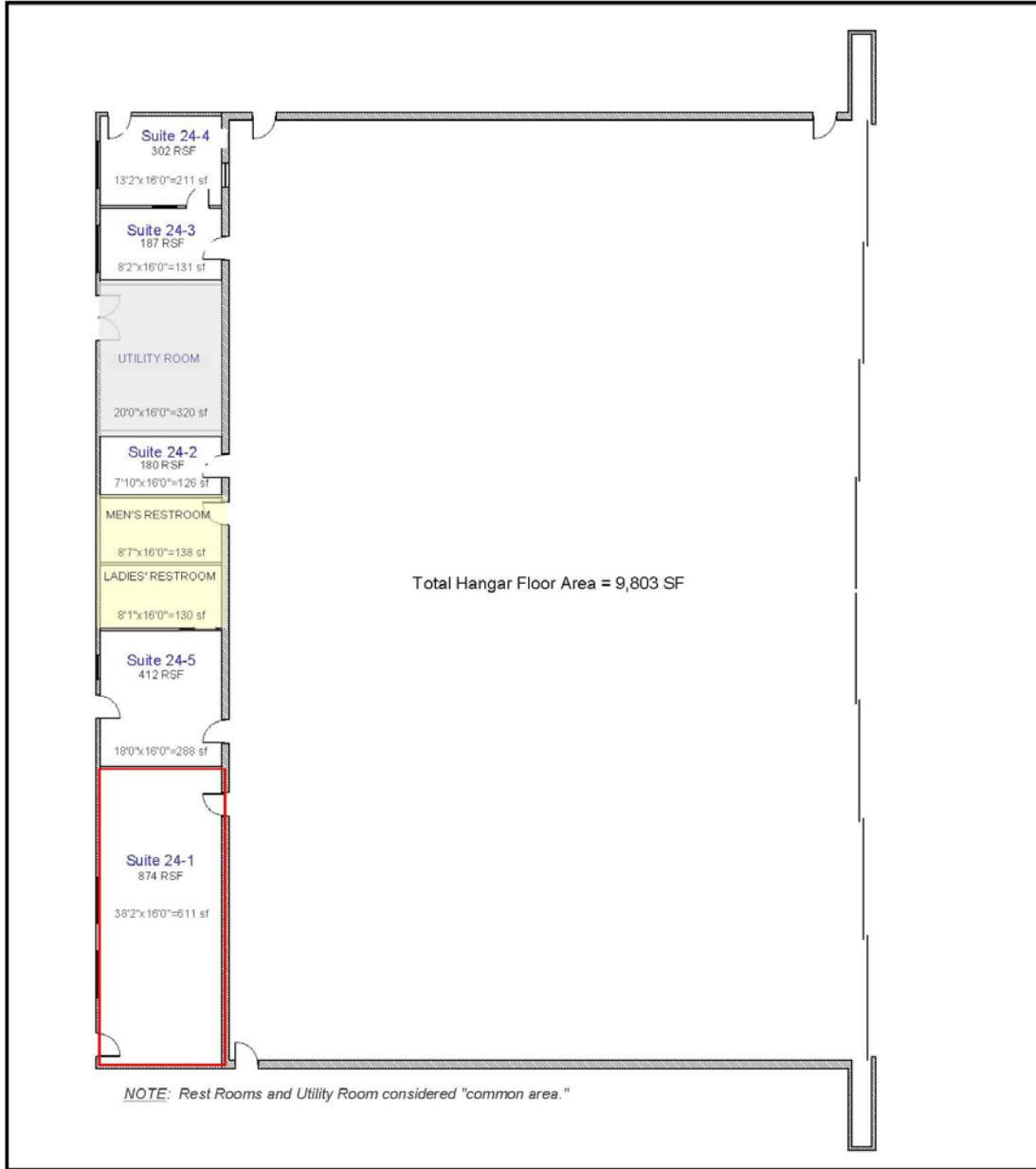
STATE OF _____)
) ss.
County of _____)

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me this ___ day of _____, 2017, by Thayne Klingler, in his capacity as Manager - Airports, Allegiant Air, a Nevada limited liability company, for and on behalf of said limited liability company.

Notary Public

Exhibit A

DEPICTION OF THE PREMISES



 Phoenix-Mesa Gateway Airport just plane easy.®	FLOOR PLAN 6045 S. Sossaman Road Building 24 - ±11,758 SF (0.9 acre lot)	PRINT DATE: 04-01-2010 SCALE: NTS DRAWN BY: MVS REQUESTED BY: MPD	SHEET OF
	Phoenix-Mesa Gateway Airport Authority 5835 South Sossaman Road, Mesa Arizona 85212 (480) 988-7800	FILE NUMBER: BLDGG045	

Exhibit B

AIRPORT RATES & CHARGES SCHEDULE

(SEE LINK)

http://www.gatewayairport.com/Documents/DocumentLibrary/Board%20Policies/Rates%20&%20Charges_20160701.pdf

Exhibit C

AIRCRAFT OPERATIONS GUIDELINES

C1. Use of Airport. Lessee, Lessee's assigns, sub-lessees, or transferees who operate aircraft at the Airport and are engaged in a private, government, or commercial aeronautical business or service and desire to use the Airport landing facilities for certain types of operations including, but not limited to: 1) taxiing and maneuvering on Airport runways, taxiways, ramps and aprons; 2) landings and approaches ("touch and go", "stop and go"); and 3) low approaches shall be subject to the provisions of this **EXHIBIT C**.

C2. Fees. As appropriate, Lessee shall pay Lessor fees as outlined below:

C2.1 *Landing Fee.* Lessee shall pay a landing fee at a rate equal to the amount reflected on the most current *Airport Rates and Charges Schedule* at the time of the aircraft operation, for each flight subject to a landing fee operated by or in conjunction with Lessee. The weight of any particular aircraft shall be its maximum certificated gross landing weight (MGLW). The amount owed to Lessor for each chargeable aircraft landing for each preceding calendar month shall be due and payable no later than the TWENTIETH (20th) day of the month succeeding the calendar month in which said aircraft landings took place. Lessee's written listing of all aircraft landings subject to such fee shall accompany said payment. Each entry in such listing shall include the date of the landing, the aircraft registration number, the type and model aircraft, the aircraft MGLW and the amount of the fee due.

C2.2 *Aircraft Ramp Space.* Lessee shall pay Lessor monthly, an aircraft-parking fee in an amount equal to that specified in the most current *Airport Rates and Charges Schedule* at the time of use, for each overnight aircraft parking position used by Lessee that is situated on Airport ramp outside Lessee's Premises. Such fees, if any, shall be payable to Lessor no later than the TWENTIETH (20th) day of the month following that in which Lessee occupied or used such space, and such payment shall be accompanied by a written listing of the aircraft (including registration number, make and model), dates and times of usage.

C2.3 *Other Space.* When available and specifically assigned to Lessee, Lessee shall pay Lessor monthly, in advance, a fee for Lessee's non-exclusive use of other space not situated on or part of the Premises. The location and cost of such other space shall be determined by Lessor at its sole discretion, and both may be subject to change from time to time by Lessor, as necessary.

C2.4 *Additional Space/Services.* In the event that Lessee requires space or special services such as, but not limited to, aircraft line services, out-of-station ARFF standby, operations safety officers, ground service equipment, or fuel spills response teams, Lessee shall pay Lessor's standard fees for such services at the time the service is rendered, unless a secured account or agreement is established prior to requesting additional services.

C3. Books and Records. Lessee shall maintain permanent books, records and ledgers accurately reflecting the total number of monthly Aircraft landings for each aircraft subject to a landing fee and any other aforementioned fee indicating the make, type (including model designation), registration, maximum certificated gross landing weight, and arrival and departure time of each aircraft involved. These records shall be made available to Lessor upon request. In addition to monthly payment as set forth in SECTION C2 herein and together therewith, Lessee shall provide Lessor with a written report, indicating all aircraft operations and related information for the preceding calendar month.

C4. Disabled or Abandoned Aircraft. Should any aircraft owned or operated by Lessee through accident or for any other reason, become disabled or be abandoned in any area which could interfere with the continuous, normal operations of any of the runways, taxiways and airfield facilities at the Airport, Lessee shall:

C4.1 Immediately remove said aircraft to such location as may be designated by Lessor, unless such aircraft is required to remain in place pending investigation by the appropriate regulatory agency or agencies of the federal government; and

C4.2 In the event of any accident where federal investigation in place is required, immediately upon receiving clearance to do so from the appropriate federal agency, remove said aircraft and any wreckage or debris resulting therefrom to the area(s) designated by said federal agency authorizing such removal; otherwise, such aircraft wreckage and debris shall be immediately removed from the Airport or stored at a location approved by Lessor.

C4.3 Should Lessee fail to proceed immediately to remove disabled aircraft, or should aircraft owned or operated by Lessee be abandoned on the Airport, Lessor shall have the right to remove such aircraft by any means Lessor deems necessary under the circumstances, and Lessee shall indemnify, defend, keep and hold Lessor, its members, board of directors, officers, agents, officials, servants, employees and contractors harmless from and against any and all claims, costs, loss, liability, actions, suits, proceedings, damage or expense (including costs of suit and attorneys' fees and expenses) incurred by Lessor or claimed by anyone by reason of removal of said aircraft, injury to persons or property or damages to such aircraft caused by such removal, as well as storage costs therefor. Lessee shall reimburse Lessor for any costs incurred by Lessor in removing and storing any aircraft, any property damage to the airport caused by such aircraft or removal within TEN (10) business days of demand therefor.

C5. Aviation Fuel. Lessee, at Lessee's sole cost and expense, shall procure aviation fuel delivered to its aircraft on the Airport. If fueling or defueling aircraft owned or operated by Lessee, or under Lessee's direct control, Lessee shall comply fully with Lessor's *Aviation Fuel Storage, Dispensing and Handling Guidelines* and applicable federal regulations.

C6. Fly Friendly Procedures. Lessee acknowledges that Lessor maintains *Fly Friendly* noise abatement procedures, and shall provide such information to flight crews, post the information in the Lessee's flight planning area, and use the procedures to the extent possible, when consistent with safety and Air Traffic Control directives.

Exhibit D

(SEE LINKS)

AIRPORT MINIMUM STANDARDS

<http://www.gatewayairport.com/Documents/DocumentLibrary/Board%20Policies/Airport%20Minimum%20Standards.pdf>

&

AIRPORT RULES AND REGULATIONS

http://www.gatewayairport.com/Documents/DocumentLibrary/Board%20Policies/Rules%20&%20Regulations_16-53.pdf

Exhibit E

STORM WATER PERMIT COMPLIANCE

E1. Acknowledgments.

E1.1 Lessee acknowledges that because of its activities, operations or location at the Airport, Lessee may be required by EPA Regulations 40 CFR Part 122 (Regulations) to obtain a National Pollution Discharge Elimination System (NPDES) Storm water discharge permit (“Permit”), a requirement that Lessee can fulfill by:

E1.1.1 Obtaining its own permit; or

E1.1.2 Joining as a co-permittee under Lessor’s current storm water permit.

E1.2 Lessor has undertaken to obtain a storm water discharge permit, and Lessee acknowledges that it will enjoy a substantial economic benefit by joining as a co-permittee, and that such benefit serves as good and sufficient consideration for the obligations imposed upon and assumed by Lessee under this **EXHIBIT E**.

E1.3 Lessee acknowledges that it will have to devise and implement Best Management Practices (BMPs) to minimize the contact of storm and other precipitation event water with “significant materials” (as defined in the Regulations) generated, stored, handled or otherwise used by Lessee, and to document such BMPs with a written storm water management plan.

E1.4 It is the Lessee’s obligation to determine if its activities or operations require obtaining such permit.

At such time as Lessee determines applicability and agrees to Section E1.1.2 above, the following shall apply:

E2. Agreement.

E2.1 Lessee agrees to be made, and to be, a co-permittee on Lessor’s Multi-Sector General Permit (MSGP), and agrees that said Permit, as it is issued by the Arizona Department of Environmental Quality (AZDEQ), and as it may thereafter be amended, modified or otherwise changed, is incorporated by reference into this **EXHIBIT** and any subsequent renewals.

E2.2 Lessor agrees that, to the extent allowed by law, Lessee shall have the right to be removed from Lessor’s Permit should this Lease be cancelled or terminated for other reasons, or due to Lessee’s relocation, noncompliance with Permit requirements or exercise of choice; provided that in no event shall Lessee be relieved of its obligation to comply with the requirements of the AZPDES permit program with regard to its occupation and use of the Premises and the Airport, nor shall Lessee be excused from any obligations or indemnifications incurred and owed to Lessor prior to Lessee’s removal from the Permit, resulting from a failure of Lessee to fulfill an obligation of such.

E3. Compliance.

E3.1 Lessor will provide Lessee with a true and complete copy of the Permit and any revisions thereto, and will, as time and personnel allow, consult with and assist Lessee with regard to Permit and other requirements.

E3.2 Lessor shall have the right to monitor Lessee’s compliance with the Permit requirements, including, but not limited to: certification of non-storm water discharges; collection of storm water samples; preparation of storm water management plans; implementation of BMPs; and the maintenance of necessary records.

E3.3 Lessor reserves the right to impose upon Lessee any BMP or other action necessary to insure Lessor's ability to comply with its Permit requirements or applicable Rules. Lessee shall have TEN (10) business days from date of receipt of written notice imposing such BMPs or other requirements to notify Lessor in writing if it objects to any action it is being directed to undertake. If Lessee does not provide the specified timely notice, it will be deemed to have assented to implement the BMPs or other requirements. If Lessee provides Lessor with timely written notice of its objections, the Parties agree to negotiate a prompt resolution of their differences. Lessee warrants that it will not serve a written notice of objections for purposes of delay or avoiding compliance.

E3.4 Lessee agrees to implement at its sole expense, unless otherwise agreed to in writing between Lessor and Lessee, those Permit and other requirements which pertain to its operations and activities on the Airport, and Lessee warrants that it will use its best efforts to meet all deadlines established by statute, regulation or ordinance, or that are agreed to by the Parties. Lessee acknowledges that time is of the essence in the implementation of all Permit requirements.

E4. Permit Changes. Lessee acknowledges that the terms and conditions of Lessor's Permit may change from time to time, and upon prior written notice from Lessor to Lessee of proposed changes, Lessee shall be given the opportunity to submit comments to Lessor prior to negotiations with the appropriate governmental entity or entities for permit modifications.

E5. Material Condition. Full compliance with the AZPDES permit program, 40 C.F.R. Part 122, is a material condition of this **EXHIBIT** and for any breach thereof which exposes Lessor to civil or criminal fine, penalty, sanction or remediation cost by any governmental entity, Lessor may terminate this **EXHIBIT** without recourse by Lessee.

E6. Covenant of Good Faith. Lessor and Lessee covenant to act in good faith to implement any requirements imposed by Lessor's Permit, to the end that the purposes of Section 402(P) of the Federal *Water Pollution Control Act* (33 U.S.C. 1342 (P)) may be achieved. The Parties acknowledge that close cooperation will be necessary to ensure compliance with any Permit requirements to promote safety and minimize costs, and each Party agrees to a candid exchange of information necessary to coordinate a storm water management and monitoring plan.

E7. Indemnification. The covenants of insurance and indemnification in favor of Lessor imposed by other provisions of this **EXHIBIT** shall extend to, and are incorporated into, the provisions of this **EXHIBIT**.

NOTICE OF LESSEE INTENTION TO JOIN OR REJECT NPDES CO-PERMITTEE STATUS

I, _____, on behalf of ALLEGIANT AIR, LLC, being duly authorized to do so, acknowledge that I am fully informed of our obligations under the National Pollutant Discharge Elimination System permit program as mandated by Section 402 (P) of the Federal *Water Pollution Control Act* (33 U.S.C. 1342 (P)), and regulations published in 40 C.F.R. Part 122 and the Arizona Department of Environmental Quality (AZDEQ).

I further acknowledge that, if applicable we have been offered the opportunity to join with the Phoenix-Mesa Gateway Airport Authority (PMGAA) as a co-permittee of the AZPDES permit issued by the Environmental Protection Agency to the PMGAA as it pertains to the Phoenix-Mesa Gateway Airport Authority (“Airport”), in accordance with the terms and conditions set forth above.

I, on behalf of ALLEGIANT AIR, LLC and being duly authorized to do so, (please check applicable box)

desire to join the PMGAA as a co-permittee and understand and accept the obligation to comply with the aforesaid statute and regulations as they may apply to our activities and operations at the Airport.

decline to join the PMGAA as a co-permittee.

have determined the regulations are not applicable.

Dated this _____ day of _____, 2017.

By: _____
(Signature)

Name: _____
(Print Name)

Its: _____
(Title)

Exhibit F**STANDARD TERMS AND CONDITIONS**

1. **Certification.** By executing this Contract, Lessee certifies:
 - a. The award of this Contract did not involve collusion or other anti-competitive practices.
 - b. It shall not discriminate against any employee or applicant for employment in violation of Federal Executive Order 11246, or A.R.S. Section 31-1461, et. seq.
 - c. It has not given, offered to give, nor intends to give at any time hereafter, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant in connection with this Contract; and Lessee hereby certifies that the individual signing this Contract is an authorized agent for Lessee and has the authority to bind the Lessee to the Contract.
2. **Arbitration.** At PMGAA's sole option, disputes between the parties may be resolved through arbitration as provided in A.R.S. Section 12-1501, *et seq.* Lessee shall continue to render the services required by this Contract without interruption, notwithstanding either party has filed suit against the other or PMGAA has expressly agreed to arbitration and either party has demanded arbitration.
3. **Affirmative Action.** Lessee shall abide by all the federal and state of Arizona provisions for equal opportunity in the work place.
4. **Human Relations.** Lessee shall abide by all the federal and state of Arizona provisions against discrimination of disadvantaged business enterprises in applicable PMGAA contracts.
5. **Gratuities.** PMGAA may, by written notice to the Lessee, cancel this Contract if it is found that gratuities, in the form of entertainment, gifts or otherwise, were offered or given by Lessee or any agent or representative of Lessee, to any officer or employee of PMGAA amending, or the making of any determinations with respect to the performing of such Contract. If this Contract is canceled by PMGAA under this provision, PMGAA shall be entitled, in addition to any other rights and remedies, to recover or withhold from the Lessee the amount of the gratuity.
6. **Provisions Required by Law.** Each and every provision of law and any clause required by law to be in the Contract shall be read and enforced as though it were included herein, and if through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then upon the application of either party the Contract shall forthwith be physically amended to make such insertion or correction.
7. **Rights and Remedies.** No provision in this Contract shall be construed, expressly or by implication, to waive either party's existing or future claim, right, or remedy available by law for breach of contract. The failure of either party to insist on strict performance of any Contract term or condition; to exercise or delay exercising any right or remedy provided in the Contract or by law; or to accept materials, services, or Lessee's services under this Contract or imposed by law, shall not be deemed a waiver of any right of either party to insist upon strict performance of the Contract.
8. **Right to Assurance.** Whenever one party to this Contract in good faith has reason to question the other party's intent to perform, the former party may demand that the other party give a written assurance of this intent to perform. If a demand is made and no written assurance is given within five (5) business days, the demanding party may treat this failure as an anticipatory repudiation with this Contract.
9. **Advertising.** Lessee shall not advertise or publish information concerning this Contract without prior written consent of PMGAA.
10. **Force Majeure**
 - a. Neither party is liable to the other, and neither party may be deemed in default under this Contract, if and to the extent that such party's performance of this Contract is prevented by reason of Force Majeure. The term "Force Majeure" means an occurrence that is beyond the control of the party

affected and occurs without its fault or negligence. Force Majeure does not include late performance by a subcontractor unless the delay arises out of a specific Force Majeure in accordance with this Force Majeure term and condition.

b. If either party is delayed at any time in the progress of the work by Force Majeure, the delayed party shall notify the other party in writing, as soon as practical, of the delay and shall specify the causes of delay in the notice. The notice must be hand-delivered or mailed certified-return receipt and must specifically refer to this section. The delayed party shall cause the delay to cease as soon as practicable and shall notify the other party in writing when it has done so. The date of completion will be extended by Contract modification or amendment for the period of time that the completion date is necessarily delayed. This time extension is the Consultant's exclusive remedy for delay.

11. **Exclusive Possession.** All services, information, computer program elements, reports, and other deliverables, which may be created under this Contract, are the sole property of PMGAA and shall not be used or released by Lessee or any other person except with prior written permission by PMGAA.
12. **Licenses.** Lessee shall maintain in current status all federal, state, and local licenses and permits required for the operation of the business conducted by Lessee as applicable to this Contract.
13. **Subsequent Employment.** PMGAA may cancel this Contract without penalty or further obligation in accordance with A.R.S. Section 38-511 if any person significantly involved in initiating, negotiating, securing, drafting, or creating the contract, on behalf of the PMGAA is or becomes, at any time while the Contract or any extension of the contract is in effect, an employee of, or a contractor to any other party to this Contract with respect to the subject matter of the Contract. Such cancellation shall be effective when the parties to this Contract receive written notice from PMGAA, unless the notice specifies a later time.
14. **Patents.** Lessee shall defend, indemnify, and hold harmless PMGAA, its officers and employees from all liabilities, claims, damages, costs, or expenses, including, but not limited to attorneys' fees, for any alleged infringement of any person's patent rights or copyrights in consequence of the use by PMGAA, its officers, employees, agents, and other duly authorized representatives of tangible or intellectual property supplied to PMGAA by Lessee under this Contract.
15. **E-Verify Requirements.** To the extent applicable under A.R.S. § 41-4401, Offeror and its subcontractors warrant compliance with all federal immigration laws and regulations that relate to their employees, and compliance with the E-Verify requirements under A.R.S. §23-214(A). Offeror's or its subcontractors' failure to comply with such warranty shall be deemed a material breach of this Contract and may result in the termination of this Contract by PMGAA.

Board Action Item

To: Board of Directors
From: J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Allegiant Operating Agreement
Date: April 18, 2017

Proposed Motion

To approve a new five-year operating agreement with Allegiant Travel Company.

Narrative

Allegiant Air (Allegiant), a wholly-owned subsidiary of Allegiant Travel Company, currently provides commercial passenger transportation services to more than 35 domestic destinations at Phoenix-Mesa Gateway Airport (the Airport). Allegiant's operation at the Airport is governed and guided by an airline operating agreement that specifies exclusive, preferential, and non-exclusive rights to facilities and infrastructure; as well as establishes associated operating costs.

This new five-year agreement accomplishes several important goals:

- Maintains and promotes a low cost operating structure for Allegiant at the Airport
- Allows for annual adjustments to Airport Rates and Charges
- Encourages and rewards future growth at the Airport by Allegiant through a defined incentive and non-airline revenue sharing program
- Preserves and enhances an operating environment at the Airport that provides Allegiant unparalleled efficiency and convenience

Fiscal Impact

The Airport receives revenue from Allegiant through facility leases; aircraft landing and parking fees; terminal and terminal equipment use fees; and fuel storage/upload fees. The Airport also receives revenue from Allegiant's customers for vehicle parking and other ground transportation services; food/beverage/retail purchases; Passenger Facility Charges (PFC); Customer Facility Charges (CFC); and Federal Aviation Administration (FAA) Airport Improvement Program (AIP) Entitlement Grants.

Increasing the number of annual passengers and commercial aircraft operations at the Airport will have a positive impact on annual revenues.

Attachment(s)

Agreement



RESOLUTION NO. 17-15

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Authority desired to enter into an operating agreement with Allegiant Travel Company;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes a new five-year operating agreement with Allegiant Travel Company. This resolution also authorizes the Chair or Executive Director/CEO to execute such Contract, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 18th day of April, 2017.

John Giles, Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Matthew Wright, Attorney



FY16 Revenue Directly Associated with Allegiant Passenger Service

Landing Fees	\$737,004
Terminal Use Fees	\$223,500
RON Fees	\$9,677
Facility Leases	\$235,830
Employee Badging	\$12,182
Common Use Terminal Equipment	\$6,000
Ground Power Unit Rental	\$99,325
Fuel-Related Fees	\$536,396
Other	\$16,912
Total Paid by Allegiant	\$1,876,826
Non-Airline Revenue	\$5,009,883
PFC Revenue	\$3,000,958
CFC Revenue	\$613,462
Total Paid by Allegiant Passengers	\$8,624,303
AIP Entitlement Grants (\$5/EPAX)	\$3,700,000
Total Received from FAA	\$3,700,000
Total Allegiant-Related Revenue and Grants	\$14,201,129

Breakdown of FY16 Revenue Per Enplaned Allegiant Passenger

Allegiant Total Operations	\$2.82
- Airport Costs	\$1.62
- Operational Costs	\$1.20
Non-Airline Revenue	\$7.52
Passenger Facility Charge (PFC)	\$4.50
Customer Facility Charge (CFC)	\$0.92
FAA Airport Improvement Program (AIP) Entitlement Grant	\$5.55
Total FY16 Revenue Per Enplaned Passenger	\$21.31



Phoenix-Mesa Gateway Airport Authority

Air Carrier Operating Agreement

With

Allegiant Travel Company

Effective Date: January 1, 2017

Phoenix-Mesa Gateway Airport Authority
Air Carrier Operating Agreement with Allegiant Travel Company

This Air Carrier Operating Agreement (“Agreement”) is executed to be effective January 1, 2017 (“Effective Date”) between **PHOENIX-MESA GATEWAY AIRPORT AUTHORITY** (“PMGAA”), a joint powers airport authority authorized under the laws of the State of Arizona, and Allegiant Travel Company, through its wholly-owned subsidiary Allegiant Air LLC (“CARRIER”). PMGAA and CARRIER may be referred to collectively as “Parties,” and each separately may be referred to as a “Party.”

WITNESSETH:

WHEREAS, PMGAA is the owner and operator of the Phoenix-Mesa Gateway Airport (“Airport”) generally located at the intersection of Ray Road and Sossaman Road, City of Mesa, Maricopa County, Arizona; and

WHEREAS, PMGAA has the right to enter into an Agreement and grant the use of property and facilities on the Airport, and has full power and authority to enter into this Agreement in respect thereof; and

WHEREAS, CARRIER provides commercial airline and charter services and desires to use the Airport facilities for commercial operations; and

WHEREAS, CARRIER desires to obtain certain exclusive and non-exclusive rights to use areas of the passenger terminal and other available Airport facilities, and PMGAA is willing to grant the same to CARRIER upon the terms and conditions hereinafter stated; and

WHEREAS, the Parties agree to enter into this Agreement, specifying the rights and obligations of the Parties with respect to the operation of the Airport by PMGAA and the use and/or occupancy of the Airport by CARRIER;

NOW, THEREFORE, for good and valuable consideration, the mutual covenants and conditions herein set forth and the sufficiency of which is agreed to by the Parties, the Parties hereby agree as follows:

1. PERMITTED ACTIVITIES AND CONDITIONS OF AIRPORT USE

1.1 CARRIER shall have the right to use, in common with others, the passenger terminal, taxiways, runways and air navigational aids of the Airport for the purpose of conducting its FAR Part 121 scheduled domestic operations, public charter, private charter and the landing and taking off of aircraft incidental thereto, and provided, however, such activities and services are performed in strict accordance with applicable PMGAA Minimum Standards, upon terms and conditions as herein provided.

1.2 CARRIER shall not engage in any other commercial or revenue producing activity at the Airport (excluding charter activities by CARRIER, and charter activities requested by PMGAA) without first applying for and receiving written approval for such activity from PMGAA. In the event any other commercial or revenue producing activity is engaged in by CARRIER prior to obtaining such approval, without waiver or limitation of any other remedies available to PMGAA at law or equity, CARRIER hereby agrees to remit to PMGAA the sum equal to ten percent (10%) of gross billings for such unauthorized activity, plus any expenses incurred by PMGAA in the course of any audit conducted for all of CARRIER's activities.

1.3 CARRIER shall at all times comply with all federal, state and local laws, ordinances, rules and regulations which are applicable to its operations or the Premises itself (including but not limited to the Americans with Disabilities Act), including all laws, ordinances, rules and regulations adopted after the Effective Date of the Agreement. Carrier shall at all times comply with the Phoenix-Mesa Gateway Airport Authority Rules and Regulations, as the same may be amended from time to time in the Authority's sole and absolute discretion.

2. TERM

2.1 Term. Subject to earlier termination as provided herein, the term of this Agreement ("Term") shall be five (5) years, commencing on the Effective Date.

2.2 Termination. Either Party may terminate this Agreement by providing the notified Party ninety (90) calendar days advance written notice of the terminating Party's intent to do so.

3. EXCLUSIVE, PREFERENTIAL, AND NONEXCLUSIVE RIGHTS

CARRIER shall have the exclusive, preferential, and non-exclusive right to occupy and use various designated areas of the Airport while in compliance with the terms and conditions of this Agreement. All rights granted to CARRIER under this Agreement are nonexclusive, except by expressed written agreement herein. PMGAA may, in its sole discretion and at any time, permit third parties to conduct any and all business activities at the Airport that PMGAA deems appropriate, or conduct such activities itself, provided that such activities do not require or materially interfere with CARRIER's use of the Airport.

3.1 PMGAA shall provide CARRIER with Exclusive Use of terminal area and other Airport facilities as defined in **SCHEDULE A** and **EXHIBITS A-1 and A-2**.

3.2 PMGAA shall provide CARRIER with Preferential Use of four (4) boarding gates and twelve (12) ticketing positions. In addition, Carrier shall have Common Use access to additional ticket counters, boarding gates, and the baggage claim area for CARRIER's scheduled flight operations. The scheduling of such use is subject to the guidelines outlined in PMGAA's Common Use Facilities Operating Procedures. Common Use requirements shall be scheduled with PMGAA's Operations & Maintenance department prior to any planned use. Carrier shall not schedule or advertise flight schedules originating from or destined for the Airport without prior advance coordination and confirmation of availability of facilities.

3.3 PMGAA has implemented Common Use Facilities Operating Procedures. PMGAA reserves the right to modify said procedures from time-to-time, as it deems necessary in its sole and absolute discretion and authority to accomplish its purposes. CARRIER shall at all times comply with these operating procedures.

4. RENTALS, FEES, AND CHARGES

4.1 General. Rent for use of any exclusive use space is due and payable at the beginning of each month. All other fees are assessed at the time of each use, flight, or service, as applicable, and are due and payable no later than the twentieth (20th) day of the following month in which the use or activity occurred ("Fee Due Date"). The CARRIER shall self-report its flight activity monthly to PMGAA pursuant to Section 5. Delinquent rents and fees shall be assessed a finance charge in accordance with Section 4.10.2. Any ground handling services requested of PMGAA or other authorized service provider by Carrier shall be governed by a separate agreement. In any event, CARRIER shall be the responsible party for the purposes of this Air Carrier Operating Agreement, and therefore CARRIER shall pay, or cause to be paid, to PMGAA, the fees and charges as outlined below:

4.2 Landing Fees. CARRIER shall pay a landing fee at a rate equal to the amount reflected on the most current Airport Rates & Charges Schedule at the time of the aircraft operation, for each flight operated by or in conjunction with CARRIER that is subject to a landing fee. The weight used to determine the landing fee for any particular aircraft shall be its maximum certificated gross landing weight (MGLW), as certified by the Federal Aviation Administration. The amount to be paid to PMGAA by CARRIER monthly for each preceding calendar month of aircraft landings shall be reported, due and payable to PMGAA no later

than the twentieth (20th) day of the month succeeding the calendar month in which the aircraft landings took place. Landing fee increases will not exceed an average of three percent (3%) annually for the duration of this Agreement. Landing Fee is summarized in **SCHEDULE A**.

4.3 Terminal Use Fees. CARRIER shall pay PMGAA a “per turn” terminal use fee at a rate equal to the amount reflected on the most current Airport Rates & Charges Schedule at the time of the aircraft operation. Terminal use fee increases will not exceed an average of three percent (3%) annually for the duration of this Agreement. Terminal Use Fee is summarized in **SCHEDULE A**.

4.4 Common Use Terminal Equipment Fees. CARRIER shall pay PMGAA for use of common use terminal equipment, internet connection, and dark fiber per the most current Airport Rates & Charges Schedule. The Common Use Terminal Equipment Fee is summarized in **SCHEDULE A**.

4.5 Aircraft Parking Fees. CARRIER shall pay PMGAA a fee per the most recent Airport Rates and Charges Schedule for any aircraft occupying an aircraft parking position, including terminal gates and remote parking positions, for more than three hours; and for any portion of each additional 24-hour parking period. This fee shall be waived if the aircraft performed a revenue service operation the day prior or will perform a revenue service operation the day after being parked for more than three hours. The Aircraft Parking Fee is summarized in **SCHEDULE A**.

4.6 Fuel Storage and Upload Fees. CARRIER shall execute a Fuel Facility User Agreement for the storage, management, and delivery of CARRIER’s fuel and be subject to those terms and conditions as outlined in said agreement. CARRIER shall pay a per gallon Fuel Storage Fee to PMGAA and an Upload Fee for the delivery of fuel to aircraft as summarized in **SCHEDULE A**.

4.7 Passenger Facility Charges (PFC). CARRIER shall pay monthly to PMGAA, on or before the Twentieth (20th) day of each month (“Due Date”), a PFC in the amount of four (4) and 50/100 Dollars (\$4.50) for each Enplaned Passenger departing the Airport on a CARRIER Revenue Flight during the previous calendar month. The collection of said fees by CARRIER shall be subject to the terms, conditions and methods of collection set forth in the Aviation Safety and Capacity Expansion Act of 1990, Section 9110, at it now exists or is modified hereafter (“PFC Act”).

4.8 Aircraft Ramp Space and Services. CARRIER shall pay PMGAA monthly for any aircraft line services, out-of-station Aircraft Rescue and Firefighting (ARFF) services, operations safety officers, ground service equipment use, fuel spill response teams and any other space or service requirements as specified in the Airport Rates & Charges Schedule or, if not so specified in that Schedule, as determined by PMGAA (collectively, “Additional Services”).

4.9 Other Fees. Unless specified otherwise herein, CARRIER shall pay PMGAA for its usage or rental of PMGAA equipment and the performance of services by PMGAA within ten (10) business days of CARRIER’s receipt of an invoice (“Due Date”) for same from PMGAA. The amount of such fees shall be as provided by separate agreement between CARRIER and PMGAA or, in the absence of such agreement, as specified in the most current Airport Rates and Charges Schedule or PMGAA’s Price Listing in effect when the charge or fee was incurred. Failure to remit payment by the Due Date may result in the suspension of further equipment rentals or services until payment is made to PMGAA in full.

4.10 With regard to the fees and charges specified in SECTION 4 above, the following conditions and considerations shall apply:

4.10.1 **Airport Rates & Charges Schedule**. CARRIER shall pay the most current fee(s) at the time of the event or service, as applicable, unless specifically outlined within this Agreement. The current Airport Rates & Charges Schedule is attached as **EXHIBIT C** and is subject to change. CARRIER will be consulted prior to changes to airline specific fees.

4.10.2 **Finance Charges and Late Fees**. If CARRIER fails to pay any charge due and owing to PMGAA in full on or before the applicable due date, CARRIER shall be responsible for interest on the unpaid fee or charge at the rate of eighteen percent (18%) per annum from the due date until payment in full is made. In addition, in the event any payment is received more than ten (10) days after the due date, a late penalty of ten percent (10%) of the amount of such delinquent amount shall be due and payable in addition thereto.

4.10.3 **Books and Records.** CARRIER shall maintain permanent books, records and ledgers accurately reflecting the total passengers, and total number of monthly aircraft landings for all aircraft subject to a landing fee indicating the make, type (including model designation), registration number, maximum certificated gross landing weight, and arrival and departure time of each aircraft involved. These records shall be made available to PMGAA upon request. PMGAA may audit the books, records and ledgers maintained by CARRIER in accordance with this SECTION 4. In the event an audit reveals a deficiency of two percent (2%) or greater in the amount of payment made pursuant to this SECTION 4, CARRIER shall not only pay such deficiency but also the cost of any audit performed by PMGAA.

5. AIRPORT INCENTIVES

As an inducement for airlines to initiate additional airline services at the Airport, PMGAA is prepared to provide a comprehensive package of incentives that could include landing fee and terminal use fee waivers, specific route revenue guarantees, and non-airline revenue sharing with all signatory airlines for eligible new nonstop destinations or increased frequency to existing destinations identified as underserved by PMGAA. The Phoenix-Mesa Gateway Airport Authority Air Service Incentive Program is attached as **EXHIBIT D**. In order to qualify for certain incentives, CARRIER must maintain a minimum of thirty-five (35) year-round nonstop destinations ("Minimum Service Level").

6. REPORTING REQUIREMENTS

6.1 CARRIER shall file with PMGAA written reports for the items specified below no later than the tenth (10th) day of the calendar month following the month in which the specified activities occurred ("Due Date"). Such reports shall cover all of CARRIER's Airport activities during said month, and include activity handled by CARRIER for other Air Transportation Companies not having an agreement with PMGAA providing for its own submission of activity data to PMGAA.

- a. A complete listing of all of CARRIER's aircraft landings at the Airport, including the aircraft registration number, make and model, and date of said landing, and indicating which were performed as Revenue Flights or Non-Revenue Flights;
- b. A complete listing of CARRIER's Enplaned Passengers and Deplaned Passengers, specified by and including the date of each flight, the flight number, the total number of Enplaned and Deplaned Passengers departing and arriving at the Airport;
- c. A complete listing, by date and by flight number, of CARRIER's Revenue Passengers enplaning at the Airport and the amount of PFCs collected in conjunction therewith; and
- d. A complete listing, by date and by aircraft registration number, of CARRIER's aircraft incurring parking fees and the amount of such fees.

6.2 PMGAA shall have the right to rely on said activity reports in determining rental and other charges due hereunder; provided however, CARRIER shall have full responsibility for the accuracy of said reports. Payment deficiencies due to incomplete or inaccurate activity reports shall be subject to interest charges as set forth in SECTION 4.10.2 herein.

6.3 CARRIER shall at all times maintain and keep books, ledgers, accounts or other records wherein are accurately kept all entries reflecting the activity statistics to be reported pursuant to SECTION 5. Such records shall be retained by CARRIER for a period of three (3) years subsequent to the activities reported therein, or such other retention period as set forth in 14 CFR Part 249.7, and made available at Mesa, Arizona for audit and/or examination by PMGAA or its duly authorized representative during all normal business hours. CARRIER shall produce such books and records at Mesa, Arizona within thirty (30) calendar days of PMGAA's notice to do so or pay all reasonable expenses, including but not limited to, transportation, food, lodging and other related expenses, necessary for an auditor selected by PMGAA to audit said books and records.

6.4 The cost of audit, with the exception of the aforementioned expenses, shall be borne by PMGAA; provided, however, the total cost of said audit shall be borne by CARRIER if either or both of the following conditions exist:

- a. The audit reveals an underpayment of more than five percent (5%) of rentals, fees and charges due hereunder, as determined by said audit; and/or
- b. CARRIER has failed to maintain true and complete books, records, accounts and supportive source documents in accordance with SECTION 5.

6.5 Late Fees. If CARRIER fails to pay any fee or charge in full on or before the Due Date, CARRIER shall be responsible for interest on the unpaid Base Rent at the rate of eighteen percent (18%) per annum from the Due Date until payment in full is made. In addition, in the event any installment of Base Rent is paid more than ten (10) days after the due date, a monthly late penalty of twenty-five (\$25.00) shall be due and payable by CARRIER to PMGAA in addition thereto.

6.6 Payments. All payments due and payable hereunder shall be paid in lawful money of the United States of America, without set off, by check made payable to the Phoenix-Mesa Gateway Airport Authority and delivered to:

Phoenix-Mesa Gateway Airport Authority
Attn.: Accounts Receivable
5835 S. Sossaman Road
Mesa, Arizona 85212-0614

7. **INSURANCE**

7.1 General. Carrier shall procure and maintain the following types and amounts of insurance for its operations at the Airport throughout the Term of this Agreement and any Extension thereto:

- a. Aircraft Liability insurance covering third party bodily injury and property damage, and passenger and contractual liabilities which shall protect and indemnify PMGAA from any and all claims arising in connection with aircraft movement on the Airport in amounts as are customarily carried by a carrier of like kind and size, but in no event less than \$250,000,000.00 per occurrence. Such insurance shall also insure against third party liabilities arising from War Risk perils.
- b. Airport Premises Liability insurance third party bodily injury and property damage, including coverage for "premises/operations," "products and completed operations," "host liquor" and "blanket contractual" liabilities in an amount not less than \$250,000,000.00 per occurrence.
- c. Business Interruption insurance – not required.
- d. Comprehensive Automobile Liability insurance for all owned, non-owned and hired vehicles operated airside on the Airport that are assigned to or used in the performance of commercial activities in the amount of \$25,000,000.00 per occurrence or combined single limit. If any hazardous materials are transported in conjunction with Carrier's business operations at or on the Airport, an MSC 90 endorsement shall be required in addition thereto.
- e. Workers' Compensation insurance, as required by law, and *Employer's Liability* insurance in the amount of \$1,000,000.00

7.2 Additional Insurance. At any time during the Term of this Agreement, including any Extension thereto, PMGAA may, if in its reasonable determination the insurance coverage required by this SECTION 4 is no longer adequate, require CARRIER to increase its coverage to commercially reasonable amounts.

7.3 Blanket Insurance. CARRIER's insurance obligations under this Agreement may be satisfied by means of the general corporate "blanket" policies carried by it and evidenced by the insurance carrier's standard certificates thereof.

7.4 Use of Proceeds. Proceeds of any liability and property damage insurance required under this SECTION 5 shall be applied toward extinguishing, satisfying or remedying the liability, loss or damage with respect to which such proceeds may be paid.

7.5 Indemnity. To the fullest extent permitted by law CARRIER (as "indemnitor") shall indemnify, defend, hold and save PMGAA, its board members, and its member governments, officers, officials,

employees, and agents (as "indemnitee") free and harmless of, for, from and against any and all Losses caused in whole or in part by (a) any act or omission of CARRIER (including indemnitor's officers, officials, agents, employees, contractors or invitees), (b) CARRIER's operations at the Airport, (c) CARRIER's violations of said Security Program caused, or alleged to be caused, by the acts, errors or omissions of CARRIER, its employees, agents, invitees or contractors, or (d) any default by CARRIER hereunder. This indemnification shall exclude responsibility for any consequential damages and for claims arising by reason of the negligent or wrongful act of PMGAA or its employees, contractors or agents. For purposes hereof "Losses" shall mean any and all losses, liabilities, judgments, suits, claims, damages, fines, penalties, costs and expenses (including reasonable attorneys and consultant fees, investigation costs, monitoring costs, remediation costs, and court costs), of any kind or nature. In carrying out the defense of any claim subject to its indemnification obligations hereunder, CARRIER shall use counsel reasonably acceptable to PMGAA.

7.6 Insurance Form. Each insurance policy obtained pursuant to this SECTION 5, except for Workers' Compensation and Employer Liability policies, shall: (i) name PMGAA as a certificate holder or an additional insured to the extent of Operator's contractual indemnity obligations; (ii) contain a provision that written notice of cancellation or modification thereof shall be given to PMGAA not less than thirty (30) calendar days before such cancellation or modification takes effect ten (10) days in the case of nonpayment of premium); and (iii) contain a waiver of subrogation in favor of PMGAA. Operator shall not permit any insurance policy to be canceled or modified without PMGAA's written consent unless equivalent replacement policies are issued with no lapse in coverage. All policies shall be obtained from insurance companies licensed to do business in the State of Arizona and possessing a rating of at least A-VII or higher from the A.M. Best Company, or an equivalent rating approved by PMGAA.

8. DISABLED OR ABANDONED AIRCRAFT

8.1 Should any aircraft owned or operated by CARRIER, through accident or for any other reason, become disabled or be abandoned in any area which could interfere with the continuous, normal operations of any of the runways, taxiways and airfield facilities at the Airport, CARRIER shall, at CARRIER'S sole cost and expense:

8.1.1 Immediately remove said aircraft to such location as may be designated by PMGAA, unless such aircraft is required to remain in place pending investigation by the appropriate regulatory agency or agencies of the federal government; and

8.1.2 In the event of any accident where a federal investigation is required, immediately upon receiving clearance to do so from the appropriate federal agency, remove said aircraft and any wreckage or debris resulting therefrom to the area(s) designated by said federal agency authorizing such removal; otherwise, such aircraft wreckage and debris shall be immediately removed from the Airport or stored at a location approved by PMGAA.

8.2 Should CARRIER fail to proceed immediately to remove disabled aircraft, or should aircraft owned or operated by CARRIER be abandoned on the Airport, PMGAA shall have the right to remove such aircraft by any means PMGAA deems necessary under the circumstances, and CARRIER shall, to the fullest extent permitted by law, indemnify, defend, keep and hold PMGAA, its members, board of directors, officers, agents, officials, servants, employees and contractors harmless from and against any and all claims, costs, loss, liability, actions, suits, proceedings, damage or expense (including costs of suit and attorneys' fees and expenses) incurred by PMGAA or claimed by anyone by reason of removal of said aircraft, injury to persons or property or damages to such aircraft caused by such removal, as well as storage costs therefor. CARRIER shall reimburse PMGAA for any costs incurred by PMGAA in removing and storing any aircraft, at PMGAA's sole discretion, and as provided herein in performing authorized maintenance on its aircraft on the Airport.

8.3 **Sound and Noise Suppression.** CARRIER shall comply fully with PMGAA rules and requirements when performing high-speed engine test operations at the Airport, if any, and to mitigate excessive ambient sound and/or noise that may be generated incident thereto and that have or may have an adverse effect on other Airport tenant operations and the surrounding community. CARRIER

acknowledges and agrees that said rules and requirements for such test operations may change from time to time at PMGAA's sole and absolute discretion. CARRIER also agrees that any costs associated with compliance with PMGAA's rules and requirements for sound or noise suppression or mitigation shall be borne solely by CARRIER.

9. ENVIRONMENTAL COMPLIANCE

CARRIER shall at all times during the existence of this Agreement promptly observe and comply with applicable Federal, State, and local laws, regulations, rules and standards concerning the environment (collectively, the "Environmental Laws"). CARRIER shall be responsible for collecting, storing, recycling and/or disposing of its hazardous or toxic waste, if any, in compliance with the Environmental Laws governing the storage and disposal of hazardous or toxic waste. CARRIER shall ensure its employees and agents are aware that domestic drains, storm drains, or industrial waste drains shall not be used to dispose of gasoline, hydraulic fluid, solvents, concentrated cleaning agents or any other hazardous or toxic materials. Where so required, PMGAA may act on behalf of CARRIER, as and if appropriate, to dispose of CARRIER's waste, sign manifests on behalf of CARRIER and assign such disposal to CARRIER's EPA identification (ID) number. CARRIER shall repay PMGAA the costs and fees for doing so within ten (10) days of demand therefor. CARRIER shall, to the fullest extent permitted by law, indemnify, defend and hold PMGAA, its member governments, Board of Directors, officers, agents, officials, employees, and contractors harmless from and against any and all claims, costs, loss, liability, actions, suits, proceedings, damage or expense including, but not limited to, the costs of suit and reasonable attorneys' fees and expenses of any nature whatsoever arising out of or related to CARRIER's failure to comply with the Environmental Laws.

10. TAXES AND RELATED IMPOSITIONS

In the event any governmental authority shall impose a tax or imposition based upon this Agreement, upon CARRIER or its aircraft, or upon payments to be made hereunder, CARRIER shall pay such amounts either to PMGAA or the appropriate governmental authority on or before any delinquency date. Specifically, CARRIER shall be responsible for any transaction privilege, sales, excise or other similar tax except income taxes as a result of this Agreement. CARRIER shall also pay all licensing or permitting fees necessary or required by law for the conduct of its aeronautical operations hereunder, or any other matters hereunder. CARRIER shall be responsible for any property interests created hereunder, which may constitute or be deemed to be a possessory interest for purposes of taxation.

11. RULES, REGULATIONS AND MINIMUM STANDARDS

11.1 CARRIER shall at all times comply with all federal, state and local laws and ordinances, rules and regulations, which are applicable to its operations, or the operation, management, maintenance, or administration of the Airport, including but not limited to the Americans with Disabilities Act, and all laws, ordinances, rules and regulations adopted after the Effective Date. CARRIER shall at all times comply with all rules and regulations, and minimum standards established by PMGAA regarding operation and maintenance of the Airport, copies of which are attached as **EXHIBIT B** and are incorporated herein. CARRIER will be responsible for controlling and preventing disruptive pedestrian and vehicle traffic, if any, associated with its activities on the Airport. CARRIER also shall display or provide copies to PMGAA of any permits, licenses, or other evidence of compliance with laws upon request.

11.2 PMGAA shall operate the Airport in compliance with all applicable Federal state and local laws, ordinances, rules and regulations, and shall enforce the Airport Rules and Regulations established by it to ensure the effective and orderly operation of the Airport, and to prevent any disruption caused by CARRIER's operations at and on the Airport.

11.3 CARRIER acknowledges receipt of and agrees to abide by PMGAA's *Fly Friendly* noise abatement procedures and will provide such information to flight crews and/or students, post the information in CARRIER's flight planning area, and use the procedures to the extent possible when consistent with safety and air traffic control directives.

12. DEFAULT: TERMINATION BY PMGAA

12.1 General Grounds. PMGAA may terminate this Agreement upon the occurrence of any of the following events:

12.1.1 Failure of CARRIER to perform any of its obligations under this Agreement, or any other contract, license or agreement between the Parties, which failure shall not be cured within five (5) business days after delivery by PMGAA to CARRIER of a written notice of such failure.

12.1.2 The filing of any lien against the Airport because of any act or omission of CARRIER which is not discharged within five (5) business days of receipt of actual notice of such lien by CARRIER.

CARRIER may terminate this Agreement upon the occurrence of any of the following events:

12.1.3 Failure of PMGAA to perform any of its obligations under this Agreement, or any other contract, license or agreement between the Parties, which failure shall not be cured within five (5) business days after delivery by CARRIER to PMGAA of a written notice of such failure.

12.1.4 The filing of any lien against the Airport because of any act or omission of PMGAA which is not discharged within five (5) business days of receipt of actual notice of such lien by PMGAA .

12.2 Failure to Pay Fees. PMGAA may declare CARRIER in default of this Agreement by giving CARRIER five (5) business day's written notice of CARRIER's failure to timely pay any fees or payments due pursuant to this Agreement. If CARRIER fails to cure such payment default within said five (5) business day period, PMGAA may, in its sole discretion, elect to do any one or more than one of the following:

12.2.1 Institute action(s) to enforce this Agreement; or

12.2.2 Terminate this Agreement automatically without further notice to CARRIER; or

12.2.3 Exercise any other remedy allowed by law or equity.

12.3 Failure to Provide Insurance. In the event CARRIER at any time fails to maintain all insurance coverage required by this Agreement, PMGAA shall have the right, upon written notice to CARRIER, to immediately terminate this Agreement or secure the required insurance at CARRIER's expense.

12.4 No Waiver by PMGAA. No waiver by PMGAA of any default by CARRIER in the performance of its obligations under this Agreement shall be deemed to be a waiver of any subsequent default by CARRIER in the performance of any such obligations.

13. GOVERNING LAW; ATTORNEY'S FEES

The laws of the State of Arizona shall govern this Agreement and the matters set forth therein, without regard to its conflict of law principles. Venue of any action brought under this Agreement shall, at the option of PMGAA, lie in Maricopa County, Arizona. In the event of any litigation or arbitration between PMGAA and CARRIER arising under this Agreement, the successful party shall be entitled to recover its attorney's fees, expert witness fees and other costs incurred in connection with such litigation or arbitration.

14. NONWAIVER

PMGAA's right to revoke this Agreement shall be absolute. Any election by PMGAA to not enforce any provision of this Agreement, or any failure by PMGAA to exercise any of the remedies allowed PMGAA under this Agreement, shall not operate as a waiver by PMGAA of any of its right hereunder.

15. ASSIGNMENT

CARRIER shall not assign or transfer any right or interest in this Agreement.

16. OTHER RESTRICTIONS

CARRIER shall comply with all rules, laws, ordinances, and statues of any governmental authority having jurisdiction over the Airport or the matters provided in this Agreement.

17. AIRPORT SECURITY

PMGAA maintains an approved Airport Security Plan (the "Security Plan") pursuant to 49 CFR Pars 1540 and 1542, and CFR Part 139. CARRIER shall at all times comply with the Security Plan and the written and verbal directives issues by Airport Operations supporting the Security Plan.

17.1. The CARRIER shall immediately correct physical or procedural deficiencies which are contrary to the Security Plan, security directives, security bulletins, or verbal notifications existing now or in the future. CARRIER is responsible for maintaining security practices, facilities, and perimeter boundaries on their leasehold that meet the security standards of the Security Plan.

17.2. CARRIER shall, to the fullest extent permitted by law, indemnify, defend, and hold PMGAA harmless for, from, and against any violations of the Security Plan committed by any agents, employees, invitees, subcontractors, or independent contractors of the CARRIER.

17.3. CARRIER shall conduct and document all self-audits and self- inspections as required by the Transportation Security Administration ("TSA") or Airport Operations and make such audits available for inspection.

17.4. CARRIER shall designate a primary security coordinator to receive security-related briefings, bulletins, and sensitive security information ("SSI").

17.5. PMGAA reserves the right to modify the Security Plan from time-to-time, as necessary, or as directed by TSA.

18. AIRPORT SECURITY BADGE

18.1 CARRIER employees/contractors that require a badge shall be obligated to complete all training and comply with all security requirements and directives issued by Airport Operations, TSA, or other entity having security jurisdiction at PMGAA.

18.2 CARRIER and employees/contractors shall comply with all security-related audits, inspections, and screenings conducted by Airport Operations.

18.3 CARRIER will immediately return badges to the Airport Badging Office when badge holders terminate employment, the badge is no longer needed, or the employee/contractor is on extended leave.

18.4 Misuse of a badge or security procedures will bring about punitive action including suspension or revocation of one or all badges

19. NOTICE

19.1 All notices required or permitted under this Agreement shall not be deemed effective unless personally delivered or mailed by certified mail, return receipt requested, postage prepaid, or by reputable commercial overnight courier service, to the following addresses:

TO PMGAA:

Phoenix-Mesa Gateway Airport Authority
Attn.: Business Development Department
5835 S. Sossaman Road
Mesa, Arizona 85212-0614

TO CARRIER:

TBD

19.2 Notices shall be deemed to have been received two (2) business days after the date of mailing, if given by certified mail, or upon actual receipt if personally delivered or if given by reputable commercial overnight courier service. Any Party may designate in writing a different address for notice purposes pursuant to this SECTION.

20. PRIOR AGREEMENTS AND PERMITS

Upon execution hereof, this Agreement shall supersede and cancel any prior agreements between PMGAA and CARRIER with respect to the business activities governed hereby. CARRIER shall not construe PMGAA's execution of this Agreement as a waiver of any prior indebtedness or obligation to PMGAA under any prior agreement or license, nor does PMGAA waive any claim or cause of action arising therefrom.

21. CORPORATE AUTHORIZATION

In executing this Agreement, CARRIER represents and warrants to PMGAA that if CARRIER is a corporation, CARRIER has been granted the full right, power, and authority to enter into this Agreement.

22. MISCELLANEOUS

22.1 Personal Liability. No member of or employee of either Party shall be charged personally or held contractually liable by or to the other Party under any term or provision of this Agreement because of any breach thereof or because of its execution or attempted execution.

22.2 No Waiver. No provision of this Agreement may be waived or modified except by a writing signed by the Party against whom such waiver or modification is sought.

22.3 Non-Waiver of Rights. No waiver or default by PMGAA of any of the terms, conditions, covenants or agreements hereof to be performed, kept or observed by CARRIER shall be construed or act as a waiver of any subsequent default of any of the terms, covenants, conditions or agreements herein contained to be performed, kept or observed by CARRIER, and PMGAA shall not be restricted from later enforcing any of the terms and conditions of this Agreement.

22.4 Amendment. Only a written instrument executed by the Parties may amend this Agreement.

22.5 Invalid Provisions. Should any provision of this Agreement or any application thereof be held invalid by a court of competent jurisdiction, the remainder of this Agreement shall not be affected thereby, unless one or both Parties would be substantially and materially prejudiced.

22.6 Headings. The headings contained herein are for convenience in reference only and are not intended to define or limit the scope of this Agreement or any term thereof.

22.7 Entire Agreement. This Agreement, including **EXHIBITS** attached hereto at the time of its execution, constitutes the entire agreement between the Parties hereto and supersedes all prior negotiations, understandings and agreements between the Parties concerning such matters.

21. INCORPORATION OF RECITALS

The recitals set forth above are acknowledged by the Parties to be true and correct and are incorporated herein by this reference.

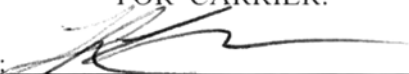
IN WITNESS WHEREOF, the Parties have executed this Agreement to be effective on the Effective Date specified above.

FOR PMGAA:

By: _____
J. Brian O'Neill, A.A.E.
Executive Director/CEO

Date Signed: _____

FOR CARRIER:

By:  _____
Name: Thayne Klingler
Its Director, Airports

Date Signed: 4/7/17

SCHEDULE A

Rates and Charges for Allegiant Travel Company

<u>DESCRIPTION</u>	<u>RATE</u> (plus applicable taxes)
Landing Fees:	As per Rates & Charges Currently \$1.20/1,000 lbs. MGLW
Terminal Use Fees:	As per Rates and Charges Currently \$50.00/Turn
Aircraft Parking Fees:	As per Rates and Charges Currently \$70.00/Day (unless eligible for waiver)
Common Use Equipment Fees:	As per Rates and Charges Currently \$1,250.00/Month

PMGAA shall provide, at its sole expense, a passenger-boarding ramp for each gate position. The costs included in the terminal use fee per-turn do not include costs associated with fixed mounted ground power units or aircraft air conditioning systems, which shall be, when determined, per the adopted Airport Rates & Charges and applied accordingly.

Exclusive Use Area Fees (Exhibits A-1 and A-2):

Terminal Suite 207 – approx. 675 SF	\$32 per square foot/year	\$21,600/year
Line Shack 1355 – approx. 678 SF	\$17 per square foot/year	\$11,526/year

Airport Fuel Service Fees:

Fuel Storage Fees	\$0.0275/Gallon
Fuel Flowage Fees	Waived
Hook-Up Fees	\$39.00/Hook-Up

Fuel service rates shall remain fixed for the Term of this Agreement with an average monthly fuel volume of 500,000 gallons. Compliance with this fuel volume requirement will be measured annually, looking at the prior twelve (12) months of activity. If Allegiant does not meet the minimum required fuel volume, it will owe PMGAA an amount equal to \$0.0275 per gallon multiplied by the number of gallons which would be added to the actual gallons uplifted in order to meet the minimum required volume.

Incentives to Increase Air Service

As an incentive for new service, PMGAA will waive Landing Fees and Terminal Use Fees for a period of two (2) years from the date of commencement for new less-than-daily nonstop service to destinations not currently served by Allegiant or any other airline at the Airport. PMGAA will waive Landing Fees and Terminal Use Fees for a period of one year (1) from the date of commencement for additional less-than-daily nonstop service to select destinations currently served by Allegiant or any other airline at the Airport, but deemed as an underserved market by PMGAA. To qualify for new air service incentives, Allegiant's current service level at the Airport must not be reduced below thirty-five year-round destinations during any incentive period.

PMGAA also agrees to share a percentage of non-airline (car rental, automobile parking, food and beverage concessions, and retail concessions) revenue with Allegiant and all other signatory airlines. The matrix below outlines the enplaned passenger thresholds and the associated percentage of incremental enplaned passenger non-airline revenue shared among signatory airlines. Reference **EXHIBIT D** for greater detail about non-airline revenue sharing.

FY EPAX Thresholds	Increase in FY EPAX Above 675,000 Threshold	Percentage of Incremental Non-Airline Revenue Shared for Incremental Increase in EPAX Above Threshold
0 - 675,000	NA	0.0%
675,001 - 725,000	50,000 (675,001 – 725,000)	15.0%
725,001 - 775,000	50,000 (675,001 – 725,000) 50,000 (725,001 – 775,000)	15.0% 17.5%
775,001 - 825,000	50,000 (675,001 – 725,000) 50,000 (725,001 – 775,000) 50,000 (775,001 – 825,000)	15.0% 17.5% 20.0%
825,001 - 875,000	50,000 (675,001 – 725,000) 50,000 (725,001 – 775,000) 50,000 (775,001 – 825,000) 50,000 (825,001 – 875,000)	15.0% 17.5% 20.0% 22.5%
875,001 +	50,000 (675,001 – 725,000) 50,000 (725,001 – 775,000) 50,000 (775,001 – 825,000) 50,000 (825,001 – 875,000) 50,000 (875,001+)	15% 17.5% 20% 22.5% 25%

If the PMGAA Board adopts modifications to its Air Service Incentive Program Policy, Allegiant shall be eligible to participate in those additional programs on the same terms and conditions as other similarly situated carriers, as per the program guidelines and in accordance with all FAA rules, regulations, and policies.

Other

Any fee or charge not specifically listed above shall be paid in accordance with the Airport Rates and Charges schedule in effect at the time such charges were incurred. If not listed on the Rates and Charges Schedule, such fee shall be per PMGAA’s standard and customary fees for such facilities or services. Upon reasonable written notice to Allegiant, said schedule is subject to change from time to time at PMGAA’s sole and absolute discretion.

EXHIBIT A-1

Ticketing Terminal Suite 207 (675 SF)

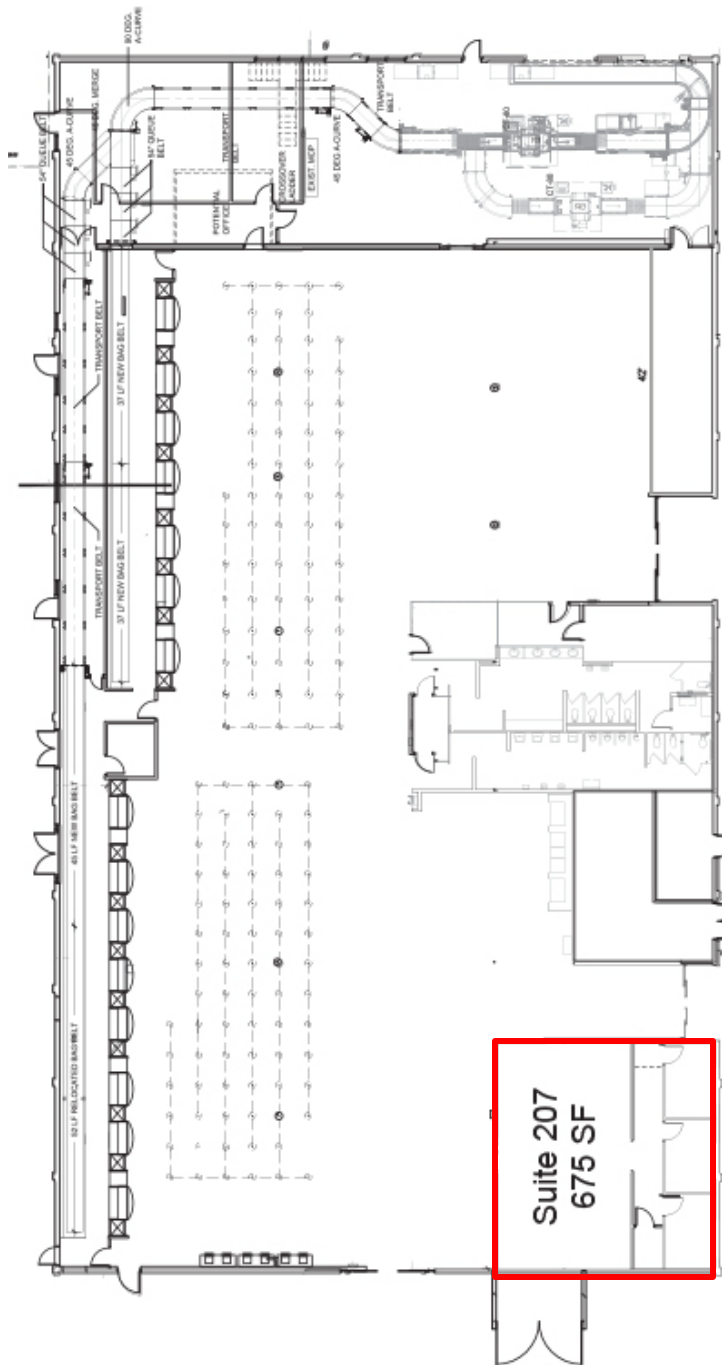


EXHIBIT A-2

**Line Shack 1355
(678 SF)**

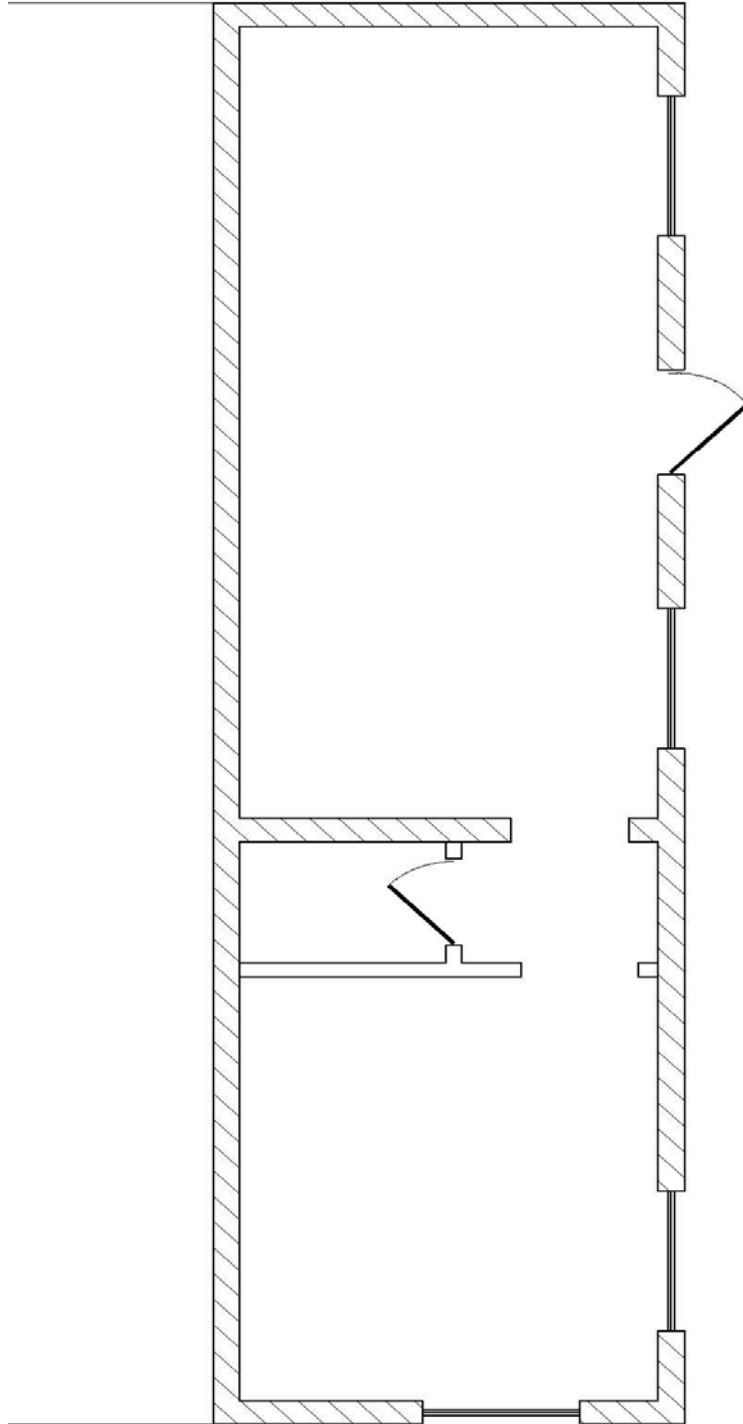


EXHIBIT B

Airport Minimum Standards

<http://www.gatewayairport.com/Documents/DocumentLibrary/Board%20Policies/Airport%20Minimum%20Standards.pdf>

and

Airport Rules and Regulations

http://www.gatewayairport.com/Documents/DocumentLibrary/Board%20Policies/Rules%20&%20Regulations_16-53.pdf

EXHIBIT C

Airport Rates and Charges

<http://www.gatewayairport.com/Documents/DocumentLibrary/Board%20Policies/Airport%20Rates%20Charges%20-%20Effective%20March%201,%202017%20-%20Res%2017-04.pdf>

EXHIBIT D

Airport Air Service Incentive Program

http://www.gatewayairport.com/Documents/DocumentLibrary/Board%20Policies/Air%20Service%20Incentive%20Program_16-58.pdf?Uniqueifier=pR6NrfASTef



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Bob Draper, P.E., LEED AP, Engineering & Facilities Director
Through: Scott Brownlee, Deputy Director/COO
J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Ellsworth Channel Relocation Final Design Services – Premier Engineering
Date: April 18, 2017

Proposed Motion

Approval of Authorization of Services No. 15-1701 with Premier Engineering for Final Design Services for the Ellsworth Channel Relocation Project for a total cost not-to-exceed \$491,000.

Narrative

In order to facilitate development in the northeast area of the Airport, it was determined that the Ellsworth Channel would need to be relocated. After a Solicitation for Qualifications was completed, Premier Engineering was chosen as the desired firm under Contract C-2015008.

The initial study to define the size and location for the realigned channel was completed as the first step. Now that these determinations have been completed, the next step in this process is the Final Construction Drawings of the Ellsworth Channel Relocation.

Fiscal Impact

This contract was authorized in the FY15 capital budget and continues into FY17. The work is funded with both an ADOT Grant (90%) and Airport Grant Match Funds (10%), including PFC funding as CIP 889.

Attachment(s)

Authorization of Services



RESOLUTION NO. 17-16

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Authority desired to obtain design services from Premier Engineering;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby approves Authorization of Services No. 15-1701 with Premier Engineering for Final Design Services for the Ellsworth Channel Relocation Project for a total cost not-to-exceed \$491,000. This resolution also authorizes the Chair or Executive Director/CEO to execute such Agreement, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 18th day of April, 2017.

John Giles, Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Matthew Wright, Attorney



PhxMesa **Gateway** Airport

AUTHORIZATION OF SERVICES
Premier Engineering, AOS 15-1701

The signing of this Authorization (Agreement) by Phoenix-Mesa Gateway Airport Authority (PMGAA) and Premier Engineering Corporation, 6437 W. Chandler Blvd., Suite 1, Chandler, AZ 85226, authorizes Premier Engineering to carry out and complete the services described below in consideration of the mutual covenants set forth below:

1. **PROJECT:** Ellsworth Channel Relocation Final Design Services – CIP 889.
2. **SCOPE OF WORK:** Premier Engineering to provide final design services to the Phoenix Mesa Gateway Airport Authority of the Ellsworth Channel and Powerline Floodway as prescribed in the pre-design report. Also included in this scope of services is utility and roadway design of Hawes Road from Ray Road to 200' south of the Powerline Floodway; and bridge design over the Powerline Floodway. All services are to be performed in accordance with PMGAA Agreement C-2015008 including the Standard Terms, and the attached detailed scope of work. Services shall be coordinated with and approved by PMGAA Authorized Representative prior to start of work.
3. **FEE FOR SERVICES:** The fee for services from Premier Engineering shall be based upon the attached scope of work, not-to-exceed Four hundred ninety-one thousand dollars (\$491,000) without the express written approval of PMGAA.
4. **AVAILABILITY OF PROJECT FUNDING:** The approval and continuation of this contract is subject to the availability of funds provided to, made available to, or appropriated by PMGAA for this purpose. In the event that funds are not available or appropriated for PMGAA's payment requirements under this contract for the goods and/or services to be provided hereunder, PMGAA may terminate this contract by providing notice to the consultant of the lack of the availability of funds. The consultant acknowledges and agrees that one source of funding for this contract may be funds made available from Passenger Facility Charges (PFC), and that this contract, its approval and continuation, is contingent on the availability of those funds being made to PMGAA.
5. **INCORPORATED:** The following documents are hereby incorporated with this Authorization of Services and made part thereof:
 - PMGAA Agreement C-2015008 dated August 17, 2015
6. **ATTACHED:** The following documents are attached to this Agreement and are incorporated herein by this reference made part thereof:
 - Scope and Fee Proposal dated March 10, 2017, revised March 31, 2017.

PMGAA and Premier Engineering acknowledge that they are in agreement with the terms and conditions as set forth in this Authorization.

APPROVED FOR PMGAA:

ACCEPTED FOR PREMIER ENGINEERING:

By: _____

By: _____

Print: J. Brian O'Neill, A.A.E.

Print: _____

Title: Executive Director/CEO

Title: _____

Date: _____

Date: _____



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Shea Joachim, CEcD, Business Development Director
Through: J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Preferred Respondent for Master Developer of the Gateway Aerospace Park
Date: April 18, 2017

Proposed Motion

To authorize a Memorandum of Understanding with SkyBridge Partners.

Narrative

During April 5-7, 2016, Phoenix-Mesa Gateway Airport Authority (PMGAA) hosted enVision Gateway. The event was designed to showcase the Phoenix-Mesa Gateway Airport (Airport) to local, regional and international investors and developers. The goal of the event was to improve awareness of the Airport and generate interest in investment opportunities at the Airport. The clear message coming from private industry was that the Airport is truly a unique asset and a very attractive investment opportunity. Attendees were unanimous in their belief that the near-term opportunity at the Airport was commercial real estate development, specifically within the Gateway Aerospace Park.

PMGAA staff released a Request for Qualifications (RFQ) to solicit qualified firms to serve as Master Developer for the Gateway Aerospace Park (Park) on June 9, 2016. PMGAA established an evaluation team comprised of PMGAA staff members, a representative from a member government, and a development consultant from the private sector. PMGAA short-listed the respondents based on qualifications and issued a Request for Proposals (RFP) on September 28, 2016 directly to the three most qualified firms. Two of the three short-listed firms responded with a proposal.

PMGAA staff has evaluated the two proposals and recommends SkyBridge Partners as the preferred proposal. As such, PMGAA staff recommends the Board authorize the attached Memorandum of Understanding (MOU) to acknowledge SkyBridge Partners as the preferred proposal and establish an exclusive negotiation period in which PMGAA staff will work to establish a Master Development Agreement with SkyBridge Partners.

Fiscal Impact

The Memorandum of Understanding is a precursor to a Master Development Agreement and, as such, does not create any revenue or direct financial obligation.

Attachment(s)

Memorandum of Understanding



RESOLUTION NO. 17-17

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Authority desired to enter into a Memorandum of Understanding with SkyBridge Partners;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes a Memorandum of Understanding identifying SkyBridge Partners as the preferred respondent to the Master Development Request for Proposal. This resolution also authorizes the Chair or Executive Director/CEO to execute such Agreement, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 18th day of April, 2017.

John Giles, Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Matthew Wright, Attorney

MEMORANDUM OF UNDERSTANDING

BY AND BETWEEN

PHOENIX-MESA GATEWAY AIRPORT AUTHORITY,
a joint powers authority authorized pursuant to the laws of Arizona

AND

MESA SKYBRIDGE LLC,
an Arizona limited liability company

Dated as of April 18, 2017

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (“MOU”) is made as of April 18, 2017 (the “Effective Date”), by and between **PHOENIX-MESA GATEWAY AIRPORT AUTHORITY**, a joint powers authority authorized under the laws of Arizona (“PMGAA”), and **MESA SKYBRIDGE LLC**, an Arizona limited liability company (the “Developer”). Individually, each of PMGAA and the Developer is a “Party” and collectively, they are the “Parties”.

RECITALS

A. PMGAA operates the Phoenix-Mesa Gateway Airport (the “Airport”), which acts through its board of directors comprised of elected officials from the communities surrounding the Airport, namely the City of Mesa, the Town of Gilbert, the Town of Queen Creek, the Gila River Indian Community, the City of Phoenix, and the City of Apache Junction (the “Members” and when referring to each Member specific community, “Member Communities”).

B. In furtherance of its mission to develop, reuse, operate, and maintain the Airport and facilities at the former Williams Air Force Base, PMGAA commenced a competitive solicitation process to select a master developer for the Gateway Aerospace Park (the “Park”) at the Airport, a description of which is set forth on Exhibit A attached hereto (collectively, the “Project”). The Parties acknowledge and understand that PMGAA and the Airport are at all times subject to, and must abide by, the terms and conditions of that certain Amended and Restated Joint Powers Airport Authority Agreement, dated on or about July 19, 2013, rules and regulations promulgated by the Federal Aviation Administration (“FAA”), A.R.S. §28-8531 *et seq.* (as amended), the PMGAA “Airport Minimum Standards,” “Airport Rules and Regulations,” and other Airport published rules and regulations (as amended from time to time), and other federal, state and local statutes, rules and regulations (the “Governing Provisions”).

C. Through the Project, PMGAA intends to achieve the following primary goals:

- (i) to develop the Park’s real estate assets and increase the value of such assets;
- (ii) to increase employment opportunities for the Member Communities, including for disadvantaged-, minority-, women- and veteran-owned businesses;
- (iii) to enhance the profitability of the Airport through increased domestic and international flights, as well as the development of complementary commercial activities at the Airport, including development of the Park as a regional and international logistics hub;
- (iv) to develop the Airport in a manner that is environmentally, economically, and socially sustainable; and
- (v) to generate new tax and fee revenues to the Airport and the Member Communities.

D. Mesa SkyBridge Partners (the “Proposer”) was included in a shortlist as a qualifying team pursuant to PMGAA’s Request for Qualifications #2016-14-RFQ (the “RFQ”),

which sought to identify qualified firms or teams of firms to serve as master developer for the Park.

E. As one of the qualifying teams identified on the shortlist of responders to the RFQ, the Proposer submitted a response to PMGAA's Request for Proposals #2017-007-RFP (the "**RFP**"), pursuant to which the Proposer presented to PMGAA its proposal to develop the Park as a hub for research, manufacturing, logistics, and other aeronautical and non-aeronautical uses that leverage the competitive advantages of the Member Communities (collectively, the "**Project Proposal**"), including serving as an air logistics hub to meet the growing demand for e-commerce fulfillment and logistics services between the U.S. and Mexico.

F. The Proposer has established the Developer as the entity through which the members of the consortium constituting the Proposer would consummate the Project.

G. After reviewing the responses to the RFP and considering the stated goals and objectives of the Project, PMGAA has determined that the Proposer is the preferred proposer under the RFP and, accordingly, wishes to enter into exclusive negotiations with the Developer to negotiate the terms of a Master Development Agreement ("**MDA**") to be entered into by and between PMGAA, in its capacity as the owner of the Airport and the Park, and the Developer, in its capacity as master developer of the Park.

H. This MOU sets forth the principal terms and conditions pursuant to which PMGAA and the Developer propose to enter into exclusive negotiations in respect of the agreements giving effect to the Developer's appointment as master developer of the Park pursuant to the Project Proposal, including, but not limited to, the MDA, a list of Project defined terms, construction agreements, architectural agreements, management agreements, lease and sublease agreements, facilities use agreements, parking agreements and other related agreements as necessary or appropriate (collectively, the "**Definitive Agreements**").

NOW, THEREFORE, in consideration of the foregoing premises and the mutual promises and agreement set forth herein, the Parties state, confirm, and agree (subject to Section 13 below) as follows:

AGREEMENT

SECTION 1. Exclusivity. The Parties shall, on an exclusive basis, discuss the Project and negotiate the terms of the Definitive Agreements for a period of 90 days following the Effective Date; provided that such initial 90-day period shall automatically be extended for up to two additional periods of 30 days each if, at the end of each applicable period, the Parties continue to negotiate the terms of such Definitive Agreements in good faith (the "**Exclusivity Period**"). During the Exclusivity Period, the Parties agree as follows:

(a) for all purposes under the RFP, the Developer shall be designated as the "preferred proposer" and the Parties shall use their respective commercially reasonable best efforts and devote such time and attention as may be reasonably required to draft, negotiate, and finalize the Definitive Agreements;

(b) neither Party shall take any action (or fail to take any action) that would have the effect of making the Project impossible to consummate or that would otherwise frustrate the purpose of the Project or the appointment of the Developer as the master developer of the Park, all as set forth in the Project Proposal and, at all times, subject to PMGAA's obligations under the Governing Provisions (and, for the avoidance of doubt, PMGAA's compliance with the Governing Provisions shall in no way be deemed to be a breach of this MOU (including this Section 1) or the Definitive Agreements);

(c) each Party shall notify the other in writing within 10 days of the occurrence of any event that would reasonably be likely to result in the failure to consummate the Closing (as defined below) or would otherwise materially frustrate the purpose of the Project or the appointment of the Developer as the master developer of the Park, all as set forth in the Project Proposal;

(d) each Party shall use their respective commercially reasonable best efforts to assist the other (at the requesting Party's sole cost and expense) in obtaining such information, licenses, permits, or authorizations as may be necessary or advisable for the consummation of the Project, all as set forth in the Project Proposal; and

(e) PMGAA shall authorize the Developer or its designees, during reasonable business hours and without interruption to the business of the Airport, to enter upon the property of the Airport for the purpose of performing such reasonable inspections, assessments, and other forms of due diligence as the Developer may request from time to time.

SECTION 2. Project Overview.

(a) PMGAA would at all times own the real property on which the Project would be developed and receive consideration from the Developer, as outlined in Section 5(a) of this MOU.

(b) The Developer would design, construct, develop, use, and maintain the Project (a description of which is attached hereto as Exhibit B) as follows:

(i) The Developer would establish, in conjunction with U.S. and Mexican customs (as contemplated in Section 7(e)), an air logistics hub at the Park to ship high-value goods from the U.S. directly to consumers in compliance with the Governing Provisions and all applicable laws.

(ii) The Developer would also develop a first-class research, manufacturing and logistics center at the Park, with the goal of attracting "Class A" tenants to the Park.

(iii) The Park's approximately 360-acre site would be designed as follows:

(A) 169 acres (approximately 47%) would consist of warehouses, light industrial facilities, and flexible spaces (collectively, "Warehouse Facilities");

(B) 82 acres (approximately 23%) would consist of the customs facility (the “**Customs Facility**”);

(C) 38 acres (approximately 11%) would consist of office space (“**Office Space**”);

(D) 11 acres (approximately 3%) would consist of hotel, retail, and similar commercial space (“**Commercial Space**”); and

(E) 60 acres (approximately 17%) would consist of non-developable area, which includes taxiway, detention basins, utilities, roadways and open spaces.

(c) Development of the Park would be completed in three phases, as set forth in the Project Proposal and to be further defined in the Definitive Agreements. Each phase would involve the development of utilities and infrastructure related to such phase as follows:

(i) Phase One: 38.2 acres of non-developable area distributed among taxiway construction and improvements, detention basins, utilities, roadways improvements and open spaces, 40.8 acres of Warehouses/light industry, 23.3 acres of Customs and Logistics facilities, 8.9 acres for offices, and 1.6 acres for hotel, retail and others.

(ii) Phase Two: 7.3 acres of non-developable area distributed among new roadways and open spaces giving commercial feasibility to 41.9 acres of warehouses, 20.2 acres of Customs and Logistics facilities, 9.1 acres of offices, and 4.1 acres of hotel, retail and others.

(iii) Phase Three: 14.8 acres of non-developable area distributed among detention basins and new roadways, 85.8 acres of warehouses and light industry, 38.9 acres of Customs and Logistics facilities, 20.3 acres of offices, and 4.98 acres of hotel, retail and others.

(d) The Developer would develop 100% of the horizontal infrastructure requirements. With regards to the buildings and other vertical infrastructure, the Developer intends for end-users to develop their own facilities according to their particular needs. Finally, the Developer would work closely with PMGAA to attract local and foreign partners to develop the vertical construction of the Project through “build to suit” or “spec building” plans. The Developer intends to grow the Project incrementally, as demand grows and at all times pursuant to minimum performance thresholds established in the Definitive Agreements.

(e) All improvements made to the Park by the Developer shall inure to the benefit of PMGAA.

(f) The Park would be developed according to construction plans and specifications to be set forth in the Definitive Agreements.

(g) The Park would be constructed, and continuously maintained and operated, in accordance with standards to be set forth in the Master Plan (as such term is defined below).

SECTION 3. Easements. Given the current stage of the Project, all necessary easements for the Project may not be identifiable at this time. The Parties would identify such easements in the Definitive Agreements or, if not available at such time, would agree to cooperate in good faith to grant to each other (and to assist one another in obtaining such third party easements as may be necessary) to allow for the efficient operation of the Project; provided, that nothing herein shall require any Party to grant any further easement if such further easement would materially interfere with the grantor's use or intended use of its own property.

SECTION 4. Closing. The execution and delivery of the Definitive Agreements (the "**Closing**") would occur as provided in such documents and take place in Mesa, Arizona, or at such other place and at such time as the Parties may mutually agree.

SECTION 5. Lease. Pursuant to the terms of the Definitive Agreements (either the MDA or a separate lease agreement to be entered into between PMGAA and the Developer), PMGAA would lease the real property on which the Park would be developed (consisting of approximately 360 acres), free and clear of encumbrances other than permitted encumbrances to be set forth in the Definitive Agreements, except as subordinate to, or limited by, FAA regulation or other applicable federal, state or local law. The general terms and conditions of the lease shall be as follows:

(a) **Consideration:** In consideration for granting the lease to the Developer, the Developer would (i) undertake the obligations summarized in this MOU, including, without limitation, the Developer's improvements to the real property on which the Project will be built (including horizontal infrastructure improvements), and (ii) pay PMGAA the amounts set forth in the Definitive Agreements (and such rent payments to PMGAA would (A) be determined using methods customarily utilized in similar United States commercial airport/aviation/aerospace industries for determining fair market value, and (B) begin within a reasonable period of time (to be set forth in the Definitive Agreements) following the date on which PMGAA approves the Developer's master development plan for the Project).

(b) **Operating Standards:** The lease would set forth the operating standards, specifications, policies, procedures, and processes that would apply to the operation and maintenance of the Park. Such operating standards would be consistent with, and adhere to, the Governing Provisions.

(c) **Revenues:** The Developer would at all times during the term of the lease have the right, title, entitlement, and interest in and to all revenues generated from real estate development activities in the Park, including all payments from lessees of Warehouse Facilities, Office Space, and Commercial Space, and any fees from the Customs Facility.

(d) **Reporting, Audits, Inspections, Records:** The Developer would provide scheduled reports to PMGAA, as to be more specifically set forth in the Definitive Agreements, including in respect of lessees. PMGAA would also have the right to inspect the books and records of the Developer and conduct audits, all as to be more fully set forth in the Definitive Agreements.

(e) Assignment and Sub-leasing: The Definitive Agreements would require the prior written consent of PMGAA to any assignment of the lease by the Developer; provided, however, that (i) the Developer, in its capacity as master developer of the Park, would have the right to enter into sub-leases with sub-lessees meeting the minimum standards for eligibility established by PMGAA and the Developer in the Definitive Agreements, and (ii) the Developer would have the right to assign and pledge its rights under the lease to obtain financing for the development of the Park (i.e., a leasehold mortgage), all subject to terms and conditions to be agreed upon with PMGAA in the Definitive Agreements, and applicable FAA and other federal, state and local laws.

(f) Term; Termination: The lease would have an initial term of 49 years, subject to renewal for one or more additional terms for an aggregate of up to 49 additional years pursuant to the terms of the Definitive Agreements (as well as applicable FAA regulations). Either PMGAA or the Developer may terminate the lease (and any other Definitive Agreement related to the Project) if (i) the other Party becomes insolvent or otherwise files for bankruptcy protection (or equivalent procedure under federal or state law, including the appointment of a trustee, receiver, or other custodian for management of its property), or (ii) the other Party materially breaches the terms of the Definitive Agreements (excluding non-performance as contemplated in Section 5(g) below) and, if capable of being cured, such breach is not cured within 360 days following receipt of notice of such breach.

(g) Failure to Meet Performance Thresholds: Should the Developer fail to meet the performance thresholds set forth in the Definitive Agreements, then, as an exclusive remedy, PMGAA would have the right to partially terminate a portion of the lease granted to the Developer, pursuant to such procedures as the Parties shall agree and set forth in the Definitive Agreements.

SECTION 6. Conditions Precedent. The Parties' obligations to consummate the Closing under the Definitive Agreements would be subject to customary closing conditions, including the following:

(a) Award of the Proposal. PMGAA shall have awarded the Project to the Developer and appointed the Developer as the master developer of the Park.

(b) Authorizations. Any and all applicable authorizations, consents, permits or licenses (including, but not limited to, any FAA approval of the Definitive Agreements and the transactions contemplated thereby) under applicable law that are necessary or convenient to enter into the Definitive Agreements shall have been obtained; provided that the Parties hereby acknowledge that, given the current stage of the Project, other authorizations, consents, permits or licenses will have to be obtained in order to perform the transactions, rights and obligations documented in the Definitive Agreements.

(c) Legal Proceedings. No preliminary or permanent injunction or other order, decree, or ruling issued by a governmental entity, and no statute, rule, regulation, or executive order promulgated or enacted by a governmental entity, shall be in effect that restrains, enjoins, prohibits or otherwise makes illegal the consummation of the Project as contemplated in the Project Proposal. No proceedings by a governmental entity shall have been commenced or be threatened against PMGAA or the Developer seeking to prevent or to challenge the transactions

contemplated by this MOU; and no proceeding before a court of competent jurisdiction shall have been commenced against PMGAA or the Developer seeking to prevent or challenge the Project or seeking material damages in connection therewith.

(d) Plans, Designs, Specifications. The Developer shall have submitted designs, plans, specifications and an executive program to carry out the Phase I of the Project, which plans, designs and specifications shall have been approved by PMGAA pursuant to the Master Plan (as defined below).

(e) Change in Technical and Financial Conditions. The technical and financial conditions under which PMGAA awarded the Project to the Developer shall remain substantially the same and shall not have been modified in a manner that would reasonably be expected to have any material adverse effect on the Project or PMGAA.

SECTION 7. Obligations of the Developer. The Developer would have the following obligations under the Definitive Agreements:

(a) Development. The Developer would be the master developer of the Park and be responsible for the design, construction, development, use, and maintenance of the Park pursuant to the terms of the Definitive Agreements, which would reflect terms consistent with this MOU and the Project Proposal.

(b) Delivery of Master Plan: No later than 18 months following the execution and delivery of the Definitive Agreements, the Developer would deliver to PMGAA, for PMGAA's approval, a detailed master conceptual land use development plan (the "**Master Plan**") setting forth the Developer's investment and development plans for at least a minimum period of time following the Closing (as agreed to by the Parties in the Definitive Agreements). Such Master Plan would be updated and amended on annual basis thereafter, as agreed to by the Parties in the Definitive Agreements. The Developer would produce all documents, reports, forms and other items necessary to obtain FAA approval of any changes to the Airport Layout Plan.

(c) Construction. The Developer would design and construct all infrastructure and facilities as described in Section 2(b) and Section 2(c). Subject to the terms and conditions to be set forth in the Definitive Agreements (including as a result of *force majeure* or other delay events), the Developer would construct (or cause the construction of) the corresponding infrastructure and facilities of the Project in a good and workmanlike manner consistent with the final Project description to be set forth in the Definitive Agreements (including in compliance with all applicable federal, state, and local codes, laws, ordinances, statutes, rules, and regulations) and the Master Plan as follows:

(i) Construction Plans: The Developer would comply with all applicable laws, regulations, rules, codes, and ordinances in the design and construction of the Park, and shall, prior to the commencement of construction of any phase or portion thereof, obtain PMGAA's prior written approval of the construction drawings and specifications, which consent shall not be unreasonably withheld. The Developer would periodically consult with designated representatives of PMGAA in connection with the design of the Park.

(ii) Construction Standards. All improvements made to the Airport property leased by the Developer, including all infrastructure constructed thereon, would be completed in a workmanlike manner consistent with the Master Plan and prevailing industry norms in the state of Arizona, as to be more fully set forth in the Definitive Agreements.

(iii) Construction Financing: The Developer would obtain construction financing sufficient to construct the Park substantially in accordance with the Master Plan.

(d) Marketing: The Developer would undertake responsibility for marketing and sub-leasing of Warehouse Facilities, Office Space, and Commercial Space at the Park, subject to FAA regulations and limitations, if any. To the extent that any third party proposes to PMGAA to use any portion of the Park for any purpose, PMGAA would refer such party to the Developer, which, as master developer of the Park, would negotiate the terms of such proposed use directly with such third party; provided that, subject at all times to FAA regulation and all other applicable federal, state or local laws, (i) to the extent that such third party is a governmental or other non-commercial entity that is proposing to conduct non-commercial activities within the Park, the Developer would use its commercially reasonable best efforts to accommodate such use to the extent not inconsistent with the Master Plan or materially adverse to the Developer (including in respect of financing), and (ii) to the extent that such third party proposes to conduct commercial activities within the Park, if an agreement is entered into by the Developer (in its sole discretion) and such third party with respect to a sub-lease of Park property for such commercial use, the Developer would pay to PMGAA a market commission in connection therewith.

(e) Customs Facility: The Developer would undertake commercially reasonable best efforts to negotiate with U.S. Customs and Border Protection and Mexico's General Customs Administration (*Administración General de Aduanas*) and other necessary government agencies and authorities to obtain the authorizations and enter into the agreements necessary to establish the Customs Facility. Notwithstanding the foregoing, the Developer may, from time to time, enter into negotiations to include other customs pre-clearing arrangements, subject to the terms of the Definitive Agreements and all applicable laws. However, unless such Customs Facility or other governmental department or agency has entered into a binding agreement with such Party, nothing in this Agreement or the Definitive Agreements shall be construed as a guaranty that U.S. Customs or any other federal, state, local or foreign government agency or department will agree to be a party to, approve, or abide by the terms and conditions set forth herein or contemplated by the Definitive Agreements. The Parties agree that none of them shall be liable for any breach or monetary or non-monetary damages related to the aforementioned.

(f) Insurance: The Developer would maintain such liability and property damage insurance, and would maintain or cause to be maintained such coverage, as may be agreed to by the Parties in the Definitive Agreements and consistent with existing PMGAA insurance requirements.

(g) Payments to PMGAA: To the extent the Developer develops the Park, the Developer shall pay rent to PMGAA, as contemplated in Section 5(a) above.

(h) Disadvantaged Communities: The Developer would undertake, as to be agreed to by the Parties in the Definitive Agreements, to achieve participation by businesses and residents of the Member Communities, as well as disadvantaged minority-, women-, and veteran-owned business enterprises. Such participation to include such persons being engaged as contractors, subcontractors, vendors, suppliers, and employees.

(i) Community Liaison: The Developer would appoint a contact person to be a community liaison to meet regularly and on a scheduled basis with PMGAA to discuss community initiatives in which the Developer, in its role as master developer of the Park, could assist, including initiatives to support the growth of the Airport. The community liaison would also work collaboratively with PMGAA to identify new potential growth opportunities.

SECTION 8. Obligations of PMGAA. PMGAA would have the following obligations under the Definitive Agreements:

(a) Delegated Authority: PMGAA (or its duly authorized designee), as the entity vested by the Member Communities with authority over the Airport, would be the sole point of contact for the Developer on all matters related to the Definitive Agreements.

(b) Airport Property Availability: PMGAA would continuously operate the Airport in substantially the same manner as the Airport is being operated as of the date hereof, and hold the Airport property designated for the Park available for the Developer's quiet use pursuant to the terms of the Definitive Agreements (including the lease of such real property). PMGAA would also recognize that the Park has been designated as the cargo and logistics area of the Airport and that PMGAA would undertake to develop the remaining Airport property in a manner consistent therewith, all as to be more fully set forth in the Definitive Agreements and at all times subject to FAA regulations and other applicable federal, state or local law.

(c) Economic Incentives: PMGAA would, subject to compliance with all applicable federal, state, and local laws, use its commercially reasonable best efforts to (i) make available to the Developer, and assist the Developer in obtaining, such economic incentives as PMGAA and the Developer determine may be reasonable or necessary to attract tenants to the Park, and (ii) use its municipal powers under federal, state, and local laws, as PMGAA deems reasonable in its sole discretion, to attract tenants to the Park.

(d) Permits and Approvals: PMGAA would assist and support the Developer in obtaining all necessary permits, reviews, licenses, actions, consents, authorizations, and approvals as may be necessary for the completion of the Project, including the construction of all applicable infrastructure to be developed by the Developer on Airport property.

(e) No Conflicts: PMGAA would not enter into any contract, instrument, or undertaking that would (i) limit or conflict with its obligations under, or constitute a breach of any Definitive Agreement, or (ii) be reasonably likely to result in the failure to consummate the Project or would otherwise materially frustrate the purpose of the Project.

SECTION 9. Changes to the Project. After the Master Plan has been agreed to by the Parties, if the Developer proposes to make any material change to the Project (as set forth in such Master Plan), such change would be submitted in advance in writing to PMGAA for its written approval (which would not be unreasonably withheld or delayed). Such notice of proposed change would be submitted to PMGAA with sufficient detail as to allow PMGAA a meaningful opportunity to evaluate the effect of such change on the Project. Any other change that does not constitute a material change could be implemented by the Developer in its sole discretion.

SECTION 10. Representations and Warranties. Each Party shall make representations and warranties in the Definitive Agreements.

SECTION 11. Indemnification. The Definitive Agreements would provide for indemnity obligations in the event that a Party breaches their respective obligations under the Definitive Agreements.

SECTION 12. Term. This MOU shall expire on the earlier of (a) the expiration of the Exclusivity Period and (b) the execution and delivery of the Definitive Agreements. This MOU may also be terminated upon the mutual written consent of the Parties.

SECTION 13. Enforceability. This MOU is an expression of the Parties intention to negotiate the Definitive Agreements in good faith, and until such Definitive Agreements shall have been executed and delivered by the Parties, nothing herein shall create any obligation on the part of any Party hereto or on the part of any of their respective affiliates to enter into any of the Definitive Agreements or consummate any transaction to be set forth therein or contemplated herein; provided, however, that the provisions of Section 1 (Exclusivity), Section 12 (Term), Section 13 (Enforceability), and Section 14 (Miscellaneous Provisions) shall be legally binding and enforceable against each Party, and each Party hereby acknowledges that it is bound by the provisions thereof.

SECTION 14. Miscellaneous Provisions.

(a) Acknowledgment. Pursuant to Ariz. Rev. Stat. §38-511, the Developer hereby agrees and acknowledges that no person significantly involved in initiating, negotiating, securing, drafting or creating this MOU or the Definitive Agreements on behalf of the Developer, its agents, affiliates or subsidiaries may, at any time while this MOU or the Definitive Agreements are in effect, work for PMGAA or any other entity of the State of Arizona. As a result of the foregoing, the Developer acknowledges receipt of said notice as pursuant to Ariz.Rev. Stat. §38-511, as amended from time to time.

(b) No Partnership; Third Parties. Nothing herein shall create any partnership, joint venture, or other arrangement between the Developer and PMGAA. No term of provision of this MOU is intended to, or shall, be for the benefit of any person not a party hereto, and no such other person shall have any right to cause of action hereunder, except for transferees or assignees to the extent permitted hereby.

(c) Entire Agreement. This MOU constitutes the entire understanding between the Parties with respect to the subject matters hereof and supersedes any prior agreement, understanding, negotiation, or representation regarding the subject matters covered by this MOU.

(d) Amendments. No change or addition is to be made to this MOU except by a written amendment executed by PMGAA and the Developer.

(e) Successors and Assigns. This MOU shall inure to the benefit of, and shall be binding upon the Developer, PMGAA and their respective successors and assigns.

(f) Governing Law. This MOU shall be construed and enforced in accordance with the laws of the state of Arizona.

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IN WITNESS WHEREOF, the Parties have caused this Memorandum of Understanding to be executed as of the day and year aforesaid.

**PHOENIX-MESA GATEWAY AIRPORT
AUTHORITY**, a joint powers authority
organized pursuant to Arizona law

By: _____

Printed: _____

Title: _____

MESA SKYBRIDGE LLC, an Arizona
limited liability company

By: _____

Printed: _____

Title: _____

Exhibit A

DESCRIPTION OF THE PARK PROPERTY

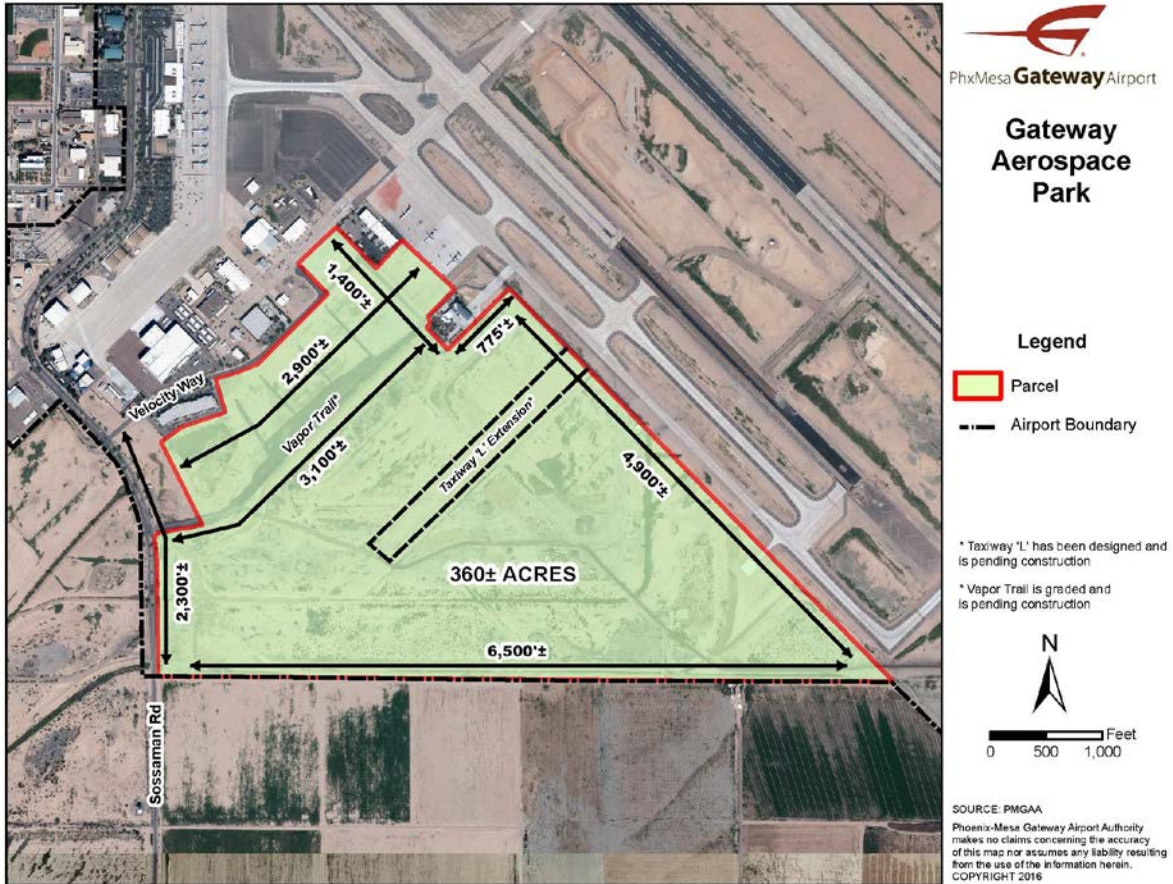


Exhibit B

DESCRIPTION OF THE PROJECT

The Developer's vision for this exciting project features retail and hotels at the entrance to the Park, which will support the workforce and related businesses, as well as strengthen Phoenix-Mesa Gateway Airport and the Phoenix-Mesa metropolitan area. The business park adjacent to the main entrance will also enhance the Airport's image. Surrounded by trails that will connect the landscaped detention basins, the business park will offer open spaces that provide easy access to nearby restaurants and coffee shops, creating a campus-like environment. Beyond the business park, an area of light industrial development will serve as a buffer, seamlessly transitioning between office and logistics land uses. The logistics park will be strategically located within a single, secure area, with convenient access to customs facilities and nearby runways.

The Developer is recommending the following mix of uses for the developable land associated with this project: Mexican and U.S. Customs facilities; warehouse, light manufacturing, and flex space; office space; and retail and hospitality uses.

Management Information Reports

1. Solicitation Notification



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Management Information Report

To: Board of Directors
From: Chuck Odom, Chief Financial Officer
Through: J. Brian O'Neill, A.A.E., Executive Director/CEO
Re: Solicitation Notification
Date: April 18, 2017

This report is to provide notification of the active and upcoming solicitations to help ensure compliance with the Phoenix-Mesa Gateway Airport Authority procurement transparency clause. The active activities include the following:

Active/Pending Solicitations

Type Solicitation	Number	Title	Anticipated Contract Award (Board Action)
Request for Proposals	2017-007-RFP	Master Developer for Gateway Aerospace Park	April 2017
Request for Proposals	2017-013-RFP	Airport Herbicide Application	April 2017
Request for Proposals	2017-016-RFP	Landscape Maintenance	May 2017

Future Solicitations

Type Solicitation	Number	Title	Scheduled for Release	Anticipated Contract Award (Board Action)
Invitation for Bid	2017-021-IFB	Taxiway A	April 2017	June 2017
Request for Proposals	2017-022-RFP	Airport Revenue Parking Management	May 2017	September 2017
Invitation for Bid	2017-025-IFB	West Terminal Expansion Phase IV - Improvements	June 2017	July 2017
Invitation for Bid	2017-024-IFB	West Terminal Expansion Phase IV – Roadway Improvements	June 2017	September 2017

If you have any questions about the solicitations or the procurement process, please feel free to contract me at 480-988-7613.



**NOTICE AND AGENDA OF MEETING OF THE
PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
BOARD OF DIRECTORS - TELEPHONIC**

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Phoenix-Mesa Gateway Airport Authority and to the general public that the Phoenix-Mesa Gateway Airport Authority will hold a telephonic meeting open to the public on **Tuesday, May 16, 2017 beginning at 9:00 a.m.** in the Board Room (Saguaro A & B) of the Gateway Administration Building, 5835 South Sossaman Road, Mesa, Arizona. The Board may vote to hold an executive session for the purpose of obtaining legal advice from the Board's attorney on any matter listed on the agenda pursuant to A.R.S. § 38-431.03 (A)(3)&(4).

The agenda for the meeting is as follows:

1. **Call to Order.** (Mayor John Giles, Chair)
Members of the Phoenix-Mesa Gateway Airport Authority will attend either in person or by telephone conference call.
2. **Call to the Public.**
Members of the Board may not discuss items that are not on the agenda. Therefore, action taken as a result of public comment will be limited to directing staff to study the matter or scheduling the matter for further consideration and decision at a later date. Maximum of three minutes per speaker.
3. **Executive Director's Report.** - J. Brian O'Neill, A.A.E., Executive Director/CEO
4. **Consent Agenda.**
 - a. **Minutes** of the Board Meeting held on **April 18, 2017.**
 - b. **Resolution No. 17-18** Authorizing the Phoenix-Mesa Gateway Airport Authority's insurance broker, **Wells Fargo Insurance Services USA, Inc.**, to purchase benefit plans (medical, dental, vision, basic life/accidental death & dismemberment, and short-term disability) from various carriers consisting a 12-month renewal of July 1, 2017 through June 30, 2018 with an estimated plan cost of \$1,003,702 for FY18.

Consideration and Possible Approval of:

5. **Resolution No. 17-19** Authorizing a contract with **The Groundskeeper** for landscape maintenance services in an amount not to exceed \$281,890.08 for three years with two (2) one-year renewal options not to exceed \$99,656.70 and \$102,646.40 each year respectively.
6. **Board Member Comments/Announcements.**
7. **Next Meeting:** Tuesday, June 20, 2017 at 9:00 a.m.
8. **Adjournment.**

Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting Maria Gonzalez at 480-988-7603 or mgonzalez@gatewayairport.com. Requests should be made as early as possible to allow time to arrange the accommodation.



Executive Director's Report

May, 2017

Financial Snapshot

OPERATING INCOME	MARCH		Month Variance	FYTD		FYTD Variance
	FY16	FY17		FY16	FY17	
Revenues	\$1,794,301	\$1,963,558	\$169,257	\$13,230,584	\$14,227,817	\$997,233
Less Expenses	\$1,530,680	\$1,584,732	\$54,052	\$12,303,444	\$13,130,235	\$826,791
Operating Income (before depreciation)	\$263,621	\$378,826	\$115,205	\$927,140	\$1,097,582	\$170,442

Investment Fund Balances: As of March 31, 2017: Local Governmental Investment Pool (LGIP) 700 = \$17,836,495; Wells Fargo Collateralized Savings Account = \$10,405,950; **Total \$28,242,445.**

Finance and Accounting

Phoenix-Mesa Gateway Airport Authority (PMGAA) reported a net operating income of \$378,826 for the month of March 2017. Year-to-date (YTD) net operating income increased to \$1,097,582. All aeronautic related operating revenue categories; aircraft parking, fuel flowage fees, landing fees, lease income-aero, fuel sales and aero services sold, continue to outperform budgeted forecasts. Non-aeronautic lease income and rental car fees continue to have strong performance. YTD operating expenditures are \$223,000 less than budgeted.

During the month of March, \$10,000,000 in investment funds were transferred from the Wells Fargo account to the LGIP to maximize investment returns. The LGIP funds are earning a better rate of return. The balance maintained in the Wells Fargo account will continue to be evaluated for additional maximization opportunities, after adjusting for the offset of banking fees.

Operating cash balances have improved throughout the fiscal year and \$1,900,000 was transferred from the operating accounts to the Wells Fargo Collateralized Savings Account.

Grants, PFCs & Procurements

As a part of the efforts to maintain a safe and orderly airfield and maximize cash returns to the PMGAA, Procurement staff identified nineteen pieces of decommissioned and inoperable equipment. Nine pieces were auctioned with net sales of \$34,934. The remaining ten pieces of equipment were inoperable and 25-30 years old. The inoperable equipment was salvaged at no cost to PMGAA.

FAA Grants: PMGAA is managing an FAA Grant for \$9,126,306 for the North Apron Area Reconstruction project. An application for the Taxiway Alpha Improvement Project is pending with a grant award expected in early summer.

PMGAA staff is updating its Disadvantaged Business Enterprise (DBE) Program. A public comment period will open the first week of June. An Open House to present the proposed capital improvement schedule and take comments on the draft DBE Program will be held in the terminal on July 25, 2017 at 9:00 AM.

ADOT Grants: A Matching Grant request was awarded by the State Transportation Board for \$447,997 to match the FAA Grant for the North Apron Area Reconstruction Project.

PFC Management: The FAA Final Agency Determination (FAD) for the PFC#5 application has been received. PFC#5 encompasses 22 projects, 17 reimbursements and five new projects. The application totals \$10,555,651.

Active/Pending Solicitations

TYPE OF SOLICITATION	Number	Title	Anticipated Contract Award
Request for Proposals	2017-016-RFP	Landscape Maintenance	May 2017
Invitation for Bid	2017-021-IFB	Taxiway Alpha Reconstruction	June 2017
Request for Proposals	2017-007-RFP	Master Developer for Gateway Aerospace Park	July 2017

Future Solicitations

TYPE OF SOLICITATION	Number	Title	Scheduled for Release	Anticipated Contract Award
Request for Proposals	2017-022-RFP	Airport Revenue Parking Management	May 2017	September 2017
Invitation for Bid	2017-025-IFB	West Terminal Expansion Phase IV	June 2017	July 2017
Invitation for Bid	2017-024-IFB	West Terminal Expansion Phase	June 2017	September 2017

Information Technology Services

PMGAA activated its new property and revenue management system (PROPWorks) in December 2016 and training occurred during January 2017. PMGAA staff members are loading agreements and contracts into the system.

In addition to the Voice Over Internet Protocol (VOIP) phone system upgrade, the terminal paging system is being upgraded for operational improvement and additional functionality. Improvements will include additional zones within the terminal to allow for increased capacity for live paging.

PMGAA has begun Phase I implementation of an Enterprise Resource Planning (ERP) system that will include core financials, capital projects, grants, and cashiering. The estimated go live date for the new enhanced financial system will be April/May 2018.

Airport Operations

Vehicle parking revenue in March 2017 was \$188,617; a 4% increase over last March. Parking contract costs were 14% lower this March compared to the same time period in 2016.

The Gateway AVIATORS have donated over **38,000 volunteer hours staffing the Gateway Airport Information Counter** since the inception of this extremely valuable customer service program. PMGAA would like to offer our sincerest “THANK YOU” to all of the AVIATORS for their hard work and commitment to the airport. In the photo to the right, PMGAA Operations Program Supervisor Alex Smith recognizes volunteer Pat Van Deursen during the annual Volunteer Appreciation Luncheon.



Two service dog groups (photo left) recently visited the airport to conduct service dog training. The dogs and their handlers participated in the ticketing process, went through the TSA Security Screening Checkpoint, and boarded an aircraft to simulate the entire travel experience. A big “THANK YOU” to Allegiant for allowing the two groups to utilize one of their aircraft based at Gateway Airport for this important training exercise. Allegiant is always willing to donate time and available resources to help improve air travel.

Operations Statistics

Total passenger activity was down 1% in March compared to the same time period last year. FYTD, total passenger activity is up 2% compared to FY16. WestJet Airlines welcomed a record 5,307 total passengers during the month of March.

PASSENGERS & CARGO		MARCH		% Change	FYTD		% Change
		FY16	FY17		FY16	FY17	
Passengers	TOTAL	161,111	158,936	-1%	988,163	1,005,844	2%
	Deplaned	80,391	79,537	-1%	501,280	511,498	2%
	Enplaned	80,720	79,399	-2%	486,883	494,346	2%
Allegiant	Scheduled	161,022	153,349	-5%	985,077	992,555	1%
	Charter	89	0	-100%	2,973	924	-69%
WestJet	Scheduled	0	5,307	100%	0	11,725	100%
Elite	Charter	0	280	100%	0	640	100%
Other	Charter	0	0	0%	113	0	-100%
Cargo (pounds)		11,735	15,676	34%	62,691	104,535	67%

OPERATIONS	MARCH		% Change	FYTD		% Change
	FY16	FY17		FY16	FY17	
Air Carrier	1,202	1,319	10%	7,870	8,685	10%
Military	627	551	-12%	4,394	5,871	34%
General Aviation	21,268	24,820	17%	151,495	189,602	25%
TOTAL	23,097	26,690	16%	163,759	204,158	25%

Noise Report

PMGAA received 50 noise calls in March 2017, a 67% increase over the 30 noise calls the airport received during March 2016.

CALLS	MARCH		% Change	FYTD		% Change
	FY16	FY17		FY16	FY17	
	30	50	67%	146	235	61%

AIRCRAFT TYPE	MARCH		% Change	FYTD		% Change
	FY16	FY17		FY16	FY17	
	Calls	Calls		Calls	Calls	
Unknown Jet	11	3	-73%	51	22	-57%
Commercial Total	8	21	163%	37	112	203%
General Aviation Total	0	10	100%	0	25	100%
Military Total	11	16	45%	58	76	31%
TOTAL	30	50	67%	146	235	61%

LOCATION	MARCH				% Change	FYTD				% Change
	FY16		FY17			FY16		FY17		
	Callers	Calls	Callers	Calls		Callers	Calls	Callers	Calls	
Mesa	4	24	4	24	0%	38	102	30	133	30%
Gilbert	0	0	14	21	100%	16	17	35	73	329%
Gold Canyon	0	0	1	1	100%	1	1	2	3	200%
Queen Creek	1	5	2	2	-60%	17	22	6	14	-36%
San Tan Valley	0	0	0	0	0%	1	1	6	6	500%
Florence	0	0	1	1	100%	0	0	1	1	100%
Apache Junction	1	1	1	1	0%	2	2	1	1	-50%
TOTAL	6	30	23	50	67%	76	146	84	235	61%

Engineering & Facilities

Design contracts for three important Transportation Security Administration (TSA) security screening improvement projects are underway. PMGAA will be adding an additional lane to the TSA security screening checkpoint, enlarging the passenger queuing area, and automating the exit lanes from the sterile side of the terminal.

PMGAA is commencing with two South Sossaman Road projects designed to expand the left-turn vehicle queuing lane and create a new entrance into the Hourly Parking Lot. These projects are designed to keep Phoenix-Mesa Gateway Airport “*Just Plane Easy*” as passenger activity continues to increase.

Phase III of the North Apron Area Reconstruction Project is complete and crews are beginning on Phase IV. In total, one million square feet of concrete ramp will be replaced during this project. To put it in perspective, that's seventeen football fields of new concrete!



The Barrio Brewing Company, located in the General Aviation Center at 5803 S. Sossaman Road is open for business! The newest location of the popular Tucson brewery is adjacent to the runways at Phoenix-Mesa Gateway Airport and offers exceptional craft beers and a full menu of great food. Make sure you check out Mesa's newest brewery and restaurant.

Environmental and Archaeological

In April 2016, the airport completed an Air Traffic Control Tower Site Survey to determine the ideal location for a new air traffic control tower. Based on the findings of this report, the new air traffic control tower will be located 410 feet to the north and west of the existing tower. An Environmental Assessment (EA) of the proposed site is currently underway, and must be completed before final design and construction can take place.

Gateway Aviation Services

Fuel-related revenue for March 2017 was down 3% compared to March last year. FYTD, fuel-related revenue is 1% below the same time period last fiscal year.

Fuel-Related Revenue	MARCH		% Change	FYTD		% Change
	FY16	FY17		FY16	FY17	
Net Retail (Jet)	\$105,374	\$118,348	12%	\$ 584,450	\$829,320	42%
Net AvGas	\$ 57,219	\$52,043	-9%	\$ 394,624	\$405,183	3%
Storage Fees	\$ 36,735	\$36,776	0%	\$ 223,828	\$231,848	4%
Upload Fees	\$296,201	\$271,711	-8%	\$2,052,449	\$1,760,942	-14%
Total	\$495,529	\$478,878	-3%	\$3,255,351	\$3,227,293	-1%

FUEL (Gallons)	MARCH		% Change	FYTD		% Change
	FY16	FY17		FY16	FY17	
Retail (Jet)	51,081	56,382	10%	289,008	415,987	44%
AvGas	42,004	47,610	13%	321,361	366,061	14%
Contract	367,649	395,018	7%	2,685,011	2,598,882	-3%
Commercial	1,335,783	1,337,295	0%	8,139,028	8,433,240	4%
Total	1,796,517	1,836,306	2%	11,434,408	11,814,170	3%

Gallons of fuel sold during the month of March increased 2% when compared to last March, and are up 3% FYTD. Retail Jet-A was up 10% and Contract fuel was also up 7% due to a continued increase in activity related to the ICE operation.



PMGAA hosted the Commemorative Air Force (CAC) during April. They brought two aircraft for a week-long event on the ramp at Gateway Airport. "Fifi," one of only two operational B-29s, and a C-45 named "Bucket of Bolts" proved popular with spectators that came to the airport to enjoy the vintage aircraft. In addition to the two aircraft, The Medal of Honor Society presented an award to Luther Morgan, US Army 1st Cavalry, presenting the Legacy of Valor Medal of Merit with support from

the Arizona Rangers, Patriot Guard Riders, CAF, and staff from Gateway Airport.

Business Development

PMGAA is currently in various stages of negotiations with nine prospects. Four of the nine opportunities are new ground leases that, if successful, would absorb approximately 15 acres of property; two of the opportunities are new companies looking to lease existing facilities at the Airport; and the rest are lease renewals or expansions by existing PMGAA tenants.

PMGAA has entered into a Memorandum of Understanding (MOU) with Mesa SkyBridge Partners, LLC to pursue a Master Developer Agreement (MDA) for the 360-acre Gateway Aerospace Park located on the south end of the airport.

PMGAA and Allegiant have signed a new five-year operating agreement that keeps airport costs very competitive to stimulate continued air service growth.

Great news! WestJet Airlines announced they will be returning to Gateway Airport in October. Spread the word!



PMGAA staff shared a booth with representatives from the Arizona Commerce Authority (ACA) at the 2017 MRO Americas Conference held on April 25-27 in Orlando, FL. MRO Americas is the premier event for the commercial air transport maintenance, repair, and overhaul industry. This well-attended conference provides a unique forum for intelligence gathering and qualified business leads generation. During the conference, the PMGAA team had several prescheduled meetings with companies interested in learning more about what Gateway Airport and the region has to offer.

Strategic Communications and Government Relations

Phoenix-Mesa Gateway Airport had the honor and privilege of hosting a special roundtable event for the Mesa Industry and Defense Council that included Army Chief of Staff General Mark Milley, Senators John McCain and Jeff Flake, and Congresswoman Martha McSally. Presenter included Boeing, MD Helicopter, Nammo Talley, Orbital ATK, Geco, Inc., and Arizona State University. This was a great opportunity to highlight many of the defense contractors that are located in the East Valley.



Community Relations

One of the key organizational goals identified by the PMGAA Board of Directors is **Maintain a High Level of Community Support**. PMGAA staff had another busy month providing airport tours and presentations to local community, school, and civic groups including the Boy Scouts of America, Mesa Jr. Chamber of Commerce, and Mesa East Rotary. Staff also participated in a number of community events in Apache Junction, Phoenix, Queen Creek, Mesa, Gilbert, and Chandler.

PMGAA continues its efforts to expand the **Allegiant Alliance Marketing Cooperative** by coordinating with other Allegiant airports to cross-promote tourism-related activities in the East Valley, the Greater Phoenix region, and across the great State of Arizona.



**MINUTES OF PUBLIC MEETING OF THE
PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
BOARD OF DIRECTORS | April 18, 2017**

A public meeting of the Phoenix-Mesa Gateway Airport Authority was convened on April 18, 2017, beginning at 8:35 a.m. in the Board Room (Saguaro A & B) of the Gateway Administration Building, 5835 South Sossaman Road, Mesa, Arizona.

Members Present

Mayor John Giles, Mesa
Mayor Jenn Daniels, Gilbert
Mayor Jeff Serdy, Apache Junction
Vice Mayor Jeff Brown, Queen Creek
Councilmember Thelda Williams, Phoenix
Lt. Governor Monica Antone, Gila River Indian
Community*

**Neither present nor represented*

Airport Staff Present

J. Brian O'Neill, Executive Director/CEO
Scott Brownlee, Deputy Director/COO
Chuck Odom, CFO
Maria Gonzalez, Clerk of the Board
Ann Marie Anderson, Attorney

Members of the Public

Roc Arnett
Councilwoman Robin Barker, City of Apache Junction
Jason Barney, Circle G
Jamie Bennett, Town of Queen Creek
Aric Bopp, City of Mesa
Matt Busby, City of Apache Junction
Scott Butler, City of Mesa
Humberto Castro, Sky Plus
Chuck Christiansen, Premier Engineering
Tracy Corman, Town of Queen Creek
Kent Dibble, Dibble Engineering
Ken Halverson, Jetstrip/KMH
Fred Himovitz, HPI
Brian Howard, CEI

Chris Hucker, Mead & Hunt
John Lewis, East Valley Partnership
Andy Kunasek, Fraport
Jim McCauley, Wells Fargo
Felipe Monrey, Sky Plus
Bridget Penten, City of Phoenix
Bryant Powell, City of Apache Junction
Carlos Puente, Sky Plus
Steve Reeder, Kimley-Horn
Stephanie Salazar, Arizona State University
Gabriele Soto F., Sky Plus
Angela Talbot, JE Dunn Construction
Q. Williams, GT
Bob Winrow, WSP/Parsons Brinckerhoff

1. **Call to Order** at 8:35 a.m. (Mayor John Giles, Chair)

2. **Motion to Convene into Executive Session (8:35 a.m.)**

Pursuant to A.R.S. § 38-431.03(A)(3) and (A)(7), the Board of Directors may convene into executive session for the purpose of discussion or consultation for legal advice with the attorney or attorneys of the public body and to consider its position and instruct its representatives regarding negotiations for the purchase, sale or lease of real property as it relates to the Master Developer Request for Proposal.

Mayor Jenn Daniels moved to convene into Executive Session. Councilmember Thelda Williams seconded the motion. The motion was carried unanimously.

3. **Reconvene from Executive Session to Regular Session (9:15 a.m.)**

4. **Call to the Public.**

There were no public comments.

5. Executive Director's Report – J. Brian O'Neill, A.A.E., Executive Director/CEO

The Board of Directors received information related to operational activity, noise summary, fuel sales, and financials. Fiscal Year-to-Date (FYTD) actual Net Income is \$718,756, an 8% increase over last fiscal year.

With respect to the Northeast Area Development Plan, the Federal Aviation Administration (FAA) issued a Finding of No Significant Impact (FONSI) and a Record of Decision (ROD) for the Environmental Assessment (EA). These important documents allow the Airport to proceed with the development of 700 acres of prime real estate located adjacent to Route 202 and SR 24.

Phase III of the North Apron Area Replacement Project began on March 27, 2017 and is scheduled for completion on May 9th, representing approximately 60% completion of the overall project.

The FAA approved the Passenger Facility Charge (PFC) #5 application; PFC #5 encompasses reimbursement for 17 completed projects and five new projects, including the EA for the Air Traffic Control Tower.

Construction on the new Barrio Brewing Company restaurant in the Gateway Aviation Center continues to progress. The scheduled completion date is April 29, 2017.

Effective December 7, 2017, PMGAA's three-letter identifier will change from AZA/IWA to AZM.

PMGAA completed the software implementation for Phase I of the new Enterprise Resource Planning (ERP) System. Phase I includes core financials, capital projects, grants, and cashiering; tentative "go-live" date of April, 2018.

PMGAA developed a Strategic Business Plan, and is in the process of implementing a "tactical plan" at the department level designed to help the organization reach seven specific goals: 1) Increase Air Service; 2) Maintain a High Level of Community Support; 3) Strengthen Financial Sustainability; 4) Invest in People and Operational Assets; 5) Attract Commercial Development; 6) Plan, Build and Maintain Infrastructure; and 7) Promote Regional Tourism.

6. Consent Agenda

- a. **Minutes** of the Telephonic Board Meeting held on *March 21, 2017*.
- b. **Resolution No. 17- 11** Authorizing a contract with **Eggen Weed Control** for herbicide application for airport premises in an amount not to exceed \$149,737.26 for three years with (2) one year renewal options not to exceed \$51,922.10 and \$52,960.54 each year respectively.
- c. **Resolution No. 17-12** Approval of Authorization of Services No. 16A-1705 with **Dibble Engineering** for the Sossaman Road & Terminal Roadways Modifications Design for a total cost not-to-exceed \$123,151.
- d. **Resolution No. 17-13** Authorizing an Amended and Restated Land Lease with **HDH Systems Williams AZ, LLC** for the parcel located at 5655 South Sossaman Road. The lease term is 28 years and 10 months, with no extension options. Annual ground rent is \$116,085.37.
- e. **Resolution No. 17-14** Authorizing a Facility Lease with **Allegiant Air, LLC** for the facility located at 6045 South Sossaman Road. The lease term is five years with no extension options. Annual rent is \$123,459.

Mayor Jenn Daniels moved to approve the Consent Agenda; Councilmember Thelda Williams seconded the motion. The motion was carried unanimously.

Consideration and Possible Approval of:

7. **Resolution No. 17-15** Authorizing a new five-year operating agreement with **Allegiant Travel Company**.

Councilmember Thelda Williams moved to approve Resolution No. 17-15; Mayor Jenn Daniels seconded the motion. The motion was carried unanimously.

8. **Resolution No. 17-16** Approval of an Authorization of Services with **Premier Engineering** for Final Design Services for the Ellsworth Channel Relocation Project for a total cost not-to-exceed \$491,000.

Mayor Jenn Daniels moved to approve Resolution No. 17-16; Councilmember Thelda Williams seconded the motion. The motion was carried unanimously.

9. **Resolution No. 17-17** Authorizing a Memorandum of Understanding identifying **SkyBridge Partners** as the preferred respondent to the Master Developer Request for Proposal.

Mayor Jenn Daniels moved to approve Resolution No. 17-17; Vice Mayor Jeff Brown seconded the motion. The motion was carried unanimously.

10. **Board Member Comments/Announcements**

There were no comments.

11. **Next Meeting:** May 16, 2017 at 9:00 a.m. in the Board Room (Saguaro A & B) of the Gateway Administration Building, 5835 South Sossaman Road, Mesa, Arizona.

12. **Adjournment.**

The meeting adjourned at 9:56 a.m.

Dated this _____ day of _____, 20_____.

Maria E. Gonzalez, Clerk of the Board



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Veronica Lewis, Human Resources Director
Through: Scott Brownlee, Deputy Director/COO
J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Employee Benefit Package for Fiscal Year 2018
Date: May 16, 2017

Proposed Motion

Authorizing the Phoenix-Mesa Gateway Airport Authority's (PMGAA's) insurance broker, Wells Fargo Insurance Services USA, Inc., to purchase benefit plans (medical, dental, vision, basic life/accidental death & dismemberment, and short term disability) from various carriers. This consists of a 12-month renewal July 1, 2017 through June 30, 2018 with an estimated plan cost of \$1,003,702 for the fiscal year.

Narrative

PMGAA's benefit broker, Wells Fargo Insurance Services USA, Inc., requested quotes from current benefit carriers for a 12-month renewal of benefit plans. Providing competitive benefits has been, and continues to be a major retention and attraction tool in PMGAA's recruiting and employee retention efforts. In that regard, the objective is to maintain a high level of plan services and minimize costs. We considered plan benefit levels, costs to employees, and the overall budget effect of the plans.

Wells Fargo negotiated the best possible rates from each carrier that resulted in a total plan increase of 4%. As a result, PMGAA staff proposes that Cigna continue to be the carrier for medical benefits and offer the same three plan coverage options that are currently available. The renewal includes plan changes that will benefit the medical program and provides employees options on network and cost.

PMGAA staff proposes that UNUM continue to be the carrier for dental, basic life/accidental death & dismemberment, and short-term disability plans as there is 0% increase in premiums due to the 24-month rate guarantee that was negotiated during the FY17 renewal period. Additionally, it is recommended that EyeMed continue to be the vision carrier as there also is 0% increase in premiums due to the 48-month rate guarantee that was negotiated during the FY17 renewal period.

Fiscal Impact

Cost of the medical benefits package for FY18 is estimated to be \$796,637 (employer's portion) and \$207,065 (employee's portion) for a total of \$1,003,702. This amount is within the FY18 budget and reflects an increase of approximately \$43,037 from FY17.

Attachment(s)

Wells Fargo Insurance Services USA, Inc. 2017 Executive Summary



RESOLUTION NO. 17-18

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Authority desired to purchase benefit plans from various carriers;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes the Authority’s insurance broker, Wells Fargo Insurance Services USA, Inc., to purchase benefit plans (medical, dental, vision, basic life/accidental death & dismemberment, and short-term disability) from various carriers. This consists of a 12-month renewal July 1, 2017 through June 30, 2018 at an estimated plan cost of \$1,003,702 per fiscal year. This resolution also authorizes the Chair or Executive Director/CEO to execute such Contract, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 16th day of May, 2017.

John Giles, Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Attorney

Employee Benefit Renewal Analysis

Phoenix-Mesa Gateway Airport Authority

Jim McCauley

Sales Executive, Employee Benefits Division

Betty Whalley

Account Executive

April 12, 2017

Wells Fargo Insurance Services USA, Inc.

100 W Washington St

Phoenix, AZ 85003

Phone: (602) 528-3021

Fax: (866) 625-4512

wellsfargo.com/wfis



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Telehealth benefit flyer
Disclosures

Executive summary

July 1, 2017

Wells Fargo Insurance Services USA, Inc. is pleased to present Phoenix-Mesa Gateway Airport Authority (PMGAA) with its Employee Benefits Renewal and Marketing Analysis.

Medical - Cigna Healthcare

Initial Renewal: 16% increase

Negotiated Renewal: 5% increase

The proposed renewal from Cigna Healthcare reflects a 16% increase. This renewal assumes the following changes in benefits:

1. Addition of Telehealth virtual benefit at the same copay as an primary care office visit copay.
2. Addition of 90 day Retail Prescription Drug benefit.
3. Addition of coverage for gender reassignment surgery (Federal Mandated benefit)
4. The Mental Health/Substance Abuse outpatient copay is moving to \$50 on the \$250 OAP plan due to Mental Health/Substance Abuse Federal compliance mandate.
5. Expansion of Cigna's precertification process will not include their oncology program, requiring a full review of coverage for patients total oncology treatment plan. This will ensure the treatment plans are consistent with National Comprehensive Cancer Network (NCCN) standards. EviCore healthcare will be handling this and will charge \$565 for each episode of care only if a member goes through this review for a new treatment plan.

Below are the factors associated with the pricing of this renewal:

Over the past 12 months there were 6 claimants with over \$25,000 in claims. Four exceeded \$75,000 as follows:

- a) Malignant Neoplasm of Overlapping Site of Tonsil - \$105,914
- b) Pain in Right Shoulder - \$92,324 - ongoing, expecting \$85,000 for the 2017-18 plan year
- c) Skin Inflammation - \$82,490
- c) Bipolar Disorder/Type 1 Diabetes Mellitus with Hyperglycemia - \$82,657 - ongoing, expecting \$75,000 in 2017-18 plan year

Dental - UNUM/United Concordia

Renewal: 0% increase

When implemented in 2016, UNUM/United Concordia proposed a 2-year rate guarantee. Next renewal will be July 1, 2018.

Vision - EyeMed

Renewal: 0% increase

When implemented in 2016, EyeMed proposed a 4-year rate guarantee. Next renewal will be July 1, 2020.

Basic and Voluntary Life and Accidental Death & Dismemberment - UNUM

Renewal: 0% increase

When implemented in 2016, UNUM proposed a 2-year rate guarantee for the Basic Life and AD&D. Next renewal will be July 1, 2018. With regard to the Voluntary Life and AD&D, those rates are guaranteed to July 1, 2019.

Short Term Disability - UNUM

Renewal: 0% increase

As a result of favorable claim experience, UNUM has proposed a renewal with no change in pricing.

Employee Assistance Program - MHN

Renewal: 0% increase

MHN has agreed to no increase in pricing for the 2017-18 plan year.

Overall Results

In review of the full 2017-18 Employee Benefits Renewal the overall pricing (Cigna, EyeMed, UNUM/UCCI) results in an **increase of 4% with no changes in benefits.**

Thank you for this opportunity to present the Employee Benefits Renewal to you. We value our relationship.

Total Annualized Cost Summary

July 1, 2017

	Cigna/EyeMed/UNUM Current Pricing	Cigna/EyeMed/UNUM Renewal		Cigna/EyeMed/UNUM Negotiated Renewal	
Coverage	Current Cost	Renewal	%	Negotiated Renewal	%
Medical	\$860,915	\$998,661	16%	\$903,952	5%
Dental	\$59,802	\$59,802	0%	\$59,802	0%
Vision	\$8,534	\$8,534	0%	\$8,534	0%
Basic life and AD&D	\$15,280	\$15,280	0%	\$15,280	0%
Short term disability	\$16,134	\$16,134	0%	\$16,134	0%
Annual total - All premiums	\$960,665	\$1,098,411		\$1,003,702	
\$ Change over current		\$137,746		\$43,037	
% Change over current		14%		4%	

(A) Renewal Cigna and UNUM benefits

- \$250 Deductible 90% PPO Plan Option - Open Access Plus (OAP) National Network
- \$500 Deductible 80% PPO Plan Option - Open Access Plus (OAP) Network
- \$500 Deductible 80% PPO Plan Option - Local Plus Limited Network
- EyeMed Vision
- UNUM Dental, Life/AD&D and Short Term Disability

Final rates are subject to actual enrollment, plan design(s) selected and underwriting approval.

Medical cost summary

July 1, 2017

	Census	Cigna Healthcare Triple Option Program Current and Renewal OAP National Network		
Medical - \$250 Deductible				
General plan information				
Deductible (Individual/Family)		\$250 / \$750		
Coinsurance		90%		
Out-of-pocket maximum (Ind/Fam)		\$2,500 / \$5,000		
Office visit copayments (PCP/Spec)		\$25 / \$50		
Diagnostic testing				
Diagnostic x-ray and lab		Office visit copay		
Complex x-ray and lab (CT/PET/MRI)		Deductible then 90%		
Inpatient & outpatient services				
Inpatient hospital		Deductible then 90%		
Outpatient services		Deductible then 90%		
Emergency room		\$200 copay per visit		
Urgent care		\$75 copay per visit		
Pharmacy				
Retail (30 day supply)		\$10 / \$35 / \$60		
Retail (90 day supply)		\$30 / \$105 / \$180		
Mail order (90 day supply / home delivery)		\$25 / \$88 / \$150		
Out-of-Network				
Deductible (Individual/Family)		\$500 / \$1,500		
Coinsurance		70%		
Out-of-pocket maximum (Ind/Fam)		\$5,000 / \$10,000		
Monthly rates		Current	Renewal	Neg. Renewal
Employee	51	\$609.30	\$706.79	\$639.76
Employee + 1 Dependent	5	\$1,249.04	\$1,448.89	\$1,311.48
Employee + Family	8	\$1,614.61	\$1,872.95	\$1,695.32
Monthly premium	64	\$50,236	\$58,274	\$52,748
Annual premium		\$602,837	\$699,290	\$632,973

	Census	Cigna Healthcare Triple Option Program		
Medical - \$500 Deductible		OAP National Network		
General plan information				
Deductible (Individual/Family)		\$500 / \$1,500		
Coinsurance		80%		
Out-of-pocket maximum (Ind/Fam)		\$3,000 / \$6,000		
Office visit copayments (PCP/Spec)		\$25 / \$50		
Diagnostic testing				
Diagnostic x-ray and lab		100% after office visit copay		
Complex x-ray and lab (CT/PET/MRI)		Deductible then 80%		
Inpatient & outpatient services				
Inpatient hospital		Deductible then 80%		
Outpatient services		Deductible then 80%		
Emergency room		\$200 copay per visit		
Urgent care		\$75 copay per visit		
Pharmacy				
Retail (30 day supply)		\$10 / \$35 / \$60		
Retail (90 day supply)		\$30 / \$105 / \$180		
Mail order (90 day supply / home delivery)		\$25 / \$88 / \$150		
Out-of-Network				
Deductible (Individual/Family)		\$1,000 / \$3,000		
Coinsurance		50%		
Out-of-pocket maximum (Ind/Fam)		\$6,000 / \$12,000		
Monthly rates		Current	Renewal	Neg. Renewal
Employee	3	\$565.76	\$656.28	\$594.04
Employee + 1 Dependent	2	\$1,159.79	\$1,345.36	\$1,217.77
Employee + Family	7	\$1,499.23	\$1,739.11	\$1,574.17
Monthly premium	12	\$14,511	\$16,833	\$15,237
Annual premium		\$174,138	\$202,000	\$182,842

	Census	Cigna Healthcare Triple Option Program		
Medical - \$500 Deductible		Local Plus Network		
General plan information				
Deductible (Individual/Family)		\$500 / \$1,500		
Coinsurance		80%		
Out-of-pocket maximum (Ind/Fam)		\$3,000 / \$6,000		
Office visit copayments (PCP/Spec)		\$25 / \$50		
Diagnostic testing				
Diagnostic x-ray and lab		100% after office visit copay		
Complex x-ray and lab (CT/PET/MRI)		Deductible then 80%		
Inpatient & outpatient services				
Inpatient hospital		Deductible then 80%		
Outpatient services		Deductible then 80%		
Emergency room		\$200 copay per visit		
Urgent care		\$75 copay per visit		
Pharmacy				
Retail (30 day supply)		\$10 / \$35 / \$60		
Retail (90 day supply)		\$30 / \$105 / \$180		
Mail order (90 day supply / home delivery)		\$25 / \$88 / \$150		
Out-of-Network				
Deductible (Individual/Family)		\$1,000 / \$3,000		
Coinsurance		50%		
Out-of-pocket maximum (Ind/Fam)		\$6,000 / \$12,000		
Monthly rates		Current	Renewal	Neg. Renewal
Employee	3	\$514.35	\$596.65	\$540.06
Employee + 1 Dependent	0	\$1,054.40	\$1,223.10	\$1,107.11
Employee + Family	4	\$1,363.00	\$1,581.08	\$1,431.14
Monthly premium		\$6,995.05	\$8,114.26	\$7,344.74
Annual premium		\$83,941	\$97,371	\$88,137
Total monthly premium		\$71,743	\$83,222	\$75,329
Total annual premium		\$860,915	\$998,661	\$903,952
% Change over current		N/A	16.00%	5.00%
\$ Change over current			\$137,746	\$43,037

Notes:

Participation in the plans is based on current medical elections.

Rates above are based on the census data provided by and assume an July 1, 2017 effective date.

Final rates are subject to actual enrollment, plan design(s) selected and underwriting approval.

This exhibit is intended as a brief comparison of benefits and does not include all benefits, exclusions or limitations. Please refer to SPD or proposal for full details.

Dental PPO benefit summary

July 1, 2017

		UNUM/UCCI	
General plan information		In-Network	
Annual deductible			
Individual		\$50	
Family		\$150	
Waived for preventive		Yes	
Annual plan maximum		\$2,000	
Lifetime orthodontia plan maximum		\$1,000	
Out-of-Network Reimbursement		90th Percentile	
Waiting period		None	
Covered services			
Diagnostic & preventive services			
Examinations, X-rays,		100%	
Prophylaxis, Fluoride Treatment		100%	
Sealants		100%	
Basic services			
Composite Resin Fillings		90%	
Endodontics		90%	
Oral surgery		90%	
Periodontics		90%	
Major services			
Crowns, Bridges, Dentures		60%	
Inlays and onlays		60%	
Implants		60%	
Orthodontia		50%	
Dependent Children		Yes	
Adults		Yes	
Out-of-Network Coinsurance			
Preventive/Basic/Major/Ortho		100/80/50/50	
Cost Comparison		Current	Renewal
Rating tier			
Employee	50	\$32.60	\$32.60
Employee + 1 Dependent	15	\$64.40	\$64.40
Employee + Family	25	\$95.50	\$95.50
Monthly premium	90	\$4,984	\$4,984
Annual premium		\$59,802	\$59,802
\$ Change over current			\$0
% Change over current			0%
Rate Guarantee		12 Months	

Final rates are subject to actual enrollment, plan design(s) selected and underwriting approval.

Rates and premium above are based on the enrollment provided by UNUM

This exhibit is intended as a brief comparison of benefits and does not include all benefits, exclusions or limitations. Please refer to SPD or proposal for full details.

Vision benefit summary

July 1, 2017

		EyeMed	
General plan information		PPO	Non-PPO
Copay			
Examination		\$20 copay	Up to \$40
Materials		\$0 copay	See Below
Benefit frequency			
Examination		12 Months	
Lenses		12 Months	
Frames		12 Months	
Contacts		12 Months	
Covered services			
Lenses			
Single vision lens		100%	Up to \$30
Bifocal lens		100%	Up to \$50
Trifocal lens		100%	Up to \$70
Contacts			
Medically necessary		100%	Up to \$210
Elective		Up to \$130, 15% off balance	Up to \$130
Frames			
		Up to \$130, 20% off balance	Up to \$91
		Current	Renewal
Rating tier			
Employee	49	\$5.61	\$5.61
Employee + 1 Dependent	13	\$10.67	\$10.67
Employee + 2+ Dependents	19	\$15.66	\$15.66
Monthly premium	81	\$711	\$711
Annual premium		\$8,534	\$8,534
\$ Change over current			\$0
% Change over current			0%
Rate guarantee			36 Months

Notes:

* *Vision is quoted assuming dental is also selected.*

Rates and premium above are based on the enrollment provided by EyeMed.

Final rates are subject to actual enrollment, plan design(s) selected and underwriting approval.

This exhibit is intended as a brief comparison of benefits and does not include all benefits, exclusions or limitations. Please refer to SPD or proposal for full details.

Basic life and AD&D benefit summary

July 1, 2017

		UNUM	
General plan information			
Life and AD&D benefit amount			
Employee		One (1) x annual salary to \$150,000	
Reduction of benefits schedule (Life and AD&D)			
65 - 69		Reduced 0%	
70 - 74		35% of original benefit	
75 - 79		50% of original benefit	
80 - 84		No further reduction	
85 and older		No further reduction	
Waiver of premium		Available	
Accelerated benefit		100% of life benefit	
Portability		Available	
Conversion		Not Available	
Cost comparison		Current	Renewal
Volume		\$5,788,000	\$5,788,000
Life rate per \$1,000		\$0.190	\$0.190
AD&D rate per \$1,000		\$0.030	\$0.030
Total rate per \$1,000		\$0.220	\$0.220
Total monthly premium		\$1,273	\$1,273
Total annual premium		\$15,280	\$15,280
\$ Change over current		N/A	\$0
% Change over current		N/A	0%
Rate guarantee			12 Months

Notes:

Rates and premium above are based on the enrollment and covered annual volume provided by UNUM
Final rates are subject to actual enrollment, plan design(s) selected and underwriting approval.

This exhibit is intended as a brief comparison of benefits and does not include all benefits, exclusions or limitations. Please refer to SPD or proposal for full det

Short term disability benefit summary

July 1, 2016

	UNUM	
General plan information	Current and Renewal Plan	
Elimination period		
Accident	30 Days	
Sickness	30 Days	
Benefit percentage	60%	
Weekly benefit maximum	\$1,000	
Maximum period of payment	22 Weeks	
Minimum weekly benefit	\$25	
24 hour coverage	Non-Occupational	
Recurrent disability benefit	Included	
Definition of earnings	80% loss of income	
Cost comparison	Current	Renewal
Covered weekly benefit volume	\$58,456	\$58,456
Rate per weekly benefit (per \$10)	\$0.230	\$0.230
Total monthly premium	\$1,344	\$1,344
Total annual premium	\$16,134	\$16,134
\$ Change over current	N/A	\$0
% Change over current	N/A	0%
Rate guarantee		12 Months

Notes:

Rates and premium above are based on the enrollment and covered weekly benefit volume provided by UNUM. Final rates are subject to actual enrollment, plan design(s) selected and underwriting approval.

This exhibit is intended as a brief comparison of benefits and does not include all benefits, exclusions or limitations. Please refer to SPD or proposal for full details.

Voluntary Life and AD&D comparisons

July 1, 2017

Life benefits	UNUM
Life and AD&D benefit amount	
Employee	Increments of \$10,000
Spouse	Increments of \$5,000
Child(ren)	Increments of \$2,000
Guarantee issue amount	
Employee	\$100,000
Spouse	\$25,000
Child(ren)	\$10,000
Overall maximum	
Employee	Lesser of 5x Salary or \$500,000
Spouse	100% employee elected amount or \$500,000
Child(ren)	\$10,000
Reduction of benefits schedule (Life and AD&D)	
Age 64 or younger	No reduction
65 - 69	No reduction
70 - 74	35% reduction
75 - 79	50% reduction
80 - 84	No further reduction
Age 85 & older	No further reduction
Accelerated Death Benefit	Yes
Portability	Yes
Conversion	No

Life benefits	UNUM
Voluntary life premium (per \$1,000)	Current/Renewal
Under age 30	\$0.090
30 - 34	\$0.090
35 - 39	\$0.120
40 - 44	\$0.180
45 - 49	\$0.300
50 - 54	\$0.480
55 - 59	\$0.800
60 - 64	\$0.990
65 - 69	\$1.470
70 - 74	\$2.840
75 +	\$2.840
Spouse	Same as Above* Spouse Rates Based On Employee's Age
Child(ren)	\$0.245/\$1000
AD&D	\$0.025
Rate guarantee	24 Months

Notes:

Final rates are subject to actual enrollment, plan design(s) selected and underwriting approval.

This exhibit is intended as a brief comparison of benefits and does not include all benefits, exclusions or limitations. Please refer to SPD or proposal for full details.

Privacy policy

How we collect information

We want you to understand how we are compensated for the services we provide and give you the opportunity to request specific information about your insurance policies.

- The insurance companies we represent.
- Other companies within the Wells Fargo family (companies owned by Wells Fargo & Company).

Any personal health information we obtain about you receives special treatment as described below.

How we protect information

We do our best to keep your personal information confidential and secure.

- Only people who need it to provide you with products and services are allowed to have access to your information. These individuals may include employees, independent contractors or other service providers.
- Our policies cover the proper physical security of workplaces and records.
- Our physical and electronic safeguards and procedures comply with federal standards.
- Our virus detection, firewalls and other computer software are designed to protect access and prevent damage to customer data in our computer systems.
- We maintain the privacy of your personal health information as required by the Health Insurance Portability and Accountability Act of 1996. We will keep any personal health information you provide to us confidential unless: (1) you provide us with your written permission to disclose; or (2) the disclosure is for underwriting, premium rating, or other activities related to the creation, renewal, or replacement of another contract of health insurance, or as permitted or required by law.

How we use and disclose information

We may need to disclose your information in order to conduct business. At times, it may also be required by law. For example:

- We share your information with insurance companies and their agents to place insurance coverage and to service your account.
- We do NOT share your information with any affiliated companies or with any non-affiliated third parties for their independent use in marketing their products.
- When required or allowed by law, and when responding to subpoenas and other legal documents, we share your information with credit bureaus and government agencies.
- We only share your personal health information for underwriting, premium rating, or other activities related to the creation, renewal, or replacement of another contract of health insurance, or as permitted or required by law.

Changes to this privacy policy

The practices and policies contained in this disclosure are subject to change. We will communicate any significant changes to you as required by law. The practices and policies contained in this brochure replace all previous notices or statements regarding this subject.

Wells Fargo Insurance Services USA, Inc., and its subsidiaries provide insurance services. As part of servicing accounts and obtaining insurance, we collect and maintain information about our customers. We appreciate and respect the trust you place in us when you provide us with your personal information.

Disclosures

- Products and services are offered through Wells Fargo Insurance Services USA, Inc. (Wells Fargo Insurance) and Wells Fargo Insurance Services of West Virginia, Inc., non-bank insurance agency affiliates of Wells Fargo & Company.
- Products and services are underwritten by unaffiliated insurance companies, except crop and flood insurance which may be underwritten by their affiliate, Rural Community Insurance Company. Some services may require additional fees and may be offered directly through third party providers. Banking and insurance decisions are made independently and do not influence each other.
- The coverage and rates presented in this proposal are a simplified outline of the proposed insurance policies. The actual policies issued by the insurance company govern the coverage provided, and should be read for coverage terms, limitations, definitions and conditions pertaining to your specific insurance program.
- Some services may be provided by third parties. Wells Fargo Insurance intends to assist its customers in identifying third parties that will meet the customers' needs, but Wells Fargo Insurance has not reviewed these third parties for data security practices, financial stability, or the other factors you should consider as you choose a vendor to meet your needs. As with any company you choose to do business, it is important that you conduct due diligence.
- Wells Fargo Insurance may receive compensation in connection with a client's engagement of certain third-party service providers.

Transparency and disclosure

Insurance is a highly regulated, competitive industry that fuels the US economy and protects individuals and commercial entities from losses. There is nothing more important to our industry and to Wells Fargo Insurance than maintaining the trust of our customers and conducting business with the utmost integrity. We believe that our leadership role on disclosure should tie directly to our core values. Among these we state that we:

- Value and reward open, honest, two-way communication
- Do what is right for the customer
- Talk and act with the customer in mind
- Exceed our customers' expectations

Wells Fargo Insurance is proactively providing customers with complete transparency on standard and contingent commission income. We receive compensation from the insurance companies we represent when placing your insurance. Our compensation is usually a percentage of the premium you pay for your insurance policy or bond (a "commission"), which is paid to us by the insurance companies for placing and servicing your insurance or bonds with them. We also may receive fees agreed to in writing from our customers. Intermediaries, such as wholesale brokers, may sometimes be used to access certain insurance companies. Such intermediaries will allocate a portion of the compensation from the insurance companies to us and may, in some cases, be an affiliated company.

We receive payments from insurance companies to defray the cost of services provided for them, including advertising, training, certain employee compensation, and other expenses.

Consistent with longstanding industry practice, we may earn interest on premiums received from you and forwarded to the insurance companies through our bank accounts. We may also earn interest when the insurance company issues you a refund and that refund is processed through our bank accounts. We retain the interest earnings on our bank accounts.

Some of the insurance companies we represent may pay us additional commissions, sometimes referred to as contingent or bonus commissions, which may be based on the total volume of business we sell for them, and/or the growth rate of that business, retention rate, claims loss ratio, or other factors considering our entire book of business with an insurance company for a designated period of time.

The amount of premium you pay for a policy may change over the term of the policy. For example, your endorsement requests will affect the premium. Should the premium for any of your policies change, the amount of compensation paid to us by the insurance company would change accordingly.

Market security guidelines

Wells Fargo Insurance's objective is to place customer risks with insurers that are financially sound. Wells Fargo Insurance authorized insurers that it believes, at the time of placement, have the financial ability to fulfill their claim payment obligations to our customers. This recommendation is based on financial and other relevant information that is available at the time of placement.

Wells Fargo Insurance has appointed a group of experienced insurance professionals to serve on a Market Security Committee. This Security Committee is responsible for establishing and utilizing guidelines for the selection of insurers and supporting Wells Fargo Insurance team members in their efforts to utilize financially sound insurers. In assessing the financial strength of insurers, the Market Security Committee relies upon the opinions and assessments of recognized insurer-rating agencies and other carrier review companies.

Wells Fargo Insurance is not a guarantor of the solvency of insurers with which its agents place business. The goal is to use reasonable measures to do business with financially healthy insurers.



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Margi EvanSon, Operations & Maintenance Director
Through: Scott Brownlee, Deputy Director/COO
J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Landscape Maintenance – The Groundskeeper
Date: May 16, 2017

Proposed Motion

To authorize a contract with Environmental Earthscapes, Inc. d/b/a The Groundskeeper for landscape maintenance services in an amount not to exceed \$281,890.08 for three years with (2) one year renewal options not to exceed \$99,656.70 and \$102,646.40 each year respectively.

Narrative

A primary function of Operations and Maintenance is to ensure an aesthetically pleasing environment for passengers, visitors, tenants and staff of the Airport. This contract covers landscape services for a total of 50.58 acres of Airport property including:

- 25.810 acres of Sossaman Rd median, parkways, PMGAA entryway, and the west retention area;
- 11.293 acres of parking lot areas;
- 6.069 acres of the Charles L. Williams terminal complex;
- 4.215 acres of tenant leased or potential tenant leased property;
- 2.144 acres of the General Aviation Center, Park and Administration Building;
- 1.053 acres comprising of the Fuel Farm & Air Traffic Control Tower

Request for Proposals 2017-016-RFP for Landscape Maintenance was issued on February 8, 2017. The RFP was advertised in the Arizona Business Gazette on February 9th, 16th, 23rd and March 2nd as well as emailed to a list of prospective respondents. In addition, the RFP was posted on the Arizona Airports Association and Airports Council International-North American websites.

PMGAA received 4 proposals by the deadline. The Evaluation Committee reviewed all 4 proposals and determined the proposal from The Groundskeeper best satisfied the detailed requirements for PMGAA based on the award criteria. The Groundskeeper's experience, qualifications and approach to the project offers the best overall service for PMGAA. In addition, The Groundskeeper offered the least expensive proposal.

Fiscal Impact

This contract was included in the FY18 operating budget for the Operations and Maintenance Department.

Attachment(s)

Contract for Landscape Services



RESOLUTION NO. 17-17

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Authority desired to enter into a contract with Environmental Earthscapes, Inc. d/b/a The Groundskeeper;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes a contract with Environmental Earthscapes, Inc. d/b/a The Groundskeeper for landscape maintenance services in an amount not to exceed \$281,890.08 for three years with two (2) one-year renewal options not to exceed \$99,656.70 and \$102,646.40 each year respectively. This resolution also authorizes the Chair or Executive Director/CEO to execute such Contract, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 16th day of May, 2017.

John Giles, Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Attorney



PHOENIX-MESA GATEWAY AIRPORT AUTHORITY

AND

**Environmental Earthscapes, Inc.
d/b/a The Groundskeeper**

FOR

Landscape Maintenance

CONTRACT NUMBER C-2017016

The Phoenix-Mesa Gateway Airport is owned and operated by the Phoenix-Mesa Gateway Airport Authority (PMGAA), a joint powers airport authority chartered by the state of Arizona and consisting of the City of Mesa, City of Phoenix, City of Apache Junction, Town of Gilbert, Town of Queen Creek and the Gila River Indian Community.

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Phoenix-Mesa Gateway Airport Authority, a joint powers authority authorized by the State of Arizona (“PMGAA”) desires performance of the services more fully described in this **Contract Number C-2017016** (“Contract”) and the attached exhibits. Environmental Earthscapes, Inc. d/b/a The Groundskeeper, an Arizona corporation, (“Consultant”), with its principal offices located at 620 N. Golden Street, Gilbert, Arizona 85233, desires to perform these services.

Recitals

- A. PMGAA requires the services as described in this Contract, including any and all exhibits and amendments, and Consultant is willing to provide these and other services under this Contract; and
- B. PMGAA desires to contract with Consultant to provide services as noted herein.

Now therefore, in consideration of the recitals and the mutual set forth below, PMGAA and Consultant agree as follows.

SECTION 1 – CONSULTANT SERVICES

The services to be performed by Consultant are specified in this Contract. PMGAA will not pay Consultant for any services that have not been authorized under the Contract.

The anticipated services to be provided by Consultant under this Contract shall generally include, but not be limited to, the following: landscape maintenance, as more specifically described in the detailed scope of services attached as EXHIBIT B, “Scope of Services & Fee Schedule”.

PMGAA’s authorized representative shall be the PMGAA Operations and Maintenance Director, or his/her duly authorized representative, and that she shall be the sole contact for administering this Contract.

All services provided by Consultant under this Contract must be performed in a manner consistent with that degree of care and skill ordinarily exercised by members of the same profession currently practicing under similar circumstances in Arizona. Consultant makes no other warranty, expressed or implied.

SECTION 2 – PMGAA RESPONSIBILITIES

PMGAA shall furnish Consultant, at no cost to Consultant, the following information or services for this Contract:

- A. Access to copies of readily available maps, records, as-built drawings, benchmarks or other data pertinent to work assignments affiliated with this Contract. This does not, however, relieve Consultant of the responsibility of searching records for additional information, for requesting specific information or for verification of that information provided. PMGAA does not warrant the accuracy or comprehensiveness of any information or documents provided to Consultant.
- B. In PMGAA’s discretion and upon Consultant’s reasonable request, access to staff for consultation with Consultant during the performance of this contract in order to identify the problems, needs, and other functional aspects of the work.
- C. Prompt review of and feedback on Consultant’s deliverables. PMGAA will advise Consultant concerning progress of PMGAA’s review of the work, as needed.

SECTION 3 - PERIOD OF SERVICE

Consultant shall complete all work in accordance with the provisions of this Contract as amended and in a diligent manner.

All work initiated under this Contract must be completed on or before the expiration date of the Contract as amended.

The term of this Contract commences on July 1, 2017 and ends on June 30, 2020 (“Term”), unless terminated, canceled or extended as provided in this Contract. This Contract has two optional one-year extensions that PMGAA may exercise, at its sole option, prior to the expiration of the then current term. If PMGAA exercises such right, all

terms, conditions and provisions of the original Contract shall remain the same and apply during the extended period with the possible exception of price as outlined in EXHIBIT B, “Scope of Services and Fee Schedule.” Any extension of this contract shall require an Amendment signed by both parties.

SECTION 4 – KEY PERSONNEL

The Consultant itself shall provide all services to be performed under this Contract. If Sub-Consultants are required by Consultant to perform any services listed under this contract, Consultant shall notify PMGAA prior to authorizing work by said Sub-Consultants. PMGAA may, at its sole discretion, accept or reject proposed Sub-Consultants.

SECTION 5 - PAYMENTS TO THE CONSULTANT

Consultant will be paid for work performed under this Contract plus any adjustments that have been approved in writing by PMGAA in accordance with the Phoenix-Mesa Gateway Airport Authority Procurement Policy. Payments will be made for the actual work completed and/or other costs incurred or provided for in accordance with EXHIBIT C, “Compensation.”

All services to be rendered by Consultant are subject to the terms of EXHIBIT C, “Compensation” attached hereto.

PMGAA shall pay Consultant the agreed upon monthly price as detailed in EXHIBIT B, “Scope of Services & Fee Schedule, in accordance with EXHIBIT C, “Compensation”, once work has been completed and PMGAA has received an invoice for such services and has verified such services have been completed and are to PMGAA’s satisfaction.

SECTION 6 - ALTERATION IN SCOPE OF SERVICES

For any alteration in the Scope of Services that would materially increase or decrease the Contract fee, the parties shall negotiate an amendment to the Contract to be executed by PMGAA and Consultant. No work shall commence on any amendment or change until the amendment has been approved by PMGAA and Consultant has been notified to proceed by PMGAA. No claim for extra work done or materials furnished by Consultant will be allowed by PMGAA, except as provided herein, nor shall Consultant do any work or furnish any materials not covered by this Contract unless the work is first authorized in writing by PMGAA and the change complies with PMGAA’s Procurement Policy. Any work or materials furnished by Consultant without advance, written authorization will be at Consultant’s own risk, cost, and expense. Without written authorization, Consultant shall make no claim for compensation for such work or materials furnished.

SECTION 7 - WORK ASSIGNMENT COMPLETION

If, during the Term of this Contract, situations arise which prevent work completion within the allotted time, PMGAA may grant an appropriate time extension.

SECTION 8 - OWNERSHIP OF DOCUMENTS

Any documents, including all electronic copies thereof, prepared under or as a result of this Contract, shall be the property of PMGAA. To the extent necessary to effectuate such ownership, Consultant hereby assigns all right, title and interests to such documents to PMGAA. Consultant shall execute any separate agreements or documents, if any, which may be necessary to implement the terms of this Section. Any and all documents prepared under this Contract are subject to the “Ownership of Documents and Other Data” terms set forth in EXHIBIT D, “Special Provisions.”

All of Consultant’s documents prepared under this Contract, including electronic files, are instruments of service. All of these documents become the property of PMGAA upon completion of the services and payment in full to Consultant. PMGAA may reuse or modify the documents, as it deems necessary, without Consultant’s prior written authorization. PMGAA shall indemnify and hold harmless Consultant, its officers, directors, employees and subconsultants (collectively, the “Consultant”) against any and all damages, liabilities or costs arising from PMGAA’s modification of documents produced by Consultant under this Contract unless Consultant authorizes the modification in writing.

SECTION 9 - COMPLIANCE WITH LAWS

Consultant shall comply with all federal, state and local laws, local ordinances and regulations throughout the Term.

Consultant's signature on this Contract certifies compliance with the provisions of the I-9 requirements of the *Immigration Reform and Control Act of 1986* for all personnel that Consultant and any subconsultants employ to complete any work assignment.

PMGAA shall administer this Contract in accordance with PMGAA's Procurement Policy.

SECTION 10 - GENERAL CONSIDERATIONS

- A. The failure of either party to enforce any of the provisions of this Contract or require performance of the other party of any of the provisions hereof shall not be construed to be a waiver of the provisions, nor shall it affect the validity of this Contract or the right of either party to enforce each and every provision.
- B. The fact that PMGAA has accepted or approved Consultant's work shall in no way relieve Consultant of responsibility for the work under this Contract.
- C. This Contract shall be governed by the laws of the state of Arizona, both as to interpretation and performance. Any action at law, suit in equity, or judicial proceeding for the enforcement of this Contract, or any provision thereof, shall be instituted only in the courts of the state of Arizona.
- D. All exhibits to this Contract and any amendments to the Contract are incorporated into it.

SECTION 11 - NO KICK-BACK CERTIFICATION

Consultant warrants that no person has been employed or retained to solicit or secure this Contract upon any agreement or understanding for a commission, percentage, brokerage, or contingent fee and that no member of the PMGAA Board of Directors or any employee of PMGAA has any interest, financially or otherwise, in Consultant's firm.

For breach or violation of this warranty, PMGAA may annul this Contract without liability.

SECTION 12 – SUSPENSION OF SERVICES

Consultant shall, within five (5) business days upon receiving written notice from PMGAA suspend, delay, or interrupt all or a part of the Scope of Services. Consultant shall resume the Scope of Services within five (5) business days of receiving written notice from PMGAA.

SECTION 13 – TIMES OF PAYMENTS

Consultant shall submit monthly invoices for any unbilled portion of the services actually completed. PMGAA shall review, certify, and approve or reject each invoice in whole or in part. PMGAA shall pay each approved invoice within 30 calendar days of the date that PMGAA approves the invoice unless an early pay discount is provided per Consultant's "Itemized Price Proposal", included in EXHIBIT B, "Scope of Services & Fee Schedule".

SECTION 14 – TIMELY REVIEW

PMGAA will review Consultant's studies, reports, proposals, and other related documents and render any decisions required by Consultant in a timely manner. Notwithstanding these reviews, Consultant remains solely responsible for all of its deliverables and services under this Contract. By PMGAA's reviews, PMGAA does not assume any liability for or retained control over Consultant's work or Consultant's responsibility for the safety of its employees.

SECTION 15 – MEDIATION; ARBITRATION

All disputes between PMGAA and Consultant arising out of or relating to this Contract must first be submitted to nonbinding mediation unless the parties mutually agree otherwise in writing. In the event that the dispute(s) are not

settled via nonbinding mediation, the parties shall proceed to and employ binding arbitration, as set forth in EXHIBIT E, “PMGAA Standard Terms & Conditions”, attached hereto and incorporated herein by reference.

PMGAA and Consultant shall include a similar mediation/arbitration provision in all agreements with other contractors and consultants retained for the Project and shall require all other independent contractors and consultants to include a similar mediation provision in all agreements with subcontractors, subconsultants, suppliers or fabricators retained by them.

SECTION 16 - LIABILITY OF CONSULTANT

To the fullest extent permitted by law, Consultant shall defend, save, indemnify, and hold harmless PMGAA, its member governments, departments, officers, employees, and agents from and against damages arising out of any act, error, or omission of Consultant relating to its services under this Contract.

SECTION 17 - LAWS AND REGULATIONS

All federal, state, and local laws and regulations that relate to Consultant’s services apply to Consultant’s performance of this Contract throughout. These laws and regulations are deemed included in this Contract the same as though written out in full, especially the current applicable FAA rules and regulations associated with airport projects; pertinent Airport engineering standards; and local rules, regulations, and industry standards.

SECTION 18 – ARCHAEOLOGICAL RESOURCE PROTECTION

While performing services under this Contract, Consultant may encounter a known or unknown archaeological site located at the Airport. If Consultant encounters what it believes to be an archaeological site, Consultant shall immediately notify PMGAA of the site’s location and take all reasonable precautions to protect and preserve the site until PMGAA otherwise directs.

SECTION 19 – INSURANCE REQUIREMENTS FOR PROFESSIONAL SERVICES CONTRACTS

1. Consultant shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Consultant, its agents, representatives, or employees.
2. Minimum Scope and Limits of Insurance. Coverage shall be at least as broad as:
 - a. Commercial General Liability: Insurance Services Office (ISO) Form CG 00 01 covering Bodily Injury and Property Damage on an “occurrence” basis, including personal & advertising injury with limits no less than \$1,000,000 per occurrence, \$2,000,000 General Aggregate.
 - b. Auto Liability: ISO Form CA 00 01 covering any auto (Symbol 1), or if Consultant has no owned autos, hired, (Symbol 8) and non-owned autos (Symbol 9), with limit no less than \$1,000,000 Combined Single limit per accident for bodily injury and property damage (\$5,000,000 if operating in the Air Operations Area of the Airport).
 - c. Workers’ Compensation: Statutory Limits as required by the state of Arizona, and Employer’s Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease.
3. If the Consultant maintains higher limits than the minimums shown above, the PMGAA requires and shall be entitled to coverage for the higher limits maintained by the Consultant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the PMGAA.
4. Additional insurance provisions. The insurance policies shall provide, or be endorsed to include, the following provisions:
 - a. Notice of Cancellation: Each insurance policy required above shall provide that coverage shall not be canceled, except with notice to the PMGAA.

b. Waiver of Subrogation: Consultant waives any right to subrogation. Consultant shall obtain an endorsement necessary to affect this waiver of subrogation from the insurer for all lines of coverage required by this Contract.

c. Primary Coverage: For all claims related to this Contract, all of Consultant's insurance policies will be primary and non-contributory. Any insurance or self-insurance maintained by PMGAA, its officers, officials, employees, or volunteers will be in excess of Consultant's insurance and will not contribute with it.

d. Deductibles and Self-Insured Retentions: Any deductibles or self-insured retentions must be declared to and approved by the PMGAA. The PMGAA may require the Consultant to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention.

e. Acceptability of Insurers: Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A, VII, unless otherwise acceptable to the PMGAA.

f. Claims Made Policies: No Claims Made policies (other than Professional Liability) will be accepted. For policies that provide claims-made coverage:

- 1) The Retroactive Date must be shown, and must be before the date of the contract or the beginning of contract work.
- 2) Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of the contract of work.
- 3) If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a Retroactive Date prior to the contract effective date, the Consultant must purchase "extended reporting" coverage for a minimum of five (5) years after completion of work.

g. Verification of Coverage: Consultant shall furnish the PMGAA with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by the PMGAA before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Consultant's obligation to provide the required insurance. The PMGAA reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

h. Subcontractors: Consultant shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and Consultant shall ensure that PMGAA is an additional insured on insurance required from subcontractors.

i. Special Risks or Circumstances: PMGAA reserves the right to modify these requirements, including limits, based on the nature of the risk, scope of services, prior experience, insurer, coverage, or other special circumstances.

OFFER AND ACCEPTANCE

IN WITNESS WHEREOF, the parties herein have executed this Contract.

Environmental Earthscapes, Inc., d/b/a
The Groundskeeper, An Arizona Corporation

Principal (Signature)

Address

Printed Name

City, State Zip

Phone

Fax

Federal Tax Identification Number

PHOENIX-MESA GATEWAY AIRPORT AUTHORITY, a joint powers airport authority authorized by the state of Arizona

ACCEPTED AND APPROVED:

J. Brian O'Neill, A.A.E., Executive Director/CEO

Date

ATTEST:

Name/Clerk of the Board

Date

EXHIBIT A - CERTIFICATE OF PERFORMANCE AND PAYMENT OF ALL CLAIMS

The requirement to submit a *Certificate of Performance and Payment of all Claims* as part of this agreement is hereby waived.

EXHIBIT B - SCOPE OF SERVICES & FEE SCHEDULE

The services to be performed by Consultant and the completion of related efforts are specified in the following Scope of Services & Fee Proposal agreed to by the parties.

SCOPE OF SERVICES

The work to be performed by the Contractor shall consist of furnishing any and all necessary personnel and equipment, supplies and other expenses necessary to provide adequate landscaping services.

Offeror shall provide a list of experience and certifications, including Arborist. This list shall contain a complete account of all industry certifications, association memberships, applicable training, and personnel education for evaluation. This list should clearly demonstrate the Offeror's capacity to perform the scope of work.

During the term of this contract additional properties may be added to this bid.

The Contractor must provide his own labor, tools, equipment, fertilizers, pesticides/herbicides, transportation, etc. Preferred equipment includes propane or natural gas powered mowers, edging or trimming devices. PMGAA will not provide storage space for the Contractor's equipment. The Contractor will dispose of all trimmings and dead growth at the day of service to an off-site location. Environmentally approved vegetation killers are permissible in all areas to the extent that they do not adversely affect the plants and trees which have been planted, but must be approved by PMGAA prior to application.

The Contractor will provide MSDS sheets for all fertilizers, herbicides and pesticides used on PMGAA property. Pesticide and herbicide applications shall be made by certified pesticide applicators

Contractor will develop a proposed schedule (daily, weekly, monthly ...) of tasks for each area including but not limited to:

- Mowing and Associated Tasks
- Weed Control
- Pruning
- Fertilizing

The PMGAA sites designated under this Contract are as follows:

- **Sossaman Rd Median, Parkways, PMGAA Entryway & West Retention Area**
Acreage: 25.810 Acres
- **Hangar 31 – 6203 S Sossaman Rd Mesa, AZ**
Acreage: 0.818 Acres
- **Hangar 32 – 6229 S Sossaman Rd Mesa AZ**
Acreage: 0.997 Acres
- **Hangar 37 – 6253 S Sossaman Rd Mesa AZ**
Acreage: 0.997 Acres
- **Texas Parking Lot – SW Corner Texas Rd & Sossaman Mesa, AZ**
Acreage: 1.756 Acres
- **Ray Road Parking Lot – South on Ray between Power & Ellsworth Mesa, AZ**
Acreage: 4.837 Acres

- **Charles L. Williams Terminal Courtyard - 6033 S. Sossaman Rd. Mesa, AZ**
Acreage: 5.909 Acres
- **General Aviation Center – 5803 S. Sossaman Rd Mesa, AZ**
Acreage: 2.144 Acres
- **Building 1095 – 7750 E Velocity Way Mesa, AZ**
Acreage: 0.177 Acres
- **Fuel Farm – 7630 S Sossaman Mesa, AZ**
Acreage: 0.378 Acres
- **Air Traffic Control Tower – 6309-1 S. Taxiway Circle Mesa, AZ**
Acreage: 0.675 Acres
- **West Terminal III Expansion Courtyard – 6033 S. Sossaman Road Mesa, AZ**
Acreage: 0.16 Acres
- **TNC Staging Parking Lot #2 – Sossaman Rd, just south of Ray Rd Mesa, AZ**
Acreage: 1.8 Acres
- **North General Aviation Parking Lot #14 - Sossaman Rd, NE of S. Avery Circle Mesa, AZ**
Acreage: 2.9 Acres

2. Performance Standards

The specifications listed below are the minimum requirements and are intended to govern, in general, the requirements desired. These requirements are not intended to replace or supersede the latest industry standards or material and equipment manufacturer's recommendations. PMGAA reserves the right to evaluate variations from these specifications.

a) Mowing

All turf areas shall be inspected and policed for litter and debris and disposed of prior to each mowing. Mowing shall occur as often as necessary to keep all turf areas looking crisp, clean and well-groomed. Lift mower height, as seasonal growth requires, preventing scalping of the lawn. Make every effort to position and operate equipment such that cutting and debris picked up by rotating assemblies will be directed away from vehicles and buildings. Mowing direction will alternate with each visit to the site.

b) Edging

All sidewalks curb lines, concrete slabs, bed edges and the immediate high visual areas shall be mechanically edged as needed to maintain a neat, clean appearance. Mechanical edgers will be used at all possible locations.

c) Trimming or Weed Eating

Trimming shall be performed around all road signs, guard posts, trees, shrubs, utility poles and other obstacles paying special care not to damage trees and shrubs. The grass to be trimmed shall not be trimmed to less than the desired height of cut determined by the mowing operation

d) Turf Fertilization

Turf shall be fertilized with a well-balanced slow release fertilizer. Notify the O & M Supervisor prior to application so that we can water the lawn thoroughly after applying the fertilizer. Only irrigated areas with established turf grass will be fertilized.

e) Weed Control

Pre-emergent for control of weeds shall be applied as necessary. All precautions shall be taken in the handling and application of all sprays as stated on the herbicide label. One application with follow up applications as required to attain a kill of 90% of broadleaved weeds shall be required. All irrigation valve boxes are to be kept grass and weed free.

f) Debris Removal

Contractor shall remove grass clippings from walk, curbs and paving. Grass clippings are to be removed from lawns if in wind rows or if unsightly clumps are left on the lawn (normally created by the inability to mow on schedule because of rain). Fallen limbs or branches shall be removed from sidewalks and lawn areas. Blowers must be turned off when pedestrians are in vicinity. Vendor may be asked by owner employees to cease operation of any equipment in certain areas when needed. Resume when instructed or area is clear.

g) Tree and Shrub Care

Maintain trees and shrubs in a healthy, growing condition by following accepted horticultural practices and performing all necessary operations including, but not limited to, the following:

i. Fertilizing

Fertilizing of all shrubs, ground cover and other ornamentals to be done once a year with a well-balanced slow release fertilizer. Notify Landscape Specialist prior to application so that proper water may be applied.

ii. Pruning of Trees

All cuts shall be made clean and outside the branch collar leaving no stubs or tearing bark. Remove branches touching buildings, and those blocking pedestrian and vehicular traffic. Remove dead branches. All suckers are to be continually removed from trees. All major pruning shall take place in the dormant season.

iii. Pruning of Ornamental and Desert Plants

Minimal pruning shall be done to enhance natural growth. All major pruning shall be done during the plants dormant season unless an early flowering plant, then prune immediately after flowering. Dead, damaged and diseased portions of the plant will be removed. Pruned shrubbery to maintain proper size in relationship to adjacent plantings and intended function. Prune groundcover plantings as required to restrain perimeter growth to within planting beds areas where adjacent to walks and curbs. Tip prune selected branches of low growing shrub or groundcover masses to maintain even overall heights and promote fullness. Perennials should be cut back after going dormant and trimmed periodically through growing season to maintain manicured look and avoid woody growth. Ornamental grasses shall be pruned back once per year in the dormant season prior to spring growth. Remove growth protruding over sidewalks.

iv. Clearance and Visibility

Trees and shrubs shall be pruned in such a way to avoid blocking the clear view of

signs, illumination by light fixtures, the flow of air vents and air conditioner compressors as well as pedestrian and vehicular traffic. Remove lower limbs when obstructing vehicular or pedestrian clearances.

v. Staking

Maintain tree alignment, provided by guying or staking, in sound condition; periodically check all ties to ensure against injury to the cambium layer. Remove tree stakes and guys when the trees are able to support themselves, typically after a year. Reset and stake trees that have been windblown and are leaning.

vi. Weed Control

Keep basins and shrub beds free of weeds. Avoid excessive soil cultivation which destroys shallow roots and contributes to soil erosion. Bed edges are to be kept clean and weed defined. Control of weed and undesirable grasses shall occur through mechanical means and post-emergence chemicals.

vii. Debris, Litter & Trash

Litter will be removed from landscape areas, sidewalks and parking lots on each visit. All debris, litter and trash will be disposed of by the use of dumpsters on site, when available. Fallen limbs and branches should be removed from landscaped areas and sidewalks.

h) Other Services

Rock Refresh and Tree planting

i) Inspections

Contractor's on-site supervisor shall conduct weekly inspections of all areas to insure compliance with the required scope of work and shall maintain written records of these inspections. A copy of the inspection report shall be furnished to the Operations & Maintenance Supervisor personnel weekly.

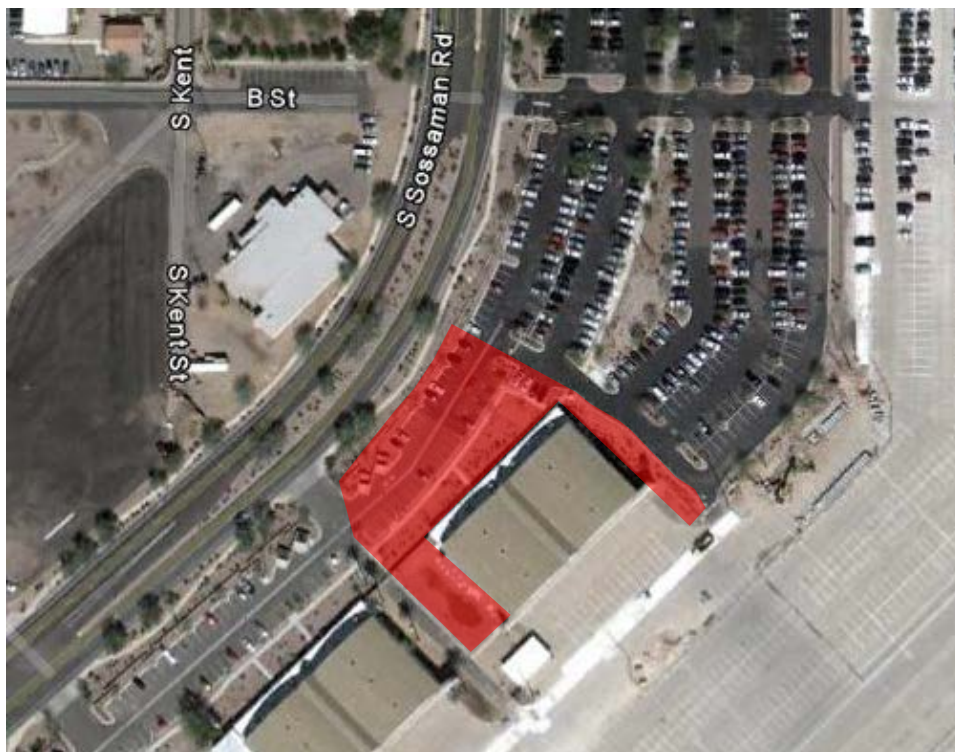
j) Badging

Airport Access Badges are required of all Consultant and/or subcontractor personnel performing work functions in accordance with this Contract. Consultant and/or subcontractor personnel shall obtain and properly display a PMGAA airport security badge while on the airport. Airport Security Access Badge applications may be downloaded at www.gatewayairport.com under the General Information/Documents and Forms Link. Consultant is responsible for all badging fees.

**Sossaman Road Medians: Parkways; PMGAA Entry; & West Retention Areas -
25.810 Acres**



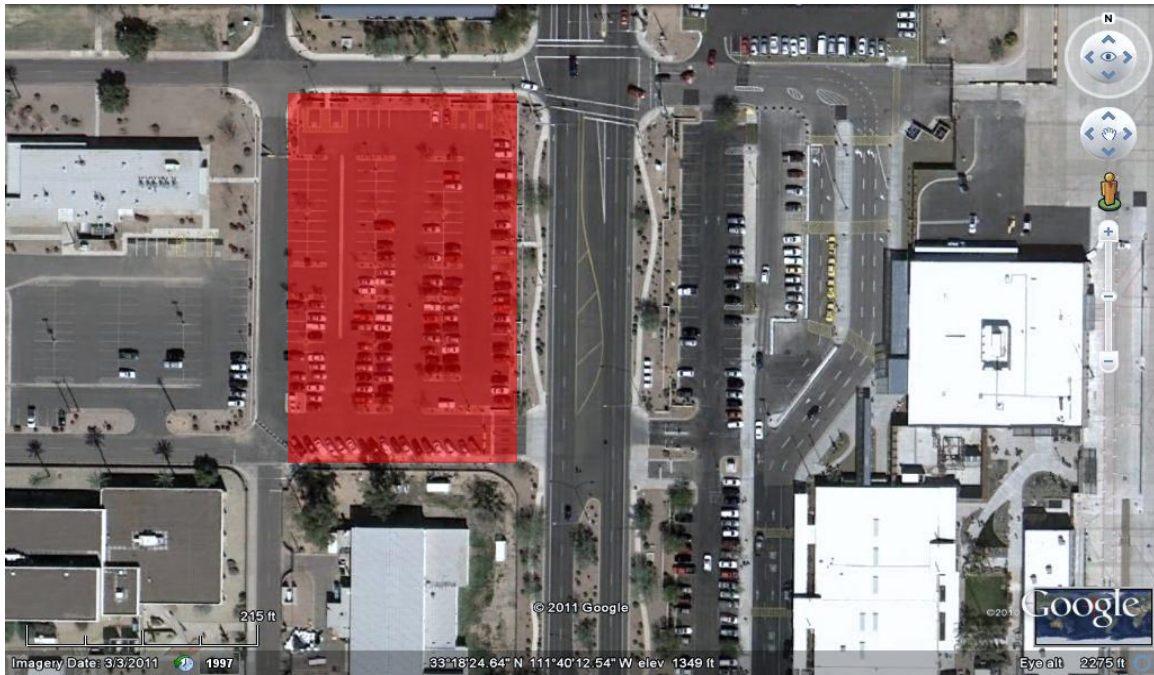
**Hangar 31 –
0.818 Acres**



**Hangars 32 & 37 –
1.994 Acres**



**Texas Road Parking Lot –
1.756 Acres**



**Ray Road Parking Lot –
4.837 Acres**



**Charles L. Williams Terminal Complex: Frontage, Courtyard & Parking Areas
5.909 Acres + Courtyard Expansion .16 Acres**



**General Aviation Center, Park, & Administrative Building –
2.144 Acres**



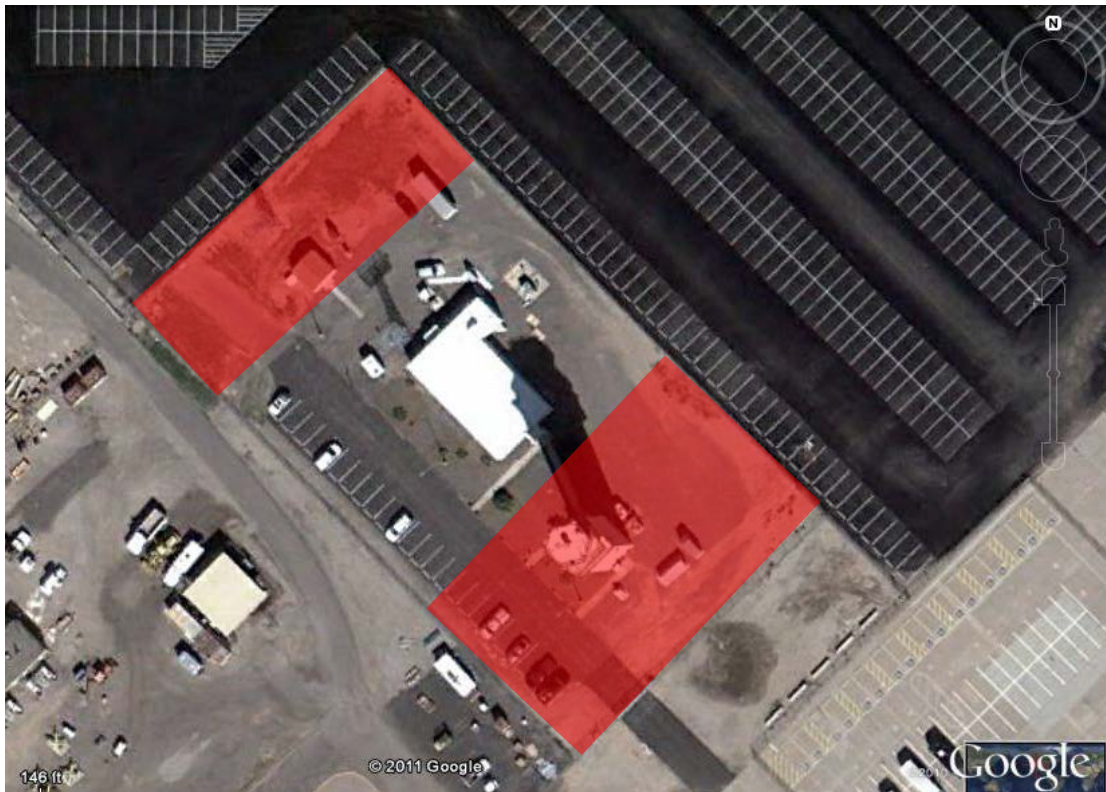
**Building 1095 -
1.403 Acres**



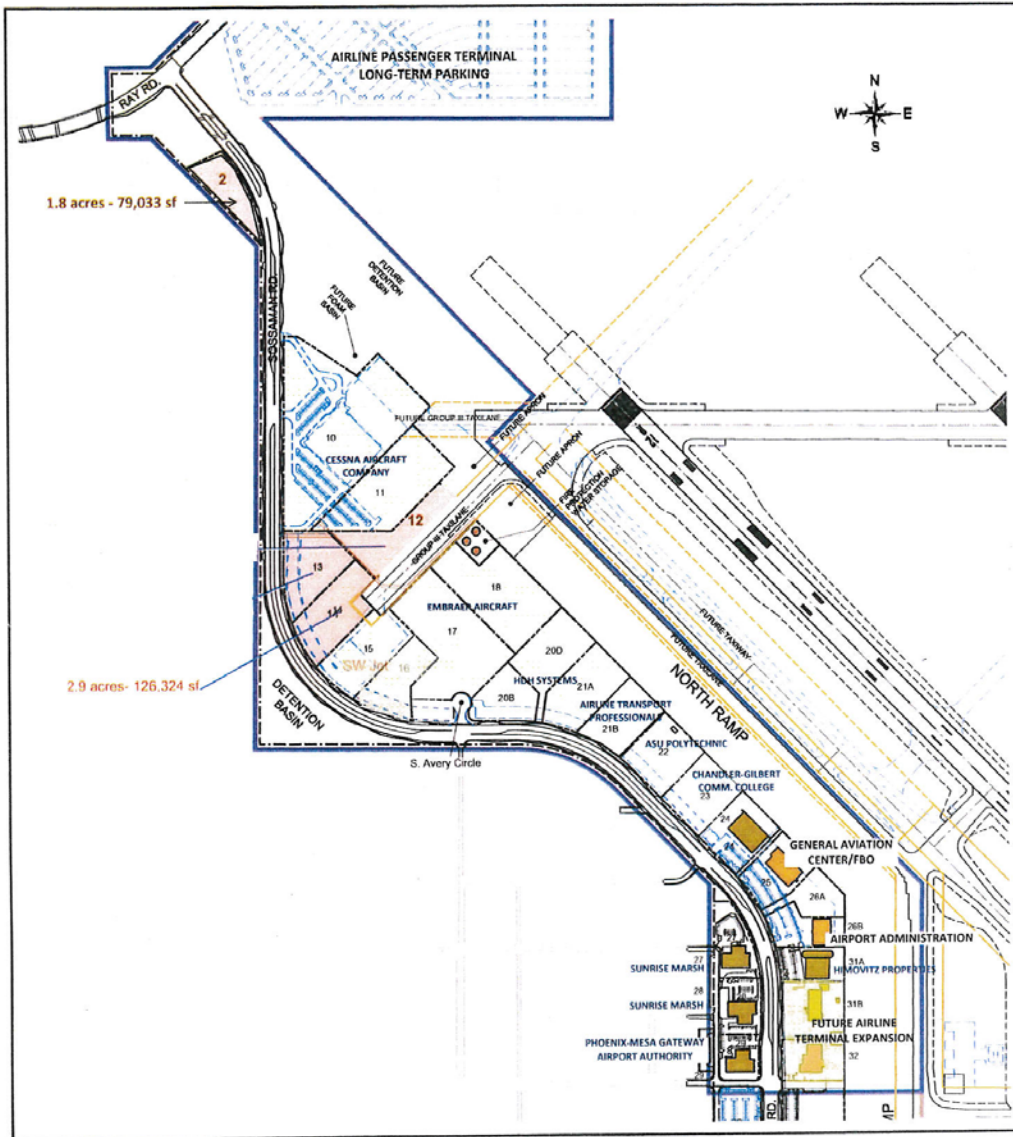
**Fuel Farm –
0.378 Acres**



**Air Traffic Control Tower –
0.675 Acres**



**TNC Staging Parking Lot (Lot #2 – 1.8 acres) and
North General Aviation Parking Lot (Lot #14 – 2.9 acres)**



FEE SCHEDULE

Location	Ongoing Monthly Price
Landscape Service:	
Sossaman Rd Median, Parkways, PMGAA Entrance and West Retention Area	\$ <u>3,870.00</u>
Hangar 31	\$ <u>125.00</u>
Hangar 32	\$ <u>150.00</u>
Building 531	\$ <u>250.00</u>
Texas Parking Lot	\$ <u>100.00</u>
Ray Road Parking Lot	\$ <u>730.00</u>
Charles L. Williams Terminal Courtyard	\$ <u>885.00</u>
General Aviation Center	\$ <u>330.00</u>
Building 1095	\$ <u>265.00</u>
Fuel Farm	\$ <u>60.00</u>
Air Traffic Control Tower	\$ <u>105.00</u>
West Terminal III Expansion Courtyard	\$ <u>25.00</u>
TNC Staging Parking Lot # 2	\$ <u>270.00</u>
North General Aviation Parking Lot # 14	\$ <u>435.00</u>
Total	\$<u>7,600.00</u>

Proposed “not to exceed” increase for subsequent fiscal years.

2nd Year 3 % 3rd Year 3 % 4th Year 3 % 5th Year 3 %

Option 1: Crowning of Trees. Price should include crowning of trees twice in each year.

1st Year \$ 300,000.00 2nd Year \$ 168,000.00 3rd Year \$ 240,000.00 4th Year \$ 144,000.00 5th Year \$ 192,000.00

Please consider another Option “2”. Crown thin 25% to 33% of trees each year one time per year.

25% 1st Year \$45,000.00 2nd Year \$45,000.00 3rd Year \$45,000.00 4th Year \$45,000.00 5th Year \$45,000.00
 30% 1st Year \$54,500.00 2nd Year \$54,500.00 3rd Year \$54,500.00 4th Year \$54,500.00 5th Year \$54,500.00

Option 2: Overseeding of grass areas.

1st Year \$ 250.00 2nd Year \$ 255.00 3rd Year \$ 260.00 4th Year \$ 270.00 5th Year \$ 280.00

Prompt Payment Discount

As stated in Section Two, paragraph "Discounts", the price(s) quoted herein can be discounted by 0 % if payment is made within n/a days.

Please explain how you calculate properties if added during the contract term.

We quantify the turf, granite, shrubs and trees. Using our proprietary software, a time standard and cost is applied to
each. The software calculates the estimated hours and monthly pricing.

Exceptions / Clarifications to Itemized Cost Proposal submitted:

NONE

Proposal Certification

By my signature, I certify that I am authorized to bind this firm/individual to provide the services accepted herein, in compliance with the scope of work, technical specifications and other terms and conditions in this Request for Proposal at the price provided on this Price Page.

Paul Tripp
Printed Name


Signature

EXHIBIT C - COMPENSATION

All compensation for services rendered by Consultant shall be based upon criteria established below. All services must be billed through the Consultant.

1. Fees to be Specified in Contract – Any and all services to be performed under this Contract require approval. All compensation for services shall be identified in writing. The Contract shall describe the scope of services to be performed (by tasks and subtasks, where appropriate), the amount of time required for performance, the fees associated with that performance, and any applicable special provisions. Consultant’s compensation for services included in this Contract is totaled and set forth in EXHIBIT B, “Scope of Services & Fee Schedule.”

2. Method of Payment – Subject to the terms of this Contract, PMGAA shall pay Consultant the appropriate rate or fixed price amount for services rendered as described in the Contract only after Consultant has certified in writing that it has performed the services and PMGAA has certified and approved each payment application.

For services rendered in accordance with the Contract, Consultant shall submit to PMGAA an invoice depicting tasks performed, hours spent, utilized and expenses incurred for services performed. Invoices must be based on the actual hours required and expenses incurred for the services completed during the billing period. Consultant’s invoices or must specify that Consultant has performed the services, and PMGAA must certify and approve each invoice or application as a condition to payment.

3. Consultant Responsibilities for Compensation – Consultant shall prepare monthly invoices and in accordance with terms specified in the Contract. All invoices shall be for work completed unless otherwise agreed to by PMGAA.

4. PMGAA Responsibilities for Compensation – PMGAA agrees to pay Consultant’s invoices for payment within 30 calendar days after the invoice is approved. PMGAA may withhold payment on any invoice if it believes that Consultant has not performed the work in a satisfactory manner. If PMGAA withholds payment to Consultant, PMGAA shall promptly notify Consultant and explain the reasons for the decision to withhold payment.

5. Billing Address – All invoices submitted to PMGAA for payment shall be submitted to:

Phoenix-Mesa Gateway Airport Authority
Attn: Brett Williams
5835 S. Sossaman Road
Mesa, Arizona 85212

EXHIBIT D - SPECIAL PROVISIONS

“PMGAA” refers to the Phoenix-Mesa Gateway Airport Authority.

1. **Civil Rights Act of 1964, Title VI – Consultant Contractual Requirements**

Civil Rights - General

The contractor agrees to comply with pertinent statutes, Executive Orders and such rules as are promulgated to ensure that no person shall, on the grounds of race, creed, color or national origin, sex, age or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance.

Civil Rights – Title VI Assurances

During the performance of this contract, the contractor, for itself, its assignees, and successors in interest agrees as follows:

1. **Compliance with Regulations:** The contractor (hereinafter includes consultants) will comply with the Title VI List of Pertinent Nondiscrimination Acts And Authorities, as they may be amended from time to time, which are herein incorporated by reference and made a part of this contract.
2. **Non-discrimination:** The contractor, with regard to the work performed by it during the contract, will not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The contractor will not participate directly or indirectly in the discrimination prohibited by the Nondiscrimination Acts and Authorities, including employment practices when the contract covers any activity, project, or program set forth in Appendix B of 49 CFR Part 21.
3. **Solicitations for Subcontracts, Including Procurements of Materials and Equipment:** In all solicitations, either by competitive bidding, or negotiation made by the contractor for work to be performed under a subcontract, including procurements of materials, or leases of equipment, each potential subcontractor or supplier will be notified by the contractor of the contractor's obligations under this contract and the Non-discrimination Acts And Authorities on the grounds of race, color, or national origin.
4. **Information and Reports:** The contractor will provide all information and reports required by the Acts, the Regulations and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by PMGAA or the Federal Aviation Administration to be pertinent to ascertain compliance with such Nondiscrimination Acts And Authorities and instructions. Where any information required of a contractor is in the exclusive possession of another who fails or refuses to furnish the information, the contractor will so certify to PMGAA or the Federal Aviation Administration as appropriate, and will set forth what efforts it has made to obtain the information.
5. **Sanctions for Noncompliance:** In the event of a contractor's noncompliance with the Nondiscrimination provisions of this contract, the Recipient will impose such contract sanctions as it or the Federal Aviation Administration may determine to be appropriate, including, but not limited to:
 - a. withholding payments to the contractor under the contract until the contractor complies; and/or
 - b. cancelling, terminating, or suspending a contract, in whole or in part.
6. **Incorporation of Provisions:** The contractor will include the provisions of paragraphs one through six in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations and directives issued pursuant thereto. The contractor will take action with respect to any subcontract or procurement as PMGAA or the Federal Aviation Administration may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if the contractor becomes involved in, or is threatened with litigation by a subcontractor, or supplier because of such direction, the contractor may request PMGAA to enter into any litigation to protect the interests of PMGAA. In addition, the contractor may request the United States to enter into the litigation to protect the interests of the United States.

Civil Rights – Title VI List of Pertinent Nondiscrimination Acts and Authorities

During the performance of this contract, the contractor, for itself, its assignees, and successors in interest (hereinafter referred to as the “contractor”) agrees to comply with the following non-discrimination statutes and authorities; including but not limited to:

- Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d *et seq.*, 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin);
- 49 CFR part 21 (Non-discrimination In Federally-Assisted Programs of The Department of Transportation—Effectuation of Title VI of The Civil Rights Act of 1964);
- The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 U.S.C. § 4601), (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
- Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. § 794 *et seq.*), as amended, (prohibits discrimination on the basis of disability); and 49 CFR part 27;
- The Age Discrimination Act of 1975, as amended, (42 U.S.C. § 6101 *et seq.*), (prohibits discrimination on the basis of age);
- Airport and Airway Improvement Act of 1982, (49 USC § 471, Section 47123), as amended, (prohibits discrimination based on race, creed, color, national origin, or sex);
- The Civil Rights Restoration Act of 1987, (PL 100-209), (Broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms “programs or activities” to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);
- Titles II and III of the Americans with Disabilities Act of 1990, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. §§ 12131 – 12189) as implemented by Department of Transportation regulations at 49 CFR parts 37 and 38;
- The Federal Aviation Administration’s Non-discrimination statute (49 U.S.C. § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
- Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures non-discrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;
- Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 Fed. Reg. at 74087 to 74100);
- Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 U.S.C. 1681 *et seq.*).

2. Federal Fair Labor Standards Act

This contract and all subcontracts that result from this contract incorporate by reference the provisions of 29 CFR part 201, the Federal Fair Labor Standards Act (FLSA), with the same force and effect as if given in full text.

The Consultant has full responsibility to monitor compliance to the referenced statute or regulation. The Consultant must address any claims or disputes that arise from this requirement directly with the U.S. Department of Labor – Wage and Hour Division.

3. **Occupational Safety and Health Act of 1970**

This contract and all subcontracts that result from this contract incorporate by reference the provisions of 29 CFR part 1910 with the same force and effect as if given in full text. Consultant must provide a work environment that is free from recognized hazards that may cause death or serious physical harm to the employee. The Consultant retains full responsibility to monitor its compliance and their subcontractor's compliance with the applicable requirements of the Occupational Safety and Health Act of 1970 (20CFR Part 1910). Consultant must address any claims or disputes that pertain to a referenced requirement directly with the U.S. Department of Labor – Occupational Safety and Health Administration.

4. **Disadvantaged Business Enterprises (DBE)**

a. Contract Assurance (§26.13) – Consultant and/or subcontractor(s) shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. Consultant shall carry out applicable requirements of 49 CFR Part 26 in the award and administration of DOT assisted contracts. Failure by Consultant to carry out these requirements is a material breach of this Contract, which may result in the termination thereof or such other remedy, as the recipient deems appropriate.

b. Prompt Payment (§26.29) – Consultant agrees to pay each subcontractor under this Contract for satisfactory performance of its contract obligations no later than thirty (30) calendar days from the receipt of each payment Consultant receives from PMGAA. Consultant agrees further to return retainage payments to each subcontractor within thirty (30) calendar days after the subcontractor's work is satisfactorily completed. Any delay or postponement of payment from the above referenced time frame may occur only for good cause following written approval of PMGAA. This clause applies to both DBE and non-DBE subcontractors.

5. **Lobbying and Influencing Federal Employees**

a. No federal appropriated funds shall be paid, by or on behalf of Consultant, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the making of any federal grant and the amendment or modification of any federal grant.

b. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any federal grant, the consultant shall complete and submit Standard Form-LLL, "Disclosure of Lobby Activities," in accordance with its instructions.

6. **Access to Records and Reports**

Consultant shall maintain an acceptable cost accounting system. Consultant further agrees to provide PMGAA, the FAA and the Comptroller General of the United States, or any of their duly authorized representatives, access to any books, documents, papers, and records of Consultant which are directly pertinent to this specific Contract for the purpose of making audit, examination, excerpts and transcriptions. Consultant agrees to maintain all books, records and reports required under this Contract for a period of not less than three (3) years after final payment is made and all pending matters are closed.

7. **Breach of Contract Terms**

Any violation or breach of terms of this Contract on the part of Consultant or its subconsultants or subcontractors may result in suspension or termination of this Contract, or such other action that may be necessary to enforce the rights of the parties with respect thereto. The duties and obligations imposed by the Contract and the rights and remedies available thereunder shall be in addition to, and not a limitation of, any duties, obligations, rights and remedies otherwise imposed or available by law.

8. **Rights to Inventions**

All rights to inventions and materials generated under this Contract are subject to regulations issued by the FAA and PMGAA of the federal grant under which this Contract is executed.

9. **Trade Restriction Clause**

a. Consultant or its subconsultants/subcontractors, by submission of an offer and/or execution of a contract, certifies that it:

(1) Is not owned or controlled by one or more citizens of a foreign country included in the list of countries that discriminate against U.S. firms published by the Office of the United States Trade Representative (USTR);

(2) Has not knowingly entered into any contract or subcontract for this project with a person that is a citizen or national of a foreign country on the list, or is owned or controlled directly or indirectly by one or more citizens or nationals of a foreign country on the list; and

(3) Has not procured any product nor subcontracted for the supply of any product for use on the project that is produced in a foreign country on the list.

b. Unless the restrictions of this clause are waived by the Secretary of Transportation in accordance with 49 CFR 30.17, no contract shall be awarded to a contractor or subcontractor who is unable to certify to the above. If the consultant knowingly procures or subcontracts for the supply of any product or service of a foreign country on the list for use on the project, the FAA may direct PMGAA cancellation of this Contract at no cost to the Government.

c. Further, Consultant shall incorporate this provision for certification without modification in each contract and in all lower tier subcontracts. Consultant may rely on the certification of a prospective subcontractor unless it has knowledge that the certification is erroneous.

d. Consultant shall provide immediate written notice to PMGAA if Consultant learns that its certification or that of a subcontractor was erroneous when submitted or has become erroneous by reason of changed circumstances. The subcontractor shall agree to provide written notice to Consultant if at any time it learns that its certification was erroneous by reason of changed circumstances.

e. This certification is a material representation of fact upon which reliance was placed when the Contract was awarded. If it is later determined that Consultant or its subcontractor knowingly rendered an erroneous certification, the FAA may direct PMGAA cancellation of this Contract or any subcontract for default at no cost to the Government.

f. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render, in good faith, the certification required by this provision. The knowledge and information of Consultant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

g. This certification concerns a matter within the jurisdiction of an agency of the United States of America and the making of a false, fictitious, or fraudulent certification may render the maker subject to prosecution under Title 18, United States Code, Section 1001.

10. **Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion**

Consultant, by accepting this Contract, certifies that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency. Consultant shall include this clause without modification in all lower tier transactions, solicitations, proposals, contracts, and subcontracts. Where the Consultant or any lower tier participant is unable to certify to this statement, it shall provide a written explanation to PMGAA.

11. Project Security

As some or all portions of work possible during the Term of this Contract may be located inside the secured area of the Airport, adherence to and familiarity with federal security regulations is essential. For these projects, Consultant shall be responsible for fulfilling the security requirements described herein.

a. Secured Area Access – All Consultant personnel who require unescorted access to the secured area of the Airport, prior to the issuance of an Airport Identification badge, must successfully complete the Security Badge Application and Security Badge Authorization forms.

b. Employee Security Badges – All Consultant and/or subcontractor personnel performing work functions in accordance with this Contract shall obtain and properly display an Airport security badge. Consultant shall submit a Security Badge Application form to the PMGAA security office for each employee requiring unescorted access, along with the current fee for each badge. Badge fees are identified on the current *Airport Rates and Charges Schedule* listing available via the Airport website at www.gatewayairport.com.

- (1) All fees must be paid to PMGAA by cash or check.
- (2) Airport Security Badge Application forms and instructions are available via the Airport website at www.gatewayairport.com.
- (3) An authorized representative of Consultant must also obtain and submit a Security Media Authorization form, which is to be submitted to the PMGAA badging office. The Security Media Authorization form and instructions are available via the Airport website at www.gatewayairport.com.
- (4) A training class on aviation security must be successfully completed before individuals are issued a badge. Fees for the security badge include attendance for the necessary training classes. Attendance at the security classes and issuance of the security badge may take two hours per person.
- (5) Additional information, including a “Frequently Asked Questions” is available via the Airport website at www.gatewayairport.com or by contacting the PMGAA Badging Office at (480) 988-7522. The Badging Office is located at 5803 S. Sossaman Road, Mesa AZ 85212.
- (6) Consultant shall immediately notify the PMGAA Badging Office of any Consultant personnel whose employment status has changed.
- (7) Consultant shall retrieve all security badges and keys and return them to the PMGAA Badging Office. A fee, as indicated on the most current *Airport Rates and Charges Schedule*, will be charged for each badge that is damaged, lost or not returned.
- (8) The PMGAA Badging Office will require a completed Security Badge Application from each Consultant employee so certified by Consultant as requiring such before a Security Badge is issued.
- (9) Under certain circumstances and out of control of PMGAA, security measures may change on short notice. No deviations from any security measure shall be allowed at any time.
- (10) At all times, aircraft shall have the right-of-way over all vehicle traffic.

c. Fines – Due to both the safety and security precautions necessary at the Airport, any failure of the Consultant to adhere to prescribed Airport requirements/regulations has consequences that may jeopardize the health, welfare and lives of Airport customers and employees, as well as the Consultant’s own employees. Therefore, if Consultant is found to be in non-compliance with any security, airfield badging/licensing and airfield safety requirement, a Notice of Violations (NOV) may be issued. A current listing of fines is available by contacting the PMGAA Badging Office.

12. Standard Terms & Conditions

PMGAA’s Standard Terms & Conditions (in **EXHIBIT E** attached) include clauses that pertain to both construction and professional services. For such, the term “contractor” is to be considered same as “consultant.” If a

clause implies construction service then it is waived for a professional services contract. PMGAA reserves the right to make that determination if there is a conflict.

13. Federal and State Guidelines and Regulations

All work performed under this Contract must satisfy FAA and applicable agency standards, and be accomplished in accordance with applicable federal, state and local guidelines and regulations, including FAA Advisory Circulars, NEPA and Arizona environmental statutes.

Consultant shall perform the services as described in approved Contract in accordance with the applicable requirements imposed by PMGAA, ADOT, FAA and any other applicable sponsoring agencies. Consultant and its subconsultants/subcontractors, if any, shall comply with any and all applicable laws, regulations, executive orders, policies, guidelines, and any other requirements for FAA Airport Improvement Program (AIP) projects. Consultant shall provide PMGAA all information, reports, documents, and/or certifications requested by PMGAA for the satisfaction of any grant requirements for the reimbursement of services, including, without limitation, identifying the specific services provided by Consultant and the billing period(s) during which services were or are to be provided. Nothing herein shall be construed as making the FAA or ADOT a party to this Contract.

14. Right to Contract With Other Firms

PMGAA shall have the right to contract with other firms and/or persons and/or to self-perform additional services, which may be the subject of this Contract. Consultant shall conduct its operations and perform any services authorized under the Contract so as not to interfere with or hinder the progress of completion of the work being performed by PMGAA and/or other firms and/or persons. Consultants working on the same project shall cooperate with each other in the performance, scheduling, and, if applicable, the integration of their respective services.

15. Independent Contractor Status

At all relevant times, Consultant is - and shall remain - an independent contractor with regard to performance of its services. PMGAA retains no control over Consultant, the performance of its work or services, or the safety of its employees. Consultant is not authorized to enter into any contract or commitment, authorize any payment, or accept any document, services, goods or materials for, in the name of, or on behalf of PMGAA.

EXHIBIT E – PMGAA STANDARD TERMS & CONDITIONS

1. **Certification.** By signature in the offer section of the Offer and Acceptance page, Consultant certifies:
 - a. The award of this Contract did not involve collusion or other anti-competitive practices.
 - b. It shall not discriminate against any employee or applicant for employment in violation of Federal Executive Order 11246, or A.R.S. Section 31-1461, et. seq.
 - c. It has not given, offered to give, nor intends to give at any time hereafter, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant in connection with this Contract; and Consultant hereby certifies that the individual signing this Contract is an authorized agent for Consultant and has the authority to bind the Consultant to the Contract.

2. **Termination of Contract.**
 - a. This Contract may be terminated at any time by mutual written consent or by PMGAA - with or without cause - provided the terminating party gives 14 calendar days' advance written notice to the other party. PMGAA may terminate this Contract, in whole or in part, for PMGAA's convenience and on 14 days' written notice. If this Contract is terminated, then PMGAA is liable only for services rendered and material received, certified, and approved by PMGAA under the Contract before the termination effective date.
 - b. PMGAA reserves the right to cancel this Contract in whole or in part due to failure of Consultant to carry out any term, promise, or condition of the Contract. At least ten days before terminating the Contract, PMGAA will issue a written notice of default specifying one of the following reasons.
 - (1) Consultant has provided personnel that do not meet the requirements of the Contract.
 - (2) Consultant has failed to perform adequately the stipulations, conditions or services/specifications required in this Contract.
 - (3) Consultant has attempted to impose on PMGAA personnel or materials, products, or workmanship of unacceptable quality.
 - (4) Consultant has failed to furnish the required service(s) and/or product(s) within the time stipulated in the Contract or associated Authorization of Services.
 - (5) Consultant has failed to make progress in the performance of the requirements of the Contract or Authorization of Services, or Consultant fails to give PMGAA adequate assurance the Consultant will perform the Contract in full and on time.
 - (6) Each payment obligation of PMGAA created hereby is conditioned on the availability of PMGAA, state, or federal funds appropriated for payment of the obligation. If funds are not available or allocated by PMGAA for continuance of service under this Contract, then PMGAA may terminate the Contract. PMGAA shall promptly notify Consultant regarding the service that may be affected by a shortage of funds. No penalty accrues to PMGAA if this provision is exercised, and PMGAA shall not be liable for any future payments due or for any damages as a result of termination under this paragraph.

3. **Records.** Internal control over all financial transactions related to this Contract shall be in accordance with sound fiscal policies. PMGAA may, at reasonable times and places, audit the books and records of Consultant or any and all of Consultant's subconsultants or subcontractors. The audit shall be limited to this Contract and its scope of services.

4. **Arbitration.** At PMGAA's sole option, disputes between the parties may be resolved through arbitration as provided in A.R.S. Section 12-1501, *et seq.* Consultant shall continue to render the services required by this Contract without interruption, notwithstanding either party has filed suit against the other or PMGAA has expressly agreed to arbitration and either party has demanded arbitration.

5. **Independent Contractor.** At all times, each party acts in its individual capacity and not as agent, employee, partner, joint venturer, or associate of the other party. An employee or agent of one party may not be deemed or construed to be the employee or agent of the other party for any purpose whatsoever.

Neither Consultant nor any of its employees are entitled to compensation from PMGAA in the form of salaries, paid vacation, or sick days.

PMGAA will not provide any insurance to Consultant, including *Workers' Compensation* coverage. PMGAA will not withhold FICA, taxes, or any similar deductions from PMGAA's payments under this Contract.

6. **Affirmative Action.** Consultant shall abide by all the federal and state of Arizona provisions for equal opportunity in the work place.
7. **Human Relations.** Consultant shall abide by all the federal and state of Arizona provisions against discrimination of disadvantaged business enterprises in applicable PMGAA contracts.
8. **Non-Exclusive Contract.** This Contract is for the sole convenience of PMGAA. PMGAA reserves the right in its discretion to obtain the same or similar goods or services from any other source.
9. **Patent Infringement.** The procuring agency should advise Consultant of any impending patent suit and provide all information available. Consultant shall defend any suit or proceeding brought against the procurement agency based on a claim that any equipment, or any part thereof, furnished under this contract constitutes an infringement of any patent, and the Contract shall pay all damages and costs awarded therein, excluding incidental and consequential damages, against the procuring agency. In case the equipment, or any part thereof, is in such suit held to constitute infringement and use of the equipment or part is enjoined, Consultant shall, at its own expense and at its option, either procure for the procuring agency the right to continue using the equipment or part, or replace same with non-infringing equipment, or modify it so it becomes non-infringing.
10. **Americans with Disabilities Act.** Consultant shall comply with all applicable provisions of the *Americans with Disabilities Act* (Public Law 101-336, 42 U.S.C. 12101-12213) and applicable federal regulations under the *Act*.
11. **Confidentiality of Records.** Consultant shall establish and maintain procedures and controls that are acceptable to PMGAA for the purpose of assuring that no information contained in its records or obtained from PMGAA or from others in carrying out its functions under the Contract shall be used by or disclosed by it, its agents, officers, or employees, except as required to efficiently perform duties under this Contract. Persons requesting such information should be referred to PMGAA. Consultant also agrees that any information pertaining to individual persons shall not be divulged other than to employees or officers of Consultant as needed for the performance of duties under the Contract, unless otherwise agreed to in writing by PMGAA.
12. **Shipment under Reservation Prohibited.** Consultant is not authorized to ship materials under reservation and no tender of a bill of lading shall operate as a tender of the materials. Non-compliance shall conform to the cancellation clause set forth within this Contract.
13. **Gratuities.** PMGAA may, by written notice to the Consultant, cancel this Contract if it is found that gratuities, in the form of entertainment, gifts or otherwise, were offered or given by Consultant or any agent or representative of Consultant, to any officer or employee of PMGAA involved in the amending, or the making of any determinations with respect to the performing of such Contract. If this Contract is canceled by PMGAA under this provision, PMGAA shall, in addition to any other rights and remedies, repay to the Consultant the amount of the gratuity.
14. **Applicable Law.** This Contract shall be governed by, and PMGAA and Consultant shall have, all remedies afforded each by the *Uniform Commercial Code*, as adopted in the state of Arizona, except as otherwise provided in this Contract or in laws pertaining specifically to PMGAA. This Contract shall be governed by the laws of the state of Arizona, and suits pertaining to this Contract shall be brought only in federal or state courts in the state of Arizona.

15. **Contract.** This Contract is based on and the result of a negotiated Scope of Services and Fee Proposal submitted by Consultant. The Contract contains the entire agreement between PMGAA and Consultant. No prior oral or written agreements, contracts, proposals, negotiations, purchase orders, or master agreements (in any form) are enforceable between the parties.
16. **Legal Remedies.** All claims and controversies shall be subject to the PMGAA Procurement Code.
17. **Contract Amendments.** This Contract shall be modified only by a written amendment signed by the PMGAA Executive Director or his/her designee, and persons duly authorized to enter into contracts on behalf of Consultant.
18. **Provisions Required by Law.** Each and every provision of law and any clause required by law to be in the Contract shall be read and enforced as though it were included herein, and if through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then upon the application of either party the Contract shall forthwith be physically amended to make such insertion or correction.
19. **Severability.** The provisions of this Contract are severable to the extent that any provision or application held to be invalid shall not affect any other provision or application of the Contract, which may remain in effect without the valid provision, or application.
19. **Protection of Government Property.** Consultant shall use reasonable care to avoid damaging all PMGAA property, including buildings, equipment, and vegetation (such as trees, shrubs, and grass). If Consultant damages PMGAA's property in any way, Consultant shall immediately repair or replace the damage at no cost to PMGAA, as directed by the PMGAA Executive Director. If Consultant fails or refuses to repair or replace the damage, then PMGAA may terminate the Contract, and PMGAA shall deduct the repair or replacement cost from money due Consultant under the Contract.
21. **Interpretation – Parol Evidence.** This Contract is intended by the parties as a final expression of their agreement and is intended also as a complete and exclusive statement of the terms thereof. No course of prior dealings between the parties and no usage of the trade shall be relevant to supplement or explain any term used in this Contract. Acceptance or acquiescence in a course of performance rendered under this Contract shall not be relevant to determine the meaning of this Contract even though the accepting or acquiescing party has knowledge of the nature of the performance and opportunity to object.
22. **Assignment – Delegation.** No right or interest in this Contract shall be assigned by Consultant without prior written permission of PMGAA, and no delegation of any duty of Consultant shall be made without prior written permission of PMGAA's Executive Director or his/her designee. PMGAA shall not unreasonably withhold approval and shall notify Consultant of PMGAA's position within fifteen (15) business days of receipt of written notice by Consultant.
23. **Subcontracts.** Consultant may not enter into a subcontract with any other party to furnish any of the material/service specified herein without PMGAA's advance written approval. All subcontracts shall comply with federal and state laws and regulations applicable to the services covered by the subcontract and shall include all the terms and conditions set forth herein, which shall apply with equal force to the subcontract, as if the subcontractor were the Consultant referred to herein. Consultant is responsible for Contract performance whether or not subcontractors are used. PMGAA shall not unreasonably withhold approval and shall notify Consultant of PMGAA's position within fifteen (15) business days of receipt of written notice by Consultant.
24. **Rights and Remedies.** No provision in this Contract shall be construed, expressly or by implication, to waive either party's existing or future claim, right, or remedy available by law for breach of contract. The failure of either party to insist on strict performance of any Contract term or condition; to exercise or delay exercising any right or remedy provided in the Contract or by law; or to accept materials, services, or Consultant's services under this Contract or imposed by law, shall not be deemed a waiver of any right of either party to insist upon strict performance of the Contract.
25. **Warranties.** Consultant warrants that all materials and services delivered under this Contract shall conform to the specifications thereof. Mere receipt of shipment of the material or service specified and any

inspection incidental thereto by PMGAA, shall not alter or affect the obligations of Consultant or the rights of PMGAA under the foregoing warranties. Additional warranty requirements may be set forth in this Contract.

26. **Indemnification.** To the fullest extent permitted by law, Consultant shall defend, save, indemnify, and hold harmless PMGAA, its agents, representatives, officers, directors, officials, and employees (collectively the “Indemnitees”), for, from and against all claims, damages, losses and expenses, including but not limited to attorney fees, court costs, expert witness fees, and the cost of appellate proceedings, relating to, arising out of, or alleged to have resulted from the Consultant’s acts, errors, omissions, or mistakes relating to Consultant’s services under this Contract.
27. **Overcharges by Antitrust Violations.** PMGAA maintains that, in actual practice, overcharges resulting from antitrust violations are borne by the purchaser. Therefore, to the extent permitted by law, Consultant hereby assigns to PMGAA any and all claims for such overcharges as to the materials or services used to fulfill the Contract.
28. **Right to Assurance.** Whenever one party to this Contract in good faith has reason to question the other party’s intent to perform, the former party may demand that the other party give a written assurance of this intent to perform. If a demand is made and no written assurance is given within five (5) business days, the demanding party may treat this failure as an anticipatory repudiation with this Contract.
29. **Advertising.** Consultant shall not advertise or publish information concerning this Contract without prior written consent of PMGAA.
30. **Right to Inspect.** PMGAA may, at reasonable times, and at PMGAA’s expense, inspect the place of a Consultant’s or subcontractor’s business, which is related to the performance of this Contract or related subcontract.
31. **Force Majeure**
 - a. Neither party is liable to the other, and neither party may be deemed in default under this Contract, if and to the extent that such party’s performance of this Contract is prevented by reason of Force Majeure. The term “Force Majeure” means an occurrence that is beyond the control of the party affected and occurs without its fault or negligence. Force Majeure does not include late performance by a subcontractor unless the delay arises out of a specific Force Majeure in accordance with this Force Majeure term and condition.
 - b. If either party is delayed at any time in the progress of the work by Force Majeure, the delayed party shall notify the other party in writing, as soon as practical, of the delay and shall specify the causes of delay in the notice. The notice must be hand-delivered or mailed certified-return receipt and must specifically refer to this section. The delayed party shall cause the delay to cease as soon as practicable and shall notify the other party in writing when it has done so. The date of completion will be extended by Contract modification or amendment for the period of time that the completion date is necessarily delayed. This time extension is the Consultant’s exclusive remedy for delay.
32. **Inspection.** All material or service is subject to final inspection and acceptance by PMGAA. Material or service failing to conform to the specifications of this Contract will be held at Consultant’s risk and may be returned to Consultant. If so returned, all costs are the responsibility of Consultant. Noncompliance shall conform to the cancellation clause set forth in this Contract.
33. **Exclusive Possession.** All services, information, computer program elements, reports, and other deliverables, which may be created under this Contract, are the sole property of PMGAA and shall not be used or released by Consultant or any other person except with prior written permission by PMGAA.
34. **Title and Risk of Loss.** The title and risk of loss of materials or services shall not pass to PMGAA until PMGAA actually receives the material or service at the Airport, unless otherwise provided within this Contract.

35. **No Replacement of Defective Tender.** Every tender of materials must fully conform to all provisions of this Contract. If Consultant tenders a material or service that does not fully conform, PMGAA may terminate this Contract.
36. **Default in One Installment to Constitute Total Breach.** Consultant shall deliver conforming materials and services in each installment or lot of this Contract. Consultant may not substitute nonconforming materials or services. Delivery of nonconforming materials or a default of any nature, at the option of PMGAA, will constitute breach of the Contract as a whole.
37. **Liens.** All materials, services, and other deliverables supplied to PMGAA under this Contract must be free of all liens and other encumbrances. Upon request of PMGAA, Consultant shall provide a formal release of all liens.
38. **Licenses.** Consultant shall maintain in current status all federal, state, and local licenses and permits required for the operation of the business conducted by Consultant as applicable to this Contract.
39. **Cost of Proposal Preparation.** The PMGAA shall not reimburse the cost of developing, presenting, or providing any response to this solicitation. Bids/proposals submitted for consideration should be prepared simply and economically providing adequate information in a straightforward and concise manner.
40. **Public Record.** All proposals submitted in response to this request shall become the property of the PMGAA and shall become a matter of public record available for review subsequent to the award notification.
41. **Subsequent Employment.** PMGAA may cancel this Contract without penalty or further obligation in accordance with A.R.S. Section 38-511 if any person significantly involved in initiating, negotiating, securing, drafting, or creating the contract, on behalf of the PMGAA is or becomes, at any time while the Contract or any extension of the contract is in effect, an employee of, or a consultant to any other party to this Contract with respect to the subject matter of the Contract. Such cancellation shall be effective when the parties to this Contract receive written notice from PMGAA, unless the notice specifies a later time.
42. **Clean Up.** Consultant shall at all times keep Contract performance areas, including storage areas used by the Consultant, free from accumulation of waste material or rubbish and, prior to completion of the work, remove any rubbish from the premises and all tools, scaffolding, equipment and materials not property of PMGAA. Upon completion of any repair, Consultant shall leave the work and premises in clean, neat, and workmanlike condition.
43. **Patents.** Consultant shall defend, indemnify, and hold harmless PMGAA, its officers and employees from all liabilities, claims, damages, costs, or expenses, including, but not limited to attorneys' fees, for any alleged infringement of any person's patent rights or copyrights in consequence of the use by PMGAA, its officers, employees, agents, and other duly authorized representatives of tangible or intellectual property supplied to PMGAA by Consultant under this Contract.
44. **Availability of Project Funding.** This Contract's approval and continuation is conditioned on the availability of funds appropriated by PMGAA for this purpose. If funds are not available or appropriated for the Contract's requirements, PMGAA may terminate the Contract. Possible sources of funding for this Contract include FAA and ADOT, and this Contract is contingent on the availability of those funds to PMGAA.
45. **Records and Audit Rights.** Consultant's and all of its approved subcontractors' books, records, correspondence, accounting procedures and practices, and any other supporting evidence relating to this Contract, including the papers of all Consultant and subcontractor employees that work on the Contract (all the foregoing collectively referred to as "Records"), must be open to inspection and subject to audit and/or reproduction during normal working hours by PMGAA. PMGAA is entitled to evaluate and verify all invoices, payments or claims based on Consultant's and its subcontractor's actual costs (including direct and indirect costs and overhead allocations) incurred or units expended directly in the performance of work under this Contract. For any audit under this Section, Consultant and its subcontractors hereby waive the right to keep such Records confidential. PMGAA is entitled to access to these Records from the effective date of this

Contract for the duration of the work and until five years after the date of final payment by PMGAA to Consultant under the Contract. During normal working hours, PMGAA is entitled to access to all necessary Consultant and subcontractor facilities and shall be provided adequate and appropriate workspace, in order to conduct audits under this Section. PMGAA shall give Consultant or subcontractors reasonable advance notice of intended audits. Consultant shall require its subcontractors to comply with the provisions of this Section by including its requirements in all subcontracts related to this Contract.

46. **E-Verify Requirements.** To the extent applicable under A.R.S. § 41-4401, Offeror and its subcontractors warrant compliance with all federal immigration laws and regulations that relate to their employees, and compliance with the E-Verify requirements under A.R.S. §23-214(A). Offeror's or its subcontractors' failure to comply with such warranty shall be deemed a material breach of this Contract and may result in the termination of this Contract by PMGAA.



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Management Information Report

To: Board of Directors
From: Chuck Odom, Chief Financial Officer
Through: J. Brian O'Neill, A.A.E., Executive Director/CEO
Re: Solicitation Notification
Date: April 18, 2017

This report is to provide notification of the active and upcoming solicitations to help ensure compliance with the Phoenix-Mesa Gateway Airport Authority procurement transparency clause. The active activities include the following:

Active/Pending Solicitations

Type Solicitation	Number	Title	Anticipated Contract Award (Board Action)
Request for Proposals	2017-016-RFP	Landscape Maintenance	May 2017
Invitation for Bid	2017-021-IFB	Taxiway Alpha Reconstruction	June 2017
Request for Proposals	2017-007-RFP	Master Developer for Gateway Aerospace Park	July 2017

Future Solicitations

Type Solicitation	Number	Title	Scheduled for Release	Anticipated Contract Award (Board Action)
Request for Proposals	2017-022-RFP	Airport Revenue Parking Management	May 2017	September 2017
Invitation for Bid	2017-025-IFB	West Terminal Expansion Phase IV - Improvements	June 2017	July 2017
Invitation for Bid	2017-024-IFB	West Terminal Expansion Phase IV – Roadway Improvements	June 2017	September 2017

Equipment Disposals

PMGAA staff has sold 9 pieces of decommissioned and/or nonworking equipment through auctions producing \$34,934 in net income.

In an effort to maintain orderly and safe grounds, staff has also had 10 pieces of nonworking equipment (25 – 30 years old) removed from the property at no cost.

If you have any questions about the solicitations or the procurement process, please feel free to contract me at 480-988-7613.



**NOTICE AND AGENDA OF MEETING OF THE
PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
BOARD OF DIRECTORS**

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Phoenix-Mesa Gateway Airport Authority and to the public that the Phoenix-Mesa Gateway Airport Authority will hold a telephonic meeting open to the public on **Tuesday, June 20, 2017 beginning at 9:00 a.m.** in the Board Room (Saguaro A & B) of the Gateway Administration Building, 5835 South Sossaman Road, Mesa, Arizona. The Board may vote to hold an executive session for the purpose of obtaining legal advice from the Board's attorney on any matter listed on the agenda pursuant to A.R.S. § 38-431.03 (A)(3)&(4).

The agenda for the meeting is as follows:

1. **Call to Order.** (Mayor Jeff Serdy, Secretary)
Members of the Phoenix-Mesa Gateway Airport Authority will attend either in person or by telephone conference call.
2. **Call to the Public.**
Members of the Board may not discuss items that are not on the agenda. Therefore, action taken as a result of public comment will be limited to directing staff to study the matter or scheduling the matter for further consideration and decision at a later date. Maximum of three minutes per speaker.
3. **Executive Director's Report.** - J. Brian O'Neill, A.A.E., Executive Director/CEO
4. **Consent Agenda.**
 - a. **Minutes** of the Board Meeting held on **May 16, 2017.**
 - b. **Resolution No. 17-20** Authorizing the **Denver Series of Lockton Companies, LLC** under the terms of its existing Insurance Broker/Risk Management Consulting Agreement with the Phoenix-Mesa Gateway Airport Authority to purchase specific lines of insurance on behalf of the Authority for the period July 1, 2017 through June 30, 2018 at an aggregate premium cost not-to-exceed \$420,266.
 - c. **Resolution No. 17-21** Approval of the amended and restated **Phoenix-Mesa Gateway Airport Authority Personnel Rules.**
 - d. **Resolution No. 17-22** Authorization of international waste management services through **Stericycle, Inc.** in an amount not-to-exceed \$73,000 for Fiscal Year 2018.
 - e. **Resolution No. 17-23** Authorizing a budget amendment in an amount not-to-exceed \$246,700 for additional Environmental Assessment professional services provided by **Ricondo and Associates, Inc.**
 - f. **Resolution No. 17-24** Authorizing the purchase of two passenger level-boarding ramps in the amount of \$114,000 from **Timberline GSE.**
 - g. **Resolution No. 17-25** Authorizing the additional purchase of **unleaded and diesel fuel** from the lowest priced **State contract vendor** at market prices for the Authority's use and resale in the amount of \$25,000 through June 30, 2017.
 - h. **Resolution No. 17-26** Authorizing an Agreement to Use, and the purchase of **unleaded and diesel fuel** from the lowest priced **State contract vendor** at market prices for the Authority's use and resale in the amount of \$260,000 for Fiscal Year 2018.

Consideration and Possible Approval of:

5. **Resolution No. 17-27** Authorizing the Executive Director/CEO to execute a three-year ground handling agreement to include two (2) one year extensions with **GMJ Air Shuttle**.
6. **Resolution No. 17-28** Approval of an Authorization of Services (AOS) with **DWL Architects + Planners, Inc.** for additional Architectural and Engineering Services for the SSCP Queue and Terminal Improvements Project CIP 617 in an amount not-to-exceed \$84,727.
7. **Board Member Comments/Announcements.**
8. **Next Meeting:** Tuesday, July 18, 2017 at 9:00 a.m.
9. **Adjournment.**

Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting Maria Gonzalez at 480-988-7603 or mgonzalez@gatewayairport.com. Requests should be made as early as possible to allow time to arrange the accommodation.



Executive Director's Report

June, 2017

Financial Snapshot

OPERATING INCOME	April		Month Variance	FYTD Comparison		FYTD Variance
	FY16	FY17		FY16	FY17	
Revenues	\$1,511,168	\$1,663,400	\$152,232	\$14,741,752	\$15,891,217	\$1,149,465
Less Expenses	\$1,454,808	\$1,463,619	\$8,811	\$13,758,252	\$14,593,854	\$835,602
Operating Income (before depreciation)	\$56,360	\$199,781	\$143,421	\$983,500	\$1,297,363	\$313,863

Investment Fund Balances: As of April 30, 2017: Local Governmental Investment Pool (LGIP) 700 = \$17,853,981; Wells Fargo Collateralized Savings Account = \$10,407,234; Total \$28,261,215.

Finance and Accounting

PMGAA reported a net operating income of \$199,781 for the month of April 2017. Year-to-date (YTD) net operating income increased to \$1,297,363. Aeronautic and non-aeronautic operating revenues continue to outperform budgeted forecasts and prior YTD actuals. YTD operating expenditures are \$244,000 less than budgeted.

Engineering

In 2016, the PMGAA Board approved a project to replace the dilapidated roofs of the two tanks for the South Central Fire Protection System. Roof replacement on the first tank has been completed and work is underway to replace the roof on the second tank.



View from inside the recently completed fire suppression tank

Grants, PFCs & Procurements

Active/Pending Solicitations

TYPE OF SOLICITATION	Number	Title	Anticipated Contract Award
Invitation for Bid	2017-021-IFB	Taxiway Alpha Reconstruction	July 2017
Request for Proposals	2017-007-RFP	Master Developer for Gateway Aerospace Park	July 2017
Request for Proposals	2017-022-RFP	Airport Revenue Parking Management	September 2017

Future Solicitations

TYPE OF SOLICITATION	Number	Title	Schedule for Release	Anticipated Contract Award
Request for Proposals	2017-027-RFP	Aircraft Rescue & Fire Fighting Vehicle	July	September 2017
Invitation for Bid	2017-025-IFB	SSCP Queue & Terminal Improvements	August	September 2017
Invitation for Bid	2017-024-IFB	Terminal Roadway Improvements	December	January 2017

Information Technology Services

As commercial passenger service continues to grow and airlines request more simultaneous flight departures, PMGAA is upgrading its terminal paging and wi-fi systems to meet this increasing demand. The additional functionality of the new state-of-the-art systems will aid our airline partners and provide passengers with a more enjoyable terminal experience.

Implementation of PMGAA's new Enterprise Resource Planning (ERP) System is progressing. Training on Phase I (core financials) is going well and is scheduled for a "go live" date of 7/1/2018. This new system will improve efficiency, consistency, and reliability for both administrative and operational functions.

Airport Operations

Gross revenue for PMGAA's vehicle parking operation increased 18.4% in April compared to April 2016. FYTD, vehicle parking revenue (\$2,395,826) is up 6.7% over the same time period last fiscal year.

Airport Operations crews coordinated with the Mesa Fire & Medical Department (MFMD) for their annual three-day airfield incident training exercise. PMGAA and Mesa teams received training on airfield procedures, emergency response apparatus, and the incident command center. The Boeing Fire Department was also on site with its AH-64 Apache Burn Trainer. At the end of each day's training, an Alert 3 drill was conducted involving MFMD, PMGAA Operations, and Gilbert Fire and Rescue Department.



Airfield incident training



AH-64 Apache Burn Trainer

Operations Statistics

PASSENGER COUNTS		April		% Change	FYTD		% Change
		FY16	FY17		FY16	FY17	
Passengers	TOTAL	109,319	117,804	8%	1,097,482	1,123,484	2%
	Deplaned	50,974	62,621	23%	552,254	574,037	4%
	Enplaned	58,345	55,183	-5%	545,228	549,447	1%
Allegiant	Scheduled	109,319	112,293	3%	1,094,396	1,104,848	1%
	Charter	0	449	100%	2,973	1,373	-54%
WestJet	Scheduled	0	5,022	100%	0	16,747	100%
Elite	Charter	0	40	100%	0	516	100%
Other	Charter	0	0	0%	113	0	-100%

OPERATIONS	April		% Change	FYTD		% Change
	FY16	FY17		FY16	FY17	
Air Carrier	883	1016	15%	8,753	9,701	11%
Military	621	343	-45%	5,015	6,214	24%
General Aviation	19,193	22,626	18%	170,688	212,228	24%
TOTAL	20,697	23,985	16%	184,456	228,143	24%

Noise Report

PMGAA received 23 noise calls in April 2017. Two Mesa residents made 12 calls (52% of total calls) and seven Gilbert residents in the Bridges Community made nine calls regarding general aviation overflight activity. The PMGAA Community Relations team is continuing its outreach initiatives with East Valley communities adjacent to the Airport in an ongoing effort to be a good neighbor.

NOISE CALLS	April		% Change	FYTD		% Change
	FY16	FY17		FY16	FY17	
Calls	45	23	-49%	191	258	35%

TYPE OF AIRCRAFT	April		% Change	FYTD		% Change
	FY16	FY17		FY16	FY17	
	Calls	Calls	Calls	Calls	Calls	Calls
Unknown Jet	23	1	-96%	74	23	-69%
MD-83	10	1	-90%	27	32	19%
A-319	3	1	-67%	22	24	9%
Other Commercial	2	6	200%	3	17	600%
GA Total	0	10	100%	0	35	100%
Military Total	7	4	-43%	65	80	23%
TOTAL	45	23	-49%	191	258	35%

LOCATION	April				% Change	FYTD				% Change
	FY16		FY17			FY16		FY17		
	Callers	Calls	Callers	Calls	Calls	Callers	Calls	Callers	Calls	Calls
Mesa	5	40	3	13	-68%	43	142	33	146	3%
Gilbert	2	2	7	9	350%	18	19	42	82	332%
Gold Canyon	0	0	1	1	100%	1	1	3	4	300%
Queen Creek	2	3	0	0	-100%	19	25	6	14	-44%
Queen Valley	0	0	0	0	N/A	1	1	0	0	-100%
San Tan Valley	0	0	0	0	N/A	1	1	6	6	500%
Apache Junction	0	0	0	0	N/A	2	2	1	1	-50%
Unknown	0	0	0	0	N/A	0	0	3	4	100%
TOTAL	9	45	11	23	-49%	85	191	95	258	35%

Engineering & Facilities

PMGAA is currently underway with Phase IV of the North Apron Area Reconstruction Project and anticipates a completion date of July 2nd for this phase of the project. The entire project is scheduled to be completed this fall.



Concrete demolition for Phase IV

In September 2016, the PMGAA Board approved two contracts for capital projects to improve the TSA Security Screening Checkpoint and several deficient areas of the passenger terminal and terminal infrastructure. Since that time, however, Allegiant has had several increases to their existing service and WestJet Airlines has initiated service at Gateway Airport. Due to these exciting airline announcements, the engineers and architects have been busy amending plans and modifying the scope of the proposed projects to address the increasing passenger activity. An important responsibility of any airport operator is to ensure adequate facilities and infrastructure that enables airlines and other airport companies to operate efficiently and cost-effectively.

An update to these important capital projects was presented at the June PMGAA Board meeting.

Environmental and Archaeological

Within the 3,000-acre airport boundary, there are known archeological deposits that we take great care in protecting. PMGAA is in the process of renewing our agreement with the State Historic Preservation Office that outlines our procedures for airfield maintenance and utility repairs within these archeological sites.

Gateway Aviation Services

Fuel-related revenues for April 2017 were down 14% compared to April last year and 3% below the FY17 budget. PMGAA saw net positive revenue for both retail Jet-A and AvGas sales during the month. FYTD, fuel-related revenues are 2% less than the same period last fiscal year, but right on target for the FY17 budget.

FUEL-RELATED REVENUE	April			FYTD		
	FY2016	FY2017	% Change	FY2016	FY2017	% Change
Net Retail (Jet)	\$85,849	\$103,779	21%	\$670,299	\$933,299	39%
Net AvGas	\$50,981	\$52,584	3%	\$445,605	\$457,768	3%
Storage Fees	\$26,379	\$26,363	0%	\$250,207	\$258,210	3%
Upload Fees	\$298,875	\$215,945	-28%	\$2,351,325	\$1,976,886	-16%
TOTAL	\$462,084	\$398,671	-14%	\$3,717,436	\$3,625,962	-2%

FUEL (Gallons)	April			FYTD		
	FY2016	FY2017	% Change	FY2016	FY2017	% Change
Retail (Jet)	37,664	49,476	31%	326,672	465,463	42%
AvGas	40,191	46,273	15%	361,552	412,334	14%
Contract	361,946	311,443	-14%	3,046,957	2,910,325	-4%
Commercial	959,213	958,618	0%	9,098,241	9,391,858	3%
TOTAL	1,399,014	1,365,810	-2%	12,833,422	13,179,981	3%

Gallons for the month of April were down 2%, but are up 3% FYTD. Retail Jet-A continues to be the strongest category and was up 31% over last April; with a possibility of eclipsing the half million-gallon mark this fiscal year.

PMGAA expects military activity to increase during the next several months now that word is spreading in the aviation community that Phase III of the North Apron Area Reconstruction Project is complete and the ramp directly in front of the Gateway Aviation Services facility is open again.

PMGAA was pleased to host a group of Marine AV-8 Harriers during a recent training mission. The Airport would also like to welcome the United States Forest Service (USFS) back for another fire season.



Marine AV-8 Harrier Performing Training Missions



DC-10 Air Taker supporting USFS Firefighters

Human Resources

PMGAA held its Second Annual Health and Wellness Fair for all employees and their families. The event included biometric screenings and many health industry vendors. The fair is offered in conjunction with the open enrollment period for employee benefits. PMGAA is proud of its ongoing efforts to help employees live healthier lives and become better employees.

Business Development

PMGAA staff is currently in negotiations with eleven real estate prospects. Five of the eleven opportunities are new ground leases that, if successful, would absorb close to fifteen acres of property. Two of the opportunities are new companies looking to lease facilities at the Airport, and the rest of the opportunities are renewals or expansions by existing tenants.

The PMGAA Board approved Gateway Jet Center, LLC's sublease with Constant Aviation, LLC. The sublease will transfer the leasehold interests to the entire 75,000 SF facility to Constant Aviation, a leading MRO company. In announcing Constant Aviation's decision to locate at Phoenix-Mesa Gateway Airport, the Governor's office applauded the "up to 200 high-wage jobs" being created in the Phoenix East Valley.

Strategic Communications and Government Relations

PMGAA had the honor of hosting Congressman Paul Gosar for an Aviation Roundtable with participants from across the State of Arizona. The Congressman discussed the importance of aviation to our State and outlined some of the most pressing Federal issues and challenges coming up this year.

PMGAA appreciates the strong support it receives from Arizona's entire Congressional Delegation. The Airport has benefited from the good work of our representatives in Washington, DC. Thank you all.



Congressman Gosar and his staff



**MINUTES OF PUBLIC MEETING OF THE
PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
BOARD OF DIRECTORS – TELEPHONIC | May 16, 2017**

A public meeting of the Phoenix-Mesa Gateway Airport Authority was convened on May 16, 2017, beginning at 9:00 a.m. in the Board Room (Saguaro A & B) of the Gateway Administration Building, 5835 South Sossaman Road, Mesa, Arizona.

Members Present via Telephone

Mayor John Giles, Mesa
Mayor Jenn Daniels, Gilbert*
Mayor Jeff Serdy, Apache Junction
Mayor Gail Barney, Queen Creek
Councilmember Thelda Williams, Phoenix
Lt. Governor Monica Antone, Gila River Indian
Community

**Neither present nor represented*

Airport Staff Present

J. Brian O’Neill, Executive Director/CEO
Scott Brownlee, Deputy Director/COO
Chuck Odom, CFO
Maria Gonzalez, Clerk of the Board
Ann Marie Anderson, Attorney (*via telephone*)

Members of the Public

Angela Talbot, JE Dunn Construction
Brian Howard, Consultant Engineering, Inc.

Jim McCauley, Wells Fargo
Will Zarlengo, Sletten Construction

1. Call to Order at 9:02 a.m. (Mayor John Giles, Chair)

2. Call to the Public.

There were no public comments.

3. Executive Director’s Report – J. Brian O’Neill, A.A.E., Executive Director/CEO

The Board of Directors received information related to operational and passenger activity, noise summary, fuel sales, and financials. Fiscal Year-to-Date (FYTD) actual Net Income is \$1,097,582.

Allegiant has committed to increasing their investment at Gateway and are predicting new destination announcements in June.

WestJet announced a planned return to Gateway in October, 2017 through April, 2018.

Barrio Brewing Company, located in the Gateway Aviation Center, opened on April 30, 2017.

Phase III of the North Apron Area Project is complete and open for activity. Increase in military operations is expected.

Southwest Jet Center announced Constant Aviation, a major MRO with locations in Las Vegas, Orlando and Cleveland, as their new tenant. Constant Aviation will bring 50-70 new jobs to the area, and will strengthen Gateway’s reputation nationally and internationally as a great place for MRO activity and associated businesses.

Mayor Giles requested an update regarding SkyBridge and Mr. O’Neill indicated that following Board approval, PMGAA entered into a Memorandum of Understanding (MOU) with Mesa SkyBridge Partners, LLC to pursue a Master Developer Agreement (MDA) for the 360-acre Gateway Aerospace Park located on the south end of the Airport.

4. Consent Agenda

- a. **Minutes** of the Board Meeting held on **April 18, 2017**.
- b. **Resolution No. 17-18** Authorizing the Phoenix-Mesa Gateway Airport Authority's insurance broker, **Wells Fargo Insurance Services USA, Inc.** to purchase benefit plans (medical, dental, vision, basic life/accidental death & dismemberment, and short-term disability) from various carriers consisting a 12-month renewal of July 1, 2017 through June 30, 2018 with an estimated plan cost of #1,003,702 for FY18.

Councilmember Thelda Williams moved to approve the Consent Agenda; Mayor Gail Barney seconded the motion. The motion was carried unanimously.

Consideration and Possible Approval of:

5. **Resolution No. 17-19** Authorizing a contract with **The Groundskeeper** for landscape maintenance services in an amount not to exceed \$281,890.08 for three years with two (2) one-year renewal options not to exceed \$9,656.70 and \$102,646.40 each year respectively.

Councilmember Thelda Williams moved to approve Resolution No. 17-19; Lt. Governor Monica Antone seconded the motion. The motion was carried unanimously.

8. Board Member Comments/Announcements

There were no comments/announcements.

9. **Next Meeting:** Tuesday, June 20, 2017 at 9:00 a.m. in the Board Room (Saguaro A & B) of the Gateway Administration Building, 5835 South Sossaman Road, Mesa, Arizona.

10. Adjournment.

The meeting adjourned at 9:26 a.m.

Dated this _____ day of _____, 20_____.

Maria E. Gonzalez, Clerk of the Board



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Chuck Odom, Chief Financial Officer
Through: J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Airport Liability, Property, Casualty, and Workers Compensation Insurance
Date: June 20, 2017

Proposed Motion

To authorize the Denver Series of Lockton Companies, LLC (Lockton) under the terms of its existing Insurance Broker/Risk Management Consulting Agreement with the Phoenix-Mesa Gateway Airport Authority to purchase specific lines of insurance on behalf of the Authority for the period July 1, 2017 through June 30, 2018 at an aggregate premium cost not to exceed \$420,266.

Narrative

Phoenix Mesa Gateway Airport Authority (PMGAA) renews the following lines of insurance on a fiscal year basis: Airport Liability, Property, Automobile, Fuel Farm (Property and Inland Marine), Crime, Executive Risk and Employment Practices. PMGAA's Workers Compensation policy is currently on a calendar year basis. PMGAA staff would like to adjust the Workers Compensation policy term date to coincide with the above Property & Casualty insurance policies. The change would have no negative impact on the premium and any unearned premium on the current policy would be applied to the new policy effective July 1, 2017.

During its marketing process, Lockton engaged several insurance carriers that provide lines of insurance coverage for airports. Insurance premiums are subject to annual increases and decreases based on many variables including, but not limited to, loss rate, marketplace demand, exposure base, and the brokers' strength in the aviation and general property/casualty marketplace. Lockton has negotiated premiums for PMGAA's Property & Casualty and Workers Compensation insurance policies not to exceed \$420,266.00 for FY18.

Premiums are slightly higher than those budgeted for FY18 due to a complete update of all assets and records of PMGAA. The category that was most affected by the premium increase was PMGAA's Property coverage as significant updates were made in this area.

Fiscal Impact

Premiums were included in the FY18 operating budget at \$412,363 with a difference of \$7,903 due to the updating of records as stated above. The additional premium amount will be absorbed through savings in other areas.

Attachment(s)

Renewal quote for lines of coverage.



RESOLUTION NO. 17-20

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Authority desires to purchase specific lines of insurance through the Denver Series of Lockton Companies, LLC;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes the Denver Series of Lockton Companies, LLC (Lockton) under the terms of its existing Insurance Broker/Risk Management Consulting Agreement with the Phoenix-Mesa Gateway Airport Authority to purchase specific lines of insurance on behalf of the Authority for the period July 1, 2017 through June 30, 2018 at an aggregate premium cost not to exceed \$420,266.00. This resolution also authorizes the Chair or Executive Director/CEO to execute such Agreement, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 20th day of June, 2017.

Jeff Serdy, Secretary

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Matthew Wright, Attorney

Insurance Renewal Proposal – Effective 7/1/17-18

Prepared for
Phoenix Mesa Gateway Airport Authority
5835 S. Sossaman Rd.
Mesa, AZ 85212-6014



Lockton® Companies thanks you for the opportunity to discuss your insurance and risk management program. This proposal is a brief overview of that program and is based on the exposure information you provided. Please refer to the policies for complete terms, conditions, limitations, definitions, and exclusions. Higher limits may be available upon request.

Lockton Companies does not guarantee or make any representation in regard to, and expressly disclaims responsibility for, the financial condition of insurance companies with which we place business. Any rating information contained in this document has been obtained by a third-party rating agency, and we do not represent or warrant its accuracy.



L O C K T O N C O M P A N I E S

SCHEDULE OF NAMED INSUREDS

Phoenix-Mesa Gateway Airport Authority

Phoenix-Mesa Gateway Airport Authority formerly known as Williams Gateway Airport Authority, and

Phoenix-Mesa Gateway Airport Authority d/b/a Gateway Aviation Services

Additional Insured

Phoenix-Mesa Gateway Airport Authority and the City of Mesa, the Town of Gilbert, the Town of Queen Creek, the City of Phoenix, the City of Apache Junction and the Gila River Indian Community, as Members of the Phoenix-Mesa Gateway Airport Authority, and any Phoenix-Mesa Gateway Airport Authority Official, Director, Officer, Board Member, Employee, Volunteer, Servant and Agent, Individually, and/or Collectively while acting in their official capacity, in the scope of their duties or employment.

2017-2018 PREMIUM SUMMARY

Lines of coverage	Renewing 2017/2018
Airport Liability/General Liability	AIG
Coverage Form	Occurrence
Limits of Liability	
Each Occurrence (Bodily Injury & Property Damage)	\$ 200,000,000
General Aggregate	N/A
Products & Completed Operations Aggregate	\$ 200,000,000
Personal & Advertising Injury	\$ 50,000,000
Premises Medical (Each Person)	\$ 25,000
Fire Legal Liability	\$ 1,000,000
Hangarkeepers Legal Liability (any one aircraft, any one occurrence)	\$ 200,000,000
Auto & Mobile Equipment Liability (On Premises)	\$ 200,000,000
Contingent Control Tower Liability	\$ 200,000,000
Baggage Liability	\$ 200,000,000
Contingent Air Show Liability (\$5M underlying)	\$ 200,000,000
Non-owned Aircraft Liability(50 seat max)	\$ 200,000,000
Non-owned Aircraft Physical Damage (each Occ)	\$ 1,000,000
Garagekeepers Legal Liability (per auto/per occ)	\$ 250,000
Cargo Liability	\$ 50,000,000
Incidental Medical Malpractice (per Occ/Agg)	\$ 50,000,000
Excess Auto Liability (off premises- \$1M Primary)	\$ 50,000,000
Excess Employers Liability (\$1M primary)	\$ 50,000,000
Employee Benefits Liability	\$ 1,000,000
War Risk and TRIA	Included
Deductible:	None
Exposures (Rating Basis)	
Enplanements	696,147
Rate	0.0461
Premium	\$ 32,106

Property	Travelers
Coverage Form	Special
Valuation	Repl Cost
Total Insured Values	\$ 161,274,437
Limits:	
Blanket Building	\$ 142,309,091
Blanket Business Personal Property	\$ 8,024,222
Blanket Business Income	\$ 9,323,657
Fencing	\$ 1,617,467
Earthquake Limit	\$ 10,000,000
Flood Limit	\$ 5,000,000
Deductibles:	
Any Property Loss, except as noted below	\$ 50,000
Property in Transit	\$ 2,500
Accounts Receivable, Valuable Papers	\$ 5,000
Utility Services	\$ 5,000
Earthquake Deductible	\$ 50,000
Flood Deductible	\$ 250,000
Business Income, time deductibles	
Property Loss	48 Hours
Earthquake & Flood	72 Hours
Utility Services	72 Hours
Combined Rate	\$ 0.0808
Equipment Breakdown Premium	\$ 17,192
Property Premium	\$ 130,330
Total Premium	\$ 147,522
Inland Marine/Fuel Farm	Travelers
Valuation	
Tanks and other Structures	Repl Cost
Equipment	Repl Cost
Fuel	Market Price
Inland Marine- Contractors Equipment Limit	8,300,964
Sublimits	
Newly Acquired Contractors Equipment Limit	\$ 500,000
Rented or Leased Equipment Limit	\$ 250,000
Inland Marine Deductibles:	
Flood/Earthquake	\$ 50,000
Inland Marine/Equipment	\$ 10,000
Fuel Farm Property & Fuel Limit:	\$ 5,231,000
Business Income Limit	\$ 1,148,747
Total Insured Values	\$ 6,379,747
Fuel Farm Deductibles:	
Property Loss	\$ 10,000
Business Income	24 hours
Rate: Inland Marine	\$ 0.2500
Rate: Fuel Farm Property & Fuel TIV	\$ 0.3344
Premium Inland Marine	\$ 20,752
Premium Fuel Farm Property & Fuel	\$ 21,337
Total Premium	\$ 42,089

Business Auto Liability/Physical Damage	Travelers
Coverage Form	Occurrence
Liability Limits	
Per Accident (Combined BI/PD) - Symbol 1	\$ 1,000,000
Auto Medical Payments - Each Person	\$ 5,000
Uninsured/Underinsured Motorist	\$ 1,000,000
Physical Damage	
Comprehensive (scheduled autos)	ACV
Collision (scheduled autos)	ACV
Towing and Labor (per vehicle)	\$ 50.00
Rental Reimbursement (30 days max)	\$75/day
Glass	
Hired Auto Liability (per rented vehicle)	\$ 50,000
Deductibles:	
Comp and Collision	\$ 1,000
Glass Damage (repair only)	none
Exclusions	
Emergency response vehicles	Yes
Vehicle use in restricted areas	Yes
Rating Basis: Number of Vehicles	37
Average per vehicle	\$ 1,200
Premium	\$ 44,395
Crime	Travelers
Limits:	
Employee Theft (Per loss limit)	\$ 1,000,000
Forgery or Alteration	\$ 1,000,000
Computer Crime	\$ 1,000,000
Funds Transfer Fraud	\$ 1,000,000
Claim Expense	\$ 5,000
Social Engineering Fraud Endorsement - <i>elected 2017</i>	\$ 100,000
Deductible:	\$ 25,000
Rating Basis: Number of Employees	111
Rate:	\$ 33.08
Premium with Social Engineering Endorsement	\$ 3,672

D&O/Employment Practices Liability	Chubb
Coverage Form	Claims Made
Continuity Date	7/1/2007
Defense Cost/Expense	Included
Maximum Aggregate -Policy Limit	\$ 1,000,000
Sublimit	
D&O Liability	\$ 1,000,000
EPL Limit	\$ 1,000,000
Retention	
Directors & Officers	\$ 25,000
Employment Practices Liability	\$ 25,000
Premium	\$ 11,070
Workers Compensation	Old Republic
Workers Compensation	Statutory
Employers Liability Limits	
Bodily Injury by Accident-Each Accident	\$ 1,000,000
Bodily Injury by Disease-Each Employee	\$ 1,000,000
Bodily Injury by Disease-Policy Limit	\$ 1,000,000
WC Class Codes Payroll	
7403-Aviation	\$ 3,518,333
8742-Outside Sales	\$ 115,720
8810-Clerical	\$ 2,293,836
Total Remuneration	\$ 5,927,889
Combined Rate	2.35
Experience Modification	1.08
Estimated Annual Premium	\$ 139,412
Total Estimated Cost-Annualized	\$ 420,266
Workers Compensation Unearned Premium for 7/1/17-18 (will be credited)	\$ (76,294)



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Veronica Lewis, Human Resources Director
Through: J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Update Personnel Rules
Date: June 20, 2017

Proposed Motion

To approve the amended and restated Phoenix-Mesa Gateway Airport Authority Personnel Rules.

Narrative

Phoenix-Mesa Gateway Airport Authority (PMGAA) has undertaken the review of the Board of Director adopted Personnel Rules to comply with new State laws and allow PMGAA to operate more efficiently. The recommended changes are summarized below:

- Update approval level throughout the document
- Update policy numbers throughout the document
- Update the Reinstatement of Benefits section to change the time period from six to nine months, and to include the restoration of all sick leave for reinstated employees
- Update the calculation of overtime to eliminate vacation time and count only hours worked in the calculation of overtime
- Update Holiday Pay to reflect pay for regular schedule worked as opposed to a bank of hours
- Include Sick Leave accrual for part-time non-benefited employees
- Simplify the Alcohol and Drug Free Workplace to allow the details of the program to be in an organizational policy
- Update performance evaluations to common review date

Fiscal Impact

The estimated fiscal impact is \$6,741.17 for Fiscal Year 18 to address the updated State regulations in adding sick leave for part-time non-benefited employees.

Attachment(s)

Draft Personnel Rules with red-line changes



RESOLUTION NO. 17-21

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Authority desires to amend and restate the Authority’s Personnel Rules;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby approves the amended and restated Phoenix-Mesa Gateway Airport Authority Personnel Rules. This resolution also authorizes the Chair or Executive Director/CEO to execute such Policy, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 20th day of June, 2017.

Jeff Serdy, Secretary

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Matthew Wright, Attorney



PHOENIX-MESA GATEWAY AIRPORT AUTHORITY

PERSONNEL RULES

Effective July 1, 2017⁶

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Phoenix-Mesa Gateway Airport Authority Personnel Rules

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I. ADMINISTRATIVE

SECTION 1.1: DEFINITIONS

The following words and phrases used in these Rules have the following defined meanings unless otherwise clearly indicated by the context.

Accrual – The accumulation of leave time.

Administrative Leave – Management directed time off with pay for an employee that is not charged against the employee's paid time off categories.

Announcement/Posting – The notice of intent to fill a position.

Applicant – An individual who has submitted an application for a posted employment opening.

At-Will Employment – An employee may be terminated from employment or an employee may terminate his/her employment (resign), with or without cause, and with or without notice, at any time.

Chain-of-Command – In the workplace, includes the supervisory responsibilities sequence of employee, supervisor, director, and the executive.

Classification – A group of positions similar as to duties performed, scope of discretion and responsibility, skills and qualifications requirements, and other such characteristics that the same title, pay range, and job description is applied.

Compensation – All forms of financial returns, tangible services and benefits that employees receive as part of being employed.

Controlled Substance – Any narcotic, prescribed, or un-prescribed drug as defined by state and federal law.

Days – Calendar days unless otherwise stated.

Demotion – The movement of an employee from one position to another position having a lower rate of pay. A voluntary demotion is a demotion initiated by the employee. An involuntary demotion is a demotion initiated by PMGAA.

Department – An organizational unit of Phoenix-Mesa Gateway Airport Authority.

Discipline – Actions taken to address and correct an employee's work behavior or performance. Discipline may be up to and including termination of employment.

Emergency (Airport) – A sudden and unforeseen happening that requires service of an employee to protect the health, welfare, and safety of the Airport and/or community.

Employee – A person who holds an authorized-budgeted position.

Essential Functions – The most critical, time consuming and/or important tasks and duties of a position; the tasks and duties that form the reason for the existence of the position.

Exempt Employee – Employees who, because of their positional duties and responsibilities and level of decision making authority, are exempt from overtime provisions of the Fair Labor Standards Act (FLSA).

Phoenix-Mesa Gateway Airport Authority Personnel Rules

Family and Medical Leave Act (FMLA) – A federal law that governs a period of employment protection during which an eligible employee may return to the same or similar position with equivalent pay and benefits after a qualified absence.

Flex Time – Adjusting an employee’s work schedule.

Full-time Employee – An individual who is appointed to a full-time position

Hire Date – The most recent first date of employment with the Airport Authority in a position other than a temporary position.

Leave – An authorized absence or time off from regularly scheduled work hours, which has been approved by the proper authority. Also referred to as a Leave of Absence (LOA).

Management – Airport Authority employees who have specific responsibility for a particular Airport Authority department to supervise employees, functions, and/or projects.

Merit Increase – A pay increase within the limits of a position’s established pay range. Also known as Pay for Performance.

Nepotism – The potential for or perception of preferential treatment due to a family or similar relationship.

Non-Exempt Employee – Employees who, because of the type of duties performed, the usual level of decision making authority, and the method of compensation, are subject to all Fair Labor Standards Act (FLSA) provisions including the payment of overtime.

Organizational Policy – Policy statements, administrative regulations and associated procedures for the efficient and effective operation of the organization and the administration and execution of Airport Authority matters which are created and modified at the sole discretion of the Executive Director.

Orientation Period – A period of time for all new employees and employees receiving a promotion or demotion during which time the employee's performance in the new position is evaluated.

Overtime – Hours worked in excess of forty (40) hours by an employee in a non-exempt (as defined by FLSA) position during his/her established work week.

Part-Time Benefited – An employee who is budgeted to work less than thirty (30) hours per week and is eligible for vacation, sick and holiday leave.

Part-Time Non-Benefited – An individual who is appointed to a position that requires working a work week of less than thirty (30) hours and is not eligible for any holiday, sick or vacation leave accrual.

Pay Range – A pay plan with established minimum to maximum hourly or bi-weekly pay rate dollar amounts associated with each position classification.

Pay Reduction – A decrease in the hourly or bi-weekly pay rate, which may have resulted from a reduction to the pay rate for a pay range or reallocation of a position to a lower pay range.

Performance Evaluation – The written review of an employee's performance of position duties and responsibilities.

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Personnel Action – Any official action taken with reference to appointment, pay, promotion, suspension, transfer, layoff, termination, leave, or any other action affecting the status of an employee.

Promotion – The movement of an employee from one position to another having a higher pay range.

Reclassification – Changing the classification of a position when a material change in duties or responsibilities occurs.

Resignation – Written notification by an employee indicating his/her intention to terminate employment with Airport Authority.

Retirement – Any employee covered by Arizona State Retirement System who has reached the designated age and possesses the appropriate number of years of service, and who elects to receive an annuity benefit from the plan.

Review Date – The date when an employee's performance is evaluated.

Separation – The end of employment; can be initiated by either the Airport Authority or the employee.

Suspension – A form of discipline consisting of relieving an employee from work without pay for a specified period of time.

Temporary – An assignment that exists for a limited or defined period of time.

Transfer – The movement of an employee from one position to another position within the Airport Authority at the same pay range.

SECTION 1.2: ADMINISTRATIVE PROVISIONS

Phoenix-Mesa Gateway Airport Authority adopts the Personnel Rules to provide a uniform system of personnel administration. They are not legally binding and are not to be construed as, and do not constitute, a contract, expressed or implied, or a guarantee of employment for any specific duration.

Phoenix-Mesa Gateway Airport Authority hereinafter may be referred to as “PMGAA,” “Airport Authority,” “Airport,” or “Employer.” Phoenix-Mesa Gateway Airport may be referred to as “Gateway.”

- A. **Applicability:** These Rules are applicable to all employees and positions at Phoenix-Mesa Gateway Airport Authority. The information contained in these Rules supersedes all previous personnel policies, procedures, and administrative regulations. These Rules are subject to change at the discretion of the Phoenix-Mesa Gateway Airport Authority Board of Directors.
- B. **Delegation of Authority:** Unless otherwise stated in these Rules, the Executive Director/Chief Executive Officer (CEO) may delegate any authority granted to him/her.
- C. **Availability of Funds:** The granting of any compensation in these Rules is contingent upon the availability of funds, as determined by the budget, the authority of the Executive Director and/or the Authority Board of Directors. The Airport Authority works to provide its employees with benefits and employment conditions that are desirable, but the Airport Authority reserves the right to change benefits and employment conditions when deemed reasonable to do so by the Authority Board of Directors or Executive Director.

- D. **Conflict with Federal or State Requirements:** Any provision of these Personnel Rules that conflicts or is inconsistent with state or federal rules, regulations, or standards shall not be applicable.
- E. **Service of Notice:** If any document or notice is to be given to any individual or department, the notice or document may be served personally or by mail to the last known residence or business address of the addressee. Unless otherwise provided by law or these Rules, service is complete upon mailing.
- F. **Correction of Errors:** The Executive Director may correct a manifest error or clear inequity affecting an employee or an applicant for employment.

SECTION 1.3: EQUAL EMPLOYMENT/AFFIRMATIVE ACTION STATEMENT

Phoenix-Mesa Gateway Airport Authority is an Equal Employment Opportunity (EEO)/Affirmative Action employer. Equal Employment has been, and will continue to be, a fundamental principle at the Airport Authority to ensure a work environment that is free from unlawful discrimination. The Airport Authority will consider all applicants on the basis of his/her qualifications for available positions without regard to race, color, religion, sex, national origin, age, disability, veteran status, or genetics. As such every effort will be made to ensure that appointments, promotions, reclassifications, transfers, compensation, training, terminations, or any other type of personnel actions are based on merit, fitness, or other factors determined to be non-discriminatory. (See Organizational Policy #~~100-05-03400.02~~ - EEO/Affirmative Action)

SECTION 1.4: CODE OF ETHICS

- A. The Code of Ethics is the general value system and ethical principles embodied by the Airport Authority. Expected ethics include that employees strive to be:
 - 1. Honest, trustworthy, and fair in all professional relationships;
 - 2. Considerate and treat all people with dignity and respect to foster a work environment of encouragement, acceptance, cooperation, reliability, support, and teamwork;
 - 3. Committed to accomplishing tasks in a safe and exceptional way;
 - 4. Dedicated to providing quality services safely and with the most efficient use of available resources;
 - 5. Responsible to maintain acceptable attendance and punctuality as determined by the Airport Authority;
 - 6. Compliant with reasonable grooming and dressing habits conducive to a business atmosphere;
 - 7. Compliant with the Airport Authority's policies, practices, and procedures; and
 - 8. Compliant with the laws and report, within five days, any noncompliance resulting in a conviction.
- B. **Conflict of Interest:** A conflict of interest can be defined as a situation in which an employee is in a position to exploit their professional or official capacity for his/her personal benefit. The existence of a conflict of interest may not, in and of itself, be evidence of wrongdoing. A conflict of interest can, however, become a legal matter when an employee influences the outcome of a decision for personal benefit. An employee is considered to have a conflict of interest when engaged in, but not limited to, the following:

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1. Acceptance of a bribe, being money, a promise, or favor in order to influence the judgment or conduct of a person in the course of work or in connection with work;
2. Engaging in outside business activities on the Airport Authority's time, regular duties, or that interferes with the Airport Authority's interest. Outside employment will not be considered a valid reason for absenteeism, tardiness, or poor work performance;
3. Soliciting, selling, displaying, promoting, or distributing merchandise, literature, or services, or conduct a similar form of business activity on Airport property unless authorized by the Executive Director; or
4. Threatening to use, or attempting to use, undue influence, extortion, or blackmail in securing employment benefits or advantages for the employee or another individual.

SECTION 1.5: PERSONNEL RECORDS

- A. **Content:** Each employee will have a personnel file that will serve as the official record of employment. It may include, but is not limited to, the following: employee application; new employee hire form; performance evaluations; personnel change forms; promotion, demotion, transfer, or position changes; disciplinary actions; certificates of recognition and accomplishment; and other employment related documents deemed appropriate by Human Resources.
- B. **Access:** An employee shall have access to his/her official personnel file during normal Airport Authority Human Resources business hours. Employee personnel files are treated as confidential; however, contents are subject to public record.
- C. **Access to Other Files:** The presence of copies of any item in any other informational file concerning an employee shall not in itself confer upon such employee any right of access to such file.
- D. **Control:** The official personnel file/record will remain in the control of Human Resources, unless otherwise ordered by a court of competent jurisdiction.

II. EMPLOYMENT

SECTION 2.1: GENERAL EMPLOYMENT PROVISIONS

- A. **At-Will:** Employment with Phoenix-Mesa Gateway Airport Authority is at-will, meaning that no one has a contractual right, expressed or implied, to remain in the Airport Authority's employ and the Airport Authority may terminate an employee, or an employee may terminate his/her employment, with or without cause, and with or without notice, at any time.
- B. **Employment Eligibility:** Applicants for employment at the Airport Authority must present proof of identity and eligibility for employment as required by federal and state law.
- C. **Age Requirement:** The only minimum age requirement is that imposed by state or federal law.
- D. **Pre-Employment Requirements:** All individuals recommended for employment will be required to pass a background investigation which may include pre-employment drug screening, employment history verification, criminal record verification, motor vehicle record check, and social security number trace. Should the potential new hire be recommended for a position requiring unescorted access to Security Identification Display Area (SIDA) they are subject to a fingerprint based criminal history check through the Federal Bureau Investigation (FBI).
- E. **Academic:** All postsecondary academic achievements required to meet the minimum qualifications of a position must be attained in an academic institution recognized by an accredited association as determined by the Human Resources Director.
- F. **Outside Employment:** An employee may engage in outside employment if the employment does not adversely impact the employee's PMGAA work and does not create a conflict of interest or the appearance of a conflict of interest with the employee's PMGAA job. An employee who wishes to engage in outside employment is required to notify PMGAA in writing. The employee may be asked to choose between his/her PMGAA employment and his/her outside employment if it is found that the outside employment interferes with the employee's duties at PMGAA.

SECTION 2.2: RECRUITMENT

When a position becomes vacant and approval to fill has been given, Human Resources may conduct a recruitment to fill the position.

- A. **Notice of Vacancy:** If an external job posting is to be conducted, public notice shall be accomplished by posting announcements of the vacancies by such means as the Human Resources Director shall direct.
- B. **Applications:** All applications for employment shall be submitted on the designated forms. Applications and any accompanying documentation become the property of the Airport Authority and shall not be returned. Applications are only accepted for open positions that have been announced during the recruitment period.
- C. **Disqualification:** Applicants for open positions may be denied further consideration for employment, for, but not limited to, the following reasons: failure to meet the minimum qualifications specified in the announcement; failure to submit complete and accurate application; or submission of the application after the specified time period.

D. **Selection Methods/Examinations:** Human Resources shall review and approve all selection methods and rating criteria in advance to ensure compliance with legal guidelines. All selection methods for employment shall be job related and designed to reveal the ability to perform the type of work for which the applicant has applied.

SECTION 2.3: APPOINTMENT

With the approval of the Executive Director, a vacant position may be filled by appointment on the basis of merit demonstrated by examination or other evidence of competence. The individual appointed to a position must meet the minimum qualifications for the designed classification.

SECTION 2.4: REINSTATEMENT OF BENEFITS

Employees who separate in good standing and are rehired within ~~six (6)~~nine (9) months of the date of their separation shall begin accruing vacation at the same rate as they were at the time of separation. In addition, ~~fifty percent (50%) of~~ the returning employee's forfeited sick time shall be restored upon reinstatement. Seniority (years of service) for the purposes of recognition or shift scheduling shall not be restored. Rehire request is subject to approval and contingent on the availability of positions and may be reviewed along with the normal recruitment process in filling a vacant position.

SECTION 2.5: EMPLOYMENT OF RELATIVES/NEPOTISM

Relatives and significant others shall not maintain a regular reporting relationship to one another in the chain of command. If such a relationship is created, one of the parties must elect to transfer to or be selected for a vacant position opening (if available) where there is no chain of command reporting relationship. If a transfer compatible with this policy cannot be made within ninety (90) days, it shall result in the separation of one of the employees from the Airport Authority employment. It shall be the responsibility of the employee who holds the highest classification level to immediately notify his/her department director of relationships as described above.

III. CLASSIFICATION AND COMPENSATION

SECTION 3.1: CLASSIFICATION

Human Resources shall place every position in a class based on its essential functions and maintain job descriptions for each classification within the Airport Authority. Human Resources may establish new classifications and revise or delete existing classifications as needed.

SECTION 3.2: PAY PLAN

Human Resources shall prepare a pay plan listing all classifications with corresponding pay ranges. All Airport Authority employees shall be paid within the assigned pay range of his/her positions, unless otherwise explained.

- A. **Entrance Pay Rates:** Except as specified below, all new employees shall be paid at the minimum of the pay range for the position hired.
1. If the hiring manager determines that a particular applicant has special qualifications that justify a pay rate that is higher than the minimum of the pay range, the hiring manager, with the Human Resources Director and the Executive Director's approval, may authorize a special entrance pay rate at a higher pay rate within the position's pay range for the applicant.
- B. **Merit Increases:** Employees may be considered for merit increases annually, if performance and budget warrants.
1. The Airport Authority routinely establishes merit pay guidelines that generally are issued in conjunction with the Airport Authority's budget cycle.
 2. Exceptions to the guidelines may be made with the approval of the Human Resources Director and Executive Director.
 3. Employees at the maximum of their pay range may receive merit compensation in a lump sum payment that does not become part of base compensation.
- C. **"Frozen" Pay Rate:** Based upon position classification studies, reclassification of a position, or a voluntary demotion, the Executive Director may authorize a "frozen" pay rate. A "frozen" pay rate is an employee's pay rate in excess of the maximum pay rate of the pay range assigned to the position classification. No pay rate increases, including market adjustments, cost of living adjustments (COLA), merit pay rate increases, and lump sum merit payments shall be in effect for an employee with a "frozen" pay status and the employee will remain at this "frozen" pay status until the pay range for the new position reaches the employee's pay rate, at which point the employee will again be eligible for pay increases.
- D. **Position Reclassification:** The Executive Director may approve exceptions to this section.
1. An employee whose position is reclassified to a class in the same pay range shall receive the same salary as before the reclassification.
 2. An employee whose position is reclassified to a higher pay range shall receive the same salary, unless the salary is less than the entry pay of the new pay range, in which case the employee shall receive the entry salary of the new pay range.

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3. An employee whose position is reclassified to a lower pay range by the Airport Authority, typically will continue to receive the same pay rate. If this pay rate is higher than the maximum of the new position's pay range, the employees pay rate will become "frozen".
- E. **Unscheduled Merit Pay Increase:** An employee may be awarded an Unscheduled Merit Pay Increase, with the approval of the Executive Director, to recognize exceptional performance in the employee's position or to adjust salary based on organizational needs. This award is a permanent increase of pay and may be given only to employees below the maximum of the pay range for that position.

SECTION 3.3: WORK SCHEDULES

Phoenix-Mesa Gateway Airport Authority reserves the right to establish work schedules (standard hours of work) in accordance with operational needs.

- A. **Pay Period:** The pay period is defined as two (2) work weeks. The standard pay period begins on Monday at 12:00 AM and ends the second Sunday thereafter at 11:59 PM.
- B. **Work Week:** The standard work schedule is forty (40) hours in each work week. For non-exempt employees, the work week defines the specific period on which overtime calculations are based. The work week is a consecutive seven-day period starting at the same time each week.
- C. **Scheduling:** The Airport Authority may require an employee to work overtime and/or to work beyond his/her normally scheduled hours to accommodate operational needs.
 1. Overtime may be considered a condition of employment. Refusal to accept overtime work may be subject to disciplinary action. In cases of conflict with an outside activity, the employee's obligations to the Airport Authority must be given priority.
 2. Prior approval by the immediate supervisor is required before a non-exempt employee may work overtime. An employee who works overtime without approval will be paid for the overtime hours worked, however he/she may be subject to disciplinary action.
 3. Non-exempt employees may be subject to on call standby status for a designated specific period of time in addition to his/her regular work schedule.
- D. **Rest Periods:** Supervisors may allow an employee paid rest or break periods, based on operational needs, during his/her workday if normal business functions would not be impaired. Rest periods or breaks shall be limited to fifteen (15) minutes for each four (4) hours worked. This time may not be combined or accrued to create an extended rest period or break period or to shorten the workday. If an employee is required to work through a rest period, the Airport Authority will not be obligated to provide an alternative rest period or to pay the employee more for that time than the Airport Authority otherwise would have paid.
- E. **Meal Breaks:** An employee's work schedule may include an unpaid meal break each workday, during which the employee is relieved of all position duties and free to use the time for a meal break. A non-exempt employee is expected to take his/her meal breaks away from his/her workstation and may not work during his/her meal breaks without prior approval from his/her supervisor.
 1. Supervisors should generally not interrupt an unpaid meal break; although, interruptions may be necessary, based on operational needs. If a non-exempt employee's meal break is interrupted by work responsibilities that preclude him/her from receiving at least thirty (30) minutes of uninterrupted meal break time, the entire meal break shall be considered time worked. If a non-exempt employee

with a sixty (60) minute meal break receives an uninterrupted meal break of thirty (30) minutes or more, only the time actually worked by the employee during the meal break shall be recorded as work time.

2. Supervisors may adjust the employee's meal break schedule, if necessary, to ensure that the employee receives at least thirty (30) minutes of unpaid uninterrupted meal break time.
3. Some non-exempt positions are expected to be available during their meal breaks and as such are compensated for the meal break.

SECTION 3.4: FAIR LABOR STANDARDS ACT (FLSA) STATUS/OVERTIME

A. **Exempt Employees:** Certain employees shall be considered exempt from the FLSA, in accordance with FLSA exemption criteria.

1. Exempt employees shall not be entitled to overtime compensation and shall work whatever time is necessary to meet departmental needs and organizational service delivery demands.
2. For purposes of public accountability, all FLSA exempt employees must use accrued leave for absences of more than four (4) consecutive hours unless approval is given by the Supervisor. Otherwise, FLSA exempt employees who do not have accrued leave available may have their pay docked. FLSA exempt employees generally need not use accrued leave for absences of four (4) consecutive hours or less in a work day. Supervisor approval is required for any absence from work.

B. **Non-Exempt Employees:** Certain employees shall be considered non-exempt, in accordance with FLSA criteria.

1. **Overtime:** Overtime pay is administered in accordance with applicable federal and state laws.
 - a. Overtime will be paid at one and one-half (1 ½) times the employee's regular rate of pay.
 - b. Overtime is based on a scheduled forty (40) hour work week, not on an eight (8) hour day. Overtime pay is earned only for hours worked during the established work week after forty (40) hours have been completed.
 - c. For purposes of calculating overtime pay, ~~only hours worked will be counted, paid vacation time will be counted as time worked.~~ Holidays hours will be counted as hours worked, only if the hours are actually worked. Sick ~~and Vacation~~ time will not be counted as time worked.
 - d. For the purposes of calculating overtime pay, the standby hours paid during a work week are not included in the hours worked.

SECTION 3.5: SHIFT DIFFERENTIAL

The Airport Authority provides additional compensation (shift differential) to employees working in specified non-exempt positions during specified evening and nighttime work hours. The shift differential compensation amount shall be \$1.00 for each hour of work performed by a non-exempt employee in an eligible position between the hours of 5:00 p.m. and 5:00 a.m.

SECTION 3.6: STANDBY AND CALLOUT PAY

- A. An employee who is eligible (non-exempt employee) for overtime pay is eligible for standby and call out pay.
- B. Standby pay is payment received by an employee to pay the employee for being required to be available to provide services for a business need or an emergency during a designated specific period of time. An employee on standby on a day normally scheduled to work shall be paid one (1) hour of base pay as standby pay for that day. An employee who is on standby on a day on which the employee is not normally scheduled to work shall receive two (2) hours base pay for that day.
- C. Call out pay is pay received by an employee for actually working during a time the employee is not normally scheduled to work, in response to a call out for a business need or an emergency. An employee who is called out for emergency service shall be paid one and one-half (1 ½) times the hourly base pay rate. The rate of pay will be based with a minimum of one (1) hour payable for the employee's regular scheduled work day, and two (2) hours payable for the employee's regular day off. An employee will be paid for one-half (½) hour of travel time when he/she is called out.

IV. BENEFITS

SECTION 4.1: INSURANCE PROGRAMS

Eligibility: All full time employees are eligible to participate in employee health and welfare insurance programs beginning the first of the month after thirty (30) days of employment.

SECTION 4.2: RETIREMENT

All full time and qualifying part-time employees are required to participate in the Arizona State Retirement System (ASRS). ASRS is a cost-sharing, public employee, tax qualified, defined benefit plan. Both the employee and employer contribute to the member's retirement at an equal percentage of compensation. The appropriate percentage for contributions may change each fiscal year based on ASRS actuarial evaluation.

SECTION 4.3: ABSENCE FROM WORK

Absence from work is subject to supervisory approval. All requests for absence from scheduled work should be submitted to the employee's supervisor with as much advanced notice as possible prior to the beginning of the absence or as soon as possible for emergencies. The request must be submitted and approved by the employee's supervisor. This applies to paid and unpaid absences.

- A. **Unexcused Absences:** An employee who is absent from duty for any period of time without supervisory approval is considered to have an unexcused absence and subject to disciplinary action.
- B. **Paid Absences:** The time an employee is absent from work but receiving pay is considered paid time off. The following fall under this category: observance of a holiday, vacation, sick, flex time, jury/witness duty, and administrative leave. An employee on paid time off shall be paid at their effective rate of pay (not including shift differential pay), unless otherwise noted. All paid time off can be taken in quarter ($\frac{1}{4}$) hour increments.

SECTION 4.4: HOLIDAYS

- A. **PMGAA Observed Holidays:** New Year's Day, Martin Luther King Day, President's Day, Memorial Day, Independence Day, Labor Day, Veteran's Day, Thanksgiving Day, Day after Thanksgiving, Half-Day Christmas Eve, and Christmas Day.
- B. **Observation of Holidays:** When the holiday falls on a Sunday, it will be observed on the following Monday. When a holiday falls on a Saturday, it will be observed on the preceding Friday. For continuous, seven day operations, or work schedules that include a Saturday and/or Sunday, the holiday shall be observed on the calendar day of the holiday.
- C. **Holiday Pay:** Every full-time and part-time benefited employee will receive pay for his/her regular scheduled workday for every holiday observed by PMGAA. When a holiday falls on the employee's scheduled day off, the employee will be allowed to use that day as an alternate holiday, unless otherwise determined by the department as stated below. a bank of ninety five (95) hours and part-time benefited employees will receive forty seven and a half (47 1/2) hours that will be used towards observed holidays each fiscal year. Holidays will be paid by deducting hours from this bank based on the observation of holidays. Any remaining hours left, after the deduction of each observed holiday, will be available for the employees to use as alternate holiday time. This alternate holiday ~~time~~ must be used by the end of the fiscal year and shall not carry over, unless otherwise approved by the Executive Director.

~~1.~~ 1. In select areas, when a holiday falls on the employee's scheduled day off, non-exempt employees will be paid for that day. This is determined by the Department Director based on business needs.

~~4.2.~~ A non-exempt employee who works on an observed holiday shall, in addition to holiday pay, receive pay for all hours worked on the holiday at the rate of one and one-half (1 1/2) times his/her regular rate of pay.

~~2.3.~~ **Holidays during Paid Leave:** Full-time and benefited part-time employees on PMGAA paid leave when a holiday occurs will receive the holiday pay and this holiday time off will not be charged as vacation or sick leave.

~~3.4.~~ **Holidays during Unpaid Leave:** An employee who is on an authorized unpaid leave of absence shall not be paid holiday pay unless the employee works on the employee's scheduled workday either the day before or the day after the holiday. The employee's holiday bank will then be reduced by the applicable number of hours that the holiday would have been paid at.

~~4.5.~~ **Starting Employment:** If an employee's first day of employment is the day after a holiday, the employee will not receive pay for the holiday.

~~5.6.~~ **Terminating Employment:** If an employee's last day worked (employment termination day) is on the day before a holiday, the employee will not receive pay for the holiday. All unused alternate holiday time, not taken by the last day of employment, will be forfeited.

SECTION 4.5: VACATION

A. **Accrual:** Employees will accrue vacation leave based on their most recent hire date, in accordance with the following schedule:

<u>Full-time Employees</u>	<u>Vacation Accrual</u>
Fewer than two years	Eight hours per month
Two years or more	Twelve hours per month
<u>Benefited Part-time Employees</u>	<u>Vacation Accrual</u>
Fewer than two years	Four hours per month
Two years or more	Six hours per month

1. An employee shall not accrue vacation hours for any four (4) week period in which the employee has been on unpaid leave for more than three (3) workdays, including unpaid holidays.
2. For partial months of employment, vacation hours will be accrued on a prorated basis.
3. The date for change in the accrual rate is the first day of the complete pay period immediately following two (2) years of continuous employment.
4. For the purpose of determining the date of change in number of hours per month, accrual of vacation hours will be by continuous employment after the employee's most recent hire date, as provided in state and federal laws including the Family and Medical Leave Act (FMLA) Policy, military service pursuant to U.S. DOL USERRA or ARS. 26-168, 26-171, or 38-610 and any special

leave without pay of thirty (30) days or less. If a special leave without pay exceeds thirty (30) days, the excess days over thirty (30) shall not be counted as continuous employment.

B. **Accrual Maximum:** The maximum accumulation of vacation hours that can be carried over into the next fiscal year is two hundred forty (240) hours for full-time employees and one hundred twenty (120) for benefited part-time employees. An employee who has in excess of two hundred forty (240) hours for full-time employees and one hundred twenty (120) hours for part-time employees on June 30th of each year will be paid for the excess amount of time after June 30th, provided the full-time employee has taken eighty (80) hours vacation time and the part-time employee has taken forty (40) hours during the fiscal year. If the employee has not taken the required amount of time during the year, all excess time shall be forfeited.

C. **Use of Vacation Hours:**

1. Eligibility to use accrued vacation hours shall begin after the employee has completed ninety (90) days of employment from his/her most recent hire date unless a written request was submitted and signed by Human Resources prior to the most recent hire date.
2. Vacation leave may be taken at any time approved by the employee's supervisor.
3. All previously approved absence requests are subject to supervisor revocation if required by operational considerations. However, every effort shall be made to avoid any adverse financial or personal impacts on employees as a result of having their "approved" absence revoked.
4. Vacation leave shall not be advanced to an employee nor may vacation leave be transferred between employees
5. Depending on the incident, an employee who becomes ill during a scheduled vacation may change vacation days to sick days with authorization from the Department Director and Human Resources.

D. **Vacation Hours at Separation:** A full-time or part-time employee, who separates from the Airport Authority service by termination, resignation, retirement, layoff, or death, shall be paid for all unused vacation hours accrued. An employee who separates from employment for any reason before the completion of ninety (90) days service from his/her most recent hire date shall forfeit all accrued vacation hours.

SECTION 4.6: SICK LEAVE

A. **Accrual:** Employees will accrue sick leave in accordance with the following schedule:

<u>Airport Authority Employees</u>	<u>Sick Leave Accrual</u>
Fulltime Employees	Eight hours per month
Benefited Part-time Employees	Four hours per month
Non-Benefited Part-time Employees.....	One hour for every 30 hours worked

~~4. An employee shall not accrue sick hours for any four (4) week period in which the employee has been on unpaid leave for more than three (3) workdays, including unpaid holidays.~~

~~2.1~~ For partial months of employment, sick hours will be accrued on a prorated basis.

B. **Accrual Maximum:** The maximum accumulation of sick leave is one thousand forty (1,040) hours for full-time employees and five hundred twenty (520) hours for part-time employees.. Any sick leave accrued in excess of the maximum accumulation of one thousand forty (1,040) hours or five hundred twenty (520) hours, shall be automatically converted to vacation leave on the basis of one (1) hour of vacation leave for every two (2) hours of excess sick leave accrued.

C. **Use of Sick Leave:**

1. Eligibility to use accrued sick leave hours shall begin on the date after the end of the pay period in which it is accrued.
2. Sick leave may be taken at any time approved by the employee's supervisor. The employee must notify his/her immediate supervisor a minimum of one (1) hour prior to the beginning of the work shift, unless the employee is unable to do so due to circumstances beyond the employee's control. Failure to report within the specified time period may result in the employee being docked a day's pay and subjected to disciplinary action.
3. Sick leave is available time off with pay for periods of an approved absence for an employee due to:
 - a. Illness or injury, which renders the employee unable to perform the essential functions of the position.
 - b. Disability caused by pregnancy, childbirth, or miscarriage.
 - c. Examination or treatment by a licensed health care practitioner.

~~e.d.~~ [Absence due to domestic violence, sexual violence, abuse, or stalking.](#)

~~e.c.~~ [Illness, injury, examination, or treatment of a member of the employee's immediate family by a licensed health care practitioner. For the purpose of this section the term immediate family means the employee's spouse, child, stepchild, parent, stepparent, grandparent, mother-in-law, father-in-law, sister, sister-in-law, brother, brother-in-law, son-in-law, daughter-in-law, stepparent-in-law, grandchild and minor child or an adult for whom the employee is a legal guardian.](#)

~~4.~~ [Once the employee has been out on sick leave for three or more consecutive work day, A supervisor may require submission of evidence from a licensed health care practitioner substantiating the need for sick leave.](#)

~~5.4.~~ [The supervisor, in conjunction with Human Resources, may require the employee to obtain written approval from the licensed health care practitioner as to the employee's fitness for duty and if employee has any work restrictions prior to the employee's returning to work.](#)

~~6.5.~~ [A supervisor, in conjunction with Human Resources, may require an employee to be examined by a licensed health care practitioner designated by the Airport Authority. If the licensed health care practitioner determines that the employee should not work due to illness or injury, the supervisor may place the employee on sick leave. If the licensed health care practitioner determines that the employee can return to work but cannot perform the essential functions of his/her position, the Airport Authority will investigate a possible reasonable accommodation for the employee. The Airport Authority shall pay for all examinations directed by and required by the Airport Authority. The employee shall not be charged any leave while participating in or traveling to or from any examination required pursuant to this paragraph.](#)

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7.6. For all illness-related absences, sick leave will be used first followed, if needed, by vacation leave. After the sick and vacation leave time is used, the employee will then go on unpaid status, and may be considered for discharge for inability to perform the essential functions of his/her position other than as protected by state and federal laws or request a special leave without pay.

8.7. A supervisor receiving a request from an employee requesting and/or using sick leave that spans three or more consecutive workdays must notify Human Resources. This information may be necessary to allow the Airport Authority to comply with the federal Family and Medical Leave Act (FMLA).

D. Sick Leave Hours at Separation:

1. **Termination:** An employee who terminates Airport Authority service for any reason other than retirement or disability shall forfeit all accumulated sick leave.
2. **Retirement:** An employee who retires from Airport Authority service shall be compensated for accumulated sick leave at the rate of fifty (50) percent of the accumulated sick leave hours at the employee's current base rate of pay.
3. **Disability Termination:** For an employee that terminates employment because of his/her disability as defined in The Americans with Disability Act (ADA) Amendments Act, at the discretion of the Executive Director on a case-by-case basis, a determination will be made as to whether he/she will be compensated for accumulated sick leave. If the determination is that the employee is to be compensated, he/she will be compensated at the rate of fifty (50) percent of the accumulated sick leave hours at his/her current base rate of pay

E. Sick Leave Donation: A Phoenix-Mesa Gateway Airport Authority employee who has completed the new hire orientation period and has accrued sick leave may donate hours to an eligible employee on a leave of absence that qualifies. Participation in the sick leave donation program is voluntary.

1. **Eligibility to Request Donation:** To be eligible to receive sick leave donations, an employee must be absent due to an Family Medical Leave Act (FMLA) qualifying event, although not subject to the tenure requirements and must have exhausted his/her accrued leave. At the discretion of Human Resources, an employee may be required to provide medical certification of an FMLA qualifying event to validate eligibility for donated leave and may be required to provide periodic medical recertification and/or periodic updates and anticipated return to work date. An employee on workers' compensation leave is not eligible to receive donated sick leave. (Refer to section 4.8 Workers Compensation Leave)
 - a. A recipient of sick leave donations may receive a maximum total credit of eighty (80) hours per bi-weekly pay period, less any hours actually worked, disability payments, and holidays paid that pay period.
2. **Donation of Sick Leave:** Any employee with accrued Sick Leave may voluntarily donate time to eligible employees provided the donation does not reduce the donating employee's sick leave balance below 80 hours. Maximum donation is eighty (80) hours per recipient per calendar year and must be expressed in blocks of four hours, with a minimum donation of four hours.

SECTION 4.7: BEREAVEMENT LEAVE

In the event of a death in the immediate family of an employee, the full-time or benefited part-time employee may be granted three (3) days of leave and bereavement pay. For the purpose of this section the term

Phoenix-Mesa Gateway Airport Authority Personnel Rules

immediate family is defined as employee's spouse, child, stepchild, mother, father, sister, brother, mother-in-law, father-in-law, brother-in-law, sister-in-law, step-parent-in-law, grandparent, grandparent-in-law, grandchild, aunt, uncle, daughter-in-law, and son-in-law.

Before the leave or upon return to work, the employee must record his/her absence as Bereavement Leave and submit the request to his/her supervisor. Proof of death and relationship to the deceased may be required. If an employee requires leave beyond the allotted three (3) days, it will be charged to sick or vacation.

SECTION 4.8: WORKERS COMPENSATION LEAVE

- A. Workers' compensation is governed by the laws found in Article 18, Section 8 of the Arizona State Constitution, Chapter 6 of Title 23 of the Arizona Revised Statutes (A.R.S.) 23-901. The Industrial Commission of Arizona (ICA) administer and enforce all applicable laws and regulations not specifically delegated to others, relative to the protection of life, health, safety, and welfare of employees within the state.
- B. An employee who sustains a job-related injury or illness is required to report the incident to their supervisor or Human Resources and may be eligible for workers' compensation benefits in accordance with the State of Arizona law.
- C. An employee who is absent from work due to a job related injury or illness will have this time designated as Family Medical Leave (FMLA). During the period of worker's compensation leave, the employee's vacation and sick leave accrual will cease and merit increases shall not be granted.

SECTION 4.9: JURY OR WITNESS LEAVE

A leave of absence for jury duty will be granted to any full-time or part-time employee who has been notified to serve. Employees receive jury duty or witness pay if summoned on scheduled work days/hours. The employee shall be granted paid Jury Duty or Witness Leave for a maximum of thirty (30) work days per year. If an employee is subpoenaed to testify as a witness in an Airport Authority-related case or hearing, this time will be considered work time.

SECTION 4.10: ELECTION LEAVE

An employee must request an election leave accommodation to vote at least one (1) day before Election Day. On days when elections for public office and all primary and general elections are scheduled throughout the state, county, city, or town in which the employee works, schedules will be changed as needed to ensure that work either starts at least three (3) hours after the polls open or ends at least three (3) hours before polls close. An employee living in other localities or states will need to inform his/her supervisor in advance if he/she expects any conflict between his/her work schedule and the exercise of voting rights. No employee will be penalized or retaliated against for requesting time off to vote.

SECTION 4.11: MILITARY LEAVE

The Airport Authority complies with the requirements of the Uniformed Services Employment and Reemployment Rights Act (USERRA) and all other state, federal and local laws regarding military leave. (See Organizational Policy #~~100.05.07~~400.11 – Military Leave)

SECTION 4.12: SPECIAL LEAVE

Phoenix-Mesa Gateway Airport Authority Personnel Rules

A special leave is any absence from work in excess of thirty (30) consecutive calendar days that is not covered by the FMLA or Military Leave. In addition, a special leave is any additional time-off required after exhaustion of FMLA. Special leave includes, but is not limited to extended use of paid and unpaid time off, leave for a non-FMLA eligible employee, or leave for a non-FMLA eligible circumstance. Special leaves may be for a medical or non-medical condition.

- A. **Approval:** All requests for special leave must be approved in advance and in writing by the employee's department director and the Human Resources Director. The initial approval period for special leave duration will be for a period of twelve (12) weeks or less. The Executive Director may approve extensions of special leaves for more than twelve (12) weeks.
- B. **Use of Time:** An employee may be required to exhaust any available paid time off categories prior to using unpaid time.
- C. **Return to Work:**
 - 1. An employee who is able to return to work after a period of special leave may be approved to return to a position in the class held at the start of the special leave, if such a position is available and funded. If such a position is not available and funded, the employee may be terminated.
 - 2. An employee returning from special leave must notify Human Resources at least two (2) business days prior to the scheduled return. If the conditions for the leave change, the employee must notify Human Resources as soon as possible.
- D. **Insurance Premiums:** An employee on unpaid special leave may be responsible for the payment of the entire insurance premium for his/her and dependent(s) coverage.

SECTION 4.13: FAMILY MEDICAL LEAVE (FMLA)

The Airport Authority supports and complies with the federal Family and Medical Leave Act of 1993 (FMLA), as amended. (See Organizational Policy #~~100.05.06~~[400.05](#) - Family and Medical Leave).

SECTION 4.14: TRAINING AND DEVELOPMENT

The Airport Authority offers a variety of training and development opportunities in order to assist an employee in performing his/her position more productively, preparing for future responsibilities, and encouraging self-improvement and growth. These educational opportunities may be available as internal and/or external training.

- A. **Responsibility and Availability:** Supervisors, managers or directors and Human Resources have joint responsibility to ensure that all employees receive necessary training. The Airport Authority may reimburse an employee for certain expenses incurred when he/she successfully completes an external position-related course with prior approval.
- B. **Required Training:** The Airport Authority shall pay all costs associated with the attendance by an employee at any course, seminar, or workshop required of the employee by the Airport Authority. The employee shall not be charged any type of leave while in attendance at such a course. The employee shall be considered to be on duty while at the course and for travel time proceeding to and from the course. Travel time does not include an employee's normal commute to and from his/her regular worksite for departure to the training. Hours worked for training that requires out-of-town travel and/or an overnight stay, for a non-exempt (hourly) employee will be determined in compliance with the Fair Labor Standards Act (FLSA) hours worked regulations.

SECTION 4.15: TUITION REIMBURSEMENT

Eligibility: To qualify for tuition reimbursement, an employee must have successfully completed the new hire orientation period and be classified as a full-time employee prior to enrolling in the course. (See Organizational Policy #~~100.05.12~~400.10 – Tuition Reimbursement)

V. WORKPLACE STANDARDS

SECTION 5.1: EMPLOYEE CONCERNS

Phoenix-Mesa Gateway Airport Authority (PMGAA) is committed to maintaining a formal mechanism that allows employees to resolve misunderstandings and preserve positive relations between management and other employees. Employees and supervisors shall, to the greatest extent possible, work cooperatively together to resolve work-related concerns. If an employee is unable to resolve a work-related concern, or he/she feels there is a perceived misapplication of written Airport Authority rules or policies, the employee is encouraged to bring this concern to the appropriate chain of command or to the Human Resources Director for review.

SECTION 5.2: RESPECTFUL WORKPLACE

Phoenix-Mesa Gateway Airport Authority is committed to providing and maintaining an environment conducive to the safety and health of its employees, tenants, and customers. PMGAA prohibits harassment, sexual harassment, illegal discrimination, gender bias, workplace violence, or unlawful activity as defined by state and federal law, including Title VII of the Civil Rights Act, the Age Discrimination Act, and the Americans with Disabilities Act. (See Organizational Policy #~~100.05.04~~400.01-- Anti-Harassment and Discrimination Policy)

SECTION 5.3: ALCOHOL AND DRUG FREE WORKPLACE

Phoenix-Mesa Gateway Airport Authority is committed to providing a workplace free of drugs and alcohol. PMGAA will conduct alcohol, drug, and/or controlled substances testing under all circumstances required by federal or state law. In addition, PMGAA may conduct substance abuse testing when permitted by law which may include, but is not limited to: pre-employment or pre-placement testing, reasonable suspicion testing, random testing, post-accident testing, and follow up testing. (See Organizational Policy #400.13 – Alcohol and Drug Free Workplace

Phoenix-Mesa Gateway Airport Authority prohibits smoking in all Airport operated facilities and vehicles. Smoking is prohibited within twenty (20) feet of the Airport operated building entrances, from the gathering of non-smokers, and where appropriate signage is posted in enclosed areas. This complies with the City of Mesa ordinance entitled Smoking Regulations and Healthier Smoke Free Environments, under Title 6, Chapter 11 of the Mesa City Code and the Smoke-Free Arizona Act.

SECTION 5.5: ORIENTATION

All new employees and employees receiving a promotion or demotion shall serve a six (6) month orientation period, during which an employee’s performance in the new position is evaluated. The successful completion of the orientation period should not be construed as creating a contract or as guaranteeing employment for any specific duration or as establishing a just cause termination standard. Employment with the Airport

Authority remains at-will, that is the Airport Authority may terminate an employee, or an employee may terminate his/her employment, with or without cause, and with or without notice, at any time.

SECTION 5.6: PERFORMANCE EVALUATIONS

All Airport Authority employees shall receive a performance evaluation annually based on ~~the anniversary of their most recent date of hire, promotion, applicable change in position, disciplinary probation, or leave of absence adjustment~~ a common review date. In conjunction with the annual performance evaluation, an employee may become eligible for consideration of a merit increase when applicable and based on the fiscal year budget. (See Organizational Policy #~~100.05.08~~100.06 - Performance Evaluations)

SECTION 5.7: CHANGES IN ASSIGNMENT

- A. **Promotion:** A posted promotional opportunity is open to an employee(s) who meets the minimum qualifications. On occasion, a posted promotional opportunity may be limited to employees in specific positions or departments.
1. An employee who is promoted typically receives an increase in pay rate which is five percent (5%) higher than his/her previous pay rate, or the minimum pay rate of the new pay range; whichever is greater. Increases greater than five percent (5%) shall be approved by the Executive Director unless it is to bring them to the minimum pay rate of the new pay range. If an employee's performance evaluation date in the former position falls within thirty (30) days of the date of promotion, the employee shall receive both the merit increase based on the fiscal year budget and the promotional increase ~~unless the promotional increase is greater than 8%.~~
 2. An employee who is on disciplinary probation may not be considered for promotional opportunities.
 3. An employee who has been demoted for cause may not be considered for a promotion until ninety (90) days after the effective date of the demotion.
- B. **Demotion:** It shall be considered a demotion when an employee moves from one classification to another in a lower pay grade. An employee may be demoted, with the approval of the ~~Department~~ Executive ~~Director~~, for inability of the employee to meet the requirements of the employee's position; at the request of the employee; and/or for the convenience of the Airport Authority. (See section 5.12 for Disciplinary Demotion)
1. When appropriate, an employee who is demoted for failing to meet the requirements of the position may be demoted to a formerly held position, if available, and the employee's pay rate shall be returned to the pay rate of his/her formerly held position.
 2. An employee who requests a demotion shall be paid at a rate within the positions pay range unless otherwise approved by the Executive Director.
 3. An employee demoted for the Airport Authority's convenience typically will continue to receive the same pay rate as before the demotion. If this pay rate is higher than the maximum of the new position's pay range, the employee's pay rate will be "frozen" until the pay range for the new position reaches the employee's pay rate, at which point the employee will again be eligible for pay rate increases.
 4. An employee demoted shall be placed on an orientation period and a new annual performance evaluation date based on the effective date of the demotion.

- C. **Transfer:** Management will make final decisions regarding transfers in conjunction with Human Resources. The transferred employee may maintain the same Performance Evaluation date as prior to the transfer. However, if the duties and responsibilities are sufficiently different from those previously performed, the employee may be placed on an orientation period the same as a regular employee's orientation.
1. **Compensation:** The pay rate of an employee whose position is transferred from one classification to another classification having the same pay range shall remain the same unless approved by the Executive Director.
 2. **Intra-Department Transfer:** An employee may be transferred to a different position within the same department with the same pay range, with the approval of the ~~Executive Department~~ Director and notification to the Human Resources Director.
 3. **Inter-Department Transfer:** An employee may be transferred to a position in a different department with the same pay range with the approval of both the current and prospective director or manager, ~~and the Executive Director,~~ and with notification to the Human Resources Director. Each transfer is determined on an individual basis, depending on the needs of both departments involved.
 4. **Reason for Transfer:** An employee may be transferred at the employee's request, or for the convenience of the Airport Authority.
 5. **Qualifications:** A transferred employee must meet the minimum qualifications for the class to which the employee may be transferred.
- D. **Temporary Assignments:** With the approval of the ~~Department~~ Executive ~~Director,~~ an employee may be placed on a temporary assignment for assuming higher level job responsibilities for a period of greater than one month.
1. **Compensation:** An employee placed on temporary assignment shall receive a five (5%) salary increase to compensate the employee for the higher level work performed. The Executive Director may approve more than a five (5%) increase in pay.
 2. **Duration:** No temporary assignment shall extend beyond a period of six (6) months unless approved by the Executive Director.
 3. **Review Date:** During the period of a temporary assignment, the employee's Performance Evaluation date does not change, and the employee continues to receive merit increases based on the pay range established and fiscal year budget for the employee's regular position.

SECTION 5.8: SEPARATIONS

- A. **Resignation:** It is customary for an employee in good standing who wishes to resign, to submit written notice at least two (2) weeks in advance.
1. At the Executive Director's sole discretion, an employee who has submitted a notice of resignation may be required to cease working for the Airport Authority immediately.
 2. An employee who has submitted a resignation may submit in writing a withdrawal of resignation. The decision to accept the withdrawal will be based on the consent of the director, the Human Resources Director, and the Executive Director.

3. An employee who is unable to work due to a medically certified disability may apply for long-term disability if eligible. This application shall be treated as the resignation from PMGAA employment.
- B. **Reduction in Workforce:** The Executive Director may institute a layoff of employees due to lack of funds, lack of work, or any other business reason. The Executive Director shall determine the timing and number of employees to be laid off. Layoff will be performed in a manner which best facilitates the reason(s) behind the layoff. Upon approval of the Executive Director, an employee subject to layoff may be transferred to a vacant position.

SECTION 5.9: STANDARDS OF CONDUCT

- A. In addition to the conduct prohibited to all Arizona public employees by Arizona Revised Statutes, a violation of the Standards of Conduct listed below is cause for discipline up to and including termination. The following list of examples is not inclusive of every act that may be subject to disciplinary action up to and including termination:
 1. Incompetence or inefficiency in the performance of duties.
 2. Violation of any policy or procedure, lawful or official regulation or order.
 3. Failure to obey lawful and reasonable directives given by management.
 4. Being absent from work without authority or having excessive absences that effect productivity, the efficiency or effectiveness of the department, or impedes the work unit.
 5. Participation in unlawful or improper conduct that adversely affects an employee's relationship to the position, position's duties, to other employees, or that in any way discredits the Airport Authority's reputation or goodwill in the community.
 6. Engaging in unlawful harassment or discriminatory conduct against another individual on the basis of race, color, gender, religion, national origin, age, disability, veteran status, or genetics or engaging in retaliation against another for filing a complaint or participating in any investigation.
 7. Conviction of a felony or conviction of a misdemeanor involving moral turpitude.
 8. Jeopardize safety or to place oneself or another individual in an unsafe environment.
 9. Falsify, misuse, or provide unauthorized use of Airport Authority documents or records, make false statements concerning duties with the Airport Authority, or use of misrepresentation to obtain a position with the Airport Authority.
 10. Steal, damage, misuse, or misappropriate property, products, or equipment that belong to the Airport Authority, other employees, or visitors due to negligence or willful misconduct.
 11. Commit fraud or other illegal acts regarding interfacing with or the use of the Airport Authority funds.
 12. Possession of unauthorized firearms, dangerous items, weapons, or explosives on Airport Authority property.
 13. Failure to maintain minimum standards, licenses, or qualifications required for one's position.

SECTION 5.10: ADMINISTRATIVE LEAVE

An employee may be placed on administrative leave with the approval of the Executive Director and the Human Resources Director. Administrative leave is to be used when the circumstances warrant the employee be temporarily relieved from his/her duties pending an investigation or administrative process. While on administrative leave, the employee will be paid their regular pay and is expected to follow departmental direction concerning requirements for leave time. Failure to comply and depending upon the circumstances and violations the employee may be subject to disciplinary action up to and including termination.

SECTION 5.11: DISCIPLINARY ACTIONS

Phoenix-Mesa Gateway Airport Authority utilizes disciplinary actions for employees who have committed infractions of employer policies and procedures. Depending upon the circumstances, violations may be subject to disciplinary action, up to and including termination of employment including immediate discharge from employment without prior warning or notice. This policy should not be construed as requiring the Airport Authority to use progressive discipline, or as a limitation on the right of the Airport Authority to take disciplinary action. Typically actions taken against an employee may be any of the following:

- A. **Written Reprimand:** A supervisor, manager or director may deliver a written reprimand to an employee as documentation to make the employee aware of unacceptable conduct or performance or for a violation of Airport Authority policies or procedures.
- B. **Disciplinary Probation:** An employee may be placed on disciplinary probation, with the approval of the ~~Department~~ Executive ~~Director~~, for unacceptable conduct or performance or for violation of Airport Authority policies or procedures.
 1. Disciplinary probation will be up to twelve (12) months and cannot be extended beyond its original length. The probation can be ended early based on demonstrated improvement, with the approval of the ~~Department~~ Executive ~~Director~~.
 2. While on disciplinary probation, an employee will not be allowed to compete for any promotional opportunity and will not be eligible for any salary increases. Once the employee is removed from disciplinary probation they may be eligible for a merit increase at their next scheduled annual review based on performance and budget availability.
 3. The Executive Director can approve a reduction in pay along with the disciplinary probation, if recommended by management.
- C. **Suspension:** The ~~Department~~ Executive ~~Director~~ can approve the suspension of an employee from the employee's position without pay, at any time for unacceptable conduct or performance or for violation of Airport Authority policies or procedures.
 1. Except in certain limited circumstances, an exempt employee may not be suspended for a period of less than one work week.
 2. A suspended employee shall typically be notified prior to the start of the suspension. An employee suspended may be placed on disciplinary probation for a period of up to one year.
- D. **Demotion:** With the approval of the Executive Director, an employee may be demoted at any time for unacceptable conduct or performance or for violation of Airport Authority policies or procedures.

Phoenix-Mesa Gateway Airport Authority Personnel Rules

1. An employee who is demoted for disciplinary reasons shall be paid at the highest level in the lower pay range that is at least five percent (5%) lower than the employee's salary prior to the demotion.
 2. An employee demoted will be placed in a position for which he/she is qualified.
 3. An employee demoted shall be placed on an orientation period and a new annual performance evaluation date based on the effective date of the demotion.
 4. An employee demoted for disciplinary reasons may not be allowed to compete for any promotional opportunity until ninety (90) days after the effective date of the demotion.
- E. **Termination:** With the approval of the Human Resources Director and the Executive Director, an employee may be terminated from the Airport Authority service for any reason that the Airport Authority decides, in its sole discretion, justifies such an action.



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Matt Nebgen, Gateway Aviation Services Director
Through: Scott Brownlee, Deputy Director/COO
J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: International Waste Management Services
Date: June 20, 2017

Proposed Motion

To authorize international waste management services through Stericycle, Inc. in an amount not to exceed \$73,000 for fiscal year 2018.

Narrative

Services provided by Gateway Aviation Services include the disposal of international waste generated on aircraft arriving at Phoenix-Mesa Gateway Airport. This waste is regulated by the U.S. Department of Agriculture and strict laws must be followed in the disposal of such waste.

APHIS Waste refers to all international waste from ocean liners, ships and planes which is not hazardous. Stericycle will collect, transport, treat and dispose of all APHIS waste and regulated garbage generated on all international flights arriving at the Phoenix-Mesa Gateway Airport. All APHIS waste collected by Stericycle is transported to a permitted facility for proper treatment by autoclaving and subsequent disposal.

PMGAA entered into an agreement with Stericycle on April 13, 2016 for waste disposal services. This agreement automatically renews annually unless terminated earlier by either party. There are no changes to the fees charged by Stericycle to PMGAA.

Fiscal Impact

This contract was included in the FY18 operating budget and is funded under Cost of Goods Sold-Ramp Services in the respective amount of \$73,000.

Attachment(s)

Agreement



RESOLUTION NO. 17-22

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Authority desires to obtain international waste services through Stericycle, Inc.;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes international waste management services through Stericycle, Inc. in an amount not to exceed \$73,000 for fiscal year 2018. This resolution also authorizes the Chair or Executive Director/CEO to execute such Agreement, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 20th day of June, 2017.

Jeff Serdy, Secretary

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Matthew Wright, Attorney



Stericycle
Protecting People. Reducing Risk.

Account # 6051589
Reason Code Renewal

STERICYCLE, INC. APHIS SERVICES AGREEMENT

Billing Name and Address

Name: Phoenix Mesa Gateway Airport Authority
Address: 5803 South Sossaman Road, Suite 116
City/State/Zip: Mesa, AZ 85212
Phone: 480-988-7728 Fax: 480-988-7706
Contact: ROBERT DILGER

Service Name and Address

Name: Phoenix Mesa Gateway Airport Authority
Address: 5803 South Sossaman Road, Suite 116
City/State/Zip: Mesa, AZ 85212
Phone: 480-988-7728
Contact: ROBERT DILGER

Rate Structure:

\$206.00 stop charge + \$77.00 per container for processing of USDA / APHIS waste
M, W, F service. If service is cancelled 24 hours in advance, no fee to be applied for stop charge

Date of Service Agreement:

Please initial to confirm agreement with CBP/USDA gm (customer's initials)

By signing in the space provided above, the Customer confirms that they (a) have appropriately entered into a valid agreement with the Customs and Border Protection / U.S. Department of Agriculture, (b) understand the APHIS waste protocol therein and (c) are bound by the terms and conditions therein.

Stericycle, Inc.

Signature: *Jeff Heilig*
Name Printed: Jeff Heilig
Title: Major Account Executive
Date: 4/4/2016

Customer

Signature: *Jane L. Madras*
Name Printed: JANE L. MADRAS
Title: EXECUTIVE DIRECTOR / CEO
Date: 4-13-16

TERMS AND CONDITIONS

- 1. APHIS Waste Services** (a) Stericycle, Inc. ("SRCL") shall collect, transport, treat and dispose of all APHIS Waste/Foreign & Regulated garbage generated by Customer during the term of this Agreement. "APHIS Waste" means: International waste from ocean liners, ships, and planes which is not hazardous. This waste is regulated by the U.S. Department of Agriculture (USDA). Customer agrees that all containers SRCL supplies to Customer shall be collected and disposed of only by SRCL or its designated representatives. The storage of APHIS Waste / Regulated /Foreign garbage Waste shall be confined to an area on Customer's premises to which only personnel authorized by Customer or SRCL shall have access. Customer shall not place prohibited items (as identified on the CBP/USDA agreement) items inside waste containers. Customer shall be liable for all injuries, losses and damages that result from such containers. Title to APHIS Waste / Regulated foreign garbage collected from Customer shall transfer and vest in SRCL at the time it is loaded into SRCL's truck. Customer shall have title to APHIS Waste / Regulated foreign garbage at all prior times. Customer shall hold title to any Non-Conforming Waste at all times. See Attachment A for full Waste Acceptance Protocol.
- 2. Term and Pricing** The term ("Term") of this Agreement shall be twelve (12) months from the date of execution of this Agreement.

 - (a) This Agreement shall automatically renew for successive terms of one year each ("Extension Terms") unless either party has notified the other party in writing during the sixty (60) day period prior to any such renewal date of its desire to terminate this Agreement. All Extension Terms shall be subject to the same terms and conditions as this original Agreement.
 - (b) SRCL may adjust the contract price to account for operational changes it implements to comply with changes in law, to cover increases in the cost of containers and related equipment, insurance, or to otherwise address cost escalation. SRCL may charge Customer a fee to cover its administrative costs in the event that Customer changes its service requirements during the Term or Extension Term.
 - (c) Stericycle has instituted an energy charge ("Energy Charge") to manage and isolate the impact of fuel and energy price fluctuations. The Energy Charge is based on the U.S. 'On Highway' Diesel Price Index. A table outlining the Energy Charge can be found in Appendix B.
 - (d) If Customer breaches this Agreement by terminating SRCL's collections prior to the expiration of its Term or any Extension Term, or in any other way violates this agreement in such a way that SRCL's continued performance is rendered impossible or commercially impracticable, then, in addition to any rights and remedies SRCL may have at law or in equity, SRCL shall be entitled to collect from Customer an amount in liquidated damages equal to 50% of Customer's average charge on a monthly basis based on the 12 months' billings prior to the cessation of collections (or based on any lesser period if the contract began less than twelve months earlier) times the number of months, including prorated partial months, remaining until the expiration date of the Term or Extension Term. Customer hereby acknowledges that SRCL's damages resulting from the premature termination of collections are impossible of estimation, and include lost profits, inefficiencies resulting from route changes and reduced treatment plant throughput, increased administrative overhead, unrecoverable sunk training/instruction costs, and other elements of injury, and acknowledges further that the foregoing charge is reasonable and is not a penalty.
 - (e) SRCL shall have the right to terminate this Agreement at any time by giving Customer at least sixty (60) days notice in the event that it is unable to continue performing its obligations under this Agreement due to the suspension, revocation, cancellation or termination of any permit or required to perform this Agreement or in the event that a change in any law, regulation or ordinance makes it impractical or uneconomical, in SRCL's sole discretion, to continue performing this Agreement.
- 3. Billing** SRCL shall provide Customer with monthly, quarterly or annual invoices that are due upon receipt. Customer agrees to pay a late charge on any amounts owed to SRCL that are more than 30 days old, at a rate equal to the lesser of 1 ½% per month or the maximum rate permitted by law. Customer shall bear any costs that SRCL may incur in collecting overdue amounts from Customer, including, but not limited to, reasonable attorneys' fees and court costs. Should any amounts due pursuant to this Agreement remain unpaid for more than 30 days from the date of the debt's first invoice, SRCL shall have the option, without notice to Customer, to suspend service under this Agreement until the overdue amounts (plus late charges and collection fees) are paid. In the event that SRCL suspends services under this Agreement for any reason, including the expiration or termination of this Agreement or Customer's breach (see 2(c), above), SRCL may remove all containers belonging to it from Customer's premises. Any non-compliant containers will be billed an additional container charge at the current container rate. Non-compliant containers include containers that are overweight under applicable laws or regulations or containers holding Non-Conforming Waste. In addition to SRCL's charges for services and products under this Agreement, Customer shall pay all taxes imposed or levied by any governmental authority with respect to such services or products. These taxes include all sales, use, excise, occupation, franchise and similar taxes and tax-like fees and charges (but do not include any taxes on SRCL's net income). SRCL shall cooperate with Customer to determine the applicability of any exemption certificates that Customer provides to SRCL in a timely manner.
- 4. Purchase Orders** Any terms or conditions contained in any Purchase Order, Purchase Order Agreement, or other invoice acknowledgment, Order by Customer or proposed at any time by Customer in any manner, which vary from, or conflict with the terms and conditions in this Agreement are deemed to be material alterations and are objected to by SRCL without need of further notice of objection and shall be of no effect nor in any circumstances binding upon SRCL unless expressly accepted in writing. If Customer's standard purchase order form is provided to SRCL in connection with this Agreement, the terms and conditions for that Purchase Order will be superseded by the provisions of this Agreement and the use of the purchase order shall be only to facilitate Customer's payment of fees to SRCL. Written acceptance or rejection by SRCL of any such terms or conditions shall not constitute an acceptance of any other additional terms or conditions.
- 5. Surcharge** SRCL may also impose a surcharge in the event that SRCL attempts to pick up waste at a Customer location (on either a scheduled pick-up or in response to a Customer request) and, through no fault of SRCL, either (a) there is no APHIS Waste for SRCL to pick up, (b) waste is not ready for pick-up or (c) the Customer location is closed.
- 6. Liability for Equipment** Customer shall have the care, custody and control of containers and other equipment placed at Customer's premises which is owned by SRCL and accepts responsibility and liability for the equipment and its contents except when it is being physically handled by employees of SRCL. Customer agrees to defend, indemnify and hold harmless SRCL from and against any and all claims for loss or damage to property, or personal injury or death, resulting from or arising in any manner out of Customer's use, operation or possession of any containers and other equipment furnished under this Agreement. Any damage to such property and equipment, other than normal wear and tear, will be charged to the Customer, and payable to SRCL as additional service cost.
- 7. Indemnification** SRCL shall indemnify and hold Customer harmless from any liabilities arising from the gross negligence or willful misconduct of SRCL in the performance of its obligations under this Agreement. Customer shall indemnify and hold harmless SRCL from any liabilities arising from the gross negligence or willful misconduct of Customer, which shall include, but not be limited to, failure to properly store, package, label, or segregate APHIS Waste and any liabilities relating to Non-Conforming Waste, whether or not collected, transported or treated by SRCL. Each party agrees to pay the reasonable attorneys' fees and costs incurred by the other in bringing a successful indemnification claim under this Paragraph. Customer agrees to pay SRCL's reasonable attorney's fees incurred for any successful defense by SRCL of a suit for indemnification brought against SRCL by Customer.
- 8. Compliance with Laws** SRCL hereby agrees to carry General Liability, Automobile Liability, and Workmen's Compensation Insurance as required by applicable state law, and to otherwise comply with all federal and state laws, rules and regulations applicable thereto and relating to its performance hereunder. As of the date of this Agreement, SRCL has obtained all necessary permits, licenses, zoning and other federal, state or local authorizations required to perform the services under this Agreement and will furnish copies of these to Customer upon request. Customer hereby agrees to comply with all federal and state laws, rules and regulations applicable to its handling of APHIS Waste and its performance under this Agreement, including, without limitation, all applicable record keeping, documentation and manifesting requirements. SRCL and Customer shall keep and retain adequate books and records and other documentation including personnel records, correspondence, instructions, plans, receipts, vouchers, copies of manifests and tracking records and any other records or reports or memoranda consistent with and for the periods required by applicable regulatory requirements and guidelines pertaining to storage or handling of APHIS Waste and the services to be performed under this Agreement.

- 9. Exclusivity** Customer agrees to use no other APHIS Waste disposal service or method during the Term of this Agreement and any Extension Terms.
- 10. Excuse of Performance** SRCL shall not be responsible if its performance of this Agreement is interrupted or delayed by contingencies beyond its control, including, without limitation, acts of God, war, blockades, riots, explosion, strikes, lockouts or other labor or industrial disturbances, fires, accidents to equipment, injunctions or compliance with laws, regulations, guidelines or orders of any governmental body or instrumentality thereof (whether now existing or hereafter created).
- 11. Independent Contractor** SRCL's relationship with Customer pursuant hereto is that of an independent contractor, and nothing in this Agreement shall be construed to designate SRCL as an employee, agent or partner of or a joint venture with Customer.
- 12. Amendment and Waiver** Changes in the types, size and amount of equipment and the frequency of service may be mutually agreed to orally or in writing by the parties, without affecting the validity of this Agreement. Consent to oral changes shall be evidenced by the practices and actions of the parties. All other amendments to this Agreement (other than as provided in 2(b)) shall be effected only by a written instrument executed by the parties. No waiver shall be effective unless submitted in writing by the party granting such waiver. No waiver of any provision of this Agreement shall be deemed a waiver of any other provision of this Agreement and no waiver of any breach or duty under this Agreement shall be deemed a waiver of any other breach or later instances of the same duty.
- 13. Savings Clause** In case any one or more of the provisions contained in this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not effect any other provisions of this Agreement; this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein, unless such finding shall impair the rights or increase the obligations of SRCL hereunder, in which event, at SRCL's option, this Agreement may be terminated.
- 14. Entire Agreement** This Agreement (including any attachments, exhibits and amendments made in accordance with Paragraph 11) constitutes the entire understanding and agreement of the parties and cancels and supercedes all prior negotiations, representations, understandings or agreements, whether written or oral, with respect to the subject matter of this Agreement.
- 15. Governing Law** This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois without regard to the conflicts of laws rules of any jurisdiction.
- 16. Notices** All required notices, or those which the parties may desire to give under this Agreement shall be in writing and sent to the parties' addresses set forth on the reverse side of this Agreement.
- 17. Counterparts** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which when taken together shall constitute one and the same instrument. A copy or facsimile of this Agreement shall be as effective as an original.
- 18. Waste Brokers** SRCL reserves the right to deal solely with the Customer and not with any third party agents of the customer for all purposes relating to this Agreement. Customer represents and warrants to SRCL that it is the regulated waste generator and is acting for its own account and not through a broker or agent. SRCL shall be entitled to terminate this agreement and seek all available legal remedies, including but not limited to liquated damages, in the amount set forth herein for Customer's breach of this representation and warranty.

Stericycle USDA/APHIS Waste Acceptance Protocol

Appendix A

The information contained within this Stericycle Protocol reflects the requirements necessary to comply with U.S. Department of Transportation (DOT) *Hazardous Materials Regulated USDA/APHIS Waste* regulations, and all other applicable laws and regulations governing USDA/APHIS waste for generators, transporters, and/or treatment facilities in the State of California.

STERICYCLE CONFIDENTIAL INFORMATION FOR CUSTOMERS

This document is provided for your education and notification of procedures required to assure compliance with applicable regulations.

This document shall not be reproduced, copied, loaned, or transferred to another person directly or indirectly, in whole or in part, nor used for any purpose other than that for which it is specifically furnished, without the prior written consent of Stericycle.

1. WASTE ACCEPTED BY STERICYCLE

- 1.1. International waste from ocean liners, ships, and planes which is not otherwise hazardous. This waste is regulated by the U.S. Department of Agriculture (USDA).
- 1.2. Medical Records and Confidential Documents

2. NON-CONFORMING WASTES WHICH ARE NOT ACCEPTED BY Stericycle

- 2.1. Radioactive Waste: UNDER NO CIRCUMSTANCES, will Stericycle accept any waste emitting radiation in levels greater than regulatory limits as defined in the California DHS *Policy Guidance for Handling Medical Waste at Off-Site Treatment Facilities*. Prior to treatment, all containers will be inspected by means of a radiation monitor. Any container above regulatory limits will be rejected for treatment, and arrangements will be made for return to the generating facility. This procedure may result in added service charges.
- 2.2. Hazardous Waste, including, but not limited to:
 - 2.2.1 Solvents, paints, paint thinner
 - 2.2.2 Drums or other containers with hazard warning sign
 - 2.2.3 Batteries of any kind
 - 2.2.4 Glass thermometers, sphygmomanometers, fluorescent light tubes, or other equipment or devices containing mercury such as bougie dilators and GI tubes with mercury pouches.
 - 2.2.5 Chemicals such as formaldehyde/formalin, ova-parasite fixative, acids, alcohol, acetone, waste oil, items preserved in thimerosal in concentrations exceeding 0.002%, and mercury-containing reagents.
 - 2.2.6 Bulk chemotherapy waste (antineoplastic/cytotoxic drugs) or other RCRA listed hazardous pharmaceuticals. Full or partially full IV bottles/bags and vials of chemotherapy agents constitute hazardous waste and must be managed accordingly. Stericycle will not accept any outdated or unused chemotherapy drugs. It is recommended that such agents be returned to the pharmaceutical company.
 - 2.2.7 Any item listed as being hazardous in federal, state, or local regulations.
 - 2.2.8. In order to comply with state and federal regulations, all hazardous waste must be managed by a licensed hazardous waste contractor. Stericycle does not provide service for hazardous waste disposal. Each facility should contact their state or local regulatory agency for hazardous waste regulations and information.
- 2.3 Compressed Gas Cylinders, Canisters, Inhalers, and Aerosol Cans
- 2.4 Human Remains
Stericycle requires that human remains, fetuses, and cadavers (intact and otherwise) are segregated from the waste stream. Stericycle will not accept these materials.

3.0 SEGREGATION AND PACKAGING OF WASTE

- 3.1 International Waste: Shipboard and airline waste must be secured in trash bags and placed into leak-resistant Stericycle containers prior to transport as directed by local port authority Compliance Agreement with Stericycle, Inc. All containers must be labeled "FOREIGN GARBAGE" to ensure the waste is processed as required by steam autoclave.
- 3.2 Medical Records and Confidential Documents
Confidential documents and medical records must be contained in sturdy, well-secured taped cardboard boxes or reusable containers prior to collection for shredding/destruction and identified as such. Containers are available upon request.

- 4.0 LABELING AND MARKING OF USDA/APHIS WASTE BAGS AND CONTAINERS
 - 4.1 Non-conforming Labels and Markings Any container which bears a label with the words or symbols reflecting "HAZARDOUS CHEMICALS", "HAZARDOUS DRUGS", "HAZARDOUS WASTE", "RADIOACTIVE MATERIAL", or "RADIOACTIVE WASTE" cannot be transported, accepted, or treated by Stericycle, no matter what the contents.

- 8.0 TRANSPORTATION OF WASTE
 - 8.1 Registered Vehicles
 - 8.1.1 Stericycle maintains a Hazardous Waste Hauler's Registration for transportation of all waste collected and/or transferred and/or treated in California as required.
 - 8.2 Responsibility and Authority of Stericycle Drivers
 - 8.2.1 Stericycle drivers are responsible for the collection and tracking of all waste containers generated on their assigned routes on any given day. They are responsible for monitoring the proper containment, closure, and labeling of each tub, box, drum, or sharps container prior to scanning/entering the specific data into the Stericycle BIOTRACK® system. It is also the responsibility of the driver to leave a copy of the signed tracking document(s).
 - 8.2.2 Stericycle drivers are authorized to reject any containers that do not meet DOT specifications. Odor, leakage, bulging or damaged containers, improper packaging, incorrect labels, non-conforming waste, and improper segregation are some of the causes for rejection of USDA/APHIS waste containers.
 - 8.2.3 Containers may be subject to an off-specification charge for repackaging and special handling, if such is required.
 - 8.3 Emergency Spill Response
 - 8.3.1 Stericycle Hazardous Waste Registered vehicles are equipped with emergency spill kits, and drivers are trained in emergency response spill procedures as required by California and U.S. DOT regulations. Written Emergency Response Spill and Hazardous Materials Procedures are available in the cab of each vehicle.
 - 8.3.2 Stericycle provides and maintains an Emergency Spill Response Telephone Number 24 hours a day at (800)234-0051.
 - 8.4 All policies and practices for transportation of USDA/APHIS waste provided by Stericycle are in full compliance with applicable U.S. DOT, California, and local laws and regulations.

- 9.0 TREATMENT OF WASTE
 - 9.1 Permitted Waste Treatment Facilities
 - All APHIS waste collected by Stericycle is transported to a permitted facility for proper treatment by autoclaving and subsequent disposal.
 - 9.2 Waste Treatment Methods/Parameters
 - 9.2.1 International waste is subjected to steam autoclave processing per Compliance Agreement with the local port authority or U.S. Dept. of Agriculture.
 - 9.3 Waste treatment facilities operate in compliance with all applicable federal, state, and local laws/regulations and maintain all required permits and licenses.

Board Action Item

To: Board of Directors
From: Bob Draper, P.E., LEED AP, Engineering & Facilities Director
Through: Scott Brownlee, Deputy Director/COO
J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Budget Amendment #4-Final – Northeast Area Development Plan EA, CIP 489
Date: June 20, 2017

Proposed Motion

To authorize a budget amendment with Ricondo and Associates, Inc. (R&A) for providing additional Environmental Assessment (EA) professional services for the Northeast Area Development Plan CIP 489 in an amount not-to-exceed \$246,700.

Narrative

In a letter dated May 18, 2017, R&A provided PMGAA with the final proposed budget amendment for services rendered in completion of the Environmental Assessment (EA) for the Northeast Area Development Plan (NADP)- CIP Project #489. R&A is requesting reimbursement for \$249,914.05 to cover the costs associated with the project extending beyond the original contract schedule, first signed back in 2013. R&A provided documentation and itemized both charges invoiced to date, and the unbilled remaining labor. The total outstanding amount is \$338,251,95, however R&A is writing off \$88,337.90 due to FAA and task related redundancy during the delayed project period. There are six factors for the requested additional funding included in R&A's documentation:

- Change in project's intended Purpose & Need per FAA
- Multiple changes to assigned FAA personnel to the project
- Noise contour re-generation to newest FAA approved model
- Additional Section 106 (archeological) processing per FAA
- Documentation- Multiple revisions to EA document and chapters; additional coordination calls with FAA, PMGAA, and R&A; FAA requested public hearing
- Over a two-year delay of project than anticipated

PMGAA is in agreement with R&A that all of the factors above, and referenced in their attached documentation, resulted in charges in addition to the approved project budget beyond R&A and PMGAA's control. The original project budget was \$648,264. Three previous amendments for additional required services resulted in a project budget of \$719,265. \$3,214.24 of the adjusted total remains in the project budget. An additional budget request, or change order, of \$246,699.81 would need to be requested for approval to close out the outstanding R&A and sub-contractor work in progress.

Fiscal Impact

This project is funded with PFC Funds as Project No. 489 with \$1.4 million approved. There is no impact to airport reserves.

Attachment(s): Amendment #4, Contract C-2013003 & PMGAA Memorandum, Airport EA Services Amendment No. 4, and Request for Budget Addendum letters.



RESOLUTION NO. 17-23

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Authority desires to approve a budget amendment with Ricondo and Associates;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes a budget amendment with Ricondo and Associates, Inc. for providing additional Environmental Assessment (EA) professional services for the Northeast Area Development Plan CIP 489 in an amount not-to-exceed \$246,700.. This resolution also authorizes the Chair or Executive Director/CEO to execute such Contract, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 20th day of June, 2017

Jeff Serdy, Secretary

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Matthew Wright, Attorney

**AMENDMENT #4- FINAL
CONTRACT C-2013003 – AIRPORT ENVIRONMENTAL ASSESSMENT SERVICES**

THIS FOURTH AMENDMENT to Contract C-2013003 for contract services, (herein “AMENDMENT #4”) made and entered into on the ____ day of _____, 2017, by and between the PHOENIX-MESA GATEWAY AIRPORT AUTHORITY (herein “PMGAA”) and Ricondo & Associates, Inc. (herein “Ricondo”) is hereby amended as follows:

RECITALS

PMGAA and RICONDO entered into Contract No. C-2013003 for the environmental assessment of the Northeast Area as may be amended from time to time.

The parties wish to amend the Contract pursuant to the terms of this AMENDMENT #4- FINAL to modify terms and conditions of the Contract.

NOW, THEREFORE, the parties hereto agree as follows:

1. Exhibit A – Budget addendum is hereby provided to address the additional cost factors:
 - Change in project’s intended Purpose & Need per FAA
 - Multiple changes to assigned FAA personnel to the project
 - Noise contour re-generation to newest FAA approved model
 - Additional Section 106 (archeological) processing per FAA
 - Documentation & outreach- Multiple revisions to EA chapters; additional coordination calls with FAA, PMGAA, and Ricondo; FAA requested public hearing
 - Over a two-year delay of project than anticipated

Ricondo & Associates, Inc. through their sub-contractors KBE and PSM2, have conducted the work needed to complete the airport environmental assessment services for PMGAA’s northeast area as outlined and detailed in the attached budget amendment request dated May 18, 2017. ATTACHED.

2. Exhibit B – Compensation is hereby amended to add a fee of \$246,699.81 for the above referenced and attached additional services for the completion of the Scope of Work. ATTACHED.

The following documents are incorporated herein by this reference made part thereof:

- PMGAA Memorandum, Airport Environmental Assessment Services Amendment No. 4, and Request for Budget Addendum letters dated May 30, 2017, May 18, 2017 and November 22, 2016, respectively.
- Contract No. C-2013003.

IN WITNESS WHEREOF, the parties herein have executed this AMENDMENT #4.

(Firm Name)	Address
Principal (Signature)	City State Zip
Printed Name	Phone
Federal Tax Identification Number	Fax

PHOENIX-MESA GATEWAY AIRPORT AUTHORITY

ACCEPTED AND APPROVED:

Executive Director	Date
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Memorandum

To: Bob Draper, Engineering and Facilities Director
From: Tony Bianchi, Airport Planner
CC:
Date: Tuesday, May 30, 2017
Re: Project 489- NADP EA- Ricondo Budget Amendment

Bob:

In a letter dated May 18, 2017, Ricondo & Associates (R&A) provided PMGAA with the final proposed budget amendment for the Environmental Assessment (EA) of the Northeast Area Development Plan (NADP) (Project # 489). R&A is requesting reimbursement for \$249,914.05 to cover the costs associated with the project extending beyond the original contract schedule, first signed back in 2013. R&A has provided documentation and itemized both charges invoiced to date, and the unbilled remaining labor. The total outstanding amount is \$338,251.95, however R&A is writing off \$88,337.90 due to FAA and task related redundancy during the delayed project period.

There are six factors for the requested additional funding included in R&A's documentation:

- Over a two-year delay of project than anticipated
- Change in project's intended Purpose & Need per FAA
- Multiple changes to assigned FAA personnel to the project
- Noise contour re-generation to newest FAA approved model
- Additional Section 106 (archeological) processing per FAA
- Documentation- Multiple revisions to EA document and chapters; additional coordination calls with FAA, PMGAA, and R&A; FAA requested public hearing

PMGAA is in agreement with R&A that all of the factors above, and referenced in their attached documentation, resulted in charges in addition to the approved project budget beyond R&A and PMGAA's control.

The original project budget was \$648,264. Three previous amendments for additional required services resulted in a project budget of \$719,265. \$3,214.24 of the adjusted total remains in the project budget. An additional budget request, or change order, of \$246,699.81 would need to be requested for approval to close out the outstanding R&A and sub-contractor work in progress.

ATTACHMENT



May 18, 2017

VIA EMAIL

Mr. Bob Draper, P.E.
Phoenix-Mesa Gateway Airport Authority
5835 South Sossaman Road
Mesa, Arizona 85212-6014

RE: Contract C-2013003, Airport Environmental Assessment Services
Amendment No. 4

Dear Mr. Draper:

Last year, Ricondo & Associates, Inc. (R&A) sent you a letter requesting a budget amendment citing six reasons that contributed to a budget overrun. Over the following months, we have coordinated with Tony Bianchi regarding this request, answering questions and providing additional data including a report of the billed and unbilled charges from our accounting system. The total remaining amount of unbilled labor, expense, and subcontractor invoices through the closure of the contract is \$338,251.95. R&A is requesting reimbursement for \$249,914.05; the remaining balance of \$88,337.90 R&A will write-off. Attachment 1 provides a breakdown of the reimbursement request, including the overall charges along with a breakdown of charges by R&A and our subconsultant firms.

The actual costs to complete the EA were higher than projected last November due to the rounds of review comments from FAA, a request to conduct additional Section 106 coordination per FAA direction, holding a public hearing instead of the public meeting that was scoped, and the extended schedule amounting to more coordination calls than originally budgeted. Thus, this amendment request reflects an additional \$30,366 above the amount requested in the November 22, 2016 letter (see Attachment 2).

We appreciate the willingness and patience of PMGAA staff to discuss this contract amendment and close out this contract.



Mr. Bob Draper
Phoenix-Mesa Gateway Airport Authority
May 18, 2017
Page 2

Please let me know if you have any questions or need additional information.

Sincerely,

RICONDO & ASSOCIATES, INC.

A handwritten signature in black ink, appearing to read 'John C. Williams', is written over a horizontal line.

John C. Williams
Senior Vice President

ENCLOSURE

Attachment 1 – Amendment Request
Attachment 2 – November 22, 2016 Letter

cc: 13100797-01
Mr. Tony Bianchi, PMGAA
Mr. Stephen Culberson
Ms. Virginia Jackson
Read File

draper_nadp_ea_letter_amendment 4_05182017

Amendment No. 4
Environmental Assessment for
Northeast Area Development Plan
Wednesday, May 17, 2017

TASK	TASK TOTALS
1 PROJECT MANAGEMENT	\$18,420.54
2 SCOPING AND AGENCY COORDINATION	\$0.00
3 PURPOSE & NEED	\$4,336.06
4 ALTERNATIVES ANALYSIS	\$8,293.25
5 AFFECTED ENVIRONMENT	\$43,106.42
6 ENVIRONMENTAL CONSEQUENCES	\$50,367.55
7 DOCUMENTATION	\$105,372.29
8 PUBLIC COORDINATION AND MEETINGS/HEARING	\$20,017.95
Totals	\$249,914.05

Phoenix-Mesa Gateway Airport
Environmental Assessment Budget
Summary Detail

TASK	R&A Labor	R&A Expenses	<i>Noise Modeling</i> KBE	<i>Outreach</i> PSM2	TOTALS
1 PROJECT MANAGEMENT	\$ 18,420.54	\$ -			\$ 18,420.54
2 SCOPING AND AGENCY COORDINATION	\$ -	\$ -			\$ -
3 PURPOSE & NEED	\$ 4,336.06	\$ -			\$ 4,336.06
4 ALTERNATIVES	\$ 8,293.25	\$ -			\$ 8,293.25
5 AFFECTED ENVIRONMENT	\$ 43,106.42	\$ -			\$ 43,106.42
6 ENVIRONMENTAL CONSEQUENCES	\$ 50,367.55	\$ -			\$ 50,367.55
7 DOCUMENTATION	\$ 93,670.97	\$ 7,201.32	\$ 4,500.00		\$ 105,372.29
8 PUBLIC COORDINATION AND MEETINGS/HEARING	\$ 15,067.22	\$ 1,731.58		\$ 3,219.16	\$ 20,017.95
TOTAL	\$ 233,262.00	\$ 8,932.90	\$ 4,500.00	\$ 3,219.16	\$ 249,914.05

**Phoenix-Mesa Gateway Airport
Environmental Assessment Budget
Ricondo & Associates, Inc. Detail**

TASK	Labor							Labor	Expenses	Subtotal
	Hours									
	Officer	Director	Mng. Cons.	Sr. Cons.	Consultant	Tech. Spec.	Administrative			
1 PROJECT MANAGEMENT	11.5	59.5				1.5		\$ 18,420.54	\$ -	\$ 18,420.54
2 SCOPING AND AGENCY COORDINATION								\$ -	\$ -	\$ -
3 PURPOSE & NEED	2.5	5		14				\$ 4,336.06	\$ -	\$ 4,336.06
4 ALTERNATIVES	4	13.5		22.25				\$ 8,293.25	\$ -	\$ 8,293.25
5 AFFECTED ENVIRONMENT		18		217.5			18	\$ 43,106.42	\$ -	\$ 43,106.42
6 ENVIRONMENTAL CONSEQUENCES	2	111.5	30.75	91.75				\$ 50,367.55	\$ -	\$ 50,367.55
7 DOCUMENTATION	5.75	142		296.25	49.25			\$ 93,670.97	\$ 7,201.32	\$100,872.29
8 PUBLIC COORDINATION AND MEETINGS/HEARING	6	36		25.5				\$ 15,067.22	\$ 1,731.58	\$ 16,798.80
TOTAL	32	385	31	667	49	2	18	\$ 233,262.00	\$ 8,932.90	\$242,194.90
Billing Rates	\$ 288.76	\$ 251.06	\$ 206.11	\$ 168.49	\$ 133.41	\$ 107.82	\$ 107.82			

Phoenix-Mesa Gateway Airport
 Environmental Assessment Budget
 Ricondo Associates, Inc. Detail

R&A Expenses

\$400 \$71 \$128 \$50 \$30 Trip

	COMM.	Printing	Mailing	Airfare	Per Diem	Hotel	Ground Tr.	Parking	Subtotal	Misc.	Total
1 PROJECT MANAGEMENT									\$0		\$ -
2 SCOPING AND AGENCY COORDINATION									\$0		\$ -
3 PURPOSE & NEED									\$0		\$ -
4 ALTERNATIVES									\$0		\$ -
5 AFFECTED ENVIRONMENT									\$0		\$ -
6 ENVIRONMENTAL CONSEQUENCES									\$0		\$ -
7 DOCUMENTATION		6311.51	889.81						\$0		\$ 7,201.32
8 PUBLIC COORDINATION AND MEETINGS/HEARING									\$1,555	177.00	\$ 1,731.58
TOTAL											\$ 8,932.90

**Phoenix-Mesa Gateway Airport
Environmental Assessment Budget
KBE Detail**

KB Environmental TASK	Labor						Total Labor	Expenses	Subtotal
	Hours								
	Principal	Sr. Con.	Con.	Con.					
1 PROJECT MANAGEMENT									
2 SCOPING AND AGENCY COORDINATION									
3 PURPOSE & NEED									
4 ALTERNATIVES									
5 AFFECTED ENVIRONMENT									
6 ENVIRONMENTAL CONSEQUENCES									
7 DOCUMENTATION	20		20				\$ 4,500		\$ 4,500
8 PUBLIC COORDINATION AND MEETINGS/HEARING									
TOTAL							\$ 4,500	\$ -	\$ 4,500

Billing Rates

\$ 150.00	\$ 115.00	\$ 75.00	\$ 65.00
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Phoenix-Mesa Gateway Airport
Environmental Assessment Budget
PSM2 Detail

PSM2 TASK	Labor						Total Labor	Expenses	Subtotal
	Hours								
	Principal	Sr. Spec.	IT Coord.	Specialist	Jr. Spec.	Graph. Tech			
1 PROJECT MANAGEMENT									
2 SCOPING AND AGENCY COORDINATION									
3 PURPOSE & NEED									
4 ALTERNATIVES									
5 AFFECTED ENVIRONMENT									
6 ENVIRONMENTAL CONSEQUENCES									
7 DOCUMENTATION									
8 PUBLIC COORDINATION AND MEETINGS/HEARING		4		23		29	\$ 2,796.50	\$ 422.66	\$ 3,219.16
TOTAL							\$ 2,796.50	\$ 422.66	\$ 3,219.16

Billing Rates

\$ 120.83	\$ 87.12	\$ 58.08	\$ 51.48	\$ 48.84	\$ 44.35
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November 22, 2016

VIA EMAIL

Mr. Bob Draper
Phoenix-Mesa Gateway Airport Authority
5835 South Sossaman Road
Mesa, Arizona 85212-6014

RE: Northeast Area Development Plan Environmental Assessment – Request for Budget Addendum

Dear Mr. Draper:

As we have discussed for some time and for reasons outside of our control, the Ricondo & Associates Team (R&A Team) has been required to complete additional tasks and expend resources well in excess of the original scope and budget to complete the Draft Northeast Area Development Plan Environmental Assessment (EA). This has been noted in numerous weekly coordination calls. Costs have continued to be incurred as we have worked toward addressing the Federal Aviation Administration's (FAA) comments and preparing the Draft EA for public and agency release. We have attached a spreadsheet identifying the additional resources and associated costs that have been expended to complete the Draft EA. The following paragraphs describe in more detail the reasons for the additional work and the actual work required.

The cost overruns stem from six primary factors:

The schedule has extended 24 months beyond what was anticipated - Changes in direction from FAA, staff turn-over in the FAA's Environmental Protection Specialist (EPS) position, additional tasks requested by FAA, an extended site selection process for relocating the ASR and the associated additional BLM and agency coordination are the primary factors that have and continue to extend the project schedule. The additional scope has included approximately double the scoped weekly coordination calls, ongoing project management activities, numerous revisions to the project schedule, and ongoing coordination and revisions to project documents based on FAA's comments. The additional hours and associated costs are reflected in the additional hours requested in Task 1.1.

Changes in the Project's Purpose and Need – The Purpose and Need for the proposed project was completed based upon original assumptions that were based on the FAA's Terminal Area Forecast (TAF) for the Airport, which demonstrated a continuation of double-digit percentage increases in passenger and aircraft activity and the addition of service by two additional airlines: Frontier Airlines and Spirit Airlines. During FAA review of the Purpose and Need, the Airport experienced a flattening and slight reduction in air carrier passengers and commercial operations due to the loss of service by Frontier Airlines and Spirit Airlines and no new service being introduced by Allegiant Airlines at that time. As a result, the FAA issued



Mr. Bob Draper
Phoenix-Mesa Gateway Airport Authority
November 22, 2016
Page 2

a subsequent TAF that reflected the lower base of passengers and commercial operations and a significant reduction in forecast percentage increases in traffic at the Airport. Consequently, the FAA ADO and Region began to question the Purpose and Need, which had to be refocused away from increases in activity to level of service and expansion flexibility.

FAA also raised questions about phasing, financing, and specific components of the Proposed Action, requiring additional delay and refinements to the chapter. The additional scope included rewriting the Purpose and Need chapter more than once to respond to varying and sometimes opposing comments received from different FAA personnel (see next paragraph related to the effects of changes in FAA personnel.) The additional costs incurred are shown in Task 3.0.

This reworking of Purpose and Need also caused R&A to redo the Alternatives chapter several times, as the Alternatives screening analysis was based on the Purpose and Need criteria. R&A had completed the preliminary draft Alternatives chapter prior to the change in FAA direction on the Purpose and Need. Thus, the changes to the Purpose and Need chapter rippled through to the Alternatives chapter, requiring additional effort and cost, as shown in Task 4.0.

Changes in Environmental Protection Specialist (EPS) Assignments -- The change in EPS positions was also a factor in how long it took to get FAA to agree to a refined Purpose and Need. From inception of the project to today, there have been six separate FAA EPS assigned to this project. Although R&A documented decisions in meeting notes and even memos to FAA, the decisions and guidance received from various FAA EPS' was not consistent and in certain cases (such as the development of the noise contours) caused additional effort and budget to resolve.

Noise Contour Development – The noise contour development using the Integrated Noise Model (INM) ultimately incurred additional time and expense in creating and receiving FAA approval of a user-defined profile for the Air National Guard KC-135. Significant time was expended coordinating with the Arizona Air National Guard as information that had been anticipated for use in developing the profile was not forthcoming. As a result, we were required to develop the profile using extensive radar data.

In addition to the profile for the KC-135, R&A incurred additional labor hours, because the radar data available had to be individually parsed and processed to develop current flight tracks. The scope of work assumed that air traffic procedure and runway use patterns identified in the 2009 Airport Master Plan¹

¹ Coffman Associates, *Airport Master Plan for Phoenix-Mesa Gateway Airport, Mesa, Arizona*, February 2009.



Mr. Bob Draper
Phoenix-Mesa Gateway Airport Authority
November 22, 2016
Page 3

were reasonably representative of 2012 conditions. However, the previous noise contours prepared for the airport did not accurately model the way military aircraft operate at the Airport. Thus, R&A had to expend additional effort and budget to incorporate these aircraft into the noise model.

Additionally, although FAA guidance in May 2015, as documented in the letter submitted by the Authority to FAA, was to continue using INM for noise modeling, FAA subsequently required the conversion and redo of the noise contours using the Aviation Environmental Design Tool (AEDT) due to the delays in the project. This required considerable effort to convert the files from INM and to AEDT; as FAA admitted, the conversion from INM to AEDT is not as easy as it should be, and several runs, along with coordination with FAA Office of Environment and Energy were required to make sure the contours reasonably represented noise conditions at the Airport. The costs incurred for the noise contour development are included in Task 5.1 and 6.11.

Additional Section 106 Processing –The additional last minute Section 106 documentation required by Mr. Kessler required revisions to two sections and the creation of a new appendix. Because a previous FAA EPS had not concluded the Section 106 process for the ASR, FAA had to request additional documentation and complete the Section 106 process. This required additional exhibits, along with changes to the EA document and supporting documentation.

Documentation – All of the changes specified above required multiple revisions to the EA document. Even after Purpose and Need and Alternatives had been reviewed and approved by the Region, review comments changed from one EPS reviewer to another leading to re-writes of the Preliminary Draft EA and the Administrative Draft EA. Additional documentation costs are included in Task 7.1 through 7.3.

All of these circumstances have led to additional costs incurred by the R&A Team. We continued to work in advance of preparing this final estimate of additional work to keep the EA moving toward completion as quickly as possible.



Mr. Bob Draper
Phoenix-Mesa Gateway Airport Authority
November 22, 2016
Page 4

The R&A Team has incurred additional costs in excess of the amount we are requesting in this letter. In our review of additional costs, we eliminated any costs that were not directly related to the items listed above, including any costs that were related to inefficiencies due to assigning different personnel to work on the project due to the extended time and length of delays. The attached spreadsheet identifies the additional costs incurred as well as the projected costs to complete the EA. We are happy to discuss the information provided at your convenience.

Sincerely,

RICONDO & ASSOCIATES, INC.

John C. Williams
Senior Vice President

ENCLOSURE

cc: 13-14-0797
Mr. Tony Bianchi
Mr. Stephen Culberson
Ms. Virginia Jackson

c:\users\jwilliams\desktop\jcw files\client files\pmsgaa\02 - nadp ea\draper_nadp_ea_letter_112216.docx

Amount Authorized

	\$	648,264.00
Amendment 1		14-20005 \$35,668.00
Amendment 2		14-19883 \$7,390.00
Amendment 3		14-19883 \$27,943.00
Adjusted Total	\$	719,265.00

Amount Spent

	\$	716,050.76
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Amount Remaining

	\$	3,214.24
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Payment Request #	Date	Amount Due
1	10/2/2013	\$ 4,896.90
2	10/2/2013	\$ 34,295.64
3	10/23/2013	\$ 65,505.47
4	12/4/2013	\$ 41,647.50
5	12/31/2013	\$ 27,988.68
6	1/23/2014	\$ 26,723.81
7	2/27/2014	\$ 36,425.65
8	3/31/2014	\$ 25,297.49
9	5/6/2014	\$ 47,571.47
7	6/12/2014	\$ 55,064.30
8	6/24/2014	\$ 45,771.30
9	7/31/2014	\$ 38,742.50
10	8/27/2014	\$ 27,866.91
11	9/24/2014	\$ 11,701.04
12	10/28/2014	\$ 7,446.92
13	11/25/2014	\$ 50,945.54
14	12/30/2014	\$ 20,198.91
15	1/29/2015	\$ 16,397.20
16	2/25/2015	\$ 10,444.17
17	3/31/2015	\$ 7,089.53
18	4/30/2015	\$ 2,165.70
19	7/31/2015	\$ 61,643.21
20	6/14/2016	\$ 43,283.42
21	9/28/2016	\$ 6,937.50
22		\$ -
23		\$ -

TOTAL \$ 716,050.76
 Total w/o Amds \$ 646,490.15

14-19883 main PO

Orig PO Balance: Original \$ 1,773.85

Original PO	Amd 1	Amd 2	Amd 3
Invoice 14465	\$4,896.90		
Invoice 14526	\$34,295.64		
Invoice 14633	\$65,505.47		
Invoice 14674	\$41,647.50		
Invoice 14739	\$8,755.93	\$19,232.75	
Invoice 14840	\$20,289.49	\$6,434.32	
Invoice 14956	\$33,971.72	\$2,453.93	
Invoice 15047	\$25,297.49		
Invoice 15112	\$40,024.47	\$7,547.00	
Invoice 15217	\$55,064.30		
Invoice 15250	\$45,771.30		
Invoice 15409	\$38,742.50		
Invoice 15499	\$26,956.91		
Invoice 15583	\$5,305.01	\$910.00	
Invoice 15697	\$4,913.16	\$2,547.50	\$3,848.53
Invoice 15838	\$44,087.01		\$2,533.76
Invoice 15922	\$11,111.56	\$1,204.00	5654.53
Invoice 16032	\$11,600.26	\$1,007.50	\$8,079.85
Invoice 16090	\$8,814.17	\$517.50	\$4,279.44
Invoice 16221	\$7,089.53	\$757.50	\$872.50
Invoice 16312	\$2,165.70		
Invoice 16674	\$59,963.21	\$1,680.00	
Invoice 17878	\$43,283.42		
Invoice 18292	\$6,937.50		
	\$646,490.15	\$35,668.00	\$8,624.00 \$25,268.61 \$716,050.76

14-19883 \$ 1,773.85
 14-20005 \$0.00
 14-19883 A2 -\$1,234.00
 14-19883-A3 \$2,674.39



PhxMesa Gateway Airport

Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212
Phone: 480-988-7619
Fax: 480-988-2315

Purchase Requisition

PO# **FY14-19883**

Suggested Vendor:	Ricondo & Associates	Contact Person:	Stephen Culberson
Address:	20 N. Clark Street	Telephone Number:	312-606-0611 ext. 136
Address:	Suite 1500		
City, State, ZIP:	Chicago, IL 60602	FAX Number:	312-606-0706
Cash Discount/Pmt Terms:		FOB Point:	Freight Terms:
Delivery Address:		Deliver to (person/department):	

Quantity	Description (include part number, if appropriate)	Unit Price	Unit	Total Cost
1	Environmental Assessment services	\$648,264.00	Lump sum	\$ 648,264.00
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -

Comments (include reason for purchase): Ricondo & Associates will perform and provide Environmental Assessment services related to the Northeast Area Development Plan (CIP 489) in accordance with C-2013003. Approved via Board Resolution 13-21. Solicitation #2013-003-RFQ.	Tax Rate	Total Item Costs	\$648,264.00
		Sales/Use/FET Tax	\$0.00
		Estimated Shipping Costs	\$0.00
		Other Costs (labor, etc.)	\$0.00
		Estimated Total Cost	\$648,264.00

Billable?		If so, to Whom?		Priority:	
Their PO/Authorization:		Wk Order #		Facility #:	
Charge to Account(s):	CIP 489	Dept #	@dnc	Class/Cost Cntr	Non-Grant PFC
Requestor Name:	Carmen Williams	Signature:	<i>[Signature]</i>	Date:	6/20/2013

Approvals	Name	Signature	Date
Supervisor:			
Project Mgr/ Third Party:	Marian Russey	<i>[Signature]</i>	
Budget:	Marie Trotter	<i>[Signature]</i>	
Management:	Jane Morris	<i>[Signature]</i>	6-24-13

For Supply Use Only:			
Ordered by:		From:	
Received by:		Date:	
Delivered by:		Inv/Packing List#:	
<input type="checkbox"/> WGA <input type="checkbox"/> Pick Up <input type="checkbox"/> UPS <input type="checkbox"/> FedEx <input type="checkbox"/> Vendor			

An Affirmative Action Employer M/F/D/V



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Margi EvanSon, Operations & Maintenance Director
Through: Scott Brownlee, Deputy Director/COO
J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: CIP #999 Purchase 2 ADA Pax Boarding Ramps
Date: June 20, 2017

To authorize the purchase of two Passenger Level-Boarding Ramps in the amount of \$114,000 purchased from Timberline GSE.

Narrative

The FY18 approved capital plan included the purchase of two Passenger Level-Boarding Ramps. Currently 10 boarding ramps are in use, this purchase will place two additional ramps into service allowing for the existing ramps, acquired between 2001–2012, to rotate through refurbishment.

There are two suppliers of Passenger Level-Boarding Ramps in the U.S. that meet PMGAA specifications. Staff obtained quotes from each vendor. Timberline GSE quote meets PMGAA specifications at the lowest price.

Fiscal Impact

This purchase was included in the FY18 capital budget and is funded with CIP 999.

Attachment(s)

Quotes



RESOLUTION NO. 17-24

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Authority desires to purchase passenger level boarding ramps;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes the purchase of two Passenger Level-Boarding Ramps in the amount of \$114,000 from Timberline GSE. This resolution also authorizes the Chair or Executive Director/CEO to execute such contract, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 20th day of June, 2017.

Jeff Serdy, Secretary

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Matthew Wright, Attorney

QUOTE WORKSHEET

Date: 5/12/17 Department: @opm Person Calling: Brett Williams Verbal Written (Attach Copy)

Recommended Vendor: Timberline GSE

Reason for Request/Remarks:

Place 2 additional ramps into service and remove 2 older units for refurbishment.

Vendor 1: <u>Timberline GSE</u>	Vendor 2: <u>Keith Consolidated Ind.</u>	Vendor 3: _____
Salesman: _____	Salesman: <u>Michael Keith</u>	Salesman: _____
Phone: <u>435-979-4502</u>	Phone: <u>541-830-8678</u>	Phone: _____
Fax: _____	Fax: _____	Fax: _____

Item #	Qty	Description	Brand / Part #	Unit Cost	Total Cost	Brand / Part #	Unit Cost	Total Cost	Brand / Part #	Unit Cost	Total Cost
	2	Passenger Boarding Ramps	TM-SSR-3035	\$48,000.00	96,000.00	BAR3040	\$43,000.00	86,000.00			-
	2	Canopy	MetalCanopy	\$5,500.00	11,000.00	FabricCanopy	\$6,900.00	13,800.00			-
	2	Safeguard Anti-Slip Option	Included	\$0.00	-	Safeguard	\$6,400.00	12,800.00			-
	2	Shipping Cost	Freight	\$3,500.00	7,000.00	FreightAZA	\$3,400.00	6,800.00			-
	1	Onsite Set-up and Training	Included	\$0.00	-	Onsite	\$5,500.00	5,500.00			-
					-			-			-
					-			-			-
					-			-			-
					-			-			-
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					-			-			-
					-			-			-

Comments: Vendors in U.S. that provided quotes with required airport specifications. Delivery Times: Timberline-12 weeks KCI-6 months.		<i>Subtotal</i>	\$114,000.00		<i>Subtotal</i>	\$124,900.00		<i>Subtotal</i>	\$0.00
		<i>Sales Tax</i>			<i>Sales Tax</i>			<i>Sales Tax</i>	
		<i>Other Charges</i>			<i>Other Charges</i>			<i>Other Charges</i>	
		Total	\$114,000.00		Total	\$124,900.00		Total	\$0.00

Timberline GSE
 2215 South Industrial Road
 UT 84701

Quote

Date	Estimate No.
5/11/2017	46

Name/Address

Phoenix-Mesa Gate Way Airport
 Brett Williams
 6263 South Taxiway Circle
 Mesa, Arizona 85212-6399

Project

Item	Description	Qty	U/M	Rate	Total
TM-SSR-3035	TM-SSR-3035 Passenger Boarding Ramp to service all aircraft from a MD-80 through B757 @ 14 degrees max slope Ramp comes complete with Fiber Grade flooring and two year warranty	2		48,000.00	96,000.00
Canopy	**Options** Canopy	2		5,500.00	11,000.00
Frieght	Estimated Shipping Costs ** Current lead-Time is 12 weeks ** ** All above listed cost include set up and training **	2		3,500.00	7,000.00

We look forward to working with you

Total	\$114,000.00
--------------	---------------------



May 8, 2017

Alika Nuesca
Equipment Mechanic
Phoenix-Mesa Gateway Airport Authority
6263 South Taxiway Circle
Mesa, Arizona 85212-0919

Price Quote for BAR3040 Passenger Boarding Ramps

(2) BAR3040 (\$43,000.00 ea.)	\$ 86,000.00
- Manual Stabilizers	
- Stainless Steel Handrail Cables	
- One piece lower bridge at 14 deg.	
(2) Freight to AZA (\$3,400.00 ea.)	\$ 6,800.00
Onsite Setup and Training	\$ 5,500.00
Total: \$ 98,300.00	
(2) Canopy Option (\$6,900.00 ea.)	\$ 13,800.00
(2) Safeguard Anti-Slip Option (\$6,400.00)	\$ 12,800.00

Total with Options: \$ 124,900.00

- Two Training Manuals and One Maintenance/Parts Manual provided.
- Safeguard is a long lasting, extremely durable anti-slip product that is superior to typical adhesive non-skid. It is the standard covering used by United/Continental, Delta, Alaska/Horizon, ANA, Jazz, WestJet, and Air Canada on their ramp purchases. Safeguard comes standard with a 5 year warranty.
- Two 5,000 lb. forklifts (to be provided by the purchaser at each destination) are required for unloading and setup.
- Ramp and Safeguard quote is valid for 90 days.
- Terms are: Fifty percent deposit required before PO will be processed. Remaining balance due before units will be released for shipping.
- Any questions concerning this quote please contact KCI at 541.830.8678.

Thank you for the opportunity.

Michael Keith

PO Box 2581 • White City, OR 97503
Phone: (541) 830-8678 • Fax: (541) 826-2956
www.kcigse.com



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Chuck Odom, Chief Financial Officer
Through: J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Purchase of Unleaded and Diesel Fuel – State Contract Vendors
Date: June 20, 2017

Proposed Motion

To authorize the additional purchase of unleaded and diesel fuel from the lowest priced State contract vendor at market prices for Airport Authority use and resale in the amount of \$25,000 through June 30, 2017.

Narrative

Gateway Aviation Services provides aircraft fuel and ground handling services to tenants and users, including fuel for ground vehicles. The Board previously approved the purchase of unleaded and diesel fuel via the State contract (Resolutions 16-24 and 16-57); however the Authority has exceeded its estimated amount of gallons for FY17.

As a qualified participant of the Arizona Department of Administration State Procurement Office (ADSPO), Phoenix-Mesa Gateway Airport Authority (PMGAA) has entered into an agreement with the lowest qualified vendor participating in the State contract for motor fuels to obtain the state contract pricing. The State contract vendor providing PMGAA's required fuel types (unleaded and diesel #2 clear) is Supreme Oil, Company.

Fiscal Impact

This contract was included in the FY17 operating budget and is funded under Cost of Goods Sold.

Attachment(s)

N/A



RESOLUTION NO. 17-25

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute § 28-85s21 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Authority desires to purchase unleaded and diesel fuel through the State contract vendor;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes the additional purchase of unleaded and diesel fuel from the lowest priced State contract vendor at market prices for Airport Authority use and resale in the amount of \$25,000 through June 30, 2017. This resolution also authorizes the Chair or Executive Director/CEO to execute such Contract, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 20th day of June, 2017.

Jeff Serdy, Secretary

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Matthew Wright, Attorney



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Chuck Odom, Chief Financial Officer
Through: J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Purchase of Unleaded and Diesel Fuel – State Contract Vendors
Date: June 20, 2017

Proposed Motion

To authorize an Agreement to Use and the purchase of unleaded and diesel fuel from the lowest priced State contract vendor at market prices for the Authority's use and resale in the amount of \$260,000. This amount is estimated to provide fuel for the 2018 fiscal year and is contingent upon the state entering into an agreement for bulk fuel.

Narrative

Gateway Aviation Services provides aircraft fuel and ground handling services to tenants and users, including fuel for ground vehicles. Gateway Aviation Services required fuel types are unleaded and diesel #2 clear.

As a qualified participant of the Arizona Department of Administration State Procurement Office (ADSPPO), Phoenix-Mesa Gateway Airport Authority (PMGAA) is able to procure goods and services under the state contracts. The state is currently issuing a bid request for bulk fuel and is anticipated to make a selection and enter into an agreement by July 3, 2017 when the current state contract expires.

Fiscal Impact

This purchase was included in the FY18 operating budget and is funded under Cost of Goods Sold.

Attachment(s)

N/A



RESOLUTION NO. 17-26

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Authority desires to enter into an Agreement to Use with the State of Arizona; and

WHEREAS, the Authority desires to purchase unleaded and diesel fuel from the lowest priced State contract vendor;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes an Agreement to Use and the purchase of unleaded and diesel fuel from the lowest priced State contract vendor at market prices for the Authority’s use and resale in the amount of \$260,000. This amount is estimated to provide fuel for the 2018 fiscal year and is contingent upon the state entering into an agreement for bulk fuel. This resolution also authorizes the Chair or Executive Director/CEO to execute such Contract, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 20th day of June, 2017.

Jeff Serdy, Secretary

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Matthew Wright, Attorney



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Scott Brownlee, Deputy Director/COO
Through: J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: GMJ Ground Handling Agreement
Date: May 16, 2017

Proposed Motion

To authorize the Executive Director/CEO to execute a three-year ground handling agreement to include two (2) one year extensions with GMJ Air Shuttle.

Narrative

GMJ Air Shuttle (GMJ) currently provides a private charter operation to primarily three west coast destinations from the Phoenix-Mesa Gateway Airport (the Airport). The ground handling services provided to GMJ's operation at the Airport will be governed by this agreement and its associated operating costs. The current agreement is expired and operations have been ongoing under a month to month provision.

This new agreement covers the basic ground handling services provided to all current GMJ operations. This agreement also provides for additional revenue for any additional services requested by GMJ. This agreement also provides for annual escalation.

Fiscal Impact

The Airport currently receives and will continue to receive revenue from GMJ for providing ground handling services such as aircraft marshalling, parking and chocking of aircraft, loading/unloading of baggage, cargo and wing walking. This agreement provides additional revenue opportunities for any other ground handling services requested by GMJ.

Attachment(s) Agreement (DRAFT)



RESOLUTION NO. 17-27

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Authority desires to enter into an agreement with GMJ Air Shuttle;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes the Executive Director/CEO to execute a three-year ground handling agreement to include two (2) one year extensions with GMJ Air Shuttle., and authorizes the Executive Director to execute said Agreement with such minor amendments to the Agreement as deemed appropriate by the Executive Director.

Passed and adopted by the Authority this 20th day of June, 2017.

Jeff Serdy, Secretary

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Matthew Wright, Attorney

**Phoenix-Mesa Gateway Airport Authority
GROUND HANDLING AND FUEL SERVICE AGREEMENT**

This Ground Handling and Fuel Service Agreement (“Agreement”) is executed to be effective as of the 1st day of June, 2017 (“Effective Date”) by and between **PHOENIX-MESA GATEWAY AIRPORT AUTHORITY (PMGAA)**, a joint powers airport authority authorized under the laws of the State of Arizona, and **GMJ Air Shuttle, LLC (“GMJ”)**, a Delaware limited liability company, authorized to conduct business in Arizona. PMGAA and GMJ may be referred to jointly as “Parties,” and each separately may be referred to as a “Party.”

NOW, THEREFORE, in consideration of the mutual covenants and conditions herein set forth, the Parties hereby agree as follows:

1. TERM

- 1.1. Initial Term.** Subject to earlier termination as provided herein, the term of this Agreement shall be for three (3) years, commencing on the Effective Date (“Term”) and terminating on the third anniversary of the Effective Date. Either Party may terminate this Agreement by providing the notified Party thirty (30) calendar days’ advance written notification of the terminating Party’s intent to terminate the Agreement.
- 1.2. Renewal Term.** Provided GMJ is not in default of this Agreement, this Agreement may be extended for two (2) additional one (1) year terms upon mutual written agreement. GMJ may request an extension by giving written notice to PMGAA no later than 60 days prior to the expiration of the preceding term.

2. RATES AND FEES

- 2.1. Payment of Rates and Fees.** The Parties hereto acknowledge that GMJ has been contracted for the services authorized in GMJ’s Airport Operating Agreement and that GMJ shall, through this Agreement with PMGAA, pay PMGAA for the rates and fees due to PMGAA described in **Exhibit A**.
- 2.2. Performance Guaranty.** As further consideration for the parties to enter into this Agreement, GMJ shall cause Intel Corporation to execute and deliver the Performance Guarantee attached hereto as **Exhibit B**.
- 2.3. Invoicing & Payment Schedule.** PMGAA shall invoice GMJ on a monthly basis with payment due fifteen (15) calendar days from date of each invoice.
- 2.4. Finance Charges and Late Fees.** If GMJ fails to pay any charge due and owing to PMGAA in full on or before the applicable due date, GMJ shall be responsible for interest on the unpaid fee or charge at the rate of Eighteen Percent (18%) per annum or the maximum rate allowable by law if less than Eighteen Percent (18%) from the due date until payment in full is made. In addition, in the event any payment is received more than ten (10) days after the demand for payment has been delivered by PMGAA, a late penalty of Ten Percent (10%) of the amount of such delinquent amount shall be due and payable in addition thereto, so long as such additional penalty is not prohibited by law.

3. INDEMNIFICATION; LIMITATION OF LIABILITY

- 3.1.** To the fullest extent permitted by law, each party (“Indemnifying Party”) agrees to defend, indemnify and hold harmless the other party and its members, elected or appointed officials, agents, contractors,

subcontractors, boards, directors, commissions and employees (hereinafter referred to collectively as the "Indemnified Party") for, from and against any and all claims, causes of action, liability, suits, litigation (including reasonable attorney's fees and other costs of investigation and litigation), actions, losses, damages or claims of any nature whatsoever which arise out of or in connection with (i) any accident, injury or damages occurring at or on the Airport caused by the Indemnifying Party or its agents, employees, contractors or subcontractors, (ii) any grossly negligent act, or willful misconduct or omission of an Indemnifying Party or its agents, employees, contractors, or subcontractors in connection with Indemnifying Party's operations and which result directly or indirectly in the injury to or death of any persons or the damage to or loss of any property, or (iii) the failure of the Indemnifying Party to comply with any provisions of this Agreement; provided, however, that the Indemnifying Party shall not be liable for the indemnification of (a) indirect, special, or consequential damages suffered by the other party or (b) any losses, costs, damages, injuries, or expenses arising out of the Indemnified Party's gross negligence, willful misconduct, or breach of this Agreement. The Indemnified Party will provide prompt written notice to the Indemnifying Party of a Claim. The Indemnifying Party will control the defense and settlement of a claim, provided that any claim that imparts any liability or obligation upon the Indemnified Party will require the Indemnified Party's prior written approval. The Indemnified Party will provide the Indemnifying Party with full cooperation and support at the Indemnifying Party's expense. The Indemnified Party may participate in the defense and settlement of a claim at its own expense.

3.2. NEITHER PARTY SHALL IN ANY EVENT BE LIABLE TO THE OTHER PARTY FOR ANY INDIRECT, SPECIAL, OR CONSEQUENTIAL DAMAGES AND/OR PUNITIVE DAMAGES OF ANY KIND OR NATURE INCLUDING, WITHOUT LIMITATION, LOSS OF USE, VALUE, REVENUE, PROFIT, BUSINESS OPPORTUNITIES, AND THE LIKE, UNDER ANY CIRCUMSTANCES.

4. DEFAULT: TERMINATION BY PMGAA

4.1. General Grounds. PMGAA may terminate this Agreement upon the occurrence of any of the following events:

4.1.1. Failure of GMJ to perform any of its obligations under this Agreement, which failure shall not be cured within a thirty (30) business day period following GMJ's receipt of notice of default hereunder; provided that if a cure is not reasonably possible within such thirty (30) day period, GMJ shall have a reasonable period to cure such default not to exceed sixty (60) days.

4.1.2. The filing of any lien against the Airport because of any act or omission of GMJ which is not discharged within fifteen (15) business days of receipt of actual notice of such lien by GMJ.

4.2. Failure to Pay Fees. PMGAA may declare GMJ in default of this Agreement by giving GMJ five (5) business days' written notice of GMJ's failure to timely pay any fees or payments due pursuant to this Agreement. If GMJ fails to cure such payment default within ten (10) business days following its receipt of written notice of non-payment, PMGAA may, in its sole discretion, elect to do any one or more than one of the following:

4.2.1. Institute action(s) to enforce this Agreement; or

4.2.2. Terminate this Agreement automatically without further notice to GMJ; or

4.2.3. Exercise any other remedy allowed by law or equity.

- 4.3. GMJ may terminate this Agreement, (i) immediately, (a) upon the occurrence of a material default by PMGAA or any of its representatives, which default is not cured within thirty (30) days following PMGAA's receipt of written notice of such default or in the event a cure is not reasonably possible within such thirty (30) day period, PMGAA shall have a reasonable period to cure the default not to exceed sixty (60) days and (b) in the event it is reasonably determined that PMGAA cannot provide the services contemplated by this Agreement, and (ii) for any reason, with the provision of thirty (30) days prior written notice.
- 4.4. No Waiver by PMGAA. No waiver by PMGAA of any default by GMJ in the performance of its obligations under this Agreement shall be deemed to be a waiver of any subsequent default by GMJ in the performance of any such obligations.

5. GOVERNING LAW; ATTORNEY'S FEES

- 5.1. The laws of the State of Arizona shall govern the matters set forth in this Agreement. Venue of any action brought under this Agreement shall, at the option of PMGAA, lie in Maricopa County, Arizona. In the event of any litigation or arbitration between PMGAA and GMJ arising under this Agreement, the successful party shall be entitled to recover its attorney's fees, expert witness fees and other costs incurred in connection with such litigation or arbitration.

6. NOTICE

- 6.1. All notices required or permitted under this Agreement shall not be effective unless personally delivered or mailed by certified mail, return receipt requested, postage prepaid, or by reputable commercial overnight courier service, to the following addresses:

TO PMGAA: Phoenix-Mesa Gateway Airport Authority
Attn.: Gateway Aviation Services
5803 S. Sossaman Road Suite 116
Mesa, Arizona 85212-60 14

TO GMJ: Brian J. Murphy
Director of Operations
5022 Bailey Loop
McClellan, CA 95652
Email: bmurphy@gmjair.com

- 6.2. Notices shall be deemed to have been received TWO (2) business days after the date of mailing, if given by certified mail, or upon actual receipt if personally delivered or if given by reputable commercial overnight courier service. Any Party may designate in writing a different address for notice purposes pursuant to this SECTION.

7. PRIOR AGREEMENTS AND PERMITS

- 7.1. This Agreement shall supersede or cancel any prior agreements between PMGAA and GMJ or with respect to the business activities governed hereby. GMJ Corporation, a Delaware corporation, authorized to do business in Arizona, shall not construe PMGAA's execution of this Agreement as a waiver of any prior indebtedness or obligation to PMGAA under any prior agreement or license, nor does PMGAA waive any claim or cause of action arising therefrom.

- 7.2. This Agreement pertains to the provision of aircraft fuel and aircraft ground handling services only, and does not affect any other operating, licensing or lease agreements with PMGAA.

8. CORPORATE AUTHORIZATION

- 8.1. In executing this Agreement, each Party represents and warrants to the other party that it has obtained and possesses full right, power and authority to enter into this Agreement.

9. MISCELLANEOUS

- 9.1. Personal Liability. No member of or employee of either Party shall be charged personally or held contractually liable by or to the other Party under any term or provision of this Agreement because of any breach thereof or because of its execution or attempted execution.
- 9.2. No Waiver. No provision of this Agreement may be waived or modified except by a writing signed by the Party against whom such waiver or modification is sought. Covenants or agreements hereof to be performed, kept or observed by GMJ shall be construed or act as a waiver of any subsequent default of any of the terms, covenants, conditions or agreements herein contained to be performed, kept or observed by GMJ, and PMGAA shall not be restricted from later enforcing any of the terms and conditions of this Agreement.
- 9.3. Amendment. Only a written instrument executed by the Parties may amend this Agreement.
- 9.4. Invalid Provisions. Should any provision of this Agreement or any application thereof be held invalid by a court of competent jurisdiction, the remainder of this Agreement shall not be affected thereby, unless one or both Parties would be substantially and materially prejudiced.
- 9.5. Headings. The headings contained herein are for convenience in reference only and are not intended to define or limit the scope of this Agreement or any term thereof.
- 9.6. Entire Agreement. This Agreement, including exhibits attached hereto at the time of its execution constitutes the entire Agreement between the Parties hereto and supersedes all prior negotiations, understandings and agreements between the Parties concerning such matters.

10. INCORPORATION OF RECITALS

The recitals set forth above are acknowledged by the Parties to be true and correct and are incorporated herein by this reference.

IN WITNESS WHEREOF, the Parties have executed this Agreement to be effective on the Effective Date specified above.

1. FOR PMGAA:

(Signature)

By: J. Brian O'Neill, A.A.E.
(Printed Name)

Its: Executive Director/CEO
(Title)

Date Signed: _____

2. FOR GMJ:

(Signature)

By: _____
(Printed Name)

Its: Jerome Joondeph
Managing Director of GMJ Air Shuttle Management, LLC, Managing Member
Of GMJ Air Shuttle, LLC

Date Signed: _____

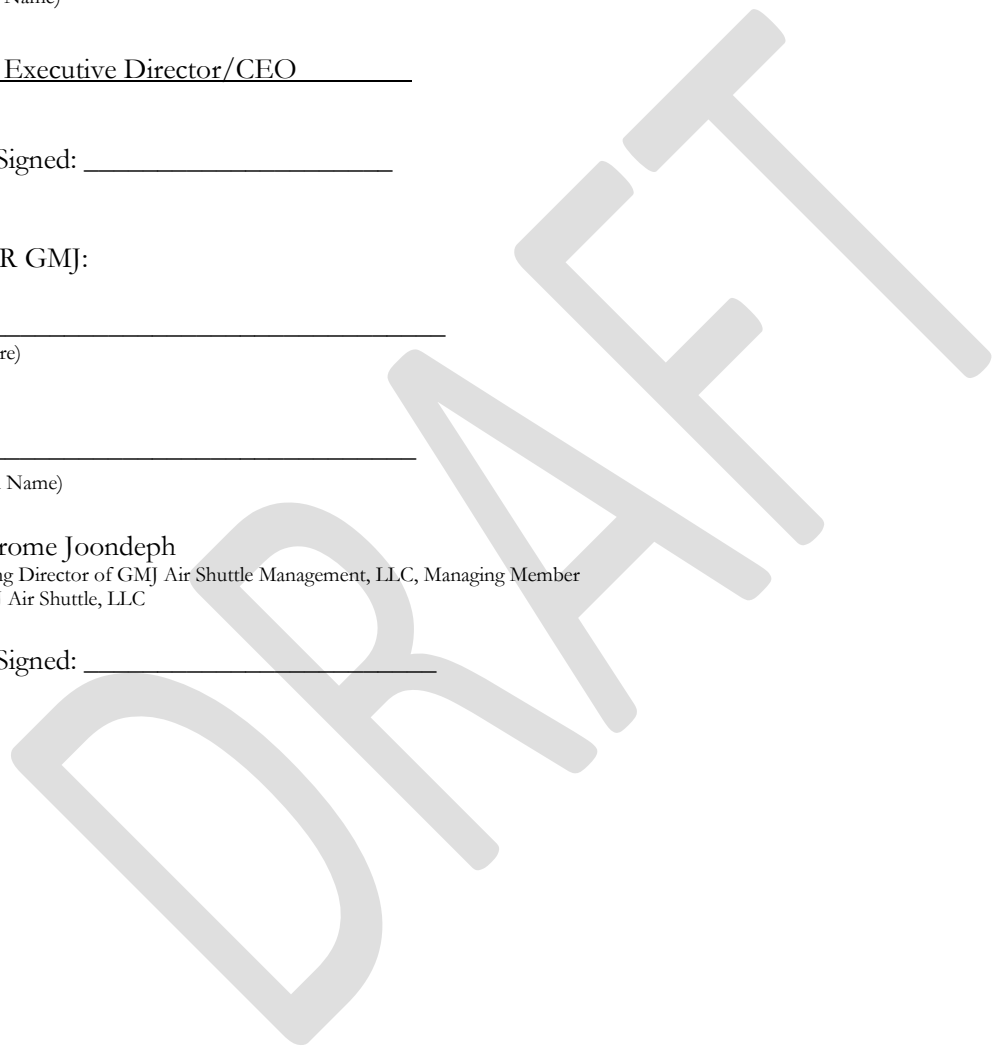


EXHIBIT A**Summary of Services, Rates and Fees**

1. **SCHEDULE.** Daily (Monday – Friday) fueling and ground handling of the operator’s Embraer 145 fleet on a scheduled basis as provided from time to time during the Term (defined below) (the “Service Schedule”). GMJ may change the Service Schedule at any time by providing PMGAA with thirty (30) days prior written notice.
2. **GMJ OBLIGATIONS:** GMJ shall:
 - 2.1.1 Provide guidance to PMGAA regarding any special procedures or requirements for fuel and/or aircraft ground servicing of aircraft through its documented ground handling and fuel service training materials and standard operating procedures for aircraft being operated by GMJ. Such guidance shall be provided in written or electronic form. If GMJ does not have or cannot provide documented training materials and standard operating procedures, GMJ and PMGAA shall meet and mutually agree on applicable training and standard operating procedures; provided however that if the parties are unable to mutually agree on such applicable training and operating procedures, PMGAA training and standard operating procedures shall be the guide for performance of duties.
 - 2.1.2 Advise PMGAA of any changes to the aircraft model and/or type to be serviced, including scheduled flight activity. To the extent possible, advance notice of any changes will be provided no later than thirty (30) days prior to any such changes.
 - 2.1.3 Provide push tug and tow bar or like equipment capable of towing GMJ’s aircraft into and out of hangar.
 - 2.1.4 Provide notice of any delays incurred in connection with the delivery of the services identified in Section 3 below. Any delays shall be reported in writing within seven (7) days of occurrence by GMJ to PMGAA with an expected resolution no later than seven (7) of the notice of delay.
3. **PMGAA SERVICE OBLIGATIONS:** PMGAA shall perform the following:
 - 3.1. **Ground Handling.** PMGAA and GMJ shall meet and mutually agree (based on the current needs of the scheduled noticed by GMJ to PMGAA) on the number of personnel sufficient to perform the specified services in accordance with GMJ’s procedures and equipment necessary, and that number of personnel shall support the provision of the following services except where noted. If the number of personnel is mutually agreed to be increased from the current level [two (2) plus one (1) fueler for a total of three (3)], PMGAA shall be authorized to increase the service rate accordingly to cover costs plus overhead.
 - 3.1.1 **Arrival and Departure.** Two personnel for wing walking support for GMJ personnel while performing towing operations in and out of hangar on scheduled operations, aircraft marshalling, parking and chocking of aircraft, loading/unloading of baggage, cargo, COMAT and required ballast.
 - 3.1.2 **Lavatory Service.** On Arrival and upon Request.
 - 3.1.3 **Fuel Services.** PMGAA shall provide in a timely manner the required fueling services and support for GMJ’s operation of the Embraer 145 fleet at KIWA) supportive of GMJ’s delivery of on-time services (such services may include pre-fueling upon arrival) pursuant to the Service Schedule and such other non-scheduled fueling services (such services may include pre-fueling upon arrival) on a timely basis so long as such non-scheduled services do not negatively impact other PMGAA operations.
 - 3.1.4 **Other Services.** All other requested or desired ground handling services (including, without limitation, air start, potable water, oxygen/nitrogen services, etc.) shall be provided or facilitated by PMGAA on an as requested basis and billed separate from this agreement.

3.1.5 Service Guarantee.

- 3.1.5.1 PMGAA shall meet GMJ requirement of having staff at each of its aircraft no later than 50 minutes prior to departure to ensure positioning of aircraft on ramp for an on-time departure.
- 3.1.5.2 Fuel services will be completed no later than fifteen (15) minutes prior to scheduled departure time depending on aircraft availability. This will not include any “stand by” requests that may occur 15 minutes prior to departure due to weather or other operational considerations beyond the control of PMGAA.
- 3.1.5.3 Any delays or service failures (collectively, “Service Failures”) shall be reported (each, a “Reported Service Failure”) within seven (7) days of occurrence by GMJ to PMGAA and PMGAA shall have an additional seven days to dispute any such Reported Service Failure (each, a “Disputed Service Failure”), such dispute to be supported by all evidence necessary to demonstrate that the Reported Service Failure should not count as a Determined Service Failure (defined below). The parties shall meet to reasonably assess and determine and mutually agree as to whether a Disputed Service Failure should or should not qualify as a Determined Service Failure. Any Service Failures not reported within the above referenced seven (7) day period shall not count toward any Service Performance Guaranty metric. As used herein, a “Determined Service Failure” means collectively all non-Disputed Service Failures and any Disputed Service Failure that is mutually agreed to count as a Service Failure.
- 3.1.5.4 If the number of Determined Service Failures divided by the number of Aircraft Operations in any monthly period exceeds 5%, PMGAA shall discount the cost of those operations that have Determined Service Failures in the following month by 5%.

4 RATES & FEES. Set forth below are the rates and fees for the Services, Fuel Services and Others Services contemplated to be provided herein, with such rates and fees to be effective on the date of execution of this Agreement.

4.1 Ground Handling.

- 4.1.1 Flat service rate of \$10,000 per month (the “Ground Handling Fee”) based on an average of 1,200 Aircraft Operations in a Twelve (12) month period at \$100 per operation (the “Aircraft Operation Rate”). An “Aircraft Operation” is defined as one (1) aircraft arrival or one (1) aircraft departure. The Ground Handling Fee will be billed on a monthly basis. The parties will mutually agree on the method and timing for reporting of monthly Aircraft Operations.
- 4.1.2 In the month, subsequent to each twelve (12) month period after the Effective Date, the total number of Aircraft Operations will be reported. All operations in excess of 1,200 for the previous twelve-month period will be billed at the per Aircraft Operation Rate and those operations less than 1,200 will be deducted from the subsequent months billing.
- 4.1.3 An overtime rate of \$100 per Aircraft Operation that occurs sixty (60) minutes after scheduled arrival or departure will be charged (in addition to the flat service rate above) and billed in the monthly invoice.

4.2 Fuel Service Charges. PMGAA shall facilitate the delivery of Contract Fuel provided by PMGAA’s fuel supplier at the following into plane rates:

- 4.2.1 Scheduled Fuelings: \$0.36 per gallon
- 4.2.2 Non-Scheduled Fuelings: \$0.50 per gallon

- 4.3 Fuel Flowage Fee. The current rate is \$0.12 per gallon. As determined by PMGAA Rates & Charges and subject to change by PMGAA.
- 4.4 Landing Fees. Current rate is \$1.20 per 1,000 lbs based on Max Gross Landing Weight (MGLW), as determined by PMGAA Rates & Charges and subject to change by PMGAA.
- 4.5 Other Services & Fees. Any fee or charge not specifically listed herein shall be per PMGAA's standard and customary fees for such facilities or services, as may be revised from time to time. For such fees, Customer shall pay the most current fee(s), as applicable, in addition to any other fees that may apply.
- 5 **PRICING ADJUSTMENTS:**
- 3.2. Ground Handling Fees. Following the first anniversary of this Agreement and on each anniversary thereafter, pricing for the Ground Handling Services shall increase by four (4%) percent.
- 3.3. Fuel Service Fees. Following the first anniversary of this Agreement and on each anniversary, thereafter, pricing for the Fuel Services shall increase by four (4%) percent.
- 5.2 Fuel Flowage Fees. Shall be set and charged per the PMGAA during the Term.
- 5.3 Landing Fees. Shall be set and charged per the PMGAA during the Term.
- 5.4 Other Services Fees. Shall be set and charged per the PMGAA during the Term.
- 6 **PAYMENT TERMS.** PMGAA shall invoice GMJ in the manner specified in Section 2.3 of the Agreement. All billing and invoicing will be completed by PMGAA to include ground handling fees, fuel service fees, landing fees and any other charges for services and fees related to this agreement.

EXHIBIT B
Form of Performance Guarantee

DRAFT



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Bob Draper, P.E., LEED AP, Engineering & Facilities Director
Through: Scott Brownlee, Deputy Director/COO
J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: SSCP Queue and Terminal Improvements – CIP 617
Date: June 20, 2017

Proposed Motion

To approve an Authorization of Services (AOS) with DWL Architects + Planners, Inc. (DWL) to provide additional Architectural and Engineering Services for the SSCP Queue and Terminal Improvements Project CIP 617 in an amount not-to-exceed \$84,727.

Narrative

This is an Amendment to the original Scope-of-Work for Architectural and Engineering Services for the SSCP Queueing and Terminal Improvements. DWL is to revise the proposed TSA check-in area to accommodate 5 lanes as well as conduct a feasibility study and to prepare a Schematic Design (SD) for Phase 2 of this project that will increase the area to 6-Lanes due to the potential increase of flights.

Initially PMGAA approved DWL to move forward with expanding the TSA queuing area for a 4-Lane configuration. Prior to bidding the project, early notification of potential flight increases required the design to change to a 5-Lane queue as Phase 1 of a 2-phased project. Phase 2 is to include the expansion from the 5-Lane configuration to a 6-Lane configuration and to add a conditioned walkway connecting the ticketing building to the queuing area.

DWL Architects + Planners, Inc. was selected as the most qualified firm for this project because of their extensive knowledge of the Phoenix-Mesa Gateway Airport Terminal in accordance with ARS Title 34. In accordance with the terms of our agreement, PMGAA requested that DWL submit an Amendment to the current Architectural and Engineering Services Scope-or-Work for the SSCP Queue and Terminal Improvements. The cost for these additional services was negotiated based upon the contract fee schedule at a cost not-to-exceed \$84,727, which is broken down as follows: Feasibility Study Fee: \$16,099; Construction Documents w/Revised Scope: \$21,735; Schematic Design of 6-Lanes & Walkway: \$46,293; Reimbursable Expense Allowance: \$ 600.

Fiscal Impact

This contract was included in the FY17 capital budget and is funded with PFC Funds as Project No. 617.

Attachment(s): DWL Scope & Fee Proposal; AOS



RESOLUTION NO. 17-28

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Authority desires to obtain Architenctural and Engineering Services from DWL Architects + Planners, Inc.;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby approves an Authorizaiton of Services with DWL Architects + Planners, Inc. for Architectural and Engineering Services for the SSCP Queue and Terminal Improcvements (Project CIP 617) in an amount not-to-exceed \$84,727. This resolution also authorizes the Chair or Executive Director/CEO to execute such Agreement, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 20th day of June, 2017.

Jeff Serdy, Secretary

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Matthew Wright, Attorney



AUTHORIZATION OF SERVICES
DWL Architects + Planners, Inc., AOS 17-1702

The signing of this Authorization (Agreement) by Phoenix-Mesa Gateway Airport Authority (PMGAA) and DWL Architects + Planners, Inc., 2333 N. Central Avenue, Phoenix, AZ 85004 (DWL), authorizes DWL to carry out and complete the services described below in consideration of the mutual covenants set forth below:

1. **PROJECT:** Amendment to the existing Architectural, Planning & Engineering Services for the SSCP Queue & Terminal Improvements under CIP 617.
2. **SCOPE OF WORK:** Initially PMGAA approved DWL to move forward with expanding the TSA queuing area for a 4-Lane configuration. Prior to bidding the project, early notification of potential flight increases required the design to change to a 5-Lane queue as Phase 1 of a 2-phased project. Phase 2 is to include the expansion from the 5-Lane configuration to a 6-Lane configuration and to add a conditioned walkway connecting the ticketing building to the queueing. This proposal shall amend the original contract; all services are to be performed in accordance with PMGAA Agreement C-2017009, including the Standard Terms, and the attached detailed scope of work. Services shall be coordinated with and approved by a PMGAA Authorized Representative prior to start of work.
3. **FEE FOR SERVICES:** The additional fee for these services shall be based upon the attached scope of work, not-to-exceed eighty-four thousand, seven hundred twenty-seven dollars (\$84,727); broken down as follows: Feasibility Study Fee: \$16,099; Construction Documents w/ revised Scope: \$21,735; Schematic Design of 6-Lanes and Walkway: \$46,293; Reimbursable: \$600, without the express written approval of PMGAA.
4. **AVAILABILITY OF PROJECT FUNDING:** The approval and continuation of this contract is subject to the availability of funds provided to, made available to, or appropriated by PMGAA for this purpose. In the event that funds are not available or appropriated for PMGAA’s payment requirements under this contract for the goods and/or services to be provided hereunder, PMGAA may terminate this contract by providing notice to the consultant of the lack of the availability of funds. The consultant acknowledges and agrees that one source of funding for this contract may be funds made available from the Federal Aviation Administration and/or Arizona Department of Transportation, and that this contract, its approval and continuation, is contingent on the availability of those funds being made to PMGAA.
5. **INCORPORATED:** The following documents are hereby incorporated with this Authorization of Services and made part thereof:
 - PMGAA Agreement C-2017009 dated September 20, 2016.
6. **ATTACHED:** The following documents are attached to this Agreement and are incorporated herein by this reference made part thereof:
 - Scope and Fee Proposal dated May 24, 2017.

PMGAA and DWL acknowledge that they are in agreement with the terms and conditions as set forth in this Authorization.

APPROVED FOR PMGAA:

ACCEPTED FOR DWL:

By: _____

By: _____

Print: J. Brian O’Neill, A.A.E.

Print: _____

Title: Executive Director/CEO

Title: _____

Date: _____

Date: _____



May 24, 2017

Mr. Bob Draper, PE, LEED AP
Engineering & Facilities Director
Phoenix Mesa Gateway Airport Authority (PMGAA)
5835 S. Sossaman Road
Mesa, Arizona 85212

RE: **Phoenix-Mesa Gateway Airport – SSCP Queue and Terminal Improvements
Amendment to Architectural and Engineering Services
Scope and Fee Proposal**

**DWL Project No. 1632.00
PMGAA Project Number: 617
Contract Number: C-2017009**

Dear Bob:

As requested, the DWL team is very pleased to submit the following amendment to the existing architectural and engineering services fee proposal for SSCP Queue and Terminal Improvements at Phoenix-Mesa Gateway Airport (PMGA). The project was put on hold on 5/25/2017 to conduct a feasibility study due to the increase of Allegiant flights (62/ month). Per PMGA's request, DWL conducted a preliminary study of 5 and 6 Lane options. PMGA has approved the team to move forward with Option 1 to expand to a 5-Lane SSCP as the first phase of a 2-Phased project. Phase-2 is to include the expansion from 5-Lanes to 6-Lanes with the addition of a conditioned walkway. Services include additional Construction Documentation (CD) to revise the base project CDs to go from the revised 4-Lane SSCP to a 5-Lane configuration with revised queuing. In addition this service, the team is to prepare Schematic Design (SD) for Phase 2 of the project to expand from 5-Lanes to 6-Lanes and add a conditioned walkway connecting the ticketing building to the queuing area. This proposal on approval, shall amend the original contract dated 9/22/2016. Additional scope clarifications, schedule and service revisions since the original contract are denoted in the following paragraphs:

PROJECT SCOPE SUMMARY

1. **Feasibility Study due to increase of Allegiant Flights**
 - a. Provided Preliminary queuing/ SSCP layouts to increase to 5 or 6 Lanes (Completed)
 - b. Feasibility of Option 1 Plan layout (See Exhibit A) and Phase 1 and 2 Code implications
 - c. Plan for future 6-Lane expansion as Phase 2 for Structural, Electrical, Mechanical, IT and security infrastructure.
 - d. Scope definition for CD's in Phase 1.
2. **Phase 1: Revise Construction Documentation (CD) - Current 4-Lane configuration to a 5-Lane configuration**
(See attached plan Exhibit A for extents of revision.)
 - a. Addition of 5th SSCP Lane to the existing 4-Lane configuration.
 - b. Revised queuing to allow Door-5 to act as the primary queuing entry with Door 6 acting as the overflow entry. Door 4 to Remain as an exit only component.
3. **Phase 2: Schematic Design (SD) – Convert from 5-Lane to a 6-Lane configuration**
(See attached plan Exhibit A for extent of work.)
 - a. SSCP and Queue Revision
 - i. Addition of SSCP Lane to Phase 1 to make a total of 6 Lanes
 - ii. Revised queuing to enter through Door - 4. Lock Door 5 or infill opening
 - b. Conditioned Walkway to connect between Ticketing building and Queuing

PRINCIPALS
Steve Rao, President
Mark Dee, Exec VP
Peter Pascu, Exec VP
Dwight Todd, Exec VP
Sandra Kukla, Exec VP
Adam Sprenger, Exec VP
Michael Braun, Exec VP
Michael Haake, Chairman

ASSOCIATES
Philip Ralston
Kiyomi Kurooka
Nithya Rachel Jebaraj
Mark Fulks
Melissa Wolter
Jenia Lynn
Sean Warfield
Athavan Rajasundaram
Mary Ann Modzelewski



- i. Field Investigation Report: Determine all affected underground utilities and potential rerouting of some existing utilities by Civil, Mechanical, Electrical, Special Systems and Plumbing.
 - ii. Civil Survey: Determine grade information to connect the two buildings and reconfigure the drainage in and around the new walkway area
 - iii. Code implications of connecting the two buildings and exiting
 - iv. Revised access to mechanical yard.
 - v. Dedicated Mechanical system, lighting and Power/ Data tie-in to one of the two buildings.
 - vi. Walkway Structural Design: The exterior walkway will be straddling and crossing several existing utilities. In order to have a good understanding for design, a structural study of implications of existing canopy structures and existing underground utilities is necessary. In order to maintain the Aesthetic language of the front entry/ walkway area, multiple structural options will need to be explored.
 - vii. Conceptual options (2 Included)
- c. Schematic Design Package of the 6 Lane Option and Selected Walkway option
 - d. Cost Estimation

In addition to the main proposal, the following tasks and deliverables are expected for the above scope items:

1. Feasibility Study
 - a. Preliminary Plan Layouts of queuing options (3 options - Completed)
 - b. Queue Length summary for each option. (Completed)
 - c. Meetings: 1 Meeting with PMGA for scope clarification for Option 1 and 2; 1 Meeting with PMGA for scope approval for Phase 1 (2 Total)
 - d. Approval layouts of Option 1 and 2.
2. Revised Construction Documentation for 5-Lane SSCP layout and queuing (Option 1)
 - a. Meetings: 1 Interim Page turn meeting before Final CD's and 1 TSA approval Meeting of the revised layout (2 Total)
3. SD Package for Phase 2:
 - a. Phase 2 Kickoff Meeting
 - b. 2 Site visits included for field investigations, see consultant proposal for respective scopes.
 - c. Site evaluation report and presentation meeting (1 included)
 - d. Conceptual Design of Walkways (2 Options)
 - e. 2 Meetings included for conceptual Design evaluation and approval.
 - f. Schematic Design Package for Pricing Purposes
 - g. 1 Presentation to PMGAA management.

ASSUMPTIONS

1. Services by Architect and Consultants will be provided in Revit (Current Version) at LOD 300.
2. The Schematic Design package for Phase 2 is to be used to determine Design scope for DD and CD, currently not included in this scope. A separate proposal is to be submitted at the end of SD's. for DD/ CD/ BN.
3. It is anticipated that this Schematic Design exercise for Phase 2 will coincide with the Construction of Phase 1
4. Subconsultants included in this proposal are as follows:
 - a. Dibble Engineering (Civil)
 - b. LSW Engineers (Mechanical, Plumbing, Electrical Special Systems and Fire Protection)
 - c. ASE Kpff Advanced Structural Engineering (Structural)
 - d. CCMC (Cost Estimating)

Please review attached support documents and sub-consultant proposals.



5. Design Development, Construction Documentation, Bidding & Negotiation and Construction Administration for Phase 2 will be included as a separate proposal at a later time.

EXCLUSIONS

In order to provide clarity and to prevent any misunderstandings, we want to identify items that are excluded from this proposal. If for any reason Restart requires these services, we can provide them for additional compensation.

1. Asbestos testing and Abatement
2. DD's, CD's, FFE, Permitting, Specifications.
3. Services from engineers or consultants not identified in this proposal and beyond this project's scope will not be provided.
4. Tests or investigations requiring demolition of existing construction or other types of forensic investigation are not included in this proposal and is assumed to be by others
5. Deliverables beyond those described below.
6. As no budget has been determined, Value Engineering is not included.
7. Renderings (\$1,500 for first rendering, \$1,200 for subsequent renderings).
8. Building Safety (and other authorities having jurisdiction) review and permit fees.

DELIVERABLES

1. Construction Documents for Phase 1
2. Existing Site and Building Systems Evaluation Reports (Site Survey, Structural, HVAC, Electrical, Plumbing, Sanitary/ Sewer).
3. Schematic Design Drawings package, with consultant Schematic Design narratives and sketches for pricing purposes. Specifications are not included.



COMPENSATION

The previously mentioned services will be provided as a Not-to-Exceed Lump Sum fee as follows:

Design and Engineering Services	
Feasibility Study	\$ 16,099
Phase 1 - Construction Documents (Revised Scope)	\$ 21,735
Phase 2 - Schematic Design of 6 Lanes and Walkway	\$ 46,293
Reimbursable Expense Allowance:	\$ 600

See attached Team and DWL cost summaries for a breakdown of costs.

Once again, we are very grateful for this opportunity and look forward to working with you and the PMGA team. If you have any questions or require further explanation regarding any item, please do not hesitate to contact me or Athavan Rajasundaram.

Sincerely,
DWL ARCHITECTS + PLANNERS, INC.

Sandra Kukla, AIA, LEED AP
Executive Vice President

SMK. vlr

cc: Kathryn Maxwell
Athavan Rajasundaram

- Attachment 1. Team and DWL Cost Summaries
- Attachment 2. Exhibit A
- Attachment 3. Schedule
- Attachment 4. Dibble Engineering
- Attachment 5. ASE-Kpff
- Attachment 6. LSW Engineers
- Attachment 7. CCMC

DWL ARCHITECTS + PLANNERS, INC.
Phoenix-Mesa Gateway Airport - SSCP Queue and Exit Lane Renovation - Amendment 1
 Feasibility Study + Phase 1 CD's + Phase 2 SD's
 COMPENSATION ESTIMATE



May 22, 2017

PMGAA

TEAM SUMMARY							
Discipline	Feasibility Study	Phase 1 Construction Documents	Phase 2 Schematic Design	Additional Service: None	Additional Service: None	Additional Service: None	Design & Engineering TOTALS
Basic Design & Engineering							
Architectural (DWL)	\$ 11,359	\$ 12,970	\$ 21,909	\$ -	\$ -	\$ -	\$ 46,238
Civil (Dibble)	\$ -	\$ -	\$ 8,199	\$ -	\$ -	\$ -	\$ 8,199
Structural (ASE-Kpff)	\$ 2,200	\$ 2,300	\$ 5,550	\$ -	\$ -	\$ -	\$ 10,050
MPE (LSW)	\$ 2,540	\$ 6,465	\$ 7,035	\$ -	\$ -	\$ -	\$ 16,040
Cost Estimation	\$ -	\$ -	\$ 3,600	\$ -	\$ -	\$ -	\$ 3,600
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ 16,099	\$ 21,735	\$ 46,293	\$ -	\$ -	\$ -	\$ 84,127
							\$ 84,127

Note: Numbers in red are placeholders

Design Services Allowance & Reimbursables Estimate \$600

DBE participation	\$0.00	\$600.00
Total	\$0.00	
Participation of Total	0.0%	

* Fee does NOT include Testing



ARCHITECTURAL

Task	Task Description	LABOR HOURS														Task Total		
		Principal 176 per hr.		Sr. Proj. Mgr 128 per hr.		Proj. Mgr 112 per hr.		QA/ QC Architect 126 per hr.		Apprentice Architect 79 per hr.		Building Code Mgr. 126 per hr.		Specifications 105 per hr.			Clerical 63 per hr.	
		Hours	Direct Cost	Hours	Direct Cost	Hours	Direct Cost	Hours	Direct Cost	Hours	Direct Cost	Hours	Direct Cost	Hours	Direct Cost		Hours	Direct Cost
Feasibility Study (2 1/2 weeks)																	\$11,359	
1	Prelim Queuing Layouts (Complete)	3.0	\$ 528	0.0	\$ -	8.0	\$ 896	0.0	\$ -	24.0	\$ 1,896	0.0	\$ -	0.0	\$ -	0.0	\$ -	\$3,320
2	Option 1 and Option 2 Feasibility and Code	6.0	\$ 1,056	4.0	\$ 512	20.0	\$ 2,240	0.0	\$ -	40.0	\$ 3,160	8.0	\$ 1,008	0.0	\$ -	1.0	\$ 63	\$8,039
Phase 1 CD's (7 weeks)																	\$12,970	
3	CD's	6.0	\$ 1,056	4.0	\$ 512	30.0	\$ 3,360	4.0	\$ 504	80.0	\$ 6,320	2.0	\$ 252	8.0	\$ 840	2.0	\$ 126	\$12,970
4	Cost Estimation Coord. & Review	0.0	\$ -	0.0	\$ -	0.0	\$ -	0.0	\$ -	0.0	\$ -	0.0	\$ -	0.0	\$ -	0.0	\$ -	\$0
5	PMGA review pickup	0.0	\$ -	0.0	\$ -	0.0	\$ -	0.0	\$ -	0.0	\$ -	0.0	\$ -	0.0	\$ -	0.0	\$ -	\$0
Phase 2 SD's (10 weeks)																	\$21,909	
6	Field Investigations & Report Presentation	2.0	\$ 352	0.0	\$ -	12.0	\$ 1,344	0.0	\$ -	24.0	\$ 1,896	4.0	\$ 504	0.0	\$ -	2.0	\$ 126	\$4,222
7	Conceptual Design	3.0	\$ 528	2.0	\$ 256	20.0	\$ 2,240	0.0	\$ -	36.0	\$ 2,844	4.0	\$ 504	0.0	\$ -	2.0	\$ 126	\$6,498
8	SD's of Approved Scope	2.0	\$ 352	4.0	\$ 512	24.0	\$ 2,688	4.0	\$ 504	56.0	\$ 4,424	0.0	\$ -	0.0	\$ -	1.0	\$ 63	\$8,543
9	Cost Estimation Coord & Review	1.0	\$ 176	0.0	\$ -	4.0	\$ 448	0.0	\$ -	24.0	\$ 1,896	0.0	\$ -	0.0	\$ -	2.0	\$ 126	\$2,646
TOTAL		23.0	\$ 4,048	14.0	\$ 1,792	118.0	\$13,216	8.0	\$ 504	284.0	\$22,436	18.0	\$ 2,268	8.0	\$ 840	10.0	\$ 630	\$46,238

DWL ARCHITECTS + PLANNERS, INC.

Phoenix-Mesa Gateway Airport - SSCP Queue and Exit Lane Renovation - Amendment 1

Feasibility Study + Phase 1 CD's + Phase 2 SD's
COMPENSATION ESTIMATE

May 22, 2017

PMGAA



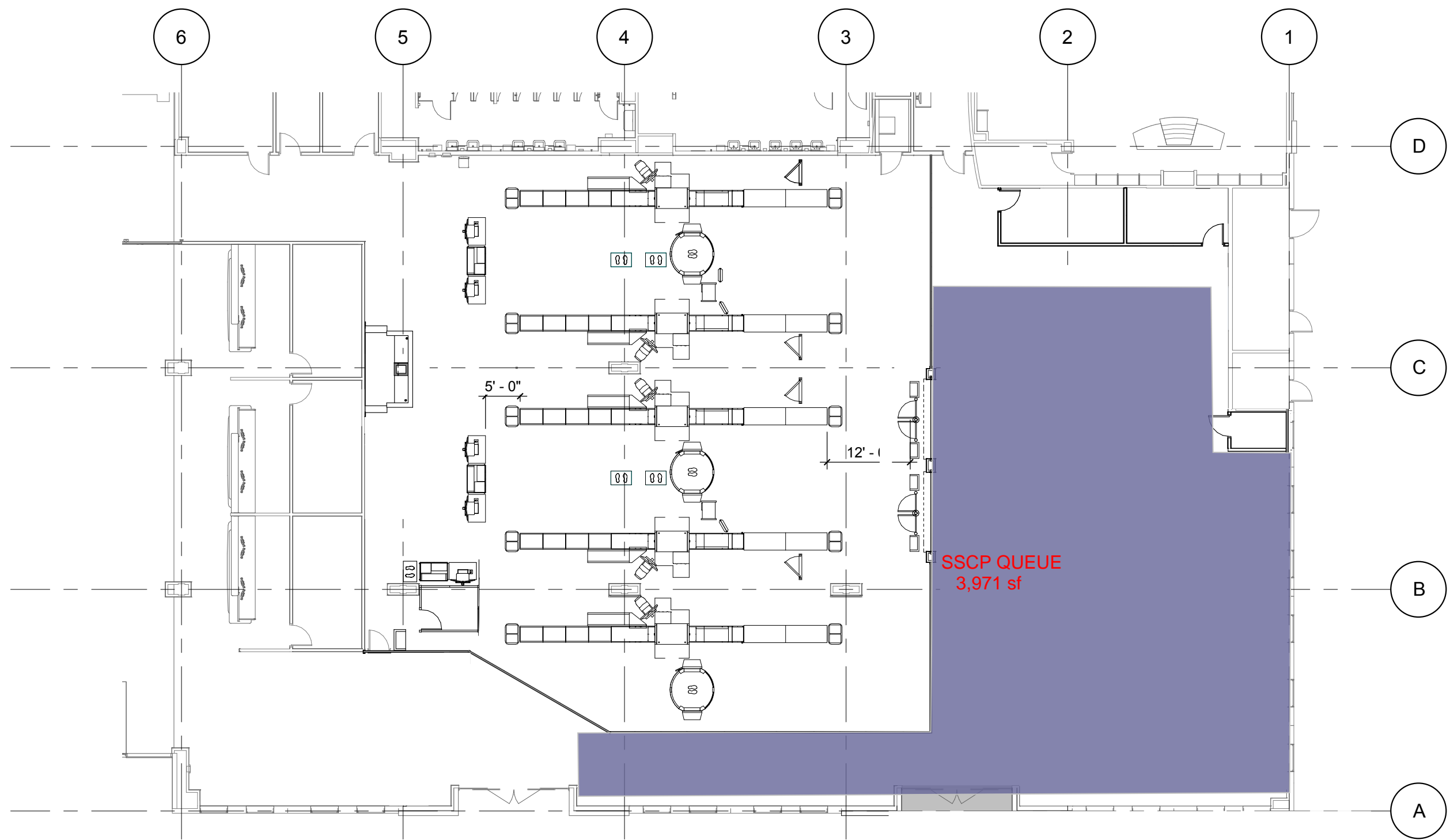
SUBCONSULTANTS				
Discipline	Firm / Company	DWL		Total
		Fee	Management	
Civil	Dibble	\$ 8,199	\$ -	\$ 8,199
Structural	ASE-Kpff	\$10,050	\$ -	\$10,050
MEP	LSW	\$16,040	\$ -	\$16,040
Cost Estimation	CCMC	\$ 3,600	\$ -	\$ 3,600
Landscape	-	\$ -	\$ -	\$ -
TOTAL		\$37,889	\$ -	\$37,889

ALLOWANCES & ESTIMATED REIMBURSABLE EXPENSES				
Expense	Comments	Group	Total	
Travel/ Other	Mileage			\$600
Phase 1 Checksets & CDs	Printing/ Copying			\$0
Phase 2 Concept and SD	Printing/ Copying			\$0
TOTAL				\$600

DWL SUMMARY				
	Fee	Group	Total	
Architectural	\$46,238	\$46,238		\$46,238
Subtotal	\$46,238	\$0		
TOTAL FEES				\$46,238

TSA CDG 6.0 – section 3-2.2 Queue, “TSA recommends 400 SF in the queue for every checkpoint lane, with 300 square feet minimum per lane.”

Option #	SSCP Description	4-Lanes SF/ Lane	5-Lanes SF/ Lane	6-Lane SF/ Lane	Queuing SF	Pros	Cons
-	Existing 4 Lanes	713	N/A	N/A	2850		
1	5 Lanes with Door 5 as entry	993	794	N/A	3971	<ul style="list-style-type: none"> * 5 Lanes with minimal disruption to existing layout. * Relatively Minimal Cost * Existing SSCP Equipment does not get relocated 	<ul style="list-style-type: none"> * Limited Queuing - no real increase in queuing * Limited potential for growth Poor entry sequence to queuing. * Not recommended for operation beyond current loads. * Overflow through Door 6
2	5 or 6 Lanes with Door 4 as entry	874	699	583	3497	<ul style="list-style-type: none"> * Minimal Disruption to existing layout. * Relatively Minimal Cost * Potential for future 6 Lanes * Existing SSCP Equipment does not get relocated 	<ul style="list-style-type: none"> * Limited Queuing * Outdoor overflow queuing <div data-bbox="1564 698 1900 755" style="border: 1px solid black; padding: 5px; display: inline-block;">Enclosed walkway</div>
3A	5 or 6 Lanes with Door 4 as entry. Rental car spaces move outside the terminal	1330	1064	886	5318	<ul style="list-style-type: none"> * Sufficient queuing for 6 Lanes * SSCP Planned for 6 Lanes * Overall functionality and Aesthetics of the airport is enhanced or maintained. * New Rental Facility 	<ul style="list-style-type: none"> * More expensive * Inconvenience caused in moving the rental car spaces
3B	5 or 6 Lanes with Door 4 as entry. Rental car spaces move elsewhere within the Terminal	1330	1064	886	5318	<ul style="list-style-type: none"> * Sufficient queuing for 6 Lanes * SSCP Planned for 6 Lanes * Overall functionality and Aesthetics of the airport is enhanced or maintained. * Maximum utilization of existing Terminal real estate 	<ul style="list-style-type: none"> * More expensive * Inconvenience caused in moving the rental car spaces



OPTION 1



SSCP LANE INCREASE STUDY

SSCP QUEUE AND TERMINAL IMPROVEMENTS

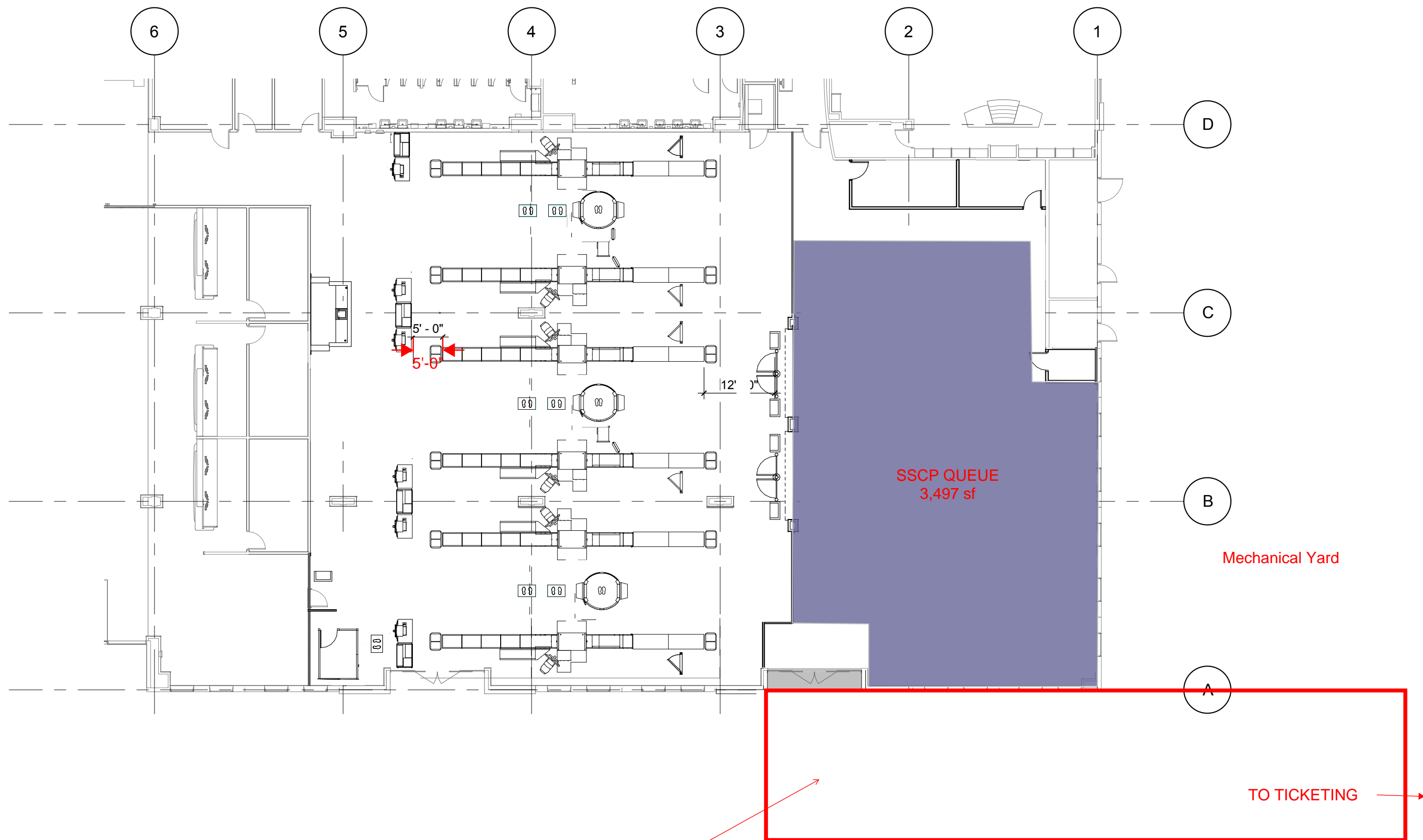
2333 N. Central Ave.
Phoenix, AZ 85004
tel 602.264.9731
dwlarchitects.com

PHOENIX-MESA GATEWAY AIRPORT

6033-1 & 6033-2 SOUTH SOSSAMAN ROAD
MESA, ARIZONA 85212

SHEET NUMBER: **S1**
DWL PROJECT NUMBER: 1632.00
DATE: 04/27/2017

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DWL ARCHITECTS + PLANNERS, INC.

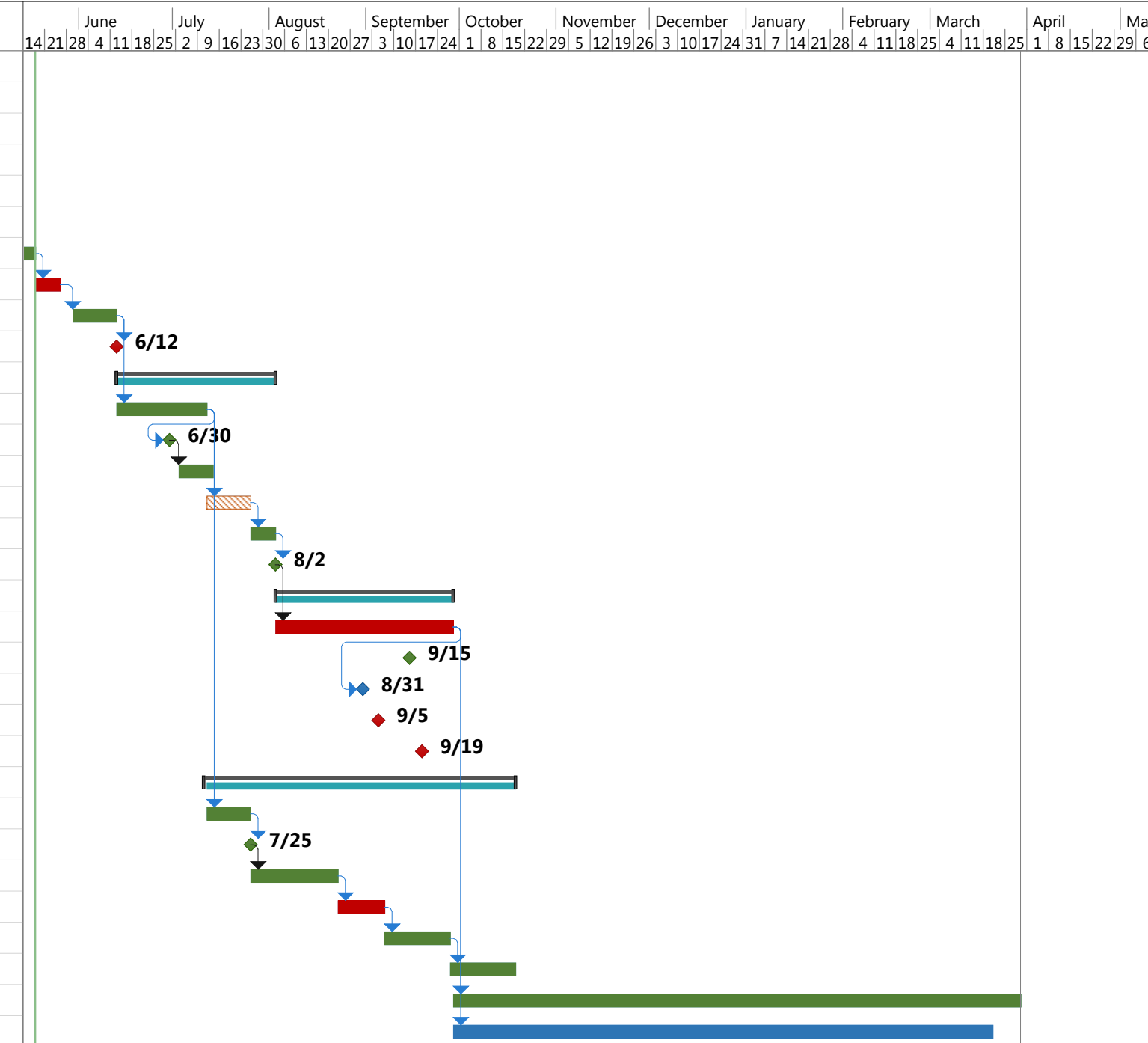


Enclosed conditioned
Walkway connecting
to the ticketing
building

OPTION 2

PMGA SSCP QUEUE & TERMINAL IMPROVEMENTS

ID	Task Name	Duration	Start	Finish	Resource Names	June	July	August	September	October	November	December	January	February	March	April	Ma
1	Project NTP	0 days	Wed 9/21/16	Wed 9/21/16	Owner												
2	Project Kickoff Meeting	0 days	Wed 10/5/16	Wed 10/5/16	Owner												
3	Program Validation	23 days	Wed 10/5/16	Fri 11/4/16													
9	PMGA Review & Approval	20 days	Mon 11/7/16	Wed 12/7/16													
15	Early Design Development	54 days	Fri 12/9/16	Tue 2/28/17													
25	Construction Documentation Base Scope	39 days	Thu 3/2/17	Tue 4/25/17													
28	Preliminary Study/ Hold pattern	16 days	Wed 4/26/17	Wed 5/17/17	Production												
29	Amendment Proposal/ PMGA Approval	6 days	Thu 5/18/17	Thu 5/25/17	Owner												
30	Feasibility Study: Option 1 and 2	10 days	Tue 5/30/17	Mon 6/12/17	Management												
31	Approval of Defined Scope for Phase 1 CD's	0 days	Mon 6/12/17	Mon 6/12/17	Owner												
32	Phase-1: 5 Lane CDs	36 days	Tue 6/13/17	Wed 8/2/17													
33	CONSTRUCTION DOCUMENTS- Phase 1	20 days	Tue 6/13/17	Tue 7/11/17	Production												
34	95% Check set for Cost Estimation	0 days	Fri 6/30/17	Fri 6/30/17	Production												
35	95% CD Cost Estimate	8 days	Mon 7/3/17	Thu 7/13/17	Consultants												
36	PMGA Plan Review & Approval	10 days	Wed 7/12/17	Tue 7/25/17	Agency												
37	PMGA review Comments pickup	6 days	Wed 7/26/17	Wed 8/2/17	Production												
38	Bid Set (1 st review comments/ Owner Comments)	0 days	Wed 8/2/17	Wed 8/2/17	Production												
39	PH-1: BIDDING & NEGOTIATIONS CONTRACT	40 days	Thu 8/3/17	Thu 9/28/17													
40	BIDDING & NEGOTIATIONS CONTRACT	40 days	Thu 8/3/17	Thu 9/28/17	Owner												
41	Addendum 1 (2nd review)	0 days	Fri 9/15/17	Fri 9/15/17	Production												
42	Bids Due	0 days	Thu 8/31/17	Thu 8/31/17	Contractor												
43	BAI due date	0 days	Tue 9/5/17	Tue 9/5/17	Owner												
44	Board Meeting	0 days	Tue 9/19/17	Tue 9/19/17	Owner												
45	Phase 2: 6-Lane and Walkway SDs	71 days	Tue 7/11/17	Wed 10/18/17													
46	Site Investigations	10 days	Wed 7/12/17	Tue 7/25/17	Production												
47	Site Investigation/ Survey Report	0 days	Tue 7/25/17	Tue 7/25/17	Production												
48	Conceptual Design (2 Options)	20 days	Wed 7/26/17	Tue 8/22/17	Production												
49	PMGA Review & Approval	10 days	Wed 8/23/17	Wed 9/6/17	Owner												
50	Schematic Design Package	15 days	Thu 9/7/17	Wed 9/27/17	Production												
51	Cost Estimate (ROM)	15 days	Thu 9/28/17	Wed 10/18/17	Consultants												
52	CONSTRUCTION ADMINISTRATION	120 days	Fri 9/29/17	Thu 3/29/18	Management												
53	CONSTRUCTION	120 days	Fri 9/29/17	Tue 3/20/18	Contractor												



Project: 2016 12-06 PM
Date: Thu 5/18/17

Summary: Design Team (grey bar), Contractor (grey bar), Owner (green bar), Agency (blue bar), Design Team Milestone (green diamond), Contractor Milestone (orange diamond), Owner Milestone (red diamond), Agency Milestone (orange diamond), Referenced Work (grey bar), Referenced Work (black diamond)

West Terminal SSCP Queue & Terminal Improvements Conditioned Walkway Civil Design

Phoenix-Mesa Gateway Airport
Phoenix-Mesa Gateway Airport Authority

Mesa, Arizona

DIBBLE ENGINEERING

May 22, 2017

DIBBLE ENGINEERING (Dibble), to the satisfaction of the DWL ARCHITECTS (DWL) and Phoenix-Mesa Gateway Airport Authority (PMGAA); shall perform field investigation and Civil Schematic Design Services for the proposed **Conditioned Walkway** connecting the Ticketing Building and Queuing, for the existing West Terminal at Phoenix-Mesa Gateway Airport. Scope and fee are based on DWL Draft *Scope and Fee Proposal* dated 5.18.17.

1.0 Field Investigations

1. Conduct a design topo survey of the proposed walkway area to determine existing grading conditions and surface features. See attached sketch for survey limits.
2. Attend one Site Visit to evaluate existing conditions and utilities in potential conflict with the walkway.
3. Provide an allowance for utility location/potholing to determine depth/location of critical utilities in potential conflict with structural foundations.

2.0 Conditioned Walkway Schematic Design Civil Scope Elements:

1. Review existing civil utilities and coordinate with Structural for evaluation of foundation locations vs. potential utility relocations.
2. Evaluate existing drainage and provide conceptual grading and drainage design based on the proposed walkway interrupting existing drainage patterns.
3. Provide conceptual demolition of existing surface topo.

3.0 Meetings:

1. Attend Phase 2 Kickoff Meeting with DWL.
2. Attend one Conceptual Design coordination meeting.

4.0 Submittals:

1. Field Investigation Report of existing utilities (including Site Survey) and potential re-routing of Civil (water, sewer, gas) utilities as necessary.
2. Civil Schematic Design package including conceptual surface features demolition, conceptual grading and drainage, conceptual civil utility relocations vs. potential foundation location (2 options)

5.0 Exclusions:

1. Meetings except as noted.
2. Drainage Hydrology
3. Evaluation of non-civil (electric, communications, etc.) utility relocations.
4. Structural design or evaluations.
5. Design of utility services within the building.
6. Final design, final plans, or specifications.
7. Construction Admin Services.

END SCOPE OF WORK



AIRCRAFT PARKING ENVELOPE #5

AIRCRAFT PARKING ENVELOPE #4

AIRCRAFT PARKING ENVELOPE #3

AIRCRAFT PARKING ENVELOPE #2

WEST TERMINAL EXPANSION
6001 S. SOSSAMAN ROAD

EXISTING TERMINAL ANNEX
6035 S. SOSSAMAN ROAD

EXISTING TERMINAL
6033 S. SOSSAMAN ROAD

SEE DETAIL 'A'
THIS SHEET

Prop'd Walkway

Survey Limits

ARRIVAL CURB

TAXI/SHUTTLE CURB

RENTAL CAR STAGING AREA

RENTAL CAR PARKING

DEPARTURE CURB

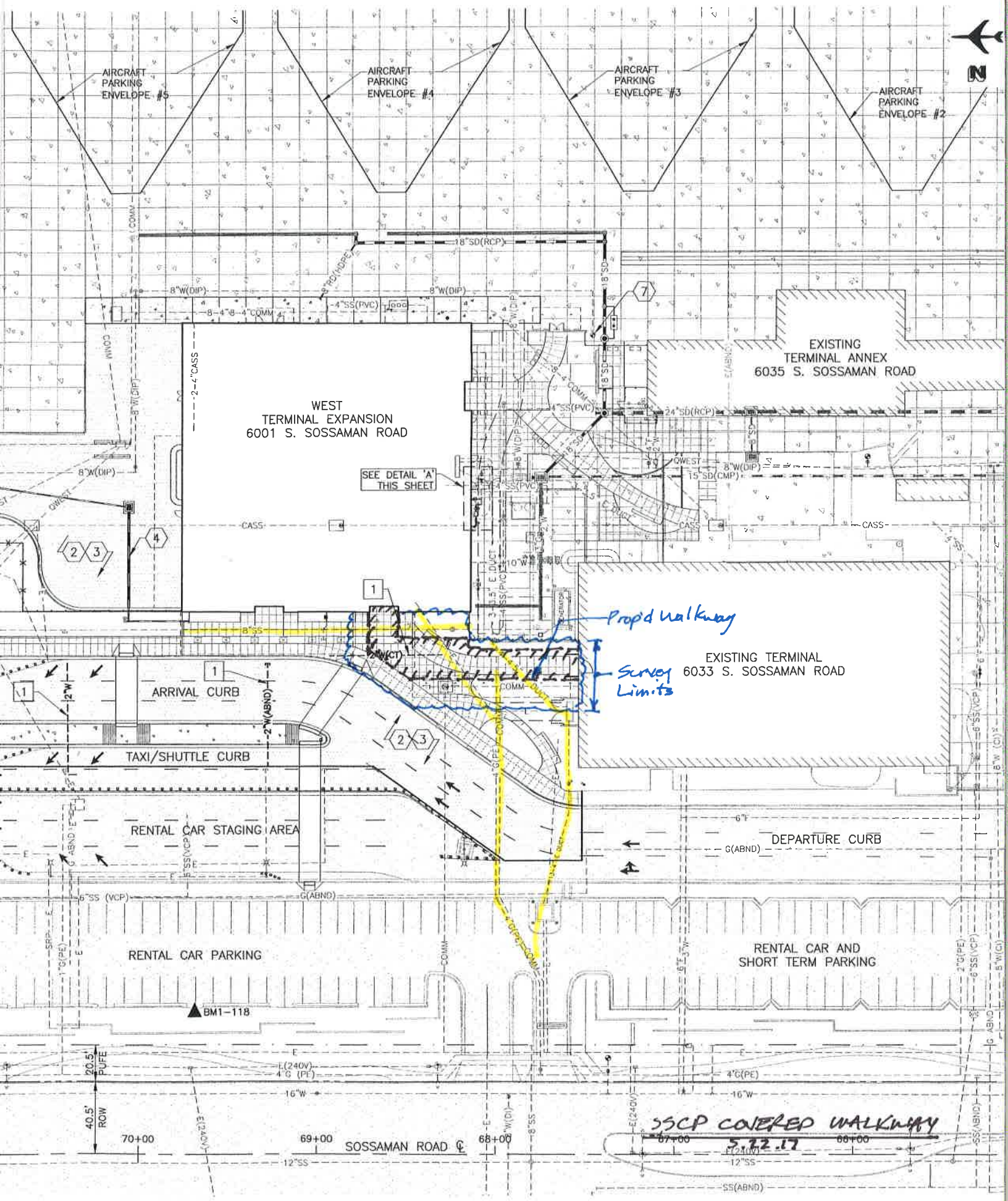
RENTAL CAR AND
SHORT TERM PARKING

BM1-118

SOSSAMAN ROAD

SSCP COVERED WALKWAY

522.17



FIRM: Dibble Engineering Phoenix Mesa Gateway Airport PROJECT: SSCP Queue and Terminal Improvements Conditioned Walkway Conceptual Civil Design Mesa Arizona DATE: 22-May-17	Contract Number: DWL C-2017009 Client Project Number: DWL No. 1632.00 Owner Project Number: Gateway No. 617 Task Number: Pending Amendment Number:
--	---

ESTIMATED STAFF HOURS

TASK	Sr. Project Manager	Project Manager	Engineer	Designer/ Technician	Ass't Engineer	Survey Manager	Survey Crew	Admin	Total Hours by Task	Total Fees by Task
	\$190.11	\$159.34	\$138.19	\$95.04	\$99.00	\$139.36	\$174.24	\$66.56		
1.00 Field Investigations										
1.01 Topo Survey				5		4	5		14	\$1,904
1.02 Site Visit			3						3	\$415
1.03 Utility Locating Coordination	1		1						2	\$328
2.00 Conceptual & Schematic Design										
2.01 Utility Conflict & Field Report	2		6	2	2				12	\$1,597
2.02 Schematic Demo & Grading & Drainage	2		4	6	2				14	\$1,701
2.03 Schematic Utilities	2		4	6	2				14	\$1,701
3.00 Meetings										
3.01 Phase 2 Kickoff			2						2	\$276
3.02 Conceptual Design Coordination			2						2	\$276
Total Hours by Position	7	0	22	19	6	4	5	0	63	
Total Fees by Position	\$1,331	\$0	\$3,040	\$1,806	\$594	\$557	\$871	\$0		\$8,199

A. Total Basic Services (Lump Sum) \$8,199

INDIRECT COSTS

Utility Locating/Potholing (Subconsultant)	\$2,500
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B. Indirect Costs (Not to Exceed) \$2,500

C. Project Total	\$10,699
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May 19, 2017

Sandra Kukla, AIA, LEED AP, Executive Vice President
DWL Architects + Planners, Inc.
2333 N. Central Avenue
Phoenix, AZ 85004

Subject: Phoenix-Mesa Gateway Airport – SSCP Queueing Expansion Amendment
5835 S. Sossaman Road, Mesa, AZ 85212
Proposal for Additional Structural Engineering Services
ASE-KPFF Proposal No.: P17071
ASE-KPFF Project No.: 20160055

Dear Ms. Kukla:

We are pleased to submit this proposal for structural engineering services for the above referenced project.

PARTIES TO AGREEMENT

This agreement is between the client, **DWL ARCHITECTS + PLANNERS, INC.**, (hereinafter referred to as "CLIENT"), and **ADVANCED STRUCTURAL ENGINEERING - KPFF** (hereinafter referred to as "ASE-KPFF") for professional structural engineering services on the above referenced project.

PROJECT DESCRIPTION-BASIC SERVICES

We have based this understanding on your draft scope of work, dated 5/17/2017, prepared by your office. We understand that this amendment consists of three main portions: an initial Feasibility Study for the future Phase 2 work; Phase 1 is expansion of the TSA Security Screening Checkpoint (SSCP) from 4 lanes to 5 lanes; Phase 2 is concepts and schematic design of further expanding to 6 lanes and the addition of an exterior air-conditioned walkway between the Ticketing Building and the SSCP.

Feasibility Study: This work is a structural site visit and review as-built documentation of the existing building in regard to expanding to both 5 lanes and 6 lanes to avoid potential roadblocks and determine the constraints that will affect future expansion design.

Phase 1, TSA SSCP 5-lanes: This portion is to revise our structural construction documentation to reconfigure the SSCP area and adjacent areas to optimize the queuing area. This includes removing existing offices, relocating the Travel Document Check (TDC), and the addition of a law enforcement officer (LEO) portal. ASE-KPFF will support DWL with the structural work necessary for this interior remodel and support of walls and additional free-standing queuing partition anchorage to the slab on grade.

Phase 2, 6-lane option plus exterior air-conditioned walkway: conceptual work and schematic level framing sketches (no drafting/modeling yet) and narratives to expand the checkpoint to 6 lanes by adding a building



expansion between the two existing buildings. Extensive review of underground utilities and existing canopy structures and foundations will be required to determine possible re-use of foundation and framing systems.

COMPENSATION

We propose to bill our services on a Lump Sum plus expenses basis for the scope of work noted above. ASE-KPFF's total billings for **BASIC SERVICES**, shall be \$10,050.00, including reimbursable expenses and are estimated to be allocated as follows:

Feasibility Study	\$2,200
Phase 1 Revised Construction Documents	\$2,300
Phase 2 Walkway Addition Schematic Design	<u>\$5,550</u>
Total	\$10,050

REIMBURSABLE EXPENSES

Reimbursable expenses, if any, are included in the fees indicated.

AUTHORIZATION TO PROCEED

The undersigned hereby authorizes the services described herein and explicitly acknowledges the terms and conditions of this consulting agreement. It is understood that ASE-KPFF and CLIENT may execute a formal Amendment to our current Agreement and that the Terms and Conditions therein shall control.

Thank you very much for requesting this proposal from us. Upon review and acceptance of this proposal, please sign and return one copy to ASE-KPFF. Please do not hesitate to contact us with any questions or comments.

Submitted By: **ASE-KPFF**

Agreed to by: **CLIENT**

Signed: 

Signed: _____

By: Timothy S. Sepper, PE, SE
Principal

By: _____
Type or Print Name/Title

cc: Brian B. Raji, PE, SE, Managing Partner, ASE-KPFF
Karen Ratliff, Marketing, ASE-KPFF
Sheila Perez, Accounting, ASE-KPFF



**SSCP QUEUEING EXPANSION TO 5 LANES AND PHASE 2 EXPANSION TO 6 LANES
PHOENIX-MESA GATEWAY AIRPORT**

**FEE PROPOSAL - AMENDMENT
DESIGN PHASE ONLY**

TASK ITEMS	PRINCIPAL	PROJECT MANAGER	SENIOR PROJECT ENGINEER	PROJECT ENGINEER/ SR. INSPTR	ENGINEER/ SPECIAL INSPECTOR	DRAFTING / TECHNICIAN	CLERICAL	TASK SUB-TOTAL
Feasibility Study:								\$ -
Structural site visit & constraints		8						\$ 1,080
As-builts review & u/g research		2			8			\$ 1,069
Phase 1, 5-Lane SSCP:								\$ -
Revise Construction Documents	1	2			4	8		\$ 1,444
Design Team Meetings		6						\$ 810
Phase 2, 6-Lane/Bldg Expansion:								\$ -
Design Team Meetings		8						\$ 1,080
Preliminary element sizing		4			8			\$ 1,339
Concept/SD framing sketches	1	8			8			\$ 2,054
Structural narrative/design basis		2			8			\$ 1,069
								\$ -
								\$ -
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TOTAL HOURS	2	40	0	0	36	8	0	86
HOURLY RATES	\$ 174.92	\$ 134.94	\$ 124.94	\$ 109.95	\$ 99.95	\$ 74.97	\$ 59.97	
SUB-TOTALS	\$ 350	\$ 5,398	\$ -	\$ -	\$ 3,598	\$ 600	\$ -	\$ 9,946
Reimbursibles / Expenses	Travel, mileage, per-diem, courier, printing							\$ 104
Subconsultants	(List subs here, if any)							\$ -
								\$ -
								\$ -
TOTAL								\$ 10,050



May 19, 2017

DWL Architects + Planners, Inc.
2333 N. Central Avenue
Phoenix, AZ 85004

Attn: Sandra M. Kukla, AIA, LEED AP

Re: Phoenix Mesa Gateway Airport SSCP Que and Terminal Improvements
LSW Project No. 2016-153.000 A/S-01 (Rev-01)

Authorization for Additional Services No. 01 (Rev-01)

We have been asked to perform the following additional services:

Feasibility Study:

Provide engineering infrastructure input to support the team on the feasibility study to increase to 5 or 6 SSCP lanes. Provide a brief mechanical, electrical and technology narrative as required.

No meetings are anticipated.

Revised Construction Documents for Phase 1:

Revised the current MEP & Technology construction documents to incorporate the addition of a 5th SSCP lane. Provide systems infrastructure for a future 6th SSCP lane including routing of circuits, conduits, etc. to the 6th lane in order to minimize disruptions under the future Phase 2.

We anticipate attendance at a maximum of two meetings with one member of our staff.

Schematic Design for Phase 2:

Provide basic schematic level design drawings showing the MEP & Technology systems intended for a conditioned walkway connection between ticketing building and queuing and the required revisions to the SSCP area to add a 6th SSCP lane.

Assist the architectural design team with the MEP & Technology systems utility space requirements in the development of the schematic floor plan for phase 2.

Perform an additional site investigation of the new walkway area to determine utility system connection points.

Review the code implications associated with connecting the two buildings.

We anticipate attendance at a maximum of three meetings with one member of our staff.



DWL Architects + Planners, Inc.
LSW Project No. 2016-153.000 A/S-01 (Rev-01)
May 19, 2017
Page 2

Our fee for the above referenced work shall be:

Feasibility Study	2,540.
Revised Construction Documents for Phase 1	6,465.
Schematic Design for Phase 2	7,035.

Total	\$16,040.

All other terms and conditions of our original agreement shall apply. Please sign and return the original of this authorization to our office promptly so we may begin the work as requested.

Regards,

LSW ENGINEERS ARIZONA, INC.

Adam J. Bagby, P.E.
Vice President

CEK:sm

APPROVED: _____ DATE: _____

FIRM: LSW ENGINEERS ARIZONA, INC.	DATE 5/19/2017
PROJECT: Phoenix Mesa Gateway Airport SSCP Queue and Terminal Improvements	CONTRACT NO.
PROJECT NO: 2016-153.000 Add 01	

ESTIMATED STAFF HOURS											
TASK NO.	TASK NAMES	PRINCIPAL \$165.00 (TOTAL LABOR RATE)	SENIOR ENGINEER \$165.00 (TOTAL LABOR RATE)	ENGINEER \$140.00 (TOTAL LABOR RATE)	SENIOR DESIGNER \$110.00 (TOTAL LABOR RATE)	DESIGNER \$90.00 (TOTAL LABOR RATE)	CADD TECHNICIAN \$80.00 (TOTAL LABOR RATE)	SR. FIELD OBSERVER \$110.00 (TOTAL LABOR RATE)	CLERICAL \$70.00 (TOTAL LABOR RATE)	TOTAL FEES	TASK TOTAL FEE
	Feasibility Study										\$2,540.00
	Feasibility Study	4		4	12					\$2,540.00	
	Revised Construction Documents for Phase 1										\$6,465.00
	Construction Documents	6			24		24			\$5,550.00	
	Meetings	3		3						\$915.00	
	Schematic Design for Phase 2										\$7,035.00
	Site Investigation			4	8					\$1,440.00	
	Code Review and Schematic Design	4		4	16		16			\$4,260.00	
	Meetings	3		6						\$1,335.00	
	TOTAL HOURS	20		21	60		40			141	
	TOTAL FEES	\$3,300.00		\$2,940.00	\$6,600.00		\$3,200.00			\$16,040.00	
										Subtotal	\$16,040.00
										Total Basic Services (lump sum)	\$16,040.00

Project Total \$16,040.00



18th May, 2017
DWL Architects + Planners, Inc
2333 N. Central Avenue,
Phoenix, AZ 85004-1352
Attention: Athavan Rajasundaram

**Re: Phoenix Mesa Gateway Airport - SSCP Queue and Terminal Improvements
Fee Proposal for Cost Estimating for Amendment to Architectural and Engineering
Services**

Dear Athavan,

Further to your request, I appreciate the opportunity to submit this fee proposal to provide you with an additional cost estimating service on the above project for Phase 2.

The scope of the additional service is comprised of the preparation of a Schematic Design cost estimate for:

- the SSCP and Queue revision, conversion from a 5-lane to a 6-lane configuration
- new conditioned walkway connecting Queuing building to Ticketing building

CCMC proposes to provide this additional cost estimating service for a not to exceed total fee of Three Thousand Six Hundred Dollar (\$3,600) as detailed below:

Certified Cost Professional	10 hours @ \$ 120.00 / hour	\$ 1,200.00
Senior Cost Estimator	24 hours @ \$ 100.00 / hour	\$ <u>2,400.00</u>
		\$ 3,600.00

The level of detail in the cost estimate will be compatible with the degree of project definition in the design package and will include any supplemental information provided by the project consultants

Assumption: Design / bid / build project delivery method

Inclusions: Time to attend one project coordination and presentation meeting
Reimbursable, included in hourly unit rates

Exclusions: Value engineering, it will be considered an additional service
Cost estimating F.F.E.
Exclusions identified by DWL in their scope proposal

I trust this proposal meets with your approval. Should you have any queries or need any further clarification please do not hesitate to contact me.

Sincerely

A handwritten signature in black ink, appearing to read 'Adriana Crnjac', with a horizontal line extending to the right.

Adriana Crnjac
Certified Cost Professional



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Management Information Report

To: Board of Directors
From: Chuck Odom, Chief Financial Officer
Through: J. Brian O'Neill, A.A.E., Executive Director/CEO
Re: Solicitation Notification
Date: May 24, 2017

This report is to provide notification of the active and upcoming solicitations to help ensure compliance with the Phoenix-Mesa Gateway Airport Authority procurement transparency clause. The active activities include the following:

Active/Pending Solicitations

Type Solicitation	Number	Title	Anticipated Contract Award (Board Action)
Invitation for Bid	2017-021-IFB	Taxiway Alpha Reconstruction	July 2017
Request for Proposals	2017-007-RFP	Master Developer for Gateway Aerospace Park	July 2017
Request for Proposals	2017-022-RFP	Airport Revenue Parking Management	September 2017

Future Solicitations

Type Solicitation	Number	Title	Scheduled for Release	Anticipated Contract Award (Board Action)
Request for Proposals	2017-027-RFP	Aircraft Rescue & Fire Fighting Vehicle	July 2017	September 2017
Invitation for Bid	2017-025-IFB	SSCP Queue & Terminal Improvements	August 2017	September 2017
Invitation for Bid	2017-024-IFB	Terminal Roadway Improvements	December 2017	January 2017

Equipment Disposals

PMGAA staff has sold an additional decommissioned piece of equipment this month. A 1986 E-One Titan Aircraft Rescue and Fire Fighting vehicle was sold for \$10,100.00 through public auction.

Fiscal year totals from sales of decommissioned / nonworking equipment total \$45,034 consisting of 10 pieces. In an effort to maintain orderly and safe grounds, staff has also had 10 pieces of nonworking equipment (25 – 30 years old) removed from the property at no cost.

If you have any questions about the solicitations or the procurement process, please feel free to contract me at 480-988-7613.



Phoenix-Mesa Gateway Airport Authority
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Management Information Report

To: Board of Directors
From: Chuck Odom, Chief Financial Officer
Through: J. Brian O'Neill, A.A.E., Executive Director/CEO
Re: Updating Airport Rates and Charges at the July 18, 2017 Board Meeting
Date: June 20, 2017

Staff is recommending an update to the Airport Rates and Charges schedule for action during the July 18, 2017 Board meeting. The attached schedule includes two recommendations; 1) the inclusion of General Aviation – Aircraft Open Ramp Tie-Down Fees (monthly) and 2) clarifying the language and fuel purchase amounts related to the waiver or crediting of the first Gateway Aviation Services - Daily Ramp Fee per visit; and the reduction of the fee for aircraft with a max gross landing weight (MGLW) of 12,501-35,000 lbs. from \$100 to \$90.

Aircraft Open Ramp Tie-Down Fees were previously included with the Airport Fees, Services, and Rental Rates approved by the Executive Director. The inclusion of these fees on the PMGAA Board-approved Airport Rates and Charges is to provide consistency with other related fees. Airport-related rates and charges necessary to operate Gateway Airport and Gateway Aviation Services (Fixed Based Operator) are approved by the Board. The monthly fees included in the recommendation are consistent with previously charged amounts and do not include any rate increases.

The Daily Ramp Fee is recommended for update based on customer feedback. The recommendation reduces the fuel purchase required to receive a waiver of the first Daily Ramp Fee in each max gross landing weight (MGLW) category, except for aircraft with a MGLW of less than 5,000 lbs. The fuel purchase requirement for aircraft with a MGLW of less than 5,000 lbs. remains unchanged. The Daily Ramp Fee for aircraft with a MGLW of 12,501-35,000 lbs. is recommended for a \$10 per day rate reduction, from \$100 to \$90.

The language related to purchases in the Gateway Aviation Center restaurant was clarified. Instead of requiring a minimum purchase of \$15 to waive the first Daily Ramp Fee per visit, any purchase of a meal will result in a \$20 credit to be applied to the first Daily Ramp Fee per visit.

The recommended schedule has been posted to the website and notification has been mailed to tenants.

Attached: Recommended Airport Rates and Charges, to be effective August 1, 2017

Airport Rates and Charges*

Effective August 1, 2017

Signatory Commercial Carriers	Scheduled Commercial Carriers, FAR Part 121, 129 and 135 operators, with a 90-day rolling average of 90 or more departures per month.		
Non-Signatory Commercial Carriers	Scheduled Commercial Carriers, FAR Part 121, 129 and 135 operators, with a 90-day rolling average of less than 90 departures per month.		
Aircraft Landing Fee	<p>Signatory Commercial Carriers, General Aviation and Others - \$1.20 per 1,000 lbs. maximum gross landing weight (MGLW).</p> <p>Non-Signatory Commercial Carriers - \$1.80 per 1,000 lbs. MGLW.</p> <p><i>Exemptions:</i></p> <ol style="list-style-type: none"> 1. U.S. Government owned aircraft 2. Non-revenue and flight training aircraft up to 12,500 MGLW 3. All based flight training school aircraft 		
Aircraft Terminal Use Fee	<p>Signatory Commercial Carriers - \$50 per Turn*</p> <p>Non-Signatory Commercial Carriers - \$75 per Turn*</p> <p>*Refer to page 2 for "Non-Operating Agreement Passenger Terminal – Exclusive Use Areas - Full Service" description and equipment specification.</p>		
Aircraft Parking Fee	Aircraft Passenger Capacity	Signatory	Non-Signatory
	1-69	\$35	\$53
	70-250	\$70	\$105
	251 or greater	\$100	\$150
	Will be assessed for the occupancy of an aircraft parking position for more than 3 hours, including terminal gates and remote parking positions, and for each additional 24-hour period.		
Airport Car Rental Customer Facility Charge (CFC)	\$2.50 per vehicle rental day		
Aviation Fuel Flowage Fee	\$0.12 per gallon – paid to PMGAA by any entity or person dispensing fuel on the Airport in accordance with PMGAA Aviation Fuel Storage, Dispensing & Handling Guidelines.		
Fire Suppression Services	<p>\$.50 per year per square foot of floor space + \$250.00 set-up charge, billed in monthly installments. 15% of annual fees required as security deposit.</p> <p>South ramp connection fee = \$209,746.00</p>		
Parking Rates	Fee by Location	Rate	Daily Maximum Charge
	Hourly Parking Lot	\$1.00 / 30 minutes*	\$18
	Daily Parking Lot	\$1.00 / 30 minutes*	\$11
	Ray Road Economy Parking Lot	\$1.00 / 30 minutes*	\$7
	Lost Ticket Fee (all locations)		\$42
	* Grace period for first 10 minutes		
Passenger Facility Charge (PFC)	\$4.50 per enplaned commercial passenger, Per FAA Approved PFC Application; reference Federal Register: (Vol. 79, Number 3)		
Airport Licenses & Permits	Fuel Dispensing Permit	\$100 per organization, permit valid for 2 years	
	Fuel Handling Permit (includes exam)	\$15.50 per individual, permit valid for 2 years	
	Fuel Storage & Service Equipment Permit	\$38 per filtration vessel, permit valid for 2 years	
Common Use Terminal Equipment	Signatory Commercial Carriers	\$1,250 per month	
	Non-Signatory Commercial Carriers	\$500 per month	
Passenger Terminal/Airfield – Exclusive Use Areas			
Item	Description	Amount	
Terminal Office Space	Exclusive use of airline ticketing and other offices: includes electric, water and maintenance; excludes janitorial services, internet and telephone services	\$32 per sq. ft. per year	

Paved Equipment Staging/Storage Area	Paved staging area in the vicinity of the SIDA in excess of that used during normal aircraft servicing operations	\$2 per sq. ft. per year		
Non-Operating Agreement Passenger Terminal – Common Use Areas and Equipment Rates				
Item	Description	Aircraft Passenger Capacity	Resources Included	Rate
Full Service	Includes ticket counter(s) and lobby area, secure hold room and boarding area podium, aircraft parking position (2 hours), baggage claim area, and common use computer equipment per flight, as scheduled by Airport Operations. 1 ticket counter = 2 positions	1-69	1 ticket counter, 1 gate podium, 1 shared use hold room, 1 baggage belt, 1 aircraft parking spot	\$260 per flight
		70-250	2 ticket counters, 1 gate podium, 1 shared use hold room, 1 baggage belt, 1 aircraft parking spot	\$495 per flight
		251 or greater	3 ticket counters, 2 gate podiums, 2 shared use hold rooms, 1 baggage belt, 1 aircraft parking spot	\$915 per flight
Ticket Counter and Lobby	Use of 1 ticket counter and shared use of the lobby area for up to 2.5 hours. Includes common use equipment.	1-69	1 ticket counter and lobby	\$75 per flight
		70-250	2 ticket counters and lobby	\$150 per flight
		251 or greater	3 ticket counters and lobby	\$225 per flight
Boarding Gates – Secured Hold Room	Shared use of secured boarding gate area for up to 2 hours and one aircraft parking position. Includes use of gate podium, common use equipment, and one set of aircraft stairs.	1-69	1 gate podium and 1 hold room	\$110 per flight
		70-250	1 gate podium and 1 hold room	\$220 per flight
		251 or greater	2 gate podiums and 2 hold rooms	\$440 per flight
Baggage Claim	Use of baggage claim area and baggage delivery belt/slide. Includes aircraft parking position*. * if associated with a live departure within 3 hours of arrival. Otherwise standard aircraft parking fee applies.	1-69	1 belt, oversize slide, aircraft parking*	\$75 per flight
		70-250	1 belt, oversize slide, aircraft parking*	\$125 per flight
		251 or greater	2 belts, oversize slide, aircraft parking*	\$250 per flight
Operational Surcharges	Charges for exceeding allocated time slots on common use areas	Ticket counter or gate	Occupying a gate after the scheduled allocation time, resulting in aircraft holding or gate change.	\$200 per hour
		Use of ticket counter or gate without prior permission.		\$200 plus regular fees
		Failure to use allocated time slot without 48 hour cancellation notice	Negatively impacting another scheduled carrier or causing Airport to shift resources to accommodate.	\$200 plus regular fees
U.S. Customs and Border Protection (CBP) Service User Fees		Category (based on MGLW)	Inspection Fee (per aircraft arrival)	
		<5,000	\$73.16	
		5,001 – 12,500.	\$225.10	

Airport Rates and Charges*

Effective **August 1, 2017**

	12,501 – 35,000	\$315.14		
	35,001 – 100,000	\$432.20		
	100,001 – 255,000	\$607.77		
	> 255,000	\$754.09		
	Regular service hours are Monday – Friday, 0830 – 1630 hrs. (MST). After-hours by appointment only. For after-hours appointments, there will be a minimum two-hour fee of \$377.05 per inspector in addition to the standard user fee shown above. Two hours after the aircraft's scheduled arrival time, each additional 30 minutes required of the U.S. Customs Inspector will incur a \$55.71 fee above the \$377.05 minimum each.			
Gateway Aviation Services (Fixed Based Operator) Rates and Charges				
Aircraft Open Ramp Tie-Down Fees (Space subject to availability)	Category (based on MGLW)	Monthly Tie-Down Fee (2-month minimum)		
	<5,000 lbs.	\$44		
	5,001 – 12,500 lbs.	\$98		
	12,501 – 35,000 lbs.	\$201		
	35,001 – 100,000 lbs.	\$316		
	100,001 – 255,000 lbs.	\$672		
	> 255,000 lbs.	\$1,321		
Daily Ramp Fee	Max Gross Landing Weight	Rate	A purchase of the following fuel gallon minimums will waive the first Daily Ramp Fee per visit. A purchase of a meal from the restaurant located in the Gateway Aviation Center will equate to a \$20.00 credit applicable to the first Daily Ramp Fee per visit.	
	<5000	\$20.00		10
	5,001-12,500	\$30.00		75
	12,501-35,000	\$90.00		150
	35,001-100,000	\$200.00		200
	100,001-255,000	\$300.00		500
	>255,001	\$500.00		1,000



Phoenix-Mesa Gateway Airport Authority
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Management Information Report

To: Board of Directors
From: J. Brian O'Neill, A.A.E., Executive Director/CEO
Re: Weighted Voting Rights Related to the Amended and Restated Joint Powers Airport Authority Agreement
Date: June 20, 2017

The Voting Rights (Section 8) of the Phoenix-Mesa Gateway Airport Authority Amended and Restated Joint Powers Airport Authority Agreement (Agreement) defines Member Government (Member) voting rights and weighted voting rights. Per the Agreement, each Member is entitled to a weighted vote equal to that Member's *cumulative investment* as a percentage of the total investment made by all current Members since 1993.

When utilizing a weighted vote, should any one Member's weighted vote calculated under the Voting Rights Section exceed 50%, then the weighted vote for that Member shall be deemed equal to the sum of the weighted vote of all the other Members combined. However, the weighted votes of all the Members combined must be adjusted so that the total weighted vote calculation equals 100%. As an example if a Member's weighted vote is calculated at 68%, that Member's weighted vote would then be deemed to be 50%, with the remaining Members holding a proportionate share of the remaining 50% of the total weighted vote.

Based on the above criteria, the weighted vote calculation for fiscal year 2018 is as follows:

<u>Member Government</u>	<u>Unweighted</u>	<u>Weighted</u>
City of Mesa	68.18%	50.00%
City of Phoenix	15.15%	23.80%
Gila River Indian Community	7.53%	11.83%
Town of Gilbert	6.56%	10.31%
Town of Queen Creek	1.81%	2.85%
City of Apache Junction	0.77%	1.21%
Total	100.00%	100.00%



**NOTICE AND AMENDED AGENDA OF MEETING OF THE
PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
BOARD OF DIRECTORS**

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Phoenix-Mesa Gateway Airport Authority and to the public that the Phoenix-Mesa Gateway Airport Authority will hold a meeting open to the public on **Tuesday, July 18, 2017 beginning at 9:00 a.m.** in the Board Room (Saguaro A & B) of the Gateway Administration Building, 5835 South Sossaman Road, Mesa, Arizona. The Board may vote to hold an executive session for the purpose of obtaining legal advice from the Board's attorney on any matter listed on the agenda pursuant to A.R.S. § 38-431.03 (A)(3)&(4).

The agenda for the meeting is as follows:

- 1. Call to Order.** (Mayor Jenn Daniels, Vice Chair)
Members of the Phoenix-Mesa Gateway Airport Authority will attend either in person or by telephone conference call.
- 2. Call to the Public.**
Members of the Board may not discuss items that are not on the agenda. Therefore, action taken as a result of public comment will be limited to directing staff to study the matter or scheduling the matter for further consideration and decision at a later date. Maximum of three minutes per speaker.
- 3. Executive Director's Report.** - J. Brian O'Neill, A.A.E., Executive Director/CEO
- 4. Presentation: Strategic Business Plan Update** – Veronica Lewis, PHR, Human Resources Director
- 5. Consent Agenda.**
 - a. Minutes** of the Board Meeting held on **June 20, 2017.**
 - b. Resolution No. 17-29** Amending the expenditure limit of \$50,000 for Fire Vehicles and Equipment Maintenance Services for FY17 approved on May 17, 2016 via Resolution 16-15 to \$63,450.39.
 - c. Resolution No. 17-30** Authorizing an Intergovernmental Agreement with the **City of Mesa** for Fire Vehicles and Equipment Maintenance Services, effective July 1, 2017 through June 30, 2020 at a cost not to exceed \$60,000 per year, for a grand total of \$180,000.
 - d. Resolution No. 17-31** Authorizing an agreement for financial participation with the **City of Mesa** to share state and federal lobbyist and consulting services, effective July 1, 2017 at a cost not to exceed \$99,600.
 - e. Resolution No. 17-32** Authorizing an agreement with **Waxie Sanitary Supply** for the purchase of janitorial supplies between August 2, 2017 and August 1, 2018 in the amount of \$77,000.
 - f. Resolution No. 17-33** Authorizing the purchase of five airport service trucks from **San Tan Ford** in the amount of \$165,298.57.
 - g. Resolution No. 17-34** Authorizing a new agreement with the **Arizona State Parks Board** (DBA Arizona State Parks & Trails) relating to state historic preservation requirements for airfield maintenance and utility repairs.
 - h. Resolution No. 17-35** Authorizing the purchase of hardware and installation refresh with **CDW-G** through the use of a Arizona State Contract at a cost not to exceed \$125,000.

Consideration and Possible Approval of:

6. **Resolution No. 17-36** Approval of Authorization of Services No. 16A-1706 with **Dibble Engineering** for Construction Administration Services of the Taxiway Alpha Reconstruction Project for a total cost not to exceed \$211,742.
7. **Resolution No. 17-37** Authorizing a construction contract with **Nesbitt Contracting Co., Inc.** for Taxiway Alpha Reconstruction for a total cost not to exceed \$4,378,548.96.
8. **Resolution No. 17-38** Adoption of revisions to the **Airport Rates and Charges** schedule with an effective date of August 1, 2017.
9. **Election of Chair and Vice Chair.**
10. **Election of Secretary and Treasurer.**
11. **Board Member Comments/Announcements.**
12. **Next Meeting:** Tuesday, September 19, 2017 at 9:00 a.m.
13. **Adjournment.**

Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting Maria Gonzalez at 480-988-7603 or mgonzalez@gatewayairport.com. Requests should be made as early as possible to allow time to arrange the accommodation.



Executive Director's Report

July, 2017

Financial Snapshot

OPERATING INCOME	May		Month Variance	FYTD Comparison		FYTD Variance
	FY16	FY17		FY16	FY17	
Revenues	\$1,399,809	\$1,701,832	\$302,023	\$16,141,533	\$17,593,049	\$1,451,516
Less Expenses	\$1,521,148	\$1,598,599	\$77,451	\$15,279,371	\$16,192,453	\$913,082
Operating Income <i>(before depreciation)</i>	\$(121,339)	\$103,233	\$224,572	\$862,162	\$1,400,596	\$538,434

Investment Fund Balances: As of May 31, 2017: Local Governmental Investment Pool (LGIP) 700 = \$17,873,163; Wells Fargo Collateralized Savings Account = \$10,908,574; Total \$28,781,737.

Finance and Accounting

PMGAA reported a net operating income of \$103,233 for the month of May 2017. Fiscal year-to-date (FYTD), net operating income increased to \$1,400,596, a 62% increase compared to the same time period last fiscal year. Aeronautic and non-aeronautic revenues continue to outperform FY17 budget while expenditures remain \$196,000 below FY17 budget as well.

Grants, PFCs & Procurements

Active/Pending Solicitations

TYPE OF SOLICITATION	Number	Title	Anticipated Contract Award
Request for Proposals	2017-022-RFP	Airport Revenue Parking Management	September 2017
Request for Qualifications	2018-002-SOQ	SSCP Queue & Terminal Improvements	September 2017
Request for Proposals	2017-007-RFP	Master Developer for Gateway Aerospace Park	October 2017

Future Solicitations

TYPE OF SOLICITATION	Number	Title	Schedule for Release	Anticipated Contract Award
Request for Proposals	2017-027-RFP	Aircraft Rescue & Fire Fighting Vehicle	July 2017	September 2017
Request for Proposals	2018-003-RFP	Property Broker	August 2017	November 2017
Invitation for Bid	2018-005-IFB	Terminal Roadway Improvements	December 2017	January 2018

Information Technology Services

Implementation of PMGAA's new property and revenue management system is complete. The self-reporting portal system has been activated for use by PMGAA tenants and contractors to self-report aeronautical statistics, concession-related revenue, and monthly lease obligations. This new system will improve efficiency, accuracy, and reliability for our administrative team and valued airport partners.

Airport Operations

At the June PMGAA Board of Directors meeting, Thayne Klinger, Allegiant's Director of Airport Affairs was in attendance to announce eight new destinations from Phoenix-Mesa Gateway Airport. This exciting announcement represents the largest air service expansion in the Airport's history and further demonstrates Allegiant's growing commitment to, and confidence in, the greater Phoenix market. The new routes include major Midwest destinations Indianapolis, St. Louis/Belleville, Milwaukee, Kansas City, Louisville, and Omaha. Additionally, Boise will join the list of Mountain West destinations and the popular vacation region of Tampa/St. Pete will be Allegiant's first Florida nonstop from Gateway Airport.



Gross revenue from PMGAA's vehicle parking operation increased 2.4% in May and decreased 3.5% in June compared to the same months in 2016. For FY17, PMGAA collected \$2,909,999 in total vehicle parking revenue, a 5% increase compared to FY16 and the highest annual amount for vehicle parking revenue in the Airport's history. Parking revenue is an important non-airline revenue that is reinvested in airport infrastructure and facility improvement projects.

PMGAA issued a Request for Proposals (RFP) for Parking Management Services. The contract includes providing parking shuttle services between the Ray Road Economy Parking Lot and the passenger terminal; as well as parking lot operation services including customer service, parking inventory management, and light and equipment maintenance. Several qualified proposals were received and PMGAA is evaluating them to see which best fits the Airport's needs. A recommendation of the preferred proposal is expected to be submitted to the PMGAA Board of Directors for consideration at the September meeting.

Operations Statistics

PASSENGER COUNTS		May		% Change	FYTD		% Change
		FY16	FY17		FY16	FY17	
Passengers	TOTAL	107,621	104,198	-3%	1,205,103	1,227,682	2%
	Deplaned	52,527	50,329	-4%	604,781	624,366	3%
	Enplaned	55,094	53,869	-2%	600,322	603,316	0%
Allegiant	Scheduled	107,621	104,160	-3%	1,202,017	1,210,381	1%
	Charter	0	0	-	2,973	1,373	-54%
WestJet	Scheduled	0	0	-	0	16,747	100%
Elite	Charter	0	38	100%	0	554	100%
Other	Charter	0	0	-	113	0	-100%

OPERATIONS	May		% Change	FYTD		% Change
	FY16	FY17		FY16	FY17	
Air Carrier	882	866	-2%	9,635	10,567	10%
Military	368	457	24%	5,383	6,671	24%
General Aviation	17,490	22,976	31%	188,178	235,204	25%
TOTAL	18,740	24,299	30%	203,196	252,442	24%

Noise Report

PMGAA received 13 noise calls in May 2017, a 44% increase compared to the nine noise calls received during May last year. Five Mesa residents made 10 calls (77% of total calls). Two Gilbert residents made one call each, and one Queen Creek resident made a call. FYTD, the Airport received 271 calls, a 36% increase over the same time period in FY16.

Noise Calls	May		% Change	FYTD		% Change
	FY16	FY17		FY16	FY17	
Calls	9	13	44%	200	271	36%

Type of Aircraft	May		% Change	FYTD		% Change
	FY16	FY17		FY16	FY17	
	Calls	Calls	Calls	Calls	Calls	Calls
Unknown Jet	1	2	100%	75	25	-67%
MD-83	2	0	-100%	29	32	10%
A-319	2	3	50%	24	27	13%
Other Commercial	0	0	N/A	3	17	467%
General Aviation	0	2	100%	0	37	100%
Military	4	6	50%	69	86	25%
TOTAL	9	13	44%	200	271	36%

Location	May				% Change	FYTD				% Change
	FY16		FY17			FY16		FY17		
	Callers	Calls	Callers	Calls	Calls	Callers	Calls	Callers	Calls	Calls
Mesa	3	4	5	10	150%	47	146	38	156	7%
Gilbert	2	3	2	2	-33%	20	22	44	84	282%
Gold Canyon	1	1	0	0	-100%	2	2	3	4	100%
Queen Creek	1	1	1	1	0%	20	26	7	15	-42%
Queen Valley	0	0	0	0	-	1	1	0	0	-100%
San Tan Valley	0	0	0	0	-	1	1	6	6	500%
Florence	0	0	0	0	-	0	0	1	1	100%
Apache Junction	0	0	0	0	-	2	2	1	1	-50%
Unknown	0	0	0	0	-	0	0	3	4	100%
TOTAL	7	9	8	13	44%	93	200	103	271	36%

Engineering & Facilities

In addition to the progress being made on the North Apron Area and South Central Fire Protection Roof Replacement projects, PMGAA is also gearing up for three major projects; the reconstruction of Taxiway Alpha, the major renovation of Hangar 32, and the Transportation Security Administration (TSA) checkpoint remodel. Work also continues on the Environmental Assessment (EA) for the new Air Traffic Control Tower.



Concrete pouring for North Apron Phase IV



Fire protection system tank roof replacement

Environmental and Archaeological

The new Air Traffic Control Tower is planned to be constructed approximately 400 feet northwest of the existing tower and would stand 194 feet above ground level (with a controller eye height of 164 feet). Following requirements under the National Environmental Policy Act (NEPA), an EA must be completed which includes demolition of the existing tower and construction of the new tower.

Gateway Aviation Services

Fuel-related revenues for May 2017 were up 33% compared to May last year and 13% above the FY17 budget. PMGAA saw net positive revenue for both retail Jet-A and AvGas sales during the month. FYTD, fuel-related revenues are 1% ahead of the same time period last fiscal year and above the FY17 budget.

Fuel-Related Revenue	May			FYTD		
	FY2016	FY2017	% Change	FY2016	FY2017	% Change
Net Retail (Jet)	\$72,700	\$108,408	49%	\$742,999	\$1,041,506	40%
Net AvGas	\$52,843	\$64,811	23%	\$498,448	\$522,580	5%
Storage Fees	\$23,255	\$22,493	-3%	\$273,462	\$280,703	3%
Upload Fees	\$194,448	\$262,365	35%	\$2,545,773	\$2,239,251	-12%
TOTAL	\$343,246	\$458,077	33%	\$4,060,682	\$4,084,040	1%

Fuel (Gallons)	May			FYTD		
	FY2016	FY2017	% Change	FY2016	FY2017	% Change
Retail (Jet)	32,287	50,679	57%	358,959	516,142	44%
AvGas	41,554	55,107	33%	403,105	467,442	16%
Contract	273,387	346,038	27%	3,320,344	3,256,363	-2%
Commercial	845,609	817,914	-3%	9,943,850	10,209,772	3%
TOTAL	1,192,837	1,269,738	6%	14,026,258	14,449,719	3%

A dramatic increase in wildfires across the region has kept the U.S. Forest Service crews based at Gateway Airport extremely busy this fire season. On any given day, you can find numerous tankers and other aircraft operating from their facility on the south end of the Airport. PMGAA is honored to play a small part in these very important lifesaving efforts and would like to thank all the firefighters working tirelessly to combat and control these fires.



Inside DC-10 Air Tanker



DC-10 Air Tankers supporting USFS Firefighters

Human Resources

PMGAA began implementing a new Performance Management System designed to increase the value of annual performance evaluations as a tool for enhancing the personal and professional growth of all its employees. This new process provides a clearer and more streamlined annual review process that includes continuous performance feedback between employees and managers at all levels of the organization.

Business Development

PMGAA staff are currently in negotiations with nine prospects interested in relocating or expanding at the Airport. Three of the nine opportunities are new ground leases that, if successful, would absorb close to 15 acres of available PMGAA property. Four of the opportunities are new companies looking to lease existing facilities at Gateway Airport, and the remaining are renewals or expansions by existing tenants.

PMGAA continues to work closely with the Mesa SkyBridge Partners team to negotiate a Master Developer Agreement (MDA) for the 360-acre Gateway Aerospace Park located at the south end of the Airport. Mesa SkyBridge Partners has initiated site due diligence activities and is in discussions with both Mexican and U.S. Customs officials. It is anticipated that the PMGAA Board of Directors will review and consider a draft MDA proposal before the end of the calendar year.

Communications and Government Relations

PMGAA continues to meet with homeowners from around the region to discuss and address concerns about aircraft overflight activity. The Airport is committed to working with air traffic control tower personnel to encourage the use of best practices and fly-friendly procedures to minimize residential impacts.

The Gateway Airport Facebook page (@GatewayAirport) surpassed 20,000 likes and had over 100,000 engagements during the month of June. This represents one of the best months ever for getting our message out through social media. Over 65,000 Facebook users saw Allegiant's new service announcement.



**MINUTES OF PUBLIC MEETING OF THE
PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
BOARD OF DIRECTORS | June 20, 2017**

A public meeting of the Phoenix-Mesa Gateway Airport Authority was convened on June 20, 2017, beginning at 9:00 a.m. in the Board Room (Saguaro A & B) of the Gateway Administration Building, 5835 South Sossaman Road, Mesa, Arizona.

Members Present

Mayor John Giles, Mesa*
Councilmember Brigitte Petersen, Gilbert
Mayor Jeff Serdy, Apache Junction
Lt. Governor Monica Antone, Gila River Indian
Community
Mayor Gail Barney, Queen Creek
Councilmember Thelda Williams, Phoenix*
**Via Telephone*

Airport Staff Present

J. Brian O'Neill, Executive Director/CEO
Scott Brownlee, Deputy Director/COO
Chuck Odom, CFO
Maria Gonzalez, Clerk of the Board
Bob Draper, Engineering and Facilities Director
Ann Marie Anderson, Attorney

Members of the Public

Roc Arnett
Councilmember Robin Barker, City of Apache Junction
Aric Bopp, City of Mesa
Jamie Bennett, Town of Queen Creek
Kent Dibble, Dibble Engineering
Marc Garcia, Visit Mesa
Brian Howard, Consultant Engineering, Inc.
Anthony Jeffers, Hensel Phelps
Thayne Klingler, Allegiant
John Lewis, East Valley Partnership

Bridget Penton, City of Phoenix
Larry Randle Jr., Mesa Service Center (*Cessna/Citation/
Hawker Beechcraft*)
Richard Reese, AMEC Foster Wheeler
Councilmember Christa Rizzi, City of Apache Junction
Stephanie Salazar, Arizona State University
Michelle Streeter, Visit Mesa
Vice Mayor Chip Wilson, City of Apache Junction
Bob Winrow, WSP

1. **Call to Order** at 9:00 a.m. (Mayor Jeff Serdy, Secretary)

2. **Call to the Public.**

There were no public comments.

3. **Executive Director's Report** – J. Brian O'Neill, A.A.E., Executive Director/CEO

The Board of Directors received information related to operational and passenger activity, noise summary, fuel sales, and financials. Fiscal Year-to-Date (FYTD) actual Net Income is \$1,297,363, a 32% increase over the same time last fiscal year.

WestJet successfully completed their first season at Gateway Airport and announced their return in October, 2017 for a second winter season.

Allegiant announced 8 new nonstop cities out of Gateway Airport. The new destinations are Boise, Omaha, Kansas City, Belleville/St. Louis, Milwaukee, Indianapolis, Louisville, and Tampa/St. Pete. This brings the total nonstop destinations out of Gateway Airport to 45 for Allegiant.

Mr. Thayne Klingler, Director of Airport Affairs - Allegiant elaborated on the expansion of flights and attributed it to the transition of fleet and flights offered on off-peak days. Mr. Klingler expressed how pleased

Allegiant is with the staff support and looks forward to continuing the partnership with the Airport. To Mayor Serdy's inquiry about cross-promotions between the new destinations and the Phoenix area, Mr. O'Neill reminded the Board of the "Allegiant Alliance," a cross promotional program with other Allegiant cities that began in early 2016.

Gateway Airport is home to the U.S. Forest Service which continues to battle fires in and around Arizona.

The North Apron Area Project is approximately 80% complete, and is on time and under budget. This is an important infrastructure project that includes the removal and replacement of 1,000,000 sq. ft. of concrete. This project was made possible by a Federal Aviation Administration grant of nearly \$6 million dollars.

As an update to the Master Developer Agreement (MDA), the Board approved a Memorandum of Understanding at the May 16, 2017 Board Meeting with Mesa SkyBridge Partners. The MDA is developing quickly and staff anticipates it being on the September Board Agenda. If approved, the next phase will be a full-scale master plan of the 360+ acre parcel.

An update on the South-Central Fire Protection System and Airfield incident training was provided.

4. Consent Agenda

- a. **Minutes** of the Board Meeting held on **May 16, 2017**.
- b. **Resolution No. 17-20** Authorizing the **Denver Series of Lockton Companies, LLC** under the terms of its existing Insurance Broker/Risk Management Consulting Agreement with the Phoenix-Mesa Gateway Airport Authority to purchase specific lines of insurance on behalf of the Authority for the period July 1, 2017 through June 30, 2018 at an aggregate premium cost not-to-exceed \$420,266.
- c. **Resolution No. 17-21** Approval of the amended and restated **Phoenix-Mesa Gateway Airport Authority Personnel Rules**.
- d. **Resolution No. 17-22** Authorization of international waste management services through **Stericycle, Inc.** in an amount not-to-exceed \$73,000 for Fiscal Year 2018.
- e. **Resolution No. 17-23** Authorizing a budget amendment in an amount not-to-exceed \$246,700 for additional Environmental Assessment professional services provided by **Ricondo and Associates, Inc.**
- f. **Resolution No. 17-24** Authorizing the purchase of two passenger level-boarding ramps in the amount of \$114,000 from **Timberline GSE**.
- g. **Resolution No. 17-25** Authorizing the additional purchase of **unleaded and diesel fuel** from the lowest priced **State contract vendor** at market prices for the Authority's use and resale in the amount of \$25,000 through June 30, 2017.
- h. **Resolution No. 17-26** Authorizing an Agreement to Use, and the purchase of **unleaded and diesel fuel** from the lowest priced **State contract vendor** at market prices for the Authority's use and resale in the amount of \$260,000 for Fiscal Year 2018.

Mayor Gail Barney moved to approve the Consent Agenda; Councilwoman Brigette Petersen seconded the motion. The motion was carried unanimously.

Consideration and Possible Approval of:

5. **Resolution No. 17-27** Authorizing the Executive Director/CEO to execute a three-year ground handling agreement to include two (2) one year extensions with **GMJ Air Shuttle**.

Mayor Gail Barney moved to approve Resolution No. 17-27; Lt. Governor Monica Antone seconded the motion. The motion was carried unanimously.

6. **Resolution No. 17-28** Approval of an Authorization of Services (AOS) with **DWL Architects + Planners, Inc.** for additional Architectural and Engineering Services for the SSCP Queue and Terminal Improvements Project CIP 617 in an amount not-to-exceed \$84,727.

Mr. Bob Draper provided the Board with a brief presentation regarding the Terminal and Roadway Improvements.

Mayor Gail Barney moved to approve Resolution No. 17-28; Councilmember Thelda Williams seconded the motion. The motion was carried unanimously.

8. Board Member Comments/Announcements

Mayor Serdy acknowledged Vice Mayor Chip Wilson, Councilmember Robin Barker and Councilmember Christa Rizzi from Apache Junction in the audience.

9. **Next Meeting:** Tuesday, July 18, 2017 at 9:00 a.m. in the Board Room (Saguaro A & B) of the Gateway Administration Building, 5835 South Sossaman Road, Mesa, Arizona.

10. Adjournment.

The meeting adjourned at 9:40 a.m.

Dated this _____ day of _____, 20_____.

Maria E. Gonzalez, Clerk of the Board



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Margi EvanSon, Operations & Maintenance Director
Through: Scott Brownlee, Deputy Director/COO
J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: FY17 ARFF Maintenance Services Amount Increase
Date: July 18, 2017

Proposed Motion

To increase the authorized expense amount by \$15,000 for fire equipment maintenance and services provided by the City of Mesa to the Phoenix-Mesa Gateway Airport Authority (PMGAA) via an Intergovernmental Agreement, at a total cost not to exceed \$63,450.39.

Narrative

On May 17, 2016, the Board of Directors approved an intergovernmental agreement with the City of Mesa via at a cost of approximately \$50,000, via Resolution 16-15. PMGAA currently spent \$43,137.68 of the \$50,000 and requests an increase of \$13,450.39 for a grand total of \$63,450.39 for repair and services incurred in May and June, 2017.

Fiscal Impact

This expense is included in the FY17 operating budget under Repair & Maintenance: Equipment.

Attachment(s)

Expense Summary



RESOLUTION NO. 17-30

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Authority desires to amend the authorized expenditure limit set via Resolution 16-15;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes an increase of \$13,450.39 to the authorized expense amount of \$50,000 via Resolution 16-15 for fire equipment maintenance and services provided by the City of Mesa to the Phoenix-Mesa Gateway Airport Authority (PMGAA) via an Intergovernmental Agreement, at a total cost not to exceed \$63,450.39. This resolution also authorizes the Chair or Executive Director/CEO to execute such Agreement, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 18th day of July, 2017.

Jenn Daniels, Vice Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Matthew Wright, Attorney



July 5, 2017

Phoenix-Mesa Gateway Airport
 5835 South Sossaman Road
 Mesa, Arizona 85212-0919

To Whom It May Concern:

The following is an outline of charges for maintenance services provided by the Mesa Fire/Medical- Fire Maintenance for FY 16/17. The total amount for services and operational supplies is \$63,450.39. Please note these charges include operational supply charges for lite water totes (foam) as outlined below. If any additional information is needed, please feel free to contact us.

Month	Inv #	Amount	Date Paid	Operational Supply Charges
Jul to Sept	F200: 170000001889	\$18,535.81	11/29/16	0
Oct to Dec	F200: 170000003030	\$6,131.42	02/22/17	0
Jan to Feb	F200: 170000003892	\$9,935.54	04/04/17	0
Mar to Apr	F200: 170000005409	\$8,534.91	06/20/17	\$7,460.22 (included in total)
May	F200: 170000005628	\$11,023.46		\$7,460.22 (included in total)
Jun	F200: 180000000037	\$9,289.25		\$7,344.62 (included in total)
	Total Charges	\$63,450.39		

Sincerely,

Yolanda Cardenas
 Administrative Services Specialist
 Fire Resource/Maintenance
 480-644-5686

Fire Resource/Maintenance
 6935 E Decatur
 Mesa AZ 85207
 480.644.2126 Tel.
 480.644.2854 Fax



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Margi Evanson, Operations & Maintenance Director
Through: Scott Brownlee, Deputy Director/COO
J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: City of Mesa Intergovernmental Agreement Related to Fire Vehicles and Equipment Maintenance Services
Date: July 18, 2017

Proposed Motion

To authorize an Intergovernmental Agreement (IGA) between the City of Mesa (Mesa) and Phoenix-Mesa Gateway Airport Authority (PMGAA) relating to Fire Vehicles and Equipment Maintenance Services, effective July 1, 2017 through June 30, 2020 at a cost not to exceed \$60,000 per year, for a grand total of \$180,000.

Narrative

PMGAA contracts with Mesa to provide aircraft rescue and fire-fighting services. In addition, PMGAA utilizes Mesa Fire's fleet services group to maintain its fire trucks and equipment. The existing agreement for maintenance services expired on June 30, 2016.

Both entities have determined that it is mutually beneficial for the Mesa Fire Department to provide fire vehicle and equipment maintenance services for PMGAA.

Arizona Revised Statutes (A.R.S.), §§ 11-951 *et seq.*, authorizes the Mesa and PMGAA to enter intergovernmental agreements for the provision of services, or for joint or cooperative actions. The IGA may be modified by a written amendment approved by the Mesa City Council and PMGAA Board of Directors pursuant to A.R.S. § 11-952.

Fiscal Impact

This IGA was included in the FY18 operating budget and is funded under Repair and Maintenance: Equipment.

Attachment(s)

Intergovernmental Agreement



RESOLUTION NO. 17-29

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Authority desires to enter into an agreement with the City of Mesa;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes an Intergovernmental Agreement with the City of Mesa for Fire Vehicles and Equipment Maintenance Services, effective July 1, 2017 through June 30, 2020 at a cost not to exceed \$60,000 per year, for a grand total of \$180,000. This resolution also authorizes the Chair or Executive Director/CEO to execute such Agreement, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 18th day of July, 2017.

Jenn Daniels, Vice Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Matthew Wright, Attorney

**THE CITY OF MESA AND THE PHOENIX-MESA GATEWAY AIRPORT
AUTHORITY INTERGOVERNMENTAL AGREEMENT RELATING TO
FIRE VEHICLES AND EQUIPMENT MAINTENANCE SERVICES**

This Intergovernmental Agreement ("Agreement") is entered into this ____ day of _____, 2017 by and between the City of Mesa ("Mesa"), an Arizona municipal corporation and Phoenix-Mesa Gateway Airport Authority ("Airport"), an Arizona joint powers airport authority (individually, each is a "Party" and collectively, the "Parties").

RECITALS:

Arizona Revised Statutes ("A.R.S."), §§ 11-951 *et seq.*, authorizes Mesa and the Airport to enter into intergovernmental agreements for the provision of services, or for joint or cooperative actions.

The Parties have determined that it would be mutually beneficial for the Mesa Fire Department to provide fire vehicles and equipment maintenance services for aircraft rescue firefighting vehicles and equipment owned by and stationed at Phoenix-Mesa Gateway Airport.

In consideration of the mutual promises, covenants and agreements contained in this Agreement, the Parties agree as follows:

SECTION 1 – EFFECTIVE DATE, TERM, TERMINATION

1.1 Term. The Term of this Agreement shall be for three (3) years. This Agreement shall commence on July 1, 2017 ("Effective Date") and shall continue until June 30, 2020, unless sooner terminated pursuant to the provisions of this Agreement Term.

1.2 Termination on Notice. Either Mesa or the Airport may terminate this Agreement for any or no reason by providing at least sixty (60) days prior written notice of the intention to terminate to the non-terminating Party. Such termination shall be effective sixty (60) days after the date the termination notice is mailed by return receipt.

1.3 Termination for Cause. In the event of a material breach of any of the provisions of this Agreement, the non-defaulting Party may terminate this Agreement by delivering written notice to the defaulting Party specifically stating the nature of the breach. Upon being served with such notice, the defaulting Party shall have sixty (60) days from the date of the notice in which to cure said breach. If said breach has not been cured within this sixty (60) day time period, this Agreement shall be deemed terminated.

SECTION 2-- SCOPE OF WORK AND COMPENSATION

2.1 Mesa's responsibilities and obligations:

- a. For the term of this Agreement, Mesa shall provide or have provided full maintenance and repair services for Airport's firefighting vehicles and equipment as needed on a 24-hour basis, seven (7) days per week,

consistent with manufacturer maintenance schedules, and the applicable National Fire Protection Association fire apparatus guidelines.

- b. Firefighting vehicles and equipment shall include, but not be limited to: (1) a 1995 Ford Aircraft Rescue Fast Attack Vehicle; (2) a 2000 Oshkosh ARFF Foam Truck; and (3) a 2009 Oshkosh ARFF Foam Truck. Firefighting vehicles and equipment shall include any replacement or additional vehicles and equipment agreed upon by the Parties.
- c. Mesa Fire Department personnel at Station 215, located at 6353 S. Downwind Circle in Mesa, Arizona will perform standard daily firefighting vehicle and equipment checks on the Airport's fire vehicles and equipment and will report any needed repairs on a Mesa repair order form to the Mesa Fire Department Fire Maintenance Facility ("East Mesa Service Center") located at 6935 E. Decatur in Mesa, Arizona with a copy of said order form being provided to the Airport's Operations and Maintenance Director.
- d. At the sole discretion of Mesa personnel, selected routine, preventative and/or emergency maintenance services or major repairs on the firefighting vehicles and equipment may be performed or caused to be performed at Station 215 or at the East Mesa Service Center or at other locations as necessary. Mesa shall have the sole discretion on location of maintenance and repairs and on the need to obtain maintenance assistance from an outside source.
- e. Mesa shall keep accurate records of the maintenance and repairs performed on the Airport's firefighting vehicles and equipment on a computerized fleet management database, and shall provide summaries of the repairs and maintenance, including costs, to the Airport on a monthly basis.
- f. Mesa shall notify the Airport's Operations & Maintenance Director or his/her designee in writing prior to any major repair requirements, where such repairs or maintenance is estimated to cost in excess of \$2,500.
- g. The Airport's firefighting vehicles and equipment shall only be operated by Mesa personnel or agents of Mesa, for any and all preventative maintenance or repair purposes. If agents of Mesa will be operating any vehicles or equipment, Mesa must notify the Airport in writing of who will be operating and provide evidence of the insurance coverage protecting such persons and the vehicles and equipment being operated by them.
- h. Mesa shall immediately notify the Airport's Operations & Maintenance Director or his/her designee when aircraft rescue firefighting vehicles and equipment are taken out of service for preventive maintenance or repair and upon the unit's return to Station 215.

- i. Mesa shall submit an invoice to the Airport on a quarterly basis reflecting the compensation owed by Airport pursuant to this Agreement, which amount shall be calculated pursuant to the provisions set out in Section 2.2. Mesa, in its sole discretion, subject to the terms of this Agreement, shall determine whether repairs are categorized as major repairs, preventative maintenance, or emergency repairs.
- j. Mesa will provide annually, updated labor rates in writing to the Airport, on or before July 1 each year that will indicate the labor rates for the following year.

2.2 Phoenix-Mesa Gateway's responsibilities and obligations:

- a. Compensation to be paid by the Airport to Mesa shall be calculated and paid as follows:

- (i) The Airport agrees to pay a labor rate of \$78.66 per hour for maintenance and repair services performed between the hours of 6:00 a.m. and 2:30 p.m., Monday through Friday; and

- (ii) The Airport agrees to pay a labor rate of \$84.36 per hour for maintenance and repair services performed on weekends, holidays, and for services performed outside of the weekday hours stated in Section 2.2a(i); and

- (iii) In addition to the hourly labor rate stated in Sections 2.2a(i) and 2.2a(ii), the Airport agrees to pay for all reasonable and documented parts and materials utilized in the repair of the Airport firefighting vehicles and equipment. The cost for such parts and materials shall be Mesa's cost, plus a ten percent (10%) handling fee; and

- (iv) The Airport agrees to pay for reasonable and documented costs incurred in the event that Mesa obtains maintenance assistance from an outside source as provided in Section 2.1d. The cost for such outside maintenance assistance shall be Mesa's cost, plus a ten percent (10%) handling fee; and

- (v) The Airport agrees to reimburse Mesa for any reasonable and documented costs incurred by Mesa in the delivery or return of Airport's fire vehicles and equipment, except for those costs that may be incurred due to the fault of Mesa or its personnel or agents.

- (vi) The labor rates described in Section 2.2a(i) and 2.2a(ii) may be adjusted on July 1 of each year of the contract term. Rates may be adjusted based on overhead and annual salary increases after year one of

the contract; subsequent years may be increased by an amount equal to that authorized by the City for annual salary increases for all MFMD mechanics, but in no case may exceed 5% per year, unless otherwise amended in writing by the Parties hereto.

- b. Within forty-five (45) days of receiving an invoice(s), Airport shall pay Mesa any compensation owed as determined pursuant to Section 2.2.

SECTION 3 – INSURANCE AND LIMITATION OF LIABILITY

3.1 Insurance Requirements:

- a. Mesa, at its cost, shall maintain adequate liability insurance to cover Mesa's and its agents' operation, maintenance and repair services and related activities of the Airport's Fire Emergency vehicles and equipment described herein. Mesa also agrees to indemnify and hold harmless the Airport from any and all liability, which is attributed to Mesa as a result of Mesa's and its agents' operation, maintenance and repair of the vehicles and equipment described in this Agreement.
- b. The Airport shall provide physical damage coverage for the vehicles and equipment described in this Agreement.
- c. Special Items. Each insurance policy shall provide the following:
 - (i) the policies cannot be cancelled, or substantially modified until and unless thirty (30) days written notice is received by the other Party;
 - (ii) the insurance company shall have no recourse against the other Party for payment of any premium or for assessments under any form of policy; and
 - (iii) the policies are intended as primary coverage for each Party and that any insurance or self-insurance maintained shall apply in excess of and not in contribution with the insurance provided by these policies.
- d. Certificates on File.
 - (i) Certificates of the required insurance coverage shall be furnished to Mesa by the Airport upon execution of this Agreement and shall be kept current at all times.
- e. The City of Mesa and Phoenix-Mesa Gateway Airport Authority hereby hold each other harmless and waive any right to subrogate against each other regarding any property damage.

3.2 Mutual Release. Notwithstanding anything to the contrary contained in his

Agreement, Mesa and its agents and affiliates shall not, under any circumstances, be liable to the Airport or its affiliates for any claim based upon any third-party claim, or for any compensatory, consequential, incidental, direct, indirect, punitive, exemplary, or special damages of any nature.

SECTION 4 - MISCELLANEOUS

4.1 Funding. Each Party to this Agreement shall have the separate and independent responsibility of budgeting for and funding its own participation in this Agreement. The obligations of each Party hereto are subject to each Party budgeting for and appropriating funds necessary to meet their obligations hereunder. Should either Party fail to budget or appropriate the necessary funds, such Party shall notify the other, or this Agreement shall terminate as of the last date that funds will be available.

4.2 A.R.S. § 38-511. This Agreement may be cancelled by either Party in accordance with A.R.S. § 38-511.

4.3 Entire Agreement. This Agreement constitutes the entire agreement between the Airport and Mesa with respect to the subject matter hereof and supersedes the Intergovernmental Agreement entered into by the Parties on July 1, 2016. This Agreement further supersedes all other oral and written representations, understandings or agreements relating to the subject matter hereof.

4.5 Amendments. This Agreement may be modified only by a written and executed amendment approved by the respective Mesa city council and Airport authority pursuant to A.R.S. § 11-952.

4.6 Assignment. Neither Party shall assign or otherwise transfer this Agreement, in whole or in part, without the prior written consent of the other Party. Any such assignment or other transfer, either voluntary or by operation of law, shall be void.

4.7 Waiver. The Parties agree that no waiver of any default or breach of any of the terms or conditions of this Agreement shall be construed to be a waiver of any succeeding breach or default.

4.8 Governing Law. This Agreement shall be governed by and construed under the laws of the state of Arizona.

4.9 Severability. If any term, covenant, condition, or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

4.10 No Partnership. Nothing contained in this Agreement shall create any partnership, joint venture or other arrangement between the Parties. Except as specifically provided hereunder, each Party shall at all times be an independent operator and shall not at any time purport to act as an agent of any other Party, or any of its officers or agents.

4.11 Force Majeure. Either Party shall be excused for delay or failure to perform its obligations under this Agreement, in whole or in part, when and to the extent that such delay or failure is a result of causes beyond the control and without the fault or negligence of the Party unable to perform. Such causes include, without limitation, acts of God, acts of the public enemy, terrorism, acts of the United States government, fires, floods, epidemics, quarantine restrictions or embargoes.

4.12 Notices. All notices to be given pursuant to this Agreement shall be in writing and shall be delivered in person or sent by regular mail as follows:

MESA:

City Manager's Office
City of Mesa
20 East Main Street, Suite750
P.O. Box 1466
Mesa, Arizona 85211-1466

AIRPORT:

Phoenix-Mesa Gateway Airport Authority
Airport Operations & Maintenance Director
5835 South Sossaman Road
Mesa, Arizona 85212

All notices shall be deemed to be received upon actual receipt or five (5) working days after the notice has been deposited with a U.S. post office for delivery at the address set forth above, whichever occurs first.

4.14 E-verify Requirements. To the extent applicable under A.R.S.§ 41-4401, Mesa and its agent warrant compliance with all federal immigration laws and regulations that relate to their employees and compliance with the E-verify requirements under A.R.S.§ 23-214(A). Mesa or its agent's failure to comply with such warranty shall be deemed a material breach of this Agreement and may result in the termination of this Agreement by the Airport.

4.15 Airport Rules and Regulations, Minimum Standards, Etc. The Parties agree to abide by the Airport's Rules and Regulations, Minimum Standards and other Airport compliance documents, as may be amended from time to time.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date and year first written above.

CITY OF MESA, a municipal corporation

PHOENIX-MESA GATEWAY AIRPORT
AUTHORITY, an Arizona joint powers
airport authority

Executive Director

ATTEST:

City Clerk

In accordance with A.R.S. § 11-952, this Agreement has been reviewed by the undersigned attorneys who have determined that it is in proper form and within the power and authority granted under the laws of the State of Arizona to the respective public entities they represent.

Mesa City Attorney Attorney

Phoenix-Mesa Airport Authority

Date

Date



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Ryan Smith, Strategic Communications & Government Relations
Through: J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: State & Federal Legislative Representation and Consulting Services
Date: July 18, 2017

Proposed Motion

To authorize an agreement for financial participation between the City of Mesa and Phoenix-Mesa Gateway Airport Authority to share state and federal lobbyist and consulting services effective July 1, 2017 as listed below.

Narrative

In the past, Phoenix-Mesa Gateway Airport Authority and the City of Mesa have shared expenses pertaining to lobbyist services. Mesa and the Airport will utilize the services of Squire Patton Boggs, LLP for federal professional services, and Triadvocates, LLC for state professional services, and will share in these costs.

The Airport Authority will provide 40 percent of the total cost for the federal lobbying contract, and 33 percent of the total cost for the state lobbying contract.

Company	Bid Amount
1. Triadvocates, LLC (State)	\$30,000
2. Squire Patton Boggs (Federal)	\$69,600

Fiscal Impact

This contract was included in the FY18 operating budget and is funded under Consulting Services.

Attachment(s)

Letter of Agreement with the City of Mesa.



RESOLUTION NO. 17-31

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Authority desires to enter into an agreement for lobbyist services with the City of Mesa;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorize an agreement for financial participation between the City of Mesa and Phoenix-Mesa Gateway Airport Authority to share state and federal lobbyist and consulting services effective July 1, 2017, with Triadvocates, LLC (State) not to exceed 30,000 and Squire Patton Boggs (Federal) not to exceed \$69,600. This resolution also authorizes the Chair or Executive Director/CEO to execute such Agreement, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 18th day of July, 2017.

Jenn Daniels, Vice Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Matthew Wright, Attorney

DATE: June 20, 2017

TO: J. Brian O'Neill, Executive Director,
Phoenix-Mesa Gateway Airport Authority

FROM: Scott J. Butler, Deputy City Manager, City of Mesa

SUBJECT: State & Federal Legislative Representation and Consulting Services

The purpose of this memo is to confirm the proposed cost-sharing arrangement for state and federal consulting services between the City of Mesa and the Phoenix-Mesa Gateway Airport Authority.

State professional services are provided by Triadvocates, LLC. The agreement for state representation will cover the period from July 1, 2017 until June 30, 2018. Gateway's financial participation for state services will be set at 33% of the total costs. For FY2017/2018, the cost will not exceed \$30,000. The Triadvocates agreement is currently on its second term of its eighth contract extension.

Federal professional services are provided by Squire Patton Boggs, LLP. The agreement for federal representation will cover the period from July 1, 2017 until June 30, 2018. Gateway's financial participation for federal services will continue to be set at 40% of the total costs. For FY2017/2018, the cost will not exceed \$69,600. The Squire Patton Boggs agreement is currently on its second term of its fourth contract extension.

c: Christopher J. Brady

Acknowledgement

J. Brian O'Neill, Executive Director

Date



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Margi EvanSon, Operations & Maintenance Director
Through: Scott Brownlee, Deputy Director/COO
J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Waxie Sanitary Supply
Date: July 18, 2017

Proposed Motion

To authorize an agreement with Waxie Sanitary Supply for the purchase of janitorial supplies between August 2, 2017 and August 1, 2018 in the amount of \$77,000.

Narrative

Phoenix-Mesa Gateway Airport Authority (PMGAA) maintains facilities hosting 1.45 million annual commercial airline passengers and over 100 employees, as well as general aviation operations and various tenant and office space. A primary function of the Operations and Maintenance Department is to ensure Airport facilities provide a clean, sanitary, and aesthetically pleasing environment for passengers, visitors, tenants, and staff. Janitorial and sanitary supplies, such as paper products, cleaning solutions, and cleaning tools, are required for health, safety, and satisfaction of customers, visitors, tenants, and employees.

Authorization to purchase janitorial supplies from Waxie Sanitary Supply will allow PMGAA to utilize the unit pricing that was competitively bid for janitorial supplies. PMGAA entered an Agreement to Use which expires August 1, 2018.

PMGAA is a member of the Strategic Alliance for Volume Expenditures (SAVE), allowing it to utilize the renewed contract #151148-01 executed by City of Tucson with Waxie Sanitary Supply via Network Services Companies for janitorial supplies.

Fiscal Impact

This expenditure was included in the FY18 operating budget and is funded under OPM Supplies & Maintenance: Operating Supplies.

Attachment(s)

Contract and Agreement to Use



RESOLUTION NO. 17-32

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Authority desires to enter into an agreement with Waxie Sanitary Supply;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes an agreement with Waxie Sanitary Supply for the purchase of janitorial supplies between August 2, 2017 and August 1, 2018 at contract pricing through Strategic Alliance volume Expenditures (SAVE) Cooperative Purchasing Group in the amount of \$77,000. This resolution also authorizes the Chair or Executive Director/CEO to execute such Agreement, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 18th day of July, 2017.

Jenn Daniels, Vice Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Matthew Wright, Attorney



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Margi EvanSon, Operations & Maintenance Director
Through: Scott Brownlee, Deputy Director/COO
J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: CIP #881,882 Purchase Five (5) Service Trucks
Date: July 18, 2017

Proposed Motion

Authorizing the purchase of five airport service trucks from San Tan Ford, in the amount of \$165,298.57.

Narrative

The FY18 approved capital plans included replacement of four airport service trucks and the purchase of one new additional service truck. The purchase includes three service body trucks with ladder racks and two service body trucks without ladder racks.

Currently one 1997 Chevrolet $\frac{3}{4}$ ton and three 1996 Chevrolet $\frac{1}{2}$ ton service trucks are beyond their service life due to their age and normal wear and tear.

In June 2017, a cooperative quote was obtained through San Tan Ford utilizing the Arizona State Contract #ADSP012-0166124 in the amount of \$165,298.57.

Fiscal Impact

This purchase was included in the FY18 capital budget and is funded with CIP 881 & 882.

Attachment(s)

Quotes



RESOLUTION NO. 17-33

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Authority desires to purchase service trucks from San Tan Ford;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes the purchase of five airport service trucks from San Tan Ford, in the amount of \$165,298.57. This resolution also authorizes the Chair or Executive Director/CEO to execute such Contract, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 18th day of July, 2017.

Jenn Daniels, Vice Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Matthew Wright, Attorney

ADSP017-166124-San Tan Ford
Current Vehicles, New Purchases Statewide Pricing

Trim	Fuel	Additional Description	Order Cut Off Date	MSRP	2017 Base Pricing
SE	Plug-in Electric	Ford C-MAX Energi SE Plug-in Electric (P5E) Compact Hatchback	TBD	\$27,995	\$ 23,198
Titanium	Plug-in Electric	Ford C-MAX Energi Titanium Plug-in Electric (P5F) Compact Hatchback	TBD	\$30,995	\$ 26,183
SE	Gas	Ford Edge FWD SE (K3G) Crossover	TBD	\$29,845	\$ 25,654
SEL	Gas	Ford Edge FWD SEL (K3J) Crossover	TBD	\$32,685	\$ 27,885
Titanium	Gas	Ford Edge FWD Titanium (K3K) Crossover	TBD	\$36,495	\$ 31,266
SE	Gas	Ford Edge AWD SE (K4G) Crossover	TBD	\$31,340	\$ 27,003
SEL	Gas	Ford Edge AWD SEL (K4J) Crossover	TBD	\$34,180	\$ 29,214
Titanium	Gas	Ford Edge AWD Titanium (K4K) Crossover	TBD	\$37,990	\$ 32,595
SE	Gas	Ford Flex FWD SE (K5B) Crossover	3/31/2017	\$30,920	\$ 26,296
SEL	Gas	Ford Flex FWD SEL (K5C) Crossover	3/31/2017	\$33,625	\$ 28,719
Limited	Gas	Ford Flex FWD Limited (K5D) Crossover	3/31/2017	\$39,125	\$ 33,600
SEL	Gas	Ford Flex AWD SEL (K6C) Crossover	3/31/2017	\$35,575	\$ 30,449
Limited	Gas	Ford Flex AWD Limited (K6D) Crossover	3/31/2017	\$41,075	\$ 35,331
XL	FFV	Ford F150 Regular Cab 4X2 Short Bed 122" WB (F1C) 1/2 Ton Pick Up	5/5/2017	\$29,930	\$ 19,323
XL	FFV	Ford F150 Regular Cab 4X2 Long Bed 141" WB (F1C) 1/2 Ton Pick Up	5/5/2017	\$30,230	\$ 19,831
XL	FFV	Ford F150 Regular Cab 4X4 Short Bed 122" WB (F1E) 1/2 Ton Pick Up	5/5/2017	\$35,305	\$ 23,888
XL	FFV	Ford F150 Regular Cab 4X4 Long Bed 141" WB (F1E) 1/2 Ton Pick Up	5/5/2017	\$35,605	\$ 24,153
XL	FFV	Ford F150 Super Cab 4X2 Short Bed 145" WB (X1C) 1/2 Ton Pick Up	5/5/2017	\$34,190	\$ 21,720
XL	Gas	Ford F150 Super Cab 4X2 Long Bed 163" WB (X1C) 1/2 Ton Pick Up	5/5/2017	\$35,495	\$ 22,871
XL	FFV	Ford F150 Super Cab 4X4 Short Bed 145" WB (X1E) 1/2 Ton Pick Up	5/5/2017	\$38,350	\$ 25,370
XL	FFV	Ford F150 Super Cab 4X4 Long Bed 163" WB (X1E) 1/2 Ton Pick Up	5/5/2017	\$40,235	\$ 27,038
XL	FFV	Ford F150 Super Crew 4X2 Short Bed 145" WB (W1C) 1/2 Ton Pick Up	5/5/2017	\$36,645	\$ 24,087
XL	Gas	Ford F150 Super Crew 4X2 Long Bed 157" WB (W1C) 1/2 Ton Pick Up	5/5/2017	\$37,950	\$ 25,239
XL	FFV	Ford F150 Super Crew 4X4 Short Bed 145" WB (W1E) 1/2 Ton Pick Up	5/5/2017	\$40,885	\$ 27,807
XL	FFV	Ford F150 Super Crew 4X4 Long Bed 157" WB (W1E) 1/2 Ton Pick Up	5/5/2017	\$42,690	\$ 29,404
XL	FFV	Ford F250 Regular Cab 4X2 142" WB (F2A) 3/4 Ton Pick Up	TBD	\$36,110	\$ 23,011
XL	FFV	Ford F250 Regular Cab 4X4 142" WB (F2B) 3/4 Ton Pick Up	TBD	\$39,005	\$ 25,792
XL	FFV	Ford F250 Super Cab 4X2 Short Bed 148" WB (X2A) 3/4 Ton Pick Up	TBD	\$38,445	\$ 25,303
XL	FFV	Ford F250 Super Cab 4X2 Long Bed 164" WB (X2A) 3/4 Ton Pick UP	TBD	\$38,645	\$ 25,479
XL	FFV	Ford F250 Super Cab 4X4 Short Bed 148" WB (X2B) 3/4 Ton Pick UP	TBD	\$41,345	\$ 27,845
XL	FFV	Ford F250 Super Cab 4X4 Long Bed 164" WB (X2B) 3/4 Ton Pick UP	TBD	\$41,550	\$ 28,025
XL	FFV	Ford F250 Crew Cab 4X2 Short Bed 160" WB (W2A) 3/4 Ton Pick UP	TBD	\$40,130	\$ 26,771
XL	FFV	Ford F250 Crew Cab 4X2 Long Bed 176" WB (W2A) 3/4 Ton Pick UP	TBD	\$40,330	\$ 26,947
XL	FFV	Ford F250 Crew Cab 4X4 Short Bed 160" WB (W2B) 3/4 Ton Pick UP	TBD	\$43,030	\$ 29,313
XL	FFV	Ford F250 Crew Cab 4X4 Long Bed 176" WB (W2B) 3/4 Ton Pick UP	TBD	\$43,235	\$ 29,493



Government Fleet Sales Manager

Joe Sanchez (480) 621-3741

joesanchez@santanford.com

Department Fax (480) 621-3796

Date: June 6, 2017

Customer: Phoenix-Mesa Gateway Airport

Line Item/State Contract #: F2A / ADSP017-166124

Vehicle Description: 2017 Ford F250 Regular Cab 4X2 with Service Body & Ladder Rack
With 6.2L FFV V8 Engine

Base Bid Price \$23,011.00

<u>Upgrade Options</u>	
1 Power Equipment Group	Standard on Contract
2 Cruise Control	Standard on Contract
3 Trailer Brake Controller	270.00
4 Camper Package (for Service Body)	160.00
5 Window Tint	250.00
6 Sprayed-in Bedliner	450.00
7 8' Service Body with Ladder Rack	7,002.00
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\$8,132.00

Bid Price (with options) \$31,143.00

Tire Tax 5.00
 Sales Tax (7.80%) 2,429.15

Ford Extended Service Plan

Transportation Fee _____

Total Delivered Price \$33,577.15

Notes:

Thank You,
 Joe



Government Fleet Sales Manager

Joe Sanchez (480) 621-3741 joesanchez@santanford.com
 Department Fax (480) 621-3796

Date: June 6, 2017

Customer: Phoenix-Mesa Gateway Airport

Line Item/State Contract #: F2A / ADSPO17-166124

Vehicle Description: 2017 Ford F250 Regular Cab 4X2 with Service Body

With 6.2L FFV V8 Engine

Base Bid Price \$23,011.00

<u>Upgrade Options</u>	
1 Power Equipment Group	Standard on Contract
2 Cruise Control	Standard on Contract
3 Trailer Brake Controller	270.00
4 Camper Package (for Service Body)	160.00
5 Window Tint	250.00
6 Sprayed-in Bedliner	450.00
7 8' Service Body	5,802.00
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\$6,932.00

Bid Price (with options) \$29,943.00

Tire Tax 5.00
 Sales Tax (7.80%) 2,335.55

Ford Extended Service Plan

Transportation Fee _____

Total Delivered Price \$32,283.55

Notes:

Thank You,
 Joe



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Bob Draper, P.E., LEED AP, Engineering & Facilities Director
Through: Scott Brownlee, Deputy Director/COO
J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Agreement for State Historic Preservation Requirements
Date: July 18, 2017

Proposed Motion

Authorizing a new five-year agreement with the Arizona State Parks Board (DBA Arizona State Park & Trails) relating to state historic preservation requirements for airfield maintenance and utility repairs.

Narrative

In regards to the protection of cultural and historic resources on Airport property, the State Historic Preservation Office (SHPO) is authorized to administer the state historic preservation program and coordinate with the Airport in carrying out the respective duties.

The purpose of this agreement is to:

- Set forth the parameters that govern the Airport's ability to undertake any activity within those portions of the Archaeological Sites on which testing and, where appropriate, data recovery has been performed without the need to consult with the SHPO.
- To implement and comply with, the Programmatic Agreement, the Burial Agreement, the Treatment Plan, the Preservation Covenant, and compliance with state and federal historic preservation laws by establishing procedures for routine maintenance activities on the airfield and utilities that may impact the Archaeological Sites.
- To ensure that the Airport is in compliance with its responsibilities for cultural resource protection, management, and mitigation activities.

Fiscal Impact

There is no fiscal impact.

Attachment(s)

Agreement



RESOLUTION NO. 17-34

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Authority desires to enter in an agreement with the Arizona State Parks Board (DBA Arizona State Park & Trails);

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes a new agreement with the Arizona State Parks Board (DBA Arizona State Park & Trails) relating to state historic preservation requirements for airfield maintenance and utility repairs. This resolution also authorizes the Chair or Executive Director/CEO to execute such Agreement, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 18th day of July, 2017.

Jenn Daniels, Vice Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Matthew Wright, Attorney



Arizona State Parks &
Trails
23751 N. 23rd Ave., Suite
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Phoenix, AZ 85085

AGREEMENT
Between
Arizona State Parks & Trails
And
Phoenix-Mesa Gateway Airport Authority

RE: State Historic Preservation Requirements
for Airfield Maintenance and Utility Repairs

ASPT Contract No.
PR17-125

THIS AGREEMENT is developed and entered into by the Arizona State Parks Board, DBA Arizona State Park & Trails, and the Phoenix-Mesa Gateway Airport Authority.

I. Authorities

A. The Phoenix-Mesa Gateway Airport Authority, hereinafter referred to as the "Airport." Authorities to enter into this Agreement are as follows:

1. Arizona Revised Statute ("A.R.S") § 28-8521 et seq., authorizes the Airport to enter into such agreements as are necessary to address Airport property issues.

B. Arizona State Parks & Trails, through the State Historic Preservation Officer, hereinafter referred to as "ASPT". Authorities to enter into this Agreement are as follows:

1. A.R.S. § 41-511.02(B); A.R.S. § 41-511.04(D)(4), authorizes the State Historic Preservation Officer ("SHPO") to administer the state historic preservation program and advise, assist, and monitor state and federal agencies in carrying out their historic preservation duties.

2. A.R.S. § 41-511.05(2), authorizes ASPT to enter into such contracts as is reasonably necessary or desirable to perform its duties.

II. Recitals

A. The Airport owns and operates a public airport on the property depicted on **Exhibit A** ("Property").



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RE: State Historic Preservation Requirements
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- B. Nine archaeological sites (“Archaeological Sites”) on the Property were identified in the *Treatment Plan for Archaeological Resources and Historic Structures and Buildings at Williams Air Force Base, Maricopa County, Arizona*, dated August 21, 1995 (“Treatment Plan”).
- C. The Airport and ASPT recognize that actions related to the Archaeological Sites are governed by: (1) the *Final Programmatic Agreement Among The United States Air Force, The Arizona State Historic Preservation Officer and The Advisory Council On Historic Preservation Concerning Disposal of Williams Air Force Base, Mesa, Arizona* dated February 1995 (“Programmatic Agreement”); (2) the Treatment Plan (1995); (3) the *Burial Discoveries on Lands Acquired from the Williams AFB Disposal- 1996* (“Burial Agreement”) (1996); (4) the Preservation Covenant (1998); and (5) state and federal historic preservation laws.
- D. The Airport has undertaken testing and, where appropriate, data recovery at many of the Archaeological Sites, as indicated on the map attached as **Exhibit B**.



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RE: State Historic Preservation Requirements
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ASPT Contract No.
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III. Purpose

A. The purpose of this Agreement is as follows:

1. To set forth the parameters that govern the Airport's ability to undertake any activity within those portions of the Archaeological Sites on which testing and, where appropriate, data recovery has been performed without the need to consult with the SHPO.
2. To implement, and comply with, the Programmatic Agreement, the Burial Agreement, the Treatment Plan, the Preservation Covenant, and compliance with state and federal historic preservation laws by establishing procedures for routine maintenance activities on the airfield and utilities that may impact the Archaeological Sites.
3. To ensure that the Airport is in compliance with its responsibilities for cultural resource protection, management, and mitigation activities as specified in Section IV of this Agreement.

IV. Responsibilities

A. General

1. The Airport may conduct any activity, including routine maintenance, construction, utility placement and repair, and other similar activity, on any portion of any Archaeological Site on which testing and, where appropriate, data recovery has been performed pursuant to a SHPO approved data recovery plan and for which the SHPO has reviewed and



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RE: State Historic Preservation Requirements
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commented on a draft data recovery report, without the need to consult with the SHPO. Areas where archaeological investigation has been completed are delineated in **Exhibit B** (noted in blue), attached hereto.

2. Any activity conducted within any portion of an Archaeological Site on which testing and data recovery has not been completed will be conducted in accordance with the Final Programmatic Agreement and the Treatment Plan.
3. The Airport shall annually prepare a map that updates **Exhibit B** and shall provide the SHPO with a copy of such map within a reasonable time after the Anniversary Date, should changes occur requiring revision.

B. Airfield Maintenance

1. The Airport may conduct routine maintenance activities in compliance with Federal Aviation Administration (“FAA”) standards and other requirements without prior SHPO notification or consultation, so long as such activities do not take place in or within fifteen (15) meters (50 feet) of the boundaries of any Archaeological Site for which testing and/or data recovery has not been performed pursuant to a SHPO approved data recovery plan. “Routine maintenance activities” consist of mowing, surface grading, disking, minor plant removals, and blading.
2. This Paragraph applies only to activities affecting Archaeological Site AZ U:10:69, identified on **Exhibit B**, attached hereto.



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RE: State Historic Preservation Requirements
for Airfield Maintenance and Utility Repairs

- a. An archaeologist has prepared a map of surface features and undisturbed natural areas in the Archaeological Site that would be damaged or destroyed by routine maintenance activities (noted at Locus 2 and 3 on Exhibit B). In those areas of the Archaeological Site, the Airport must perform testing and/or data recovery pursuant to a SHPO approved data recovery plan prior to conducting routine maintenance activities. Additionally, these areas with surface features or with the potential for subsurface remains will be marked by an archaeologist on maps and on the ground and avoided by maintenance crews until data recovery has been accomplished.
- b. The Airport may conduct routine maintenance activities in the remainder of the site. In the portion of the site that has not been tested and/or data recovered pursuant to a SHPO approved data recovery plan (that area depicted in red in Exhibit B), routine maintenance shall be limited to only those activities that do not cause ground disturbance (ie. no scraping, blading, digging, etc.).

C. Utility Maintenance

1. The Airport may conduct maintenance activities on existing buried utility lines without consultation with the SHPO, provided that an archaeologist monitors any such maintenance performed within the boundaries or within fifteen (15) meters (50 feet) of an Archaeological Site. A monitoring archaeologist is not required in areas of an Archaeological Site where previous monitoring or testing and/or data recovery is complete.



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RE: State Historic Preservation Requirements
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“Maintenance activities” consist of soil excavation and repair or replacement of existing buried utility lines with no subsurface ground disturbance outside the previously disturbed area. If the archaeologist notes archaeological features during utility maintenance activities, the Airport will follow the procedures outlined in Section IV(D) below and shall be responsible for mitigating the impacts from maintenance activities in accordance with the Treatment Plan, if the features are determined by the SHPO to be individually eligible or to contribute to the eligibility of AZ U:10:69(ASM). Further maintenance activities may not occur until the procedures in Section IV(D) are satisfied, as per SHPO and ASM. No samples will be collected and no surface collections will be made during monitoring or when features are first discovered.

2. If archaeological monitoring of utility line maintenance activities within an archaeological site leads to the conclusion that disturbance caused by installation and previous maintenance of utility lines by the United States was extensive, the Airport shall consult with the SHPO to determine whether future monitoring of utility line maintenance is necessary.
3. The placement of new utility lines in or within fifteen (15) meters (50 feet) of an Archaeological Site where previous monitoring or testing, and if necessary data recovery, has not been performed, and utility activities not associated with the maintenance of existing lines that occur within fifteen (15) meters (50 feet) of an Archaeological Site where



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RE: State Historic Preservation Requirements
for Airfield Maintenance and Utility Repairs

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investigation, and if necessary, data recovery, has not been performed, shall require consultation with the SHPO.

D. Discovery Situations

1. If new cultural resources are discovered, or if unanticipated effects on AZ U:10:69 (ASM) are identified, the Airport's Archaeological Coordinator will ensure that all ground-disturbing activities are immediately halted within a 100-foot-radius of the discovery. The area will be clearly marked and steps will be taken to ensure that the area of the discovery is protected and secured. If necessary, additional measures, as appropriate, will be taken to protect the discovery from further disturbance from natural or human actions.
2. The Archaeological Coordinator will ensure that a professional archaeologist inspects the discovery within 24 hours (if feasible) to determine the extent and integrity of the discovery, and to provide recommendations on eligibility to National Register of Historic Places (or if the discovery is a contributing element to the AZ U:10:69 [ASM] site) and treatment, if eligible.
3. The Archaeological Coordinator will notify the SHPO and the Director of the Arizona State Museum (as per A.R.S. §41-844) within 48 hours of the discovery.
4. After receiving the archaeologist's assessment, the Archaeological Coordinator will consult with the SHPO and ASM on the eligibility of the discovery. The SHPO shall respond within two business days of the



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RE: State Historic Preservation Requirements
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consultation. The Archaeological Coordinator will take into account the SHPO's determination of eligibility (i.e., either concurrence with the Airport's recommendations or not) and treatment/data recovery of the discovery (i.e., the proposed measures to resolve the adverse effects from the disturbance).

5. The Archaeological Coordinator will ensure that the archaeologist implements the agreed-upon treatment/data recovery prior to work continuing in the area of the discovery. The Archaeological Coordinator will ensure that the archaeologist generates a data recovery report that is submitted to the SHPO and ASM for their files.
6. If human remains or funerary objects are discovered during project construction, the Archaeological Coordinator shall ensure that ground-disturbing activities are halted within a 100-foot radius of the discovery, take steps to protect the discovery, and notify the ASM and the SHPO within 24 hours (all as per D. 1-2 above). In consultation with the ASM Burial Coordinator, the Archaeological Coordinator shall follow the requirements of A.R.S. § 41-865 and the Airport's Burial Agreement issued by the ASM.
 - a. The Archaeological Coordinator shall make a good faith effort to ensure that the general public is excluded from viewing any Native American burial site or associated funerary objects, and no photographs shall be taken. The human remains or funerary objects will be treated with dignity and respect.



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ASPT Contract No.
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- b. The Archaeological Coordinator shall ensure that construction does not proceed in the location of the discovery until all requirements of the Burial Agreement are satisfied, as determined by ASM's Burial Coordinator.

E. Emergency Situations

- 1. In the event of an emergency, the Airport may perform actions that may impact an Archaeological Site where previous monitoring or testing, and if necessary data recovery, has not been performed, necessary to mitigate the emergency without prior consultation with the SHPO. The Airport shall notify the SHPO in writing within 72 hours of the emergency of the actions taken and the impact on the Archaeological Site affected. Additional archaeological actions may be taken as a result of consultation with the SHPO after the emergency ceases. For purposes of this paragraph, "emergency" means a sudden, generally unexpected occurrence involving any aviation or non-aviation related activity (including fire, floods, high winds, and any other act of God) that can be reasonably expected to take place at the Airport and that demands immediate attention. Whenever an emergency develops on the Airport that involves an aircraft mishap or hazardous spill, conducting search and rescue for crew and establishing crash site recovery and/or clean up operations will take priority over protection or avoidance of historic properties and/or Archaeological Sites.



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RE: State Historic Preservation Requirements
for Airfield Maintenance and Utility Repairs

ASPT Contract No.
PR17-125

F. Airport Staff Training

1. The Airport shall provide training to all appropriate employees on cultural and historic resources issues, including: (1) how to recognize an archaeological discovery; (2) requirements for protection of Archaeological Sites; (3) requirements for treatment of Archaeological Sites; and (4) what actions to take in the event of an archaeological discovery, including human burials.
2. Training shall occur at least annually.

G. Compliance with Burial Agreement and Airport Cultural Resources Policy

Discoveries of burials and any associated funerary objects shall be treated in accordance with the Burial Agreement. All actions taken by the Airport shall be in accordance with Section D(6) above and the Airport's Cultural and Historic Resources Policy (**Exhibit C**), as may be amended from time to time.

H. Annual Report

As per the Programmatic Agreement (Stipulation 6(C)) and the Treatment Plan (Section 7), the Airport shall submit an annual report to the SHPO for assessment of compliance with this Agreement and all relevant requirements (e.g., the Programmatic Agreement, the Treatment Plan, Burial Agreement, and the Preservation Covenant).



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RE: State Historic Preservation Requirements
for Airfield Maintenance and Utility Repairs

ASPT Contract No.
PR17-125

I. Project Contacts:

1. For ASPT:

Arizona State Parks & Trails
Attn: State Historic Preservation Officer
1100 W. Washington
Phoenix, AZ 85007
(602) 542-4009
(602) 542-4188 (fax)

2. For Airport:

Phoenix-Mesa Gateway Airport Authority
Attn: Archaeological and Environmental Coordinator
5835 S. Sossaman Road
Mesa, Arizona 85212-0919
(480) 988-7612

J. On behalf of ASPT, the SHPO shall respond to all written requests for consultation under this agreement within 30 working days of receipt, as appropriate.



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And
Phoenix-Mesa Gateway Airport Authority

RE: State Historic Preservation Requirements
for Airfield Maintenance and Utility Repairs

ASPT Contract No.
PR17-125

V. Term of Agreement

A. Term

This Agreement shall become effective (“Effective Date”) at time of SHPO signature. This Agreement shall remain in effect for a period of five (5) years from the Effective Date, unless terminated in accordance with this Agreement. An annual meeting to discuss results of implementation shall be held on or near each yearly anniversary of the Effective Date (“Anniversary Date”), if desired by either party by submitting written notice to the other party within 30 days of the Anniversary Date.

B. Extension

This Agreement may be renewed for additional five-year periods from the Effective Date upon the written approval of the parties prior to the expiration of the then-existing term.

C. Termination

Either party shall terminate this Agreement by providing thirty (30) days written notice to the other party. During this notice period, the parties shall consult to consider amending this Agreement to their mutual satisfaction. If the Agreement is nevertheless terminated, the Airport shall consult with the SHPO regarding any action it may take that may impact one or more historic properties, as per the 1995 Programmatic Agreement.



Arizona State Parks &
Trails
23751 N. 23rd Ave., Suite
190
Phoenix, AZ 85085

AGREEMENT
Between
Arizona State Parks & Trails
And
Phoenix-Mesa Gateway Airport Authority

RE: State Historic Preservation Requirements
for Airfield Maintenance and Utility Repairs

ASPT Contract No.
PR17-125

VI. Amendments or Modifications:

This Agreement may be amended or modified at any time by mutual written agreement. No agent, employee or other representative of either party is empowered to alter any of the terms of the agreement, unless done in writing and signed by the authorized representative of the respective parties.

Either party shall give written notice to the other party of any non-material alteration that affects the provisions of this Agreement. Non-material alterations that do not require written amendment are as follows:

- A. Change of telephone number;
- B. Change in authorized signatory; and/or
- C. Change in the name and/or address of the person to whom notices are to be sent.

The terms, conditions and representations of the Parties contained in this Agreement **shall** not be orally amended, modified or altered. Any amendment or modification of this Agreement must be in writing and effective only after the authorized signature of both Parties. Amendments must be approved with the same formality as with this Agreement.

VII. Financing and Budget Clause

The Parties intend to fund their obligations under this Agreement from appropriated moneys, special funds, grants, fees, or other sources of moneys that are available to



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them under Arizona law or the purposes of this Agreement, or from any combination of these funding sources, subject to the limitations stated in Paragraph VIII. (L) below.

VIII. Mutually Agreed By And Between The Parties

- A. Effects of 2017 IGA: Entire Agreement. This Agreement supersedes the Intergovernmental Agreement between the parties dated May 17, 2012 and contains the entire agreement between the parties regarding the archaeological sites listed on the Property.
- B. Arbitration: The parties to this Agreement agree to resolve all disputes arising out of or relating to this Agreement through arbitration, after exhausting applicable administrative review, to the extent required by A.R.S. § 12-1518, except as may be required by other applicable statutes.
- C. Civil Rights Assurance and Non-Discrimination: During the performance of this agreement, the parties agree to abide by the terms of Executive Order 11246 on non-discrimination and will not discriminate against any person because of race, color, religion, sex, or national origin. Title VI, Civil Rights Act of 1964, 42 U.S.C. § 2000d.1. both parties further agree to comply with State Executive Order No. 2009-09 and all other applicable Federal and State laws, rules and regulations relating to non-discrimination, including the Americans with Disabilities Act.
- D. Conflict of Interest: This Agreement is subject to cancellation pursuant to A.R.S. § 38-511.



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- E. Indemnification: Each party (as "Indemnitor") agrees to indemnify, defend, and hold harmless the other party (as "Indemnitee") from and against any and all claims, losses, liability, costs, or expenses (including reasonable attorney's fees) (hereinafter collectively referred to as "Claims") arising out of bodily injury of any person (including death) or property damage, but only to the extent that such Claims which result in vicarious/derivative liability to the Indemnitee are caused by the act, omission, negligence, misconduct, or other fault of the Indemnitor, its officers, officials, agents, employees, or volunteers. The State of Arizona, Arizona State Parks & Trails is self insured per A.R.S. 41-621.
- F. Immigration: The parties agree to comply with Executive Order 2005-30, "Ensuring Compliance with Federal Immigration Laws by State Employers and Contractors," and A.R.S. § 41-4401, the provisions and successor statutes of which are hereby incorporated by reference.
- G. Limitations: Nothing in this Agreement shall be construed as limiting or expanding the statutory responsibilities of parties in performing functions beyond those granted to them by law.
- H. Successors and Assigns: This Agreement will be binding upon the Parties and upon their successors. Neither Party may assign its rights or obligations under this Agreement without the prior written consent of the parties hereto and any purported assignment without such consent shall be void and of no effect.
- I. Relationship of Parties: No partnership, joint venture, or other business relationship is established among the Parties to this Agreement. Except as



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expressly provided in this Agreement, no Party is liable for any acts, omissions or negligence on the part of any other Party or the other Party's employees, agents, independent contractors, or successors-in-interest resulting in either personal injury, economic loss, or property damage to any individual or entity.

- J. Other Agreements: This Agreement in no way restricts either party from participating in similar activities with other public or private agencies, organizations, and individuals.
- K. Severability: The provisions of this Agreement are severable. Any term or condition deemed illegal or invalid shall not affect any other term or condition of the Agreement.
- L. Non-Availability of Funds: This agreement shall be subject to available funding, and nothing in this agreement shall bind either party hereto to expenditures in excess of funds appropriated for purposes outlined in this Agreement.
- M. Inspection and Audit: In accordance with A.R.S. §§ 35-214 and 35-215, the parties shall retain and shall contractually require each subcontractor to retain all data, books, and other records ("Records") relating to this Agreement for a period of five years from the date filed with the Secretary of State. All Records shall be subject to inspection and audit by the State at reasonable times. Upon request, the parties shall produce the original of any or all such Records.
- N. Applicable Law: This Agreement shall be governed and interpreted by the laws of the State of Arizona. The materials and services supplied under this



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Agreement shall comply with all applicable Federal, State and local laws, and the Contractor shall maintain all applicable licenses and permit requirements.

O. Exhibits

The following list of exhibits constitutes an integral part of subject agreement.

1. Exhibit A - "Property"
2. Exhibit B - "Archaeological Sites Map"
3. Exhibit C - "Airport's Cultural and Historic Resources Policy"

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IX. SIGNATURE AUTHORITY

- A. This Agreement is entered into and is effective upon the date of the last signature to this Agreement.
- B. By signing this Agreement the signer certifies that he or she has the authority to enter into this Agreement, has read the foregoing, and agrees and accepts the provisions herein.
- C. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.
- D. Electronic Submittal: All parties to this Agreement acknowledge that signatures by electronic means are acceptable and legally binding.

RESERVED FOR ARIZONA STATE PARKS & TRAILS		RESERVED FOR PHOENIX MESA GATEWAY AIRPORT AUTHORITY	
Signature	Date	Signature	Date
Kathryn Leonard, State Historic Preservation Officer		J. Brian O'Neill, A.A.E., Executive Director/CEO	
Typed Name and Title		Typed Name and Title	
Arizona State Parks & Trails		Phoenix-Mesa Gateway Airport Authority	
Entity Name		Entity Name	
1100 W. Washington St.		5835 S. Sossaman Road	
Address		Address	
Phoenix, AZ 85007		Mesa, AZ 85212	
City	State	City	State
	Zip		Zip



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Chuck Odom, Chief Financial Officer
Through: J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: BAI for CIP No. 877
Date: July 18, 2017

Proposed Motion

To authorize a purchase of hardware & installation for a technology refresh with CDW-G through the use of a Arizona State Contract. The purchase will not to exceed \$125,000 for a Storage Area Network (SAN) system saving \$25,000 through early purchase discounts.

Narrative

PMGAA ITS life cycle refreshes are based on technology best practices for every five years SAN system replacements. CDW-G is currently offering a discount exceeding \$25,000 to include training & installation if procured prior to the end of July 2017.

The SAN system is critical to the organization for file management of all data requirements. Contracts, board action items, purchase orders, department process documentation, and many other file types are dependent on the SAN system.

The proposed system is currently being used by other member organizations and has been vetted by the PMGAA ITS department.

Fiscal Impact

Utilizing the Arizona State contract ensures the purchase is within alignment of government rates. With the additional savings of early purchase discounts benefits the organizations approved FY18 CIP 877 Technology Refresh – Storage Area Network project authorized up to \$150,000, discount savings exceeding \$25,000.

Attachment(s)

CDW-G Quote No. JCFB743



RESOLUTION NO. 17-35

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Authority desires to purchase hardware and installation services from CDW-G;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes the purchase of hardware and installation refresh with CDW-G through the use of a Arizona State Contract at a cost not to exceed \$125,000. This resolution also authorizes the Chair or Executive Director/CEO to execute such Contract, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 18th day of July, 2017.

Jenn Daniels, Vice Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Matthew Wright, Attorney

QUOTE CONFIRMATION



DEAR DOUG WIRTHGEN,

Thank you for considering CDW•G for your computing needs. The details of your quote are below. [Click here](#) to convert your quote to an order.

QUOTE #	QUOTE DATE	QUOTE REFERENCE	CUSTOMER #	GRAND TOTAL
JCFB743	7/12/2017	NIMBLE	11231946	\$117,993.00

QUOTE DETAILS				
ITEM	QTY	CDW#	UNIT PRICE	EXT. PRICE
Nimble Storage Adaptive Flash CS-Series CS1000 - hard drive array Mfg. Part#: C1K-2P-42T-D UNSPSC: 43201802 Contract: Arizona Nimble Storage NVP Computer Equipment (MNWNC-122 ADSPO15-093831)	1	4259347	\$43,000.00	\$43,000.00
Nimble Premium 4-Hour extended service agreement - shipment Mfg. Part#: SLA-4HR UNSPSC: 81111812 Electronic distribution - NO MEDIA Contract: Arizona Nimble Storage NVP Computer Equipment (MNWNC-122 ADSPO15-093831)	1	3453563	\$12,500.00	\$12,500.00
Nimble Storage Adaptive Flash CS-Series CS1000 - hard drive array Mfg. Part#: C1K-2P-42T-D UNSPSC: 43201802 Contract: Arizona Nimble Storage NVP Computer Equipment (MNWNC-122 ADSPO15-093831)	1	4259347	\$43,000.00	\$43,000.00
Nimble Premium 4-Hour extended service agreement - shipment Mfg. Part#: SLA-4HR UNSPSC: 81111812 Electronic distribution - NO MEDIA Contract: Arizona Nimble Storage NVP Computer Equipment (MNWNC-122 ADSPO15-093831)	1	3453563	\$12,500.00	\$12,500.00

PURCHASER BILLING INFO	SUBTOTAL	\$111,000.00
Billing Address: PHOENIX-MESA GATEWAY AIRPORT AUTH ACCOUNTS PAYABLE 5835 S SOSSAMAN RD MESA, AZ 85212-6014 Phone: (480) 988-7619 Payment Terms: Net 30 Days-Govt State/Local	SHIPPING	\$0.00
	SALES TAX	\$6,993.00
	GRAND TOTAL	\$117,993.00
	DELIVER TO Shipping Address: PHOENIX-MESA GATEWAY AIRPORT AUTH SUPPLY 6263 S TAXIWAY CIR MESA, AZ 85212-6399 Shipping Method: DROP SHIP-COMMON CARRIER	



Chris Anderson

|

(877) 570-2643

|

chrande@cdwg.com

This quote is subject to CDW's Terms and Conditions of Sales and Service Projects at <http://www.cdwg.com/content/terms-conditions/product-sales.aspx>
For more information, contact a CDW account manager

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Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Bob Draper, P.E., LEED AP, Engineering & Facilities Director
Through: Scott Brownlee, Deputy Director/COO
J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Taxiway Alpha Reconstruction – Construction Administration Services (CIP 549)
Date: July 18, 2017

Proposed Motion

Approval of Authorization of Services No. 16A-1706 with Dibble Engineering for Construction Administration Services of the Taxiway Alpha Reconstruction Project for a total cost not-to-exceed \$211,742. These fees are broken down into two categories: Base Bid Phase of \$150,007 and Add Alt No. 1 Phase of \$61,735. Final contract amount to be determined by the FAA approval of construction grant amount.

Narrative

Due to the continued commercial aircraft usage and age of the pavement, approximately 3,000 feet of Taxiway Alpha from Taxiway Lima to Taxiway November has deteriorated and has been recommended for major rehabilitation. Dibble Engineering completed the updated design and plans for the reconstruction of these pavements to meet the new current design standards and Dibble Engineering has now been selected to perform limited Construction Administration Phase Services for this project. Major elements of work will include demolition of existing taxiway concrete pavements, and reconstruction of the taxiway with new PCCP, new taxiway electrical, taxiway markings and shoulders.

In 2016 a Request for Qualifications for Engineering Services was issued; Dibble Engineering was one of two firms selected as the most qualified. In accordance with the terms of our agreement, C-2016011-A, Dibble Engineering worked with PMGAA staff to create a Scope of Work for these limited Construction Administration Services. The cost for these services was negotiated based upon the contract fee schedule at a cost not-to-exceed \$211,742; broken down as follows: Base Bid: \$150,007; Add Alt No. 1: \$61,735.

Fiscal Impact

This contract was included in the FY17 capital budget. Pending the FAA and ADOT award of grant, this work will be funded with either \$136,596.37 or \$192,812.27 in FAA grant funds (91.06%), \$6,705.31 or \$9,464.87 in ADOT grant match (4.47%), and \$6,705.31 or \$9,464.87 in Airport grant match funds (4.47%) under CIP 549.

Attachment(s)

Dibble Proposal; AOS



RESOLUTION NO. 17-36

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Authority desires to obtain Construction Administration Services from Dibble Engineering;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby approves Authorization of Services No. 16A-1706 with Dibble Engineering for Construction Administration Services of the Taxiway Alpha Reconstruction Project for a total cost not-to-exceed \$211,742. This resolution also authorizes the Chair or Executive Director/CEO to execute such Agreement, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 18th day of July, 2017.

Jenn Daniels, Vice Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Matthew Wright, Attorney



AUTHORIZATION OF SERVICES
Dibble Engineering, AOS 16A-1706

The signing of this Authorization (Agreement) by Phoenix-Mesa Gateway Airport Authority (PMGAA) and Dibble Engineering, 7878 N. 16th Street, Suite 300, Phoenix, AZ 85020, authorizes Dibble Engineering to carry out and complete the services described below in consideration of the mutual covenants set forth below:

1. **PROJECT:** Taxiway Alpha Reconstruction – Construction Administration Services – CIP 549.
2. **SCOPE OF WORK:** Dibble Engineering to provide limited Construction Administration Services for the Taxiway Alpha Reconstruction at the Phoenix Mesa Gateway Airport. All services are to be performed in accordance with PMGAA Agreement C-2016011-A including the Standard Terms, and the attached detailed Scope-of-Work. Services shall be coordinated with and approved by a PMGAA Authorized Representative prior to start of work.
3. **FEE FOR SERVICES:** The fee for services from Dibble Engineering shall be based upon the attached Scope-of-Work, for the following Time-and-Material (T&M) Not-to-Exceed (NTE) fee of **two hundred eleven thousand, seven hundred forty-two dollars and zero cents (\$211,742)** without the express written approval of PMGAA. *(Delete if not required)* These fees are broken down into two categories: Base Bid in the amount of **one hundred fifty thousand, seven dollars and zero cents (\$150,007)** and Add Alt No. 1 in the amount of **sixty-one thousand, seven hundred thirty-five dollars and zero cents (\$61,735)**. *Alternate language in case only base bid awarded to be inserted above.* **one hundred fifty thousand, seven dollars and zero cents (\$150,007).**
4. **AVAILABILITY OF PROJECT FUNDING:** The approval and continuation of this contract is subject to the availability of funds provided to, made available to, or appropriated by PMGAA for this purpose. In the event that funds are not available or appropriated for PMGAA’s payment requirements under this contract for the goods and/or services to be provided hereunder, PMGAA may terminate this contract by providing notice to the consultant of the lack of the availability of funds. The consultant acknowledges and agrees that one source of funding for this contract may be funds made available from the Federal Aviation Administration and/or Arizona Department of Transportation, and that this contract, its approval and continuation, is contingent on the availability of those funds being made to PMGAA.
5. **INCORPORATED:** The following documents are hereby incorporated with this Authorization of Services and made part thereof:
 - PMGAA Agreement C-2016011-A dated June 21, 2016
6. **ATTACHED:** The following documents are attached to this Agreement and are incorporated herein by this reference made part thereof:
 - Scope and Fee Proposal dated April 26, 2017.

PMGAA and Dibble Engineering acknowledge that they are in agreement with the terms and conditions as set forth in this Authorization.

APPROVED FOR PMGAA:

ACCEPTED FOR DIBBLE ENGINEERING:

By: _____

By: _____

Print: J. Brian O’Neill, A.A.E

Print: _____

Title: Executive Director/CEO

Title: _____

Date: _____

Date: _____



7500 North Dreamy Draw Drive
 Suite 200
 Phoenix, Arizona 85020
 phone 602.957.1155
 fax 602.957.2838
 www.dibblecorp.com

April 26, 2017

Phoenix-Mesa Gateway Airport Authority
 5835 South Sossaman Road
 Mesa, Arizona 85212-0919

Attention: Mr. Bob Draper, P.E. LEED AP
 Engineering and Facilities Director

RE: ENGINEERING SERVICES PROPOSAL
 Construction Administration
 Contract C-201611-A
 Engineering On-Call Task No. 16A-1706
 PMGAA Project No. 549

Taxiway Alpha Reconstruction – Limited Construction Phase Services

We very much appreciate the opportunity to provide construction phase services for the *Taxiway Alpha Reconstruction* project at the Phoenix-Mesa Gateway Airport. Dibble Engineering will perform these services per the attached Scope of Work, for the following Time-and-Material (T&M) Not-To-Exceed (NTE) fees:

A. <u>Construction Phase Services (Base Bid):</u>	
a. Dibble Engineering..... Limited Construction Admin.....	\$56,981
b. Dibble CM.....Construction Inspection.....	\$56,298
c. CR Engineers..... Electrical Inspection.....	\$5,039
d. ACS Services, LLC..... QA Testing.....	\$30,689
e. Speedie and Associates.....Geotech/Pavement Design.....	<u>\$1,000</u>
Total Estimated Fees.....	\$150,007
B. <u>Construction Phase Services (Add Alt No. 1, if awarded):</u>	
a. Dibble Engineering..... Limited Construction Admin.....	\$14,386
b. Dibble CM.....Construction Inspection.....	\$31,318
c. CR Engineers..... Electrical Inspection.....	\$0
d. ACS Services, LLC..... QA Testing.....	<u>\$16,031</u>
Total Estimated Fees.....	\$61,735

With the inclusion of ACS Services and CR Engineers, the proposed DBE percentage on this project is 24.4%, Base Bid and Add Alt No. 1 combined.

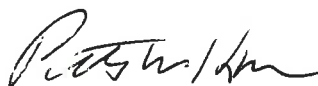
Based on the 100% Engineer’s Estimate, our combined Construction Phase Services proposal is 3.9% of the total estimated cost.

Transmitted herewith is our proposed Scope of Work, Fee Summary, Derivation of Fee Proposal Summary, Estimated Man-hour, Estimated Allowance for Direct Costs, and subconsultant proposals. We are excited for the opportunity to continue to support the development program at the Phoenix-Mesa Gateway Airport on this project. If you need additional information or have questions, please do not hesitate to call.

Sincerely,
Dibble Engineering



Kenneth L. Snyder, PE
Airport Development Principal Engineer



Peter W. Knudson, P.E.
Airport Development Senior Project Manager

Enclosures



SCOPE OF WORK
Contract C-201611-A
Engineering On-Call Task Order No. 16A-1706
Taxiway Alpha Reconstruction CA
PMGAA Project No. 549
Limited Construction Phase Services
Phoenix-Mesa Gateway Airport Authority
Mesa, Arizona



Dibble Engineering (Dibble) shall provide limited construction phase services for the *Taxiway Alpha Reconstruction* project at the Phoenix-Mesa Gateway Airport.

This proposal consists of limited construction phase services as outlined below and is based on the Base Bid reaching Substantial Completion within a 120 Calendar Days with the Add Alt (if awarded) adding 60 additional Calendar Days, for a total of 180 Calendar Days.

This proposal (Dibble and Dibble CM man-hour estimates) is based on the assumption the Contractor will perform his work on a 5 day per week work schedule with limited night shifts, (not to exceed 8 night shifts for the Base Bid and 2 additional nights for Add Alt No. 1).

The following staff are identified for this project (reference the Estimated Manhour for proposed staffing hours):

Project Manager - Peter Knudson
Senior Engineer – Duane Dana
Assistant Engineer – Vicente Solis
Designer – Jose Altamirano
Dibble CM – Rich Adams
CR Engineers – Shane Woodard

1) General:

- a) Project Management and Administration: PMGAA will act as the Construction Administrator for this project. Dibble will provide as-needed project management, coordination, support, and administration necessary to monitor Dibble, Dibble CM, CR and ACS's efforts under this contract.

Dibble will support the Authority with the preparation and submittal of 7460-1 exhibits on the FAA OE/AAA website.

Dibble will also make monthly progress reports, including invoicing, to the Authority in a format acceptable to the Authority.

2) Preconstruction Activities:

- a) Preconstruction Conference: Gateway will conduct, and Dibble will attend, the Preconstruction Conference and provide support and/or coordination of the design documents as needed. PMGAA will prepare and provide the meeting agenda and sign-in sheet, facilitate the meeting, and issue meeting minutes.

- b) Preconstruction Conference Submittal Reviews and Coordination: Dibble will review project submittals required at the Preconstruction Conference as identified in Special Provisions Section 30.03.

3) Construction Administration and Design Support Services:

- a) Weekly Construction Meetings: Dibble's Inspector will attend the weekly construction meetings. PMGAA will facilitate the meetings, and issue meeting minutes. Base Bid is estimated at 17 meetings, with Add Alt No. 1 estimated at an additional 10 meetings. Dibble's Engineer will attend construction meetings on an as-needed basis, estimated at every other week for a total of 8 for the Base Bid and 4 for the Add Alt. No. 1.
- b) Site Visits and Observations: Dibble will provide site visits (on an as-needed basis, estimated at 2 per month for a total of 8 for the base Bid with an additional 4 for Add Alt No. 1) in addition to the inspection/observation performed by Dibble CM to observe the progress of the work and conformance to the contract documents.
- c) Shop Drawing Review and Coordination: Dibble will review and provide a response to construction material and general project submittals as requested, (estimated at approximately 50 submittals and resubmittals).
- d) RFI Review and Coordination: Dibble will coordinate, review and provide a response to construction and general project Requests for Information (RFI), (estimated at approximately 8 total).
- e) ESI Review and Coordination: Dibble will coordinate, review and develop necessary Engineering Supplemental Information (ESI) documents, additional details, or sketches as revisions to the construction specifications and/or plans, (estimated at approximately 4 total).
- f) Change Order Review and Coordination: PMGAA will review Contractor Change Order Requests (COR), and take the lead on coordination and negotiation with the Contractor FAA, and ADOT. Dibble will support as needed including verification of project quantities and costs, (estimated at approximately 2 total).
- g) QA/QC Coordination and Reviews: Dibble will coordinate and review QA/QC actions including scheduling of testing activities, reporting, review of results, and recommendations.
- h) Monthly Payment Application Coordination and Review: Dibble will regularly review and track project quantities in the field and on the Contractor's As-Builts. Dibble will assist PMGAA in coordinating these inspected quantities with the contractor prior to the submittal of monthly payment applications.
- i) Record Drawings: Dibble will review monthly the contractor's As-built drawings for accuracy and completeness.
- j) Certified Payroll Coordination and Review: PMGAA will perform payroll verification (i.e. rates and fringe benefits) through LCP Tracker, including conducting on site interviews.

4) Inspection Services (Dibble CM & CR Engineers)

- a) Part-time inspection: part-time inspection (estimated at approximately half-time during the duration of the activity) will be performed for: closure and barricading, concrete breaking, concrete haul-off, subgrade excavation, placement of electrical equipment, striping and cleanup.
- b) Full-time inspection: full-time inspection will be provided during placement of the paving structural section: lime-treated subgrade, Cement-treated base, PCCP, and shoulder AC.

5) Project Close-Out Activities:

- a) Substantial Completion Walk Inspection: Dibble attend the Substantial Completion Walk.
- b) Final Walk Inspection: Dibble will attend the Pre-Final and Final Completion walk.
- c) Punchlist(s) and Coordination(s): Dibble and CR Engineering will prepare draft Civil and Electrical punchlists at the substantial completion and final walk.
- d) Record Drawings: Dibble will develop and submit Final Record Drawings based on Contractor redlines and field changes issued during construction, including RFI's/ESI's. A Record Drawing submittal will include (1) CD of the electronic (PDF) version of the final Record Drawings, the Contractor's redlines, and final record drawing CAD files conforming to the FAA's EALP/AGIS system. Dibble will also provide (1) 24x36 and (2) 11x17 hard-copy plan sets.
- e) Final Quantities and Change Order Coordination and Review: Dibble will coordinate and review the final project quantities and assist the Authority in the preparation of the Final Construction Change Order.

6) Exclusions:

- a) Contractor's jobsite safety and compliance with all ADOSH and OSHA requirements (Contractor's responsibility).
- b) Construction staking and/or layout services.
- c) Night shifts in excess of 10 nights total.
- d) Certified Payroll verification and reporting.
- e) Change Order coordination and negotiation with Contractor, FAA, and ADOT.
- f) Safety and security coordination with the Contractor (barricades, traffic control, etc.).
- g) Preparation of meeting agendas, facilitation of meetings, and preparation of meeting minutes.
- h) Preparation and submittal of FAA weekly and quarterly reports.
- i) Processing and logging RFI's, submittals, etc to and from the Contractor.
- j) Review, monitoring, and tracking of contractor Davis-Bacon wages and DBE compliance.
- k) Scheduling, coordination, and compiling of punchlists for prefinal, and final inspections.
- l) Coordination, preparation, review and submittal of the Final Construction Report.

Firm: Dibble Engineering
 On-Call Engineering
 Project: **Taxiway Alpha Reconstruction**
Limited Construction Phase Services
 Phoenix-Mesa Gateway Airport Authority
 Date: 05/16/17



Contract Number: C-201611-A
 PMGAA Project Number: 549
 Task Number: 16A-1706
 Amendment Number: NA
 FAA Number: 3-04-0078-039-2017
 ADOT Number: TBD

Fee Summary

Dibble Dibble CM Subconsultants

A. Construction Phase Services - Base Bid

	Fee	Type		
1 Limited Construction Administration (Dibble).....	\$56,981	T&M	\$56,981	
2 Inspection and Observations (Dibble CM).....	\$56,298	T&M		\$56,298
3 Electrical Design Support Services (CR)(DBE).....	\$5,039	T&M		\$5,039
4 Quality Assurance Testing (ACS)(DBE).....	\$30,689	T&M		\$30,689
5 Geotech & Pavement Design (Speedie).....	\$1,000	T&M		\$1,000
Base Bid Subtotal	\$150,007		\$56,981	\$56,298

Subtotal DBE Participation (Base Bid %): 23.8%

B. Construction Phase Services - Add Alt No. 1 (If Awarded)

	Fee	Type		
1 Construction Management (Dibble).....	\$14,386	T&M	\$14,386	
2 Inspection and Observations (Dibble CM).....	\$31,318	T&M		\$31,318
3 Electrical Design Support Services (CR)(DBE).....	\$0	T&M		\$0
4 Quality Assurance Testing (ACS)(DBE).....	\$16,031	T&M		\$16,031
Add Alt No. 1 Subtotal	\$61,735		\$14,386	\$31,318

Subtotal DBE Participation (Add Alt No. 1 %): 26.0%

BASE BID + ADD ALT No. 1 Total	\$211,742		\$71,367	\$87,616
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Total DBE Participation (Combined %): 24.4%
Total Estimated Construction Cost (Combined %) 3.9%

Firm:	Dibble Engineering On-Call Engineering	Contract Number: C-201611-A PMGAA Project Number: 549
PROJECT:	Taxiway Alpha Reconstruction Limited Construction Phase Services Phoenix-Mesa Gateway Airport Authority	Task Number: 16A-1706 Amendment Number: NA FAA Number: 3-04-0078-039-2017
DATE:	5/16/2017	ADOT Number: TBD

DERIVATION OF FEE PROPOSAL SUMMARY - BASE BID

BASIC FEE - BASE BID

Classification	Manhours	Direct Labor Rate	Labor Costs
1 Project Principal (Ken Snyder)	0	\$80.00	\$0.00
2 Project Manager (Peter Knudson)	132	\$60.01	\$7,921.32
3 Senior Engineer (Duane Danna)	152	\$49.55	\$7,531.60
4 Engineer	0	\$43.62	\$0.00
5 Designer	0	\$30.00	\$0.00
6 Assistant Engineer (Vicente Solis)	74	\$31.25	\$2,312.50
7 RLS	0	\$43.99	\$0.00
8 Admin Assistant	0	\$21.01	\$0.00

Total	358 hrs
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a. Total Labor.....	\$17,765.42
b. Overhead at..... 188.00%	\$33,398.99
c. Subtotal Labor + Overhead.....	\$51,164.41
d. Net Fee..... 10% of c.	\$5,116.44
e. Total Basic Fee..... (c + d) (rounded).....	\$56,281.00

ALLOWANCE FOR DIRECT COSTS - BASE BID

(Listed by Item at Actual Cost - NO MARKUP)

Item	Cost
1 Submittal Printing (Dibble).....	\$ 90.00 T&M
2 Mileage (Dibble).....	\$ 610.00 T&M
f. Sub-Total Allowances for Direct Costs.....	\$700.00

ALLOWANCE FOR ADDITIONAL COSTS, OUTSIDE SERVICES & SUBCONSULTANTS

(Listed by Item at Actual Cost - NO MARKUP)

Firm	Cost	Method of Compensation
1 Inspection and Observations (Dibble CM).....	\$ 56,297.93	T&M
2 Electrical Design Support Services (CR)(DBE).....	\$ 5,039.00	T&M
3 Quality Assurance Testing (ACS)(DBE).....	\$ 30,689.45	T&M
4 Geotech & Pavement Design (Speedie).....	\$ 1,000.00	T&M
g. Sub-Total Allowance for Add'l Costs:	\$93,026.38	

TOTAL FEE

h. Total Estimated Cost to Consultant....(e. + f. + g.) (rounded)	\$150,007.38
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Firm: Dibble Engineering
 On-Call Engineering
 PROJECT: **Taxiway Alpha Reconstruction**
Limited Construction Phase Services
 Phoenix-Mesa Gateway Airport Authority
 DATE: 5/16/2017

Contract Number: C-201611-A
 PMGAA Project Number: 549
 Task Number: 16A-1706
 Amendment Number: NA
 FAA Number: 3-04-0078-039-2017
 ADOT Number: TBD

ESTIMATED MANHOURS - BASE BID

TASK	PROJECT PRINCIPAL	PROJECT MANAGER	SENIOR ENGINEER	PROJECT ENGINEER	DESIGNER	ASSISTANT ENGINEER	LAND SURVEY MANAGER	ADMIN ASSISTANT	TOTAL HOURS
1 GENERAL									
1a Project Management and Administration		17	8						25
2 PRECONSTRUCTION ACTIVITIES									
2a Pre-Construction Conference		4	4						8
2b Pre-Con Submittal Reviews and Coordination		10	16						26
3 CONSTRUCTION ADMINISTRATION & DESIGN SUPPORT SERVICES									
3a Weekly Construction Meetings (8)		16	8						24
3b Site Visits and Observations		24	12						36
3c Shop Drawing Review and Coordination (50)		10	56						66
3d RFI Review and Coordination (8)		4	8			4			16
3e ESI Review and Coordination (2)		2	12			12			26
3f Change Order Review & Coordination (2)		4	4						8
3g QA/QC Coordination and Reviews		17	8						25
3h Monthly As-Built Review		10	8						18
4 PROJECT CLOSE-OUT ACTIVITIES									
4a Substantial Completion Walk Inspection		4							4
4b Final Walk Inspection		4							4
4c Final Construction Report and Coordination						8			8
4d Record Drawings		6	8		0	50			64
TOTALS	0	132	152	0	0	74	0	0	358

Firm:	Dibble Engineering On-Call Engineering	Contract Number: C-201611-A PMGAA Project Number: 549
PROJECT:	Taxiway Alpha Reconstruction Limited Construction Phase Services Phoenix-Mesa Gateway Airport Authority	Task Number: 16A-1706 Amendment Number: NA FAA Number: 3-04-0078-039-2017
DATE:	5/16/2017	ADOT Number: TBD

ESTIMATED ALLOWANCE FOR DIRECT COSTS - BASE BID

1. Reproduction

Miscellaneous Check Printing is included in operational overhead.

a. 1 Submittals of 30 sheets = 30 Sheets @ \$1.50 /sheet \$90.00
(2 Copies Full-Size Bond Plans)

Total \$90.00

USE \$90.00

2. Mileage

a. 17 Trips @ 80 Miles @ \$0.445 \$605

USE \$610

EXPENSE TOTAL \$ 700.00

Firm:	Dibble Engineering On-Call Engineering	Contract Number: C-201611-A PMGAA Project Number: 549
PROJECT:	Taxiway Alpha Reconstruction Limited Construction Phase Services Phoenix-Mesa Gateway Airport Authority	Task Number: 16A-1706 Amendment Number: NA FAA Number: 3-04-0078-039-2017
DATE:	5/16/2017	ADOT Number: TBD

DERIVATION OF FEE PROPOSAL SUMMARY - ADD ALT No. 1

BASIC FEE					
Classification		Manhours	Direct Labor Rate	Labor Costs	
1	Project Principal (Ken Snyder)	0	\$80.00	\$0.00	
2	Project Manager (Peter Knudson)	48	\$60.01	\$2,880.48	
3	Senior Engineer (Duane Danna)	17	\$49.55	\$842.35	
4	Engineer	0	\$43.62	\$0.00	
5	Designer (Jose Altamirano)	19	\$30.00	\$570.00	
6	Assistant Engineer (Vicente Solis)	4	\$31.25	\$125.00	
7	RLS	0	\$43.99	\$0.00	
8	Admin Assistant	0	\$21.01	\$0.00	
Total		88 hrs			

a. Total Labor.....		\$4,417.83
b. Overhead at.....	188.00%	\$8,305.52
c. Subtotal Labor + Overhead.....		\$12,723.35
d. Net Fee.....	10% of c.	\$1,272.34
e. Total Basic Fee.....	(c + d) (rounded).....	\$13,996.00

ALLOWANCE FOR DIRECT COSTS - ADD ALT No. 1

(Listed by Item at Actual Cost - NO MARKUP)

Item	Cost	
1 Submittal Printing (Dibble).....	\$ 30.00	T&M
2 Mileage (Dibble).....	\$ 360.00	T&M
f. Sub-Total Allowances for Direct Costs.....		\$390.00

ALLOWANCE FOR ADDITIONAL COSTS, OUTSIDE SERVICES & SUBCONSULTANTS

(Listed by Item at Actual Cost - NO MARKUP)

Firm	Cost	Method of Compensation
1 Inspection and Observations (Dibble CM).....	\$ 31,318.06	T&M
2 Electrical Design Support Services (CR)(DBE).....	\$ 0.00	T&M
3 Quality Assurance Testing (ACS)(DBE).....	\$ 16,030.95	T&M

g. Sub-Total Allowance for Add'l Costs: \$47,349.01

TOTAL FEE

h. Total Estimated Cost to Consultant....(e. + f. + g.) (rounded)	\$61,735.01
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Firm: Dibble Engineering
On-Call Engineering
PROJECT: **Taxiway Alpha Reconstruction**
Limited Construction Phase Services
Phoenix-Mesa Gateway Airport Authority
DATE: 5/16/2017

Contract Number: C-201611-A
PMGAA Project Number: 549
Task Number: 16A-1706
Amendment Number: NA
FAA Number: 3-04-0078-039-2017
ADOT Number: TBD

ESTIMATED MANHOURS - ADD ALT No. 1

TASK	PROJECT PRINCIPAL	PROJECT MANAGER	SENIOR ENGINEER	PROJECT ENGINEER	DESIGNER	ASSISTANT ENGINEER	LAND SURVEY MANAGER	ADMIN ASSISTANT	TOTAL HOURS
1 GENERAL									
1a Project Management and Administration		9							9
2 PRECONSTRUCTION ACTIVITIES									
2a Pre-Construction Conference									0
2b Pre-Con Submittal Reviews and Coordination									0
3 CONSTRUCTION ADMINISTRATION & DESIGN SUPPORT SERVICES									
3a Weekly Construction Meetings (4)		8	4						12
3b Site Visits and Observations		12	6						18
3c Shop Drawing Review and Coordination									0
3d RFI Review and Coordination									0
3e ESI Review and Coordination(1)		1	1		4				6
3f Change Order Review & Coordination (1)		4	2						6
3g DBE Compliance and Coordination									0
3h QA/QC Coordination and Reviews		9							9
3i Monthly As-Built Review		4	2						6
4 PROJECT CLOSE-OUT ACTIVITIES									
4a Substantial Completion Walk Inspection									0
4b Final Walk Inspection									0
4c Punchlist(s) and Coordination									0
4d Record Drawings		1	2		15	4			22
TOTALS	0	48	17	0	19	4	0	0	88

Firm:	Dibble Engineering On-Call Engineering	Contract Number: C-201611-A
PROJECT:	Taxiway Alpha Reconstruction Limited Construction Phase Services Phoenix-Mesa Gateway Airport Authority	PMGAA Project Number: 549 Task Number: 16A-1706 Amendment Number: NA
DATE:	5/16/2017	FAA Number: 3-04-0078-039-2017 ADOT Number: TBD

ESTIMATED ALLOWANCE FOR DIRECT COSTS - ADD ALT No. 1

1. Reproduction

Miscellaneous Check Printing is included in operational overhead.

a. 1 Submittals of 10 sheets = 10 Sheets @ \$1.50 /sheet \$30.00
(2 Copies Full-Size Bond Plans)

Total \$30.00

USE \$30.00

2. Mileage

a. 10 Trips @ 80 Miles @ \$0.445 \$356

USE \$360

EXPENSE TOTAL \$ 390.00



April 24, 2017

Dibble Engineering
7500 N. Dreamy Draw Drive, Ste. 200
Phoenix, AZ 85020

Attn: Mr. Peter Knudson

Re: Phoenix Mesa Gateway Airport
Taxiway Alpha
Proposal for Inspection Services

Dear Mr. Knudson

Dibble CM is pleased to provide inspection services for this project as described below:

Dibble CM will provide the following inspection services:

- Furnish one field technician for the purposes of providing construction inspection and surveillance of the Contractor’s work. Prepare a written daily report of activities and observations.
- Measure and document pay quantities on a daily basis.
- Monitor Contractor’s Quality Control field testing, review materials test reports, and notify the Contractor of deficiencies in the work as indicated in the tests and reports.

Dibble CM will provide the following close-out services:

- Schedule and conduct a pre-final walk-through for each phase with the Contractor and Engineer and prepare a punch for the Contractor’s use prior to the final project walk-through for each phase.
- Conduct a final project walk-through with the Contractor, Engineer, and Owner when appropriate.
- Verify final quantities, and make recommendation to the Owner for final payment.
- Review Contractor red line drawings.

Fee

Summary of fees are below. Detailed breakout is on Exhibit “B”, attached:

Base Bid	\$	56,297.93
Alternate Bid	\$	31,318.06
Total	\$	<u>87,615.99</u>

Thank you for the opportunity to submit our inspection services proposal for this project.

Respectfully,

KC Brandon

KC Brandon
President
Dibble CM

Client: Dibble Engineering
 Contact: Peter Knudson
 Project: PMGAA
 Taxiway A

EXHIBIT "B"
Staff Hours and Fee Proposal



Dibble CM Staff Hours and Fee By Task

		Contract Billing Rate			\$ 31.50	\$ 31.50		
	Task			Senior Inspector	Sen. Insp. Nights	Total Task Hours	Total Task Fee	
	Construction Inspection Services - Base Bid			520	60	580	\$ 18,270.00	
	Construction surveillance							
	Project documentation							
	Quantity verification							
	Schedule tracking							
	As-built drawing review							
	Pay application review							
	Quality Assurance coordination							
	Construction Inspection Services - Alternate Bid			300	20	320	\$ 10,080.00	
	Construction surveillance							
	Project documentation							
	Quantity verification							
	Schedule tracking							
	As-built drawing review							
	Pay application review							
	Quality Assurance coordination							
	Project Close Out Services			40		40	\$ 1,260.00	
	Pre-final walk through and punch list							
	Final walk through							
	Final pay application review							
	Prepare close-out documentation							
	Review Contractor Red Line Drawings							
	Total Hours			860	80	940		
	Total Labor	\$ -	\$ -	\$ 27,090.00	\$ 2,520.00		\$ 29,610.00	

Fee Summary - Base Bid

Dibble CM Labor	\$ 19,026.00
Overhead - 1.69	\$ 32,153.94
Profit - 10%	\$ 5,117.99
TOTAL FEE	\$ 56,297.93

Fee Summary - Alternate Bid

Dibble CM Labor	\$ 10,584.00
Overhead - 1.69	\$ 17,886.96
Profit - 10%	\$ 2,847.10
TOTAL FEE	\$31,318.06

- Base fee is based on 9 weeks of full-time inspections and 8 weeks of half-time inspections.
- Alternate fee if based on 5 weeks of full-time inspections and 5 weeks of half-time inspections.
- Fee includes time for a second-shift inspector to accommodate night placement of PCCP.
- Overtime for weeks worked over 40 hours will be charged at 1.5 times the contract billing rate.
- Any overtime must be approved in advance by the Client.



April 18, 2017

Dibble Engineering
7500 North Dreamy Draw Drive, Suite 200
Phoenix, Arizona 85020-4669

Attn.: Mr. Ken Snyder, P.E.

Re: Project Name: PMGAA Taxiway A South Reconstruction – CA Services
CRE Proposal No.: 16081SDC

Mr. Snyder,

We are pleased to present our proposal in the listed attachments below.

Scope of Work: See attached Exhibit A.

Fee Proposal: See attached Exhibit B.

This proposal will be valid for the next ninety (90) days, and we reserve the right to renegotiate it if it has not been accepted within that period. Should conditions of the work change so as to materially affect the level of effort or the time required, then equitable adjustments to fee and schedule will be made. Consultant will notify Client when a changed condition becomes apparent. Failure of Client to provide a timely and equitable adjustment is cause for termination by Consultant. The attached Terms & Conditions are a part of this proposal. Please feel free to call if you need to discuss them.

We will bill you for services rendered to date. Payment will be due within thirty (30) days of billing date.

Please do not hesitate to call if you have any questions.

Sincerely yours,

CR ENGINEERS, INC.

A handwritten signature in black ink, appearing to read 'Catherine Alcorn', written over the printed name.

Catherine Alcorn, P.E.
President

Q:\Proposals\16000\16081 PMGAA Taxiway A South Reconstruction\16081 Proposal.docx

**EXHIBIT A - SCOPE OF WORK
CONSTRUCTION ADMINISTRATION SERVICES**

**PHX/MESA GATEWAY AIRPORT
TAXIWAY A RECONSTRUCTION – CA SERVICES
No. 549**

Prepared by CR Engineers, Inc.
APRIL 18, 2017

CR Engineers shall provide electrical construction phase services for the Taxiway A Reconstruction project at Phoenix Mesa Gateway Airport.

CR Engineers shall provide the following specific services for this project:

A. Construction Administration and Design Support Services:

1. Shop Drawing Review and Coordination: CR Engineers will review and provide a response to electrical project submittals as requested, (estimated at approximately 1 submittal).
2. RFI Review and ESI Development: CR Engineers will review and provide responses to electrical construction and technical project Requests for Information (RFI), estimated at approximately 3 RFIs .
3. Provide periodic construction observation and inspections services estimated at approximately 6 visits.

B. Project Close-Out Activities:

1. Record Drawings: CR will develop the final Electrical Record Drawings based on Contractor redlines and field changes issued during construction, including RFI's/ESI's.

Project Name: Phx/Mesa Gateway Airport - Taxiway A Reconstruction - CA
Project No.: WGAA Project No. 549
Date: 04/18/17
CRE Proposal No.: 16081SDC

FEES

Overhead Rate: 150 %
Profit Margin: 10 %

1.0 Services During Construction Fees \$5,039

Total Fees **\$5,039**

Project Name: Phx/Mesa Gateway Airport - Taxiway A Reconstruction - CA

Project No.: WGAA Project No. 549

Date: 04/18/17

CRE Proposal No.: 16081SDC

Task Description	Quantity	Project Manager, PE	Senior Designer	Sen. Field Inspector	CADD Manager	Project Assistant	Total Hours
1.1 Phase II - Construction							
1.1.1 Submittal/Shop Dwg Review	1	1.0		4.0		1.0	6.0
1.1.2 RFI Responses /ESI	3	2.0		5.0	1.0	3.0	11.0
1.1.3 Site Observations	6			30.0		3.0	33.0
1.2 Phase III - Postconstruction							
1.2 Final Review of As-Built / Record Drawings		1.0		2.0	3.0	1.0	7.0
1.0 Totals		4.0	0.0	41.0	4.0	8.0	57.0

Overhead Rate

Profit Margin

150 %

10 %

Labor Rates Per Hour:	\$55.58	\$33.50	\$33.11	\$27.26	\$17.92	
Direct Labor:	\$222	\$0	\$1,358	\$109	\$143	
Overhead:	\$333	\$0	\$2,036	\$164	\$215	
Overhead + Direct Lab:	\$556	\$0	\$3,394	\$273	\$358	
(OH + Direct) x Profit:	\$56	\$0	\$339	\$27	\$36	
1.0 Total Fees	\$611	\$0	\$3,733	\$300	\$394	\$5,039

ACS SERVICES LLC

Geotechnical Engineering, Construction Material Testing, Special Inspections
DBE - WBE - SBE

Date: April 20, 2017

Dibble Engineering

Attn: Peter W. Knudson, PE
7500 North Dreamy Draw Drive, Suite 200
Phoenix, Arizona 85020

Phone: (602) 957-1155 Fax: (602) 529-3705 Email: peter.knudson@dibblecorp.com

Subject: PMGAA - Taxiway Alpha Reconstruction - Base Bid

Proposal No.: 1720131

ACS Service LLC is pleased to present the following proposal to conduct Quality Control Materials Testing Services at the subject site. Our fee estimate for this project is based on the lab testing quantities calculated directly from plan quantities and testing frequency required in the specifications. ACS looks forward to the opportunity of working with you.

Our Contact Information: 2235 West Broadway Road, Mesa, Arizona 85202
Office: (480) 968-0190 Fax: (480) 968-0156
Estimator: Sean Mayfield - sean@acsservicesllc.com

Estimate Includes:

- A. Fee for technician includes: portal to portal technician time and field testing equipment.
- B. Standard Contractor Quality Control testing typical of related projects, excluding those items listed below.
- C. This quote is based on 2 hour minimum technician charge per trip. Overtime will be billed at a 1.5 multiplier of normal hourly rate for weekends, holidays, and over 40 hours in a week.
- D. Laboratory testing is based on per test pricing.

Estimate Excludes:

- E. Accelerated construction schedule and unforeseen conditions such as weather, stand by delays, re-testing, repairs, schedule changes, project sequencing, customer requests, change orders, etc.
- F. Process control testing on the production of mineral aggregates, concrete aggregates, and additional other construction materials is the responsibility of the respective material suppliers.
- G. Other testing/services: concrete and asphalt prequalification mix design; batch plant/precast plant inspections; environmental testing.
- H. Soil Cement Mix Design, Lime Subgrade Mix Design, Soil Cement Field Prepared Compression Pills,

Based upon the estimated schedule, materials quantities and specified testing requirements, the estimated cost for conducting our services is:

\$30,689.45

A breakdown of this pricing is attached.

Actual Cost based on Time and Materials and unit pricing

Pricing Breakdown



Item: P-152

Direct Labor

Description	Qty	Unit	Rate/Unit	Total
Field Technician	10	Hour	\$60.50	\$605.00
Project Manager	1	Hour	\$84.70	\$84.70
Administration/clerical	1	Hour	\$36.30	\$36.30
Trip Charge	3	Trip	\$60.00	\$180.00

Laboratory

Description	Qty	Unit	Rate/Unit	Total
Proctor, Standard Compaction Test - Native	1	Each	\$125.00	\$125.00
Estimated Sub Total				\$1,031.00

Item: P-155

Direct Labor

Description	Qty	Unit	Rate/Unit	Total
Field Technician	33	Hour	\$60.50	\$1,996.50
Project Manager	2	Hour	\$84.70	\$169.40
Administration/clerical	5	Hour	\$36.30	\$181.50
Trip Charge	11	Trip	\$60.00	\$660.00

Laboratory

Description	Qty	Unit	Rate/Unit	Total
Proctor, Modified Compaction Test - Lime Treated Native	1	Each	\$125.00	\$125.00
Plasticity Index, Liquid and Plastic Limits	2	Each	\$55.00	\$110.00
pH of Soils	2	Each	\$40.00	\$80.00
Estimated Sub Total				\$3,322.40

Pricing Breakdown



Item: P-209

Direct Labor

Description	Qty	Unit	Rate/Unit	Total
Field Technician	21	Hour	\$60.50	\$1,270.50
Project Manager	1.5	Hour	\$84.70	\$127.05
Administration/clerical	3	Hour	\$36.30	\$108.90
Trip Charge	6	Trip	\$60.00	\$360.00

Laboratory

Description	Qty	Unit	Rate/Unit	Total
Proctor, Modified Compaction Test - Crushed Aggregate	1	Each	\$125.00	\$125.00
Sieve Analysis Fine and Coarse Aggregate, Gradation	1	Each	\$55.00	\$55.00
Plasticity Index, Liquid and Plastic Limits, Wet Prep.	1	Each	\$65.00	\$65.00
Specific Gravity Coarse Aggregates	1	Each	\$65.00	\$65.00

Estimated Sub Total \$2,176.45

Item: P-304

Direct Labor

Description	Qty	Unit	Rate/Unit	Total
Field Technician	33	Hour	\$60.50	\$1,996.50
Project Manager	2	Hour	\$84.70	\$169.40
Administration/clerical	5	Hour	\$36.30	\$181.50
Trip Charge	11	Trip	\$60.00	\$660.00

Laboratory

Description	Qty	Unit	Rate/Unit	Total
Proctor, Modified Compaction Test - Cement Aggregate	1	Each	\$125.00	\$125.00
Sieve Analysis Fine and Coarse Aggregate, Gradation	2	Each	\$55.00	\$110.00
Plasticity Index, Liquid and Plastic Limits, Wet Prep.	2	Each	\$65.00	\$130.00

Estimated Sub Total \$3,372.40

Item: P-403

Direct Labor

Description	Qty	Unit	Rate/Unit	Total
Field Technician	54	Hour	\$60.50	\$3,267.00
Project Manager	1	Hour	\$84.70	\$84.70
Administration/clerical	3	Hour	\$36.30	\$108.90
Trip Charge	6	Trip	\$60.00	\$360.00

Laboratory

Description	Qty	Unit	Rate/Unit	Total
Marshall Density	22	Each	\$90.00	\$1,980.00
Theoretical Max Density (rice)	22	Each	\$95.00	\$2,090.00
Sieve Analysis	22	Each	\$55.00	\$1,210.00
% Oil Content	22	Each	\$55.00	\$1,210.00

Ignition Oven Calibration	2	Each	\$300.00	\$600.00
Stab & Flow	22	Each	\$25.00	\$550.00
Thickness & Density	88	Each	\$20.00	\$1,760.00
Estimated Sub Total				\$13,220.60

Item: P-501

Direct Labor

Description	Qty	Unit	Rate/Unit	Total
Field Technician	64	Hour	\$60.50	\$3,872.00
Project Manager	2	Hour	\$84.70	\$169.40
Administration/clerical	4	Hour	\$36.30	\$145.20
Trip Charge	8	Trip	\$60.00	\$480.00
Field Technician - Observation of Breaks	40	Hour	\$60.50	\$2,420.00
Trip Charge	8	Trip	\$60.00	\$480.00

Laboratory

Description	Qty	Unit	Rate/Unit	Total
Concrete Flexual Strength (2 Beams)	64	Set	\$0.00	\$0.00
Estimated Sub Total				\$7,566.60



While ACS Services LLC strives to do work in a non invasive manner, we cannot accept liability for work done at the request of the Customer under circumstances beyond our knowledge and/or control. Customer shall indemnify, defend, save and hold harmless ACS Services LLC dba ACS Engineering Group and their respective officers, directors, officials, agents, and employees (hereinafter referred to as "Indemnatee") from and against any and all claims, actions, liabilities, damages, losses, or expenses (including court costs, attorneys' fees, and costs of claim processing, investigation and litigation) (hereinafter referred to as "Claims") for bodily injury or personal injury (including death), or loss or damage to tangible or intangible property caused, or alleged to be caused, in whole or in part during or from work performed by ACS Services LLC.

This indemnity includes any claim or amount arising out of or recovered under the Workers' Compensation Law or arising out of the failure of such Customer to conform to any federal, state or local law, statute, ordinance, rule, regulation or court decree. It is the specific intention of the parties that the Indemnatee shall, in all instances, except for Claims arising solely from the negligent or willful acts or omissions of the Indemnatee, be indemnified by Customer from and against any and all Claims. It is agreed that Customer will be responsible for primary loss investigation, defense and judgment costs where this indemnification is applicable.

These General Conditions are an integral part of this proposal and are incorporated herein.

Please contact ACS Services LLC if you have any questions.

Respectfully Submitted,
ACS Services LLC

Sean M. Mayfield
Material Testing Manager

Client acknowledges acceptance of this estimate and Terms and Conditions by signing below and returning, faxing or emailing the signed proposal to ACS Services LLC.

Authorized Signature: _____ Date

Print Name: _____

Title: _____

Firm: _____

ACS SERVICES LLC

Geotechnical Engineering, Construction Material Testing, Special Inspections
DBE - WBE - SBE

Date: April 20, 2017

Dibble Engineering

Attn: Peter W. Knudson, PE
7500 North Dreamy Draw Drive, Suite 200
Phoenix, Arizona 85020

Phone: (602) 957-1155 Fax: (602) 529-3705 Email: peter.knudson@dibblecorp.com

Subject: PMGAA - Taxiway Alpha Reconstruction - Alternate

Proposal No.: 1720131

ACS Service LLC is pleased to present the following proposal to conduct Quality Control Materials Testing Services at the subject site. Our fee estimate for this project is based on the lab testing quantities calculated directly from plan quantities and testing frequency required in the specifications. ACS looks forward to the opportunity of working with you.

Our Contact Information: 2235 West Broadway Road, Mesa, Arizona 85202
Office: (480) 968-0190 Fax: (480) 968-0156
Estimator: Sean Mayfield - sean@acsservicesllc.com

Estimate Includes:

- A. Fee for technician includes: portal to portal technician time and field testing equipment.
- B. Standard Contractor Quality Control testing typical of related projects, excluding those items listed below.
- C. This quote is based on 2 hour minimum technician charge per trip. Overtime will be billed at a 1.5 multiplier of normal hourly rate for weekends, holidays, and over 40 hours in a week.
- D. Laboratory testing is based on per test pricing.

Estimate Excludes:

- E. Accelerated construction schedule and unforeseen conditions such as weather, stand by delays, re-testing, repairs, schedule changes, project sequencing, customer requests, change orders, etc.
- F. Process control testing on the production of mineral aggregates, concrete aggregates, and additional other construction materials is the responsibility of the respective material suppliers.
- G. Other testing/services: concrete and asphalt prequalification mix design; batch plant/precast plant inspections; environmental testing.
- H. Soil Cement Mix Design, Lime Subgrade Mix Design, Soil Cement Field Prepared Compression Pills, Lime Subgrade

Based upon the estimated schedule, materials quantities and specified testing requirements, the estimated cost for conducting our services is:

\$16,030.95

A breakdown of this pricing is attached.

Actual Cost based on Time and Materials and unit pricing

Pricing Breakdown



Item: P-152

Direct Labor

Description	Qty	Unit	Rate/Unit	Total
Field Technician	10	Hour	\$60.50	\$605.00
Project Manager	1	Hour	\$84.70	\$84.70
Administration/clerical	1	Hour	\$36.30	\$36.30
Trip Charge	3	Trip	\$60.00	\$180.00

Laboratory

Description	Qty	Unit	Rate/Unit	Total
Proctor, Standard Compaction Test - Native	1	Each	\$125.00	\$125.00
Estimated Sub Total				\$1,031.00

Item: P-155

Direct Labor

Description	Qty	Unit	Rate/Unit	Total
Field Technician	24	Hour	\$60.50	\$1,452.00
Project Manager	2	Hour	\$84.70	\$169.40
Administration/clerical	4	Hour	\$36.30	\$145.20
Trip Charge	8	Trip	\$60.00	\$480.00

Laboratory

Description	Qty	Unit	Rate/Unit	Total
Proctor, Modified Compaction Test - Lime Treated Native	1	Each	\$125.00	\$125.00
Plasticity Index, Liquid and Plastic Limits	2	Each	\$55.00	\$110.00
pH of Soils	2	Each	\$40.00	\$80.00
Estimated Sub Total				\$2,561.60

Pricing Breakdown



Item: P-209

Direct Labor

Description	Qty	Unit	Rate/Unit	Total
Field Technician	14	Hour	\$60.50	\$847.00
Project Manager	0.5	Hour	\$84.70	\$42.35
Administration/clerical	1.5	Hour	\$36.30	\$54.45
Trip Charge	3	Trip	\$60.00	\$180.00

Laboratory

Description	Qty	Unit	Rate/Unit	Total
Proctor, Modified Compaction Test - Creushed Aggregate	1	Each	\$125.00	\$125.00
Sieve Analysis Fine and Coarse Aggregate, Gradation	1	Each	\$55.00	\$55.00
Plasticity Index, Liquid and Plastic Limits, Wet Prep.	1	Each	\$65.00	\$65.00
Specific Gravity Coarse Aggregates	1	Each	\$65.00	\$65.00
Estimated Sub Total				\$1,433.80

Item: P-304

Direct Labor

Description	Qty	Unit	Rate/Unit	Total
Field Technician	24	Hour	\$60.50	\$1,452.00
Project Manager	2	Hour	\$84.70	\$169.40
Administration/clerical	4	Hour	\$36.30	\$145.20
Trip Charge	8	Trip	\$60.00	\$480.00

Laboratory

Description	Qty	Unit	Rate/Unit	Total
Proctor, Modified Compaction Test - Cement Aggregate	1	Each	\$125.00	\$125.00
Sieve Analysis Fine and Coarse Aggregate, Gradation	1	Each	\$55.00	\$55.00
Plasticity Index, Liquid and Plastic Limits, Wet Prep.	1	Each	\$65.00	\$65.00
Estimated Sub Total				\$2,491.60

Item: P-403

Direct Labor

Description	Qty	Unit	Rate/Unit	Total
Field Technician	18	Hour	\$60.50	\$1,089.00
Project Manager	0.5	Hour	\$84.70	\$42.35
Administration/clerical	1	Hour	\$36.30	\$36.30
Trip Charge	2	Trip	\$60.00	\$120.00

Laboratory

Description	Qty	Unit	Rate/Unit	Total
Marhall Density	8	Each	\$90.00	\$720.00
Theoretical Max Density (rice)	8	Each	\$95.00	\$760.00
Sieve Analysis	8	Each	\$55.00	\$440.00
% Oil Content	8	Each	\$55.00	\$440.00

Ignition Oven Calibration	0	Each	\$300.00	\$0.00
Stab & Flow	8	Each	\$25.00	\$200.00
Thickness & Density	32	Each	\$20.00	\$640.00
Estimated Sub Total				\$4,487.65

Item: P-501

Direct Labor

Description	Qty	Unit	Rate/Unit	Total
Field Technician	32	Hour	\$60.50	\$1,936.00
Project Manager	1	Hour	\$84.70	\$84.70
Administration/clerical	2	Hour	\$36.30	\$72.60
Trip Charge	4	Trip	\$60.00	\$240.00
Field Technician - Observation of Breaks	24	Hour	\$60.50	\$1,452.00
Trip Charge	4	Trip	\$60.00	\$240.00

Laboratory

Description	Qty	Unit	Rate/Unit	Total
Concrete Flexual Strength (2 Beams)	64	Set	\$0.00	\$0.00
Estimated Sub Total				\$4,025.30



While ACS Services LLC strives to do work in a non invasive manner, we cannot accept liability for work done at the request of the Customer under circumstances beyond our knowledge and/or control. Customer shall indemnify, defend, save and hold harmless ACS Services LLC dba ACS Engineering Group and their respective officers, directors, officials, agents, and employees (hereinafter referred to as "Indemnitee") from and against any and all claims, actions, liabilities, damages, losses, or expenses (including court costs, attorneys' fees, and costs of claim processing, investigation and litigation) (hereinafter referred to as "Claims") for bodily injury or personal injury (including death), or loss or damage to tangible or intangible property caused, or alleged to be caused, in whole or in part during or from work performed by ACS Services LLC.

This indemnity includes any claim or amount arising out of or recovered under the Workers' Compensation Law or arising out of the failure of such Customer to conform to any federal, state or local law, statute, ordinance, rule, regulation or court decree. It is the specific intention of the parties that the Indemnitee shall, in all instances, except for Claims arising solely from the negligent or willful acts or omissions of the Indemnitee, be indemnified by Customer from and against any and all Claims. It is agreed that Customer will be responsible for primary loss investigation, defense and judgment costs where this indemnification is applicable.

These General Conditions are an integral part of this proposal and are incorporated herein.

Please contact ACS Services LLC if you have any questions.

Respectfully Submitted,
ACS Services LLC

Sean M. Mayfield
Material Testing Manager

Client acknowledges acceptance of this estimate and Terms and Conditions by signing below and returning, faxing or emailing the signed proposal to ACS Services LLC.

Authorized Signature: _____ Date

Print Name: _____

Title: _____

Firm: _____



Phoenix-Mesa Gateway Airport Authority
 5835 S Sossaman Road
 Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Bob Draper, P.E., LEED AP, Engineering & Facilities Director
Through: Scott Brownlee, Deputy Director/COO
 J. Brian O’Neill, A.A.E., Executive Director/CEO
Subject: Taxiway Alpha Reconstruction – Construction Contract w/Nesbitt Contracting Co.
Date: July 18, 2017

Proposed Motion

To authorize a Construction Contract for Taxiway Alpha Reconstruction, with Nesbitt Contracting Company, Incorporated for a total cost not-to-exceed \$4,378,548.96. This fee is broken down into two categories: Base Bid \$2,695,656.56 and Add Alt No. 1 \$1,682,892.40. Final contract amount to be determined by the FAA approval of the construction grant amount.

Narrative

Due to the continued commercial aircraft usage and age of the pavement, approximately 3,000 feet of Taxiway Alpha from Taxiway Lima to Taxiway November has deteriorated and has been recommended for major rehabilitation. The Taxiway Alpha Reconstruction project’s major elements of work will include demolition of existing taxiway concrete pavements, and reconstruction of the taxiway with new PCCP, new taxiway electrical, taxiway markings and shoulders.

The Invitation to Bid No. 2017-021 for the Taxiway Alpha Reconstruction (PMGAA CIP 549) project was issued on April 13, 2017 and advertised in the Arizona Business Gazette on April 13, 20, 27 and May 4, 2017; and posted on the Phoenix-Mesa Gateway Airport Authority website on April 18, 2017. An email notification was sent to interested vendors on April 18, 2017 and it was also Externally Posted on the AzAA, ACI and SWAAAE websites. The bid opening was held on May 18, 2017 and eight (8) bids were received:

Company	Base Bid	Add Alt No. 1	Grant Total
1. J. Banicki Construction	\$2,938,998.82	\$1,850,098.48	\$4,789,097.30
2. CCSW A Joint Venture	\$3,222,957.58	\$2,029,563.10	\$5,252,520.67
3. Coffman Specialties, Inc.	\$3,439,590.96	\$1,865,797.63	\$5,305,388.59
4. CSW Contractors, Inc.	\$3,377,410.07	\$2,172,391.34	\$5,549,801.41
5. FNF Construction, Inc. \$	3,190,656.29	\$2,100,883.68	\$5,291,539.97
6. Kiewit Infrastructure West Co.	\$3,369,185.12	\$2,041,129.35	\$5,410,314.47
7. Nesbitt Contracting Co., Inc.	\$2,695,656.56	\$1,682,892.40	\$4,378,548.96
8. Pulice Construction, Inc.	\$3,379,931.05	\$1,900,461.22	\$5,280,392.27

Fiscal Impact

This contract was included in the FY17 capital budget. Pending the FAA and ADOT award of grant, this work will be funded with either \$2,454,664.86 or \$3,987,106.68 in FAA grant funds (91.06%), \$120,495.85 or \$195,721.14 in ADOT grant match funds (4.47%), and \$120,495.85 or \$195,721.14 in Airport grant match funds (4.47%) under CIP 549.

Attachment(s)

Construction Contract; Summary of Bids



RESOLUTION NO. 17-37

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Authority desires to enter into a contract with Nesbitt Contracting Company, Inc.;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes a Construction Contract for Taxiway Alpha Reconstruction, with Nesbitt Contracting Company, Incorporated for a total cost not-to-exceed \$4,378,548.96. This resolution also authorizes the Chair or Executive Director/CEO to execute such Contract, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 18th day of July, 2017.

Jenn Daniels, Vice Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Matthew Wright, Attorney

CONSTRUCTION CONTRACT

A. EFFECTIVE DATE:

This Contract is entered into by and between the Owner and the Contractor for construction of the Project and shall be effective as of _____, 2017.

B. OWNER:

PHOENIX-MESA GATEWAY AIRPORT AUTHORITY, a joint powers airport authority authorized by the State of Arizona
5835 South Sossaman Road
Mesa, Arizona 85212-6014
Phone: 480.988.7600
Fax: 480.988.7641

C. CONTRACTOR:

Nesbitt Contracting Co. Inc.
100 S. Price Road
Tempe, AZ 85281
480-423-7600

D. DESIGN ENGINEER:

Dibble Engineering
7500 North Dreamy Draw Drive, Suite 200
Phoenix, Arizona 85020-4669
Phone: 602.957.1155
Fax: 602.957.2838

RESIDENT ENGINEER

Dibble Engineering
7500 North Dreamy Draw Drive, Suite 200
Phoenix, Arizona 85020-4669
Phone: 602.957.1155
Fax: 602.957.2838

E. PROJECT:

TAXIWAY ALPHA RECONSTRUCTION
Authority Project No. 549
ADOT Project No. E _ F _ _
FAA AIP No. 3-04-0078-039-2017

F. WORK TO BE PERFORMED:

The intent of the *Taxiway Alpha Reconstruction* project is to reconstruct 3,000 feet of Taxiway Alpha between north of Taxiway Lima, and Taxiway November at Phoenix-Mesa Gateway Airport. The project includes removal of existing PCCP, asphalt shoulders, and lighting and electrical elements; construction of Lime-Treated subgrade; construction of Cement-Treated base; construction of Portland cement concrete pavement; construction of asphalt concrete shoulders; and installation of new edge lights and new pavement markings.

G. RECITALS:

The Owner intends to construct the *Taxiway Alpha Reconstruction* project with structures, utilities, service roads, and other items as necessary for the full and efficient use of the project in connection with Phoenix-Mesa Gateway Airport located in Mesa, Arizona. The Owner desires to contract for certain construction services and materials, and the Contractor desires to provide construction services and materials.

NOW, THEREFORE, intending to be legally bound and for valuable consideration, the receipt and sufficiency of which are acknowledged, the Owner and Contractor agree as follows:

H. AGREEMENTS:**ARTICLE 1 THE CONTRACT**

The Contract consists of (1) this Construction Contract, (2) The Bidding Requirements and Agreement Documents, (3) the General Conditions to the Construction Contract, (4) General and Federal Provisions, (5) Special Provisions, (6) Drawings, Technical Specifications and other documents or amendments referenced in Article 7 of the Construction Contract, and (7) any amendments or modifications to the foregoing documents, including (a) a written amendment signed by both parties, (b) a Change Order, (c) a Change Directive, (d) Supplementary Instructions, or (e) a written order for a minor change in the work (collectively the "Contract").

ARTICLE 2 THE WORK

The Contractor shall execute the entire work described in the Contract and all work reasonably inferable as necessary to produce the results intended by the Contract.

ARTICLE 3 CONTRACT TIME

3.1 The Contractor and Owner recognize that time is of the essence of this Agreement and that Owner will suffer financial loss if the work is not Substantially Completed or Finally Completed within the times specified below.

3.2 The Contractor shall achieve Substantial Completion (as defined in Section 9.8.1 of the General Conditions of the Construction Contract and evidenced by a Certificate of Substantial Completion) of the Base Bid (Schedule I) no later than a total of **120 Calendar Days** from the date of

issuance of the Notice to Proceed. If Additive Alternate No. 1 is awarded, the Contractor shall have a total of **180 Calendar Days** to complete both Bid Schedules.

3.3 Final Acceptance of the work shall occur not more than thirty (30) calendar days after the Substantial Completion date.

3.4 The parties acknowledge and agree that it would be extremely difficult and impracticable to ascertain the damages that the Owner would incur should the Contractor fail to achieve, (1) Substantial Completion of the work by the milestone completion date(s), or (2) Final Acceptance of the work, as specified in this Article 3. Accordingly, if the Contractor fails to achieve (1) Partial Acceptance, (2) Substantial Completion, or (3) Final Acceptance of the work as specified in this Article 3, the Contractor shall be liable for and shall pay to the Owner liquidated damages for each calendar day of delay until the Contractor achieves (1) Partial Acceptance, (2) Substantial Completion, or (3) Final Acceptance of the work as the case may be. The liquidated damages shall be as follows:

If only the Base Bid (Schedule I) is awarded the following Liquidated Damages will apply:

1. Substantial Completion of Base Bid (All Phases, 120 Calendar Days) – \$1,500 per Day

If the Base Bid (Schedule I) and Additive Alternate No. 1 (Schedule II) are awarded the following Liquidated Damages will apply:

1. Substantial Completion of Base Bid and Additive Alternate No. 1 (180 Calendar Days) – \$1,500 per Day

The following Liquidated Damages will also apply:

1. Final Completion within thirty (30) Calendar Days of Substantial Completion of the project (Base Bid and Additive Alternate No. 1 if awarded) – \$1,500 per Day

The Owner shall have the right to retain any liquidated damages from payments due Contractor.

ARTICLE 4 CONTRACT SUM

4.1 The Owner shall pay the Contractor in current funds for the Contractor's performance of the Contract the Contract Sum of four million three hundred seventy eight thousand five hundred forty eight and 96/100 Dollars (\$4,378,548.96), subject to the additions and deductions as provided in the Contract.

4.2 Unit prices are set forth in the Bid Proposal attached hereto as Schedule I in Exhibit A. The unit prices include (1) all materials, equipment, labor, delivery, installation, overhead, profit, taxes, bond, insurance, and commissions, and (2) any other costs or expenses in connection with or incidental to the performance of that portion of the work to which such unit prices apply.

ARTICLE 5 PROGRESS PAYMENTS

Progress payments will be made in accordance with Article 9 of the *General Conditions* to the Construction Contract.

ARTICLE 6 FINAL PAYMENT

Final payment will be made in accordance with Article 9 of the *General Conditions* to the Construction Contract.

ARTICLE 7 CONTRACT DOCUMENTS

7.1 The Contract, except for modifications issued after the effective date of the Construction Contract, consists of the following documents:

- 7.1.1 The *Construction Contract*.
- 7.1.2 The Bidding Requirements and Agreement Documents
- 7.1.3 The *General Conditions* to the Construction Contract.
- 7.1.4 Plans, Specifications and Addenda attached.
- 7.1.5 Bid Documents as follows:
 - A. Contractor Bid Proposal dated May 18, 2017.
 - B. Certified Copy of Resolution of Board of Directors dated May 18, 2017.
 - C. Contractor Statutory Bid Bond dated May 18, 2017.
 - D. Certificate of Insurability dated May 17, 2017.
 - E. Non-Collusion Bidding Certification signed by James L. Nesbitt, CEO and dated May 18, 2017.
 - F. Bidders Qualification Statement dated May 18, 2017.
 - G. Subcontractor List dated May 18, 2017.
 - H. Bidder' Statement on Previous Contracts Subject to EEO Clause dated May 18, 2017.
 - I. Assurance of Disadvantaged Business Enterprise Participation dated May 18, 2017.
 - J. Buy American (Title 49 U.S.C., Chapter 501) dated May 18, 2017.
 - K. Attachment A (Base Bid) – Letter of Intent to Perform as a subconsultant/ Subcontractor/ Supplier dated May 17, 2017.
 - L. Attachment A (Add Alt No. 1) – Letter of Intent to Perform as a subconsultant/ Subcontractor/ Supplier dated May 17, 2017.
 - M. Attachment B (Base Bid) – Proposed DBE Participation dated May 18, 2017.
 - N. Attachment B (Add Alt No. 1) – Proposed DBE Participation dated May 18, 2017.
 - O. Attachment C – Identification Statement for DBE dated N/A. (If Required)

7.1.5 Amendments or modifications to the Contract, if any, to which the parties may agree during Contract performance.

7.2 There are no Contract Documents other than those listed above in this Article 7. The Contract Documents may only be amended, modified, or supplemented as provided in the *General Conditions*.

7.3 The Contract Documents are complementary, and a requirement called for by one is as binding as if called for by all. In resolving conflicts, if any, the Contract Documents shall be given the precedence that the Engineer determines is consistent with their intent and that will produce the intended result. When not in contradiction with this priority, the Contract Documents shall be given precedence in the order in which they are listed in this Article 7.

ARTICLE 8 MISCELLANEOUS

8.1 If any provision(s) of the Contract is/are invalid, illegal or unenforceable, all other provisions of the Contract shall nevertheless remain in full force and effect. If any Contract provision is inapplicable to any person or circumstance, that provision shall nevertheless remain applicable to all other persons and circumstances.

8.2 It is Contractor's and Owner's intent that all provisions of law required to be inserted or referenced in the Contract Documents shall be incorporated into them. If any provision of law is not inserted or referenced in the Contract Documents, or is inserted or referenced in improper form, the provision shall be considered inserted or referenced in proper form at no increase in Contract Price or Contract Time.

8.3 Contractor shall not sell, assign, transfer or otherwise convey any of its rights and shall not delegate any of its duties under this Contract without Owner's prior express written consent. In its sole discretion Owner may refuse to consent to any proposed assignment or delegation. Any attempted sale, assignment, transfer, conveyance or delegation in violation of this Paragraph 8.3 shall be void and shall relieve Owner of any further liability under the Contract Documents. If Owner consents in writing to an assignment, unless specifically stated to the contrary in the consent, the assignment shall not release or discharge Contractor from any duty or responsibility set forth in the Contract Documents.

8.4 Nothing contained in the Contract shall in any manner authorize, empower, or constitute Contractor, its subcontractors, or suppliers as agent(s) of Owner, authorize or empower Contractor, its subcontractors, or suppliers to assume or create any obligation or responsibility whatsoever, express or implied, on behalf of or in the name of Owner or authorize or empower Contractor, its subcontractors or suppliers to bind Owner in any manner or to make any representation, warranty, covenant, agreement, or commitment on Owner's behalf. Contractor shall perform all work under this Contract as an independent contractor. Only Owner of this Contract shall have rights to enforce any changes to this Contract.

8.5 This Contract shall be binding on Owner and Contractor and all of their respective successors, heirs, legal representatives, and, if Owner has consented to an assignment or delegation as provided in Paragraph 8.3, assigns and delegates.

8.6 This Contract supersedes all prior oral or written agreements, if any, between the parties and constitutes the entire, integrated agreement between the parties with respect to the work to be performed under the Contract Documents.

8.7 This Contract shall be governed by and construed in accordance with the laws of the state of Arizona, without giving effect to any rules governing conflict of laws.

8.8 The approval and continuation of this Contract is subject to the availability of funds either provided to, made available to, or appropriated by the Owner for this purpose. In the event that funds are not available or appropriated for the Owner's payment requirements under this contract for the goods and/or services to be provided hereunder, the Owner may terminate this contract by providing notice to the Contractor of the lack of the availability of funds. The Contractor acknowledges and agrees that one source of funding for this contract may be funds made available from the Federal Aviation Administration and/or Arizona Department of Transportation, and that this contract, its approval and continuation is contingent on the availability of those funds being made to the Owner.

The Contract is effective as of the day and year first written above.

PHOENIX-MESA GATEWAY AIRPORT AUTHORITY,

A joint powers airport authority authorized by the State
of Arizona

CONTRACTOR

By: _____
J. Brian O'Neill, A.A.E.

By: _____

Title: Executive Director/CEO

Title: _____

Date: _____

Date: _____

ATTEST:

By: _____
Official Record Keeper

By: _____

Board Action Item

To: Board of Directors
From: Chuck Odom, Chief Financial Officer
Through: J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Airport Rates and Charges – Recommended Revision Effective August 1, 2017
Date: July 18, 2017

Proposed Motion

Adoption of revisions to the Airport Rates and Charges schedule with an effective date of August 1, 2017.

Narrative

Airport staff is recommending two updates to the Board-approved Airport Rates and Charges schedule. The updates have an effective date of August 1, 2017 and are attached for review. The changes are summarized, as follows:

1. **Gateway Aviation Services (Fixed Based Operator) – Aircraft Open Ramp Tie-Down Fees** were previously included on the Airport Fees, Services and Rental schedule, approved by the PMGAA Executive Director. The inclusion of these fees on the PMGAA Board-approved Airport Rates and Charges schedule is to provide consistency with other related fees. The monthly fees included in the recommendation are consistent with previously charged amounts and do not include any rate increases.
2. **Gateway Aviation Services (Fixed Based Operator) – Daily Ramp Fee** is recommended for modification based on customer feedback. The recommendation reduces the fuel purchase required to receive a waiver of the first Daily Ramp Fee in each max gross landing weight (MGLW) category, except for aircraft with a MGLW of less than 5,000 lbs. The fuel purchase requirement for aircraft with a MGLW of less than 5,000 lbs. remains unchanged. The Daily Ramp Fee for aircraft with a MGLW of 12,501-35,000 lbs. is recommended for a \$10 per day rate reduction, from \$100 to \$90.

The language related to purchases in the Gateway Aviation Center restaurant was clarified. Instead of requiring a minimum purchase of \$15 to waive the first Daily Ramp Fee per visit, any purchase of a meal will result in a \$20 credit to be applied to the first Daily Ramp Fee per visit.

The recommended Airport Rates and Charges schedule was mailed to tenants for their comment on June 5, 2017. It was also posted to the PMGAA website on the same date.

Fiscal Impact

The recommendation has minimal fiscal impact. The proposed Aircraft Open Ramp Tie-Down fees are consistent with those previously charged and the proposed Daily Ramp Fee reduces the fuel purchases necessary to receive a waiver or reduce the categorical amount charged.

Attachment(s)

Draft Airport Rates and Charges Schedule, effective August 1, 2017 and Edited Airport Rates and Charges Schedule, effective March 1, 2017.



RESOLUTION NO. 17-38

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Authority desires to revise the posted Airport Rates and Charges schedule.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby adopts the revised Airport Rates and Charges Schedule with an effective date of August 1, 2017.

Passed and adopted by the Authority this 18th day of July, 2017.

Jenn Daniels, Vice Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Matthew Wright, Attorney

Draft Airport Rates and Charges*

Effective August 1, 2017

Signatory Commercial Carriers	Scheduled Commercial Carriers, FAR Part 121, 129 and 135 operators, with a 90-day rolling average of 90 or more departures per month.		
Non-Signatory Commercial Carriers	Scheduled Commercial Carriers, FAR Part 121, 129 and 135 operators, with a 90-day rolling average of less than 90 departures per month.		
Aircraft Landing Fee	<p>Signatory Commercial Carriers, General Aviation and Others - \$1.20 per 1,000 lbs. maximum gross landing weight (MGLW).</p> <p>Non-Signatory Commercial Carriers - \$1.80 per 1,000 lbs. MGLW.</p> <p><i>Exemptions:</i></p> <ol style="list-style-type: none"> 1. U.S. Government owned aircraft 2. Non-revenue and flight training aircraft up to 12,500 MGLW 3. All based flight training school aircraft 		
Aircraft Terminal Use Fee	<p>Signatory Commercial Carriers - \$50 per Turn*</p> <p>Non-Signatory Commercial Carriers - \$75 per Turn*</p> <p>*Refer to page 2 for "Non-Operating Agreement Passenger Terminal – Exclusive Use Areas - Full Service" description and equipment specification.</p>		
Aircraft Parking Fee	Aircraft Passenger Capacity	Signatory	Non-Signatory
	1-69	\$35	\$53
	70-250	\$70	\$105
	251 or greater	\$100	\$150
	Will be assessed for the occupancy of an aircraft parking position for more than 3 hours, including terminal gates and remote parking positions, and for each additional 24-hour period.		
Airport Car Rental Customer Facility Charge (CFC)	\$2.50 per vehicle rental day		
Aviation Fuel Flowage Fee	\$0.12 per gallon – paid to PMGAA by any entity or person dispensing fuel on the Airport in accordance with PMGAA Aviation Fuel Storage, Dispensing & Handling Guidelines.		
Fire Suppression Services	<p>\$.50 per year per square foot of floor space + \$250.00 set-up charge, billed in monthly installments. 15% of annual fees required as security deposit.</p> <p>South ramp connection fee = \$209,746.00</p>		
Parking Rates	Fee by Location	Rate	Daily Maximum Charge
	Hourly Parking Lot	\$1.00 / 30 minutes*	\$18
	Daily Parking Lot	\$1.00 / 30 minutes*	\$11
	Ray Road Economy Parking Lot	\$1.00 / 30 minutes*	\$7
	Lost Ticket Fee (all locations)		\$42
* Grace period for first 10 minutes			
Passenger Facility Charge (PFC)	\$4.50 per enplaned commercial passenger, Per FAA Approved PFC Application; reference Federal Register: (Vol. 79, Number 3)		
Airport Licenses & Permits	Fuel Dispensing Permit	\$100 per organization, permit valid for 2 years	
	Fuel Handling Permit (includes exam)	\$15.50 per individual, permit valid for 2 years	
	Fuel Storage & Service Equipment Permit	\$38 per filtration vessel, permit valid for 2 years	
Common Use Terminal Equipment	Signatory Commercial Carriers	\$1,250 per month	
	Non-Signatory Commercial Carriers	\$500 per month	
Passenger Terminal/Airfield – Exclusive Use Areas			
Item	Description	Amount	
Terminal Office Space	Exclusive use of airline ticketing and other offices: includes electric, water and maintenance; excludes janitorial services, internet and telephone services	\$32 per sq. ft. per year	

Paved Equipment Staging/Storage Area	Paved staging area in the vicinity of the SIDA in excess of that used during normal aircraft servicing operations	\$2 per sq. ft. per year		
Non-Operating Agreement Passenger Terminal – Common Use Areas and Equipment Rates				
Item	Description	Aircraft Passenger Capacity	Resources Included	Rate
Full Service	Includes ticket counter(s) and lobby area, secure hold room and boarding area podium, aircraft parking position (2 hours), baggage claim area, and common use computer equipment per flight, as scheduled by Airport Operations. 1 ticket counter = 2 positions	1-69	1 ticket counter, 1 gate podium, 1 shared use hold room, 1 baggage belt, 1 aircraft parking spot	\$260 per flight
		70-250	2 ticket counters, 1 gate podium, 1 shared use hold room, 1 baggage belt, 1 aircraft parking spot	\$495 per flight
		251 or greater	3 ticket counters, 2 gate podiums, 2 shared use hold rooms, 1 baggage belt, 1 aircraft parking spot	\$915 per flight
Ticket Counter and Lobby	Use of 1 ticket counter and shared use of the lobby area for up to 2.5 hours. Includes common use equipment.	1-69	1 ticket counter and lobby	\$75 per flight
		70-250	2 ticket counters and lobby	\$150 per flight
		251 or greater	3 ticket counters and lobby	\$225 per flight
Boarding Gates – Secured Hold Room	Shared use of secured boarding gate area for up to 2 hours and one aircraft parking position. Includes use of gate podium, common use equipment, and one set of aircraft stairs.	1-69	1 gate podium and 1 hold room	\$110 per flight
		70-250	1 gate podium and 1 hold room	\$220 per flight
		251 or greater	2 gate podiums and 2 hold rooms	\$440 per flight
Baggage Claim	Use of baggage claim area and baggage delivery belt/slide. Includes aircraft parking position*. * if associated with a live departure within 3 hours of arrival. Otherwise standard aircraft parking fee applies.	1-69	1 belt, oversize slide, aircraft parking*	\$75 per flight
		70-250	1 belt, oversize slide, aircraft parking*	\$125 per flight
		251 or greater	2 belts, oversize slide, aircraft parking*	\$250 per flight
Operational Surcharges	Charges for exceeding allocated time slots on common use areas	Ticket counter or gate	Occupying a gate after the scheduled allocation time, resulting in aircraft holding or gate change.	\$200 per hour
		Use of ticket counter or gate without prior permission.		\$200 plus regular fees
		Failure to use allocated time slot without 48 hour cancellation notice	Negatively impacting another scheduled carrier or causing Airport to shift resources to accommodate.	\$200 plus regular fees
U.S. Customs and Border Protection (CBP) Service User Fees		Category (based on MGLW)	Inspection Fee (per aircraft arrival)	
		<5,000	\$73.16	
		5,001 – 12,500.	\$225.10	

Draft Airport Rates and Charges*

Effective **August 1, 2017**

	12,501 – 35,000	\$315.14
	35,001 – 100,000	\$432.20
	100,001 – 255,000	\$607.77
	> 255,000	\$754.09
<p>Regular service hours are Monday – Friday, 0830 – 1630 hrs. (MST). After-hours by appointment only. For after-hours appointments, there will be a minimum two-hour fee of \$377.05 per inspector in addition to the standard user fee shown above. Two hours after the aircraft's scheduled arrival time, each additional 30 minutes required of the U.S. Customs Inspector will incur a \$55.71 fee above the \$377.05 minimum each.</p>		

Gateway Aviation Services (Fixed Based Operator) Rates and Charges

Aircraft Open Ramp Tie-Down Fees (Space subject to availability)	Category (based on MGLW)	Monthly Tie-Down Fee (2-month minimum)
	<5,000 lbs.	\$44
	5,001 – 12,500 lbs.	\$98
	12,501 – 35,000 lbs.	\$201
	35,001 – 100,000 lbs.	\$316
	100,001 – 255,000 lbs.	\$672
	> 255,000 lbs.	\$1,321

Daily Ramp Fee	Max Gross Landing Weight	Rate	A purchase of the following fuel gallon minimums will waive the first Daily Ramp Fee per visit. A purchase of a meal from the restaurant located in the Gateway Aviation Center will equate to a \$20.00 credit applicable to the first Daily Ramp Fee per visit.
	<5000	\$20.00	
	5,001-12,500	\$30.00	75
	12,501-35,000	\$90.00	150
	35,001-100,000	\$200.00	200
	100,001-255,000	\$300.00	500
	>255,001	\$500.00	1,000

Signatory Commercial Carriers	Scheduled Commercial Carriers, FAR Part 121, 129 and 135 operators, with a 90-day rolling average of 90 or more departures per month.		
Non-Signatory Commercial Carriers	Scheduled Commercial Carriers, FAR Part 121, 129 and 135 operators, with a 90-day rolling average of less than 90 departures per month.		
Aircraft Landing Fee	<p>Signatory Commercial Carriers, General Aviation and Others - \$1.20 per 1,000 lbs. maximum gross landing weight (MGLW).</p> <p>Non-Signatory Commercial Carriers - \$1.80 per 1,000 lbs. MGLW.</p> <p><i>Exemptions:</i></p> <ol style="list-style-type: none"> 1. U.S. Government owned aircraft 2. Non-revenue and flight training aircraft up to 12,500 MGLW 3. All based flight training school aircraft 		
Aircraft Terminal Use Fee	<p>Signatory Commercial Carriers - \$50 per Turn*</p> <p>Non-Signatory Commercial Carriers - \$75 per Turn*</p> <p>*Refer to page 2 for "Non-Operating Agreement Passenger Terminal – Exclusive Use Areas - Full Service" description and equipment specification.</p>		
Aircraft Parking Fee	Aircraft Passenger Capacity	Signatory	Non-Signatory
	1-69	\$ 35	\$ 53
	70-250	\$ 70	\$105
	251 or greater	\$100	\$150
	Will be assessed for the occupancy of an aircraft parking position for more than 3 hours, including terminal gates and remote parking positions, and for each additional 24 hour period.		
Airport Car Rental Customer Facility Charge (CFC)	\$2.50 per vehicle rental day		
Aviation Fuel Flowage Fee	\$0.12 per gallon – paid to PMGAA by any entity or person dispensing fuel on the Airport in accordance with PMGAA Aviation Fuel Storage, Dispensing & Handling Guidelines.		
Fire Suppression Services	<p>\$.50 per year per square foot of floor space + \$250.00 set-up charge, billed in monthly installments. 15% of annual fees required as security deposit.</p> <p>South ramp connection fee = \$209,746.00</p>		
Parking Rates	Fee by Location	Rate	Daily Maximum Charge
	Hourly Parking Lot	\$1.00 / 30 minutes*	\$18.00
	Daily Parking Lot	\$1.00 / 30 minutes*	\$11.00
	Ray Road Economy Parking Lot	\$1.00 / 30 minutes*	\$ 7.00
	Lost Ticket Fee (all locations)		\$42.00
	* Grace period for first 10 minutes		
Passenger Facility Charge (PFC)	\$4.50 per enplaned commercial passenger, Per FAA Approved PFC Application; reference Federal Register: (Vol. 79, Number 3)		
Airport Licenses & Permits	Fuel Dispensing Permit	\$100.00 per organization, permit valid for 2 years	
	Fuel Handling Permit (includes exam)	\$15.50 per individual, permit valid for 2 years	
	Fuel Storage & Service Equipment Permit	\$38.00 per filtration vessel, permit valid for 2 years	
Common Use Terminal Equipment	Signatory Commercial Carriers	\$1,250 per month	
	Non-Signatory Commercial Carriers	\$ 500 per month	
Passenger Terminal/Airfield – Exclusive Use Areas			
Item	Description	Amount	
Terminal Office Space	Exclusive use of airline ticketing and other offices: includes electric, water and maintenance; excludes janitorial services, internet and telephone services	\$32.00 per sq. ft. per year	

Paved Equipment Staging/Storage Area	Paved staging area in the vicinity of the SIDA in excess of that used during normal aircraft servicing operations	\$ 2.00 per sq. ft. per year		
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Full Service	Includes ticket counter(s) and lobby area, secure hold room and boarding area podium, aircraft parking position (2 hours), baggage claim area, and common use computer equipment per flight, as scheduled by Airport Operations. 1 ticket counter = 2 positions	1-69	1 ticket counter, 1 gate podium, 1 shared use hold room, 1 baggage belt, 1 aircraft parking spot	\$ 260 per flight
		70-250	2 ticket counters, 1 gate podium, 1 shared use hold room, 1 baggage belt, 1 aircraft parking spot	\$ 495 per flight
		251 or greater	3 ticket counters, 2 gate podiums, 2 shared use hold rooms, 1 baggage belt, 1 aircraft parking spot	\$ 915 per flight
Ticket Counter and Lobby	Use of 1 ticket counter and shared use of the lobby area for up to 2.5 hours. Includes common use equipment.	1-69	1 ticket counter and lobby	\$ 75 per flight
		70-250	2 ticket counters and lobby	\$150 per flight
		251 or greater	3 ticket counters and lobby	\$ 225 per flight
Boarding Gates – Secured Hold Room	Shared use of secured boarding gate area for up to 2 hours and one aircraft parking position. Includes use of gate podium, common use equipment, and one set of aircraft stairs.	1-69	1 gate podium and 1 hold room	\$110 per flight
		70-250	1 gate podium and 1 hold room	\$220 per flight
		251 or greater	2 gate podiums and 2 hold rooms	\$ 440 per flight
Baggage Claim	Use of baggage claim area and baggage delivery belt/slide. Includes aircraft parking position*. * if associated with a live departure within 3 hours of arrival. Otherwise standard aircraft parking fee applies.	1-69	1 belt, oversize slide, aircraft parking*	\$ 75 per flight
		70-250	1 belt, oversize slide, aircraft parking*	\$125 per flight
		251 or greater	2 belts, oversize slide, aircraft parking*	\$ 250 per flight
Operational Surcharges	Charges for exceeding allocated time slots on common use areas	Ticket counter or gate	Occupying a gate after the scheduled allocation time, resulting in aircraft holding or gate change.	\$200 per hour
		Use of ticket counter or gate without prior permission.		\$200 plus regular fees
		Failure to use allocated time slot without 48 hour cancellation notice	Negatively impacting another scheduled carrier or causing Airport to shift resources to accommodate.	\$200 plus regular fees
U.S. Customs and Border Protection (CBP) Service User Fees		Category (based on MGLW)	Inspection Fee (per aircraft arrival)	
		<5,000	\$73.16	
		5,001 – 12,500.	\$225.10	

Airport Rates and Charges*

Effective **August 1, 2017**

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	100,001 – 255,000	\$607.77
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<p>Regular service hours are Monday – Friday, 0830 – 1630 hrs. (MST). After-hours by appointment only. For after-hours appointments, there will be a minimum two-hour fee of \$377.05 per inspector in addition to the standard user fee shown above. Two hours after the aircraft's scheduled arrival time, each additional 30 minutes required of the U.S. Customs Inspector will incur a \$55.71 fee above the \$377.05 minimum each.</p>		

Gateway Aviation Services (Fixed Based Operator) Rates and Charges

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	5,001 – 12,500 lbs.	\$98.00
	12,501 – 35,000 lbs.	\$201.00
	35,001 – 100,000 lbs.	\$316.00
	100,001 – 255,000 lbs.	\$672.00
	> 255,000 lbs.	\$1,321.00

Daily Ramp Fee	Max Gross Landing Weight	Rate	A Purchase of the following fuel gallon minimums will waive the first Daily Ramp Fee per visit. or a minimum receipted A purchase of \$15 a meal from the restaurant located in the General Gateway Aviation Center will equate to a \$20.00 credit waive the applicable to the first Daily Ramp Fee per visit.
	<5000	\$ 20.00	
	5,001-12,500	\$ 30.00	100 75
	12,501-35,000	\$100.00 \$90.00	200 150
	35,001-100,000	\$200.00	300 200
	100,001-255,000	\$300.00	1,000 500
	>255,001	\$500.00	2,500 1,000

Management Information Reports

1. Solicitation Notification



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Management Information Report

To: Board of Directors
From: Chuck Odom, Chief Financial Officer
Through: J. Brian O'Neill, A.A.E., Executive Director/CEO
Re: Solicitation Notification
Date: July 18, 2017

This report is to provide notification of the active and upcoming solicitations to help ensure compliance with the Phoenix-Mesa Gateway Airport Authority procurement transparency clause. The active activities include the following:

Active/Pending Solicitations

Type Solicitation	Number	Title	Anticipated Contract Award (Board Action)
Request for Proposals	2017-022-RFP	Airport Revenue Parking Management	September 2017
Request for Qualifications	2018-002-SOQ	SSCP Queue & Terminal Improvements	September 2017
Request for Proposals	2017-007-RFP	Master Developer for Gateway Aerospace Park	October 2017

Future Solicitations

Type Solicitation	Number	Title	Scheduled for Release	Anticipated Contract Award (Board Action)
Request for Proposals	2018-004-RFP	Aircraft Rescue & Fire Fighting Vehicle	July 2017	September 2017
Request for Proposals	2018-003-RFP	Property Broker	August 2017	November 2017
Invitation for Bid	2018-005-IFB	Terminal Roadway Improvements	December 2017	January 2018

Equipment Disposals

PMGAA staff has sold an additional piece of equipment this month. A 2010 Fuel Tank Trailer was sold through public auction.

Fiscal year totals from sales of decommissioned / nonworking equipment total \$47,634 consisting of 11 pieces. In an effort to maintain orderly and safe grounds, staff has also had 10 pieces of nonworking equipment (25 – 30 years old) removed from the property at no cost.

If you have any questions about the solicitations or the procurement process, please feel free to contract me at 480-988-7613.



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Management Information Report

To: Board of Directors
From: Chuck Odom, Chief Financial Officer
Through: J. Brian O'Neill, A.A.E., Executive Director/CEO
Re: Notification of Emergency Expenditure Related to Contractor Damage to the Air Traffic Control Tower
Date: July 18, 2017

This report is intended to inform the PMGAA Board of emergency expenditures related to remediation and repair of water damage incurred in the Air Traffic Control Tower (ATCT). On April 14, 2017 PMGAA staff was notified that an employee of ABM Janitorial left water running on the eight floor of the ATCT. It was estimated that water flowed for approximately five hours and flooded all floors below the 8th floor. The flooding caused significant damage to the facility, facility equipment and recently upgraded elevator system. Current estimates of the total project costs are in excess of \$700,000.

ABM has accepted responsibility for the actions of their employee. However, it has been difficult to come to an agreement on how the repair costs and release of future liability will be incurred or reimbursed.

It is the intent of PMGAA management to no longer delay the necessary repairs and move forward with the project under the management of PMGAA staff. A full accounting of all project costs for the remediation and reconstruction will be provided to the Board upon completion. The full cost of the project will be presented to ABM Janitorial for reimbursement.

No Board Meeting in August.

**The next Board Meeting will take place on
September 19, 2017 at 9 a.m.**



**NOTICE AND AGENDA OF MEETING OF THE
PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
BOARD OF DIRECTORS**

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Phoenix-Mesa Gateway Airport Authority and to the public that the Phoenix-Mesa Gateway Airport Authority will hold a meeting open to the public on **Tuesday, September 19, 2017 beginning at 9:00 a.m.** in the Board Room (Saguaro A & B) of the Gateway Administration Building, 5835 South Sossaman Road, Mesa, Arizona. The Board may vote to hold an executive session for the purpose of obtaining legal advice from the Board's attorney on any matter listed on the agenda pursuant to A.R.S. § 38-431.03 (A)(3)&(4).

The agenda for the meeting is as follows:

1. **Call to Order.** (Mayor Jenn Daniels, Chair)
Members of the Phoenix-Mesa Gateway Airport Authority will attend either in person or by telephone conference call.
2. **Call to the Public.**
Members of the Board may not discuss items that are not on the agenda. Therefore, action taken as a result of public comment will be limited to directing staff to study the matter or scheduling the matter for further consideration and decision at a later date. Maximum of three minutes per speaker.
3. **Executive Director's Report.** - J. Brian O'Neill, A.A.E., Executive Director/CEO
4. **Presentation: Terminal Concessions Expansion** - Shea Joachim, CEcD, Business Development Director
5. **Consent Agenda.**
 - a. **Minutes** of the Board Meeting held on **July 18, 2017.**
 - b. **Resolution No. 17-39** Authorizing the purchase of three service vehicles from **San Tan Ford**, in an amount not to exceed \$64,875.03 utilizing Arizona State Contract #ADSP012-0166124.
 - c. **Resolution No. 17-40** Authorizing a Terminal Concession Agreement amendment with **Kind Hospitality Inc.** for property located at 6033 S. Sossaman Road.
 - d. **Resolution No. 17-41** Authorizing a Terminal Concession Agreement amendment with **Star Gateway, LLC** for property located at 6033 S. Sossaman Road.
 - e. **Resolution No. 17-42** Authorizing a facility lease agreement with **Worldwide Flight Services, Inc.** for property located at 6033 S. Sossaman Rd. Suite 175, commencing on September 16, 2017.
 - f. **Resolution No. 17-43** Authorizing a facility lease with **Allegiant Air, LLC** for the facility located at 6309 S. Taxiway Circle, commencing on October 1, 2017.
 - g. **Resolution No. 17-44** Authorizing a facility lease with **Allegiant Air, LLC** for the facilities located at 6304 S. Taxiway Circle, commencing on October 1, 2017.
 - h. **Resolution No. 17-45** Authorizing a contract with **DBT Transportation Services** for the removal of the existing Vaisala Automated Weather Observation System (AWOS) equipment and the purchase, installation, and commissioning of the new Vaisala AWOS III equipment, in an amount not to exceed \$124,000.
 - i. **Resolution No. 17-46** Authorizing an Agreement-to-Use with **CentiMark Corporation** via the Mohave Educational Services Cooperative Purchasing Group Intergovernmental Agreement to replace the roof on Hangar 32 at a cost not-to-exceed \$110,725.

Consideration and Possible Approval of:

6. **Resolution No. 17-47** Authorizing a contract with **DPR Construction** to provide Construction Manager At Risk Services for the TSA Security Screening Checkpoint Queue and Terminal Improvements Project CIP 617 in an amount not-to-exceed \$2,100,000.
7. **Resolution No. 17-48** Authorizing a contract with **Republic Parking Systems, LLC** for parking management and shuttle services, in an amount not to exceed \$2,345,543, for the length of the base term with two optional one-year extensions not to exceed \$952,826 and \$987,090 respectively.
8. **Resolution No. 17-49** Authorizing the purchase of two aircraft ground power units from **Aero Specialties, Inc.** in an amount not to exceed \$155,700.
9. **Board Member Comments/Announcements.**
10. **Next Meeting:** Tuesday, October 17, 2017 at 9:00 a.m.
11. **Adjournment.**

Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting Maria Gonzalez at 480-988-7603 or mgonzalez@gatewayairport.com. Requests should be made as early as possible to allow time to arrange the accommodation.



Executive Director's Report
September, 2017

Financial Snapshot

OPERATING INCOME	July		Month Variance	FYTD		FYTD Variance
	FY17	FY18		FY17	FY18	
Revenues	\$1,687,306	\$1,867,609	\$180,303	\$1,687,306	\$1,867,609	\$180,303
Less Expenses	\$1,302,561	\$1,288,500	\$(14,061)	\$1,302,561	\$1,288,500	\$(14,061)
Operating Income <i>(before depreciation)</i>	\$384,745	\$579,109	\$194,364	\$384,745	\$579,109	\$194,364

Investment Fund Balances: As of July 31, 2017: Local Governmental Investment Pool (LGIP) 700 = \$17,827,110; Wells Fargo Collateralized Savings Account = \$11,961,374; Total \$29,788,484. This is an increase of \$1,006,747 over the June 30th balance.

Finance and Accounting

PMGAA reported a net operating income of \$579,109 for the month of July 2017. This is a \$194,364 improvement from July 2016. Fuel Sales and Aeronautic Services Sold performed approximately \$158,000 better than the FY18 Budget and July operating expenditures were approximately \$141,000 less than Budget.

Grants, PFCs & Procurements

Active/Pending Solicitations

TYPE OF SOLICITATION	Number	Title	Anticipated Contract Award
Request for Proposals	2017-007-RFP	Master Developer for Gateway Aerospace Park	October 2017
Request for Proposals	2018-008-RFP	Mogas/Diesel Fuel Truck	October 2017
Request for Proposals	2018-003-RFP	Property Broker	November 2017

Future Solicitations

TYPE OF SOLICITATION	Number	Title	Schedule for Release	Anticipated Contract Award
Request for Proposals	2018-009-RFQ	Airport Master Planning Services	September 2017	December 2017
Request for Proposals	2018-004-RFP	Aircraft Rescue & Fire Fighting Vehicle	October 2017	December 2017
Invitation for Bid	2018-005-IFB	Terminal Roadway Improvements	December 2017	January 2018

Information Technology Services

PMGAA completed several projects related to updating and replacing copiers, network servers, network storage, security camera system hardware, and computer hardware related to the U.S. Customs and Border Protection facility.

Gateway Airport customers will soon notice 50-inch display monitors behind the counters in the ticketing area of the passenger terminal. These new monitors are part of PMGAA's commitment to installing infrastructure for a CUTE (Common Use Terminal Equipment) System. The new system provides PMGAA flexibility when assigning ticket counter positions and terminal gates to various airlines operating at Gateway Airport.

Airport Operations

September marks the end of Allegiant's summer schedule. It also marks Allegiant's first summer operating with an all Airbus 319 fleet at Gateway Airport. Although the Airbus provides approximately ten less seats per flight, there was a dramatic decrease in the number of flight delays and cancellations compared to last summer. In addition to increased reliability, the newer and quieter Airbus aircraft represents a significant reduction in aircraft noise from the Airport's commercial operation.

Active weather in the Phoenix Valley during monsoon season, often requires Gateway Airport to serve as a diversionary airport for aircraft unable to land at Phoenix Sky Harbor Airport. In August, we had several aircraft diversions in Mesa, including this American Airlines international flight. A big "thank you" to our U.S. Customs and Border Protection staff and Airport Operations crews that monitored and assisted the flight while waiting for the weather to clear at Sky Harbor.



American Airlines International Diversion

Operations Statistics

PASSENGER COUNTS		July		% Change	FYTD		% Change
		FY17	FY18		FY17	FY18	
Passengers	TOTAL	132,334	121,485	-8%	132,334	121,485	-8%
	Deplaned	66,713	61,232	-8%	66,713	61,232	-8%
	Enplaned	65,621	60,253	-8%	65,621	60,253	-8%
Allegiant	Scheduled	132,334	121,413	-8%	132,334	121,413	-8%
	Charter	0	0	-	0	0	-
WestJet	Scheduled	0	0	-	0	0	-
Elite	Charter	0	72	100%	0	72	100%

OPERATIONS	July		% Change	FYTD		% Change
	FY17	FY18		FY17	FY18	
Air Carrier	1,047	931	-5%	1,047	931	-5%
Military	298	516	65%	298	516	65%
General Aviation	16,343	19,257	10%	16,343	19,257	10%
TOTAL	17,688	20,704	10%	17,688	20,704	10%

Noise Report

PMGAA received noise complaints from 26 different callers in July 2017. Calls originated from several Phoenix East Valley communities and were primarily regarding commercial and military aircraft activity.

CALLERS	July		FYTD	
	FY17	FY18	FY17	FY18
TOTAL	1	26	1	26

TYPE OF AIRCRAFT	July		FYTD	
	2016 Callers	2017 Callers	FY17 Callers	FY18 Callers
Unknown				
Jet	0	3	0	3
A319	1	4	1	4
Other	0	12	0	12
GA	0	1	0	1
Military	0	6	0	6
TOTAL	1	26	1	26

LOCATION	July		FYTD	
	2016 Callers	2017 Callers	FY17 Callers	FY18 Callers
Mesa	1	1	1	1
Gilbert	0	20	0	20
Gold Canyon	0	2	0	2
Queen Creek	0	1	0	1
Queen Valley	0	1	0	1
San Tan Valley	0	1	0	1
Florence	0	0	0	0
Apache Junction	0	0	0	0
TOTAL	1	26	1	26

Engineering & Facilities

The PMGAA Board of Directors approved investing more than \$500,000 to renovate Hangar 32 and get it back in “rent-ready” condition. This former military base hangar is one of the very few buildings remaining at Gateway Airport that is vacant and available for lease. Remediation, demolition, and roof replacement projects are complete and work has now shifted to the reconstruction of office space within the approximately 27,000 SF facility. The hangar is scheduled to be available for lease in January 2018.



Hangar 32 Construction in Progress

September 2017 marks the one-year anniversary of the groundbreaking for the North Apron Reconstruction Project. This approximately \$10 million airfield infrastructure project included the removal and replacement of one-million square feet of concrete apron. The final phase of the project will be closed out on September 14th. Engineering and Facilities Director Bob Draper and his team worked hard to ensure this important project was completed on-time and under budget. PMGAA would like to thank the Federal Aviation Administration (FAA) for their continued investment in Phoenix-Mesa Gateway Airport.

Planning and Zoning

PMGAA is an active partner in local land use planning initiatives, and has worked closely with municipal officials and other key stakeholders across the region to develop a Land Use Compatibility Plan for Phoenix-Mesa Gateway Airport. This comprehensive plan has been developed to provide guidance to neighboring communities and protect the Airport from residential encroachment and other incompatible land uses.

Although the FAA provides various guidance on this issue, the primary responsibility for integrating airport considerations into the local land use planning process rests with local governments. Airports do not have land-use regulatory authority within the communities that surround them. PMGAA will continue to work with our neighboring communities to provide guidance on appropriate land uses surrounding the Airport.

Thoughtful land use planning protects a community and its citizens from the long-term impacts of a growing airport. It also protects the airport, allowing it to fulfill the role of regional transportation resource and economic catalyst.

For more information regarding Gateway Airport's Land Use Compatibility Plan, please visit www.gatewayairport.com/landusestudy.aspx.

Gateway Aviation Services

Gateway Aviation Services is reporting \$467,297 in fuel-related revenue for July 2017; a 35% increase compared to the \$345,264 in revenue collected during July of last year.

FUEL-RELATED REVENUE	July			FYTD		
	FY17	FY18	% Change	FY17	FY18	% Change
Net Retail (Jet)	\$84,493	\$67,736	-20%	\$84,493	\$67,736	-20%
Net AvGas	\$38,954	\$49,438	27%	\$38,954	\$49,438	27%
Storage Fees	\$29,427	\$21,924	-25%	\$29,427	\$21,924	-25%
Upload Fees	\$192,390	\$328,199	71%	\$192,390	\$328,199	71%
TOTAL	\$345,264	\$467,297	35%	\$345,264	\$467,297	35%

FUEL (Gallons)	July			FYTD		
	FY17	FY18	% Change	FY17	FY18	% Change
Retail (Jet)	38,027	34,908	-8%	38,027	34,908	-8%
AvGas	34,123	40,479	19%	34,123	40,479	19%
Contract	265,757	369,067	39%	265,757	369,067	39%
Commercial	1,072,631	797,207	-26%	1,072,631	797,207	-26%
TOTAL	1,410,538	1,241,661	-12%	1,410,538	1,241,661	-12%

Contract fuel delivered during July 2017 was up 39% compared to the same time period in 2016. This reflects a significant increase in fuel delivery for several aircraft testing operations PMGAA hosted during the month, including the Boeing 737 Max, Embraer E190, and Mitsubishi MRJ aircrafts. In addition to the fuel and other aviation services purchased during their stay at Gateway Airport, these large testing operations also represented hundreds of hotel room rental nights, lots of restaurant visits, and numerous shopping trips to stores across the Phoenix East Valley.



Mitsubishi and Boeing Test Aircraft



Embraer Test Aircraft and Crew

Human Resources

PMGAA has revamped its Performance Management System for all employees. This new system will provide a uniform review date for the entire organization and allows for continuous feedback on individual performance throughout the year.

PMGAA is also updating its Employee Recognition Program. PMGAA employees are an extremely valuable asset to the organization and contribute a great deal to the Airport's success. Human Resources Director Veronica Lewis and the Gateway Management Team are developing a new multi-faceted program designed to provide various opportunities throughout the year to highlight and recognize employee achievement.

Business Development

PMGAA is currently in various stages of negotiations with eleven prospects. Three of the opportunities are new ground leases that, if successful, would absorb close to fifteen acres of property. Eight of the opportunities are new facility leases with existing tenants and/or new companies.

PMGAA entered into two land lease option agreements early in September. One agreement is a six-month option on Lots 11, 12, 13, and 14, and the other is a 45-day option on Lot 18 located in the northwest area of the Airport near Embraer and Constant Aviation. Both projects propose to build significant hangar facilities on Gateway Airport's impressive airfield infrastructure. In addition, PMGAA also originated 15 new leasing opportunities during the month. Interest in locating or expanding a business at Gateway Airport has dramatically increased as the Airport continues its transformation from a former military base to a thriving regional commercial service airport. Business Development Director Shea Joachim and his team have been busy attracting new companies to Mesa.

PMGAA continues to work with the Mesa SkyBridge LLC team to negotiate a Master Development Agreement and Master Lease for the 360-acre Gateway Aerospace Park. The Mesa SkyBridge team has initiated site due diligence activities and has made significant progress with implementing the Unified Cargo Inspection Program that would allow U.S. cargo bound for Mexico to be pre-cleared by Mexican Customs officials at Gateway Airport. Imagine the possibilities!

Communications and Government Relations



U.S. Senator Jeff Flake Visits Gateway Airport

PMGAA staff joined Mesa Mayor John Giles, Apache Junction Mayor and PMGAA Vice Chair Jeff Serdy, Queen Creek Mayor Gail Barney, and Town of Gilbert Councilman Jordan Ray in welcoming U.S. Senator Jeff Flake to the Airport for an overview of its growing operations and a tour of its aging Air Traffic Control (ATC) Tower. Senator Flake experienced first-hand the need for a new ATC Tower at Gateway Airport and reinforced his commitment to support our efforts to remove the \$2 million cap for construction of contract ATC towers in the upcoming FAA Reauthorization Bill.

Allegiant's New Nonstop Destinations – Boise, Omaha, St. Louis/Belleville, Indianapolis, Kansas City, Louisville, Milwaukee, and Tampa-St. Pete Beach!



**MINUTES OF PUBLIC MEETING OF THE
PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
BOARD OF DIRECTORS | July 18, 2017**

A public meeting of the Phoenix-Mesa Gateway Airport Authority was convened on July 18, 2017, beginning at 9:00 a.m. in the Board Room (Saguaro A & B) of the Gateway Administration Building, 5835 South Sossaman Road, Mesa, Arizona.

Members Present

Mayor Jenn Daniels, Gilbert
Mayor Jeff Serdy, Apache Junction
Lt. Governor Monica Antone, Gila River Indian
Community (*via telephone*)
Mayor Gail Barney, Queen Creek
Councilmember Thelda Williams, Phoenix
Mayor John Giles, Mesa*
** Not present nor represented*

Airport Staff Present

J. Brian O'Neill, Executive Director/CEO
Scott Brownlee, Deputy Director/COO
Chuck Odom, CFO
Maria Gonzalez, Clerk of the Board
Veronica Lewis, Human Resources Director
Ann Marie Anderson, Attorney

Members of the Public

Roc Arnett
Candace Barrier, Rosendin Electric
Councilmember Robin Barker, City of Apache Junction
Aric Bopp, City of Mesa
Matt Busby, City of Apache Junction
Jamie Bennett, Town of Queen Creek
Chad Constance, Rosendin Electric
Rex Ginder, UND Aerospace
Chris Hucker, Mead & Hunt
John Lewis, East Valley Partnership

Jarrett Moore, Kimley-Horn
Tim Morrison, FAA-PHX-ADO
Bridget Penton, City of Phoenix
Steve Reeder, Kimley-Horn
Richard Reese, AMEC Foster Wheeler
Michael Romero, Amec Foster Wheeler
Stephanie Salazar, Arizona State University
Ken Snyder, Dibble Engineering
Vice Mayor Chip Wilson, City of Apache Junction

1. Call to Order at 9:00 a.m. (Mayor Jenn Daniels, Vice Chair)

2. Call to the Public.

There were no public comments.

3. Executive Director's Report – J. Brian O'Neill, A.A.E., Executive Director/CEO

The Board of Directors received information related to operational and passenger activity, noise summary, fuel sales, and financials. Fiscal Year-to-Date 17 (FYTD17) preliminary net operating income \$1,400,596 a 62.5% increase over the same time last fiscal year.

The US Forest Service (USFS) has had an active year. Gateway Airport hosted three DC10's on June 28, 2017 and sold 42,000 gallons of fuel in one day. Just for comparison purposes, Allegiant uses approximately 32,000 gallons of fuel at the Airport on their busy days. During FY17, the USFS loaded over 1,000,000 gallons of fire retardant at their Gateway Airport base; a significant increase compared to the 675, 000 gallons loaded in FY16.

The final phase (Phase V) of the North Apron Area project is well underway with an anticipated completion date of the first week in September. As a reminder, this project included the removal and replacement of 17+ football fields – including end zones - of concrete ramp area (1,000,000 sq. ft.). PMGAA was very fortunate that the Federal Aviation Administration (FAA) provided AIP Entitlement and Discretionary Grants that

allowed the project to be completed in one phase rather than breaking it up over several years. Mayor Jeff Serdy asked what happened to the old concrete, and Mr. O'Neill stated that the original concrete from 1941 was reclaimed and used as the subbase under the new concrete.

Preliminary operational metrics for Year-End FY17 revealed: 1,346,635 total passengers during the fiscal year (2nd highest); 273,261 total operations (2nd highest); \$2.9M in vehicle parking revenue (highest); 41,116 fuel transactions (highest); 16,041,561 total gallons of fuel pumped (3rd highest); and an estimated \$1.4M in net operating income (highest). Just four years ago, member contributions were used to cover operating costs, and for the last three years PMGAA has supported the Airport's operation with revenues generated on-airport. Annual member contributions are invested in airport facility and infrastructure projects. In FY17, Allegiant maintained an 86% annual load factor and WestJet had a 93% load factor during their first season at Gateway Airport.

PMGAA staff continues to identify ways to increase non-airline concession revenue. In FY17, revenue per enplaned passengers (EPAX) rose to \$0.45 compared to \$0.37 in FY16; a 25% increase.

4. Presentation: Strategic Business Plan Update – Veronica Lewis, PHR, Human Resources Director

Ms. Lewis provided the Board with an overview of the seven strategic goals of the organization, the overall tactical plan, and the various department-specific implementation plans.

5. Consent Agenda

- a. **Minutes** of the Board Meeting held on **June 20, 2017**.
- b. **Resolution No. 17-29** Amending the expenditure limit of \$50,000 for Fire Vehicles and Equipment Maintenance Services for FY17 approved on May 17, 2016 via Resolution 16-15 to \$63,450.39.
- c. **Resolution No. 17-30** Authorizing an Intergovernmental Agreement with the **City of Mesa** for Fire Vehicles and Equipment Maintenance Services, effective July 1, 2017 through June 30, 2020 at a cost not to exceed \$60,000 per year, for a grand total of \$180,000.
- d. **Resolution No. 17-31** Authorizing an agreement for financial participation with the **City of Mesa** to share state and federal lobbyist and consulting services, effective July 1, 2017 at a cost not to exceed \$99,600.
- e. **Resolution No. 17-32** Authorizing an agreement with **Waxie Sanitary Supply** for the purchase of janitorial supplies between August 2, 2017 and August 1, 2018 in the amount of \$77,000.
- f. **Resolution No. 17-33** Authorizing the purchase of five airport service trucks from **San Tan Ford** in the amount of \$165,298.57.
- g. **Resolution No. 17-34** Authorizing a new agreement with the **Arizona State Parks Board** (DBA Arizona State Parks & Trails) relating to state historic preservation requirements for airfield maintenance and utility repairs.
- h. **Resolution No. 17-35** Authorizing the purchase of hardware and installation refresh with **CDW-G** through the use of a Arizona State Contract at a cost not to exceed \$125,000.

Mayor Gail Barney moved to approve the Consent Agenda; Mayor Jeff Serdy seconded the motion. The motion was carried unanimously.

Consideration and Possible Approval of:

6. **Resolution No. 17-36** Approval of Authorization of Services No. 16A-1706 with **Dibble Engineering** for Construction Administration Services of the Taxiway Alpha Reconstruction Project for a total cost not to exceed \$211,742.

Councilwoman Thelda Williams moved to approve Resolution No. 17-36; Mayor Gail Barney seconded the motion. The motion was carried unanimously.

7. **Resolution No. 17-37** Authorizing a construction contract with **Nesbitt Contracting Co., Inc.** for Taxiway Alpha Reconstruction for a total cost not to exceed \$4,378,548.96.

Councilwoman Thelda Williams moved to approve Resolution No. 17-37; Mayor Gail Barney seconded the motion. The motion was carried unanimously.

8. **Resolution No. 17-38** Adoption of revisions to the **Airport Rates and Charges** schedule with an effective date of August 1, 2017.

Councilwoman Williams asked to receive a total amount in waived fees sometime in the near future.

Councilwoman Thelda Williams moved to approve Resolution No. 17-38; Mayor Gail Barney seconded the motion. The motion was carried unanimously.

9. **Election of Chair and Vice Chair.**

Councilwoman Thelda Williams motioned to nominate Mayor Jenn Daniels as Chair, representing Gilbert and Mayor Jeff Serdy as Vice Chair, representing Apache Junction. Mayor Gail Barney seconded the motion. The motion was carried unanimously.

10. **Election of Secretary and Treasurer.**

Mayor Jeff Serdy motioned to nominate Lt. Governor Monica Antone as Secretary, representing the Gila River Indian Community and Mayor Barney as Treasurer, representing the Town of Queen Creek. Councilwoman Thelda Williams seconded the motion. The motion was carried unanimously.

11. **Board Member Comments/Announcements**

Chairwoman Daniels announced there would not be a Board meeting in August.

12. Next Meeting: Tuesday, September 19, 2017 at 9:00 a.m. in the Board Room (Saguaro A & B) of the Gateway Administration Building, 5835 South Sossaman Road, Mesa, Arizona.

13. Adjournment.

The meeting adjourned at 940 a.m.

Dated this ____ day of _____, 20____.

Maria E. Gonzalez, Clerk of the Board

DRAFT



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Margi EvanSon, Operations & Maintenance Director
Through: Scott Brownlee, Deputy Director/COO
J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: CIP #928 and 997 Purchase of Service Vehicles
Date: September 19, 2017

Proposed Motion

To authorize the purchase of three (3) service vehicles from San Tan Ford, in an amount not to exceed \$64,875.03.

Narrative

The Engineering and Facilities Department (ENF) has six employees that need access to vehicles for work on PMGAA property. The Information and Technology Services Department (ITS) supports multiple buildings for terminal, employee and tenant services.

FY18 CIP #928 & #997 were approved to replace two (2) 20-year-old vehicles and add one (1) additional airport service truck to supplement department needs. The purchase of one (1) small SUV and one (1) truck is necessary to meet the needs of ENF. The purchase of one (1) vehicle that can carry items such as ladders, servers, UPS batteries, large displays and many other applications is necessary to meet the needs of ITS.

In July 2017, a cooperative quote was obtained through San Tan Ford utilizing the Arizona State Contract #ADSP012-0166124.

Fiscal Impact

This purchase was included in the FY18 capital budget and is funded with CIP 928 & 997.

Attachment(s)

Quotes



RESOLUTION NO. 17-39

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute §28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS the Authority desires to purchase three service vehicles from San Tan Ford;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes the purchase of three service vehicles from San Tan Ford, in an amount not to exceed \$64,875.03. This resolution also authorizes the Chair or Executive Director/CEO to execute such Contract, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 19th day of September, 2017.

Jenn Daniels, Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Attorney



San Tan Ford
1429 East Motorplex Loop, Gilbert, Arizona, 852970410
Office: 480-821-3200 Fax: 480-988-1691

Customer Proposal

Prepared for:

Brett Williams
Phoenix-Mesa Gateway Airport
6263 S Taxiway Circle
Mesa, AZ 85212
Office: 480-988-7542
Mobile: 480-748-6899
Email: bwilliams@phxmesagateway.org

Prepared by:

Joe Sanchez
Office: 480-621-3741
Email: joesanchez@santanford.com

Ship to:

Brett Williams
Phoenix-Mesa Gateway Airport
6263 S Taxiway Circle,
Mesa, AZ, 85212

Date: 07/06/2017

Vehicle: 2018 Escape S
4dr FWD

Quote ID: 70617-1





Government Fleet Sales Manager

Joe Sanchez (480) 621-3741 joesanchez@santanford.com

Department Fax (480) 621-3796

Date: July 6, 2017

Customer: Phoenix-Mesa Gateway Airport

Line Item/State Contract #: U0F / ADSPO17-166124

Vehicle Description: 2018 Ford Escape S FWD

	Base Bid Price	<u>\$18,855.00</u>
	<u>Upgrade Options</u>	
1	Window Tint	250.00
2		
3		
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16		
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19		
20		
		<u>\$250.00</u>
	Bid Price (with options)	\$19,105.00
	Tire Tax	5.00
	Sales Tax (7.80%)	1,490.19
	Ford Extended Service Plan	
	Transportation Fee	<u> </u>
	Total Delivered Price	<u>\$20,600.19</u>



Notes:

*Thank You,
Joe*



San Tan Ford
1429 East Motorplex Loop, Gilbert, Arizona, 852970410
Office: 480-821-3200 Fax: 480-988-1691

Customer Proposal

Prepared for:

Brett Williams
Phoenix-Mesa Gateway Airport
6263 S Taxiway Circle
Mesa, AZ 85212
Office: 480-988-7542
Mobile: 480-748-6899
Email: bwilliams@phxmesagateway.org

Prepared by:

Joe Sanchez
Office: 480-621-3741
Email: joesanchez@santanford.com

Ship to:

Brett Williams
Phoenix-Mesa Gateway Airport
6263 S Taxiway Circle,
Mesa, AZ, 85212

Date: 07/06/2017

Vehicle: 2018 F-150 XL

4x2 Regular Cab Styleside 8' box 141" WB

Quote ID: 70617-2





Government Fleet Sales Manager

Joe Sanchez (480) 621-3741 joesanchez@santanford.com
 Department Fax (480) 621-3796

Date: July 6, 2017

Customer: Phoenix-Mesa Gateway Airport

Line Item/State Contract #: F1C / ADSPO17-166124

Vehicle Description: 2018 Ford F150 Regular Cab 4X2 Long Bed

With 3.3L FFV V6 Engine

Base Bid Price \$19,831.00

Upgrade Options

1 Power Windows/Locks	Standard on Contract
2 Cruise Control	Standard on Contract
3 Window Tint	250.00
4 Sprayed-in Bedliner	450.00
5	
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19	
20	
	<u>\$700.00</u>

Bid Price (with options) \$20,531.00

Tire Tax 5.00
 Sales Tax (7.80%) 1,601.42

Ford Extended Service Plan

Transportation Fee _____

Total Delivered Price \$22,137.42



Notes:

*Thank You,
Joe*



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Shea Joachim, CEcD, Business Development Director
Through: Scott Brownlee, Deputy Director/COO
J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Kind Hospitality Inc. Amendment 4
Date: September 19, 2017

Proposed Motion

To Authorize a Terminal Concession Agreement amendment with Kind Hospitality Inc. for property located at 6033 S. Sossaman Road, Mesa, AZ 85212. The amendment facilitates an expansion of food and beverage concession in the passenger Terminal. Fees shall equal TEN percent (10%) of the gross revenue earned at and from the additional locations.

Narrative

Kind Hospitality, Inc. has proposed to expand the Copper Plate restaurant utilizing adjacent floor space currently used for passenger seating for Gate 5. In addition, Kind Hospitality, Inc. has proposed a wine and beer bar to be located adjacent to Paradise Bakery & Café as well as a portable taco cart to be located in the courtyard adjacent to Gates 1-4. All expansion locations are located in the Passenger Terminal secure side. Kind Hospitality, Inc. will pay for all costs associated with the expansion. The proposed expansion is in response to the eight (8) additional destinations announced by Allegiant Airlines in June 2017 and the anticipated increase in passengers utilizing the Passenger Terminal.

Agreement Term and Rate

This amendment term will expire with the current Concession Agreement on September 30, 2019. Kind Hospitality, Inc. may terminate the amendment if the expanded operations prove unsuccessful.

Fees for this amendment shall be TEN percent (10%) of gross revenue earned at and from the additional locations.

Attachment(s)

Amendment 4



RESOLUTION NO. 17-40

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Authority desires to amend the Terminal Concession Agreement with Kind Hospitality Inc.;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorize a Terminal Concession Agreement amendment with Kind Hospitality Inc. for property located at 6033 S. Sossaman Road, Mesa, AZ 85212. The amendment facilitates an expansion of food and beverage concession in the passenger Terminal. Fees shall equal 10% of the gross revenue earned at and from the additional locations. This resolution also authorizes the Chair or Executive Director/CEO to execute such Agreement, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 19th day of September, 2017

Jenn Daniels, Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Attorney



FOURTH AMENDMENT TO CONCESSION AGREEMENT

This FOURTH AMENDMENT TO the Food and Beverage TERMINAL CONCESSION AGREEMENT (“AMENDMENT 4”) is executed to be effective as of the FIRST (1ST) day of OCTOBER 2017 by and between the **PHOENIX-MESA GATEWAY AIRPORT AUTHORITY**, a joint powers airport authority authorized and existing under the laws of the State of Arizona, its successors and assigns (“PMGAA”), and **KIND HOSPITALITY, INC.**, a Delaware corporation registered to do business in the State of Arizona (“Concessionaire”). PMGAA and Concessionaire may be referred to jointly as “Parties,” and each separately as a “Party”. This AMENDMENT 4 hereby amends that certain Terminal Concession Agreement between PMGAA and Concessionaire dated and effective the FIRST (1ST) day of OCTOBER 2012 and subsequently amended on OCTOBER 1, 2011, JULY 1, 2012 and JANUARY 1, 2013 (the “Agreement”), with respect to Concessionaire’s operation of its PARADISE BAKERY & CAFÉ and COPPER PLATE at the Airport Terminal at 6033 South Sossaman Road.

WITNESSETH:

WHEREAS, PMGAA and Concessionaire desire to enter into this AMENDMENT 4 in order to modify the Agreement; and

WHEREAS, Concessionaire was formerly known as Premiere Airport Food Services, Inc and changed its name to Kind Hospitality, Inc. in June 2016; and

WHEREAS, PMGAA and Concessionaire desire to expand Concessionaire’s Terminal Concession Agreement, adding additional square footage to the Copper Plate restaurant, adding a wine and beer bar to the area adjacent to the Paradise Bakery café, and adding a taco cart to the courtyard adjacent to Gates 1-4.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this AMENDMENT 4 and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. SECTION 1.1.1.1 shall be added:

1.1.1.1 Suite 157A: PMGAA hereby grants to Concessionaire, for the term and under the conditions herein provided, a nonexclusive and revocable right to enter upon and use the Airport (pursuant to the provisions of Section 12 herein) for the purpose of conducting its business as a Terminal concessionaire from that certain space within the Terminal that is identified as Suite 157A consisting of approximately FOUR HUNDRED EIGHTEEN (418) square feet within the post-security Terminal area (“Suite 157A”). The definition of Premises shall be inclusive of the Suite 157A except as provided in Section 3 Suite 157A is depicted in **EXHIBIT 1-3C** attached hereto.

2. SECTION 1.1.1.2 shall be added:

1.1.1.2 Suite 119A: PMGAA hereby grants to Concessionaire, for the term and under the conditions herein provided, a nonexclusive and revocable right to enter upon and use the Airport (pursuant to

the provisions of Section 12 herein) for the purpose of conducting its business as a Terminal concessionaire from that certain space within the Terminal that is identified as Suite 119A consisting of approximately FOUR HUNDRED THIRTY-FOUR (434) square feet within the post-security Terminal area (“Suite 119A”). The definition of Premises shall be inclusive of the to Suite 119A except as provided in Section 3. Suite 119A is depicted in **EXHIBIT 1-3C** attached hereto.

3. Section 1.1.1.3 shall be added:

Suite 119B Patio Area: PMGAA hereby grants to Concessionaire, for the term and under the conditions herein provided, a nonexclusive and revocable right to enter upon and use the Airport (pursuant to the provisions of Section 12 herein) for the purpose of conducting its business as a Terminal concessionaire from that certain space within the Terminal that is identified as Suite 119B patio area consisting of approximately 1000 square feet within the post-security Terminal area (“Suite 119B Patio Area”). The definition of Premises shall be inclusive of the Suite 119B Patio Area except as provided in Section 3. Suite 119B patio area is depicted in **EXHIBIT 1-3C** attached hereto.

4. SECTION 3.1.3 shall be added:

3.1.3 For the Premises described as “Suite 157A,” “Suite 119A,” and “Suite 119B Patio Area Concessionaire shall not pay MAG but shall pay to PMGAA a fee of TEN PERCENT (10%) of gross revenue earned by Concessionaire at, on and from the additional floor space depicted in **EXHIBIT 1-3C**.

5. SECTION 5.9 shall be added:

5.9 Expansion improvements.

5.9.1 In Suite 157A, Concessionaire shall install a wine and beer bar with seating. Table and chair seating shall also be provided within the expansion space.

5.9.2 In the Suite 119A, Concessionaire shall provide a temporary separation barrier between the Gate 5 open seating area and the expansion. Concessionaire shall provide tables and chairs within the expansion.

5.9.3 In the Suite 119B Patio Area, Concessionaire shall install a mobile taco cart, tables and chairs.

6. SECTION 12.2.5 shall be added:

12.2.5 Concessionaire shall have the right to cancel this Amendment 4 with 30-day advanced written notice to PMGAA, and PMGAA’s concurrence that the additional concession floor space is not profitable based on gross revenue sales.

7. **EXHIBIT 1-3C** attached hereunto shall be added.

8. Concessionaire warrants and represents to PMGAA that: (i) all necessary actions have been taken to authorize the execution of this AMENDMENT 4 by Concessionaire; (ii) the persons who have executed this AMENDMENT 4 on behalf of Concessionaire are duly authorized to do so; and (iii)

this AMENDMENT 4 constitutes a legal, valid and binding obligation of Concessionaire, enforceable against Concessionaire in accordance with its terms and the terms of the Agreement.

9. In all other respects the Food and Beverage Terminal Concession Agreement shall remain unchanged and in full force and effect. The Agreement, as amended by this AMENDMENT 4 shall continue to be binding upon PMGAA and Concessionaire and their permitted successors and assigns.
10. All of the Recitals set forth above are incorporated into this AMENDMENT 4 by this reference.
11. Concessionaire recognizes and acknowledges that execution of his AMENDMENT 4 shall in no way constitute a waiver by PMGAA or any other sums which may be due and owing to PMGAA or which may hereafter accrue.

IN WITNESS WHEREOF, the Parties have entered into this AMENDMENT 4 as of the date first set forth above.

FOR PMGAA:

**PHOENIX-MESA GATEWAY AIRPORT
AUTHORITY**, an Arizona joint powers
Authority.

FOR CONCESSIONAIRE:

KIND HOSPITALITY, INC.
a Delaware corporation.

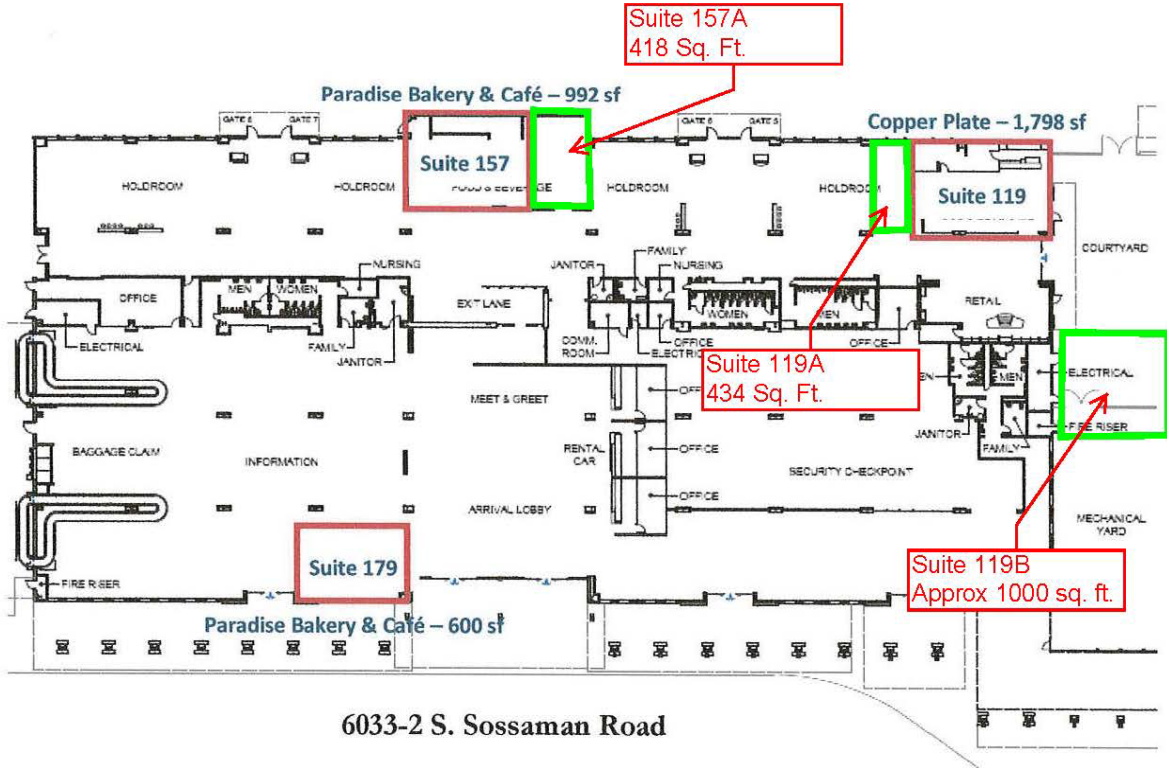
By: _____

Name: J. Brian O'Neill, A.A.E.
Executive Director/CEO

By: _____

Name: Nava Thuraisingam,
Chief Executive Officer

EXHIBIT 1-3C
Food and Beverage Additional Premises





Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Shea Joachim, CEcD, Business Development Director
Through: Scott Brownlee, Deputy Director/COO
J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Stargateway, LLC (Arizona Highways) Amendment 3
Date: September 19, 2017

Proposed Motion

To authorize a Terminal Concession Agreement amendment with Stargateway, LLC for property located at 6033 S. Sossaman Road, Mesa, AZ 85212. The amendment facilitates an expansion of general merchandising & gift concession in the passenger Terminal. Fees shall equal 10% of the gross revenue earned at and from the additional location.

Narrative

Stargateway, LLC will expand the Arizona Highways merchandise and gift shop utilizing temporary kiosks located in the Passenger Terminal Phase 3 building. Stargateway, LLC will pay for all costs associated with the expansion. Currently, there are no concession services located within Passenger Terminal Phase 3 building (gates 9 and 10). The proposed expansion is in response to the eight (8) additional destinations announced by Allegiant Airlines in June 2017 and the anticipated increase in utilization of the Passenger Terminal Phase 3 building.

Agreement Term and Rate

This amendment term will expire with the current Concession Agreement on September 30, 2019. Stargateway, LLC may terminate the amendment if the expanded operation proves unsuccessful.

Fees for this amendment shall be 10% of gross revenue earned at and from the additional location.

Attachment(s)

Amendment 3



RESOLUTION NO. 17-41

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Authority desires to amend the Terminal Concession Agreement with Stargateway, LLC;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorize a Terminal Concession Agreement amendment with Stargateway, LLC for property located at 6033 S. Sossaman Road, Mesa, AZ 85212. The amendment facilitates an expansion of general merchandising & gift concession in the passenger Terminal. Fees shall equal 10% of the gross revenue earned at and from the additional location. This resolution also authorizes the Chair or Executive Director/CEO to execute such Agreement, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 19th day of September, 2017.

Jenn Daniels, Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Attorney



THIRD AMENDMENT TO CONCESSION AGREEMENT

This **THIRD AMENDMENT** to the General Merchandising & Gift Concession Agreement (“**AMENDMENT 3**”) is executed to be effective as of the **FIRST (1ST)** day of **OCTOBER 2017** by and between the **PHOENIX-MESA GATEWAY AIRPORT AUTHORITY**, a joint powers airport authority authorized and existing under the laws of the State of Arizona, its successors and assigns (“**PMGAA**”), and **STARGATEWAY, LLC.**, an Arizona limited liability company (“**Concessionaire**”). **PMGAA** and **Concessionaire** may be referred to jointly as “**Parties**,” and each separately as a “**Party**”. This **AMENDMENT 3** hereby amends that certain Amended and Restated General Merchandising & Gift Concession Agreement between **PMGAA** and **Concessionaire** dated and effective the **FIRST (1ST)** day of **DECEMBER 2008** (the “**Agreement**”), with respect to **Concessionaire’s** General Merchandising & Gift Concession at the Airport Terminal at 6033 South Sossaman Road.

WITNESSETH:

WHEREAS, **PMGAA** and **Concessionaire** desire to enter into this **AMENDMENT 3** in order to modify the **Agreement**; and

WHEREAS, **PMGAA** and **Concessionaire** desire to expand **Concessionaire’s** General Merchandising & Gift Concession into the Terminal Phase 3 building.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this **AMENDMENT 3** and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the **Parties** agree as follows:

1. **SECTION 1.1.1.1** shall be added:

1.1.1.1 Approximately 448 square feet of concession floor space (“**Additional Floor Space**”) shall be added to the Premises for use as an expanded General Merchandise & Gift Concession space. The **Additional Floor Space** is depicted in **EXHIBIT 3** attached hereto.

2. **SECTION 3.1.3** shall be added:

3.1.3 In addition to current fees paid to **PMGAA**, **Concessionaire** shall pay to **PMGAA** a fee of **TEN PERCENT (10%)** of gross revenue earned by **Concessionaire** at, on and from the **Additional Floor Space** depicted in **EXHIBIT 3**.

3. **SECTION 12.2.5** shall be added:

12.2.5 **Concessionaire** shall have the right to terminate its occupancy of and rights to the **Additional Floor Space** with a 30-day advanced written notification to **PMGAA**.

4. **EXHIBIT 3** attached hereunto shall be added.

5. Concessionaire warrants and represents to PMGAA that: (i) all necessary actions have been taken to authorize the execution of this AMENDMENT 3 by Concessionaire; (ii) the persons who have executed this AMENDMENT 3 on behalf of Concessionaire are duly authorized to do so; and (iii) this AMENDMENT 3 constitutes a legal, valid and binding obligation of Concessionaire, enforceable against Concessionaire in accordance with its terms and the terms of the Agreement.
6. In all other respects the General Merchandising & Gift Concession Agreement shall remain unchanged and in full force and effect. The Agreement, as amended by this AMENDMENT 3 shall continue to be binding upon PMGAA and Concessionaire and their permitted successors and assigns.
7. All of the Recitals set forth above are incorporated into this AMENDMENT 3 by this reference.
8. Concessionaire recognizes and acknowledges that execution of his AMENDMENT 3 shall in no way constitute a waiver by PMGAA or any other sums which may be due and owing to PMGAA or which may hereafter accrue.

IN WITNESS WHEREOF, the Parties have entered into this AMENDMENT 3 as of the date first set forth above.

FOR PMGAA:

**PHOENIX-MESA GATEWAY AIRPORT
AUTHORITY**, an Arizona joint powers
Authority.

By: _____

Name: J. Brian O'Neill, A.A.E.
Executive Director/CEO

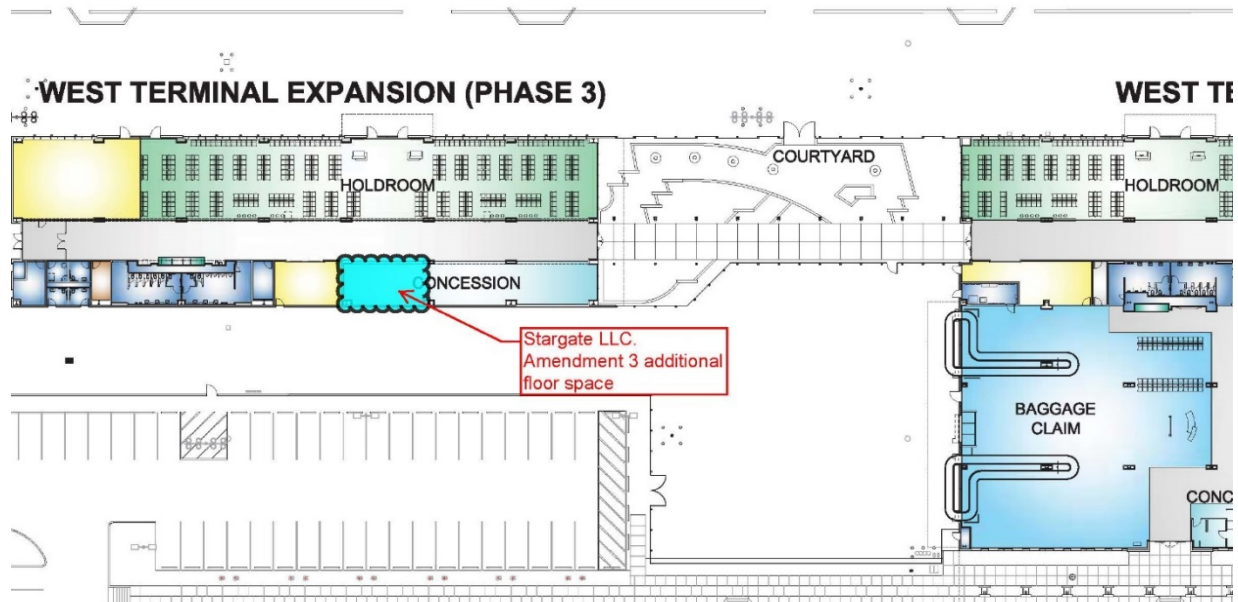
FOR Concessionaire:

STARGATE, LLC
an Arizona limited liability company.

By: _____

Name: Gregg S. Paradies, President and CEO,

EXHIBIT 3
General Merchandising & Gift additional floor space





Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Shea Joachim, CEcD, Business Development Director
Through: J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Worldwide Flight Services, Inc. Facility Lease Agreement
Date: September 19, 2017

Proposed Motion

To authorize a facility lease agreement with Worldwide Flight Services, Inc. for property located at 6033 S. Sossaman Rd. Suite 175, Mesa, AZ 85212. The lease term is five years, commencing on September 16, 2017.

Narrative

Worldwide Flight Services is a licensed ground handling company currently providing service to Allegiant Airlines. The facility is utilized as a Baggage Service Office (BSO).

Agreement Term and Rate

This initial term of the Agreement is five (5) years. The initial lease rate is \$16,764 annually or \$1,397.00 per month, for 488 SF. The initial lease rate will increase by 4% on every 12-month anniversary of the Effective Date.

Attachment(s)

Facility Lease Agreement



RESOLUTION NO. 17-42

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Authority desires to enter into a facility lease agreement with Worldwide Flight Services, Inc.;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes a facility lease agreement with Worldwide Flight Services, Inc. for property located at 6033 S. Sossaman Rd. Suite 175, Mesa, AZ 85212. The lease term is five years, commencing on September 16, 2017. This resolution also authorizes the Chair or Executive Director/CEO to execute such Agreement, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 19th day of September, 2017.

Jenn Daniels, Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Attorney



Phoenix-Mesa Gateway Airport Authority

FACILITY LEASE

with

WORLDWIDE FLIGHT SERVICE, INC.

Effective Date: September 16, 2017

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Phoenix-Mesa Gateway Airport Authority
FACILITY LEASE

This Facility Lease (“Lease”) is executed to be effective the Sixteenth (16) day of September 2017 (“Effective Date”) between the PHOENIX-MESA GATEWAY AIRPORT AUTHORITY, a joint powers authority authorized by the State of Arizona (“Lessor”), and WORLDWIDE FLIGHT SERVICES, INC., a Delaware corporation authorized to do business in the State of Arizona (“Lessee”). Lessor and Lessee may be referred to jointly as “Parties,” and each separately may be referred to as a “Party.”

WITNESSETH:

WHEREAS, Lessor is the owner and operator of the Phoenix-Mesa Gateway Airport generally located at the intersection of Ray Road and Sossaman Road, City of Mesa, Maricopa County, Arizona (Airport”); and

WHEREAS, Lessor has the right to lease, license and grant the use of property and facilities on the Airport and has full power and authority to enter into this Lease in respect thereof; and

WHEREAS, Lessor desires to lease to Lessee, and Lessee desires to lease from Lessor, that certain real property at the Airport located at 6033 S. Sossaman Rd., Suite 175, Mesa, AZ 85212, and described as the Terminal Building Suite 175, consisting of approximately Four Hundred Eighty-Eight (488) square feet, as set forth in Exhibit A attached hereto (“Premises”); and

WHEREAS, Lessor desires to lease the Premises to Lessee on the terms and conditions set forth herein;

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements herein contained, the Parties do hereby undertake, promise and agree, each for itself and its successors and assigns, as follows:

1. LEASE

Lessor hereby leases the Premises to Lessee, subject to all easements and rights of way that may encumber the Premises, and further subject to all operational and use restrictions and other terms and conditions set forth in this Lease.

1.1 Right to Use Premises. Lessor agrees that so long as Lessee shall timely pay the Base Rent and other charges required to be paid hereunder, and perform all of its other obligations under this Lease, Lessee shall peaceably have and enjoy the use of the Premises without hindrance from Lessor. Lessee specifically acknowledges that Lessee has inspected the Premises prior to entering into this Lease and agrees to accept the Premises in an “as is, where is” condition without any warranty or representation from Lessor, either expressed or implied, of any kind or nature whatsoever with respect to the Premises, including, but not limited to, any warranty of merchantability, habitability, or fitness for any particular or specific purpose, and all such warranties are hereby disclaimed. Should Lessee desire any inspection report, environmental assessment,

survey, creation of a legal description, drainage report, or any similar study, Lessee shall be responsible for the same at Lessee's sole expense.

1.2 Substitution of Premises. In addition to Lessor's other rights set forth in this Lease, Lessor reserves the right, upon no less than Ninety (90) calendar days prior written notice to Lessee, to substitute Comparable Areas for all or any portion of the Premises, including any additions, alternations or improvements thereon, should Lessor, in its reasonable discretion, determine that taking of the Premises, any portion thereof or any improvement thereon, is required for other Airport purposes, and there exists no appropriate alternative. In the event Lessor makes the determination to exercise its rights to substitute, all title, right and interest to the portion of the Premises taken shall immediately vest in Lessor on the date that is Ninety (90) calendar days following receipt of Lessor's notice, or such later date as specified therein. Furthermore, Lessor may require Lessee to vacate any portion or all of the Premises taken. For the purposes of this Section 1.2, the term "Comparable Areas" is defined to mean other facilities at the Airport, or any additions or extensions thereof, similar in size to the Premises, brought to the same level of improvement as the Premises and having the same or similar usefulness to Lessee as the portion taken. Lessor shall bear all expenses of bringing the substituted area to the same level of improvement as the Premises, and of moving Lessee's improvements, equipment, furniture and fixtures to the substituted area. If any of Lessee's improvements, equipment, furniture or fixtures cannot be relocated, Lessor shall replace, at Lessor's expense, such non-relocatable improvements and other property with comparable property in the Premises, and Lessor shall be deemed the owner of the non-relocated improvements and other property, free and clear of all claims of any interest or title therein by Lessee, or any other third party whomsoever. It is the specific intent of this Section 1.2 that Lessee be placed, to the extent possible, in the same position it would have been, had Lessor not substituted new premises for the Premises; provided, however, that Lessor shall not be obligated to reimburse Lessee for any damages, including lost profits or revenues, due to such substitution. Notwithstanding the foregoing, Lessor shall use reasonable efforts to avoid disruption to Lessee's business.

1.3 Access. Lessee is granted the right of reasonable access to and from the Premises via such portions of the Airport as are or may be necessary to allow Lessee to conduct its business operations permitted herein at and on the Premises and the Airport. Lessor reserves the right to designate the location of such access and to change its location from time to time, as Lessor deems reasonably necessary and appropriate; provided such changes do not materially interfere with Lessee's use of or access to the Premises.

1.4 Permitted Uses. Subject to the provisions of Section 1.5, Lessee may use the Premises for general office purposes and storage. Lessee's use of the Premises and operation of its business at and on the Airport and the Premises is subject to all applicable laws, rules and regulations of any governmental authority, including Lessor, and to Lessee's compliance with applicable provisions of the Airport Rules and Regulations and Minimum Standards.

1.5 Prohibited Activities. Lessee shall not use or permit its agents, employees, contractors, invitees, licensees or customers to use the Premises or the Airport for any use that is in violation of the Airport Rules and Regulations, the Airport Minimum Standards, any matters of record, or applicable laws, rules, regulations and operating policies of any governmental authority, including Lessor, or for any other activity or operation not specified in Section 1.4 herein, or that does not have advance, written approval of Lessor's Executive Director.

1.6 Continuous Operation. Upon commencement of business operations at and on the Premises and the Airport, Lessee shall designate an on-site manager for the term of this Lease who shall be available to Lessor and Lessee's customers, if any, during normal business hours, and otherwise as required by the Airport Minimum Standards, as applicable.

1.7 Lessee Acknowledgement. Lessee acknowledges this Lease is a MODIFIED GROSS LEASE and agrees that its obligations to pay Base Rent and all other charges due and owing under the terms hereof

shall be absolute and unconditional, and shall not be affected by any circumstances whatsoever, including, without limitation: (i) any set-off, counterclaim, recoupment, defense or other right which Lessee may have against Lessor or the United States of America or anyone else for any reason whatsoever; (ii) any liens, encumbrances or rights of others with respect to the Premises; (iii) the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease or any lack of right, power or authority of Lessor or Lessee to enter into this Lease; (iv) any insolvency, bankruptcy, reorganization or similar proceedings by or against Lessee, or any other person; or (v) any other cause, whether similar or dissimilar to the foregoing, any future or present law notwithstanding, it being the intention of the Parties hereto that all rent being payable by Lessee hereunder shall continue to be payable in all events and in the manner and at the times provided herein.

2. TERM

2.1 Initial Term. The term of this Lease shall be for a period of Five (5) years, commencing on the Effective Date and terminating on September 15, 2022 thereafter (“Term”).

2.2 Termination of Allegiant Air Service. As a contractor for Allegiant Airlines, Lessee and Lessor shall have the right to terminate this lease agreement with Thirty (30) day written notice provided; Allegiant Airlines or its successors and assigns no longer provides passenger airline service at Phoenix-Mesa Gateway Airport or the contract between Allegiant Airlines and Worldwide Flight Services is terminated. Notification under this section cannot be given until the final Allegiant passenger service flight operation has occurred or the final day of the contract between Allegiant Airlines and Worldwide Flight Services.

3. NON-EXCLUSIVE RIGHTS

Lessee shall have the exclusive right to occupy and use the Premises while in compliance with the terms and conditions of this Lease. All other rights granted to Lessee under this Lease are nonexclusive. Lessor may, in its sole discretion and at any time, permit third parties to conduct any and all business activities at the Airport that Lessor deems appropriate, or conduct such activities itself, provided that such activities do not require or materially interfere with Lessee’s use of the Premises.

4. RENT

4.1 Base Rent. Lessee agrees to pay Lessor annual rental for the use of the Premises in the amount of Sixteen Thousand Seven Hundred Sixty-Seven and 68/100 Dollars (USD\$16,767.68), payable in equal monthly installments of One Thousand Three Hundred Ninety-Seven and 31/100 Dollars (\$1,397.31) (“Base Rent”). The Base Rent shall be payable in advance, without any prior demand therefor and without any abatement, deductions or set-offs whatsoever, and tendered in lawful currency of the United States, either by check or electronic transfer. All payments referenced in this Lease shall be payable exclusively in United States Dollars.

4.2 Rent Increases. The annual Base Rent paid by Lessee shall be increased on every Twelve (12) month anniversary of the Effective Date of this Lease by a percentage equal to Four percent (4%).

4.3 Reserved.

4.4 Airport Rates and Charges Schedule. Lessee or its subtenants, as applicable and including its contractors, agents, etc., shall pay all fees identified in the most current Airport Rates and Charges Schedule and/or the Airport Fees and Rental Rates at the time of receipt of any covered service or use of any covered facilities, unless specifically outlined in this Lease. The current Airport Rates and Charges Schedule and the Airport Fees and Rental Rates is included as Exhibit B and incorporated herein by reference and is subject to change without prior notice or approval of Lessee. Lessee acknowledges and agrees that Lessor may amend the Airport Rates and Charges Schedule and/or the Airport Fees and Rental Rates at any time at Lessor’s sole

discretion, and that no fee [referenced in the Airport Rates and Charges Schedule and/or the Airport Fees and Rental Rates] shall apply to the use of the Premises or access to the Premises.

4.5 Payment.

4.5.1 Unless otherwise specified herein, the first payment of Base Rent shall be paid to Lessor upon the delivery of this Lease, for the period from the Effective Date until the end of the calendar month in which the Effective Date occurs, prorated on the basis of the number of such days to the total number of days in said month. All payments referenced in this Lease shall be payable exclusively in United States Dollars. Thereafter, all Base Rent payments shall be paid in monthly installments, in advance, on the first day of each calendar month ("Base Rent Due Date"). On each such date, Lessee shall pay the full Base Rent payment.

4.5.2 No payment to or receipt by Lessor of a lesser amount than that which is due and payable under the provisions of this Lease at the time of such payment shall be deemed to be other than a payment on account of the earliest payment due, nor shall any endorsement or statement on any check or payment prejudice in any way Lessor's right to recover the balance of such payment or pursue any other remedy provided in this Lease or by law.

4.5.3 All payments (and reports, if any) required by this Section 4.5 shall be remitted to the following address by the due date(s) specified hereinabove:

Phoenix-Mesa Gateway Airport Authority
Attn.: Department of Finance (Accounts Receivable)
5835 S. Sossaman Road
Mesa, Arizona 85212-6014
or such other address specified in writing by Lessor to Lessee.

4.6 Finance Charges and Late Fees. If Lessee fails to pay any installment of Base Rent or any other charge due and owing to Lessor in full on or before the applicable due date, Lessee shall be responsible for interest on the unpaid installment at the rate of Eighteen Percent (18%) per annum from the due date until payment in full is made. In addition, in the event any installment of Base Rent or other charge owing to Lessor is paid more than Ten (10) days after the due date, a late penalty of Ten Percent (10%) of the amount of such delinquent Base Rent installment or other charge shall be due and payable in addition thereto.

4.7 Taxes. In the event any governmental authority shall impose a tax or imposition based upon any Base Rent payments or any other sums paid or owing hereunder, or the receipt of such payments by Lessor, Lessee shall pay such amounts to Lessor at the same time and in addition to payments hereunder, which amounts may include, but are not limited to, any or all rental, transaction privilege, sales, excise or other similar tax except income taxes.

4.8 Survival. Lessee's obligation to pay all amounts stated herein, together with any interest thereon and/or penalties therefor, shall survive the termination of this Lease.

5. PERFORMANCE GUARANTEE

5.1 Security Deposit.

5.1.1 Lessor shall retain and apply the security deposit ("Security Deposit") currently on file in the amount of TWO THOUSAND SIX HUNDRED AND 00/100 DOLLARS (USD\$2,600.00), to insure the faithful performance of all of Lessee's obligations hereunder.

5.1.2 The Security Deposit, at the election of Lessor, may be applied in reduction of any loss and/or damage sustained by Lessor by reason of the occurrence of any breach, nonperformance or default by Lessee under this Lease without the waiver of any other right or remedy available to Lessor at law, in equity or under the terms of this Lease. If any portion of the Security Deposit is so used or applied, Lessee shall, within five (5) business days after written notice from Lessor, deposit with Lessor immediately available funds in an amount sufficient to restore the Security Deposit to its original amount. In the event of a sale or other transfer of the Premises by Lessor, Lessor shall transfer the remaining balance (if any) of the Security Deposit to Lessor's successor in interest, whereupon the transferor Lessor shall be released from liability to Lessee for the return of such Security Deposit. Unless this Lease is terminated as a result of Lessee's default whereupon Lessee shall immediately forfeit its Security Deposit to Lessor, upon termination, Lessor shall return to Lessee all portions of the Security Deposit which were not otherwise applied by Lessor as permitted above. Lessor shall have no obligation to maintain a separate account for such security deposit and shall have no obligation to pay interest thereon.

6. AIRCRAFT OPERATIONS GUIDELINES

If and to the extent that Lessee, including its subtenants, contractors, agents, etc., operates aircraft at or on the Airport, Lessee shall be subject to the provisions of Exhibit C. If any subtenant, contractor or agent of Lessee conducting activities on or at the Premises operates aircraft at the Airport, all shall be subject to the provisions of Exhibit C, which Lessor may enforce directly against such subtenant, contractor or agent, but Lessee shall have no direct liability or responsibility with respect to such matters; except, however, Lessee shall be responsible for compliance by its subtenants, contractors and/or agents with the Airport Rules and Regulations and Minimum Standards, as appropriate.

7. IMPROVEMENTS

7.1 Reserved.

7.2 Reserved.

7.3 No Alterations. Lessee shall make no material improvements or alterations to the Premises during the Term of this Lease without the prior written permission of Lessor, which shall not be unreasonably withheld or delayed and, if and to the extent applicable, without the approval by Lessor's Design Review Committee. Lessee shall provide Lessor with electronic as-built drawings (or their equivalent) when any improvement or alteration is completed for which such drawings are reasonably required.

7.4 Title to Alterations and Improvements. Title to all Improvements and alterations on the Premises (but not personal property or trade fixtures) shall vest in Lessor upon the expiration of this Lease, and Lessee agrees to execute and deliver to Lessor, within Ten (10) business days after Lessor's request therefor, a quitclaim deed confirming that title to such improvements and alterations is vested in Lessor.

7.5 Mechanics' Liens. Lessee shall keep the Premises and all improvements constructed by Lessee thereon free of any mechanic or materialmen's liens. In the event that any such lien is filed, Lessee shall, at its sole cost, cause such lien to be removed from the Premises by bonding or otherwise within Thirty (30) calendar days of notice thereof.

7.6 Permit Required. Lessee shall be responsible for determining whether it is subject to local building/construction codes or permit requirements, and for compliance with them to the extent they are applicable. All structural, electrical, plumbing or mechanical construction or reconstruction shall conform to City of Mesa ("City") construction and technical codes. No such work shall be commenced without first

submitting required plans and obtaining required permits from the City. All such work shall be permitted, inspected and approved by the City prior to concealment or use. Lessee shall provide to Lessor a contemporaneous copy of Lessee's permit application and the associated plans and specifications.

7.7 **Damage or Destruction.** Lessee shall maintain insurance on all of Lessee's improvements to the Premises. In the event that all or any portion Lessee's improvements are destroyed or rendered unusable due to fire or other catastrophe, Lessee shall replace, repair, restore, modify or improve said improvements, subject to the provisions of Section 7.6, using available insurance proceeds together with any additional funds from other available sources, or, alternatively, Lessee shall pay the replacement cost of the improvements to Lessor.

8. MAINTENANCE

8.1 Responsibilities.

8.1.1 *Lessee.* Lessee shall, at its sole cost and expense, keep the Premises and all improvements therein in a neat and clean condition and in good order, condition and repair throughout the Term. Lessee shall provide custodial services within the premises, trash removal from the premises into Lessor provided refuse dumpsters and maintenance and repair on all equipment and property owned by Lessee.

8.1.2 *Lessor.* Lessor shall, at its sole cost and expense, sustain and maintain the facility in which the leasehold is located. Lessor shall maintain the electrical, plumbing, HVAC, facility alarm systems and fire suppression system within the Premises.

8.2 **Damage to Lessor Property.** Any real or personal property of Lessor damaged or destroyed by Lessee as a result of Lessee's use or occupancy of the Premises shall be promptly repaired or replaced by Lessee to the satisfaction of Lessor. In lieu of such repair or replacement, where required by Lessor, Lessee shall pay to Lessor an amount sufficient to compensate for the loss sustained by Lessor.

8.3 **Trash Removal.** Lessee shall at all times keep the Premises in a neat, clean, safe, sanitary and orderly condition and shall keep such area free of all trash and debris. Lessee shall, at Lessee's expense, be responsible for all trash removal from the Premises. Such trash removal shall be performed on a not less than weekly basis. Lessee shall deposit all trash and debris only at collection stations located near the Premises, in accordance with City code.

8.4 **Emergency Repairs.** Within FIFTEEN (15) days of the Effective Date, Lessee shall provide Lessor with a list of names and telephone numbers for 24-hour emergency contact for the Premises. Lessee shall promptly provide Lessor with updated lists and changes as necessary.

9. ASSIGNMENT, SUBLETTING AND OTHER TRANSFERS

9.1 **Any Transfer of Lease Interest Requires Lessor Advance Written Approval.** In the event Lessee desires to transfer, assign, encumber, pledge or hypothecate any portion of its interest in this Lease or any right or interest hereunder (including, but not limited to as part of a mortgagor deed of trust or an assignment by means of a foreclosure or trustee's sale thereunder)(individually and collectively, "Transfer"), or sublet the Premises or any part thereof, Lessee must obtain the prior written consent of Lessor, with such consent to be in sole and absolute discretion of Lessor without exception. Where Lessor approves in writing of such Transfer, Lessor shall be entitled to request and acquire written financial assurances, including, but not limited to financial statements, business plans and other information related to the financial condition and plans of any proposed transferee. Further, Lessor, may in its sole and absolute discretion require that Lessee still be liable at law and at equity, as well as financially liable, under the Lease, regardless of whether the

assignee expressly assumes in writing all of Lessee's obligations under this Lease or in the case of a sublease. Lessee understands and agrees to these terms and conditions regarding any proposed Transfer, and that any violation of this Section 9, may irreparably harm Lessor as the requirements set forth herein are directly related to PMGAA's (and any Lessee's) legal and financial obligations to the Federal Aviation Administration. This section 9 shall remain valid and enforceable even in the event of amendment to or repeal of FAA regulations, so long as this section 9 does not directly conflict therewith.

9.2 Lessee's Required Advance Notice to Lessor of Proposed Transfer. In order for Lessor to even consider a Transfer, Lessee must: (i) notify Lessor in writing at least Forty-five (45) days prior to such proposed transfer; (ii) deliver to Lessor, at the time of Lessee's notice, current financial statements of Lessee and the proposed transferee (along with transferee's business plans) that are reasonably acceptable to Lessor; and (iii) the transferee assumes and agrees in writing to perform Lessee's obligations under this Lease. However, nothing herein shall be construed as Lessor providing its consent to any Transfer or relieving Lessee of any legal, financial or other obligation under the Lease, regardless of Lessor's acceptance or refusal to accept such proposed transfer of Lease. For purposes of this Section 9.2, "Affiliate" means any person or entity that, directly or indirectly, controls, is controlled by or is under common control with Lessee. For purposes of this definition, "control" shall mean possessing the power to direct or cause the direction of the management and policies of the entity by the ownership of a majority of the voting securities of the entity.

9.3 Deemed Transfers. For the purposes of this Lease, a Transfer shall be deemed to include, but not be limited to, the following: (i) if Lessee is a corporation, partnership, limited liability company or other legal entity, the transfer of any ownership interest in such entity resulting in a change in the present control of such entity by the person or persons owning a majority of the ownership interest thereof as of the date of this Lease; provided, however, if Lessee is a corporation whose stock is traded on a nationally recognized stock exchange, the transfer of Lessee's stock shall not constitute a Transfer requiring Lessor's consent; or (ii) the sale of TWENTY-FIVE PERCENT (25%) or more in value of the assets of Lessee.

9.4 Subletting.

9.4.1 Lessee may sublease all or portions of the Premises if the following conditions are met:

- a. The sublease and any amendments or modifications thereto are approved in advance and in writing by Lessor with such approval being in the sole and absolute discretion of Lessor, or are in a form which shall have been previously approved in writing (except for changes that do not materially impact Lessor's rights and interests) by Lessor. If a pre-approved form is used, Lessor's advance approval of the actual sublease and any amendments or modifications thereto is not required.
- b. Rent for subleased premises shall not be less than fair market value.
- c. Sub-lessee(s) shall not pay, and Lessee shall not accept, prepayment of rent in excess of One (1) month's rent.
- d. The sublease(s) and sub-lessee(s) shall at all times be subject to the terms and conditions of this Lease.
- e. The permitted uses of the Premises under any sublease shall be the same as that permitted under this Lease.

f. The term of any sublease shall not extend beyond the stated expiration of this Lease.

g. Lessee shall still be financially and legally responsible pursuant to the terms of the Lease.

9.4.2 Upon request from Lessee, Lessor shall enter into a Non-Disturbance and Attornment Agreement; provided, however, that: (i) the conditions of Section 9.4.1 have been met; (ii) the sublessee is not then in default beyond an applicable cure period under the sublease or this Lease; (iii) the sublessee does not have a history of noncompliance with the Airport Rules and Regulations or Minimum Standards; and (iv) any such agreement must be in compliance with applicable federal laws and regulations, including, but not limited to including a clear statement that that the Lease is, and will be at all times, subordinate to PMGAA's and the Airports federal obligations, and that all parties acknowledge and agree that PMGAA shall at all times have the ability to remediate any conditions, circumstances, agreements or the like associated with the Premises or the Lease, where such conditions, circumstances, agreements may in PMGAA's reasonable determination place PMGAA or the Airport in violation of its federal obligations. All legal fees incurred by Lessor in connection with any reasonably necessary legal counsel review and approval of a Non-Disturbance and Attornment Agreement shall be paid by Lessee.

9.4.3 Lessee shall not allow any sub-lessee unescorted access to the secured areas of the Airport unless and until the sub-lessee has obtained its own valid Airport security clearance and media from Lessor. Lessee acknowledges that it may take Thirty (30) calendar days or more to process sub-lessee for security clearance and media.

9.4.4 Lessee shall submit a copy of each fully executed sublease to Lessor as soon as possible, but no later than Five (5) business days after execution.

9.5 Non-Disturbance. Lessor agrees, for the benefit of all subtenants of all or any part of the Premises, that if this Lease or Lessee's right to possession of the Premises is terminated for default or otherwise, all subleases of all or any part of the Premises, except any sublease to an affiliate of Lessee, shall continue in full force and effect, notwithstanding the termination, as direct leases between Lessor and the subtenants and all such subtenants shall, upon request, attorn in writing to Lessor.

9.6 This Lease and all provisions hereof are subject and subordinate to the terms and conditions of the instruments and documents under which PMGAA acquired the subject property from the United States of America and shall be given only such effect as will not conflict or be inconsistent with the terms and conditions contained in the lease of said lands from PMGAA and any existing or subsequent amendments thereto, and are subject to any ordinances, rules or regulations which have been, or may hereafter be adopted by PMGAA pertaining to the Airport.

10. IDENTIFICATION SIGNS

Lessee may install on the Premises, a sign or signs identifying its business on the exterior of the Premises; provided, however, that the general type, size, and location of such sign(s) shall conform to Lessor's Comprehensive Sign Plan, be approved in writing by Lessor in advance of installation and be subject to any signage rules, codes and/or regulations of any governmental authority.

11. DEFAULT; TERMINATION BY LESSOR

11.1 Events of Default. Each of the following shall constitute a material default of this Lease by Lessee (“Event of Default”):

11.1.1 Failure to pay any installment of Base Rent or other amount due from Lessee hereunder, or required by any other agreement between the Parties, provided that Lessee does not cure such failure within TEN (10) business days after delivery by Lessor of a written notice of such failure.

11.1.2 Failure to perform any of its other obligations under this Lease, provided that Lessee does not cure such failure within THIRTY (30) calendar days after delivery by Lessor of a written notice of such default; provided, however, if a cure of the default reasonably requires more than THIRTY (30) calendar days to complete, then the time to cure shall be extended so long as the cure is being diligently pursued.

11.1.3 The filing of any mechanic’s, materialmen’s or other lien of any kind against the Premises because of any act or omission of Lessee which lien is not discharged, by bonding or otherwise, within THIRTY (30) calendar days of receipt of actual notice thereof by Lessee.

11.1.4 The Transfer or attempted transfer of any interest in the Lease to any transferee without Lessor’s advance written authorization, which Lessor may withhold in its sole and absolute discretion.

11.2 Lessor’s Remedies. Upon the occurrence of an Event of Default under this Lease, Lessor may, without prejudice to any other rights and remedies available to a Lessor at law, in equity or by statute, but subject to the provisions of SECTIONS 9.2 and 23 herein, exercise one or more of the following remedies, all of which shall be construed and held to be cumulative and non-exclusive:

11.2.1 Terminate this Lease and re-enter and take possession of the Premises; or

11.2.2 Without terminating this Lease, re-enter and take possession of the Premises; or

11.2.3 Without such re-entry, recover possession of the Premises in the manner prescribed by any statute relating to summary process, and any demand for Base Rent, re-entry for condition broken, and any and all notices to quit, or other formalities of any nature to which Lessee may be entitled, are hereby specifically waived to the extent permitted by law; or

11.2.4 With or without terminating this Lease, Lessor may re-let the Premises or any portion thereof.

11.3 No Implied Termination. Lessor shall not be deemed to have terminated this Lease unless Lessor shall have notified Lessee in writing that it has so elected to terminate this Lease. Lessee hereby waives all claims based on Lessor’s reentering and taking possession of the Premises, or removing and storing the property of Lessee, and shall save Lessor harmless from all losses, costs or damages occasioned thereby. No such reentry shall be considered or construed to be a forcible entry by Lessor.

11.4 Lessor’s Current Damages. Lessor is authorized to make such repairs, refurbishments or improvements to the Premises as may be necessary for the purpose of attempting to re-let the Premises, and the costs and expenses incurred in respect of such repairs, redecorating, refurbishments and improvements shall be paid by Lessee to Lessor within FIVE (5) business days after receipt of Lessor’s statement. If Lessor exercises any of the remedies stated above, Lessor shall be entitled to recover from Lessee all damages incurred by Lessor by reason of the Event of Default, which shall include, without limitation, (i) the equivalent of the amount of the Base Rent and all other payments which would be payable under this Lease by Lessee for the remainder of the Term as if this Lease were still in effect, less (ii) the net proceeds of any re-letting by Lessor after deducting all of Lessor’s expenses in connection with such re-letting, which shall include, without limitation, repossession costs, repairs, redecorating, refurbishments or improvements to the Premises,

brokerage commissions, attorneys' fees, and legal expenses. Lessee shall pay such current damages to Lessor, in the amount set forth in the preceding sentence (hereinafter called "Deficiency"), in monthly installments on the days on which the Base Rent would have been payable under this Lease as if this Lease were still in effect. All amounts collected by Lessor from subtenants shall be credited against Lessor's damages.

11.5 Lessor's Final Damages. At any time after an Event of Default, whether or not Lessor shall have collected any monthly Deficiency as set forth above, Lessor shall be entitled to recover from Lessee, and Lessee shall pay to Lessor, on demand, as final damages for the applicable Event of Default, the sum of (a) the then present worth (at a discount at the rate of Six Percent (6%) per annum) of (i) the aggregate of the Base Rent and all other amounts to be paid by Lessee hereunder for the unexpired portion of the term of this Lease (assuming this Lease had not been terminated), less (ii) the amount of such loss that could have been reasonably avoided, plus (b) repossession costs, Lessor's expenses in connection with any attempts it may have made to re-let the Premises (which shall include, without limitation, repairs, refurbishments or improvements to the Premises and brokerage commissions), attorneys' fees, legal expenses, and all other damages incurred by Lessor as a result of such Event of Default. In determining the amount of loss that could reasonably be provided, rents to be paid by subtenants pursuant to Section 9.4, if applicable, and other reasonably projected rental income from leasing the Premises shall be taken into account.

11.6 No Waiver by Lessor. No waiver by Lessor of any breach or default by Lessee in the performance of its obligations under this Lease shall be deemed to be a waiver of any subsequent default by Lessee in the performance of any of such obligations, and no express waiver shall affect an Event of Default in a manner other than as specified in said waiver. The consent or approval by Lessor to or of any act by Lessee requiring Lessor's consent or approval shall not be deemed to waive or render unnecessary Lessor's consent or approval to or of any subsequent similar acts by Lessee.

11.7 Content of Default Notice. Any default notice tendered to Lessee hereunder shall be deemed to be sufficient if it is reasonably calculated to put Lessee on inquiry as to the nature and extent of such default, and is made in accordance with Section 20 herein.

11.8 Limitation on Exercise of Termination Remedy by Lessor. Notwithstanding anything to the contrary in Section 11.2 hereinabove, if an Event of Default occurs, Lessor shall not have the remedy of terminating this Lease or of taking possession of the Premises unless: (i) the Event of Default consists of a failure to pay off Base Rent or other amounts owed to Lessor; or (ii) Lessor has no other remedy that is adequate to protect Lessor's interests. Other remedies that are available to Lessor include self-help and recovery of damages, and nothing in this Section 11 shall limit the exercise of any such other remedy.

11.9 Waiver of Landlord's Lien. Lessor hereby waives all statutory or common law landlord's lien rights with respect to personal property located on the Premises.

12. ASSUMPTION OF CRITICAL OPERATIONS

In the event that Lessee voluntarily abandons or is prevented from furnishing any of its required commercial services which have been deemed by Lessor in advance and in writing to be critical to the operation of the Airport, and Lessee has received and is in agreement with said notification, Lessor shall have the immediate right or, if time permits, upon Twenty-Four (24) hours advance written notice to Lessee, to assume responsibility for providing such critical services until such time as Lessee or another entity acceptable to Lessor assumes responsibility for providing those services. In exercising such right, Lessor may take temporary control of the Premises, or any portion thereof involved in providing such commercial services, together with whatever improvements, fixtures and equipment on the Premises as are necessary to provide the critical services without waiving any of Lessor's rights hereunder. In the event Lessor takes temporary control of the Premises or any

portion thereof, Lessor shall pay to Lessee such rent or fees reasonably commensurate with Lessor's assumption and use of that portion of the Premises to provide those critical, commercial services.

13. INDEMNIFICATION

To the fullest extent permitted by law, Lessee hereby agrees to defend, indemnify and hold harmless Lessor and its members, elected or appointed officials, agents, contractors, subcontractors, boards, commissions and employees (hereinafter referred to collectively as "Lessor" for purposes of this Section 13) for, from and against any and all claims, causes of action, liability, suits, litigation (including reasonable attorney's fees and other costs of investigation and litigation), actions, losses, damages or claims of any nature whatsoever which arise out of or in connection with (i) any accident, injury or damages occurring within the Premises, or (ii) any negligent act or omission of Lessee or its agents, employees, contractors, or subcontractors (hereinafter referred to collectively as "Lessee" for purposes of this Section 13) in connection with Lessee's operations hereunder and which result directly or indirectly in the injury to or death of any persons or the damage to or loss of any property, or (iii) the failure of Lessee to comply with any provisions of this Lease. This indemnification shall exclude responsibility for any consequential damages and for claims arising by reason of the negligent or wrongful act of Lessor or its employees, contractors or agents.

14. ENVIRONMENTAL PROTECTION

14.1 Definitions. Unless the context shall clearly require otherwise, the terms defined in this Section 14 shall, for all purposes of this Lease and of any agreement amendatory hereof or supplemental hereto, have the meanings herein specified, with the following definitions to be equally applicable to both the single and plural forms of any of the following:

14.1.1 Environmental Laws. The term "Environmental Laws" shall mean any one or all of the following, as the same are amended from time to time: the Comprehensive Environmental Response, Compensation, and Liability Act, 42 USC Section 9601 et seq.; the Resource Conservation and Recovery Act, 42 USC Section 6901, et seq.; the Toxic Substances Control Act, 15 USC Section 2601 et seq.; the Safe Drinking Water Act, 42 USC Section 300f et seq.; the Clean Water Act, 33 USC Section 1251 et seq.; the Clean Air Act, 42 USC Section 7401 et seq.; the Arizona Hazardous Waste Management Act, A.R.S. Section 49-921 et seq. the Arizona Environmental Quality Act, A.R.S. Title 49, as amended; and all regulations thereunder and any other laws, regulations and ordinances (whether enacted by the local, state or federal government) now in effect or hereafter enacted that deal with the regulation or protection of the environment, including the ambient air, ground water, surface water, and land use, including substrata land, or that govern the use of hazardous materials, solid and hazardous waste, hazardous substances and petroleum products.

14.1.2 Hazardous Material. The term "Hazardous Material" shall mean any toxic or hazardous material, substance or waste, or any pollutant or contaminant as defined or regulated pursuant to any Environmental Law and petroleum products. For purposes of this definition, petroleum includes petroleum-based substances comprised of a complex blend of hydrocarbons derived from crude oil through processes of separation, conversion, upgrading and finishing (e.g., distillate fuel oils, petroleum solvents and used oils).

14.2 Release by Lessor. Lessor shall indemnify Lessee to the fullest extent permitted by law for any and all environmental damage of any kind, or for the effects of Hazardous Material on the environment, or on any person or property, if any, which have been caused by the use of, or releases from, the Premises and the Airport prior to Lessee's occupancy of any part thereof. Lessee is not liable for any claims or damages arising from environmental damage resulting from or that are the result of contamination of any kind existing on the Premises or surrounding sites prior to Lessee's occupancy of thereof.

14.3 Lessee Compliance.

14.3.1 Lessee shall, at the Lessee's own expense, comply with all present and hereafter enacted Environmental Laws, including any amendments thereto, affecting Lessee's activities on and property interest in the Premises during the period of Lessee's occupancy thereof under this Lease.

14.3.2 Lessee shall not cause or permit any Hazardous Material to be brought upon, kept or used in or about the Premises or the Airport by Lessee's agents, employees, contractors or invitees in violation or threatened or suspected violation of any Environmental Law. The Parties recognize and agree that Lessee may bring on the Premises and Airport and use Hazardous Materials that are ordinarily and customarily used in the conduct of Lessee's permitted activities under this Lease, provided that such use shall comply fully with all applicable Environmental Laws.

14.3.3 If Lessee desires and receives written authorization from Lessor to install any above ground storage tank ("AST") on the Premises or elsewhere on the Airport, Lessee shall submit the plans for such ASTs to Lessor for prior written approval and shall comply with all applicable Environmental Laws related thereto, including Title 40, Code of Federal Regulations, Part 112, as applicable. Lessee shall be the owner of such ASTs for statutory purposes and shall be solely responsible for the design, construction, installation, operation, monitoring, inspection, repair and maintenance of any and all ASTs, including any connected piping and/or dispensing apparatus. All ASTs shall comply with the Office of the State Fire Marshall as well as the Authority Having Jurisdiction (AHJ). Any AST that stores flammable and combustible liquids shall meet the provisions of NFPA 30, Flammable and Combustible Liquids Code. Records demonstrating compliance with release detection requirements, including product inventories, calibration and maintenance, sampling, tightness testing and any other records, fees and taxes required by the state or federal governments shall be the responsibility of Lessee. Upon the expiration of this Lease, Lessee shall remove all ASTs in compliance with all applicable Environmental Laws in effect at that time unless otherwise allowed by Lessor.

14.4 Indemnification. To the fullest extent permitted by law, Lessee shall indemnify, defend (with counsel reasonably acceptable to Lessor), protect and hold harmless Lessor and its employees and agents for, from and against any and all liability, loss, damage, expense, penalties and legal and investigation fees or costs, arising from or related to any claim or action for injury, liability, or damage to persons or property and any and all claims or actions brought by any person, entity or governmental body, alleging or arising in connection with contamination of the environment or violation of any Environmental Law or other statute, ordinance, rule, regulation, judgment or order of any government or judicial entity which are incurred or assessed as a result of any of Lessee's activities or operations on the Premises or Airport. This obligation includes, but is not limited to, all costs and expenses related to cleaning up the property, land, soil and underground or surface water as required under the law. Lessee's obligations and liabilities under this Section 14.4 shall survive the termination of this Lease. The indemnification of Lessor by Lessee as described above includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision. Lessor reserves the right to seek injunctive relief as may be permitted under law and equity.

14.5 Remediation. Without limiting the foregoing, if the presence of any Hazardous Material during the Term of this Lease caused or permitted by Lessee results in any Release on the Airport in violation or potential violation of any Environmental Law, Lessee shall promptly take action to remediate the affected property at its sole expense as necessary to return the Airport to the condition existing prior to the introduction of any such Hazardous Material to the Airport; provided that Lessor's approval of such actions shall first be obtained, which approval shall not, except in an emergency, be unreasonably withheld so long as such actions would not potentially have any material adverse long-term effect on the Airport and Lessee is not under administrative or court order related to such remediation action. Notwithstanding Lessor's approval pursuant to this Section 14.5, Lessor is not responsible for directing or managing any remediation action. For purposes of this Section 14.5, the term "Release" means any releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing, or dumping.

14.6 Governmental Submittals. Lessee shall, at Lessee's own expense, make all submissions to, provide all information to, and comply with all requirements of the appropriate governmental authority ("Government") under the Environmental Laws. Should the Government determine that a site characterization, site assessment and/or cleanup plan should be prepared and/or that a cleanup should be undertaken because of any spills or discharges of Hazardous Materials by reasons of Lessee's activities or actions at the Airport which occur during the term of this Lease, then Lessee shall, at the Lessee's own expense, prepare and submit the required plans and financial assurances, and carry out the approved plans. The Lessee shall provide a copy of said plans to the Lessor within thirty (30) days of development.

14.7 Information Sharing.

14.7.1 Lessee shall immediately notify Lessor of any of the following: (i) Lessee's receipt of any notification from any governmental entity either charging or informing Lessee that it will be charged with a significant (as defined below) violation of Environmental Laws, and (ii) any change in Lessee's activities on the Premises or Airport that is reasonably likely to adversely change Lessee's or Lessor's obligations or liabilities under the Environmental Laws. In addition, Lessee agrees to provide Lessor with copies of documents reflecting the physical condition of the Premises, including but not limited to, environmental testing of soils and groundwater, and information reasonably requested by Lessor to determine the applicability of the Environmental Laws to the Premises, or to respond to any governmental investigation or claim of liability by third parties which is related to environmental contamination of the Premises or Airport, including Lessee's activities thereon. A "significant violation of Environmental Law" shall be any violation that requires more than Thirty (30) calendar days to resolve.

14.7.2 Lessee shall immediately notify Lessor's Operations and Maintenance Department upon discovering a Release or Suspected Release of any amount of material that is stored inside an AST, approved pursuant to SECTION 14.3.3. For purposes of this Section, a "Suspected Release" is any discovery of released Hazardous Material at the AST site or surrounding area, erratic behavior of Hazardous Material dispensing equipment, the sudden loss of a Hazardous Material, or when monitoring indicates that a Release has occurred.

14.8 Sublease. Lessee shall insert provisions substantially identical to the provisions of this Section 14 in any Airport approved sublease agreement or contract by which it grants a right or privilege to any person, firm, corporation or other entity under this Lease.

14.9 Actions of Lessee. The activities or actions of Lessee under this Section 14 shall include the activities or actions of Lessee's officers, directors, employees, agents, contractors, invitees and successors.

14.10 Clean Water Act; NPDES Permits and SWPPPs. Without in any way limiting the foregoing, Lessee shall comply with all Environmental Laws regarding discharges to water and land, including, without limitation, obtaining and complying with an individual National Pollutant Discharge Elimination System ("NPDES") permit, or requesting coverage under and complying with any applicable multi-sector general permit obtained by Lessor. If applicable, Lessee shall also prepare and comply with a site-specific Storm Water Pollution Prevention Plan ("SWPPP") or any revisions to a SWPPP, with respect to Lessee's operations or activities on the Premises or Airport. At Lessee's discretion and if applicable, Lessee may choose to be added to Lessor's Storm Water Permit and, if such addition is desired, agrees to be subject to the provisions of Exhibit E attached hereto.

14.11 Protective Devices and Plans. If Lessee is required by the City to estimate the possible constituents of sanitary sewer discharges in order that the City may define certain discharge limitations for the Premises, Lessee shall complete and return an Industrial Wastewater Discharge Questionnaire ("Questionnaire") to the City and promptly provide Lessor with a copy and updates to the Questionnaire as

they arise. Also, if the City so requires, Lessee shall install and maintain appropriate protective devices to prevent accidental discharge of any Hazardous Materials into domestic or industrial drains on or near the Premises and elsewhere on the Airport, as appropriate, and for any other material for which a slug load discharge could pollute the Airport's storm water discharge or disrupt operations at the sewage treatment plant serving the Premises. Lessee shall post a notice in a prominent place on the Premises advising employees on what actions to take and whom to call in the event of said discharge, and shall ensure that all employees of Lessee are trained with regard to the spill protection plan hereinafter referenced. Lessee also shall provide Lessor with immediate notice of any spill.

14.12 Right to Enter Premises. Lessor's rights under this Lease specifically include the right of Lessor, the United States Government, the Environmental Protection Agency (the EPA), the Arizona Department of Environmental Quality (ADEQ) and the Arizona Department of Occupational Safety and Health (ADOSH) to enter the Premises upon reasonable notice to Lessee for purposes of: (i) inspecting Lessee's compliance with environmental, occupational safety and health laws and regulations, whether or not such party is responsible for enforcing such laws; (ii) conducting environmental investigation or remediation, including, without limitation, performing tests and surveys, drillings, test-pitting, borings, compiling data and/or records, and other activities related to environmental investigation; and (iii) carrying out remedial or removal actions as required or necessary under applicable laws, including, without limitation, installing monitoring wells, pumping wells and/or treatment facilities. Lessor shall give Lessee Twenty-Four (24) hour's prior notice of its intention to enter the Premises unless it determines the entry is required for safety, environmental, operations, or security purposes. Lessee shall have no claim against Lessor for any entries by the United States, EPA, ADEQ, Arizona ADOSH, or any officer, agent, employee or contractor thereof.

14.13 U.S. Air Force Use and Remedial Action.

14.13.1 The Parties assume no liability or responsibility for environmental impacts and damage caused by the U.S. Air Force's use of Hazardous Materials on any portion of the Airport, including the Premises, prior to the Effective Date, and have no obligation under this Lease to undertake the defense of any claim or action, whether in existence now or brought in the future, solely arising out of the use of or release of any Hazardous Materials or deposits of solid waste on or from any part of the Airport, including, but not limited to, the Premises. Further, the Parties have no obligation under this Lease to undertake environmental response, remediation, or cleanup relating to such use or release. For purposes of this SECTION 14.13, "defense" or "environmental response, remediation, or cleanup" shall include liability and responsibility for the costs of damage, penalties, legal and investigative services relating to such use or release. The terms, "Occupation" or "Use" shall mean any activity or presence (in or upon) such portion of, or such building, facility or other improvement on the Premises.

14.13.2 Pursuant to Section VII.E.3 of the Deed (as defined herein), the U.S. Air Force warrants and covenants that all remedial action necessary to protect human health and the environment with respect to hazardous substances remaining on the Airport has been completed prior to the date of the Deed and, further, any remedial action found to be necessary after the date of the Deed shall be conducted by the U.S. Air Force; provided, however, that the foregoing covenant does not apply where Lessor or Lessee is a potentially responsible party with respect to any portion of the Premises or the Airport.

14.14 Cleanup Requirements. Lessee agrees that Lessor assumes no liability to Lessee should Hazardous Materials cleanup or related requirements, whether imposed by law, regulatory agencies, the U.S. Air Force or Department of Defense interfere with Lessee's use of the Premises. Lessee shall have no claim against Lessor or the United States or any officer, agent, employee or contractor thereof on account of any such interference whether due to entry, performance of remedial or removal investigations, or exercise of any right with respect to the Federal Facilities Agreement (FFA) or the Installation Restoration Program (IRP) or under this Lease or otherwise. Lessee agrees to comply with the provisions of any health or safety plan in effect

under the IRP or any hazardous substance remediation or response agreement with environmental regulatory authorities during the course of any of the above described response or remedial actions. Any inspection, survey, investigation, or other response or remedial action shall, to the extent practicable, be coordinated with representatives designated by Lessee. Lessee shall have no claim on account of such entries against the United States or any officer, agent, employee, contractor, or subcontractor thereof.

14.15 Spill Protection Plan. In the event Lessee undertakes any type of manufacturing, maintenance or other activities on the Premises involving the use or generation of any Hazardous Materials regulated by Hazardous Materials Laws, Lessee shall have an approved plan for responding to Hazardous Materials, fuel, and other chemical spills prior to commencement of activities on the Premises and other approved Airport locations. Such plan shall comply with all applicable requirements of said plan which shall be updated from time to time or as may be required to comply with changes in site conditions or applicable requirements, and shall be approved by all agencies having regulatory jurisdiction over such plan. Such plan shall be independent of Lessor's spill prevention and response plans, if any. Lessee shall not rely on use of Lessor or Lessor personnel or equipment in execution of its plan. Lessee shall file a copy of the approved plan and approved amendments thereto with Lessor's Environmental and Archeological Coordinator within THIRTY (30) calendar days of receipt of a Certificate of Occupancy from the City. Notwithstanding the foregoing, should Lessor provide any personnel or equipment, whether for initial fire response and/or spill containment, on the request of Lessee, or because Lessee was not, in the opinion of Lessor, conducting fire-fighting, containment or timely cleanup actions, Lessee agrees to reimburse Lessor for its actual costs in accordance with all applicable laws and regulations.

14.16 Wells. Lessee shall not install any drinking water or other wells in any location on the Premises without the prior written approval of Lessor.

14.17 Construction Activities and Surface Disturbances.

14.17.1 Should Lessee be permitted to construct improvements on the Premises, Lessee agrees that in the event any hazardous substances, pollutants, contaminants, petroleum or petroleum derivatives are discovered, Lessee shall promptly notify Lessor of such discovery and shall immediately cease said construction pending investigation and remedial action, if necessary, by Lessor or the appropriate regulatory agency.

14.17.2 After construction of Lessee's improvements on the Premises, if any, either in the future or as otherwise provided herein, Lessee shall not conduct any subsurface excavation, digging, drilling or other disturbance of the surface without the prior written approval of Lessor, which shall not be unreasonably withheld.

15. PROTECTION OF WETLANDS

Lessee shall minimize the destruction, loss, or degradation of any wetlands located on the Premises. Lessor believes there are no wetlands existing on the Premises as of the Effective Date. However, before locating new construction in wetlands, if any exist, Lessee shall contact Lessor and the United States Army Corps of Engineers and obtain a permit or waivers under Section 404 of the *Clean Water Act*. For purposes of this SECTION 15, the term, "new construction," includes structures, facilities, draining, dredging, channeling, filling, diking, impounding, and related activities.

16. SPECIAL PROVISIONS

16.1 Lessee shall comply with all applicable Federal, State, and local occupational safety and health regulations.

16.2 Lessee shall be responsible for determining whether it is subject to State and local sanitation, licensing, building code or building permit requirements and whether or not it requires a permit to do business and for compliance with them to the extent they are applicable.

16.3 Lessee agrees to and shall at all times comply with the Lessor's *Standard Terms and Conditions*, as attached hereto as **EXHIBIT F**.

17. INSURANCE

17.1 Coverage Required. Lessee shall procure and maintain, or cause to be procured and maintained, the following types and amounts of insurance with respect to the Premises:

17.1.1 *Comprehensive General Liability* insurance in the amount of \$2,000,000 per occurrence covering third party bodily injury and property damage, and including coverage for "premises/operations," "products and completed operations," "host liquor" and "blanket contractual liabilities."

17.1.2 *Worker's Compensation* insurance, as required by law, and *Employer's Liability* insurance in the amount of \$1,000,000 covering work-related injuries to employees and others permitted to operate or otherwise conduct business on the Premises.

17.2 Form. Each insurance policy obtained pursuant to this SECTION, except for *Worker's Compensation* and *Employer's Liability* policies, shall: (i) name Lessor as a certificate holder or additional named insured and provide endorsement; (ii) contain a provision that written notice of cancellation or modification thereof shall be given to Lessor not less than THIRTY (30) calendar days before such cancellation or modification takes effect (TEN (10) days in case of nonpayment of premium); and (iii) contain a waiver of subrogation in favor of Lessor. Lessee shall not permit any insurance policy to be canceled or modified without Lessor's written consent unless equivalent replacement policies are issued with no lapse in coverage. All policies shall be obtained from insurance companies licensed to do business in the State of Arizona and possessing a rating of at least A – VII or higher from the A.M. Best Company, or an equivalent rating and approved by Lessor.

17.3 Certificates of Insurance. Lessee shall deliver a certificate of insurance for each policy required herein to Lessor, in standard Acord or equivalent form, prior to the Effective Date and shall continue to provide such certificates throughout the term of this Lease.

17.4 Additional Insurance. At any time during the term of this Lease, Lessor may, if in its reasonable determination the insurance coverage required by this SECTION 17 is no longer adequate, require Lessee to increase its coverage to commercially reasonable amounts.

17.5 Blanket Insurance. Lessee's insurance obligations under this Lease may be satisfied by means of "blanket" or excess policies.

17.6 Insurance by Lessor. In the event Lessee shall fail to procure any insurance required hereunder, Lessor may, upon written notice to Lessee, procure and maintain any or all of the insurance required of Lessee under this SECTION. In such event, all costs of such insurance procured and maintained by Lessor

on behalf of Lessee shall be the responsibility of Lessee and shall be fully reimbursed to Lessor within TEN (10) business days after Lessor advises Lessee of the cost thereof.

18. SURRENDER OF POSSESSION.

18.1 Condition of Property.

18.1.1 Upon the expiration or earlier termination of this Lease, Lessee's right to occupy the Premises and exercise the privileges and rights granted thereunder shall cease, and Lessee shall peaceably surrender the same and leave the Premises broom clean and in good condition except for normal wear and tear. All trade fixtures, equipment, and other personal property, to include all hazardous material, installed or placed by Lessee on the Premises which are not permanently affixed thereto shall remain the property of Lessee, and Lessee shall have the right at any time during the term of this Lease, to remove the same from the Airport and Lessee shall repair, at its sole cost, any damage caused by such removal. Any property not removed by Lessee within FIFTEEN (15) calendar days of the expiration or earlier termination of this Lease, or revocation of Lessee's right to occupy the Premises, shall become a part of the Premises, and ownership thereof shall vest in Lessor. Lessee shall, however, remain financially liable to Lessor for removal and disposal of any hazardous materials and the cost of repairs to the Premises incurred as a result of Lessor's removal and/or relocation of property formerly belonging to Lessee and not otherwise removed from the Premises, as provided herein, and shall remit to Lessor payment for such costs within TEN (10) business days of Lessee's receipt of Lessor's invoice therefor.

18.1.2 Any trade fixtures, equipment or other property affixed to the Premises by Lessee shall, if required by Lessor, be permanently removed from the Premises by Lessee, at Lessee's expense, within FIVE (5) business days of Lease termination. Should Lessee fail to remove such trade fixtures, equipment or other property within said time, Lessor may remove and dispose of such trade fixtures, equipment or other property at Lessee's expense, and Lessee shall reimburse Lessor for the costs thereof within TEN (10) business days of receipt of Lessor's invoice therefor.

18.2 Holding Over. Lessee shall not remain in possession of the Premises after the expiration or earlier termination of the Term without the express written consent of Lessor. Should Lessee hold over without the express written consent of Lessor, such tenancy shall be at the sufferance of Lessor and not a renewal of the Term. In such case, the Base Rent and all other charges due pursuant to this Lease shall be payable at ONE HUNDRED FIFTY PERCENT (150%) of the amount payable during the last year of the Term, and such tenancy at sufferance shall be subject to every other term, covenant and provision of this Lease. In the event Lessee holds over, Lessee shall be liable for all of Lessor's direct and consequential damages, which shall include, without limitation, costs, fees, expenses, damages and attorneys' fees incurred by Lessor as a result of Lessee's holding over, and damages and expenses incurred by Lessor for its inability to deliver possession of the Premises to a new lessee.

19. INSPECTION BY LESSOR

Lessor may enter upon the Premises at reasonable times and upon reasonable notice for any reasonable purpose, including, but not limited to, compliance with the terms and conditions of this Lease and the exercise of its governmental functions for such activities as fire protection or security.

20. NOTICES

20.1 All notices required or permitted under this Lease shall not be effective unless personally delivered or mailed by certified mail, return receipt requested, postage prepaid, or by reputable commercial overnight courier service, to the following addresses:

TO LESSOR: Phoenix-Mesa Gateway Airport Authority
Attn: Business Development Department
5835 South Sossaman Road
Mesa, Arizona 85212

TO LESSEE: Worldwide Flight Services, Inc.
Attn.: Liane C. Kelly, Sr. VP Administration
PO Box 612767
Dallas, TX 75261
Phone: (972) 456-3938
Email: LKelly@wfs.aero

20.2 Any notice shall be deemed to have been received TWO (2) business days after the date of mailing, if given by certified mail, or upon actual receipt if personally delivered or if given by reputable commercial overnight courier service. Any Party may designate in writing a different address for notice purposes pursuant to this SECTION.

21. SEVERABILITY

The provisions of this Contract are severable to the extent that any provision or application held to be invalid shall not affect any other provision or application of the Contract, which may remain in effect without the valid provision, or application.

22. SALES AND PROPERTY TAXES

Lessee shall pay any leasehold tax, sales tax, personal property tax, transaction privilege tax, license or permit fee, or any other tax assessed as the result of its occupancy of Premises or conduct of any activity at the Airport under authority of this Lease, including any such tax assessable on Lessor. In the event that laws or judicial decisions result in the imposition of a real property tax or any other form of tax or imposition on the interest of Lessor, such tax shall also be paid by Lessee for the period this Lease is in effect, to the extent such taxes are reasonably attributable to the Premises or a portion thereof or the operation of Lessee's business.

23. APPROVALS, CONSENTS AND NOTICES

All approvals, consents and notices called for in this Lease shall be in writing, signed by the appropriate Party, and may not be established solely by oral testimony.

24. LIENS AND MORTGAGES

24.1 General Provisions.

24.1.1 Except as provided in this SECTION 24, Lessee shall not engage in any financing or other transaction creating any mortgage or deed of trust upon the Premises, place or suffer to be placed upon the Premises any lien or other encumbrance, or suffer any levy or attachment to be made on Lessee's interest in the Premises. Any such mortgage or deed of trust, encumbrance or lien shall be deemed a violation of this SECTION, constituting a failure by Lessee to comply with the terms of the Lease, on the date of its execution or filing of record regardless of whether or when it is foreclosed or otherwise enforced.

24.1.2 Notwithstanding anything to the contrary in SECTION 9 herein, Lessee shall, during the Term, be permitted to mortgage, collaterally assign, or otherwise encumber its leasehold interest under this Lease to secure indebtedness, including, without limitation, a loan to finance construction of improvements and other development on the Premises, and including refinancing's thereof, subject to the restrictions of SECTION 24.1.3, and provided that the language of such mortgage or deed of trust and of all related documents that require the execution, approval, or consent of Lessor shall be subject to the prior review and approval of legal counsel for Lessor, and that all legal fees incurred by Lessor in connection with such legal counsel review and approval shall be paid by Lessee. Any such encumbrance is referred to as "Mortgage" and the holder thereof, "Mortgagee." The Mortgagee, upon taking possession or upon foreclosure or taking an assignment in lieu thereof, shall be liable for all future rents and obligations hereunder and shall attorn to Lessor. No Mortgage shall encumber Lessor's interest in the Premises or the improvements thereon. Further and promptly after Lessee assigns or encumbers any portion of the Premises or the improvements thereon, Lessee shall furnish Lessor with a written notice setting forth the name and address of such Mortgagee or trustee.

24.1.3 No Mortgage or deed of trust shall extend to or affect the fee, the reversionary interest or the estate of Lessor in the Premises. No Mortgage or deed of trust shall be binding upon Lessor in the enforcement of its rights and remedies under this Lease and by law provided, unless and until a copy thereof shall have been delivered to Lessor and such Mortgage or deed of trust is authorized in accordance with provisions of this SECTION 24.

24.2 Lessor Agreement. With respect to Mortgagees of the Premises, Lessor agrees that:

24.2.1 If requested by a Mortgagee which shall have duly registered in writing with Lessor its name and address, and if Lessor shall give any notice, demand, election or other communication required hereunder (hereafter, collectively, "Notices") to Lessee, Lessor shall concurrently give a copy of each such Notice to the Mortgagee at the address designated by it. Notices shall be sent by registered or certified mail, return receipt requested, and shall be deemed given SEVENTY-TWO (72) hours after the time they are deposited in a United States Post Office with postage charges prepaid, addressed to the Mortgagee. No Notice given by Lessor to Lessee shall be binding upon or affect Lessee or the Mortgagee unless a copy of the Notice shall be given to the Mortgagee pursuant to this SECTION 24.2.1.

24.2.2 Such Mortgagee entitled to such Notices, as specified above, shall have any and all rights of Lessee with respect to the curing of any default hereunder by Lessee.

24.2.3 If Lessor shall elect to terminate this Lease by reason of any default by Lessee with respect to the Premises, the Mortgagee that shall have become entitled to Notice as provided in this SECTION 24.2 shall have any and all rights of Lessee with respect to curing of any default with respect to the Premises.

24.2.4 Nothing herein contained shall be deemed to impose any obligation on the part of Lessor to deliver physical possession of the Premises to such holder of a Mortgage. To the extent the physical possession of the Premises by a secured creditor is not inconsistent with the terms of this Lease, or is incompatible with the Lessor's selection of available remedies in the Event of Default, Lessor shall not prevent such physical possession.

24.2.5 If more than one Mortgagee shall seek to exercise any of the rights provided for in this SECTION 24, the holder of the Mortgage having priority of lien over the other Mortgagees shall be entitled, as against the others, to exercise such rights. Should a dispute arise among Mortgagees regarding the priority of lien, the Mortgagees shall prove to the satisfaction of Lessor that they have settled that dispute.

24.3 Protection of Mortgagee(s). Until the time, if any, that an approved Mortgage shall be satisfied and released of record:

24.3.1 A Mortgagee shall have the right, for a period equal to the period afforded Lessee to perform any term, covenant, or condition and to remedy any default by Lessee hereunder, and Lessor shall accept such performance with the same force and effect as if furnished by Lessee, and the Mortgagee shall thereby and hereby be subrogated to the rights of Lessor. Such Mortgagee cure period shall begin on the later of: (i) the date Mortgagee receives notice pursuant to Section 24.2, or (ii) the date that Lessee's cure period expires under the Lease. During such Mortgagee cure period, Lessor will not disturb possession, interest or quiet enjoyment by the Lessee or Mortgagee in the real property for any reason, subject to the terms of the Lease, until such Mortgagee cure period has expired. The Mortgagee shall have the right to enter upon the Premises to give such performance.

24.3.2 In case of a default by Lessee in the performance or observance of any non-monetary term, covenant or condition to be performed by it hereunder, if such default cannot practicably be cured by the Mortgagee without taking possession of the Premises, in such Mortgagee's reasonable opinion, or if such default is not susceptible of being cured by the Mortgagee, then Lessor shall not serve a notice of lease termination if and so long as:

a. The Mortgagee shall proceed diligently to obtain possession of the Premises (including possession by a receiver), and, upon obtaining such possession, shall proceed diligently to cure such defaults as are reasonably susceptible of cure (subject to any order by a court of competent jurisdiction staying or otherwise precluding such Mortgagee from obtaining such possession); or

b. The Mortgagee shall institute foreclosure proceedings and diligently prosecute the same to completion (unless in the meantime it shall acquire Lessee's estate hereunder, either in its own name or through a nominee, by assignment in lieu of foreclosure), subject to any order by a court of competent jurisdiction staying or otherwise precluding such Mortgagee from obtaining such possession.

c. The Mortgagee shall not be required to obtain possession or to continue in possession of the Premises pursuant to SECTION 24.3.2a, or to continue to prosecute foreclosure proceedings pursuant to SECTION 24.3.2b, if and when such default shall be cured. If a Mortgagee, its nominee, or a purchaser at a foreclosure sale shall acquire title to Lessee's leasehold estate hereunder, a default that is not reasonably susceptible to cure by the person succeeding to the leasehold interest shall no longer be deemed a default under this Lease.

d. If any Mortgagee is prohibited from commencing or prosecuting foreclosure or other appropriate proceedings in the nature thereof by any process or injunction issued by any court, or by reason of any action by any court having jurisdiction of any bankruptcy or insolvency proceeding involving Lessee, the times for commencing or prosecuting foreclosure or other proceedings, including proceedings to obtain possession, shall be extended for the period of the prohibition.

24.4 New Lease

24.4.1 Subject to FAA regulations, Lessor agrees that, in the event of early termination of this Lease for any reason (including but not limited to any default by Lessee), Lessor, if requested by any Mortgagee, will enter into a new lease of the Premises with the most senior Mortgagee requesting a new lease, which new lease shall commence as of the date of termination of this Lease and shall run for the remainder of the original term of this Lease, at the rent and upon the terms, covenants and conditions herein contained, provided that:

a. Such Mortgagee shall make written request upon Lessor for the new lease within SIXTY (60) calendar days after the date such Mortgagee receives written notice from Lessor that this Lease has been terminated;

b. Such Mortgagee shall pay to Lessor, at the time of the execution and delivery of the new lease, any and all sums which would, at that time, be due and unpaid pursuant to this Lease but for its termination, and in addition thereto all reasonable expenses, including reasonable attorneys' fees, which Lessor shall have incurred by reason of such termination;

c. Such Mortgagee shall perform and observe all covenants in this Lease to be performed and observed by Lessee, and shall further remedy any other conditions which Lessee under the Lease was obligated to perform under its terms, to the extent the same are reasonably susceptible of being cured by the Mortgagee; and

d. The Lessee under the new lease shall have the same right of occupancy to the buildings and improvements on the Premises and elsewhere on the Airport as Lessee had under this Lease immediately prior to its termination.

Notwithstanding anything to the contrary expressed or implied in this Lease, any new lease made pursuant to this SECTION 24 shall have the same priority as this Lease with respect to any mortgage, deed of trust, or other lien, charge, or encumbrance on the fee of the Premises, and any sublease under this Lease shall be a sublease under the new Lease and shall not be deemed to have been terminated by the termination of this Lease.

24.4.2 Nothing herein contained shall require any Mortgagee to enter into a new lease pursuant to this SECTION 24.4, or to cure any default of Lessee referred to above.

24.4.3 If any Mortgagee shall request a new lease as provided in this SECTION 24.4, Lessor agrees, at the request of, on behalf of and at the expense of the Mortgagee, upon a guaranty from it reasonably satisfactory to Lessor, to institute and pursue diligently to conclusion the appropriate legal remedy or remedies to oust or remove the original Lessee from the Premises, but not any authorized subtenants actually occupying the Premises or any part thereof.

24.4.4 Unless and until Lessor has received notice from each Mortgagee that the Mortgagee elects not to demand a new lease as provided herein, or until the period therefor has expired, Lessor shall not cancel or agree to the termination or surrender of any existing subleases nor enter into any new leases or subleases with respect to the Premises without the prior written consent of each Mortgagee.

24.5 Effect of Transfer. Neither the foreclosure of any Mortgage (whether by judicial proceedings or by virtue of any power of sale contained in the Mortgage), nor any conveyance of the leasehold estate created by this Lease by Lessee to any Mortgagee or its designee by an assignment or deed in lieu of foreclosure or other similar instrument, shall require the consent of Lessor or constitute a default under this Lease, and upon such foreclosure, sale or conveyance, Lessor shall recognize the purchaser or other transferee in connection therewith as the Lessee under this Lease, subject only to an assumption in writing by such purchaser or transferee of all obligations of Lessee under this Lease.

25. GOVERNING LAW

The laws of the State of Arizona shall govern the matters set forth in this Lease. Venue of any action brought under this Lease shall, at the option of Lessor, lie in Maricopa County, Arizona.

26. RULES AND REGULATIONS

Lessee shall at all times comply with all Federal, state and local laws, ordinances, rules, and regulations which are applicable to its activities on the Airport, the Premises itself (including but not limited to the *Americans with Disabilities Act, Public Law 101-336, 42 U.S.C. 12101-12213*), or the operation, management, maintenance, or administration of the Airport, including all laws, ordinances, rules and regulations adopted after the Effective Date. Lessee shall at all times comply with the Airport *Minimum Standards* and *Airport Rules and Regulations*, as the same may be amended from time to time. Copies of the current Airport *Minimum Standards* and *Airport Rules and Regulations* are attached hereto as **EXHIBIT D**. Lessee acknowledges and agrees that Lessor may amend the Airport *Minimum Standards* and *Airport Rules and Regulations* at any time in Lessor's sole discretion. Lessee shall be responsible for controlling and preventing disruptive pedestrian and vehicle traffic associated with its activities on the Premises and at the Airport. Lessee also shall display to Lessor any permits, licenses, or other evidence of compliance with laws upon request.

27. CORPORATE AUTHORIZATION

In executing this Agreement, Lessee represents and warrants to Lessor that if Lessee is a corporation, Lessee has obtained and been granted the full right, power and authority to enter into this Lease.

28. UTILITY LINES AND SERVICE CHARGES

28.1 Lessee shall, at no cost or expense to Lessor, provide or arrange for any additional public utility, water and sewage lines, connections and services that are needed in connection with any building(s), structure(s) or other improvement(s) placed on the Premises by Lessee, or required for Lessee's activities thereon, and shall be responsible for the maintenance of such lines and connections from where they enter the Premises. If requested in advance to do so by Lessee, Lessor will grant reasonable rights-of-way on or across the Airport to suppliers of public utility services for the purpose of supplying Lessee with such services, but Lessor reserves the right to designate the lands along which such rights-of-way shall be granted so as to cause the least inconvenience in the operation of the Airport and other Airport tenants.

28.2 Lessor shall pay for all utilities, including trash collection, at the Airport and the Premises.

28.3 Notwithstanding the execution of this Lease, Lessor retains the right to the continued use of such utility lines and services as are presently on the Premises and the right to repair the same when necessary in Lessor's sole discretion, including but not limited to, any utility easements on the Premises. Lessor shall conduct such repairs in such a manner and at such times as to not unreasonably interfere with Lessee's activities thereon.

29. RESERVATIONS TO LESSOR

29.1 The Premises are accepted "as is, where is" by Lessee, subject to any and all existing easements or other encumbrances, and Lessor shall have the right to install, lay, construct, maintain, repair and operate such sanitary sewers, drains, storm water sewers, pipelines, manholes, connections; water, oil and gas pipelines; telephone and telegraph power lines; and such other appliances and appurtenances necessary or convenient to use in connection therewith, over, on, across or in proximity to the Premises, or any part thereof, as will not unreasonably interfere with Lessee's or any subtenant's operations hereunder, and to enter upon the Premises for such purposes. Lessor also reserves the right to grant franchises, easements, rights-of-way, and permits, over, on, across or in proximity to any portions of the Premises for the same purposes; provided, that Lessor or the grantee, as applicable, shall not exercise such rights so as to interfere unreasonably with Lessee's or any subtenant's activities on the Premises and all such interference shall be minimized. Lessor agrees that any rights granted to any parties by reason of this clause shall contain provisions that the surface of the Premises shall be restored to its original condition, at no cost to Lessee, upon the completion of any construction.

29.2 Lessee recognizes that from time to time during the term of this Agreement it may be necessary for PMGAA to engage in construction, expansion, relocation, maintenance and repair in order that the Airport and its facility may be suitable for the then existing volume and character of air traffic and flight activity. Such activity may temporarily inconvenience or interrupt Lessee's use and occupancy of and operation on the Premises and will require accommodation on the part of the Lessee, including, without limitation Lessee's vacation of the Leased Premises for a period of time. Lessee agrees that no liability shall attach to PMGAA, its officers, agents, employees, contractors, subcontractors, and representatives by reason of such inconvenience, interruption, or vacation.

30. FEDERAL AVIATION ADMINISTRATION (FAA) PROVISIONS

30.1 Lessor reserves the right to further develop or improve the landing area of the Airport as it sees fit, regardless of the desires or view of Lessee, and without interference or hindrance therefrom.

30.2 Lessor reserves the right, but shall not be obligated to Lessee, to maintain and keep in repair the landing area of the Airport and all publicly owned facilities of the Airport, together with the right to direct and control all activities of Lessee in this regard. Lessor and Lessee agree that Lessee has no responsibility whatsoever with respect to maintenance and repair of the landing area of the Airport, or any publicly owned facilities of the Airport.

30.3 This Lease shall be subordinate to the provisions and requirements of any existing or future agreement between Lessor and the United States relative to the development, operation or maintenance of the Airport.

30.4 There is reserved unto Lessor, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Premises, which shall include the right to cause in the airspace any noise inherent in the operation of aircraft, now known or hereafter used for navigation of or flight in or through the airspace, and for the use of such airspace for landing on, taking off from, or operation on the Airport.

30.5 Lessee agrees to comply with the notification and review requirements covered in 14 CFR Part 77 in the event future construction of a building is planned for the Premises or in the event of any planned modification or alteration of any present or future building or structure situated on the Premises.

30.6 Lessee shall not erect or permit the erection of any structure or building, nor permit the growth of any tree on the Premises, or any other obstruction that exceeds height requirements contained in 14 CFR Part 77 or amendments thereto, or interferes with the runway and/or taxiway "line of sight" of the control tower. In the event these covenants are breached, Lessor reserves the right to enter upon the Premises and to remove the offending structure or object at the expense of Lessee.

30.7 Lessee shall not make use of the Premises in any manner that might interfere with the landing and taking off of aircraft from the Airport or otherwise constitute a hazard. In the event this covenant is breached, Lessor reserves the right to enter upon the Premises and cause the abatement of such interference at the expense of Lessee.

30.8 Nothing contained in this Lease shall be construed to grant or authorize the granting of an exclusive right within the meaning 49 U.S.C. §40103(e) and 47107 (a)(4).

30.9 This Lease and all of the provisions hereof shall be subject to whatever right the United States government now has, or in the future may have or acquire, affecting the control, operation, regulation and

taking over of the Airport, or the exclusive or non-exclusive use of the Airport by the United States during the time of war or national emergency.

30.10 To the extent that Lessee conducts or engages in any aeronautical activity for furnishing services to the public at the Airport, Lessee shall furnish its services on a reasonable and not unjustly discriminatory basis to all users and charge reasonable and not unjustly discriminatory prices for each unit or service; except, however, that Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar type of price reductions to volume purchasers.

30.11 Lessee shall conform to Lessor and FAA safety and security rules and regulations regarding use of the Airport air operations area including runways, taxiways, taxilanes and aircraft aprons by vehicles, employees, customers, visitors, etc., in order to prevent security breaches and avoid aircraft incursions and vehicle/pedestrian deviations; complete and pass an airfield safe driving instruction program when offered or required by Lessor; and be subject to penalties as prescribed by Lessor for violations of Airport safety and security requirements.

31. TITLE VI

31.1 The tenant/Lessee and its transferee agree to comply with pertinent statutes, Executive Orders and such rules as are promulgated to ensure that no person shall, on the grounds of race, creed, color or national origin, sex, age or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance. Lessee understands and acknowledges that the FAA requires inclusion of and adherence to the terms and conditions of Title VI in all airport/aviation lease agreements where Lessor receives federal funding, including, Lessor in this instance.

31.2 During the performance of this contract, the tenant/lessee, for itself, its assignees, and successors in interest agrees as follows:

31.2.1 Compliance with Regulations: The tenant/lessee (hereinafter includes consultants) will comply with the Title VI List of Pertinent Nondiscrimination Acts and Authorities, as they may be amended from time to time, which are herein incorporated by reference and made a part of this contract.

31.2.2 Non-discrimination: The tenant/lessee, with regard to the work performed by it during the contract, will not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The tenant/lessee will not participate directly or indirectly in the discrimination prohibited by the Nondiscrimination Acts and Authorities, including employment practices when the contract covers any activity, project, or program set forth in Appendix B of 49 CFR Part 21.

31.2.3 Solicitations for Subcontracts, Including Procurements of Materials and Equipment: In all solicitations, either by competitive bidding, or negotiation made by the tenant/lessee for work to be performed under a subcontract, including procurements of materials, or leases of equipment, each potential subcontractor or supplier will be notified by the tenant/lessee of the tenant/lessee's obligations under this contract and the Non-discrimination Acts And Authorities on the grounds of race, color, or national origin.

31.2.4 Information and Reports: The tenant/lessee will provide all information and reports required by the Acts, the Regulations and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the sponsor or the Federal Aviation Administration to be pertinent to ascertain compliance with such Nondiscrimination Acts and Authorities and instructions. Where any information required of a tenant/lessee is in the exclusive possession of another who fails or refuses to furnish the information, the tenant/lessee will so certify to the sponsor or the Federal Aviation Administration as appropriate, and will set forth what efforts it has made to obtain the information.

31.2.5 Sanctions for Noncompliance: In the event of a tenant/lessee's noncompliance with the Nondiscrimination provisions of this contract, the Recipient will impose such contract sanctions as it or the Federal Aviation Administration may determine to be appropriate, including, but not limited to:

- a. withholding payments to the tenant/lessee under the contract until the tenant/lessee complies; and/or
- b. cancelling, terminating, or suspending a contract, in whole or in part.

31.2.6 Incorporation of Provisions: The tenant/lessee will include the provisions of paragraphs one through six in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations and directives issued pursuant thereto. The tenant/lessee will take action with respect to any subcontract or procurement as the sponsor or the Federal Aviation Administration may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if the tenant/lessee becomes involved in, or is threatened with litigation by a subcontractor, or supplier because of such direction, the tenant/lessee may request the sponsor to enter into any litigation to protect the interests of the sponsor. In addition, the tenant/lessee may request the United States to enter into the litigation to protect the interests of the United States.

31.3 The Lessee for himself/herself, his/her heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree that (1) no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land, and the furnishing of services thereon, no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the lessee will use the premises in compliance with all other requirements imposed by or pursuant to the List of discrimination Acts And Authorities.

31.4 During the performance of this Lease, the tenant/Lessee, for itself, its assignees, and successors in interest agrees to comply with the following non-discrimination statutes and authorities; including but not limited to the following (which Lessor is required to disclose and include in such Lease and other agreements, pursuant to FAA regulation):

- Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d *et seq.*, 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin);
- 49 CFR part 21 (Non-discrimination In Federally-Assisted Programs of The Department of Transportation—Effectuation of Title VI of The Civil Rights Act of 1964);
- The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 U.S.C. § 4601), (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
- Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. § 794 *et seq.*), as amended, (prohibits discrimination on the basis of disability); and 49 CFR part 27;
- The Age Discrimination Act of 1975, as amended, (42 U.S.C. § 6101 *et seq.*), (prohibits discrimination on the basis of age);
- Airport and Airway Improvement Act of 1982, (49 USC § 471, Section 47123), as amended, (prohibits discrimination based on race, creed, color, national origin, or sex);
- The Civil Rights Restoration Act of 1987, (PL 100-209), (Broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms “programs or

activities” to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);

- Titles II and III of the Americans with Disabilities Act of 1990, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. §§ 12131 – 12189) as implemented by Department of Transportation regulations at 49 CFR parts 37 and 38;
- The Federal Aviation Administration’s Non-discrimination statute (49 U.S.C. § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
- Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures non-discrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;
- Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 Fed. Reg. at 74087 to 74100);
- Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 U.S.C. 1681 et seq).

31.5 Lessee agrees that in the event improvements are constructed, maintained, or otherwise operated on the Premises for a purpose for which a Department of Transportation (DOT) program or activity is intended, or for another purpose involving the providing of similar services or benefits, Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, *Nondiscrimination in Federally Assisted Programs of the Department of Transportation*, as it may be amended.

32. FEDERAL FAIR LABOR STANDARDS ACT

This contract and all subcontracts that result from this contract incorporate by reference the provisions of 29 CFR part 201, the Federal Fair Labor Standards Act (FLSA), with the same force and effect as if given in full text.

The Lessee has full responsibility to monitor compliance to the referenced statute or regulation. The Lessee must address any claims or disputes that arise from this requirement directly with the U.S. Department of Labor – Wage and Hour Division.

33. OCCUPATIONAL SAFETY AND HEALTH ACT OF 1970

This contract and all subcontracts that result from this contract incorporate by reference the provisions of 29 CFR part 1910 with the same force and effect as if given in full text. Lessee must provide a work environment that is free from recognized hazards that may cause death or serious physical harm to the employee. The Lessee retains full responsibility to monitor its compliance and their subcontractor’s compliance with the applicable requirements of the Occupational Safety and Health Act of 1970 (20CFR Part 1910). Lessee must address any claims or disputes that pertain to a referenced requirement directly with the U.S. Department of Labor – Occupational Safety and Health Administration

34. INCORPORATION OF QUITCLAIM DEED

Lessor owns the Airport pursuant to a Quitclaim Deed from the United States Government (“Deed”), a copy of which is available to Lessee upon request and is hereby incorporated in its entirety. To the extent the Deed has terms, conditions, obligations, requirements or restrictions that apply to this Lease, Lessor, Lessee or any matter in connection herewith, Lessee agrees to be bound by all the terms, covenants and conditions of the Deed, including the following:

- 34.1 That this Lease is subject to all terms and conditions of the Deed; and
- 34.2 That in case of any conflict between the Deed and this Lease, the Deed shall control.

35. REQUIRED PROVISIONS OF QUITCLAIM DEED

35.1 Section VI (A)(5)(c) of the Deed requires that the following provisions be included in this Lease:

35.1.1 In furnishing services to the public, Lessee shall not discriminate against any person or class of persons by reason of race, color, creed, or national origin, and Lessee shall otherwise provide such services on a fair, equal, and not unjustly discriminatory basis to all users thereof.

35.1.2 Lessee shall charge fair, reasonable, and not unjustly discriminatory prices for each unit for service; except, however, that the Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

35.2 If the Premises are within any of the archaeological sites identified in Section VIII.A of the Deed, then, the provisions of Section VIII of the Deed shall be deemed incorporated in this Lease by this express reference to Section VIII of the Deed.

35.3 To the extent the Deed requires that other specific provisions thereof be inserted in this Lease by express reference to the Deed, this sentence shall constitute an express reference to all such applicable provisions of the Deed.

36. ARCHEOLOGICAL OR CULTURAL RESOURCES

In the event any archeological or cultural resources are discovered during any construction contemplated or permitted by this Lease, Lessor shall use its best efforts to expedite any necessary actions with respect thereto, at Lessor’s sole cost and expense; provided, however, that in the event the necessary actions with respect to any archeological or cultural resources exceeds or is estimated to exceed \$10,000.00, Lessee shall be entitled to terminate this Lease upon TEN (10) business days’ prior written notice to Lessor.

37. AIRPORT SECURITY

37.1 PMGAA Operations Department maintains an approved Airport Security Plan (the “Security Plan”) pursuant to 49 CFR Parts 1540 and 1542, and 14 CFR Part 139. Lessee shall at all times comply with PMGAA Operations Department security directives, security bulletins, or verbal notifications existing now or in the future.

37.1.1 Lessee is responsible for maintaining security practices, facilities, and perimeter boundaries on their leasehold that meet the security standards set forth by PMGAA Operations Department.

37.1.2 Lessee shall immediately correct physical or procedural deficiencies which are contrary to PMGAA Operations Department, security directives, security bulletins, or verbal notifications existing now or in the future.

37.1.3 Lessee shall, to the fullest extent permitted by law, indemnify, defend and hold PMGAA harmless for, from and against any security violation committed by any agents, employees, invitees, subcontractors, sub-lessees or independent contractors of Lessee.

37.1.4 Lessee shall conduct and document all self-audits and self-inspections as required by TSA or Airport Operations and make such audits available for inspection.

37.1.5 Lessee shall designate a primary security coordinator to receive security related briefings, bulletins and sensitive security information.

37.1.6 PMGAA reserves the right to modify the Security Plan from time to time, as necessary or as directed by TSA. PMGAA Airport Operations shall notify the Lessee security coordinator regarding modifications that effect Lessee.

37.2 Airport Security Badge.

37.2.1 Lessee employees/contractors that require a Badge shall be obligated to complete all training and comply with all security requirements and directives issued by PMGAA Airport Operations, Transportation Security Administration or other entity having security jurisdiction at PMGAA. Lessee, employees, and contractors will surrender security badges upon request by Airport Operations; physical security media (badges and keys) remain the property of PMGAA.

37.2.2 Lessee, employees and contractors shall comply with all security related audits, inspections, and screenings conducted by the PMGAA Airport Operations Department

37.2.3 Lessee will immediately return badges to the Airport Badging office when badge holders employment is terminated, the badge is no longer needed or the employee/contractor is on extended leave.

37.2.4 Misuse of a Badge or security procedures will bring about punitive action including suspension or revocation of one or all badges.

38. DEFAULT BY LESSOR

In the event of any alleged breach by Lessor of its covenants contained in this Lease, Lessee shall have available all rights and remedies provided at law or in equity, subject to the terms and conditions of this Lease; provided, however, Lessee may not exercise any such right or remedy unless Lessee has notified Lessor by written notice of such alleged default, and Lessor has not cured such default within the THIRTY (30) calendar day period subsequent to receipt of such notice or, in the event such alleged default is of such a nature that it cannot reasonably be cured within such THIRTY (30) calendar day period, Lessor has failed to cure such alleged default with all due diligence. Notwithstanding anything to the contrary contained in this Lease, in no event shall Lessee be entitled to terminate this Lease or abate or offset any installment of Base Rent, or any other payments to be made by Lessee hereunder.

39. BROKERS

Lessee represents and warrants that it has not had any dealings with any real estate brokers, finders or agents in connection with this Lease. Lessee further agrees to indemnify, defend (with counsel selected by Lessor) and hold Lessor and Lessor's nominees, successors and assigns harmless from any and all claims, costs, commissions, fees or damages by any person or firm whom Lessee authorized or employed, or acted by implication to authorize or employ, to act for Lessee in connection with this Lease.

40. SALE BY LESSOR

Lessee agrees to look solely to Lessor's interest in the Premises for the recovery of any judgment from Lessor, it being agreed that neither Lessor nor the holders of the equity interests of Lessor, nor the members, partners, officers, directors or shareholders of Lessor shall be personally liable for any such judgment. In the event of any sale or other conveyance by Lessor of its interest in the Premises, Lessor shall be automatically freed and released from all personal liability accruing from and after the date of such sale or conveyance as respects the performance of any covenant or obligation on the part of Lessor contained in this Lease to be performed, it being intended hereby that the covenants and obligations contained in this Lease on the part of Lessor shall be binding on the Lessor and its successors and assigns only during and in respect to the respective successive periods of ownership of the Premises.

41. ESTOPPEL CERTIFICATE

Lessee shall, without charge, at any time and from time to time hereafter, within TEN (10) business days after written request of Lessor to do so, certify, by written instrument duly executed and acknowledged by Lessee and certified to Lessor and to any prospective lender or purchaser: (i) as to whether this Lease has been supplemented or amended, and if so, the substance and manner of such supplement or amendment; (ii) as to the existence of any default hereunder to the best of Lessee's knowledge; (iii) as to the date on which Lessee was obligated to commence paying Base Rent and all other charges hereunder and the expiration date of the Term; (iv) as to whether the Lessee has assigned or transferred its interests or any portion thereof in this Lease; and (v) as to any other matters as may be reasonably requested. Lessor and any prospective purchaser or lender to whom the same was certified may rely upon any such certificate.

42. MISCELLANEOUS

42.1 Personal Liability. No member of or employee of either Party shall be charged personally or held contractually liable by or to the other Party under any term or provision of this Lease because of any breach thereof, or because of its execution or attempted execution.

42.2 No Waiver. No provision of this Lease may be waived or modified except by a writing signed by the Party against whom such waiver or modification is sought.

42.3 Non-Waiver of Rights. No waiver or default by Lessor of any of the terms, conditions, covenants or agreements hereof to be performed, kept or observed by Lessee shall be construed or act as a waiver of any subsequent default of any of the terms, covenants, conditions or agreements herein contained to be performed, kept or observed by Lessee, and Lessor shall not be restricted from later enforcing any of the terms and conditions of this Lease.

42.4 Amendment. This Contract shall be modified only by a written amendment mutually agreed to and signed by both Parties, by persons duly authorized to enter into contracts on behalf of each Party.

42.5 Invalid Provisions. Should any provision of this Lease or any application thereof be held invalid by a court of competent jurisdiction, the remainder of this Lease shall not be affected thereby, unless one or both Parties would be substantially and materially prejudiced.

42.6 Litigation Expenses. In the event of litigation between Lessor and Lessee, the prevailing Party shall be entitled to recover its attorneys' fees and all costs and expenses of litigation, including witness fees, expert witness fees, and court costs.

42.7 Headings. The headings contained herein are for convenience in reference only and are not intended to define or limit the scope of this Lease or any term thereof.

42.8 Entire Agreement. This Lease, including exhibits attached hereto at the time of its execution, constitutes the entire agreement between the Parties hereto and supersedes all prior negotiations, understandings and agreements between the Parties concerning such matters.

43. INCORPORATION OF RECITALS

The recitals set forth herein are acknowledged by the Parties to be true and correct and are incorporated herein by this reference.

IN WITNESS WHEREOF, the Parties have executed this Lease the day and year first above written.

EXECUTED to be effective on the date specified above.

LESSOR:

PHOENIX-MESA GATEWAY AIRPORT AUTHORITY, a joint powers authority authorized by the State of Arizona

By: _____
J. Brian O’Neill, A.A.E.
Executive Director/CEO

STATE OF ARIZONA)
) ss.
County of Maricopa)

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me this ____ day of _____, 2017, by J. Brian O’Neill, A.A.E., in his capacity as the Executive Director/CEO of the Phoenix-Mesa Gateway Airport Authority, a joint powers authority authorized by the State of Arizona.

Notary Public

LESSEE:

Worldwide Flight Services, Inc., a Delaware Corporation.

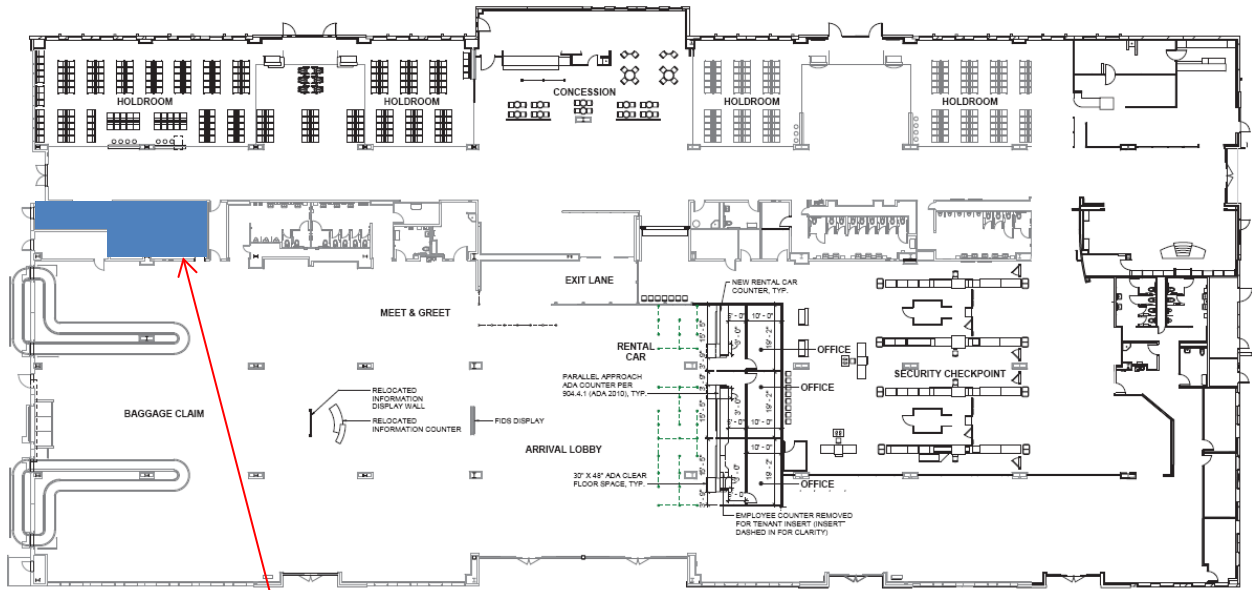
By: _____
Michael A. Duffy, CEO the Americas

STATE OF _____)
) ss.
County of _____)

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me this ____ day of _____, 2017, by Michael A. Duffy, in his capacity as CEO the Americas, Worldwide Flight Services, Inc., a Delaware Corporation, for and on behalf of said Corporation.

Notary Public

Exhibit A DEPICTION OF THE PREMISES



WFS Suite 175



Exhibit B

AIRPORT RATES & CHARGES SCHEDULE

(SEE LINK)

http://www.gatewayairport.com/Documents/DocumentLibrary/Board%20Policies/Rates%20&%20Charges_20160701.pdf

AIRPORT FEES AND RENTAL RATES

<http://www.gatewayairport.com/Documents/DocumentLibrary/ExecDirSect/Airport%20Fees%20and%20Rental%20Rates%20-%20Effective%20March%202017.pdf?Uniqueifier=yCC6EfKDDU>

Exhibit C

AIRCRAFT OPERATIONS GUIDELINES

C1. Use of Airport. Lessee, Lessee's assigns, sub-lessees, or transferees who operate aircraft at the Airport and are engaged in a private, government, or commercial aeronautical business or service and desire to use the Airport landing facilities for certain types of operations including, but not limited to: 1) taxiing and maneuvering on Airport runways, taxiways, ramps and aprons; 2) landings and approaches ("touch and go", "stop and go"); and 3) low approaches shall be subject to the provisions of this **EXHIBIT C**.

C2. Fees. As appropriate, Lessee shall pay Lessor fees as outlined below:

C2.1 *Landing Fee.* Lessee shall pay a landing fee at a rate equal to the amount reflected on the most current *Airport Rates and Charges Schedule* at the time of the aircraft operation, for each flight subject to a landing fee operated by or in conjunction with Lessee. The weight of any particular aircraft shall be its maximum certificated gross landing weight (MGLW). The amount owed to Lessor for each chargeable aircraft landing for each preceding calendar month shall be due and payable no later than the TWENTIETH (20th) day of the month succeeding the calendar month in which said aircraft landings took place. Lessee's written listing of all aircraft landings subject to such fee shall accompany said payment. Each entry in such listing shall include the date of the landing, the aircraft registration number, the type and model aircraft, the aircraft MGLW and the amount of the fee due.

C2.2 *Aircraft Ramp Space.* Lessee shall pay Lessor monthly, an aircraft-parking fee in an amount equal to that specified in the most current *Airport Rates and Charges Schedule* at the time of use, for each overnight aircraft parking position used by Lessee that is situated on Airport ramp outside Lessee's Premises. Such fees, if any, shall be payable to Lessor no later than the TWENTIETH (20th) day of the month following that in which Lessee occupied or used such space, and such payment shall be accompanied by a written listing of the aircraft (including registration number, make and model), dates and times of usage.

C2.3 *Other Space.* When available and specifically assigned to Lessee, Lessee shall pay Lessor monthly, in advance, a fee for Lessee's non-exclusive use of other space not situated on or part of the Premises. The location and cost of such other space shall be determined by Lessor at its sole discretion, and both may be subject to change from time to time by Lessor, as necessary.

C2.4 *Additional Space/Services.* In the event that Lessee requires space or special services such as, but not limited to, aircraft line services, out-of-station ARFF standby, operations safety officers, ground service equipment, or fuel spills response teams, Lessee shall pay Lessor's standard fees for such services at the time the service is rendered, unless a secured account or agreement is established prior to requesting additional services.

C3. Books and Records. Lessee shall maintain permanent books, records and ledgers accurately reflecting the total number of monthly Aircraft landings for each aircraft subject to a landing fee and any other aforementioned fee indicating the make, type (including model designation), registration, maximum certificated gross landing weight, and arrival and departure time of each aircraft involved. These records shall be made available to Lessor upon request. In addition to monthly payment as set forth in SECTION C2 herein and together therewith, Lessee shall provide Lessor with a written report, indicating all aircraft operations and related information for the preceding calendar month.

C4. Disabled or Abandoned Aircraft. Should any aircraft owned or operated by Lessee through accident or for any other reason, become disabled or be abandoned in any area which could interfere with the continuous, normal operations of any of the runways, taxiways and airfield facilities at the Airport, Lessee shall:

C4.1 Immediately remove said aircraft to such location as may be designated by Lessor, unless such aircraft is required to remain in place pending investigation by the appropriate regulatory agency or agencies of the federal government; and

C4.2 In the event of any accident where federal investigation in place is required, immediately upon receiving clearance to do so from the appropriate federal agency, remove said aircraft and any wreckage or debris resulting therefrom to the area(s) designated by said federal agency authorizing such removal; otherwise, such aircraft wreckage and debris shall be immediately removed from the Airport or stored at a location approved by Lessor.

C4.3 Should Lessee fail to proceed immediately to remove disabled aircraft, or should aircraft owned or operated by Lessee be abandoned on the Airport, Lessor shall have the right to remove such aircraft by any means Lessor deems necessary under the circumstances, and Lessee shall indemnify, defend, keep and hold Lessor, its members, board of directors, officers, agents, officials, servants, employees and contractors harmless from and against any and all claims, costs, loss, liability, actions, suits, proceedings, damage or expense (including costs of suit and attorneys' fees and expenses) incurred by Lessor or claimed by anyone by reason of removal of said aircraft, injury to persons or property or damages to such aircraft caused by such removal, as well as storage costs therefor. Lessee shall reimburse Lessor for any costs incurred by Lessor in removing and storing any aircraft, any property damage to the airport caused by such aircraft or removal within TEN (10) business days of demand therefor.

C5. Aviation Fuel. Lessee, at Lessee's sole cost and expense, shall procure aviation fuel delivered to its aircraft on the Airport. If fueling or defueling aircraft owned or operated by Lessee, or under Lessee's direct control, Lessee shall comply fully with Lessor's *Aviation Fuel Storage, Dispensing and Handling Guidelines* and applicable federal regulations.

C6. Fly Friendly Procedures. Lessee acknowledges that Lessor maintains *Fly Friendly* noise abatement procedures, and shall provide such information to flight crews, post the information in the Lessee's flight planning area, and use the procedures to the extent possible, when consistent with safety and Air Traffic Control directives.

Exhibit D

(SEE LINKS)

AIRPORT MINIMUM STANDARDS

<http://www.gatewayairport.com/Documents/DocumentLibrary/Board%20Policies/Airport%20Minimum%20Standards.pdf>

&

AIRPORT RULES AND REGULATIONS

http://www.gatewayairport.com/Documents/DocumentLibrary/Board%20Policies/Rules%20&%20Regulations_16-53.pdf

Exhibit E

STORM WATER PERMIT COMPLIANCE

E1. Acknowledgments.

E1.1 Lessee acknowledges that because of its activities, operations or location at the Airport, Lessee may be required by EPA Regulations 40 CFR Part 122 (Regulations) to obtain a National Pollution Discharge Elimination System (NPDES) Storm water discharge permit (“Permit”), a requirement that Lessee can fulfill by:

E1.1.1 Obtaining its own permit; or

E1.1.2 Joining as a co-permittee under Lessor’s current storm water permit.

E1.2 Lessor has undertaken to obtain a storm water discharge permit, and Lessee acknowledges that it will enjoy a substantial economic benefit by joining as a co-permittee, and that such benefit serves as good and sufficient consideration for the obligations imposed upon and assumed by Lessee under this **EXHIBIT E**.

E1.3 Lessee acknowledges that it will have to devise and implement Best Management Practices (BMPs) to minimize the contact of storm and other precipitation event water with “significant materials” (as defined in the Regulations) generated, stored, handled or otherwise used by Lessee, and to document such BMPs with a written storm water management plan.

E1.4 It is the Lessee’s obligation to determine if its activities or operations require obtaining such permit.

At such time as Lessee determines applicability and agrees to Section E1.1.2 above, the following shall apply:

E2. Agreement.

E2.1 Lessee agrees to be made, and to be, a co-permittee on Lessor’s Multi-Sector General Permit (MSGP), and agrees that said Permit, as it is issued by the Arizona Department of Environmental Quality (AZDEQ), and as it may thereafter be amended, modified or otherwise changed, is incorporated by reference into this **EXHIBIT** and any subsequent renewals.

E2.2 Lessor agrees that, to the extent allowed by law, Lessee shall have the right to be removed from Lessor’s Permit should this Lease be cancelled or terminated for other reasons, or due to Lessee’s relocation, noncompliance with Permit requirements or exercise of choice; provided that in no event shall Lessee be relieved of its obligation to comply with the requirements of the AZPDES permit program with regard to its occupation and use of the Premises and the Airport, nor shall Lessee be excused from any obligations or indemnifications incurred and owed to Lessor prior to Lessee’s removal from the Permit, resulting from a failure of Lessee to fulfill an obligation of such.

E3. Compliance.

E3.1 Lessor will provide Lessee with a true and complete copy of the Permit and any revisions thereto, and will, as time and personnel allow, consult with and assist Lessee with regard to Permit and other requirements.

E3.2 Lessor shall have the right to monitor Lessee’s compliance with the Permit requirements, including, but not limited to: certification of non-storm water discharges; collection of storm water samples; preparation of storm water management plans; implementation of BMPs; and the maintenance of necessary records.

E3.3 Lessor reserves the right to impose upon Lessee any BMP or other action necessary to insure Lessor's ability to comply with its Permit requirements or applicable Rules. Lessee shall have TEN (10) business days from date of receipt of written notice imposing such BMPs or other requirements to notify Lessor in writing if it objects to any action it is being directed to undertake. If Lessee does not provide the specified timely notice, it will be deemed to have assented to implement the BMPs or other requirements. If Lessee provides Lessor with timely written notice of its objections, the Parties agree to negotiate a prompt resolution of their differences. Lessee warrants that it will not serve a written notice of objections for purposes of delay or avoiding compliance.

E3.4 Lessee agrees to implement at its sole expense, unless otherwise agreed to in writing between Lessor and Lessee, those Permit and other requirements which pertain to its operations and activities on the Airport, and Lessee warrants that it will use its best efforts to meet all deadlines established by statute, regulation or ordinance, or that are agreed to by the Parties. Lessee acknowledges that time is of the essence in the implementation of all Permit requirements.

E4. Permit Changes. Lessee acknowledges that the terms and conditions of Lessor's Permit may change from time to time, and upon prior written notice from Lessor to Lessee of proposed changes, Lessee shall be given the opportunity to submit comments to Lessor prior to negotiations with the appropriate governmental entity or entities for permit modifications.

E5. Material Condition. Full compliance with the AZPDES permit program, 40 C.F.R. Part 122, is a material condition of this **EXHIBIT** and for any breach thereof which exposes Lessor to civil or criminal fine, penalty, sanction or remediation cost by any governmental entity, Lessor may terminate this **EXHIBIT** without recourse by Lessee.

E6. Covenant of Good Faith. Lessor and Lessee covenant to act in good faith to implement any requirements imposed by Lessor's Permit, to the end that the purposes of Section 402(P) of the Federal *Water Pollution Control Act* (33 U.S.C. 1342 (P)) may be achieved. The Parties acknowledge that close cooperation will be necessary to ensure compliance with any Permit requirements to promote safety and minimize costs, and each Party agrees to a candid exchange of information necessary to coordinate a storm water management and monitoring plan.

E7. Indemnification. The covenants of insurance and indemnification in favor of Lessor imposed by other provisions of this **EXHIBIT** shall extend to, and are incorporated into, the provisions of this **EXHIBIT**.

NOTICE OF LESSEE INTENTION TO JOIN OR REJECT NPDES CO-PERMITTEE STATUS

I, _____, on behalf of WORLDWIDE FLIGHT SERVICES, being duly authorized to do so, acknowledge that I am fully informed of our obligations under the National Pollutant Discharge Elimination System permit program as mandated by Section 402 (P) of the Federal *Water Pollution Control Act* (33 U.S.C. 1342 (P)), and regulations published in 40 C.F.R. Part 122 and the Arizona Department of Environmental Quality (AZDEQ).

I further acknowledge that, if applicable we have been offered the opportunity to join with the Phoenix-Mesa Gateway Airport Authority (PMGAA) as a co-permittee of the AZPDES permit issued by the Environmental Protection Agency to the PMGAA as it pertains to the Phoenix-Mesa Gateway Airport Authority ("Airport"), in accordance with the terms and conditions set forth above.

I, on behalf of WORLDWIDE FLIGHT SERVICES and being duly authorized to do so, (please check applicable box)

- desire to join the PMGAA as a co-permittee and understand and accept the obligation to comply with the aforesaid statute and regulations as they may apply to our activities and operations at the Airport.
- decline to join the PMGAA as a co-permittee.
- have determined the regulations are not applicable.

Dated this _____ day of _____, 2017.

By: _____
(Signature)

Name: _____
(Print Name)

Its: _____
(Title)

Exhibit F
STANDARD TERMS AND CONDITIONS

1. **Certification.** By executing this Contract, Lessee certifies:
 - a. The award of this Contract did not involve collusion or other anti-competitive practices.
 - b. It shall not discriminate against any employee or applicant for employment in violation of Federal Executive Order 11246, or A.R.S. Section 31-1461, et. seq.
 - c. It has not given, offered to give, nor intends to give at any time hereafter, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant in connection with this Contract; and Lessee hereby certifies that the individual signing this Contract is an authorized agent for Lessee and has the authority to bind the Lessee to the Contract.
2. **Arbitration.** At PMGAA's sole option, disputes between the parties may be resolved through arbitration as provided in A.R.S. Section 12-1501, *et seq.* Lessee shall continue to render the services required by this Contract without interruption, notwithstanding either party has filed suit against the other or PMGAA has expressly agreed to arbitration and either party has demanded arbitration.
3. **Affirmative Action.** Lessee shall abide by all the federal and state of Arizona provisions for equal opportunity in the work place.
4. **Human Relations.** Lessee shall abide by all the federal and state of Arizona provisions against discrimination of disadvantaged business enterprises in applicable PMGAA contracts.
5. **Gratuities.** PMGAA may, by written notice to the Lessee, cancel this Contract if it is found that gratuities, in the form of entertainment, gifts or otherwise, were offered or given by Lessee or any agent or representative of Lessee, to any officer or employee of PMGAA amending, or the making of any determinations with respect to the performing of such Contract. If this Contract is canceled by PMGAA under this provision, PMGAA shall be entitled, in addition to any other rights and remedies, to recover or withhold from the Lessee the amount of the gratuity.
6. **Provisions Required by Law.** Each and every provision of law and any clause required by law to be in the Contract shall be read and enforced as though it were included herein, and if through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then upon the application of either party the Contract shall forthwith be physically amended to make such insertion or correction.
7. **Rights and Remedies.** No provision in this Contract shall be construed, expressly or by implication, to waive either party's existing or future claim, right, or remedy available by law for breach of contract. The failure of either party to insist on strict performance of any Contract term or condition; to exercise or delay exercising any right or remedy provided in the Contract or by law; or to accept materials, services, or Lessee's services under this Contract or imposed by law, shall not be deemed a waiver of any right of either party to insist upon strict performance of the Contract.
8. **Right to Assurance.** Whenever one party to this Contract in good faith has reason to question the other party's intent to perform, the former party may demand that the other party give a written assurance of this intent to perform. If a demand is made and no written assurance is given within five (5) business days, the demanding party may treat this failure as an anticipatory repudiation with this Contract.
9. **Advertising.** Lessee shall not advertise or publish information concerning this Contract without prior written consent of PMGAA.
10. **Force Majeure**

- a. Neither party is liable to the other, and neither party may be deemed in default under this Contract, if and to the extent that such party's performance of this Contract is prevented by reason of Force Majeure. The term "Force Majeure" means an occurrence that is beyond the control of the party affected and occurs without its fault or negligence. Force Majeure does not include late performance by a subcontractor unless the delay arises out of a specific Force Majeure in accordance with this Force Majeure term and condition.
- b. If either party is delayed at any time in the progress of the work by Force Majeure, the delayed party shall notify the other party in writing, as soon as practical, of the delay and shall specify the causes of delay in the notice. The notice must be hand-delivered or mailed certified-return receipt and must specifically refer to this section. The delayed party shall cause the delay to cease as soon as practicable and shall notify the other party in writing when it has done so. The date of completion will be extended by Contract modification or amendment for the period of time that the completion date is necessarily delayed. This time extension is the Consultant's exclusive remedy for delay.
11. **Exclusive Possession.** All services, information, computer program elements, reports, and other deliverables, which may be created under this Contract, are the sole property of PMGAA and shall not be used or released by Lessee or any other person except with prior written permission by PMGAA.
12. **Licenses.** Lessee shall maintain in current status all federal, state, and local licenses and permits required for the operation of the business conducted by Lessee as applicable to this Contract.
13. **Subsequent Employment.** PMGAA may cancel this Contract without penalty or further obligation in accordance with A.R.S. Section 38-511 if any person significantly involved in initiating, negotiating, securing, drafting, or creating the contract, on behalf of the PMGAA is or becomes, at any time while the Contract or any extension of the contract is in effect, an employee of, or a contractor to any other party to this Contract with respect to the subject matter of the Contract. Such cancellation shall be effective when the parties to this Contract receive written notice from PMGAA, unless the notice specifies a later time.
14. **Patents.** Lessee shall defend, indemnify, and hold harmless PMGAA, its officers and employees from all liabilities, claims, damages, costs, or expenses, including, but not limited to attorneys' fees, for any alleged infringement of any person's patent rights or copyrights in consequence of the use by PMGAA, its officers, employees, agents, and other duly authorized representatives of tangible or intellectual property supplied to PMGAA by Lessee under this Contract.
15. **E-Verify Requirements.** To the extent applicable under A.R.S. § 41-4401, Offeror and its subcontractors warrant compliance with all federal immigration laws and regulations that relate to their employees, and compliance with the E-Verify requirements under A.R.S. §23-214(A). Offeror's or its subcontractors' failure to comply with such warranty shall be deemed a material breach of this Contract and may result in the termination of this Contract by PMGAA.



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Shea Joachim, CEcD, Business Development Director
Through: J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Allegiant Air, LLC lease for 6309 S. Taxiway Circle
Date: September 19, 2017

Proposed Motion

To authorize a facility lease with Allegiant Air, LLC (“Allegiant”) for the facility located at 6309 S. Taxiway Circle. The lease term is four (4) years and three (3) months, commencing on October 1, 2017, with two (2) one-year renewal options.

Narrative

Allegiant seeks to continue leasing the facility located at 6309 S. Taxiway Circle. Allegiant has leased the facility since 2013 and utilizes the facility for aircraft parts storage.

Agreement Term and Rate

This Agreement has an initial term of four (4) years and three (3) months. The initial lease rate is \$81,711 annually or \$6,809.25 per month for approximately 6,820 SF. The initial lease rate will increase by 3% on each 12-month anniversary of the Effective Date.

Attachment(s)

Facility Lease Agreement



RESOLUTION NO. 17-43

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Authority desires to enter into a facility lease agreement with Allegiant Air, LLC;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorize a facility lease with Allegiant Air, LLC (“Allegiant”) for the facility located at 6309 S. Taxiway Circle. The lease term is four (4) years and three (3) months, commencing on October 1, 2017, with two (2) one-year renewal options. This resolution also authorizes the Chair or Executive Director/CEO to execute such Agreement, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 19th day of September, 2017.

Jenn Daniels, Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Attorney



Phoenix-Mesa Gateway Airport Authority

FACILITY LEASE

with

Allegiant Air, LLC

Effective Date: October 1, 2017

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Phoenix-Mesa Gateway Airport Authority **FACILITY LEASE**

This Facility Lease (“Lease”) is executed to be effective the First (1st) day of October 2017 (“Effective Date”) between the PHOENIX-MESA GATEWAY AIRPORT AUTHORITY, a joint powers authority authorized by the State of Arizona (“Lessor”), and Allegiant Air, LLC, a Nevada Limited Liability Company authorized to do business in the State of Arizona (“Lessee”). Lessor and Lessee may be referred to jointly as “Parties,” and each separately may be referred to as a “Party.”

WITNESSETH:

WHEREAS, Lessor is the owner and operator of the Phoenix-Mesa Gateway Airport generally located at the intersection of Ray Road and Sossaman Road, City of Mesa, Maricopa County, Arizona (Airport”); and

WHEREAS, Lessor has the right to lease, license and grant the use of property and facilities on the Airport and has full power and authority to enter into this Lease in respect thereof; and

WHEREAS, Lessor desires to lease to Lessee, and Lessee desires to lease from Lessor, that certain real property at the Airport located at 6309 S. Taxiway Circle, and described as Building 1092, consisting approximately 6,820 square feet, as set forth in Exhibit A attached hereto (“Premises”); and

WHEREAS, Lessor desires to lease the Premises to Lessee on the terms and conditions set forth herein;

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements herein contained, the Parties do hereby undertake, promise and agree, each for itself and its successors and assigns, as follows:

1. LEASE

Lessor hereby leases the Premises to Lessee, subject to all easements and rights of way that may encumber the Premises, and further subject to all operational and use restrictions and other terms and conditions set forth in this Lease.

1.1 Right to Use Premises. Lessor agrees that so long as Lessee shall timely pay the Base Rent and other charges required to be paid hereunder, and perform all its other obligations under this Lease, Lessee shall peaceably have and enjoy the use of the Premises without hindrance from Lessor. Lessee specifically acknowledges that Lessee has inspected the Premises prior to entering into this Lease and agrees to accept the Premises in an “as is, where is” condition without any warranty or representation from Lessor, either express or implied, of any kind or nature whatsoever with respect to the Premises, including, but not limited to, any warranty of merchantability, habitability, or fitness for any particular or specific purpose, and all such warranties are hereby disclaimed. Should Lessee desire any inspection report, environmental assessment, survey, creation of a legal description, drainage report, or any similar study, Lessee shall be responsible for the same at Lessee’s sole expense.

1.2 Substitution of Premises. In addition to Lessor's other rights set forth in this Lease, Lessor reserves the right, upon no less than Ninety (90) calendar days prior written notice to Lessee, to substitute Comparable Areas for all or any portion of the Premises, including any additions, alterations or improvements thereon, should Lessor, in its reasonable discretion, determine that taking of the Premises, any portion thereof or any improvement thereon, is required for other Airport purposes, and there exists no appropriate alternative. In the event Lessor makes the determination to exercise its rights to substitute, all title, right and interest to the portion of the Premises taken shall immediately vest in Lessor on the date that is Ninety (90) calendar days following receipt of Lessor's notice, or such later date as specified therein. Furthermore, Lessor may require Lessee to vacate any portion or all of the Premises taken. For the purposes of this Section 1.2, the term "Comparable Areas" is defined to mean other facilities at the Airport, or any additions or extensions thereof, similar in size to the Premises, brought to the same level of improvement as the Premises and having the same or similar usefulness to Lessee as the portion taken. Lessor shall bear all expenses of bringing the substituted area to the same level of improvement as the Premises, and of moving Lessee's improvements, equipment, furniture and fixtures to the substituted area. If any of Lessee's improvements, equipment, furniture or fixtures cannot be relocated, Lessor shall replace, at Lessor's expense, such non-relocatable improvements and other property with comparable property in the Premises, and Lessor shall be deemed the owner of the non-relocated improvements and other property, free and clear of all claims of any interest or title therein by Lessee, or any other third party whomsoever. It is the specific intent of this Section 1.2 that Lessee be placed, to the extent possible, in the same position it would have been, had Lessor not substituted new premises for the Premises; provided, however, that Lessor shall not be obligated to reimburse Lessee for any damages, including lost profits or revenues, due to such substitution. Notwithstanding the foregoing, Lessor shall use reasonable efforts to avoid disruption to Lessee's business.

1.3 Access. Lessee is granted the right of reasonable access to and from the Premises via such portions of the Airport as are or may be necessary to allow Lessee to conduct its business operations permitted herein at and on the Premises and the Airport. Lessor reserves the right to designate the location of such access and to change its location from time to time, as Lessor deems reasonably necessary and appropriate; provided such changes do not materially interfere with Lessee's use of or access to the Premises.

1.4 Permitted Uses. Subject to the provisions of Section 1.5, Lessee may use the Premises for aeronautical storage of aircraft parts, general offices, and lawful aircraft maintenance of Lessee's aircraft. Lessee's use of the Premises and operation of its business at and on the Airport and the Premises is subject to all applicable laws, rules and regulations of any governmental authority, including Lessor, and to Lessee's compliance with applicable provisions of the Airport Rules and Regulations and Minimum Standards.

1.5 Prohibited Activities. Lessee shall not use or permit its agents, employees, contractors, invitees, licensees or customers to use the Premises or the Airport for any use that is in violation of the Airport Rules and Regulations, the Airport Minimum Standards, any matters of record, or applicable laws, rules, regulations and operating policies of any governmental authority, including Lessor, or for any other activity or operation not specified in Section 1.4 herein, or that does not have advance, written approval of Lessor's Executive Director.

1.6 Continuous Operation. Upon commencement of business operations at and on the Premises and the Airport, Lessee shall designate an on-site manager for the term of this Lease who shall be available to Lessor and Lessee's customers, if any, during normal business hours, and otherwise as required by the Airport Minimum Standards, as applicable.

1.7 Lessee Acknowledgement. Lessee acknowledges this Lease is a MODIFIED GROSS LEASE and agrees that its obligations to pay Base Rent and all other charges due and owing under the terms hereof shall be absolute and unconditional, and shall not be affected by any circumstances whatsoever, including, without limitation: (i) any set-off, counterclaim, recoupment, defense or other right which Lessee may have

against Lessor or the United States of America or anyone else for any reason whatsoever; (ii) any liens, encumbrances or rights of others with respect to the Premises; (iii) the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease or any lack of right, power or authority of Lessor or Lessee to enter into this Lease; (iv) any insolvency, bankruptcy, reorganization or similar proceedings by or against Lessee, or any other person; or (v) any other cause, whether similar or dissimilar to the foregoing, any future or present law notwithstanding, it being the intention of the Parties hereto that all rent being payable by Lessee hereunder shall continue to be payable in all events and in the manner and at the times provided herein.

2. TERM

2.1 Initial Term. The term of this Lease shall be for a period of Four (4) years and three (3) months, commencing on the Effective Date and terminating on December 31, 2021 thereafter (“Term”).

2.2 Renewal Term(s). Provided Lessee is not then in default of this Lease and subject to written approval of Lessor, the Parties shall have the option of extending the Term for Two (2) additional periods of One (1) year each (each, individually, “Extension”). Lessee may initiate an Extension by giving written notice to Lessor of its desire to do so no later than Sixty (60) calendar days prior to the expiration of the Term, as set forth in Section 2.1 herein. If Lessee has properly notified Lessor of its desire to exercise an Extension and Lessor approves such in writing, then Lessee’s Extension of the Term of this Lease shall become effective and all references herein to “Term” shall mean the initial term as extended.

2.3 Termination Clause. Either party may terminate this Lease by providing the notified party with NINETY (90) days’ advance written notice of its intent to do so.

3. NON-EXCLUSIVE RIGHTS

Lessee shall have the exclusive right to occupy and use the Premises while in compliance with the terms and conditions of this Lease. All other rights granted to Lessee under this Lease are nonexclusive. Lessor may, in its sole discretion and at any time, permit third parties to conduct any and all business activities at the Airport that Lessor deems appropriate, or conduct such activities itself, provided that such activities do not require or materially interfere with Lessee’s use of the Premises.

4. RENT

4.1 Base Rent. Lessee agrees to pay Lessor annual rent for the use of the Premises in the amount of Eighty-One Thousand Seven Hundred Eleven and 00/100 Dollars (\$81,711.00), payable in equal monthly installments of Six Thousand Eight Hundred Nine and 25/100 Dollars (\$6,809.25) (“Base Rent”). The Base Rent shall be payable in advance, without any prior demand therefor and without any abatement, deductions or set-offs whatsoever, and tendered in lawful currency of the United States, either by check or electronic transfer. All payments referenced in this Lease shall be payable exclusively in United States Dollars.

4.2 Rent Increases. The annual Base Rent paid by Lessee shall be increased (but never decreased) on every Twelve (12) month anniversary of the Effective Date of this Lease by Three percent (3%).

4.3 Reserved.

4.4 Airport Rates and Charges Schedule. Lessee or its subtenants, as applicable and including its contractors, agents, etc., shall pay all fees identified in the most current Airport Rates and Charges Schedule at the time of receipt of any covered service or use of any covered facilities, unless specifically outlined in this Lease. The current Airport Rates and Charges Schedule is included as Exhibit B and incorporated herein by reference and is subject to change without prior notice or approval of Lessee. Lessee acknowledges and agrees

that Lessor may amend the Airport Rates and Charges Schedule at any time at Lessor's sole discretion, and that no fee [referenced in the Airport Rates and Charges Schedule] shall apply to the use of the Premises or access to the Premises.

4.5 Payment.

4.5.1 Unless otherwise specified herein, the first payment of Base Rent shall be paid to Lessor upon the delivery of this Lease, for the period from the Effective Date until the end of the calendar month in which the Effective Date occurs, prorated based on the number of such days to the total number of days in said month. All payments referenced in this Lease shall be payable exclusively in United States Dollars. Thereafter, all Base Rent payments shall be paid in monthly installments, in advance, on the first day of each calendar month ("Base Rent Due Date"). On each such date, Lessee shall pay the full Base Rent payment.

4.5.2 No payment to or receipt by Lessor of a lesser amount than that which is due and payable under the provisions of this Lease at the time of such payment shall be deemed to be other than a payment on account of the earliest payment due, nor shall any endorsement or statement on any check or payment prejudice in any way Lessor's right to recover the balance of such payment or pursue any other remedy provided in this Lease or by law.

4.5.3 All payments (and reports, if any) required by this Section 4.5 shall be remitted to the following address by the due date(s) specified hereinabove:

Phoenix-Mesa Gateway Airport Authority
Attn.: Department of Finance (Accounts Receivable)
5835 S. Sossaman Road
Mesa, Arizona 85212-6014
or such other address specified in writing by Lessor to Lessee.

4.6 Finance Charges and Late Fees. If Lessee fails to pay any installment of Base Rent or any other charge due and owing to Lessor in full on or before the applicable due date, Lessee shall be responsible for interest on the unpaid installment at the rate of Eighteen Percent (18%) per annum from the due date until payment in full is made. In addition, in the event any installment of Base Rent or other charge owing to Lessor is paid more than Ten (10) days after the due date, a late penalty of Ten Percent (10%) of the amount of such delinquent Base Rent installment or other charge shall be due and payable in addition thereto.

4.7 Taxes. In the event any governmental authority shall impose a tax or imposition based upon any Base Rent payments or any other sums paid or owing hereunder, or the receipt of such payments by Lessor, Lessee shall pay such amounts to Lessor at the same time and in addition to payments hereunder, which amounts may include, but are not limited to, any or all rental, transaction privilege, sales, excise or other similar tax except income taxes.

4.8 Survival. Lessee's obligation to pay all amounts stated herein, together with any interest thereon and/or penalties therefor, shall survive the termination of this Lease.

5. PERFORMANCE GUARANTEE

5.1 Security Deposit.

5.1.1 Intentionally Deleted

5.1.2 Reserved.

5.2 Reserved.

6. AIRCRAFT OPERATIONS GUIDELINES

If and to the extent that Lessee, including its subtenants, contractors, agents, etc., operates aircraft at or on the Airport, Lessee shall be subject to the provisions of Exhibit C. If any subtenant, contractor or agent of Lessee conducting activities on or at the Premises operates aircraft at the Airport, all shall be subject to the provisions of Exhibit C, which Lessor may enforce directly against such subtenant, contractor or agent, but Lessee shall have no direct liability or responsibility with respect to such matters; except, however, Lessee shall be responsible for compliance by its subtenants, contractors and/or agents with the Airport Rules and Regulations and Minimum Standards, as appropriate.

7. IMPROVEMENTS

7.1 Reserved.

7.2 Reserved.

7.3 No Alterations. Lessee shall make no material improvements or alterations to the Premises during the Term of this Lease without the prior written permission of Lessor, which shall not be unreasonably withheld or delayed and, if and to the extent applicable, without the approval by Lessor's Design Review Committee. Lessee shall provide Lessor with electronic as-built drawings (or their equivalent) when any improvement or alteration is completed for which such drawings are reasonably required.

7.4 Title to Alterations and Improvements. Title to all Improvements and alterations on the Premises (but not personal property or trade fixtures) shall vest in Lessor upon the expiration of this Lease, and Lessee agrees to execute and deliver to Lessor, within Ten (10) business days after Lessor's request therefor, a quitclaim deed confirming that title to such improvements and alterations is vested in Lessor.

7.5 Mechanics' Liens. Lessee shall keep the Premises and all improvements constructed by Lessee thereon free of any mechanic or materialmen's liens. In the event that any such lien is filed, Lessee shall, at its sole cost, cause such lien to be removed from the Premises by bonding or otherwise within Thirty (30) calendar days of notice thereof.

7.6 Permit Required. Lessee shall be responsible for determining whether it is subject to local building/construction codes or permit requirements, and for compliance with them to the extent they are applicable. All structural, electrical, plumbing or mechanical construction or reconstruction shall conform to City of Mesa ("City") construction and technical codes. No such work shall be commenced without first submitting required plans and obtaining required permits from the City. All such work shall be permitted, inspected and approved by the City prior to concealment or use. Lessee shall provide to Lessor a contemporaneous copy of Lessee's permit application and the associated plans and specifications.

7.7 Damage or Destruction. Lessee shall maintain insurance on all of Lessee's improvements to the Premises. In the event that all or any portion of Lessee's improvements are destroyed or rendered unusable due to fire or other catastrophe, Lessee shall replace, repair, restore, modify or improve said improvements, subject to the provisions of Section 7.6, using available insurance proceeds together with any additional funds from other available sources, or, alternatively, Lessee shall pay the replacement cost of the improvements to Lessor.

8. MAINTENANCE

8.1 Responsibilities.

8.1.1 *Lessee.* Lessee shall, at its sole cost and expense, keep the Premises and all improvements therein in a neat and clean condition and in good order, condition and repair throughout the Term. Lessee is responsible for janitorial services. In the event that Lessee, knowingly and willing, grossly misuses said premises and such gross misuse is the sole and proximate cause of damages to the mechanical, electrical, plumbing, drain, piping, and/or air conditioning systems on the Premises, then Lessee shall share in the cost of the reasonable maintenance, repairs and replacements of the aforementioned systems.

8.1.2 *Lessor.* Lessor shall, at its sole cost and expense, sustain and maintain the structural integrity of the Premises and assume responsibility for all maintenance related to Lessee's reasonable and expected use of the Premises.

8.2 **Damage to Lessor Property.** Any real or personal property of Lessor damaged or destroyed by Lessee as a result of Lessee's use or occupancy of the Premises shall be promptly repaired or replaced by Lessee to the satisfaction of Lessor. In lieu of such repair or replacement, where required by Lessor, Lessee shall pay to Lessor an amount sufficient to compensate for the loss sustained by Lessor.

8.3 **Trash Removal.** Lessee shall at all times keep the Premises in a neat, clean, safe, sanitary and orderly condition and shall keep such area free of all trash and debris. Lessee shall be responsible for all trash removal from the Premises. Such trash removal shall be performed on a not less than weekly basis, and all trash shall be disposed of in trash collection locations designated by the Lessor.

8.4 **Emergency Repairs.** Within FIFTEEN (15) days of the Effective Date, Lessee shall provide Lessor with a list of names and telephone numbers for 24-hour emergency contact for the Premises. Lessee shall promptly provide Lessor with updated lists and changes as necessary.

9. ASSIGNMENT, SUBLETTING AND OTHER TRANSFERS

9.1 **Any Transfer of Lease Interest Requires Lessor Advance Written Approval.** In the event Lessee desires to transfer, assign, encumber, pledge or hypothecate any portion of its interest in this Lease or any right or interest hereunder (including, but not limited to as part of a mortgagor deed of trust or an assignment by means of a foreclosure or trustee's sale thereunder (individually and collectively, "Transfer"), Lessee must obtain the prior written consent of Lessor, with such consent to be in sole and absolute discretion of Lessor without exception. Where Lessor approves in writing of such Transfer, Lessor shall be entitled to request and acquire written financial assurances, including, but not limited to financial statements, business plans and other information related to the financial condition and plans of any proposed transferee. Further, Lessor, may in its sole and absolute discretion require that Lessee still be liable at law and at equity, as well as financially liable, under the Lease, regardless of whether the assignee expressly assumes in writing all of Lessee's obligations under this Lease or in the case of a sublease. Lessee understands and agrees to these terms and conditions regarding any proposed Transfer, and that any violation of this Section 9, may irreparably harm Lessor as the requirements set forth herein are directly related to PMGAA's (and any Lessee's) legal and financial obligations to the Federal Aviation Administration. This section 9 shall remain valid and enforceable even in the event of amendment to or repeal of FAA regulations, so long as this section 9 does not directly conflict therewith.

9.2 **Lessee's Required Advanced Notice to Lessor of Proposed Transfer.** In order for Lessor to even consider a Transfer, Lessee must: (i) notify Lessor in writing at least Forty-five (45) days prior to such proposed transfer; (ii) deliver to Lessor, at the time of Lessee's notice, current financial statements of Lessee and the proposed transferee (along with transferee's business plans) that are reasonably acceptable to Lessor; and (iii) the transferee assumes and agrees in writing to perform Lessee's obligations under this Lease. However,

nothing herein shall be construed as Lessor providing its consent to any Transfer or relieving Lessee of any legal, financial or other obligation under the Lease, regardless of Lessor's acceptance or refusal to accept such proposed transfer of Lease. For purposes of this Section 9.2, "Affiliate" means any person or entity that, directly or indirectly, controls, is controlled by or is under common control with Lessee. For purposes of this definition, "control" shall mean possessing the power to direct or cause the direction of the management and policies of the entity by the ownership of a majority of the voting securities of the entity.

9.3 Deemed Transfers. For the purposes of this Lease, a Transfer shall be deemed to include, but not be limited to, the following: (i) if Lessee is a corporation, partnership, limited liability company or other legal entity, the transfer of any ownership interest in such entity resulting in a change in the present control of such entity by the person or persons owning a majority of the ownership interest thereof as of the date of this Lease; provided, however, if Lessee is a corporation whose stock is traded on a nationally recognized stock exchange, the transfer of Lessee's stock shall not constitute a Transfer requiring Lessor's consent; or (ii) the sale of TWENTY-FIVE PERCENT (25%) or more in value of the assets of Lessee.

9.4 Subletting. Lessee shall not sublease the Premises or any portion thereof at any time during the Term of this Lease.

9.5 Non-Disturbance. Lessor agrees, for the benefit of all subtenants of all or any part of the Premises, that if this Lease or Lessee's right to possession of the Premises is terminated for default or otherwise, all subleases of all or any part of the Premises, except any sublease to an affiliate of Lessee, shall continue in full force and effect, notwithstanding the termination, as direct leases between Lessor and the subtenants and all such subtenants shall, upon request, attorn in writing to Lessor.

9.6 This Lease and all provisions hereof are subject and subordinate to the terms and conditions of the instruments and documents under which PMGAA acquired the subject property from the United States of America and shall be given only such effect as will not conflict or be inconsistent with the terms and conditions contained in the lease of said lands from PMGAA and any existing or subsequent amendments thereto, and are subject to any ordinances, rules or regulations which have been, or may hereafter be adopted by PMGAA pertaining to the Airport.

10. IDENTIFICATION SIGNS

Lessee may install on the Premises, a sign or signs identifying its business on the exterior of the Premises; provided, however, that the general type, size, and location of such sign(s) shall conform to Lessor's Comprehensive Sign Plan, be approved in writing by Lessor in advance of installation and be subject to any signage rules, codes and/or regulations of any governmental authority.

11. DEFAULT; TERMINATION BY LESSOR

11.1 Events of Default. Each of the following shall constitute a material default of this Lease by Lessee ("Event of Default"):

11.1.1 Failure to pay any installment of Base Rent or other amount due from Lessee hereunder, or required by any other agreement between the Parties, provided that Lessee does not cure such failure within TEN (10) business days after delivery by Lessor of a written notice of such failure.

11.1.2 Failure to perform any of its other obligations under this Lease, provided that Lessee does not cure such failure within THIRTY (30) calendar days after delivery by Lessor of a written notice of such

default; provided, however, if a cure of the default reasonably requires more than THIRTY (30) calendar days to complete, then the time to cure shall be extended so long as the cure is being diligently pursued.

11.1.3 The filing of any mechanic's, materialmen's or other lien of any kind against the Premises because of any act or omission of Lessee which lien is not discharged, by bonding or otherwise, within THIRTY (30) calendar days of receipt of actual notice thereof by Lessee.

11.1.4 The Transfer or attempted transfer of any interest in the Lease to any transferee without Lessor's advance written authorization, which Lessor may withhold in its sole and absolute discretion.

11.2 Lessor's Remedies. Upon the occurrence of an Event of Default under this Lease, Lessor may, without prejudice to any other rights and remedies available to a Lessor at law, in equity or by statute, but subject to the provisions of SECTIONS 9.2 and 23 herein, exercise one or more of the following remedies, all of which shall be construed and held to be cumulative and non-exclusive:

11.2.1 Terminate this Lease and re-enter and take possession of the Premises; or

11.2.2 Without terminating this Lease, re-enter and take possession of the Premises; or

11.2.3 Without such re-entry, recover possession of the Premises in the manner prescribed by any statute relating to summary process, and any demand for Base Rent, re-entry for condition broken, and any and all notices to quit, or other formalities of any nature to which Lessee may be entitled, are hereby specifically waived to the extent permitted by law; or

11.2.4 With or without terminating this Lease, Lessor may re-let the Premises or any portion thereof.

11.3 No Implied Termination. Lessor shall not be deemed to have terminated this Lease unless Lessor shall have notified Lessee in writing that it has so elected to terminate this Lease. Lessee hereby waives all claims based on Lessor's reentering and taking possession of the Premises, or removing and storing the property of Lessee, and shall save Lessor harmless from all losses, costs or damages occasioned thereby. No such reentry shall be considered or construed to be a forcible entry by Lessor.

11.4 Lessor's Current Damages. Lessor is authorized to make such repairs, refurbishments or improvements to the Premises as may be necessary for the purpose of attempting to re-let the Premises, and the costs and expenses incurred in respect of such repairs, redecorating, refurbishments and improvements shall be paid by Lessee to Lessor within FIVE (5) business days after receipt of Lessor's statement. If Lessor exercises any of the remedies stated above, Lessor shall be entitled to recover from Lessee all damages incurred by Lessor by reason of the Event of Default, which shall include, without limitation, (i) the equivalent of the amount of the Base Rent and all other payments which would be payable under this Lease by Lessee for the remainder of the Term as if this Lease were still in effect, less (ii) the net proceeds of any re-letting by Lessor after deducting all of Lessor's expenses in connection with such re-letting, which shall include, without limitation, repossession costs, repairs, redecorating, refurbishments or improvements to the Premises, brokerage commissions, attorneys' fees, and legal expenses. Lessee shall pay such current damages to Lessor, in the amount set forth in the preceding sentence (hereinafter called "Deficiency"), in monthly installments on the days on which the Base Rent would have been payable under this Lease as if this Lease were still in effect. All amounts collected by Lessor from subtenants shall be credited against Lessor's damages.

11.5 Lessor's Final Damages. At any time after an Event of Default, whether or not Lessor shall have collected any monthly Deficiency as set forth above, Lessor shall be entitled to recover from Lessee, and Lessee shall pay to Lessor, on demand, as final damages for the applicable Event of Default, the sum of (a) the then present worth (at a discount at the rate of Six Percent (6%) per annum) of (i) the aggregate of the Base

Rent and all other amounts to be paid by Lessee hereunder for the unexpired portion of the term of this Lease (assuming this Lease had not been terminated), less (ii) the amount of such loss that could have been reasonably avoided, plus (b) repossession costs, Lessor's expenses in connection with any attempts it may have made to re-let the Premises (which shall include, without limitation, repairs, refurbishments or improvements to the Premises and brokerage commissions), attorneys' fees, legal expenses, and all other damages incurred by Lessor as a result of such Event of Default. In determining the amount of loss that could reasonably be provided, rents to be paid by subtenants pursuant to Section 9.4, if applicable, and other reasonably projected rental income from leasing the Premises shall be taken into account.

11.6 No Waiver by Lessor. No waiver by Lessor of any breach or default by Lessee in the performance of its obligations under this Lease shall be deemed to be a waiver of any subsequent default by Lessee in the performance of any of such obligations, and no express waiver shall affect an Event of Default in a manner other than as specified in said waiver. The consent or approval by Lessor to or of any act by Lessee requiring Lessor's consent or approval shall not be deemed to waive or render unnecessary Lessor's consent or approval to or of any subsequent similar acts by Lessee.

11.7 Content of Default Notice. Any default notice tendered to Lessee hereunder shall be deemed to be sufficient if it is reasonably calculated to put Lessee on inquiry as to the nature and extent of such default, and is made in accordance with Section 20 herein.

11.8 Limitation on Exercise of Termination Remedy by Lessor. Notwithstanding anything to the contrary in Section 11.2 hereinabove, if an Event of Default occurs, Lessor shall not have the remedy of terminating this Lease or of taking possession of the Premises unless: (i) the Event of Default consists of a failure to pay off Base Rent or other amounts owed to Lessor; or (ii) Lessor has no other remedy that is adequate to protect Lessor's interests. Other remedies that are available to Lessor include self-help and recovery of damages, and nothing in this Section 11 shall limit the exercise of any such other remedy.

11.9 Waiver of Landlord's Lien. Lessor hereby waives all statutory or common law landlord's lien rights with respect to personal property located on the Premises.

12. ASSUMPTION OF CRITICAL OPERATIONS

In the event that Lessee voluntarily abandons or is prevented from furnishing any of its required commercial services which have been deemed by Lessor in advance and in writing to be critical to the operation of the Airport, and Lessee has received and is in agreement with said notification, Lessor shall have the immediate right or, if time permits, upon Twenty-Four (24) hours advance written notice to Lessee, to assume responsibility for providing such critical services until such time as Lessee or another entity acceptable to Lessor assumes responsibility for providing those services. In exercising such right, Lessor may take temporary control of the Premises, or any portion thereof involved in providing such commercial services, together with whatever improvements, fixtures and equipment on the Premises as are necessary to provide the critical services without waiving any of Lessor's rights hereunder. In the event Lessor takes temporary control of the Premises or any portion thereof, Lessor shall pay to Lessee such rent or fees reasonably commensurate with Lessor's assumption and use of that portion of the Premises to provide those critical, commercial services.

13. INDEMNIFICATION

To the fullest extent permitted by law, Lessee hereby agrees to defend, indemnify and hold harmless Lessor and its members, elected or appointed officials, agents, contractors, subcontractors, boards, commissions and employees (hereinafter referred to collectively as "Lessor" for purposes of this Section 13) for, from and against any and all claims, causes of action, liability, suits, litigation (including reasonable attorney's fees and other costs of investigation and litigation), actions, losses, damages or claims of any nature whatsoever which arise out of or in connection with (i) any accident, injury or damages occurring within the

Premises, or (ii) any negligent act or omission of Lessee or its agents, employees, contractors, or subcontractors (hereinafter referred to collectively as “Lessee” for purposes of this Section 13) in connection with Lessee’s operations hereunder and which result directly or indirectly in the injury to or death of any persons or the damage to or loss of any property, or (iii) the failure of Lessee to comply with any provisions of this Lease. This indemnification shall exclude responsibility for any consequential damages and for claims arising by reason of the negligent or wrongful act of Lessor or its employees, contractors or agents.

14. ENVIRONMENTAL PROTECTION

14.1 Definitions. Unless the context shall clearly require otherwise, the terms defined in this Section 14 shall, for all purposes of this Lease and of any agreement amendatory hereof or supplemental hereto, have the meanings herein specified, with the following definitions to be equally applicable to both the single and plural forms of any of the following:

14.1.1 Environmental Laws. The term “Environmental Laws” shall mean any one or all of the following, as the same are amended from time to time: the Comprehensive Environmental Response, Compensation, and Liability Act, 42 USC Section 9601 et seq.; the Resource Conservation and Recovery Act, 42 USC Section 6901, et seq.; the Toxic Substances Control Act, 15 USC Section 2601 et seq.; the Safe Drinking Water Act, 42 USC Section 300f et seq.; the Clean Water Act, 33 USC Section 1251 et seq.; the Clean Air Act, 42 USC Section 7401 et seq.; the Arizona Hazardous Waste Management Act, A.R.S. Section 49-921 et seq. the Arizona Environmental Quality Act, A.R.S. Title 49, as amended; and all regulations thereunder and any other laws, regulations and ordinances (whether enacted by the local, state or federal government) now in effect or hereafter enacted that deal with the regulation or protection of the environment, including the ambient air, ground water, surface water, and land use, including substrata land, or that govern the use of hazardous materials, solid and hazardous waste, hazardous substances and petroleum products.

14.1.2 Hazardous Material. The term “Hazardous Material” shall mean any toxic or hazardous material, substance or waste, or any pollutant or contaminant as defined or regulated pursuant to any Environmental Law and petroleum products. For purposes of this definition, petroleum includes petroleum-based substances comprised of a complex blend of hydrocarbons derived from crude oil through processes of separation, conversion, upgrading and finishing (e.g., distillate fuel oils, petroleum solvents and used oils).

14.2 Release by Lessor. Lessor shall indemnify Lessee to the fullest extent permitted by law for any and all environmental damage of any kind, or for the effects of Hazardous Material on the environment, or on any person or property, if any, which have been caused by the use of, or releases from, the Premises and the Airport prior to Lessee’s occupancy of any part thereof. Lessee is not liable for any claims or damages arising from environmental damage resulting from or that are the result of contamination of any kind existing on the Premises or surrounding sites prior to Lessee’s occupancy of thereof.

14.3 Lessee Compliance.

14.3.1 Lessee shall, at the Lessee’s own expense, comply with all present and hereafter enacted Environmental Laws, including any amendments thereto, affecting Lessee’s activities on and property interest in the Premises during the period of Lessee’s occupancy thereof under this Lease.

14.3.2 Lessee shall not cause or permit any Hazardous Material to be brought upon, kept or used in or about the Premises or the Airport by Lessee’s agents, employees, contractors or invitees in violation or threatened or suspected violation of any Environmental Law. The Parties recognize and agree that Lessee may bring on the Premises and Airport and use Hazardous Materials that are ordinarily and customarily used in the conduct of Lessee’s permitted activities under this Lease, provided that such use shall comply fully with all applicable Environmental Laws.

14.3.3 If Lessee desires and receives written authorization from Lessor to install any above ground storage tank (“AST”) on the Premises or elsewhere on the Airport, Lessee shall submit the plans for such ASTs to Lessor for prior written approval and shall comply with all applicable Environmental Laws related thereto, including Title 40, Code of Federal Regulations, Part 112, as applicable. Lessee shall be the owner of such ASTs for statutory purposes and shall be solely responsible for the design, construction, installation, operation, monitoring, inspection, repair and maintenance of any and all ASTs, including any connected piping and/or dispensing apparatus. All ASTs shall comply with the Office of the State Fire Marshall as well as the Authority Having Jurisdiction (AHJ). Any AST that stores flammable and combustible liquids shall meet the provisions of NFPA 30, Flammable and Combustible Liquids Code. Records demonstrating compliance with release detection requirements, including product inventories, calibration and maintenance, sampling, tightness testing and any other records, fees and taxes required by the state or federal governments shall be the responsibility of Lessee. Upon the expiration of this Lease, Lessee shall remove all ASTs in compliance with all applicable Environmental Laws in effect at that time unless otherwise allowed by Lessor.

14.4 Indemnification. To the fullest extent permitted by law, Lessee shall indemnify, defend (with counsel reasonably acceptable to Lessor), protect and hold harmless Lessor and its employees and agents for, from and against any and all liability, loss, damage, expense, penalties and legal and investigation fees or costs, arising from or related to any claim or action for injury, liability, or damage to persons or property and any and all claims or actions brought by any person, entity or governmental body, alleging or arising in connection with contamination of the environment or violation of any Environmental Law or other statute, ordinance, rule, regulation, judgment or order of any government or judicial entity which are incurred or assessed as a result of any of Lessee’s activities or operations on the Premises or Airport. This obligation includes, but is not limited to, all costs and expenses related to cleaning up the property, land, soil and underground or surface water as required under the law. Lessee’s obligations and liabilities under this Section 14.4 shall survive the termination of this Lease. The indemnification of Lessor by Lessee as described above includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision. Lessor reserves the right to seek injunctive relief as may be permitted under law and equity.

14.5 Remediation. Without limiting the foregoing, if the presence of any Hazardous Material during the Term of this Lease caused or permitted by Lessee results in any Release on the Airport in violation or potential violation of any Environmental Law, Lessee shall promptly take action to remediate the affected property at its sole expense as necessary to return the Airport to the condition existing prior to the introduction of any such Hazardous Material to the Airport; provided that Lessor’s approval of such actions shall first be obtained, which approval shall not, except in an emergency, be unreasonably withheld so long as such actions would not potentially have any material adverse long-term effect on the Airport and Lessee is not under administrative or court order related to such remediation action. Notwithstanding Lessor’s approval pursuant to this Section 14.5, Lessor is not responsible for directing or managing any remediation action. For purposes of this Section 14.5, the term “Release” means any releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing, or dumping.

14.6 Governmental Submittals. Lessee shall, at Lessee’s own expense, make all submissions to, provide all information to, and comply with all requirements of the appropriate governmental authority (“Government”) under the Environmental Laws. Should the Government determine that a site characterization, site assessment and/or cleanup plan should be prepared and/or that a cleanup should be undertaken because of any spills or discharges of Hazardous Materials by reasons of Lessee’s activities or actions at the Airport which occur during the term of this Lease, then Lessee shall, at the Lessee’s own expense, prepare and submit the required plans and financial assurances, and carry out the approved plans. The Lessee shall provide a copy of said plans to the Lessor within thirty (30) days of development.

14.7 Information Sharing.

14.7.1 Lessee shall immediately notify Lessor of any of the following: (i) Lessee's receipt of any notification from any governmental entity either charging or informing Lessee that it will be charged with a significant (as defined below) violation of Environmental Laws, and (ii) any change in Lessee's activities on the Premises or Airport that is reasonably likely to adversely change Lessee's or Lessor's obligations or liabilities under the Environmental Laws. In addition, Lessee agrees to provide Lessor with copies of documents reflecting the physical condition of the Premises, including but not limited to, environmental testing of soils and groundwater, and information reasonably requested by Lessor to determine the applicability of the Environmental Laws to the Premises, or to respond to any governmental investigation or claim of liability by third parties which is related to environmental contamination of the Premises or Airport, including Lessee's activities thereon. A "significant violation of Environmental Law" shall be any violation that requires more than Thirty (30) calendar days to resolve.

14.7.2 Lessee shall immediately notify Lessor's Operations and Maintenance Department upon discovering a Release or Suspected Release of any amount of material that is stored inside an AST, approved pursuant to SECTION 14.3.3. For purposes of this Section, a "Suspected Release" is any discovery of released Hazardous Material at the AST site or surrounding area, erratic behavior of Hazardous Material dispensing equipment, the sudden loss of a Hazardous Material, or when monitoring indicates that a Release has occurred.

14.8 Reserved.

14.9 Actions of Lessee. The activities or actions of Lessee under this Section 14 shall include the activities or actions of Lessee's officers, directors, employees, agents, contractors, invitees and successors.

14.10 Clean Water Act; NPDES Permits and SWPPPs. Without in any way limiting the foregoing, Lessee shall comply with all Environmental Laws regarding discharges to water and land, including, without limitation, obtaining and complying with an individual National Pollutant Discharge Elimination System ("NPDES") permit, or requesting coverage under and complying with any applicable multi-sector general permit obtained by Lessor. If applicable, Lessee shall also prepare and comply with a site-specific Storm Water Pollution Prevention Plan ("SWPPP") or any revisions to a SWPPP, with respect to Lessee's operations or activities on the Premises or Airport. At Lessee's discretion and if applicable, Lessee may choose to be added to Lessor's Storm Water Permit and, if such addition is desired, agrees to be subject to the provisions of Exhibit E attached hereto.

14.11 Protective Devices and Plans. If Lessee is required by the City to estimate the possible constituents of sanitary sewer discharges in order that the City may define certain discharge limitations for the Premises, Lessee shall complete and return an Industrial Wastewater Discharge Questionnaire ("Questionnaire") to the City and promptly provide Lessor with a copy and updates to the Questionnaire as they arise. Also, if the City so requires, Lessee shall install and maintain appropriate protective devices to prevent accidental discharge of any Hazardous Materials into domestic or industrial drains on or near the Premises and elsewhere on the Airport, as appropriate, and for any other material for which a slug load discharge could pollute the Airport's storm water discharge or disrupt operations at the sewage treatment plant serving the Premises. Lessee shall post a notice in a prominent place on the Premises advising employees on what actions to take and whom to call in the event of said discharge, and shall ensure that all employees of Lessee are trained with regard to the spill protection plan hereinafter referenced. Lessee also shall provide Lessor with immediate notice of any spill.

14.12 Right to Enter Premises. Lessor's rights under this Lease specifically include the right of Lessor, the United States Government, the Environmental Protection Agency (the EPA), the Arizona Department of Environmental Quality (ADEQ) and the Arizona Department of Occupational Safety and

Health (ADOSH) to enter the Premises upon reasonable notice to Lessee for purposes of: (i) inspecting Lessee's compliance with environmental, occupational safety and health laws and regulations, whether or not such party is responsible for enforcing such laws; (ii) conducting environmental investigation or remediation, including, without limitation, performing tests and surveys, drillings, test-pitting, borings, compiling data and/or records, and other activities related to environmental investigation; and (iii) carrying out remedial or removal actions as required or necessary under applicable laws, including, without limitation, installing monitoring wells, pumping wells and/or treatment facilities. Lessor shall give Lessee Twenty-Four (24) hour's prior notice of its intention to enter the Premises unless it determines the entry is required for safety, environmental, operations, or security purposes. Lessee shall have no claim against Lessor for any entries by the United States, EPA, ADEQ, Arizona ADOSH, or any officer, agent, employee or contractor thereof.

14.13 U.S. Air Force Use and Remedial Action.

14.13.1 The Parties assume no liability or responsibility for environmental impacts and damage caused by the U.S. Air Force's use of Hazardous Materials on any portion of the Airport, including the Premises, prior to the Effective Date, and have no obligation under this Lease to undertake the defense of any claim or action, whether in existence now or brought in the future, solely arising out of the use of or release of any Hazardous Materials or deposits of solid waste on or from any part of the Airport, including, but not limited to, the Premises. Further, the Parties have no obligation under this Lease to undertake environmental response, remediation, or cleanup relating to such use or release. For purposes of this SECTION 14.13, "defense" or "environmental response, remediation, or cleanup" shall include liability and responsibility for the costs of damage, penalties, legal and investigative services relating to such use or release. The terms, "Occupation" or "Use" shall mean any activity or presence (in or upon) such portion of, or such building, facility or other improvement on the Premises.

14.13.2 Pursuant to Section VII.E.3 of the Deed (as defined herein), the U.S. Air Force warrants and covenants that all remedial action necessary to protect human health and the environment with respect to hazardous substances remaining on the Airport has been completed prior to the date of the Deed and, further, any remedial action found to be necessary after the date of the Deed shall be conducted by the U.S. Air Force; provided, however, that the foregoing covenant does not apply where Lessor or Lessee is a potentially responsible party with respect to any portion of the Premises or the Airport.

14.14 Cleanup Requirements. Lessee agrees that Lessor assumes no liability to Lessee should Hazardous Materials cleanup or related requirements, whether imposed by law, regulatory agencies, the U.S. Air Force or Department of Defense interfere with Lessee's use of the Premises. Lessee shall have no claim against Lessor or the United States or any officer, agent, employee or contractor thereof on account of any such interference whether due to entry, performance of remedial or removal investigations, or exercise of any right with respect to the Federal Facilities Agreement (FFA) or the Installation Restoration Program (IRP) or under this Lease or otherwise. Lessee agrees to comply with the provisions of any health or safety plan in effect under the IRP or any hazardous substance remediation or response agreement with environmental regulatory authorities during the course of any of the above described response or remedial actions. Any inspection, survey, investigation, or other response or remedial action shall, to the extent practicable, be coordinated with representatives designated by Lessee. Lessee shall have no claim on account of such entries against the United States or any officer, agent, employee, contractor, or subcontractor thereof.

14.15 Spill Protection Plan. In the event Lessee undertakes any type of manufacturing, maintenance or other activities on the Premises involving the use or generation of any Hazardous Materials regulated by Hazardous Materials Laws, Lessee shall have an approved plan for responding to Hazardous Materials, fuel, and other chemical spills prior to commencement of activities on the Premises and other approved Airport locations. Such plan shall comply with all applicable requirements of said plan which shall be updated from time to time or as may be required to comply with changes in site conditions or applicable requirements, and

shall be approved by all agencies having regulatory jurisdiction over such plan. Such plan shall be independent of Lessor's spill prevention and response plans, if any. Lessee shall not rely on use of Lessor or Lessor personnel or equipment in execution of its plan. Lessee shall file a copy of the approved plan and approved amendments thereto with Lessor's Environmental and Archeological Coordinator within THIRTY (30) calendar days of receipt of a Certificate of Occupancy from the City. Notwithstanding the foregoing, should Lessor provide any personnel or equipment, whether for initial fire response and/or spill containment, on the request of Lessee, or because Lessee was not, in the opinion of Lessor, conducting fire-fighting, containment or timely cleanup actions, Lessee agrees to reimburse Lessor for its actual costs in accordance with all applicable laws and regulations.

14.16 Wells. Lessee shall not install any drinking water or other wells in any location on the Premises without the prior written approval of Lessor.

14.17 Construction Activities and Surface Disturbances.

14.17.1 Should Lessee be permitted to construct improvements on the Premises, Lessee agrees that in the event any hazardous substances, pollutants, contaminants, petroleum or petroleum derivatives are discovered, Lessee shall promptly notify Lessor of such discovery and shall immediately cease said construction pending investigation and remedial action, if necessary, by Lessor or the appropriate regulatory agency.

14.17.2 After construction of Lessee's improvements on the Premises, if any, either in the future or as otherwise provided herein, Lessee shall not conduct any subsurface excavation, digging, drilling or other disturbance of the surface without the prior written approval of Lessor, which shall not be unreasonably withheld.

15. PROTECTION OF WETLANDS

Lessee shall minimize the destruction, loss, or degradation of any wetlands located on the Premises. Lessor believes there are no wetlands existing on the Premises as of the Effective Date. However, before locating new construction in wetlands, if any exist, Lessee shall contact Lessor and the United States Army Corps of Engineers and obtain a permit or waivers under Section 404 of the *Clean Water Act*. For purposes of this SECTION 15, the term, "new construction," includes structures, facilities, draining, dredging, channeling, filling, diking, impounding, and related activities.

16. SPECIAL PROVISIONS

16.1 Lessee shall comply with all applicable Federal, State, and local occupational safety and health regulations.

16.2 Lessee shall be responsible for determining whether it is subject to State and local sanitation, licensing, building code or building permit requirements and whether or not it requires a permit to do business and for compliance with them to the extent they are applicable.

16.3 Lessee agrees to and shall at all times comply with the Lessor's *Standard Terms and Conditions*, as attached hereto as **EXHIBIT F**.

17. INSURANCE

17.1 Coverage Required. Lessee shall procure and maintain, or cause to be procured and maintained, the following types and amounts of insurance with respect to the Premises:

17.1.1 *Aircraft Liability* insurance covering third party bodily injury and property damage, and passenger and contractual liabilities which shall protect and indemnify PMGAA from any and all claims arising in connection with aircraft movement on the airport in the amounts as are customarily carried by a Lessee of like kind and size, but in no event less than \$250,000,000 per occurrence. Such insurance shall also insure against third party liabilities arising from War Risk perils.

17.1.2 *Airport Premises Liability* insurance third party bodily injury and property damage, including coverage for “premises/operations,” “products and completed operations,” “host liquor” and “blanket contractual” liabilities in an amount not less than \$250,000,000 per occurrence.

17.1.3 *Comprehensive Automobile Liability* insurance for all owned, non-owned and hired vehicles operated airside on the Airport that are assigned to or used in the performance of commercial activities in the amount of \$5,000,000 per occurrence or combined single limit. If any hazardous materials are transported in conjunction with Lessee’s business operations at or on the Airport, an MSC 90 endorsement shall be required in addition thereto.

17.1.4 *Worker’s Compensation* insurance, as required by law, and *Employer’s Liability* insurance in the amount of \$1,000,000 covering work-related injuries to employees and others permitted to operate or otherwise conduct business on the Premises.

17.1.5 *Environmental Impairment Liability/Pollution* coverage if self-fueling or maintaining aircraft, insurance in the amount of \$1,000,000 per occurrence and \$2,000,000 aggregate, covering third party bodily injury and property damage associated with hazardous materials, storage facilities, tanks, piping, ancillary equipment and containment structures, or structures that are used, controlled, constructed or maintained on the Airport, and including expenses for defense, release mitigation and on and off site remediation

17.2 Form. Each insurance policy obtained pursuant to this SECTION, except for *Worker’s Compensation* and *Employer’s Liability* policies, shall: (i) name Lessor as a certificate holder or additional named insured; (ii) contain a provision that written notice of cancellation or modification thereof shall be given to Lessor not less than THIRTY (30) calendar days before such cancellation or modification takes effect (TEN (10) days in case of nonpayment of premium); and (iii) contain a waiver of subrogation in favor of Lessor. Lessee shall not permit any insurance policy to be canceled or modified without Lessor’s written consent unless equivalent replacement policies are issued with no lapse in coverage. All policies shall be obtained from insurance companies licensed to do business in the State of Arizona and possessing a rating of at least A – VII or higher from the A.M. Best Company, or an equivalent rating and approved by Lessor.

17.3 Certificates of Insurance. Lessee shall deliver a certificate of insurance along with an endorsement naming Phoenix-Mesa Gateway Airport Authority as additional insured for each policy required herein to Lessor, in standard Acord or equivalent form, prior to the Effective Date and shall continue to provide such certificates throughout the term of this Lease.

17.4 Additional Insurance. At any time during the term of this Lease, Lessor may, if in its reasonable determination, the insurance coverage required by this SECTION 17 is no longer adequate, require Lessee to increase its coverage to commercially reasonable amounts.

17.5 Blanket Insurance. Lessee's insurance obligations under this Lease may be satisfied by means of "blanket" or excess policies.

17.6 Insurance by Lessor. In the event Lessee shall fail to procure any insurance required hereunder, Lessor may, upon written notice to Lessee, procure and maintain any or all of the insurance required of Lessee under this SECTION. In such event, all costs of such insurance procured and maintained by Lessor on behalf of Lessee shall be the responsibility of Lessee and shall be fully reimbursed to Lessor within TEN (10) business days after Lessor advises Lessee of the cost thereof.

18. SURRENDER OF POSSESSION.

18.1 Condition of Property.

18.1.1 Upon the expiration or earlier termination of this Lease, Lessee's right to occupy the Premises and exercise the privileges and rights granted thereunder shall cease, and Lessee shall peaceably surrender the same and leave the Premises broom clean and in good condition except for normal wear and tear. All trade fixtures, equipment, and other personal property, to include all hazardous material, installed or placed by Lessee on the Premises which are not permanently affixed thereto shall remain the property of Lessee, and Lessee shall have the right at any time during the term of this Lease, to remove the same from the Airport and Lessee shall repair, at its sole cost, any damage caused by such removal. Any property not removed by Lessee within FIFTEEN (15) calendar days of the expiration or earlier termination of this Lease, or revocation of Lessee's right to occupy the Premises, shall become a part of the Premises, and ownership thereof shall vest in Lessor. Lessee shall, however, remain financially liable to Lessor for removal and disposal of any hazardous materials and the cost of repairs to the Premises incurred as a result of Lessor's removal and/or relocation of property formerly belonging to Lessee and not otherwise removed from the Premises, as provided herein, and shall remit to Lessor payment for such costs within TEN (10) business days of Lessee's receipt of Lessor's invoice therefor.

18.1.2 Any trade fixtures, equipment or other property affixed to the Premises by Lessee shall, if required by Lessor, be permanently removed from the Premises by Lessee, at Lessee's expense, within FIVE (5) business days of Lease termination. Should Lessee fail to remove such trade fixtures, equipment or other property within said time, Lessor may remove and dispose of such trade fixtures, equipment or other property at Lessee's expense, and Lessee shall reimburse Lessor for the costs thereof within TEN (10) business days of receipt of Lessor's invoice therefor.

18.2 Holding Over. Lessee shall not remain in possession of the Premises after the expiration or earlier termination of the Term without the express written consent of Lessor. Should Lessee hold over without the express written consent of Lessor, such tenancy shall be at the sufferance of Lessor and not a renewal of the Term. In such case, the Base Rent and all other charges due pursuant to this Lease shall be payable at ONE HUNDRED FIFTY PERCENT (150%) of the amount payable during the last year of the Term, and such tenancy at sufferance shall be subject to every other term, covenant and provision of this Lease. In the event Lessee holds over, Lessee shall be liable for all of Lessor's direct and consequential damages, which shall include, without limitation, costs, fees, expenses, damages and attorneys' fees incurred by Lessor as a result of Lessee's holding over, and damages and expenses incurred by Lessor for its inability to deliver possession of the Premises to a new lessee.

19. INSPECTION BY LESSOR

Lessor may enter upon the Premises at reasonable times and upon reasonable notice for any reasonable purpose, including, but not limited to, compliance with the terms and conditions of this Lease and the exercise of its governmental functions for such activities as fire protection or security.

20. NOTICES

20.1 All notices required or permitted under this Lease shall not be effective unless personally delivered or mailed by certified mail, return receipt requested, postage prepaid, or by reputable commercial overnight courier service, to the following addresses:

TO LESSOR: Phoenix-Mesa Gateway Airport Authority
Attn: Business Development Department
5835 South Sossaman Road
Mesa, Arizona 85212

TO LESSEE: Allegiant Air, LLC
Attn.: Thayne Klinger, Director - Airports
1201 N. Town Center Drive
Las Vegas, NV 89144

20.2 Any notice shall be deemed to have been received TWO (2) business days after the date of mailing, if given by certified mail, or upon actual receipt if personally delivered or if given by reputable commercial overnight courier service. Any Party may designate in writing a different address for notice purposes pursuant to this SECTION.

21. SEVERABILITY

The provisions of this Contract are severable to the extent that any provision or application held to be invalid shall not affect any other provision or application of the Contract, which may remain in effect without the valid provision, or application.

22. SALES AND PROPERTY TAXES

Lessee shall pay any leasehold tax, sales tax, personal property tax, transaction privilege tax, license or permit fee, or any other tax assessed as the result of its occupancy of Premises or conduct of any activity at the Airport under authority of this Lease, including any such tax assessable on Lessor. In the event that laws or judicial decisions result in the imposition of a real property tax or any other form of tax or imposition on the interest of Lessor, such tax shall also be paid by Lessee for the period this Lease is in effect, to the extent such taxes are reasonably attributable to the Premises or a portion thereof or the operation of Lessee's business.

23. APPROVALS, CONSENTS AND NOTICES

All approvals, consents and notices called for in this Lease shall be in writing, signed by the appropriate Party, and may not be established solely by oral testimony.

24. LIENS AND MORTGAGES

24.1 General Provisions.

24.1.1 Except as provided in this SECTION 24, Lessee shall not engage in any financing or other transaction creating any mortgage or deed of trust upon the Premises, place or suffer to be placed upon the Premises any lien or other encumbrance, or suffer any levy or attachment to be made on Lessee's interest in the Premises. Any such mortgage or deed of trust, encumbrance or lien shall be deemed a violation of this

SECTION, constituting a failure by Lessee to comply with the terms of the Lease, on the date of its execution or filing of record regardless of whether or when it is foreclosed or otherwise enforced.

24.1.2 Notwithstanding anything to the contrary in SECTION 9 herein, Lessee shall, during the Term, be permitted to mortgage, collaterally assign, or otherwise encumber its leasehold interest under this Lease to secure indebtedness, including, without limitation, a loan to finance construction of improvements and other development on the Premises, and including refinancing's thereof, subject to the restrictions of SECTION 24.1.3, and provided that the language of such mortgage or deed of trust and of all related documents that require the execution, approval, or consent of Lessor shall be subject to the prior review and approval of legal counsel for Lessor, and that all legal fees incurred by Lessor in connection with such legal counsel review and approval shall be paid by Lessee. Any such encumbrance is referred to as "Mortgage" and the holder thereof, "Mortgagee." The Mortgagee, upon taking possession or upon foreclosure or taking an assignment in lieu thereof, shall be liable for all future rents and obligations hereunder and shall attorn to Lessor. No Mortgage shall encumber Lessor's interest in the Premises or the improvements thereon. Further and promptly after Lessee assigns or encumbers any portion of the Premises or the improvements thereon, Lessee shall furnish Lessor with a written notice setting forth the name and address of such Mortgagee or trustee.

24.1.3 No Mortgage or deed of trust shall extend to or affect the fee, the reversionary interest or the estate of Lessor in the Premises. No Mortgage or deed of trust shall be binding upon Lessor in the enforcement of its rights and remedies under this Lease and by law provided, unless and until a copy thereof shall have been delivered to Lessor and such Mortgage or deed of trust is authorized in accordance with provisions of this SECTION 24.

24.2 Lessor Agreement. With respect to Mortgagees of the Premises, Lessor agrees that:

24.2.1 If requested by a Mortgagee which shall have duly registered in writing with Lessor its name and address, and if Lessor shall give any notice, demand, election or other communication required hereunder (hereafter, collectively, "Notices") to Lessee, Lessor shall concurrently give a copy of each such Notice to the Mortgagee at the address designated by it. Notices shall be sent by registered or certified mail, return receipt requested, and shall be deemed given SEVENTY-TWO (72) hours after the time they are deposited in a United States Post Office with postage charges prepaid, addressed to the Mortgagee. No Notice given by Lessor to Lessee shall be binding upon or affect Lessee or the Mortgagee unless a copy of the Notice shall be given to the Mortgagee pursuant to this SECTION 24.2.1.

24.2.2 Such Mortgagee entitled to such Notices, as specified above, shall have any and all rights of Lessee with respect to the curing of any default hereunder by Lessee.

24.2.3 If Lessor shall elect to terminate this Lease by reason of any default by Lessee with respect to the Premises, the Mortgagee that shall have become entitled to Notice as provided in this SECTION 24.2 shall have any and all rights of Lessee with respect to curing of any default with respect to the Premises.

24.2.4 Nothing herein contained shall be deemed to impose any obligation on the part of Lessor to deliver physical possession of the Premises to such holder of a Mortgage. To the extent, the physical possession of the Premises by a secured creditor is not inconsistent with the terms of this Lease, or is incompatible with the Lessor's selection of available remedies in the Event of Default, Lessor shall not prevent such physical possession.

24.2.5 If more than one Mortgagee shall seek to exercise any of the rights provided for in this SECTION 24, the holder of the Mortgage having priority of lien over the other Mortgagees shall be entitled,

as against the others, to exercise such rights. Should a dispute arise among Mortgagees regarding the priority of lien, the Mortgagees shall prove to the satisfaction of Lessor that they have settled that dispute.

24.3 Protection of Mortgagee(s). Until the time, if any, that an approved Mortgage shall be satisfied and released of record:

24.3.1 A Mortgagee shall have the right, for a period equal to the period afforded Lessee to perform any term, covenant, or condition and to remedy any default by Lessee hereunder, and Lessor shall accept such performance with the same force and effect as if furnished by Lessee, and the Mortgagee shall thereby and hereby be subrogated to the rights of Lessor. Such Mortgagee cure period shall begin on the later of: (i) the date Mortgagee receives notice pursuant to Section 24.2, or (ii) the date that Lessee's cure period expires under the Lease. During such Mortgagee cure period, Lessor will not disturb possession, interest or quiet enjoyment by the Lessee or Mortgagee in the real property for any reason, subject to the terms of the Lease, until such Mortgagee cure period has expired. The Mortgagee shall have the right to enter upon the Premises to give such performance.

24.3.2 In case of a default by Lessee in the performance or observance of any non-monetary term, covenant or condition to be performed by it hereunder, if such default cannot practicably be cured by the Mortgagee without taking possession of the Premises, in such Mortgagee's reasonable opinion, or if such default is not susceptible of being cured by the Mortgagee, then Lessor shall not serve a notice of lease termination if and so long as:

a. The Mortgagee shall proceed diligently to obtain possession of the Premises (including possession by a receiver), and, upon obtaining such possession, shall proceed diligently to cure such defaults as are reasonably susceptible of cure (subject to any order by a court of competent jurisdiction staying or otherwise precluding such Mortgagee from obtaining such possession); or

b. The Mortgagee shall institute foreclosure proceedings and diligently prosecute the same to completion (unless in the meantime it shall acquire Lessee's estate hereunder, either in its own name or through a nominee, by assignment in lieu of foreclosure), subject to any order by a court of competent jurisdiction staying or otherwise precluding such Mortgagee from obtaining such possession.

c. The Mortgagee shall not be required to obtain possession or to continue in possession of the Premises pursuant to SECTION 24.3.2a, or to continue to prosecute foreclosure proceedings pursuant to SECTION 24.3.2b, if and when such default shall be cured. If a Mortgagee, its nominee, or a purchaser at a foreclosure sale shall acquire title to Lessee's leasehold estate hereunder, a default that is not reasonably susceptible to cure by the person succeeding to the leasehold interest shall no longer be deemed a default under this Lease.

d. If any Mortgagee is prohibited from commencing or prosecuting foreclosure or other appropriate proceedings in the nature thereof by any process or injunction issued by any court, or by reason of any action by any court having jurisdiction of any bankruptcy or insolvency proceeding involving Lessee, the times for commencing or prosecuting foreclosure or other proceedings, including proceedings to obtain possession, shall be extended for the period of the prohibition.

24.4 New Lease

24.4.1 Subject to FAA regulations, Lessor agrees that, in the event of early termination of this Lease for any reason (including but not limited to any default by Lessee), Lessor, if requested by any Mortgagee, will enter into a new lease of the Premises with the most senior Mortgagee requesting a new lease, which new lease shall commence as of the date of termination of this Lease and shall run for the remainder of the original term of this Lease, at the rent and upon the terms, covenants and conditions herein contained, provided that:

a. Such Mortgagee shall make written request upon Lessor for the new lease within SIXTY (60) calendar days after the date such Mortgagee receives written notice from Lessor that this Lease has been terminated;

b. Such Mortgagee shall pay to Lessor, at the time of the execution and delivery of the new lease, any and all sums which would, at that time, be due and unpaid pursuant to this Lease but for its termination, and in addition thereto all reasonable expenses, including reasonable attorneys' fees, which Lessor shall have incurred by reason of such termination;

c. Such Mortgagee shall perform and observe all covenants in this Lease to be performed and observed by Lessee, and shall further remedy any other conditions which Lessee under the Lease was obligated to perform under its terms, to the extent the same are reasonably susceptible of being cured by the Mortgagee; and

d. The Lessee under the new lease shall have the same right of occupancy to the buildings and improvements on the Premises and elsewhere on the Airport as Lessee had under this Lease immediately prior to its termination.

Notwithstanding anything to the contrary expressed or implied in this Lease, any new lease made pursuant to this SECTION 24 shall have the same priority as this Lease with respect to any mortgage, deed of trust, or other lien, charge, or encumbrance on the fee of the Premises, and any sublease under this Lease shall be a sublease under the new Lease and shall not be deemed to have been terminated by the termination of this Lease.

24.4.2 Nothing herein contained shall require any Mortgagee to enter into a new lease pursuant to this SECTION 24.4, or to cure any default of Lessee referred to above.

24.4.3 If any Mortgagee shall request a new lease as provided in this SECTION 24.4, Lessor agrees, at the request of, on behalf of and at the expense of the Mortgagee, upon a guaranty from it reasonably satisfactory to Lessor, to institute and pursue diligently to conclusion the appropriate legal remedy or remedies to oust or remove the original Lessee from the Premises, but not any authorized subtenants actually occupying the Premises or any part thereof.

24.4.4 Unless and until Lessor has received notice from each Mortgagee that the Mortgagee elects not to demand a new lease as provided herein, or until the period therefor has expired, Lessor shall not cancel or agree to the termination or surrender of any existing subleases nor enter into any new leases or subleases with respect to the Premises without the prior written consent of each Mortgagee.

24.5 Effect of Transfer. Neither the foreclosure of any Mortgage (whether by judicial proceedings or by virtue of any power of sale contained in the Mortgage), nor any conveyance of the leasehold estate created by this Lease by Lessee to any Mortgagee or its designee by an assignment or deed in lieu of foreclosure or other similar instrument, shall require the consent of Lessor or constitute a default under this Lease, and upon such foreclosure, sale or conveyance, Lessor shall recognize the purchaser or other transferee in connection therewith as the Lessee under this Lease, subject only to an assumption in writing by such purchaser or transferee of all obligations of Lessee under this Lease.

25. GOVERNING LAW

The laws of the State of Arizona shall govern the matters set forth in this Lease. Venue of any action brought under this Lease shall, at the option of Lessor, lie in Maricopa County, Arizona.

26. RULES AND REGULATIONS

Lessee shall at all times comply with all Federal, state and local laws, ordinances, rules, and regulations which are applicable to its activities on the Airport, the Premises itself (including but not limited to the *Americans with Disabilities Act, Public Law 101-336, 42 U.S.C. 12101-12213*), or the operation, management, maintenance, or administration of the Airport, including all laws, ordinances, rules and regulations adopted after the Effective Date. Lessee shall at all times comply with the Airport *Minimum Standards* and *Airport Rules and Regulations*, as the same may be amended from time to time. Copies of the current Airport *Minimum Standards* and *Airport Rules and Regulations* are attached hereto as **EXHIBIT D**. Lessee acknowledges and agrees that Lessor may amend the Airport *Minimum Standards* and *Airport Rules and Regulations* at any time in Lessor's sole discretion. Lessee shall be responsible for controlling and preventing disruptive pedestrian and vehicle traffic associated with its activities on the Premises and at the Airport. Lessee also shall display to Lessor any permits, licenses, or other evidence of compliance with laws upon request.

27. CORPORATE AUTHORIZATION

In executing this Agreement, Lessee represents and warrants to Lessor that if Lessee is a corporation, Lessee has obtained and been granted the full right, power and authority to enter into this Lease.

28. UTILITY LINES AND SERVICE CHARGES

28.1 Lessee shall pay for any and all telecommunication services necessary for their operation at the Premises.

28.2 Lessor shall pay for all water usage, electrical usage, and trash collection services in connection with Lessee's operation at the Premises. The charges and method of payment for each utility or service shall be determined by the appropriate supplier of the utility or service in accordance with applicable laws and regulations, on such basis as the appropriate supplier of the utility or service may establish.

28.3 Notwithstanding the execution of this Lease, Lessor retains the right to the continued use of such utility lines and services as are presently on the Premises and the right to repair the same when necessary in Lessor's sole discretion, including but not limited to, any utility easements on the Premises. Lessor shall conduct such repairs in such a manner and at such times as to not unreasonably interfere with Lessee's activities thereon.

29. RESERVATIONS TO LESSOR

The Premises are accepted "as is, where is" by Lessee, subject to any and all existing easements or other encumbrances, and Lessor shall have the right to install, lay, construct, maintain, repair and operate such sanitary sewers, drains, storm water sewers, pipelines, manholes, connections; water, oil and gas pipelines; telephone and telegraph power lines; and such other appliances and appurtenances necessary or convenient to use in connection therewith, over, on, across or in proximity to the Premises, or any part thereof, as will not unreasonably interfere with Lessee's or any subtenant's operations hereunder, and to enter upon the Premises for such purposes. Lessor also reserves the right to grant franchises, easements, rights-of-way, and permits, over, on, across or in proximity to any portions of the Premises for the same purposes; provided, that Lessor or the grantee, as applicable, shall not exercise such rights so as to interfere unreasonably with Lessee's or any subtenant's activities on the Premises and all such interference shall be minimized. Lessor agrees that any rights granted to any parties by reason of this clause shall contain provisions that the surface of the Premises shall be restored to its original condition, at no cost to Lessee, upon the completion of any construction.

29.1 Lessee recognizes that from time to time during the term of this Agreement it may be necessary for PMGAA to engage in construction, expansion, relocation, maintenance and repair in order that the Airport and its facility may be suitable for the then existing volume and character of air traffic and flight activity. Such activity may temporarily inconvenience or interrupt Lessee's use and occupancy of and operation on the Leased Premises and will require accommodation on the part of the Lessee, including, without limitation Lessee's vacation of the Leased Premises for a period of time. Lessee agrees that no liability shall attach to PMGAA, its officers, agents, employees, contractors, subcontractors, and representatives by reason of such inconvenience, interruption, or vacation.

29.2 In the event Lessor and/or PMGAA require Lessee to vacate the premises for the reasons listed in Section 29.1 of this Agreement, then Lessor shall provide and/or make available the space and resources necessary for Lessee to continue to operate in a safe and appropriate manner. Indeed, Lessor agrees that it will make every reasonable accommodation to ensure that Lessee will be permitted to operate its desired flight schedule and related business activities with the least amount of modifications as is reasonably possible.

30. FEDERAL AVIATION ADMINISTRATION (FAA) PROVISIONS

30.1 Lessor reserves the right to further develop or improve the landing area of the Airport as it sees fit, regardless of the desires or view of Lessee, and without interference or hindrance therefrom.

30.2 Lessor reserves the right, but shall not be obligated to Lessee, to maintain and keep in repair the landing area of the Airport and all publicly owned facilities of the Airport, together with the right to direct and control all activities of Lessee in this regard. Lessor and Lessee agree that Lessee has no responsibility whatsoever with respect to maintenance and repair of the landing area of the Airport, or any publicly owned facilities of the Airport.

30.3 This Lease shall be subordinate to the provisions and requirements of any existing or future agreement between Lessor and the United States relative to the development, operation or maintenance of the Airport.

30.4 There is reserved unto Lessor, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Premises, which shall include the right to cause in the airspace any noise inherent in the operation of aircraft, now known or hereafter used for navigation of or flight in or through the airspace, and for the use of such airspace for landing on, taking off from, or operation on the Airport.

30.5 Lessee agrees to comply with the notification and review requirements covered in 14 CFR Part 77 in the event future construction of a building is planned for the Premises or in the event of any planned modification or alteration of any present or future building or structure situated on the Premises.

30.6 Lessee shall not erect or permit the erection of any structure or building, nor permit the growth of any tree on the Premises, or any other obstruction that exceeds height requirements contained in 14 CFR Part 77 or amendments thereto, or interferes with the runway and/or taxiway "line of sight" of the control tower. In the event these covenants are breached, Lessor reserves the right to enter upon the Premises and to remove the offending structure or object at the expense of Lessee.

30.7 Lessee shall not make use of the Premises in any manner that might interfere with the landing and taking off of aircraft from the Airport or otherwise constitute a hazard. In the event this covenant is

breached, Lessor reserves the right to enter upon the Premises and cause the abatement of such interference at the expense of Lessee.

30.8 Nothing contained in this Lease shall be construed to grant or authorize the granting of an exclusive right within the meaning 49 U.S.C. §40103(e) and 47107 (a)(4).

30.9 This Lease and all of the provisions hereof shall be subject to whatever right the United States government now has, or in the future may have or acquire, affecting the control, operation, regulation and taking over of the Airport, or the exclusive or non-exclusive use of the Airport by the United States during the time of war or national emergency.

30.10 To the extent that Lessee conducts or engages in any aeronautical activity for furnishing services to the public at the Airport, Lessee shall furnish its services on a reasonable and not unjustly discriminatory basis to all users and charge reasonable and not unjustly discriminatory prices for each unit or service; except, however, that Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar type of price reductions to volume purchasers.

30.11 Lessee shall conform to Lessor and FAA safety and security rules and regulations regarding use of the Airport air operations area including runways, taxiways, taxilanes and aircraft aprons by vehicles, employees, customers, visitors, etc., in order to prevent security breaches and avoid aircraft incursions and vehicle/pedestrian deviations; complete and pass an airfield safe driving instruction program when offered or required by Lessor; and be subject to penalties as prescribed by Lessor for violations of Airport safety and security requirements.

31. TITLE VI

31.1 The tenant/Lessee and its transferee agree to comply with pertinent statutes, Executive Orders and such rules as are promulgated to ensure that no person shall, on the grounds of race, creed, color or national origin, sex, age or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance. Lessee understands and acknowledges that the FAA requires inclusion of and adherence to the terms and conditions of Title VI in all airport/aviation lease agreements where Lessor receives federal funding, including, Lessor in this instance.

31.2 During the performance of this contract, the tenant/lessee, for itself, its assignees, and successors in interest agrees as follows:

1. Compliance with Regulations: The tenant/lessee (hereinafter includes consultants) will comply with the Title VI List of Pertinent Nondiscrimination Acts and Authorities, as they may be amended from time to time, which are herein incorporated by reference and made a part of this contract.

2. Non-discrimination: The tenant/lessee, with regard to the work performed by it during the contract, will not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The tenant/lessee will not participate directly or indirectly in the discrimination prohibited by the Nondiscrimination Acts and Authorities, including employment practices when the contract covers any activity, project, or program set forth in Appendix B of 49 CFR Part 21.

3. Solicitations for Subcontracts, Including Procurements of Materials and Equipment: In all solicitations, either by competitive bidding, or negotiation made by the tenant/lessee for work to be performed under a subcontract, including procurements of materials, or leases of equipment, each potential subcontractor or

supplier will be notified by the tenant/lessee of the tenant/lessee's obligations under this contract and the Non-discrimination Acts And Authorities on the grounds of race, color, or national origin.

4. Information and Reports: The tenant/lessee will provide all information and reports required by the Acts, the Regulations and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the sponsor or the Federal Aviation Administration to be pertinent to ascertain compliance with such Nondiscrimination Acts and Authorities and instructions. Where any information required of a tenant/lessee is in the exclusive possession of another who fails or refuses to furnish the information, the tenant/lessee will so certify to the sponsor or the Federal Aviation Administration as appropriate, and will set forth what efforts it has made to obtain the information.

5. Sanctions for Noncompliance: In the event of a tenant/lessee's noncompliance with the Nondiscrimination provisions of this contract, the Recipient will impose such contract sanctions as it or the Federal Aviation Administration may determine to be appropriate, including, but not limited to:

- a. withholding payments to the tenant/lessee under the contract until the tenant/lessee complies; and/or
- b. cancelling, terminating, or suspending a contract, in whole or in part.

6. Incorporation of Provisions: The tenant/lessee will include the provisions of paragraphs one through six in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations and directives issued pursuant thereto. The tenant/lessee will take action with respect to any subcontract or procurement as the sponsor or the Federal Aviation Administration may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if the tenant/lessee becomes involved in, or is threatened with litigation by a subcontractor, or supplier because of such direction, the tenant/lessee may request the sponsor to enter into any litigation to protect the interests of the sponsor. In addition, the tenant/lessee may request the United States to enter into the litigation to protect the interests of the United States.

31.3 The Lessee for himself/herself, his/her heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree that (1) no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land, and the furnishing of services thereon, no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the lessee will use the premises in compliance with all other requirements imposed by or pursuant to the List of discrimination Acts And Authorities.

31.4 During the performance of this Lease, the tenant/Lessee, for itself, its assignees, and successors in interest agrees to comply with the following non-discrimination statutes and authorities; including but not limited to the following (which Lessor is required to disclose and include in such Lease and other agreements, pursuant to FAA regulation):

- Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d *et seq.*, 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin);
- 49 CFR part 21 (Non-discrimination In Federally-Assisted Programs of The Department of Transportation—Effectuation of Title VI of The Civil Rights Act of 1964);
- The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 U.S.C. § 4601), (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);

- Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. § 794 *et seq.*), as amended, (prohibits discrimination on the basis of disability); and 49 CFR part 27;
- The Age Discrimination Act of 1975, as amended, (42 U.S.C. § 6101 *et seq.*), (prohibits discrimination on the basis of age);
- Airport and Airway Improvement Act of 1982, (49 USC § 471, Section 47123), as amended, (prohibits discrimination based on race, creed, color, national origin, or sex);
- The Civil Rights Restoration Act of 1987, (PL 100-209), (Broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms “programs or activities” to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);
- Titles II and III of the Americans with Disabilities Act of 1990, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. §§ 12131 – 12189) as implemented by Department of Transportation regulations at 49 CFR parts 37 and 38;
- The Federal Aviation Administration’s Non-discrimination statute (49 U.S.C. § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
- Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures non-discrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;
- Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 Fed. Reg. at 74087 to 74100);
- Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 U.S.C. 1681 *et seq.*).

31.5 Lessee agrees that in the event improvements are constructed, maintained, or otherwise operated on the Premises for a purpose for which a Department of Transportation (DOT) program or activity is intended, or for another purpose involving the providing of similar services or benefits, Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, *Nondiscrimination in Federally Assisted Programs of the Department of Transportation*, as it may be amended.

32. FEDERAL FAIR LABOR STANDARDS ACT

This contract and all subcontracts that result from this contract incorporate by reference the provisions of 29 CFR part 201, the Federal Fair Labor Standards Act (FLSA), with the same force and effect as if given in full text.

The Lessee has full responsibility to monitor compliance to the referenced statute or regulation. The Lessee must address any claims or disputes that arise from this requirement directly with the U.S. Department of Labor – Wage and Hour Division.

33. OCCUPATIONAL SAFETY AND HEALTH ACT OF 1970

This contract and all subcontracts that result from this contract incorporate by reference the provisions of 29 CFR part 1910 with the same force and effect as if given in full text. Lessee must provide a work environment that is free from recognized hazards that may cause death or serious physical harm to the employee. The Lessee retains full responsibility to monitor its compliance and their subcontractor's compliance with the applicable requirements of the Occupational Safety and Health Act of 1970 (20CFR Part 1910). Lessee must address any claims or disputes that pertain to a referenced requirement directly with the U.S. Department of Labor – Occupational Safety and Health Administration

34. INCORPORATION OF QUITCLAIM DEED

Lessor owns the Airport pursuant to a Quitclaim Deed from the United States Government (“Deed”), a copy of which is available to Lessee upon request and is hereby incorporated in its entirety. To the extent the Deed has terms, conditions, obligations, requirements or restrictions that apply to this Lease, Lessor, Lessee or any matter in connection herewith, Lessee agrees to be bound by all the terms, covenants and conditions of the Deed, including the following:

- 34.1 That this Lease is subject to all terms and conditions of the Deed; and
- 34.2 That in case of any conflict between the Deed and this Lease, the Deed shall control.

35. REQUIRED PROVISIONS OF QUITCLAIM DEED

35.1 Section VI (A)(5)(c) of the Deed requires that the following provisions be included in this Lease:
35.1.1 In furnishing services to the public, Lessee shall not discriminate against any person or class of persons by reason of race, color, creed, or national origin, and Lessee shall otherwise provide such services on a fair, equal, and not unjustly discriminatory basis to all users thereof.

35.1.2 Lessee shall charge fair, reasonable, and not unjustly discriminatory prices for each unit for service; except, however, that the Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

35.2 If the Premises are within any of the archaeological sites identified in Section VIII.A of the Deed, then, the provisions of Section VIII of the Deed shall be deemed incorporated in this Lease by this express reference to Section VIII of the Deed.

35.3 To the extent the Deed requires that other specific provisions thereof be inserted in this Lease by express reference to the Deed, this sentence shall constitute an express reference to all such applicable provisions of the Deed.

36. ARCHEOLOGICAL OR CULTURAL RESOURCES

In the event any archeological or cultural resources are discovered during any construction contemplated or permitted by this Lease, Lessor shall use its best efforts to expedite any necessary actions with respect thereto, at Lessor's sole cost and expense; provided, however, that in the event the necessary actions with respect to any archeological or cultural resources exceeds or is estimated to exceed \$10,000.00, Lessee shall be entitled to terminate this Lease upon TEN (10) business days' prior written notice to Lessor.

37. AIRPORT SECURITY

37.1 PMGAA Operations Department maintains an approved Airport Security Plan (the "Security Plan") pursuant to 49 CFR Parts 1540 and 1542, and 14 CFR Part 139. Lessee shall at all times comply with PMGAA Operations Department security directives, security bulletins, or verbal notifications existing now or in the future.

37.1.1 Lessee is responsible for maintaining security practices, facilities, and perimeter boundaries on their leasehold that meet the security standards set forth by PMGAA Operations Department.

37.1.2 Lessee shall immediately correct physical or procedural deficiencies which are contrary to PMGAA Operations Department, security directives, security bulletins, or verbal notifications existing now or in the future.

37.1.3 Lessee shall, to the fullest extent permitted by law, indemnify, defend and hold PMGAA harmless for, from and against any security violation committed by any agents, employees, invitees, subcontractors, sub-lessees or independent contractors of Lessee.

37.1.4 Lessee shall conduct and document all self-audits and self-inspections as required by TSA or Airport Operations and make such audits available for inspection.

37.1.5 Lessee shall designate a primary security coordinator to receive security related briefings, bulletins and sensitive security information.

37.1.6 PMGAA reserves the right to modify the Security Plan from time to time, as necessary or as directed by TSA. PMGAA Airport Operations shall notify the Lessee security coordinator regarding modifications that effect Lessee.

37.2 Airport Security Badge.

37.2.1 Lessee employees/contractors that require a Badge shall be obligated to complete all training and comply with all security requirements and directives issued by PMGAA Airport Operations, Transportation Security Administration or other entity having security jurisdiction at PMGAA. Lessee, employees, and contractors will surrender security badges upon request by Airport Operations; physical security media (badges and keys) remain the property of PMGAA.

37.2.2 Lessee, employees and contractors shall comply with all security related audits, inspections, and screenings conducted by the PMGAA Airport Operations Department

37.2.3 Lessee will immediately return badges to the Airport Badging office when badge holders employment is terminated, the badge is no longer needed or the employee/contractor is on extended leave.

37.2.4 Misuse of a Badge or security procedures will bring about punitive action including suspension or revocation of one or all badges.

38. DEFAULT BY LESSOR

In the event of any alleged breach by Lessor of its covenants contained in this Lease, Lessee shall have available all rights and remedies provided at law or in equity, subject to the terms and conditions of this Lease; provided, however, Lessee may not exercise any such right or remedy unless Lessee has notified Lessor by

written notice of such alleged default, and Lessor has not cured such default within the THIRTY (30) calendar day period subsequent to receipt of such notice or, in the event such alleged default is of such a nature that it cannot reasonably be cured within such THIRTY (30) calendar day period, Lessor has failed to cure such alleged default with all due diligence. Notwithstanding anything to the contrary contained in this Lease, in no event shall Lessee be entitled to terminate this Lease or abate or offset any installment of Base Rent, or any other payments to be made by Lessee hereunder.

39. BROKERS

Lessee represents and warrants that it has not had any dealings with any real estate brokers, finders or agents in connection with this Lease. Lessee further agrees to indemnify, defend (with counsel selected by Lessor) and hold Lessor and Lessor's nominees, successors and assigns harmless from any and all claims, costs, commissions, fees or damages by any person or firm whom Lessee authorized or employed, or acted by implication to authorize or employ, to act for Lessee in connection with this Lease.

40. SALE BY LESSOR

Lessee agrees to look solely to Lessor's interest in the Premises for the recovery of any judgment from Lessor, it being agreed that neither Lessor nor the holders of the equity interests of Lessor, nor the members, partners, officers, directors or shareholders of Lessor shall be personally liable for any such judgment. In the event of any sale or other conveyance by Lessor of its interest in the Premises, Lessor shall be automatically freed and released from all personal liability accruing from and after the date of such sale or conveyance as respects the performance of any covenant or obligation on the part of Lessor contained in this Lease to be performed, it being intended hereby that the covenants and obligations contained in this Lease on the part of Lessor shall be binding on the Lessor and its successors and assigns only during and in respect to the respective successive periods of ownership of the Premises.

41. ESTOPPEL CERTIFICATE

Lessee shall, without charge, at any time and from time to time hereafter, within TEN (10) business days after written request of Lessor to do so, certify, by written instrument duly executed and acknowledged by Lessee and certified to Lessor and to any prospective lender or purchaser: (i) as to whether this Lease has been supplemented or amended, and if so, the substance and manner of such supplement or amendment; (ii) as to the existence of any default hereunder to the best of Lessee's knowledge; (iii) as to the date on which Lessee was obligated to commence paying Base Rent and all other charges hereunder and the expiration date of the Term; (iv) as to whether the Lessee has assigned or transferred its interests or any portion thereof in this Lease; and (v) as to any other matters as may be reasonably requested. Lessor and any prospective purchaser or lender to whom the same was certified may rely upon any such certificate.

42. MISCELLANEOUS

42.1 Personal Liability. No member of or employee of either Party shall be charged personally or held contractually liable by or to the other Party under any term or provision of this Lease because of any breach thereof, or because of its execution or attempted execution.

42.2 No Waiver. No provision of this Lease may be waived or modified except by a writing signed by the Party against whom such waiver or modification is sought.

42.3 Non-Waiver of Rights. No waiver or default by Lessor of any of the terms, conditions, covenants or agreements hereof to be performed, kept or observed by Lessee shall be construed or act as a waiver of any subsequent default of any of the terms, covenants, conditions or agreements herein contained to be performed, kept or observed by Lessee, and Lessor shall not be restricted from later enforcing any of the terms and conditions of this Lease.

42.4 Amendment. This Contract shall be modified only by a written amendment mutually agreed to and signed by both Parties, by persons duly authorized to enter into contracts on behalf of each Party.

42.5 Invalid Provisions. Should any provision of this Lease or any application thereof be held invalid by a court of competent jurisdiction, the remainder of this Lease shall not be affected thereby, unless one or both Parties would be substantially and materially prejudiced.

42.6 Litigation Expenses. In the event of litigation between Lessor and Lessee, the prevailing Party shall be entitled to recover its attorneys' fees and all costs and expenses of litigation, including witness fees, expert witness fees, and court costs.

42.7 Headings. The headings contained herein are for convenience in reference only and are not intended to define or limit the scope of this Lease or any term thereof.

42.8 Entire Agreement. This Lease, including exhibits attached hereto at the time of its execution, constitutes the entire agreement between the Parties hereto and supersedes all prior negotiations, understandings and agreements between the Parties concerning such matters.

43. INCORPORATION OF RECITALS

The recitals set forth herein are acknowledged by the Parties to be true and correct and are incorporated herein by this reference.

IN WITNESS WHEREOF, the Parties have executed this Lease the day and year first above written.

EXECUTED to be effective on the date specified above.

LESSOR:

PHOENIX-MESA GATEWAY AIRPORT AUTHORITY, a joint powers authority authorized by the State of Arizona

By: _____
J. Brian O’Neill, A.A.E.
Executive Director/CEO

STATE OF ARIZONA)
) ss.
County of Maricopa)

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me this ____ day of _____, 2017, by J. Brian O’Neill, A.A.E., in his capacity as the Executive Director/CEO of the Phoenix-Mesa Gateway Airport Authority, a joint powers authority authorized by the State of Arizona.

Notary Public

LESSEE:

Allegiant Air, LLC, a Nevada Limited Liability Company authorized to do business in the State of Arizona

By: _____
Thayne Klingler
Director of Airports

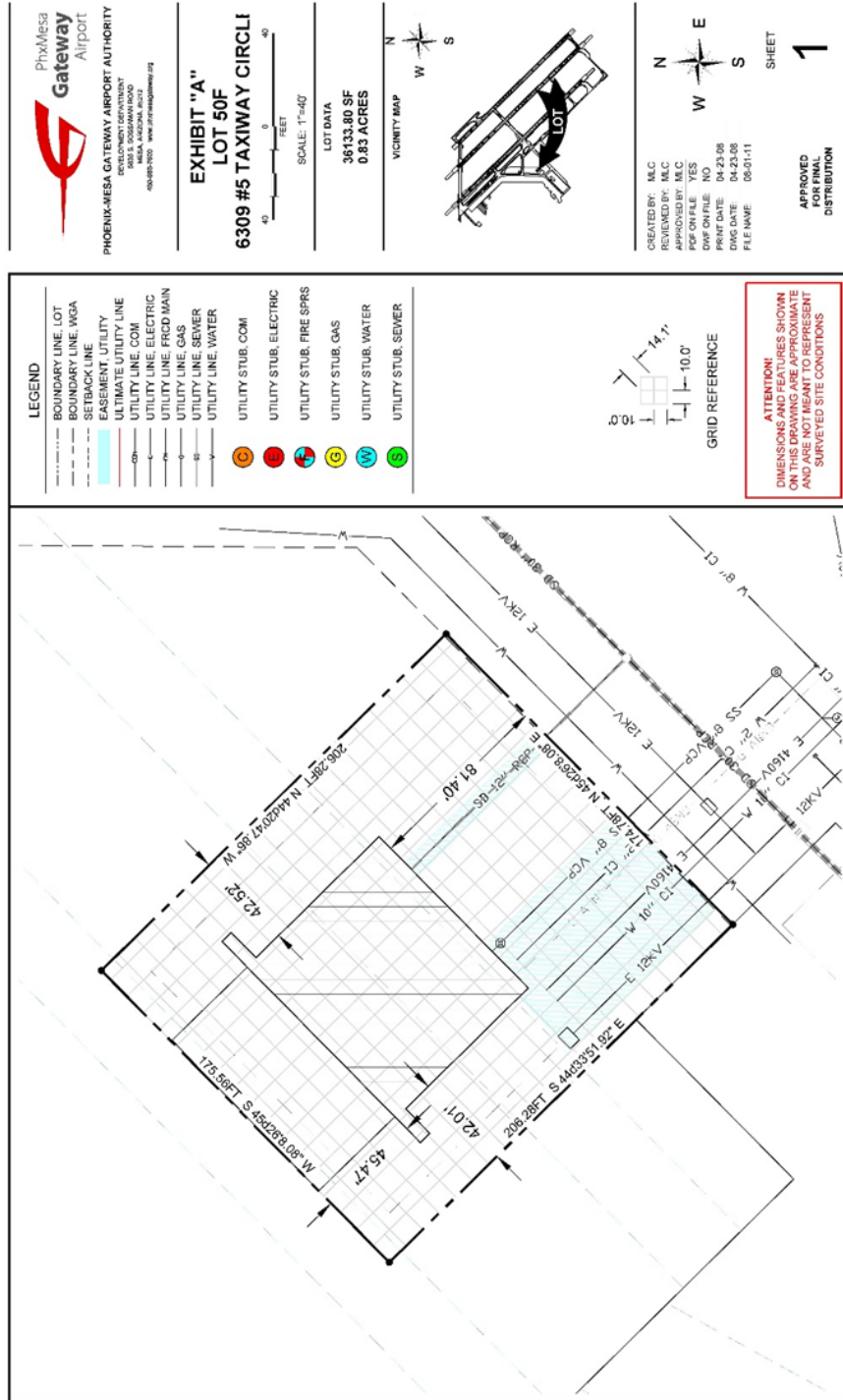
STATE OF _____)
) ss.
County of _____)

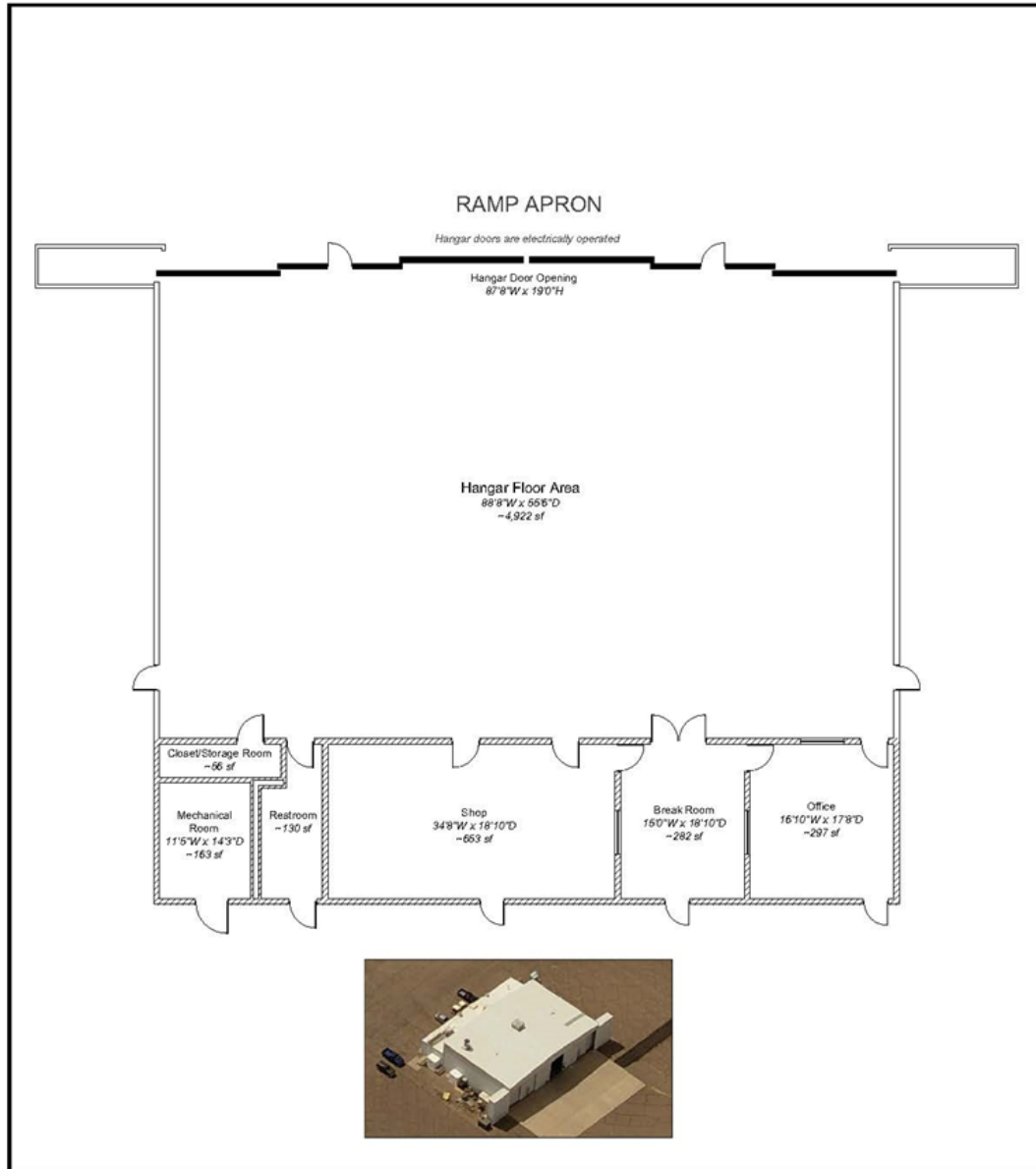
SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me this ___ day of _____, 2017, by Thayne Klingler, in his capacity as Director of Airports, Allegiant Air, LLC, a Nevada Limited Liability Company

Notary Public

Exhibit A

DEPICTION OF THE PREMISES






	<p align="center">FLOOR PLAN 6309 S. Taxiway Circle <i>Building 1092 - 6,820 SF (0.8 acres)</i></p>	DATE: 02-18-2010	SHEET
		SCALE: NTS	1 OF 1
DRAWN BY: MVS			
APPROVED BY: MFD			
<p align="center"><i>Phoenix-Mesa Gateway Airport Authority</i> 5835 S. Sossaman Road, Mesa, AZ 85212 (480) 988-7648</p>		FILE NUMBER: BLDG6309	

Exhibit B

AIRPORT RATES & CHARGES SCHEDULE

(SEE LINK)

http://www.gatewayairport.com/Documents/DocumentLibrary/Board%20Policies/Rates%20&%20Charges_20160701.pdf

Exhibit C

AIRCRAFT OPERATIONS GUIDELINES

C1. Use of Airport. Lessee, Lessee's assigns, sub-lessees, or transferees who operate aircraft at the Airport and are engaged in a private, government, or commercial aeronautical business or service and desire to use the Airport landing facilities for certain types of operations including, but not limited to: 1) taxiing and maneuvering on Airport runways, taxiways, ramps and aprons; 2) landings and approaches ("touch and go", "stop and go"); and 3) low approaches shall be subject to the provisions of this **EXHIBIT C**.

C2. Fees. As appropriate, Lessee shall pay Lessor fees as outlined below:

C2.1 *Landing Fee.* Lessee shall pay a landing fee at a rate equal to the amount reflected on the most current *Airport Rates and Charges Schedule* at the time of the aircraft operation, for each flight subject to a landing fee operated by or in conjunction with Lessee. The weight of any particular aircraft shall be its maximum certificated gross landing weight (MGLW). The amount owed to Lessor for each chargeable aircraft landing for each preceding calendar month shall be due and payable no later than the TWENTIETH (20th) day of the month succeeding the calendar month in which said aircraft landings took place. Lessee's written listing of all aircraft landings subject to such fee shall accompany said payment. Each entry in such listing shall include the date of the landing, the aircraft registration number, the type and model aircraft, the aircraft MGLW and the amount of the fee due.

C2.2 *Aircraft Ramp Space.* Lessee shall pay Lessor monthly, an aircraft-parking fee in an amount equal to that specified in the most current *Airport Rates and Charges Schedule* at the time of use, for each overnight aircraft parking position used by Lessee that is situated on Airport ramp outside Lessee's Premises. Such fees, if any, shall be payable to Lessor no later than the TWENTIETH (20th) day of the month following that in which Lessee occupied or used such space, and such payment shall be accompanied by a written listing of the aircraft (including registration number, make and model), dates and times of usage.

C2.3 *Other Space.* When available and specifically assigned to Lessee, Lessee shall pay Lessor monthly, in advance, a fee for Lessee's non-exclusive use of other space not situated on or part of the Premises. The location and cost of such other space shall be determined by Lessor at its sole discretion, and both may be subject to change from time to time by Lessor, as necessary.

C2.4 *Additional Space/Services.* In the event that Lessee requires space or special services such as, but not limited to, aircraft line services, out-of-station ARFF standby, operations safety officers, ground service equipment, or fuel spills response teams, Lessee shall pay Lessor's standard fees for such services at the time the service is rendered, unless a secured account or agreement is established prior to requesting additional services.

C3. Books and Records. Lessee shall maintain permanent books, records and ledgers accurately reflecting the total number of monthly Aircraft landings for each aircraft subject to a landing fee and any other aforementioned fee indicating the make, type (including model designation), registration, maximum certificated gross landing weight, and arrival and departure time of each aircraft involved. These records shall be made available to Lessor upon request. In addition to monthly payment as set forth in SECTION C2 herein and together therewith, Lessee shall provide Lessor with a written report, indicating all aircraft operations and related information for the preceding calendar month.

C4. Disabled or Abandoned Aircraft. Should any aircraft owned or operated by Lessee through accident or for any other reason, become disabled or be abandoned in any area which could interfere with the continuous, normal operations of any of the runways, taxiways and airfield facilities at the Airport, Lessee shall:

C4.1 Immediately remove said aircraft to such location as may be designated by Lessor, unless such aircraft is required to remain in place pending investigation by the appropriate regulatory agency or agencies of the federal government; and

C4.2 In the event of any accident where federal investigation in place is required, immediately upon receiving clearance to do so from the appropriate federal agency, remove said aircraft and any wreckage or debris resulting therefrom to the area(s) designated by said federal agency authorizing such removal; otherwise, such aircraft wreckage and debris shall be immediately removed from the Airport or stored at a location approved by Lessor.

C4.3 Should Lessee fail to proceed immediately to remove disabled aircraft, or should aircraft owned or operated by Lessee be abandoned on the Airport, Lessor shall have the right to remove such aircraft by any means Lessor deems necessary under the circumstances, and Lessee shall indemnify, defend, keep and hold Lessor, its members, board of directors, officers, agents, officials, servants, employees and contractors harmless from and against any and all claims, costs, loss, liability, actions, suits, proceedings, damage or expense (including costs of suit and attorneys' fees and expenses) incurred by Lessor or claimed by anyone by reason of removal of said aircraft, injury to persons or property or damages to such aircraft caused by such removal, as well as storage costs therefor. Lessee shall reimburse Lessor for any costs incurred by Lessor in removing and storing any aircraft, any property damage to the airport caused by such aircraft or removal within TEN (10) business days of demand therefor.

C5. Aviation Fuel. Lessee, at Lessee's sole cost and expense, shall procure aviation fuel delivered to its aircraft on the Airport. If fueling or defueling aircraft owned or operated by Lessee, or under Lessee's direct control, Lessee shall comply fully with Lessor's *Aviation Fuel Storage, Dispensing and Handling Guidelines* and applicable federal regulations.

C6. Fly Friendly Procedures. Lessee acknowledges that Lessor maintains *Fly Friendly* noise abatement procedures, and shall provide such information to flight crews, post the information in the Lessee's flight planning area, and use the procedures to the extent possible, when consistent with safety and Air Traffic Control directives.

Exhibit D

(SEE LINKS)

AIRPORT MINIMUM STANDARDS

<http://www.gatewayairport.com/Documents/DocumentLibrary/Board%20Policies/Airport%20Minimum%20Standards.pdf>

&

AIRPORT RULES AND REGULATIONS

http://www.gatewayairport.com/Documents/DocumentLibrary/Board%20Policies/Rules%20&%20Regulations_16-53.pdf

Exhibit E

STORM WATER PERMIT COMPLIANCE

E1. Acknowledgments.

E1.1 Lessee acknowledges that because of its activities, operations or location at the Airport, Lessee may be required by EPA Regulations 40 CFR Part 122 (Regulations) to obtain a National Pollution Discharge Elimination System (NPDES) Storm water discharge permit (“Permit”), a requirement that Lessee can fulfill by:

E1.1.1 Obtaining its own permit; or

E1.1.2 Joining as a co-permittee under Lessor’s current storm water permit.

E1.2 Lessor has undertaken to obtain a storm water discharge permit, and Lessee acknowledges that it will enjoy a substantial economic benefit by joining as a co-permittee, and that such benefit serves as good and sufficient consideration for the obligations imposed upon and assumed by Lessee under this **EXHIBIT E**.

E1.3 Lessee acknowledges that it will have to devise and implement Best Management Practices (BMPs) to minimize the contact of storm and other precipitation event water with “significant materials” (as defined in the Regulations) generated, stored, handled or otherwise used by Lessee, and to document such BMPs with a written storm water management plan.

E1.4 It is the Lessee’s obligation to determine if its activities or operations require obtaining such permit.

At such time as Lessee determines applicability and agrees to Section E1.1.2 above, the following shall apply:

E2. Agreement.

E2.1 Lessee agrees to be made, and to be, a co-permittee on Lessor’s Multi-Sector General Permit (MSGP), and agrees that said Permit, as it is issued by the Arizona Department of Environmental Quality (AZDEQ), and as it may thereafter be amended, modified or otherwise changed, is incorporated by reference into this **EXHIBIT** and any subsequent renewals.

E2.2 Lessor agrees that, to the extent allowed by law, Lessee shall have the right to be removed from Lessor’s Permit should this Lease be cancelled or terminated for other reasons, or due to Lessee’s relocation, noncompliance with Permit requirements or exercise of choice; provided that in no event shall Lessee be relieved of its obligation to comply with the requirements of the AZPDES permit program with regard to its occupation and use of the Premises and the Airport, nor shall Lessee be excused from any obligations or indemnifications incurred and owed to Lessor prior to Lessee’s removal from the Permit, resulting from a failure of Lessee to fulfill an obligation of such.

E3. Compliance.

E3.1 Lessor will provide Lessee with a true and complete copy of the Permit and any revisions thereto, and will, as time and personnel allow, consult with and assist Lessee with regard to Permit and other requirements.

E3.2 Lessor shall have the right to monitor Lessee’s compliance with the Permit requirements, including, but not limited to: certification of non-storm water discharges; collection of storm water samples; preparation of storm water management plans; implementation of BMPs; and the maintenance of necessary records.

E3.3 Lessor reserves the right to impose upon Lessee any BMP or other action necessary to insure Lessor's ability to comply with its Permit requirements or applicable Rules. Lessee shall have TEN (10) business days from date of receipt of written notice imposing such BMPs or other requirements to notify Lessor in writing if it objects to any action it is being directed to undertake. If Lessee does not provide the specified timely notice, it will be deemed to have assented to implement the BMPs or other requirements. If Lessee provides Lessor with timely written notice of its objections, the Parties agree to negotiate a prompt resolution of their differences. Lessee warrants that it will not serve a written notice of objections for purposes of delay or avoiding compliance.

E3.4 Lessee agrees to implement at its sole expense, unless otherwise agreed to in writing between Lessor and Lessee, those Permit and other requirements which pertain to its operations and activities on the Airport, and Lessee warrants that it will use its best efforts to meet all deadlines established by statute, regulation or ordinance, or that are agreed to by the Parties. Lessee acknowledges that time is of the essence in the implementation of all Permit requirements.

E4. Permit Changes. Lessee acknowledges that the terms and conditions of Lessor's Permit may change from time to time, and upon prior written notice from Lessor to Lessee of proposed changes, Lessee shall be given the opportunity to submit comments to Lessor prior to negotiations with the appropriate governmental entity or entities for permit modifications.

E5. Material Condition. Full compliance with the AZPDES permit program, 40 C.F.R. Part 122, is a material condition of this **EXHIBIT** and for any breach thereof which exposes Lessor to civil or criminal fine, penalty, sanction or remediation cost by any governmental entity, Lessor may terminate this **EXHIBIT** without recourse by Lessee.

E6. Covenant of Good Faith. Lessor and Lessee covenant to act in good faith to implement any requirements imposed by Lessor's Permit, to the end that the purposes of Section 402(P) of the Federal *Water Pollution Control Act* (33 U.S.C. 1342 (P)) may be achieved. The Parties acknowledge that close cooperation will be necessary to ensure compliance with any Permit requirements to promote safety and minimize costs, and each Party agrees to a candid exchange of information necessary to coordinate a storm water management and monitoring plan.

E7. Indemnification. The covenants of insurance and indemnification in favor of Lessor imposed by other provisions of this **EXHIBIT** shall extend to, and are incorporated into, the provisions of this **EXHIBIT**.

NOTICE OF LESSEE INTENTION TO JOIN OR REJECT NPDES CO-PERMITTEE STATUS

I, _____, on behalf of <TENANT NAME>, being duly authorized to do so, acknowledge that I am fully informed of [my, our] obligations under the National Pollutant Discharge Elimination System permit program as mandated by Section 402 (P) of the Federal *Water Pollution Control Act* (33 U.S.C. 1342 (P)), and regulations published in 40 C.F.R. Part 122 and the Arizona Department of Environmental Quality (AZDEQ).

I further acknowledge that, if applicable [I, we] have been offered the opportunity to join with the Phoenix-Mesa Gateway Airport Authority (PMGAA) as a co-permittee of the AZPDES permit issued by the Environmental Protection Agency to the PMGAA as it pertains to the Phoenix-Mesa Gateway Airport Authority ("Airport"), in accordance with the terms and conditions set forth above.

I, on behalf of <TENANT NAME> and being duly authorized to do so, (please check applicable box)

- desire to join the PMGAA as a co-permittee and understand and accept the obligation to comply with the aforesaid statute and regulations as they may apply to [my, our] activities and operations at the Airport.
- decline to join the PMGAA as a co-permittee.
- have determined the regulations are not applicable.

Dated this _____ day of _____, <year>.

By: _____
(Signature)

Name: _____
(Print Name)

Its: _____
(Title)

Exhibit F
STANDARD TERMS AND CONDITIONS

1. **Certification.** By executing this Contract, Lessee certifies:
 - a. The award of this Contract did not involve collusion or other anti-competitive practices.
 - b. It shall not discriminate against any employee or applicant for employment in violation of Federal Executive Order 11246, or A.R.S. Section 31-1461, et. seq.
 - c. It has not given, offered to give, nor intends to give at any time hereafter, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant in connection with this Contract; and Lessee hereby certifies that the individual signing this Contract is an authorized agent for Lessee and has the authority to bind the Lessee to the Contract.
2. **Arbitration.** At PMGAA's sole option, disputes between the parties may be resolved through arbitration as provided in A.R.S. Section 12-1501, *et seq.* Lessee shall continue to render the services required by this Contract without interruption, notwithstanding either party has filed suit against the other or PMGAA has expressly agreed to arbitration and either party has demanded arbitration.
3. **Affirmative Action.** Lessee shall abide by all the federal and state of Arizona provisions for equal opportunity in the work place.
4. **Human Relations.** Lessee shall abide by all the federal and state of Arizona provisions against discrimination of disadvantaged business enterprises in applicable PMGAA contracts.
5. **Gratuities.** PMGAA may, by written notice to the Lessee, cancel this Contract if it is found that gratuities, in the form of entertainment, gifts or otherwise, were offered or given by Lessee or any agent or representative of Lessee, to any officer or employee of PMGAA amending, or the making of any determinations with respect to the performing of such Contract. If this Contract is canceled by PMGAA under this provision, PMGAA shall be entitled, in addition to any other rights and remedies, to recover or withhold from the Lessee the amount of the gratuity.
6. **Provisions Required by Law.** Each and every provision of law and any clause required by law to be in the Contract shall be read and enforced as though it were included herein, and if through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then upon the application of either party the Contract shall forthwith be physically amended to make such insertion or correction.
7. **Rights and Remedies.** No provision in this Contract shall be construed, expressly or by implication, to waive either party's existing or future claim, right, or remedy available by law for breach of contract. The failure of either party to insist on strict performance of any Contract term or condition; to exercise or delay exercising any right or remedy provided in the Contract or by law; or to accept materials, services, or Lessee's services under this Contract or imposed by law, shall not be deemed a waiver of any right of either party to insist upon strict performance of the Contract.
8. **Right to Assurance.** Whenever one party to this Contract in good faith has reason to question the other party's intent to perform, the former party may demand that the other party give a written assurance of this intent to perform. If a demand is made and no written assurance is given within five (5) business days, the demanding party may treat this failure as an anticipatory repudiation with this Contract.
9. **Advertising.** Lessee shall not advertise or publish information concerning this Contract without prior written consent of PMGAA.
10. **Force Majeure**

- a. Neither party is liable to the other, and neither party may be deemed in default under this Contract, if and to the extent that such party's performance of this Contract is prevented by reason of Force Majeure. The term "Force Majeure" means an occurrence that is beyond the control of the party affected and occurs without its fault or negligence. Force Majeure does not include late performance by a subcontractor unless the delay arises out of a specific Force Majeure in accordance with this Force Majeure term and condition.
- b. If either party is delayed at any time in the progress of the work by Force Majeure, the delayed party shall notify the other party in writing, as soon as practical, of the delay and shall specify the causes of delay in the notice. The notice must be hand-delivered or mailed certified-return receipt and must specifically refer to this section. The delayed party shall cause the delay to cease as soon as practicable and shall notify the other party in writing when it has done so. The date of completion will be extended by Contract modification or amendment for the period of time that the completion date is necessarily delayed. This time extension is the Consultant's exclusive remedy for delay.
11. **Exclusive Possession.** All services, information, computer program elements, reports, and other deliverables, which may be created under this Contract, are the sole property of PMGAA and shall not be used or released by Lessee or any other person except with prior written permission by PMGAA.
12. **Licenses.** Lessee shall maintain in current status all federal, state, and local licenses and permits required for the operation of the business conducted by Lessee as applicable to this Contract.
13. **Subsequent Employment.** PMGAA may cancel this Contract without penalty or further obligation in accordance with A.R.S. Section 38-511 if any person significantly involved in initiating, negotiating, securing, drafting, or creating the contract, on behalf of the PMGAA is or becomes, at any time while the Contract or any extension of the contract is in effect, an employee of, or a contractor to any other party to this Contract with respect to the subject matter of the Contract. Such cancellation shall be effective when the parties to this Contract receive written notice from PMGAA, unless the notice specifies a later time.
14. **Patents.** Lessee shall defend, indemnify, and hold harmless PMGAA, its officers and employees from all liabilities, claims, damages, costs, or expenses, including, but not limited to attorneys' fees, for any alleged infringement of any person's patent rights or copyrights in consequence of the use by PMGAA, its officers, employees, agents, and other duly authorized representatives of tangible or intellectual property supplied to PMGAA by Lessee under this Contract.
15. **E-Verify Requirements.** To the extent applicable under A.R.S. § 41-4401, Offeror and its subcontractors warrant compliance with all federal immigration laws and regulations that relate to their employees, and compliance with the E-Verify requirements under A.R.S. §23-214(A). Offeror's or its subcontractors' failure to comply with such warranty shall be deemed a material breach of this Contract and may result in the termination of this Contract by PMGAA.



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Shea Joachim, CEcD, Business Development Director
Through: J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Allegiant Air, LLC lease for 6304 S. Taxiway Circle
Date: September 19, 2017

Proposed Motion

To authorize a facility lease with Allegiant Air, LLC (“Allegiant”) for the facilities located at 6304 S. Taxiway Circle. The lease term is four (4) years and three (3) months, commencing on October 1, 2017, with two (2) one-year renewal options.

Narrative

Allegiant seeks to lease the warehouse and office trailer located at 6304 S. Taxiway Circle. Allegiant utilizes the facilities to operate a commissary to support its commercial airline operation.

Agreement Term and Rate

This Agreement has an initial term of four (4) years and three (3) months. The initial lease rate is \$26,838 annually or \$2,236.50 per month for approximately 4,204 SF. The initial lease rate will increase by 3% on each 12-month anniversary of the Effective Date.

Attachment(s)

Facility Lease Agreement



RESOLUTION NO. 17-44

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Authority desires to enter into a facility lease with Allegiant Air, LLC;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes a facility lease with Allegiant Air, LLC for the facilities located at 6304 S. Taxiway Circle. The lease term is four (4) years and three (3) months, commencing on October 1, 2017, with two (2) one-year renewal options. This resolution also authorizes the Chair or Executive Director/CEO to execute such Agreement, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 19th day of September, 2017.

Jenn Daniels, Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Matthew Wright, Attorney



Phoenix-Mesa Gateway Airport Authority

FACILITY LEASE

with

Allegiant Air, LLC

Effective Date: October 1, 2017

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Phoenix-Mesa Gateway Airport Authority FACILITY LEASE

This Facility Lease (“Lease”) is executed to be effective the First (1st) day of October 2017 (“Effective Date”) between the PHOENIX-MESA GATEWAY AIRPORT AUTHORITY, a joint powers authority authorized by the State of Arizona (“Lessor”), and Allegiant Air, LLC, a Nevada Limited Liability Company authorized to do business in the State of Arizona (“Lessee”). Lessor and Lessee may be referred to jointly as “Parties,” and each separately may be referred to as a “Party.”

WITNESSETH:

WHEREAS, Lessor is the owner and operator of the Phoenix-Mesa Gateway Airport generally located at the intersection of Ray Road and Sossaman Road, City of Mesa, Maricopa County, Arizona (Airport”); and

WHEREAS, Lessor has the right to lease, license and grant the use of property and facilities on the Airport and has full power and authority to enter into this Lease in respect thereof; and

WHEREAS, Lessor desires to lease to Lessee, and Lessee desires to lease from Lessor, that certain real property at the Airport located at 6304 S. Taxiway Circle, and described as Building 1087 and associated Office trailer, consisting approximately Four Thousand Two Hundred and Four (4,204) square feet, as set forth in Exhibit A attached hereto (“Premises”); and

WHEREAS, Lessor desires to lease the Premises to Lessee on the terms and conditions set forth herein;

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements herein contained, the Parties do hereby undertake, promise and agree, each for itself and its successors and assigns, as follows:

1. LEASE

Lessor hereby leases the Premises to Lessee, subject to all easements and rights of way that may encumber the Premises, and further subject to all operational and use restrictions and other terms and conditions set forth in this Lease.

1.1 Right to Use Premises. Lessor agrees that so long as Lessee shall timely pay the Base Rent and other charges required to be paid hereunder, and perform all its other obligations under this Lease, Lessee shall peaceably have and enjoy the use of the Premises without hindrance from Lessor. Lessee specifically acknowledges that Lessee has inspected the Premises prior to entering into this Lease and agrees to accept the Premises in an “as is, where is” condition without any warranty or representation from Lessor, either express or implied, of any kind or nature whatsoever with respect to the Premises, including, but not limited to, any warranty of merchantability, habitability, or fitness for any particular or specific purpose, and all such warranties are hereby disclaimed. Should Lessee desire any inspection report, environmental assessment, survey, creation

of a legal description, drainage report, or any similar study, Lessee shall be responsible for the same at Lessee's sole expense.

1.2 Substitution of Premises. In addition to Lessor's other rights set forth in this Lease, Lessor reserves the right, upon no less than Ninety (90) calendar days prior written notice to Lessee, to substitute Comparable Areas for all or any portion of the Premises, including any additions, alterations or improvements thereon, should Lessor, in its reasonable discretion, determine that taking of the Premises, any portion thereof or any improvement thereon, is required for other Airport purposes, and there exists no appropriate alternative. In the event Lessor makes the determination to exercise its rights to substitute, all title, right and interest to the portion of the Premises taken shall immediately vest in Lessor on the date that is Ninety (90) calendar days following receipt of Lessor's notice, or such later date as specified therein. Furthermore, Lessor may require Lessee to vacate any portion or all of the Premises taken. For the purposes of this Section 1.2, the term "Comparable Areas" is defined to mean other facilities at the Airport, or any additions or extensions thereof, similar in size to the Premises, brought to the same level of improvement as the Premises and having the same or similar usefulness to Lessee as the portion taken. Lessor shall bear all expenses of bringing the substituted area to the same level of improvement as the Premises, and of moving Lessee's improvements, equipment, furniture and fixtures to the substituted area. If any of Lessee's improvements, equipment, furniture or fixtures cannot be relocated, Lessor shall replace, at Lessor's expense, such non-relocatable improvements and other property with comparable property in the Premises, and Lessor shall be deemed the owner of the non-relocated improvements and other property, free and clear of all claims of any interest or title therein by Lessee, or any other third party whomsoever. It is the specific intent of this Section 1.2 that Lessee be placed, to the extent possible, in the same position it would have been, had Lessor not substituted new premises for the Premises; provided, however, that Lessor shall not be obligated to reimburse Lessee for any damages, including lost profits or revenues, due to such substitution. Notwithstanding the foregoing, Lessor shall use reasonable efforts to avoid disruption to Lessee's business.

1.3 Access. Lessee is granted the right of reasonable access to and from the Premises via such portions of the Airport as are or may be necessary to allow Lessee to conduct its business operations permitted herein at and on the Premises and the Airport. Lessor reserves the right to designate the location of such access and to change its location from time to time, as Lessor deems reasonably necessary and appropriate; provided such changes do not materially interfere with Lessee's use of or access to the Premises.

1.4 Permitted Uses. Subject to the provisions of Section 1.5, Lessee may use the Premises for storage of commissary items and general office. Lessee's use of the Premises and operation of its business at and on the Airport and the Premises is subject to all applicable laws, rules and regulations of any governmental authority, including Lessor, and to Lessee's compliance with applicable provisions of the Airport Rules and Regulations and Minimum Standards.

1.5 Prohibited Activities. Lessee shall not use or permit its agents, employees, contractors, invitees, licensees or customers to use the Premises or the Airport for any use that is in violation of the Airport Rules and Regulations, the Airport Minimum Standards, any matters of record, or applicable laws, rules, regulations and operating policies of any governmental authority, including Lessor, or for any other activity or operation not specified in Section 1.4 herein, or that does not have advance, written approval of Lessor's Executive Director.

1.6 Continuous Operation. Upon commencement of business operations at and on the Premises and the Airport, Lessee shall designate an on-site manager for the term of this Lease who shall be available to Lessor and Lessee's customers, if any, during normal business hours, and otherwise as required by the Airport Minimum Standards, as applicable.

1.7 Lessee Acknowledgement. Lessee acknowledges this Lease is a MODIFIED GROSS and agrees that its obligations to pay Base Rent and all other charges due and owing under the terms hereof shall

be absolute and unconditional, and shall not be affected by any circumstances whatsoever, including, without limitation: (i) any set-off, counterclaim, recoupment, defense or other right which Lessee may have against Lessor or the United States of America or anyone else for any reason whatsoever; (ii) any liens, encumbrances or rights of others with respect to the Premises; (iii) the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease or any lack of right, power or authority of Lessor or Lessee to enter into this Lease; (iv) any insolvency, bankruptcy, reorganization or similar proceedings by or against Lessee, or any other person; or (v) any other cause, whether similar or dissimilar to the foregoing, any future or present law notwithstanding, it being the intention of the Parties hereto that all rent being payable by Lessee hereunder shall continue to be payable in all events and in the manner and at the times provided herein.

2. TERM

2.1 Initial Term. The term of this Lease shall be for a period of Four (4) years and three (3) months, commencing on the Effective Date and terminating on December 31, 2021 thereafter (“Term”).

2.2 Renewal Term(s). Provided Lessee is not then in default of this Lease and subject to written approval of Lessor, the Parties shall have the option of extending the Term for Two (2) additional periods of One (1) year each (each, individually, “Extension”). Lessee may initiate an Extension by giving written notice to Lessor of its desire to do so no later than Sixty (60) calendar days prior to the expiration of the Term, as set forth in Section 2.1 herein. If Lessee has properly notified Lessor of its desire to exercise an Extension and Lessor approves such in writing, then Lessee’s Extension of the Term of this Lease shall become effective and all references herein to “Term” shall mean the initial term as extended.

2.3 Termination Clause. Either party may terminate this Lease by providing the notified party with NINETY (90) days’ advance written notice of its intent to do so.

3. NON-EXCLUSIVE RIGHTS

Lessee shall have the exclusive right to occupy and use the Premises while in compliance with the terms and conditions of this Lease. All other rights granted to Lessee under this Lease are nonexclusive. Lessor may, in its sole discretion and at any time, permit third parties to conduct any and all business activities at the Airport that Lessor deems appropriate, or conduct such activities itself, provided that such activities do not require or materially interfere with Lessee’s use of the Premises.

4. RENT

4.1 Base Rent. Lessee agrees to pay Lessor annual rental fee for the use of the Premises in the amount of Twenty Six Thousand Eight Hundred Thirty-Eight Dollars and 00/100 (USD \$26,838.00), payable in equal monthly installments of Two Thousand Two Hundred Thirty Six Dollars and 50/100 (\$2,236.50) (“Base Rent”). The Base Rent shall be payable in advance, without any prior demand therefor and without any abatement, deductions or set-offs whatsoever, and tendered in lawful currency of the United States, either by check or electronic transfer. All payments referenced in this Lease shall be payable exclusively in United States Dollars.

4.2 Rent Increases. The annual Base Rent paid by Lessee shall be increased (but never decreased) on every Twelve (12) month anniversary of the Effective Date of this Lease by Three percent (3%).

4.3 Reserved.

4.4 Airport Rates and Charges Schedule. Lessee or its subtenants, as applicable and including its contractors, agents, etc., shall pay all fees identified in the most current Airport Rates and Charges Schedule at the time of receipt of any covered service or use of any covered facilities, unless specifically outlined in this

Lease. The current Airport Rates and Charges Schedule is included as Exhibit B and incorporated herein by reference and is subject to change without prior notice or approval of Lessee. Lessee acknowledges and agrees that Lessor may amend the Airport Rates and Charges Schedule at any time at Lessor's sole discretion, and that no fee [referenced in the Airport Rates and Charges Schedule] shall apply to the use of the Premises or access to the Premises.

4.5 Payment.

4.5.1 Unless otherwise specified herein, the first payment of Base Rent shall be paid to Lessor upon the delivery of this Lease, for the period from the Effective Date until the end of the calendar month in which the Effective Date occurs, prorated based on the number of such days to the total number of days in said month. All payments referenced in this Lease shall be payable exclusively in United States Dollars. Thereafter, all Base Rent payments shall be paid in monthly installments, in advance, on the first day of each calendar month ("Base Rent Due Date"). On each such date, Lessee shall pay the full Base Rent payment.

4.5.2 No payment to or receipt by Lessor of a lesser amount than that which is due and payable under the provisions of this Lease at the time of such payment shall be deemed to be other than a payment on account of the earliest payment due, nor shall any endorsement or statement on any check or payment prejudice in any way Lessor's right to recover the balance of such payment or pursue any other remedy provided in this Lease or by law.

4.5.3 All payments (and reports, if any) required by this Section 4.5 shall be remitted to the following address by the due date(s) specified hereinabove:

Phoenix-Mesa Gateway Airport Authority
Attn.: Department of Finance (Accounts Receivable)
5835 S. Sossaman Road
Mesa, Arizona 85212-6014
or such other address specified in writing by Lessor to Lessee.

4.6 Finance Charges and Late Fees. If Lessee fails to pay any installment of Base Rent or any other charge due and owing to Lessor in full on or before the applicable due date, Lessee shall be responsible for interest on the unpaid installment at the rate of Eighteen Percent (18%) per annum from the due date until payment in full is made. In addition, in the event any installment of Base Rent or other charge owing to Lessor is paid more than Ten (10) days after the due date, a late penalty of Ten Percent (10%) of the amount of such delinquent Base Rent installment or other charge shall be due and payable in addition thereto.

4.7 Taxes. In the event any governmental authority shall impose a tax or imposition based upon any Base Rent payments or any other sums paid or owing hereunder, or the receipt of such payments by Lessor, Lessee shall pay such amounts to Lessor at the same time and in addition to payments hereunder, which amounts may include, but are not limited to, any or all rental, transaction privilege, sales, excise or other similar tax except income taxes.

4.8 Survival. Lessee's obligation to pay all amounts stated herein, together with any interest thereon and/or penalties therefor, shall survive the termination of this Lease.

5. PERFORMANCE GUARANTEE

5.1 Security Deposit.

5.1.1 Intentionally Deleted.

5.1.2 Reserved.

5.2 Improvement Construction Guarantee. Notwithstanding and in addition to the Security Deposit, Lessee's specific obligation to timely complete the improvements described in Section 7 herein shall be secured, at Lessee's sole cost and expense and prior to commencement of construction of said improvements, by any one of the following three instruments, chosen at Lessee's discretion:

6. AIRCRAFT OPERATIONS GUIDELINES

If and to the extent that Lessee, including its subtenants, contractors, agents, etc., operates aircraft at or on the Airport, Lessee shall be subject to the provisions of Exhibit C. If any subtenant, contractor or agent of Lessee conducting activities on or at the Premises operates aircraft at the Airport, all shall be subject to the provisions of Exhibit C, which Lessor may enforce directly against such subtenant, contractor or agent, but Lessee shall have no direct liability or responsibility with respect to such matters; except, however, Lessee shall be responsible for compliance by its subtenants, contractors and/or agents with the Airport Rules and Regulations and Minimum Standards, as appropriate.

7. IMPROVEMENTS

7.1 Reserved.

7.2 Reserved.

7.3 No Alterations. Lessee shall make no material improvements or alterations to the Premises during the Term of this Lease without the prior written permission of Lessor, which shall not be unreasonably withheld or delayed and, if and to the extent applicable, without the approval by Lessor's Design Review Committee. Lessee shall provide Lessor with electronic as-built drawings (or their equivalent) when any improvement or alteration is completed for which such drawings are reasonably required.

7.4 Title to Alterations and Improvements. Title to all Improvements and alterations on the Premises (but not personal property or trade fixtures) shall vest in Lessor upon the expiration of this Lease, and Lessee agrees to execute and deliver to Lessor, within Ten (10) business days after Lessor's request therefor, a quitclaim deed confirming that title to such improvements and alterations is vested in Lessor.

7.5 Mechanics' Liens. Lessee shall keep the Premises and all improvements constructed by Lessee thereon free of any mechanic or materialmen's liens. In the event that any such lien is filed, Lessee shall, at its sole cost, cause such lien to be removed from the Premises by bonding or otherwise within Thirty (30) calendar days of notice thereof.

7.6 Permit Required. Lessee shall be responsible for determining whether it is subject to local building/construction codes or permit requirements, and for compliance with them to the extent they are applicable. All structural, electrical, plumbing or mechanical construction or reconstruction shall conform to City of Mesa ("City") construction and technical codes. No such work shall be commenced without first submitting required plans and obtaining required permits from the City. All such work shall be permitted, inspected and approved by the City prior to concealment or use. Lessee shall provide to Lessor a contemporaneous copy of Lessee's permit application and the associated plans and specifications.

7.7 Damage or Destruction. Lessee shall maintain insurance on all of Lessee's improvements to the Premises. In the event that all or any portion of Lessee's improvements are destroyed or rendered unusable due to fire or other catastrophe, Lessee shall replace, repair, restore, modify or improve said improvements, subject to the provisions of Section 7.6, using available insurance proceeds together with any additional funds

from other available sources, or, alternatively, Lessee shall pay the replacement cost of the improvements to Lessor.

8. MAINTENANCE

8.1 Responsibilities.

8.1.1 *Lessee.* Lessee shall, at its sole cost and expense, keep the Premises and all improvements therein in a neat and clean condition and in good order, condition and repair throughout the Term. Lessee is responsible for janitorial services. In the event that Lessee, knowingly and willing, grossly misuses said premises and such gross misuse is the sole and proximate cause of damages to the mechanical, electrical, plumbing, drain, piping, and/or air conditioning systems on the Premises, then Lessee shall share in the cost of the reasonable maintenance, repairs and replacements of the aforementioned systems.

8.1.2 *Lessor.* Lessor shall, at its sole cost and expense, sustain and maintain the structural integrity of the Premises and assume responsibility for all maintenance related to Lessee's reasonable and expected use of the Premises.

8.2 *Damage to Lessor Property.* Any real or personal property of Lessor damaged or destroyed by Lessee as a result of Lessee's use or occupancy of the Premises shall be promptly repaired or replaced by Lessee to the satisfaction of Lessor. In lieu of such repair or replacement, where required by Lessor, Lessee shall pay to Lessor an amount sufficient to compensate for the loss sustained by Lessor.

8.3 *Trash Removal.* Lessee shall at all times keep the Premises in a neat, clean, safe, sanitary and orderly condition and shall keep such area free of all trash and debris. Lessee shall be responsible for all trash removal from the Premises. Such trash removal shall be performed on a not less than weekly basis, and all trash shall be disposed of in trash collection locations designated by the Lessor.

8.4 *Emergency Repairs.* Within FIFTEEN (15) days of the Effective Date, Lessee shall provide Lessor with a list of names and telephone numbers for 24-hour emergency contact for the Premises. Lessee shall promptly provide Lessor with updated lists and changes as necessary.

9. ASSIGNMENT, SUBLETTING AND OTHER TRANSFERS

9.1 *Any Transfer of Lease Interest Requires Lessor Advance Written Approval.* In the event Lessee desires to transfer, assign, encumber, pledge or hypothecate any portion of its interest in this Lease or any right or interest hereunder (including, but not limited to as part of a mortgagor deed of trust or an assignment by means of a foreclosure or trustee's sale thereunder)(individually and collectively, "Transfer"), Lessee must obtain the prior written consent of Lessor, with such consent to be in the sole and absolute discretion of Lessor without exception. Where Lessor approves in writing of such Transfer, Lessor shall be entitled to request and acquire written financial assurances, including, but not limited to financial statements, business plans and other information related to the financial condition and plans of any proposed transferee. Further, Lessor, may in its sole and absolute discretion require that Lessee still be liable at law and at equity, as well as financially liable, under the Lease, regardless of whether the assignee expressly assumes in writing all of Lessee's obligations under this Lease or in the case of a sublease. Lessee understands and agrees to these terms and conditions regarding any proposed Transfer, and that any violation of this Section 9, may irreparably harm Lessor as the requirements set forth herein are directly related to PMGAA's (and any Lessee's) legal and financial obligations to the Federal Aviation Administration. This section 9 shall remain valid and enforceable even in the event of amendment to or repeal of FAA regulations, so long as this section 9 does not directly conflict therewith.

9.2 Lessee's Required Advanced Notice to Lessor of Proposed Transfer. In order for Lessor to even consider a Transfer, Lessee must: (i) notify Lessor in writing at least Forty-five (45) days prior to such proposed transfer; (ii) deliver to Lessor, at the time of Lessee's notice, current financial statements of Lessee and the proposed transferee (along with transferee's business plans) that are reasonably acceptable to Lessor; and (iii) the transferee assumes and agrees in writing to perform Lessee's obligations under this Lease. However, nothing herein shall be construed as Lessor providing its consent to any Transfer or relieving Lessee of any legal, financial or other obligation under the Lease, regardless of Lessor's acceptance or refusal to accept such proposed transfer of Lease. For purposes of this Section 9.2, "Affiliate" means any person or entity that, directly or indirectly, controls, is controlled by or is under common control with Lessee. For purposes of this definition, "control" shall mean possessing the power to direct or cause the direction of the management and policies of the entity by the ownership of a majority of the voting securities of the entity.

9.3 Deemed Transfers. For the purposes of this Lease, a Transfer shall be deemed to include, but not be limited to, the following: (i) if Lessee is a corporation, partnership, limited liability company or other legal entity, the transfer of any ownership interest in such entity resulting in a change in the present control of such entity by the person or persons owning a majority of the ownership interest thereof as of the date of this Lease; provided, however, if Lessee is a corporation whose stock is traded on a nationally recognized stock exchange, the transfer of Lessee's stock shall not constitute a Transfer requiring Lessor's consent; or (ii) the sale of TWENTY-FIVE PERCENT (25%) or more in value of the assets of Lessee.

9.4 Subletting. Lessee shall not sublease the Premises or any portion thereof at any time during the Term of this Lease.

9.5 Non-Disturbance. Lessor agrees, for the benefit of all subtenants of all or any part of the Premises, that if this Lease or Lessee's right to possession of the Premises is terminated for default or otherwise, all subleases of all or any part of the Premises, except any sublease to an affiliate of Lessee, shall continue in full force and effect, notwithstanding the termination, as direct leases between Lessor and the subtenants and all such subtenants shall, upon request, attorn in writing to Lessor.

9.6 This Lease and all provisions hereof are subject and subordinate to the terms and conditions of the instruments and documents under which PMGAA acquired the subject property from the United States of America and shall be given only such effect as will not conflict or be inconsistent with the terms and conditions contained in the lease of said lands from PMGAA and any existing or subsequent amendments thereto, and are subject to any ordinances, rules or regulations which have been, or may hereafter be adopted by PMGAA pertaining to the Airport.

10. IDENTIFICATION SIGNS

Lessee may install on the Premises, a sign or signs identifying its business on the exterior of the Premises; provided, however, that the general type, size, and location of such sign(s) shall conform to Lessor's Comprehensive Sign Plan, be approved in writing by Lessor in advance of installation and be subject to any signage rules, codes and/or regulations of any governmental authority.

11. DEFAULT; TERMINATION BY LESSOR

11.1 Events of Default. Each of the following shall constitute a material default of this Lease by Lessee ("Event of Default"):

11.1.1 Failure to pay any installment of Base Rent or other amount due from Lessee hereunder, or required by any other agreement between the Parties, provided that Lessee does not cure such failure within TEN (10) business days after delivery by Lessor of a written notice of such failure.

11.1.2 Failure to perform any of its other obligations under this Lease, provided that Lessee does not cure such failure within THIRTY (30) calendar days after delivery by Lessor of a written notice of such default; provided, however, if a cure of the default reasonably requires more than THIRTY (30) calendar days to complete, then the time to cure shall be extended so long as the cure is being diligently pursued.

11.1.3 The filing of any mechanic's, materialmen's or other lien of any kind against the Premises because of any act or omission of Lessee which lien is not discharged, by bonding or otherwise, within THIRTY (30) calendar days of receipt of actual notice thereof by Lessee.

11.1.4 The Transfer or attempted transfer of any interest in the Lease to any transferee without Lessor's advance written authorization, which Lessor may withhold in its sole and absolute discretion.

11.2 Lessor's Remedies. Upon the occurrence of an Event of Default under this Lease, Lessor may, without prejudice to any other rights and remedies available to a Lessor at law, in equity or by statute, but subject to the provisions of SECTIONS 9.2 and 23 herein, exercise one or more of the following remedies, all of which shall be construed and held to be cumulative and non-exclusive:

11.2.1 Terminate this Lease and re-enter and take possession of the Premises; or

11.2.2 Without terminating this Lease, re-enter and take possession of the Premises; or

11.2.3 Without such re-entry, recover possession of the Premises in the manner prescribed by any statute relating to summary process, and any demand for Base Rent, re-entry for condition broken, and any and all notices to quit, or other formalities of any nature to which Lessee may be entitled, are hereby specifically waived to the extent permitted by law; or

11.2.4 With or without terminating this Lease, Lessor may re-let the Premises or any portion thereof.

11.3 No Implied Termination. Lessor shall not be deemed to have terminated this Lease unless Lessor shall have notified Lessee in writing that it has so elected to terminate this Lease. Lessee hereby waives all claims based on Lessor's reentering and taking possession of the Premises, or removing and storing the property of Lessee, and shall save Lessor harmless from all losses, costs or damages occasioned thereby. No such reentry shall be considered or construed to be a forcible entry by Lessor.

11.4 Lessor's Current Damages. Lessor is authorized to make such repairs, refurbishments or improvements to the Premises as may be necessary for the purpose of attempting to re-let the Premises, and the costs and expenses incurred in respect of such repairs, redecorating, refurbishments and improvements shall be paid by Lessee to Lessor within FIVE (5) business days after receipt of Lessor's statement. If Lessor exercises any of the remedies stated above, Lessor shall be entitled to recover from Lessee all damages incurred by Lessor by reason of the Event of Default, which shall include, without limitation, (i) the equivalent of the amount of the Base Rent and all other payments which would be payable under this Lease by Lessee for the remainder of the Term as if this Lease were still in effect, less (ii) the net proceeds of any re-letting by Lessor after deducting all of Lessor's expenses in connection with such re-letting, which shall include, without limitation, repossession costs, repairs, redecorating, refurbishments or improvements to the Premises, brokerage commissions, attorneys' fees, and legal expenses. Lessee shall pay such current damages to Lessor, in the amount set forth in the preceding sentence (hereinafter called "Deficiency"), in monthly installments on

the days on which the Base Rent would have been payable under this Lease as if this Lease were still in effect. All amounts collected by Lessor from subtenants shall be credited against Lessor's damages.

11.5 Lessor's Final Damages. At any time after an Event of Default, whether or not Lessor shall have collected any monthly Deficiency as set forth above, Lessor shall be entitled to recover from Lessee, and Lessee shall pay to Lessor, on demand, as final damages for the applicable Event of Default, the sum of (a) the then present worth (at a discount at the rate of Six Percent (6%) per annum) of (i) the aggregate of the Base Rent and all other amounts to be paid by Lessee hereunder for the unexpired portion of the term of this Lease (assuming this Lease had not been terminated), less (ii) the amount of such loss that could have been reasonably avoided, plus (b) repossession costs, Lessor's expenses in connection with any attempts it may have made to re-let the Premises (which shall include, without limitation, repairs, refurbishments or improvements to the Premises and brokerage commissions), attorneys' fees, legal expenses, and all other damages incurred by Lessor as a result of such Event of Default. In determining the amount of loss that could reasonably be provided, rents to be paid by subtenants pursuant to Section 9.4, if applicable, and other reasonably projected rental income from leasing the Premises shall be taken into account.

11.6 No Waiver by Lessor. No waiver by Lessor of any breach or default by Lessee in the performance of its obligations under this Lease shall be deemed to be a waiver of any subsequent default by Lessee in the performance of any of such obligations, and no express waiver shall affect an Event of Default in a manner other than as specified in said waiver. The consent or approval by Lessor to or of any act by Lessee requiring Lessor's consent or approval shall not be deemed to waive or render unnecessary Lessor's consent or approval to or of any subsequent similar acts by Lessee.

11.7 Content of Default Notice. Any default notice tendered to Lessee hereunder shall be deemed to be sufficient if it is reasonably calculated to put Lessee on inquiry as to the nature and extent of such default, and is made in accordance with Section 20 herein.

11.8 Limitation on Exercise of Termination Remedy by Lessor. Notwithstanding anything to the contrary in Section 11.2 hereinabove, if an Event of Default occurs, Lessor shall not have the remedy of terminating this Lease or of taking possession of the Premises unless: (i) the Event of Default consists of a failure to pay off Base Rent or other amounts owed to Lessor; or (ii) Lessor has no other remedy that is adequate to protect Lessor's interests. Other remedies that are available to Lessor include self-help and recovery of damages, and nothing in this Section 11 shall limit the exercise of any such other remedy.

11.9 Waiver of Landlord's Lien. Lessor hereby waives all statutory or common law landlord's lien rights with respect to personal property located on the Premises.

12. ASSUMPTION OF CRITICAL OPERATIONS

In the event that Lessee voluntarily abandons or is prevented from furnishing any of its required commercial services which have been deemed by Lessor in advance and in writing to be critical to the operation of the Airport, and Lessee has received and is in agreement with said notification, Lessor shall have the immediate right or, if time permits, upon Twenty-Four (24) hours advance written notice to Lessee, to assume responsibility for providing such critical services until such time as Lessee or another entity acceptable to Lessor assumes responsibility for providing those services. In exercising such right, Lessor may take temporary control of the Premises, or any portion thereof involved in providing such commercial services, together with whatever improvements, fixtures and equipment on the Premises as are necessary to provide the critical services without waiving any of Lessor's rights hereunder. In the event Lessor takes temporary control of the Premises or any portion thereof, Lessor shall pay to Lessee such rent or fees reasonably commensurate with Lessor's assumption and use of that portion of the Premises to provide those critical, commercial services.

13. INDEMNIFICATION

To the fullest extent permitted by law, Lessee hereby agrees to defend, indemnify and hold harmless Lessor and its members, elected or appointed officials, agents, contractors, subcontractors, boards, commissions and employees (hereinafter referred to collectively as “Lessor” for purposes of this Section 13) for, from and against any and all claims, causes of action, liability, suits, litigation (including reasonable attorney’s fees and other costs of investigation and litigation), actions, losses, damages or claims of any nature whatsoever which arise out of or in connection with (i) any accident, injury or damages occurring within the Premises, or (ii) any negligent act or omission of Lessee or its agents, employees, contractors, or subcontractors (hereinafter referred to collectively as “Lessee” for purposes of this Section 13) in connection with Lessee’s operations hereunder and which result directly or indirectly in the injury to or death of any persons or the damage to or loss of any property, or (iii) the failure of Lessee to comply with any provisions of this Lease. This indemnification shall exclude responsibility for any consequential damages and for claims arising by reason of the negligent or wrongful act of Lessor or its employees, contractors or agents.

14. ENVIRONMENTAL PROTECTION

14.1 Definitions. Unless the context shall clearly require otherwise, the terms defined in this Section 14 shall, for all purposes of this Lease and of any agreement amendatory hereof or supplemental hereto, have the meanings herein specified, with the following definitions to be equally applicable to both the single and plural forms of any of the following:

14.1.1 Environmental Laws. The term “Environmental Laws” shall mean any one or all of the following, as the same are amended from time to time: the Comprehensive Environmental Response, Compensation, and Liability Act, 42 USC Section 9601 et seq.; the Resource Conservation and Recovery Act, 42 USC Section 6901, et seq.; the Toxic Substances Control Act, 15 USC Section 2601 et seq.; the Safe Drinking Water Act, 42 USC Section 300f et seq.; the Clean Water Act, 33 USC Section 1251 et seq.; the Clean Air Act, 42 USC Section 7401 et seq.; the Arizona Hazardous Waste Management Act, A.R.S. Section 49-921 et seq. the Arizona Environmental Quality Act, A.R.S. Title 49, as amended; and all regulations thereunder and any other laws, regulations and ordinances (whether enacted by the local, state or federal government) now in effect or hereafter enacted that deal with the regulation or protection of the environment, including the ambient air, ground water, surface water, and land use, including substrata land, or that govern the use of hazardous materials, solid and hazardous waste, hazardous substances and petroleum products.

14.1.2 Hazardous Material. The term “Hazardous Material” shall mean any toxic or hazardous material, substance or waste, or any pollutant or contaminant as defined or regulated pursuant to any Environmental Law and petroleum products. For purposes of this definition, petroleum includes petroleum-based substances comprised of a complex blend of hydrocarbons derived from crude oil through processes of separation, conversion, upgrading and finishing (e.g., distillate fuel oils, petroleum solvents and used oils).

14.2 Release by Lessor. Lessor shall indemnify Lessee to the fullest extent permitted by law for any and all environmental damage of any kind, or for the effects of Hazardous Material on the environment, or on any person or property, if any, which have been caused by the use of, or releases from, the Premises and the Airport prior to Lessee’s occupancy of any part thereof. Lessee is not liable for any claims or damages arising from environmental damage resulting from or that are the result of contamination of any kind existing on the Premises or surrounding sites prior to Lessee’s occupancy of thereof.

14.3 Lessee Compliance.

14.3.1 Lessee shall, at the Lessee’s own expense, comply with all present and hereafter enacted Environmental Laws, including any amendments thereto, affecting Lessee’s activities on and property interest in the Premises during the period of Lessee’s occupancy thereof under this Lease.

14.3.2 Lessee shall not cause or permit any Hazardous Material to be brought upon, kept or used in or about the Premises or the Airport by Lessee's agents, employees, contractors or invitees in violation or threatened or suspected violation of any Environmental Law. The Parties recognize and agree that Lessee may bring on the Premises and Airport and use Hazardous Materials that are ordinarily and customarily used in the conduct of Lessee's permitted activities under this Lease, provided that such use shall comply fully with all applicable Environmental Laws.

14.3.3 If Lessee desires and receives written authorization from Lessor to install any above ground storage tank ("AST") on the Premises or elsewhere on the Airport, Lessee shall submit the plans for such ASTs to Lessor for prior written approval and shall comply with all applicable Environmental Laws related thereto, including Title 40, Code of Federal Regulations, Part 112, as applicable. Lessee shall be the owner of such ASTs for statutory purposes and shall be solely responsible for the design, construction, installation, operation, monitoring, inspection, repair and maintenance of any and all ASTs, including any connected piping and/or dispensing apparatus. All ASTs shall comply with the Office of the State Fire Marshall as well as the Authority Having Jurisdiction (AHJ). Any AST that stores flammable and combustible liquids shall meet the provisions of NFPA 30, Flammable and Combustible Liquids Code. Records demonstrating compliance with release detection requirements, including product inventories, calibration and maintenance, sampling, tightness testing and any other records, fees and taxes required by the state or federal governments shall be the responsibility of Lessee. Upon the expiration of this Lease, Lessee shall remove all ASTs in compliance with all applicable Environmental Laws in effect at that time unless otherwise allowed by Lessor.

14.4 Indemnification. To the fullest extent permitted by law, Lessee shall indemnify, defend (with counsel reasonably acceptable to Lessor), protect and hold harmless Lessor and its employees and agents for, from and against any and all liability, loss, damage, expense, penalties and legal and investigation fees or costs, arising from or related to any claim or action for injury, liability, or damage to persons or property and any and all claims or actions brought by any person, entity or governmental body, alleging or arising in connection with contamination of the environment or violation of any Environmental Law or other statute, ordinance, rule, regulation, judgment or order of any government or judicial entity which are incurred or assessed as a result of any of Lessee's activities or operations on the Premises or Airport. This obligation includes, but is not limited to, all costs and expenses related to cleaning up the property, land, soil and underground or surface water as required under the law. Lessee's obligations and liabilities under this Section 14.4 shall survive the termination of this Lease. The indemnification of Lessor by Lessee as described above includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision. Lessor reserves the right to seek injunctive relief as may be permitted under law and equity.

14.5 Remediation. Without limiting the foregoing, if the presence of any Hazardous Material during the Term of this Lease caused or permitted by Lessee results in any Release on the Airport in violation or potential violation of any Environmental Law, Lessee shall promptly take action to remediate the affected property at its sole expense as necessary to return the Airport to the condition existing prior to the introduction of any such Hazardous Material to the Airport; provided that Lessor's approval of such actions shall first be obtained, which approval shall not, except in an emergency, be unreasonably withheld so long as such actions would not potentially have any material adverse long-term effect on the Airport and Lessee is not under administrative or court order related to such remediation action. Notwithstanding Lessor's approval pursuant to this Section 14.5, Lessor is not responsible for directing or managing any remediation action. For purposes of this Section 14.5, the term "Release" means any releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing, or dumping.

14.6 Governmental Submittals. Lessee shall, at Lessee's own expense, make all submissions to, provide all information to, and comply with all requirements of the appropriate governmental authority ("Government") under the Environmental Laws. Should the Government determine that a site

characterization, site assessment and/or cleanup plan should be prepared and/or that a cleanup should be undertaken because of any spills or discharges of Hazardous Materials by reasons of Lessee's activities or actions at the Airport which occur during the term of this Lease, then Lessee shall, at the Lessee's own expense, prepare and submit the required plans and financial assurances, and carry out the approved plans. The Lessee shall provide a copy of said plans to the Lessor within thirty (30) days of development.

14.7 Information Sharing.

14.7.1 Lessee shall immediately notify Lessor of any of the following: (i) Lessee's receipt of any notification from any governmental entity either charging or informing Lessee that it will be charged with a significant (as defined below) violation of Environmental Laws, and (ii) any change in Lessee's activities on the Premises or Airport that is reasonably likely to adversely change Lessee's or Lessor's obligations or liabilities under the Environmental Laws. In addition, Lessee agrees to provide Lessor with copies of documents reflecting the physical condition of the Premises, including but not limited to, environmental testing of soils and groundwater, and information reasonably requested by Lessor to determine the applicability of the Environmental Laws to the Premises, or to respond to any governmental investigation or claim of liability by third parties which is related to environmental contamination of the Premises or Airport, including Lessee's activities thereon. A "significant violation of Environmental Law" shall be any violation that requires more than Thirty (30) calendar days to resolve.

14.7.2 Lessee shall immediately notify Lessor's Operations and Maintenance Department upon discovering a Release or Suspected Release of any amount of material that is stored inside an AST, approved pursuant to SECTION 14.3.3. For purposes of this Section, a "Suspected Release" is any discovery of released Hazardous Material at the AST site or surrounding area, erratic behavior of Hazardous Material dispensing equipment, the sudden loss of a Hazardous Material, or when monitoring indicates that a Release has occurred.

14.8 Reserved.

14.9 Actions of Lessee. The activities or actions of Lessee under this Section 14 shall include the activities or actions of Lessee's officers, directors, employees, agents, contractors, invitees and successors.

14.10 Clean Water Act; NPDES Permits and SWPPPs. Without in any way limiting the foregoing, Lessee shall comply with all Environmental Laws regarding discharges to water and land, including, without limitation, obtaining and complying with an individual National Pollutant Discharge Elimination System ("NPDES") permit, or requesting coverage under and complying with any applicable multi-sector general permit obtained by Lessor. If applicable, Lessee shall also prepare and comply with a site-specific Storm Water Pollution Prevention Plan ("SWPPP") or any revisions to a SWPPP, with respect to Lessee's operations or activities on the Premises or Airport. At Lessee's discretion and if applicable, Lessee may choose to be added to Lessor's Storm Water Permit and, if such addition is desired, agrees to be subject to the provisions of Exhibit E attached hereto.

14.11 Protective Devices and Plans. If Lessee is required by the City to estimate the possible constituents of sanitary sewer discharges in order that the City may define certain discharge limitations for the Premises, Lessee shall complete and return an Industrial Wastewater Discharge Questionnaire ("Questionnaire") to the City and promptly provide Lessor with a copy and updates to the Questionnaire as they arise. Also, if the City so requires, Lessee shall install and maintain appropriate protective devices to prevent accidental discharge of any Hazardous Materials into domestic or industrial drains on or near the Premises and elsewhere on the Airport, as appropriate, and for any other material for which a slug load discharge could pollute the Airport's storm water discharge or disrupt operations at the sewage treatment plant serving the Premises. Lessee shall post a notice in a prominent place on the Premises advising employees on

what actions to take and whom to call in the event of said discharge, and shall ensure that all employees of Lessee are trained with regard to the spill protection plan hereinafter referenced. Lessee also shall provide Lessor with immediate notice of any spill.

14.12 Right to Enter Premises. Lessor's rights under this Lease specifically include the right of Lessor, the United States Government, the Environmental Protection Agency (the EPA), the Arizona Department of Environmental Quality (ADEQ) and the Arizona Department of Occupational Safety and Health (ADOSH) to enter the Premises upon reasonable notice to Lessee for purposes of: (i) inspecting Lessee's compliance with environmental, occupational safety and health laws and regulations, whether or not such party is responsible for enforcing such laws; (ii) conducting environmental investigation or remediation, including, without limitation, performing tests and surveys, drillings, test-pitting, borings, compiling data and/or records, and other activities related to environmental investigation; and (iii) carrying out remedial or removal actions as required or necessary under applicable laws, including, without limitation, installing monitoring wells, pumping wells and/or treatment facilities. Lessor shall give Lessee Twenty-Four (24) hour's prior notice of its intention to enter the Premises unless it determines the entry is required for safety, environmental, operations, or security purposes. Lessee shall have no claim against Lessor for any entries by the United States, EPA, ADEQ, Arizona ADOSH, or any officer, agent, employee or contractor thereof.

14.13 U.S. Air Force Use and Remedial Action.

14.13.1 The Parties assume no liability or responsibility for environmental impacts and damage caused by the U.S. Air Force's use of Hazardous Materials on any portion of the Airport, including the Premises, prior to the Effective Date, and have no obligation under this Lease to undertake the defense of any claim or action, whether in existence now or brought in the future, solely arising out of the use of or release of any Hazardous Materials or deposits of solid waste on or from any part of the Airport, including, but not limited to, the Premises. Further, the Parties have no obligation under this Lease to undertake environmental response, remediation, or cleanup relating to such use or release. For purposes of this SECTION 14.13, "defense" or "environmental response, remediation, or cleanup" shall include liability and responsibility for the costs of damage, penalties, legal and investigative services relating to such use or release. The terms, "Occupation" or "Use" shall mean any activity or presence (in or upon) such portion of, or such building, facility or other improvement on the Premises.

14.13.2 Pursuant to Section VII.E.3 of the Deed (as defined herein), the U.S. Air Force warrants and covenants that all remedial action necessary to protect human health and the environment with respect to hazardous substances remaining on the Airport has been completed prior to the date of the Deed and, further, any remedial action found to be necessary after the date of the Deed shall be conducted by the U.S. Air Force; provided, however, that the foregoing covenant does not apply where Lessor or Lessee is a potentially responsible party with respect to any portion of the Premises or the Airport.

14.14 Cleanup Requirements. Lessee agrees that Lessor assumes no liability to Lessee should Hazardous Materials cleanup or related requirements, whether imposed by law, regulatory agencies, the U.S. Air Force or Department of Defense interfere with Lessee's use of the Premises. Lessee shall have no claim against Lessor or the United States or any officer, agent, employee or contractor thereof on account of any such interference whether due to entry, performance of remedial or removal investigations, or exercise of any right with respect to the Federal Facilities Agreement (FFA) or the Installation Restoration Program (IRP) or under this Lease or otherwise. Lessee agrees to comply with the provisions of any health or safety plan in effect under the IRP or any hazardous substance remediation or response agreement with environmental regulatory authorities during the course of any of the above described response or remedial actions. Any inspection, survey, investigation, or other response or remedial action shall, to the extent practicable, be coordinated with representatives designated by Lessee. Lessee shall have no claim on account of such entries against the United States or any officer, agent, employee, contractor, or subcontractor thereof.

14.15 Spill Protection Plan. In the event Lessee undertakes any type of manufacturing, maintenance or other activities on the Premises involving the use or generation of any Hazardous Materials regulated by Hazardous Materials Laws, Lessee shall have an approved plan for responding to Hazardous Materials, fuel, and other chemical spills prior to commencement of activities on the Premises and other approved Airport locations. Such plan shall comply with all applicable requirements of said plan which shall be updated from time to time or as may be required to comply with changes in site conditions or applicable requirements, and shall be approved by all agencies having regulatory jurisdiction over such plan. Such plan shall be independent of Lessor's spill prevention and response plans, if any. Lessee shall not rely on use of Lessor or Lessor personnel or equipment in execution of its plan. Lessee shall file a copy of the approved plan and approved amendments thereto with Lessor's Environmental and Archeological Coordinator within THIRTY (30) calendar days of receipt of a Certificate of Occupancy from the City. Notwithstanding the foregoing, should Lessor provide any personnel or equipment, whether for initial fire response and/or spill containment, on the request of Lessee, or because Lessee was not, in the opinion of Lessor, conducting fire-fighting, containment or timely cleanup actions, Lessee agrees to reimburse Lessor for its actual costs in accordance with all applicable laws and regulations.

14.16 Wells. Lessee shall not install any drinking water or other wells in any location on the Premises without the prior written approval of Lessor.

14.17 Construction Activities and Surface Disturbances.

14.17.1 Should Lessee be permitted to construct improvements on the Premises, Lessee agrees that in the event any hazardous substances, pollutants, contaminants, petroleum or petroleum derivatives are discovered, Lessee shall promptly notify Lessor of such discovery and shall immediately cease said construction pending investigation and remedial action, if necessary, by Lessor or the appropriate regulatory agency.

14.17.2 After construction of Lessee's improvements on the Premises, if any, either in the future or as otherwise provided herein, Lessee shall not conduct any subsurface excavation, digging, drilling or other disturbance of the surface without the prior written approval of Lessor, which shall not be unreasonably withheld.

15. PROTECTION OF WETLANDS

Lessee shall minimize the destruction, loss, or degradation of any wetlands located on the Premises. Lessor believes there are no wetlands existing on the Premises as of the Effective Date. However, before locating new construction in wetlands, if any exist, Lessee shall contact Lessor and the United States Army Corps of Engineers and obtain a permit or waivers under Section 404 of the *Clean Water Act*. For purposes of this SECTION 15, the term, "new construction," includes structures, facilities, draining, dredging, channeling, filling, diking, impounding, and related activities.

16. SPECIAL PROVISIONS

16.1 Lessee shall comply with all applicable Federal, State, and local occupational safety and health regulations.

16.2 Lessee shall be responsible for determining whether it is subject to State and local sanitation, licensing, building code or building permit requirements and whether or not it requires a permit to do business and for compliance with them to the extent they are applicable.

16.3 Lessee agrees to and shall at all times comply with the Lessor's *Standard Terms and Conditions*, as attached hereto as **EXHIBIT F**.

17. INSURANCE

17.1 Coverage Required. Lessee shall procure and maintain, or cause to be procured and maintained, the following types and amounts of insurance with respect to the Premises:

17.1.1 *Airport Premises Liability* insurance third party bodily injury and property damage, including coverage for "premises/operations," "products and completed operations," "host liquor" and "blanket contractual" liabilities in an amount not less than \$2,000,000 per occurrence.

17.1.2 *Comprehensive Automobile Liability* insurance for all owned, non-owned and hired vehicles operated airside on the Airport that are assigned to or used in the performance of commercial activities in the amount of \$1,000,000 per occurrence or combined single limit. If any hazardous materials are transported in conjunction with Lessee's business operations at or on the Airport, an MSC 90 endorsement shall be required in addition thereto.

17.1.3 *Worker's Compensation* insurance, as required by law, and *Employer's Liability* insurance in the amount of \$1,000,000.00 covering work-related injuries to employees and others permitted to operate or otherwise conduct business on the Premises.

17.1.4 *Environmental Impairment Liability/Pollution* coverage if self-fueling or maintaining aircraft, insurance in the amount of \$2,000,000 per occurrence, covering third party bodily injury and property damage associated with hazardous materials, storage facilities, tanks, piping, ancillary equipment and containment structures, or structures that are used, controlled, constructed or maintained on the Airport, and including expenses for defense, release mitigation and on and off site remediation

17.1.5 *Personal Property Insurance* for the full insurable value (all risks) on a replacement cost basis of all of Lessee's essential personal property and improvements completed by Lessee at or on the Premises after the Effective date, including all replacements and/or additions thereto.

17.2 Form. Each insurance policy obtained pursuant to this SECTION, except for *Worker's Compensation* and *Employer's Liability* policies, shall: (i) name Lessor as a certificate holder or additional named insured; (ii) contain a provision that written notice of cancellation or modification thereof shall be given to Lessor not less than THIRTY (30) calendar days before such cancellation or modification takes effect (TEN (10) days in case of nonpayment of premium); and (iii) contain a waiver of subrogation in favor of Lessor. Lessee shall not permit any insurance policy to be canceled or modified without Lessor's written consent unless equivalent replacement policies are issued with no lapse in coverage. All policies shall be obtained from insurance companies licensed to do business in the State of Arizona and possessing a rating of at least A – VII or higher from the A.M. Best Company, or an equivalent rating and approved by Lessor.

17.3 Certificates of Insurance. Lessee shall deliver a certificate of insurance along with an endorsement naming Phoenix-Mesa Gateway Airport Authority as additional insured for each policy required herein to Lessor, in standard Acord or equivalent form, prior to the Effective Date and shall continue to provide such certificates throughout the term of this Lease.

17.4 Additional Insurance. At any time during the term of this Lease, Lessor may, if in its reasonable determination, the insurance coverage required by this SECTION 17 is no longer adequate, require Lessee to increase its coverage to commercially reasonable amounts.

17.5 Blanket Insurance. Lessee's insurance obligations under this Lease may be satisfied by means of "blanket" or excess policies.

17.6 Insurance by Lessor. In the event Lessee shall fail to procure any insurance required hereunder, Lessor may, upon written notice to Lessee, procure and maintain any or all of the insurance required of Lessee under this SECTION. In such event, all costs of such insurance procured and maintained by Lessor on behalf of Lessee shall be the responsibility of Lessee and shall be fully reimbursed to Lessor within TEN (10) business days after Lessor advises Lessee of the cost thereof.

18. SURRENDER OF POSSESSION.

18.1 Condition of Property.

18.1.1 Upon the expiration or earlier termination of this Lease, Lessee's right to occupy the Premises and exercise the privileges and rights granted thereunder shall cease, and Lessee shall peaceably surrender the same and leave the Premises broom clean and in good condition except for normal wear and tear. All trade fixtures, equipment, and other personal property, to include all hazardous material, installed or placed by Lessee on the Premises which are not permanently affixed thereto shall remain the property of Lessee, and Lessee shall have the right at any time during the term of this Lease, to remove the same from the Airport and Lessee shall repair, at its sole cost, any damage caused by such removal. Any property not removed by Lessee within FIFTEEN (15) calendar days of the expiration or earlier termination of this Lease, or revocation of Lessee's right to occupy the Premises, shall become a part of the Premises, and ownership thereof shall vest in Lessor. Lessee shall, however, remain financially liable to Lessor for removal and disposal of any hazardous materials and the cost of repairs to the Premises incurred as a result of Lessor's removal and/or relocation of property formerly belonging to Lessee and not otherwise removed from the Premises, as provided herein, and shall remit to Lessor payment for such costs within TEN (10) business days of Lessee's receipt of Lessor's invoice therefor.

18.1.2 Any trade fixtures, equipment or other property affixed to the Premises by Lessee shall, if required by Lessor, be permanently removed from the Premises by Lessee, at Lessee's expense, within FIVE (5) business days of Lease termination. Should Lessee fail to remove such trade fixtures, equipment or other property within said time, Lessor may remove and dispose of such trade fixtures, equipment or other property at Lessee's expense, and Lessee shall reimburse Lessor for the costs thereof within TEN (10) business days of receipt of Lessor's invoice therefor.

18.2 Holding Over. Lessee shall not remain in possession of the Premises after the expiration or earlier termination of the Term without the express written consent of Lessor. Should Lessee hold over without the express written consent of Lessor, such tenancy shall be at the sufferance of Lessor and not a renewal of the Term. In such case, the Base Rent and all other charges due pursuant to this Lease shall be payable at ONE HUNDRED FIFTY PERCENT (150%) of the amount payable during the last year of the Term, and such tenancy at sufferance shall be subject to every other term, covenant and provision of this Lease. In the event Lessee holds over, Lessee shall be liable for all of Lessor's direct and consequential damages, which shall include, without limitation, costs, fees, expenses, damages and attorneys' fees incurred by Lessor as a result of Lessee's holding over, and damages and expenses incurred by Lessor for its inability to deliver possession of the Premises to a new lessee.

19. INSPECTION BY LESSOR

Lessor may enter upon the Premises at reasonable times and upon reasonable notice for any reasonable purpose, including, but not limited to, compliance with the terms and conditions of this Lease and the exercise of its governmental functions for such activities as fire protection or security.

20. NOTICES

20.1 All notices required or permitted under this Lease shall not be effective unless personally delivered or mailed by certified mail, return receipt requested, postage prepaid, or by reputable commercial overnight courier service, to the following addresses:

TO LESSOR:	Phoenix-Mesa Gateway Airport Authority Attn: Business Development Department 5835 South Sossaman Road Mesa, Arizona 85212
TO LESSEE:	Allegiant Air, LLC Attn.: Thayne Klinger, Director of Airport Affairs 1201 N. Town Center Drive Las Vegas, NV 89144

20.2 Any notice shall be deemed to have been received TWO (2) business days after the date of mailing, if given by certified mail, or upon actual receipt if personally delivered or if given by reputable commercial overnight courier service. Any Party may designate in writing a different address for notice purposes pursuant to this SECTION.

21. SEVERABILITY

The provisions of this Contract are severable to the extent that any provision or application held to be invalid shall not affect any other provision or application of the Contract, which may remain in effect without the valid provision, or application.

22. SALES AND PROPERTY TAXES

Lessee shall pay any leasehold tax, sales tax, personal property tax, transaction privilege tax, license or permit fee, or any other tax assessed as the result of its occupancy of Premises or conduct of any activity at the Airport under authority of this Lease, including any such tax assessable on Lessor. In the event that laws or judicial decisions result in the imposition of a real property tax or any other form of tax or imposition on the interest of Lessor, such tax shall also be paid by Lessee for the period this Lease is in effect, to the extent such taxes are reasonably attributable to the Premises or a portion thereof or the operation of Lessee's business.

23. APPROVALS, CONSENTS AND NOTICES

All approvals, consents and notices called for in this Lease shall be in writing, signed by the appropriate Party, and may not be established solely by oral testimony.

24. LIENS AND MORTGAGES

24.1 General Provisions.

24.1.1 Except as provided in this SECTION 24, Lessee shall not engage in any financing or other transaction creating any mortgage or deed of trust upon the Premises, place or suffer to be placed upon the Premises any lien or other encumbrance, or suffer any levy or attachment to be made on Lessee's interest

in the Premises. Any such mortgage or deed of trust, encumbrance or lien shall be deemed a violation of this SECTION, constituting a failure by Lessee to comply with the terms of the Lease, on the date of its execution or filing of record regardless of whether or when it is foreclosed or otherwise enforced.

24.1.2 Notwithstanding anything to the contrary in SECTION 9 herein, Lessee shall, during the Term, be permitted to mortgage, collaterally assign, or otherwise encumber its leasehold interest under this Lease to secure indebtedness, including, without limitation, a loan to finance construction of improvements and other development on the Premises, and including refinancing's thereof, subject to the restrictions of SECTION 24.1.3, and provided that the language of such mortgage or deed of trust and of all related documents that require the execution, approval, or consent of Lessor shall be subject to the prior review and approval of legal counsel for Lessor, and that all legal fees incurred by Lessor in connection with such legal counsel review and approval shall be paid by Lessee. Any such encumbrance is referred to as "Mortgage" and the holder thereof, "Mortgagee." The Mortgagee, upon taking possession or upon foreclosure or taking an assignment in lieu thereof, shall be liable for all future rents and obligations hereunder and shall attorn to Lessor. No Mortgage shall encumber Lessor's interest in the Premises or the improvements thereon. Further and promptly after Lessee assigns or encumbers any portion of the Premises or the improvements thereon, Lessee shall furnish Lessor with a written notice setting forth the name and address of such Mortgagee or trustee.

24.1.3 No Mortgage or deed of trust shall extend to or affect the fee, the reversionary interest or the estate of Lessor in the Premises. No Mortgage or deed of trust shall be binding upon Lessor in the enforcement of its rights and remedies under this Lease and by law provided, unless and until a copy thereof shall have been delivered to Lessor and such Mortgage or deed of trust is authorized in accordance with provisions of this SECTION 24.

24.2 Lessor Agreement. With respect to Mortgagees of the Premises, Lessor agrees that:

24.2.1 If requested by a Mortgagee which shall have duly registered in writing with Lessor its name and address, and if Lessor shall give any notice, demand, election or other communication required hereunder (hereafter, collectively, "Notices") to Lessee, Lessor shall concurrently give a copy of each such Notice to the Mortgagee at the address designated by it. Notices shall be sent by registered or certified mail, return receipt requested, and shall be deemed given SEVENTY-TWO (72) hours after the time they are deposited in a United States Post Office with postage charges prepaid, addressed to the Mortgagee. No Notice given by Lessor to Lessee shall be binding upon or affect Lessee or the Mortgagee unless a copy of the Notice shall be given to the Mortgagee pursuant to this SECTION 24.2.1.

24.2.2 Such Mortgagee entitled to such Notices, as specified above, shall have any and all rights of Lessee with respect to the curing of any default hereunder by Lessee.

24.2.3 If Lessor shall elect to terminate this Lease by reason of any default by Lessee with respect to the Premises, the Mortgagee that shall have become entitled to Notice as provided in this SECTION 24.2 shall have any and all rights of Lessee with respect to curing of any default with respect to the Premises.

24.2.4 Nothing herein contained shall be deemed to impose any obligation on the part of Lessor to deliver physical possession of the Premises to such holder of a Mortgage. To the extent, the physical possession of the Premises by a secured creditor is not inconsistent with the terms of this Lease, or is incompatible with the Lessor's selection of available remedies in the Event of Default, Lessor shall not prevent such physical possession.

24.2.5 If more than one Mortgagee shall seek to exercise any of the rights provided for in this SECTION 24, the holder of the Mortgage having priority of lien over the other Mortgagees shall be entitled,

as against the others, to exercise such rights. Should a dispute arise among Mortgagees regarding the priority of lien, the Mortgagees shall prove to the satisfaction of Lessor that they have settled that dispute.

24.3 Protection of Mortgagee(s). Until the time, if any, that an approved Mortgage shall be satisfied and released of record:

24.3.1 A Mortgagee shall have the right, for a period equal to the period afforded Lessee to perform any term, covenant, or condition and to remedy any default by Lessee hereunder, and Lessor shall accept such performance with the same force and effect as if furnished by Lessee, and the Mortgagee shall thereby and hereby be subrogated to the rights of Lessor. Such Mortgagee cure period shall begin on the later of: (i) the date Mortgagee receives notice pursuant to Section 24.2, or (ii) the date that Lessee's cure period expires under the Lease. During such Mortgagee cure period, Lessor will not disturb possession, interest or quiet enjoyment by the Lessee or Mortgagee in the real property for any reason, subject to the terms of the Lease, until such Mortgagee cure period has expired. The Mortgagee shall have the right to enter upon the Premises to give such performance.

24.3.2 In case of a default by Lessee in the performance or observance of any non-monetary term, covenant or condition to be performed by it hereunder, if such default cannot practicably be cured by the Mortgagee without taking possession of the Premises, in such Mortgagee's reasonable opinion, or if such default is not susceptible of being cured by the Mortgagee, then Lessor shall not serve a notice of lease termination if and so long as:

a. The Mortgagee shall proceed diligently to obtain possession of the Premises (including possession by a receiver), and, upon obtaining such possession, shall proceed diligently to cure such defaults as are reasonably susceptible of cure (subject to any order by a court of competent jurisdiction staying or otherwise precluding such Mortgagee from obtaining such possession); or

b. The Mortgagee shall institute foreclosure proceedings and diligently prosecute the same to completion (unless in the meantime it shall acquire Lessee's estate hereunder, either in its own name or through a nominee, by assignment in lieu of foreclosure), subject to any order by a court of competent jurisdiction staying or otherwise precluding such Mortgagee from obtaining such possession.

c. The Mortgagee shall not be required to obtain possession or to continue in possession of the Premises pursuant to SECTION 24.3.2a, or to continue to prosecute foreclosure proceedings pursuant to SECTION 24.3.2b, if and when such default shall be cured. If a Mortgagee, its nominee, or a purchaser at a foreclosure sale shall acquire title to Lessee's leasehold estate hereunder, a default that is not reasonably susceptible to cure by the person succeeding to the leasehold interest shall no longer be deemed a default under this Lease.

d. If any Mortgagee is prohibited from commencing or prosecuting foreclosure or other appropriate proceedings in the nature thereof by any process or injunction issued by any court, or by reason of any action by any court having jurisdiction of any bankruptcy or insolvency proceeding involving Lessee, the times for commencing or prosecuting foreclosure or other proceedings, including proceedings to obtain possession, shall be extended for the period of the prohibition.

24.4 New Lease

24.4.1 Subject to FAA regulations, Lessor agrees that, in the event of early termination of this Lease for any reason (including but not limited to any default by Lessee), Lessor, if requested by any Mortgagee, will enter into a new lease of the Premises with the most senior Mortgagee requesting a new lease, which new lease shall commence as of the date of termination of this Lease and shall run for the remainder of the original term of this Lease, at the rent and upon the terms, covenants and conditions herein contained, provided that:

a. Such Mortgagee shall make written request upon Lessor for the new lease within SIXTY (60) calendar days after the date such Mortgagee receives written notice from Lessor that this Lease has been terminated;

b. Such Mortgagee shall pay to Lessor, at the time of the execution and delivery of the new lease, any and all sums which would, at that time, be due and unpaid pursuant to this Lease but for its termination, and in addition thereto all reasonable expenses, including reasonable attorneys' fees, which Lessor shall have incurred by reason of such termination;

c. Such Mortgagee shall perform and observe all covenants in this Lease to be performed and observed by Lessee, and shall further remedy any other conditions which Lessee under the Lease was obligated to perform under its terms, to the extent the same are reasonably susceptible of being cured by the Mortgagee; and

d. The Lessee under the new lease shall have the same right of occupancy to the buildings and improvements on the Premises and elsewhere on the Airport as Lessee had under this Lease immediately prior to its termination.

Notwithstanding anything to the contrary expressed or implied in this Lease, any new lease made pursuant to this SECTION 24 shall have the same priority as this Lease with respect to any mortgage, deed of trust, or other lien, charge, or encumbrance on the fee of the Premises, and any sublease under this Lease shall be a sublease under the new Lease and shall not be deemed to have been terminated by the termination of this Lease.

24.4.2 Nothing herein contained shall require any Mortgagee to enter into a new lease pursuant to this SECTION 24.4, or to cure any default of Lessee referred to above.

24.4.3 If any Mortgagee shall request a new lease as provided in this SECTION 24.4, Lessor agrees, at the request of, on behalf of and at the expense of the Mortgagee, upon a guaranty from it reasonably satisfactory to Lessor, to institute and pursue diligently to conclusion the appropriate legal remedy or remedies to oust or remove the original Lessee from the Premises, but not any authorized subtenants actually occupying the Premises or any part thereof.

24.4.4 Unless and until Lessor has received notice from each Mortgagee that the Mortgagee elects not to demand a new lease as provided herein, or until the period therefor has expired, Lessor shall not cancel or agree to the termination or surrender of any existing subleases nor enter into any new leases or subleases with respect to the Premises without the prior written consent of each Mortgagee.

24.5 Effect of Transfer. Neither the foreclosure of any Mortgage (whether by judicial proceedings or by virtue of any power of sale contained in the Mortgage), nor any conveyance of the leasehold estate created by this Lease by Lessee to any Mortgagee or its designee by an assignment or deed in lieu of foreclosure or other similar instrument, shall require the consent of Lessor or constitute a default under this Lease, and upon such foreclosure, sale or conveyance, Lessor shall recognize the purchaser or other transferee in connection therewith as the Lessee under this Lease, subject only to an assumption in writing by such purchaser or transferee of all obligations of Lessee under this Lease.

25. GOVERNING LAW

The laws of the State of Arizona shall govern the matters set forth in this Lease. Venue of any action brought under this Lease shall, at the option of Lessor, lie in Maricopa County, Arizona.

26. RULES AND REGULATIONS

Lessee shall at all times comply with all Federal, state and local laws, ordinances, rules, and regulations which are applicable to its activities on the Airport, the Premises itself (including but not limited to the *Americans with Disabilities Act, Public Law 101-336, 42 U.S.C. 12101-12213*), or the operation, management, maintenance, or administration of the Airport, including all laws, ordinances, rules and regulations adopted after the Effective Date. Lessee shall at all times comply with the Airport *Minimum Standards* and *Airport Rules and Regulations*, as the same may be amended from time to time. Copies of the current Airport *Minimum Standards* and *Airport Rules and Regulations* are attached hereto as **EXHIBIT D**. Lessee acknowledges and agrees that Lessor may amend the Airport *Minimum Standards* and *Airport Rules and Regulations* at any time in Lessor's sole discretion. Lessee shall be responsible for controlling and preventing disruptive pedestrian and vehicle traffic associated with its activities on the Premises and at the Airport. Lessee also shall display to Lessor any permits, licenses, or other evidence of compliance with laws upon request.

27. CORPORATE AUTHORIZATION

In executing this Agreement, Lessee represents and warrants to Lessor that if Lessee is a corporation, Lessee has obtained and been granted the full right, power and authority to enter into this Lease.

28. UTILITY LINES AND SERVICE CHARGES

28.1 Lessee shall pay for any and all telecommunication services necessary for their operation at the Premises.

28.2 Lessor shall pay for all water usage, electric usage and trash collection services in connection with Lessee operations at the Premises. The charges and method of payment for each utility or service shall be determined by the appropriate supplier of the utility or service in accordance with applicable laws and regulations, on such basis as the appropriate supplier of the utility or service may establish.

28.3 Notwithstanding the execution of this Lease, Lessor retains the right to the continued use of such utility lines and services as are presently on the Premises and the right to repair the same when necessary in Lessor's sole discretion, including but not limited to, any utility easements on the Premises. Lessor shall conduct such repairs in such a manner and at such times as to not unreasonably interfere with Lessee's activities thereon.

29. RESERVATIONS TO LESSOR

The Premises are accepted "as is, where is" by Lessee, subject to any and all existing easements or other encumbrances, and Lessor shall have the right to install, lay, construct, maintain, repair and operate such sanitary sewers, drains, storm water sewers, pipelines, manholes, connections; water, oil and gas pipelines; telephone and telegraph power lines; and such other appliances and appurtenances necessary or convenient to use in connection therewith, over, on, across or in proximity to the Premises, or any part thereof, as will not unreasonably interfere with Lessee's or any subtenant's operations hereunder, and to enter upon the Premises for such purposes. Lessor also reserves the right to grant franchises, easements, rights-of-way, and permits, over, on, across or in proximity to any portions of the Premises for the same purposes; provided, that Lessor or the grantee, as applicable, shall not exercise such rights so as to interfere unreasonably with Lessee's or any subtenant's activities on the Premises and all such interference shall be minimized. Lessor agrees that any rights granted to any parties by reason of this clause shall contain provisions that the surface of the Premises shall be restored to its original condition, at no cost to Lessee, upon the completion of any construction.

29.1 Lessee recognizes that from time to time during the term of this Agreement it may be necessary for PMGAA to engage in construction, expansion, relocation, maintenance and repair in order that the Airport and its facility may be suitable for the then existing volume and character of air traffic and flight activity. Such activity may temporarily inconvenience or interrupt Lessee's use and occupancy of and operation on the Leased Premises and will require accommodation on the part of the Lessee, including, without limitation Lessee's vacation of the Leased Premises for a period of time. Lessee agrees that no liability shall attach to PMGAA, its officers, agents, employees, contractors, subcontractors, and representatives by reason of such inconvenience, interruption, or vacation.

29.2 In the event Lessor and/or PMGAA require Lessee to vacate the premises for the reasons listed in Section 29.1 of this Agreement, then Lessor shall provide and/or make available the space and resources necessary for Lessee to continue to operate in a safe and appropriate manner. Indeed, Lessor agrees that it will make every reasonable accommodation to ensure that Lessee will be permitted to operate its desired flight schedule and related business activities with the least amount of modifications as is reasonably possible.

30. FEDERAL AVIATION ADMINISTRATION (FAA) PROVISIONS

30.1 Lessor reserves the right to further develop or improve the landing area of the Airport as it sees fit, regardless of the desires or view of Lessee, and without interference or hindrance therefrom.

30.2 Lessor reserves the right, but shall not be obligated to Lessee, to maintain and keep in repair the landing area of the Airport and all publicly owned facilities of the Airport, together with the right to direct and control all activities of Lessee in this regard. Lessor and Lessee agree that Lessee has no responsibility whatsoever with respect to maintenance and repair of the landing area of the Airport, or any publicly owned facilities of the Airport.

30.3 This Lease shall be subordinate to the provisions and requirements of any existing or future agreement between Lessor and the United States relative to the development, operation or maintenance of the Airport.

30.4 There is reserved unto Lessor, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Premises, which shall include the right to cause in the airspace any noise inherent in the operation of aircraft, now known or hereafter used for navigation of or flight in or through the airspace, and for the use of such airspace for landing on, taking off from, or operation on the Airport.

30.5 Lessee agrees to comply with the notification and review requirements covered in 14 CFR Part 77 in the event future construction of a building is planned for the Premises or in the event of any planned modification or alteration of any present or future building or structure situated on the Premises.

30.6 Lessee shall not erect or permit the erection of any structure or building, nor permit the growth of any tree on the Premises, or any other obstruction that exceeds height requirements contained in 14 CFR Part 77 or amendments thereto, or interferes with the runway and/or taxiway "line of sight" of the control tower. In the event these covenants are breached, Lessor reserves the right to enter upon the Premises and to remove the offending structure or object at the expense of Lessee.

30.7 Lessee shall not make use of the Premises in any manner that might interfere with the landing and taking off of aircraft from the Airport or otherwise constitute a hazard. In the event this covenant is

breached, Lessor reserves the right to enter upon the Premises and cause the abatement of such interference at the expense of Lessee.

30.8 Nothing contained in this Lease shall be construed to grant or authorize the granting of an exclusive right within the meaning 49 U.S.C. §40103(e) and 47107 (a)(4).

30.9 This Lease and all of the provisions hereof shall be subject to whatever right the United States government now has, or in the future may have or acquire, affecting the control, operation, regulation and taking over of the Airport, or the exclusive or non-exclusive use of the Airport by the United States during the time of war or national emergency.

30.10 To the extent that Lessee conducts or engages in any aeronautical activity for furnishing services to the public at the Airport, Lessee shall furnish its services on a reasonable and not unjustly discriminatory basis to all users and charge reasonable and not unjustly discriminatory prices for each unit or service; except, however, that Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar type of price reductions to volume purchasers.

30.11 Lessee shall conform to Lessor and FAA safety and security rules and regulations regarding use of the Airport air operations area including runways, taxiways, taxilanes and aircraft aprons by vehicles, employees, customers, visitors, etc., in order to prevent security breaches and avoid aircraft incursions and vehicle/pedestrian deviations; complete and pass an airfield safe driving instruction program when offered or required by Lessor; and be subject to penalties as prescribed by Lessor for violations of Airport safety and security requirements.

31. TITLE VI

31.1 The tenant/Lessee and its transferee agree to comply with pertinent statutes, Executive Orders and such rules as are promulgated to ensure that no person shall, on the grounds of race, creed, color or national origin, sex, age or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance. Lessee understands and acknowledges that the FAA requires inclusion of and adherence to the terms and conditions of Title VI in all airport/aviation lease agreements where Lessor receives federal funding, including, Lessor in this instance.

31.2 During the performance of this contract, the tenant/lessee, for itself, its assignees, and successors in interest agrees as follows:

1. Compliance with Regulations: The tenant/lessee (hereinafter includes consultants) will comply with the Title VI List of Pertinent Nondiscrimination Acts and Authorities, as they may be amended from time to time, which are herein incorporated by reference and made a part of this contract.

2. Non-discrimination: The tenant/lessee, with regard to the work performed by it during the contract, will not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The tenant/lessee will not participate directly or indirectly in the discrimination prohibited by the Nondiscrimination Acts and Authorities, including employment practices when the contract covers any activity, project, or program set forth in Appendix B of 49 CFR Part 21.

3. Solicitations for Subcontracts, Including Procurements of Materials and Equipment: In all solicitations, either by competitive bidding, or negotiation made by the tenant/lessee for work to be performed under a subcontract, including procurements of materials, or leases of equipment, each potential subcontractor or

supplier will be notified by the tenant/lessee of the tenant/lessee's obligations under this contract and the Non-discrimination Acts And Authorities on the grounds of race, color, or national origin.

4. Information and Reports: The tenant/lessee will provide all information and reports required by the Acts, the Regulations and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the sponsor or the Federal Aviation Administration to be pertinent to ascertain compliance with such Nondiscrimination Acts and Authorities and instructions. Where any information required of a tenant/lessee is in the exclusive possession of another who fails or refuses to furnish the information, the tenant/lessee will so certify to the sponsor or the Federal Aviation Administration as appropriate, and will set forth what efforts it has made to obtain the information.

5. Sanctions for Noncompliance: In the event of a tenant/lessee's noncompliance with the Nondiscrimination provisions of this contract, the Recipient will impose such contract sanctions as it or the Federal Aviation Administration may determine to be appropriate, including, but not limited to:

- a. withholding payments to the tenant/lessee under the contract until the tenant/lessee complies; and/or
- b. cancelling, terminating, or suspending a contract, in whole or in part.

6. Incorporation of Provisions: The tenant/lessee will include the provisions of paragraphs one through six in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations and directives issued pursuant thereto. The tenant/lessee will take action with respect to any subcontract or procurement as the sponsor or the Federal Aviation Administration may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if the tenant/lessee becomes involved in, or is threatened with litigation by a subcontractor, or supplier because of such direction, the tenant/lessee may request the sponsor to enter into any litigation to protect the interests of the sponsor. In addition, the tenant/lessee may request the United States to enter into the litigation to protect the interests of the United States.

31.3 The Lessee for himself/herself, his/her heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree that (1) no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land, and the furnishing of services thereon, no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the lessee will use the premises in compliance with all other requirements imposed by or pursuant to the List of discrimination Acts And Authorities.

31.4 During the performance of this Lease, the tenant/Lessee, for itself, its assignees, and successors in interest agrees to comply with the following non-discrimination statutes and authorities; including but not limited to the following (which Lessor is required to disclose and include in such Lease and other agreements, pursuant to FAA regulation):

- Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d *et seq.*, 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin);
- 49 CFR part 21 (Non-discrimination In Federally-Assisted Programs of The Department of Transportation—Effectuation of Title VI of The Civil Rights Act of 1964);
- The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 U.S.C. § 4601), (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);

- Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. § 794 *et seq.*), as amended, (prohibits discrimination on the basis of disability); and 49 CFR part 27;
- The Age Discrimination Act of 1975, as amended, (42 U.S.C. § 6101 *et seq.*), (prohibits discrimination on the basis of age);
- Airport and Airway Improvement Act of 1982, (49 USC § 471, Section 47123), as amended, (prohibits discrimination based on race, creed, color, national origin, or sex);
- The Civil Rights Restoration Act of 1987, (PL 100-209), (Broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms “programs or activities” to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);
- Titles II and III of the Americans with Disabilities Act of 1990, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. §§ 12131 – 12189) as implemented by Department of Transportation regulations at 49 CFR parts 37 and 38;
- The Federal Aviation Administration’s Non-discrimination statute (49 U.S.C. § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
- Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures non-discrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;
- Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 Fed. Reg. at 74087 to 74100);
- Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 U.S.C. 1681 *et seq.*).

31.5 Lessee agrees that in the event improvements are constructed, maintained, or otherwise operated on the Premises for a purpose for which a Department of Transportation (DOT) program or activity is intended, or for another purpose involving the providing of similar services or benefits, Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, *Nondiscrimination in Federally Assisted Programs of the Department of Transportation*, as it may be amended.

32. FEDERAL FAIR LABOR STANDARDS ACT

This contract and all subcontracts that result from this contract incorporate by reference the provisions of 29 CFR part 201, the Federal Fair Labor Standards Act (FLSA), with the same force and effect as if given in full text.

The Lessee has full responsibility to monitor compliance to the referenced statute or regulation. The Lessee must address any claims or disputes that arise from this requirement directly with the U.S. Department of Labor – Wage and Hour Division.

33. OCCUPATIONAL SAFETY AND HEALTH ACT OF 1970

This contract and all subcontracts that result from this contract incorporate by reference the provisions of 29 CFR part 1910 with the same force and effect as if given in full text. Lessee must provide a work environment that is free from recognized hazards that may cause death or serious physical harm to the employee. The Lessee retains full responsibility to monitor its compliance and their subcontractor's compliance with the applicable requirements of the Occupational Safety and Health Act of 1970 (20CFR Part 1910). Lessee must address any claims or disputes that pertain to a referenced requirement directly with the U.S. Department of Labor – Occupational Safety and Health Administration

34. INCORPORATION OF QUITCLAIM DEED

Lessor owns the Airport pursuant to a Quitclaim Deed from the United States Government (“Deed”), a copy of which is available to Lessee upon request and is hereby incorporated in its entirety. To the extent the Deed has terms, conditions, obligations, requirements or restrictions that apply to this Lease, Lessor, Lessee or any matter in connection herewith, Lessee agrees to be bound by all the terms, covenants and conditions of the Deed, including the following:

- 34.1 That this Lease is subject to all terms and conditions of the Deed; and
- 34.2 That in case of any conflict between the Deed and this Lease, the Deed shall control.

35. REQUIRED PROVISIONS OF QUITCLAIM DEED

35.1 Section VI (A)(5)(c) of the Deed requires that the following provisions be included in this Lease:
35.1.1 In furnishing services to the public, Lessee shall not discriminate against any person or class of persons by reason of race, color, creed, or national origin, and Lessee shall otherwise provide such services on a fair, equal, and not unjustly discriminatory basis to all users thereof.

35.1.2 Lessee shall charge fair, reasonable, and not unjustly discriminatory prices for each unit for service; except, however, that the Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

35.2 If the Premises are within any of the archaeological sites identified in Section VIII.A of the Deed, then, the provisions of Section VIII of the Deed shall be deemed incorporated in this Lease by this express reference to Section VIII of the Deed.

35.3 To the extent the Deed requires that other specific provisions thereof be inserted in this Lease by express reference to the Deed, this sentence shall constitute an express reference to all such applicable provisions of the Deed.

36. ARCHEOLOGICAL OR CULTURAL RESOURCES

In the event any archeological or cultural resources are discovered during any construction contemplated or permitted by this Lease, Lessor shall use its best efforts to expedite any necessary actions with respect thereto, at Lessor's sole cost and expense; provided, however, that in the event the necessary actions with respect to any archeological or cultural resources exceeds or is estimated to exceed \$10,000.00, Lessee shall be entitled to terminate this Lease upon TEN (10) business days' prior written notice to Lessor.

37. AIRPORT SECURITY

37.1 PMGAA Operations Department maintains an approved Airport Security Plan (the "Security Plan") pursuant to 49 CFR Parts 1540 and 1542, and 14 CFR Part 139. Lessee shall at all times comply with PMGAA Operations Department security directives, security bulletins, or verbal notifications existing now or in the future.

37.1.1 Lessee is responsible for maintaining security practices, facilities, and perimeter boundaries on their leasehold that meet the security standards set forth by PMGAA Operations Department.

37.1.2 Lessee shall immediately correct physical or procedural deficiencies which are contrary to PMGAA Operations Department, security directives, security bulletins, or verbal notifications existing now or in the future.

37.1.3 Lessee shall, to the fullest extent permitted by law, indemnify, defend and hold PMGAA harmless for, from and against any security violation committed by any agents, employees, invitees, subcontractors, sub-lessees or independent contractors of Lessee.

37.1.4 Lessee shall conduct and document all self-audits and self-inspections as required by TSA or Airport Operations and make such audits available for inspection.

37.1.5 Lessee shall designate a primary security coordinator to receive security related briefings, bulletins and sensitive security information.

37.1.6 PMGAA reserves the right to modify the Security Plan from time to time, as necessary or as directed by TSA. PMGAA Airport Operations shall notify the Lessee security coordinator regarding modifications that effect Lessee.

37.2 Airport Security Badge.

37.2.1 Lessee employees/contractors that require a Badge shall be obligated to complete all training and comply with all security requirements and directives issued by PMGAA Airport Operations, Transportation Security Administration or other entity having security jurisdiction at PMGAA. Lessee, employees, and contractors will surrender security badges upon request by Airport Operations; physical security media (badges and keys) remain the property of PMGAA.

37.2.2 Lessee, employees and contractors shall comply with all security related audits, inspections, and screenings conducted by the PMGAA Airport Operations Department

37.2.3 Lessee will immediately return badges to the Airport Badging office when badge holders employment is terminated, the badge is no longer needed or the employee/contractor is on extended leave.

37.2.4 Misuse of a Badge or security procedures will bring about punitive action including suspension or revocation of one or all badges.

38. DEFAULT BY LESSOR

In the event of any alleged breach by Lessor of its covenants contained in this Lease, Lessee shall have available all rights and remedies provided at law or in equity, subject to the terms and conditions of this Lease; provided, however, Lessee may not exercise any such right or remedy unless Lessee has notified Lessor by

written notice of such alleged default, and Lessor has not cured such default within the THIRTY (30) calendar day period subsequent to receipt of such notice or, in the event such alleged default is of such a nature that it cannot reasonably be cured within such THIRTY (30) calendar day period, Lessor has failed to cure such alleged default with all due diligence. Notwithstanding anything to the contrary contained in this Lease, in no event shall Lessee be entitled to terminate this Lease or abate or offset any installment of Base Rent, or any other payments to be made by Lessee hereunder.

39. BROKERS

Lessee represents and warrants that it has not had any dealings with any real estate brokers, finders or agents in connection with this Lease. Lessee further agrees to indemnify, defend (with counsel selected by Lessor) and hold Lessor and Lessor's nominees, successors and assigns harmless from any and all claims, costs, commissions, fees or damages by any person or firm whom Lessee authorized or employed, or acted by implication to authorize or employ, to act for Lessee in connection with this Lease.

40. SALE BY LESSOR

Lessee agrees to look solely to Lessor's interest in the Premises for the recovery of any judgment from Lessor, it being agreed that neither Lessor nor the holders of the equity interests of Lessor, nor the members, partners, officers, directors or shareholders of Lessor shall be personally liable for any such judgment. In the event of any sale or other conveyance by Lessor of its interest in the Premises, Lessor shall be automatically freed and released from all personal liability accruing from and after the date of such sale or conveyance as respects the performance of any covenant or obligation on the part of Lessor contained in this Lease to be performed, it being intended hereby that the covenants and obligations contained in this Lease on the part of Lessor shall be binding on the Lessor and its successors and assigns only during and in respect to the respective successive periods of ownership of the Premises.

41. ESTOPPEL CERTIFICATE

Lessee shall, without charge, at any time and from time to time hereafter, within TEN (10) business days after written request of Lessor to do so, certify, by written instrument duly executed and acknowledged by Lessee and certified to Lessor and to any prospective lender or purchaser: (i) as to whether this Lease has been supplemented or amended, and if so, the substance and manner of such supplement or amendment; (ii) as to the existence of any default hereunder to the best of Lessee's knowledge; (iii) as to the date on which Lessee was obligated to commence paying Base Rent and all other charges hereunder and the expiration date of the Term; (iv) as to whether the Lessee has assigned or transferred its interests or any portion thereof in this Lease; and (v) as to any other matters as may be reasonably requested. Lessor and any prospective purchaser or lender to whom the same was certified may rely upon any such certificate.

42. MISCELLANEOUS

42.1 Personal Liability. No member of or employee of either Party shall be charged personally or held contractually liable by or to the other Party under any term or provision of this Lease because of any breach thereof, or because of its execution or attempted execution.

42.2 No Waiver. No provision of this Lease may be waived or modified except by a writing signed by the Party against whom such waiver or modification is sought.

42.3 Non-Waiver of Rights. No waiver or default by Lessor of any of the terms, conditions, covenants or agreements hereof to be performed, kept or observed by Lessee shall be construed or act as a waiver of any subsequent default of any of the terms, covenants, conditions or agreements herein contained to be performed, kept or observed by Lessee, and Lessor shall not be restricted from later enforcing any of the terms and conditions of this Lease.

42.4 Amendment. This Contract shall be modified only by a written amendment mutually agreed to and signed by both Parties, by persons duly authorized to enter into contracts on behalf of each Party.

42.5 Invalid Provisions. Should any provision of this Lease or any application thereof be held invalid by a court of competent jurisdiction, the remainder of this Lease shall not be affected thereby, unless one or both Parties would be substantially and materially prejudiced.

42.6 Litigation Expenses. In the event of litigation between Lessor and Lessee, the prevailing Party shall be entitled to recover its attorneys' fees and all costs and expenses of litigation, including witness fees, expert witness fees, and court costs.

42.7 Headings. The headings contained herein are for convenience in reference only and are not intended to define or limit the scope of this Lease or any term thereof.

42.8 Entire Agreement. This Lease, including exhibits attached hereto at the time of its execution, constitutes the entire agreement between the Parties hereto and supersedes all prior negotiations, understandings and agreements between the Parties concerning such matters.

43. INCORPORATION OF RECITALS

The recitals set forth herein are acknowledged by the Parties to be true and correct and are incorporated herein by this reference.

IN WITNESS WHEREOF, the Parties have executed this Lease the day and year first above written.

EXECUTED to be effective on the date specified above.

LESSOR:

**PHOENIX-MESA GATEWAY AIRPORT
AUTHORITY**, a joint powers authority authorized
by the State of Arizona

By: _____
J. Brian O’Neill, A.A.E.
Executive Director/CEO

STATE OF ARIZONA)
) ss.
County of Maricopa)

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me this ____ day of _____, 2017, by J. Brian O’Neill, A.A.E., in his capacity as the Executive Director/CEO of the Phoenix-Mesa Gateway Airport Authority, a joint powers authority authorized by the State of Arizona.

Notary Public

LESSEE:

Allegiant Air, LLC, a Nevada Limited Liability Company authorized to do business in the State of Arizona

By: _____
Thayne Klingler
Director of Airports

STATE OF _____)
) ss.
County of _____)

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me this ___ day of _____, 2017, by Thayne Klingler, in his capacity as Director of Airports, **Allegiant Air, LLC**, a Nevada Limited Liability Company.

Notary Public

Exhibit A
DEPICTION OF THE PREMISES



Exhibit B

AIRPORT RATES & CHARGES SCHEDULE

(SEE LINK)

http://www.gatewayairport.com/Documents/DocumentLibrary/Board%20Policies/Rates%20&%20Charges_20160701.pdf

Exhibit C

AIRCRAFT OPERATIONS GUIDELINES

C1. Use of Airport. Lessee, Lessee's assigns, sub-lessees, or transferees who operate aircraft at the Airport and are engaged in a private, government, or commercial aeronautical business or service and desire to use the Airport landing facilities for certain types of operations including, but not limited to: 1) taxiing and maneuvering on Airport runways, taxiways, ramps and aprons; 2) landings and approaches ("touch and go", "stop and go"); and 3) low approaches shall be subject to the provisions of this **EXHIBIT C**.

C2. Fees. As appropriate, Lessee shall pay Lessor fees as outlined below:

C2.1 *Landing Fee.* Lessee shall pay a landing fee at a rate equal to the amount reflected on the most current *Airport Rates and Charges Schedule* at the time of the aircraft operation, for each flight subject to a landing fee operated by or in conjunction with Lessee. The weight of any particular aircraft shall be its maximum certificated gross landing weight (MGLW). The amount owed to Lessor for each chargeable aircraft landing for each preceding calendar month shall be due and payable no later than the TWENTIETH (20th) day of the month succeeding the calendar month in which said aircraft landings took place. Lessee's written listing of all aircraft landings subject to such fee shall accompany said payment. Each entry in such listing shall include the date of the landing, the aircraft registration number, the type and model aircraft, the aircraft MGLW and the amount of the fee due.

C2.2 *Aircraft Ramp Space.* Lessee shall pay Lessor monthly, an aircraft-parking fee in an amount equal to that specified in the most current *Airport Rates and Charges Schedule* at the time of use, for each overnight aircraft parking position used by Lessee that is situated on Airport ramp outside Lessee's Premises. Such fees, if any, shall be payable to Lessor no later than the TWENTIETH (20th) day of the month following that in which Lessee occupied or used such space, and such payment shall be accompanied by a written listing of the aircraft (including registration number, make and model), dates and times of usage.

C2.3 *Other Space.* When available and specifically assigned to Lessee, Lessee shall pay Lessor monthly, in advance, a fee for Lessee's non-exclusive use of other space not situated on or part of the Premises. The location and cost of such other space shall be determined by Lessor at its sole discretion, and both may be subject to change from time to time by Lessor, as necessary.

C2.4 *Additional Space/Services.* In the event that Lessee requires space or special services such as, but not limited to, aircraft line services, out-of-station ARFF standby, operations safety officers, ground service equipment, or fuel spills response teams, Lessee shall pay Lessor's standard fees for such services at the time the service is rendered, unless a secured account or agreement is established prior to requesting additional services.

C3. Books and Records. Lessee shall maintain permanent books, records and ledgers accurately reflecting the total number of monthly Aircraft landings for each aircraft subject to a landing fee and any other aforementioned fee indicating the make, type (including model designation), registration, maximum certificated gross landing weight, and arrival and departure time of each aircraft involved. These records shall be made available to Lessor upon request. In addition to monthly payment as set forth in SECTION C2 herein and together therewith, Lessee shall provide Lessor with a written report, indicating all aircraft operations and related information for the preceding calendar month.

C4. Disabled or Abandoned Aircraft. Should any aircraft owned or operated by Lessee through accident or for any other reason, become disabled or be abandoned in any area which could interfere with the continuous, normal operations of any of the runways, taxiways and airfield facilities at the Airport, Lessee shall:

C4.1 Immediately remove said aircraft to such location as may be designated by Lessor, unless such aircraft is required to remain in place pending investigation by the appropriate regulatory agency or agencies of the federal government; and

C4.2 In the event of any accident where federal investigation in place is required, immediately upon receiving clearance to do so from the appropriate federal agency, remove said aircraft and any wreckage or debris resulting therefrom to the area(s) designated by said federal agency authorizing such removal; otherwise, such aircraft wreckage and debris shall be immediately removed from the Airport or stored at a location approved by Lessor.

C4.3 Should Lessee fail to proceed immediately to remove disabled aircraft, or should aircraft owned or operated by Lessee be abandoned on the Airport, Lessor shall have the right to remove such aircraft by any means Lessor deems necessary under the circumstances, and Lessee shall indemnify, defend, keep and hold Lessor, its members, board of directors, officers, agents, officials, servants, employees and contractors harmless from and against any and all claims, costs, loss, liability, actions, suits, proceedings, damage or expense (including costs of suit and attorneys' fees and expenses) incurred by Lessor or claimed by anyone by reason of removal of said aircraft, injury to persons or property or damages to such aircraft caused by such removal, as well as storage costs therefor. Lessee shall reimburse Lessor for any costs incurred by Lessor in removing and storing any aircraft, any property damage to the airport caused by such aircraft or removal within TEN (10) business days of demand therefor.

C5. Aviation Fuel. Lessee, at Lessee's sole cost and expense, shall procure aviation fuel delivered to its aircraft on the Airport. If fueling or defueling aircraft owned or operated by Lessee, or under Lessee's direct control, Lessee shall comply fully with Lessor's *Aviation Fuel Storage, Dispensing and Handling Guidelines* and applicable federal regulations.

C6. Fly Friendly Procedures. Lessee acknowledges that Lessor maintains *Fly Friendly* noise abatement procedures, and shall provide such information to flight crews, post the information in the Lessee's flight planning area, and use the procedures to the extent possible, when consistent with safety and Air Traffic Control directives.

Exhibit D

(SEE LINKS)

AIRPORT MINIMUM STANDARDS

<http://www.gatewayairport.com/Documents/DocumentLibrary/Board%20Policies/Airport%20Minimum%20Standards.pdf>

&

AIRPORT RULES AND REGULATIONS

http://www.gatewayairport.com/Documents/DocumentLibrary/Board%20Policies/Rules%20&%20Regulations_16-53.pdf

Exhibit E

STORM WATER PERMIT COMPLIANCE

E1. Acknowledgments.

E1.1 Lessee acknowledges that because of its activities, operations or location at the Airport, Lessee may be required by EPA Regulations 40 CFR Part 122 (Regulations) to obtain a National Pollution Discharge Elimination System (NPDES) Storm water discharge permit (“Permit”), a requirement that Lessee can fulfill by:

E1.1.1 Obtaining its own permit; or

E1.1.2 Joining as a co-permittee under Lessor’s current storm water permit.

E1.2 Lessor has undertaken to obtain a storm water discharge permit, and Lessee acknowledges that it will enjoy a substantial economic benefit by joining as a co-permittee, and that such benefit serves as good and sufficient consideration for the obligations imposed upon and assumed by Lessee under this **EXHIBIT E**.

E1.3 Lessee acknowledges that it will have to devise and implement Best Management Practices (BMPs) to minimize the contact of storm and other precipitation event water with “significant materials” (as defined in the Regulations) generated, stored, handled or otherwise used by Lessee, and to document such BMPs with a written storm water management plan.

E1.4 It is the Lessee’s obligation to determine if its activities or operations require obtaining such permit.

At such time as Lessee determines applicability and agrees to Section E1.1.2 above, the following shall apply:

E2. Agreement.

E2.1 Lessee agrees to be made, and to be, a co-permittee on Lessor’s Multi-Sector General Permit (MSGP), and agrees that said Permit, as it is issued by the Arizona Department of Environmental Quality (AZDEQ), and as it may thereafter be amended, modified or otherwise changed, is incorporated by reference into this **EXHIBIT** and any subsequent renewals.

E2.2 Lessor agrees that, to the extent allowed by law, Lessee shall have the right to be removed from Lessor’s Permit should this Lease be cancelled or terminated for other reasons, or due to Lessee’s relocation, noncompliance with Permit requirements or exercise of choice; provided that in no event shall Lessee be relieved of its obligation to comply with the requirements of the AZPDES permit program with regard to its occupation and use of the Premises and the Airport, nor shall Lessee be excused from any obligations or indemnifications incurred and owed to Lessor prior to Lessee’s removal from the Permit, resulting from a failure of Lessee to fulfill an obligation of such.

E3. Compliance.

E3.1 Lessor will provide Lessee with a true and complete copy of the Permit and any revisions thereto, and will, as time and personnel allow, consult with and assist Lessee with regard to Permit and other requirements.

E3.2 Lessor shall have the right to monitor Lessee’s compliance with the Permit requirements, including, but not limited to: certification of non-storm water discharges; collection of storm water samples; preparation of storm water management plans; implementation of BMPs; and the maintenance of necessary records.

E3.3 Lessor reserves the right to impose upon Lessee any BMP or other action necessary to insure Lessor's ability to comply with its Permit requirements or applicable Rules. Lessee shall have TEN (10) business days from date of receipt of written notice imposing such BMPs or other requirements to notify Lessor in writing if it objects to any action it is being directed to undertake. If Lessee does not provide the specified timely notice, it will be deemed to have assented to implement the BMPs or other requirements. If Lessee provides Lessor with timely written notice of its objections, the Parties agree to negotiate a prompt resolution of their differences. Lessee warrants that it will not serve a written notice of objections for purposes of delay or avoiding compliance.

E3.4 Lessee agrees to implement at its sole expense, unless otherwise agreed to in writing between Lessor and Lessee, those Permit and other requirements which pertain to its operations and activities on the Airport, and Lessee warrants that it will use its best efforts to meet all deadlines established by statute, regulation or ordinance, or that are agreed to by the Parties. Lessee acknowledges that time is of the essence in the implementation of all Permit requirements.

E4. Permit Changes. Lessee acknowledges that the terms and conditions of Lessor's Permit may change from time to time, and upon prior written notice from Lessor to Lessee of proposed changes, Lessee shall be given the opportunity to submit comments to Lessor prior to negotiations with the appropriate governmental entity or entities for permit modifications.

E5. Material Condition. Full compliance with the AZPDES permit program, 40 C.F.R. Part 122, is a material condition of this **EXHIBIT** and for any breach thereof which exposes Lessor to civil or criminal fine, penalty, sanction or remediation cost by any governmental entity, Lessor may terminate this **EXHIBIT** without recourse by Lessee.

E6. Covenant of Good Faith. Lessor and Lessee covenant to act in good faith to implement any requirements imposed by Lessor's Permit, to the end that the purposes of Section 402(P) of the Federal *Water Pollution Control Act* (33 U.S.C. 1342 (P)) may be achieved. The Parties acknowledge that close cooperation will be necessary to ensure compliance with any Permit requirements to promote safety and minimize costs, and each Party agrees to a candid exchange of information necessary to coordinate a storm water management and monitoring plan.

E7. Indemnification. The covenants of insurance and indemnification in favor of Lessor imposed by other provisions of this **EXHIBIT** shall extend to, and are incorporated into, the provisions of this **EXHIBIT**.

NOTICE OF LESSEE INTENTION TO JOIN OR REJECT NPDES CO-PERMITTEE STATUS

I, _____, on behalf of <TENANT NAME>, being duly authorized to do so, acknowledge that I am fully informed of [my, our] obligations under the National Pollutant Discharge Elimination System permit program as mandated by Section 402 (P) of the Federal *Water Pollution Control Act* (33 U.S.C. 1342 (P)), and regulations published in 40 C.F.R. Part 122 and the Arizona Department of Environmental Quality (AZDEQ).

I further acknowledge that, if applicable [I, we] have been offered the opportunity to join with the Phoenix-Mesa Gateway Airport Authority (PMGAA) as a co-permittee of the AZPDES permit issued by the Environmental Protection Agency to the PMGAA as it pertains to the Phoenix-Mesa Gateway Airport Authority (“Airport”), in accordance with the terms and conditions set forth above.

I, on behalf of <TENANT NAME> and being duly authorized to do so, (please check applicable box)

- desire to join the PMGAA as a co-permittee and understand and accept the obligation to comply with the aforesaid statute and regulations as they may apply to [my, our] activities and operations at the Airport.
- decline to join the PMGAA as a co-permittee.
- have determined the regulations are not applicable.

Dated this _____ day of _____, <year>.

By: _____
(Signature)

Name: _____
(Print Name)

Its: _____
(Title)

Exhibit F
STANDARD TERMS AND CONDITIONS

1. **Certification.** By executing this Contract, Lessee certifies:
 - a. The award of this Contract did not involve collusion or other anti-competitive practices.
 - b. It shall not discriminate against any employee or applicant for employment in violation of Federal Executive Order 11246, or A.R.S. Section 31-1461, et. seq.
 - c. It has not given, offered to give, nor intends to give at any time hereafter, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant in connection with this Contract; and Lessee hereby certifies that the individual signing this Contract is an authorized agent for Lessee and has the authority to bind the Lessee to the Contract.
2. **Arbitration.** At PMGAA's sole option, disputes between the parties may be resolved through arbitration as provided in A.R.S. Section 12-1501, *et seq.* Lessee shall continue to render the services required by this Contract without interruption, notwithstanding either party has filed suit against the other or PMGAA has expressly agreed to arbitration and either party has demanded arbitration.
3. **Affirmative Action.** Lessee shall abide by all the federal and state of Arizona provisions for equal opportunity in the work place.
4. **Human Relations.** Lessee shall abide by all the federal and state of Arizona provisions against discrimination of disadvantaged business enterprises in applicable PMGAA contracts.
5. **Gratuities.** PMGAA may, by written notice to the Lessee, cancel this Contract if it is found that gratuities, in the form of entertainment, gifts or otherwise, were offered or given by Lessee or any agent or representative of Lessee, to any officer or employee of PMGAA amending, or the making of any determinations with respect to the performing of such Contract. If this Contract is canceled by PMGAA under this provision, PMGAA shall be entitled, in addition to any other rights and remedies, to recover or withhold from the Lessee the amount of the gratuity.
6. **Provisions Required by Law.** Each and every provision of law and any clause required by law to be in the Contract shall be read and enforced as though it were included herein, and if through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then upon the application of either party the Contract shall forthwith be physically amended to make such insertion or correction.
7. **Rights and Remedies.** No provision in this Contract shall be construed, expressly or by implication, to waive either party's existing or future claim, right, or remedy available by law for breach of contract. The failure of either party to insist on strict performance of any Contract term or condition; to exercise or delay exercising any right or remedy provided in the Contract or by law; or to accept materials, services, or Lessee's services under this Contract or imposed by law, shall not be deemed a waiver of any right of either party to insist upon strict performance of the Contract.
8. **Right to Assurance.** Whenever one party to this Contract in good faith has reason to question the other party's intent to perform, the former party may demand that the other party give a written assurance of this intent to perform. If a demand is made and no written assurance is given within five (5) business days, the demanding party may treat this failure as an anticipatory repudiation with this Contract.
9. **Advertising.** Lessee shall not advertise or publish information concerning this Contract without prior written consent of PMGAA.
10. **Force Majeure**

- a. Neither party is liable to the other, and neither party may be deemed in default under this Contract, if and to the extent that such party's performance of this Contract is prevented by reason of Force Majeure. The term "Force Majeure" means an occurrence that is beyond the control of the party affected and occurs without its fault or negligence. Force Majeure does not include late performance by a subcontractor unless the delay arises out of a specific Force Majeure in accordance with this Force Majeure term and condition.
- b. If either party is delayed at any time in the progress of the work by Force Majeure, the delayed party shall notify the other party in writing, as soon as practical, of the delay and shall specify the causes of delay in the notice. The notice must be hand-delivered or mailed certified-return receipt and must specifically refer to this section. The delayed party shall cause the delay to cease as soon as practicable and shall notify the other party in writing when it has done so. The date of completion will be extended by Contract modification or amendment for the period of time that the completion date is necessarily delayed. This time extension is the Consultant's exclusive remedy for delay.
11. **Exclusive Possession.** All services, information, computer program elements, reports, and other deliverables, which may be created under this Contract, are the sole property of PMGAA and shall not be used or released by Lessee or any other person except with prior written permission by PMGAA.
12. **Licenses.** Lessee shall maintain in current status all federal, state, and local licenses and permits required for the operation of the business conducted by Lessee as applicable to this Contract.
13. **Subsequent Employment.** PMGAA may cancel this Contract without penalty or further obligation in accordance with A.R.S. Section 38-511 if any person significantly involved in initiating, negotiating, securing, drafting, or creating the contract, on behalf of the PMGAA is or becomes, at any time while the Contract or any extension of the contract is in effect, an employee of, or a contractor to any other party to this Contract with respect to the subject matter of the Contract. Such cancellation shall be effective when the parties to this Contract receive written notice from PMGAA, unless the notice specifies a later time.
14. **Patents.** Lessee shall defend, indemnify, and hold harmless PMGAA, its officers and employees from all liabilities, claims, damages, costs, or expenses, including, but not limited to attorneys' fees, for any alleged infringement of any person's patent rights or copyrights in consequence of the use by PMGAA, its officers, employees, agents, and other duly authorized representatives of tangible or intellectual property supplied to PMGAA by Lessee under this Contract.
15. **E-Verify Requirements.** To the extent applicable under A.R.S. § 41-4401, Offeror and its subcontractors warrant compliance with all federal immigration laws and regulations that relate to their employees, and compliance with the E-Verify requirements under A.R.S. §23-214(A). Offeror's or its subcontractors' failure to comply with such warranty shall be deemed a material breach of this Contract and may result in the termination of this Contract by PMGAA.



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Margi EvanSon, Operations & Maintenance Director
Through: Scott Brownlee, Deputy Director/COO
J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: CIP 859 AWOS Replacement
Date: September 19, 2017

Proposed Motion

Authorizing a contract with DBT Transportation Services for the removal of the existing Vaisala Automated Weather Observation System (AWOS) equipment and the purchase, installation, and commissioning of the new Vaisala AWOS III equipment, in an amount not to exceed \$124,000.

Narrative

The Federal Aviation Administration (FAA) issued Order 1812.5 establishing system requirements for automated AWOS. In the interest of safety and efficiency, accurate and reliable weather information is essential in navigable airspace. The current AWOS system is over 20 years old, and some system components are no longer available.

Capital Improvement Project (CIP) 859 will replace the current AWOS system with a modernized, upgraded one to ensure reliability and sustainability.

CIP 859 procurement is sole-source because DBT Transportation Services is the sole provider of the FAA Certified Vaisala AWOS System and existing foundation and some equipment will be reused to reduce costs. These changes are proprietary in nature; DBT can make software changes to our certified FAA system.

Fiscal Impact

This project was included in the FY18 capital budget and is funded under CIP 859.

Attachment(s)

Proposal, Quote and Sole-Source information.



RESOLUTION NO. 17-45

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute §28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS the Authority desires to enter into a contract with DBT Transportation Services;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes DBT Transportation Services to perform the removal of the existing Vaisala automated weather observation system (AWOS) equipment to include the purchase, installation, and commissioning of the new Vaisala AWOS III equipment, in an amount not to exceed \$124,000. This resolution also authorizes the Chair or Executive Director/CEO to execute such Contract, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 19th day of September, 2017.

Jenn Daniels, Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Attorney



Phoenix Mesa-Gateway Airport AWOS III PT Upgrade Proposal & Scope of Work

Thank you for the opportunity to work with the Phoenix Mesa-Gateway Airport to provide a viable solution for upgrading your existing AWOS. After several conversations and meeting with Airport personnel, we are pleased to provide the following proposal for upgrading the existing AWOS IIIPT.

DBT understands the Airport's goal is to upgrade its existing AWOS IIIPT in the most cost effective and efficient manner. DBT is proposing an AWOS upgrade to the latest AWOS equipment technology and services.

Our range and depth of experience uniquely qualifies us to provide the latest FAA Certified AWOS III equipment that is compatible with the existing system, provide installation services, calibrate, commission the system with the FAA and provide on-going maintenance and support.

As the sole provider of the FAA Certified Vaisala AWOS system, DBT is proposing to provide the latest AWOS technology, the Vaisala Model AW20 AWOSIII PT equipment. The Vaisala AWOS has a 30-year history of fulfilling the AWOS criteria as outlined in the FAA Advisory Circular 150/5220-16 in addition to holding the market share of non-Federal AWOS in North America.

DBT's AWOS technician recently performed an evaluation of the existing AWOS IIIPT to determine the condition of the existing AWOS equipment. DBT is proposing to reuse the existing AWOS foundation, tower, H-frame structure, radios and True North marker.

DBT is proposing to provide the following equipment and services:

AWOS III PT Upgrade Equipment includes:

- New AWOS Model AW20 Split Configuration with the following sensors:
 - Dual Barometer,
 - Mechanical Wind Speed/Direction Sensor,
 - Temperature/ Humidity Sensors,
 - Visibility Sensor,
 - Present Weather Sensor,
 - Ceilometer
 - Thunderstorm Sensor



AWOS III PT Upgrade Equipment continued:

- Precipitation Gauge
- Split system - AW20-DCP aluminum enclosure processor module
- Split System - Indoor VDP Rack voice processor
- Wireline Link - SPLIT (DCP and VDP)
- NADIN Output from VDP and Cable, RJ45 to DB9M
- Four AWOS Weather Displays including:
 - Weather display computer
 - Software license
 - 22" LED monitor
 - Keyboard
 - mouse
 - Power strip surge protector
 - 20' ethernet cable
 - Users guide.
- AWOS System Manuals
- Recommended Spares

- Optionally: AWOS Test & Calibration Equipment
 - We are proposing the AWOS Test & Calibration Equipment as an option, not a recommended necessity.
 - DBT is proposing to include our annual AWOS maintenance service as a part of the upgrade project. As the Airport's AWOS maintenance provider, DBT will use our own test and calibration equipment.
 - This will save IWA the cost of purchasing AWOS Test & Calibration Equipment of its own.
 - This will save IWA the annual cost of sending the AWOS Test & Calibration Equipment to a certified calibration lab for the required annual equipment calibration.

DBT is proposing to provide the following services:

DBT Services include:

AWOS Installation & Commissioning

- Removal of the existing AWOS electronics and sensors
- Installation of the AWOS III upgrade equipment installed per the FAA approved manufacture's AWOS drawings.
- Install sensors and enclosures on existing tower and H-Frame
- Verify existing AC terminations in existing breaker panel.

DBT Services continued:

- Verify existing ground wire connections to appropriate locations.
- Verify connections of existing antenna(s) at sensor location.
- Pull sensor signal cables and terminate all connections.
- Install inside communications equipment including making necessary connections to existing antennas and coaxial/data cables.
- Install and verify AWOS Operator Terminal (display) components.
- Verify all system and operator terminal connections including:
 - Runway headings, type of printer and AWOS system
 - Verify that the security passwords for observer & technician levels are correct.
- Verify programming of VHF frequency and settings of existing radio equipment.
 - Verify tuning of antenna(s)
 - Verify frequencies, power levels, modulation and/or FM Dev.
 - Verify proper installation and performance of existing VHF notch filters.
- Calibrate all sensors and existing radio equipment and verify system operations.
 - Verify NOTAM and/or Remote NOTAM handset functionality.
 - Verify that both MOVs are installed for AC (TB5) & DC (TB15)
 - Verify quality of the grounding grid.
 - Verify wind sensor alignment to existing surveyed true north marker
 - Includes setting the correct MAG VAR into the system.
 - Verify correct elevation is set in the AWOS for barometer.
- Commissioning the AWOS in the presence of an FAA inspector.
- Provide operational/user training with site personnel. (This is not factory technician training)

AWOS Maintenance

The FAA requires the AWOS follow a tri-annual maintenance program, which includes an annual FAA inspection. Qualified AWOS technicians must hold an FCC General Radio & Telephone license, complete AWOS manufacturer training, and hold an FAA AWOS certification.

As part of the AWOS upgrade project, DBT is proposing to provide the ongoing AWOS maintenance for Phoenix Mesa/Gateway Airport. DBT is a leading provider of AWOS maintenance services with over 450 AWOS maintenance sites nationwide. DBT has a highly-trained technician located in the Phoenix area that will service and support your AWOS.

DBT will utilize our own AWOS Testing & Calibration Equipment as part of our annual AWOS maintenance service.



NADIN Service

DBT is providing Phoenix Mesa-Gateway Airport's NADIN service currently under another contract and will continue to provide the service as part of that contract.

Phoenix Mesa-Gateway Airport's Responsibilities:

As part of the of the AWOS upgrade project, the Phoenix Mesa-Gateway Airport is responsible for the following:

- The existing AWOS IIIPT system
- Purchasing the upgrade equipment and services according to the quotation # 20170217CSW-01-R3 provided within this proposal.
- Provide the six Ethernet to fiber connections at the displays and at the AWOS communication interface box.
- Provide an airport personnel to assist in the removal of the existing AWOS electronics and sensors and assist with the installation of the new AWOS equipment.
- Disposal of the existing AWOS equipment removed by DBT that will not be utilized for the AWOS upgrade.

DBT is proposing the equipment and services to provide an AWOS IIIPT upgrade solution to help meet the Phoenix Mesa-Gateway Airport's objectives of upgrading their outdated AWOS electronics to the latest technology in the most cost-effective and efficient manner.

I trust this proposal clearly indicates our commitment to IWA Airport and our desire to ensure the success of your AWOS upgrade project. DBT is honored to have the opportunity to discuss the requirements, objective and to assist in the development of the plan for a successful AWOS upgrade.

On behalf of everyone within DBT, your time and consideration of our AWOS equipment, services and qualifications is truly appreciated. We sincerely hope that we have the opportunity to serve the Phoenix Mesa-Gateway Airport to meet your AWOS needs.

If you have any questions regarding your AWOS project, please contact me directly at 303-648-1263 or via email at cspillerswood@dbttranserv.com

Sincerely,

Candace Spillers-Wood

Candace Spillers-Wood
Sales Manager



Quotation No: 20170605CSW-01-R3 Page 1 (1)
DATE: 5-Jun-17 Revised 8/4/2017

Reference:
 AWOS III PT Upgrade

Phoenix-Mesa Gateway Airport Authority (IWA)
 6263 South Taxiway Circle
 Mesa, Arizona 85212-0919

Attn: Ron King
 Phone: 480-988-7525
 Email: rking@gatewayairport.com

Contact Details:
 Candace Spillers-Wood
 Phone: 303-648-1263
 Fax: 970-237-3541
 Email: cspillerswood@dbttranserv.com

Time of Delivery:
 Confirm at time of delivery.

Last Day of Validity:
 60 Days from Quote Origination

Terms of Delivery:
 DAP - Mesa, AZ

Terms of Payment:
 Terms Based upon Credit Approval

Prices:
 Prices do not include taxes or duties.

Qty	Part Number	Description	Total Price
1	AW20	AWOS III PT Equipment Upgrade Includes: AWOS System AW20-Split includes L Dual Barometer, Wind Speed/Direction, Temperature, Humidity, Visibility, Present Weather sensors, ceilometer and thunderstorm sensors.	
1	AWP202	Mechanical Wind Speed/Direction sensor	
1	AWP209	Precipitation Gauge	
1	AWV202	Split system - AW20-DCP aluminium enclosure	
	AWV221	Split System - Indoor VDP Rack	
2	AWC200 and AWC220	Wireline Link - SPLIT (DCP and VDP)	
1	AWC227	NADIN Output from VDP (Indoor for Split AWOS)	
1	236992	Cable, RJ45 to DB9M (used to output NADIN)	
4	AWW252B & 237914	AWOS Weather Display: includes weather display computer, software license, 22" LED monitor, keyboard, mouse, power strip surge protector, 20' ethernet cable and users guide.	
		Spare Parts:	
1	DRW229339	Circuit Board Assembly, AW20 Surge/Interface	
1	28-22272	Blower Assy	
2	16644WA	Bearing/Glasket set	
1	236042	AWOS System Manuals	
AWOS III PT Upgrade Equipment Subtotal:			\$95,845.00
1	SRA902	Freight Costs	\$1,800.00
		DBT Services Include: Removal of existing AWOS electronics and sensors and installation of AWOS electronics and sensors listed within this quotation and according to the proposal areas of responsibilities.	
1	AWOSMx	1 Year AWOS Maintenance: reference attached AWOS Maintenance Statement of Work for complete details.	
DBT Services Subtotal:			\$12,227.00
AWOS III PT Upgrade Total:			\$109,872.00



Quotation No: 20170605CSW-01-R3
DATE: 5-Jun-17 Revised 8/4/2017

Page 2 (2)

Reference:
AWOS III PT Upgrade

PTB330TS	Optionally: AWOS Testing & Calibration Equipment Including: Barometric Pressure Transfer Standard with Temperature/Humidity standard
PWA12	Visibility Calibrator
<hr/>	
AWOS Testing & Calibration Equipment Total:	
	\$5,269.00

AWOS III PT Upgrade with Option Total:	\$115,141.00
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NOTES:

1. Customer to provide AWOS site specific details at time of order.
2. Assumes existing AWOS structure is in good working condition and will be reused.
3. Customer to provide the six ethernet to fiber connections at the displays and at the AWOS communication interface box.
4. Customer to provide a person to assist DBT during the removal of the existing AWOS equipment and installation of the new AWOS equipment.
5. As IWA's AWOS maintenance provider, DBT will use our own AWOS test and calibration equipment.

The DBT Transportation Services' Standard Terms of Sales are incorporated herein by reference.



AWOS and Navaid Maintenance Statement of Work

1. Description of Equipment Services

1.1 **Periodic Maintenance** consists of such periodic routine tests and adjustments as may be required by the equipment manufacturer and by the FAA for non-Federal facilities in accordance with 14 C.F.R Part 171 and AC 150/5220-16C as they may be modified or superseded from time to time.

1.2 **Equipment Restoration.** In the event of an unplanned equipment failure or outage, DBT Transportation Services shall notify the customer as to the restoration plan of action within one (1) business day after the outage is reported and complete restoration services in a reasonable prompt manner. Diagnosis may be performed remotely and render the system inoperable until which time replacement equipment/parts can arrive to Customer's site. Repairs required due to Acts of God, lightning, vandalism, etc. are excluded and will be billed at the Unplanned Outage price.

1.3 All services provided by DBT shall be performed by qualified field technicians having all required certifications and licenses required by the FAA and OSHA. DBT will also maintain a full Aviation Products and Liability Insurance policy for the term of the contract.

1.4 DBT shall record test results in a station log and maintain the required 6000 series records, copies of which will be provided to the FAA as required.

1.5 DBT shall make a best effort to maintain and repair all equipment. Customer acknowledges that components and equipment under contract may be obsolete rendering repair or restoration of equipment impossible.

2. Testing Equipment and Replacement Parts – Nav aids Only

2.1 Customer shall at its own expense furnish, maintain and calibrate test equipment in accordance with FAA requirements.

2.2 Customer shall maintain at its own expense an inventory of replacement parts for the Equipment to be utilized by DBT when providing Service under this Agreement. In the event parts necessary for maintenance or restoration of the Equipment are not available in Customer's Inventory, DBT will provide such part(s) and invoice the Customer for required part(s). If customer does not have the necessary spare parts available for use in restoring the Equipment, DBT reserves the right to charge \$1500 for a return trip charge.

3. Customer Responsibilities

3.1 Customer shall be responsible for monitoring the status of the systems following maintenance by DBT.

3.2 Customer shall be responsible for providing transportation and/or access for DBT personnel between the airport office and the location of the Equipment.

3.3 Customer shall be responsible for providing security in and around the Equipment to be maintained under the Agreement.

3.4 Customer shall be responsible for any loss or damage to the Equipment for reasons other than the fault of DBT and for providing any insurance Customer may desire to cover any such loss or damage.

3.5 Customer shall be responsible for the issuance of all NOTAMS (Notice to Airmen) relating to the status of the facilities to be maintained under this Agreement.

3.6 Customer shall be responsible for maintaining the grounds and buildings associated with the NAV AID (Navigational Aids) and Equipment in good repair and in compliance with all FAA and all applicable laws.

3.7 Customer shall be responsible for the purchase of all replacement components for AWOS and Navaid equipment.



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Bob Draper, P.E., LEED AP, Engineering & Facilities Director
Through: Scott Brownlee, Deputy Director/COO
J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Hangar 32 Renovation Project – Roof Replacement
Date: September 19, 2017

Proposed Motion

Authorizing an Agreement-to-Use with CentiMark Corporation via the Mohave Educational Services Cooperative (MESC) Purchasing Group Intergovernmental Agreement to replace the roof on Phoenix-Mesa Gateway Airport Authority's (PMGAA) Hangar 32 at a cost not-to-exceed \$110,725.

Narrative

Constructed in 1942, the hangar located at 6229 S. Sossaman Road (referred to as "Hangar 32") is one of the few remaining facilities at the Phoenix-Mesa Gateway Airport that is vacant and available for lease. In order to bring it to a "rent ready" status, extensive renovations are needed. These renovations include a new roof on the entire building.

The current roof is past its useful life and it has been determined that the roof must be replaced. The Roof Replacement will include TPO (Barrels and Lower Roof with a 20-year warranty); Coating (Metal Roof with a 10-year warranty) and Shingles (Center and Skirt Roof with a 5-year warranty).

PMGAA is a participant of the MESC Purchasing Group Intergovernmental Agreement. Under MESC, CentiMark Corporation was awarded Roofing Contract #13X-CTMK-0417, and it is through this competitive selection that PMGAA will utilize CentiMark Corporation for this roofing project. The Hangar 32 Renovation Project was approved by the Board in December, 2016 via resolution 16-59. We are seeking Board Approval to utilize the MESC Agreement to complete this portion of the renovation project.

Fiscal Impact

This project is included in the FY17 capital budget under CIP 919 using non-grant funding.

Attachment(s)

Scope of Work, MESC Contract



RESOLUTION NO. 17-46

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute §28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS the Authority desires to purchase roof replacement services through Centimark Corporation;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes an Agreement-to-Use with CentiMark Corporation via the Mohave Educational Services Cooperative (MESC) Purchasing Group Intergovernmental Agreement to replace the roof on Hangar 32, located at 6229 S. Sossaman Road, at a cost not-to-exceed \$110,725. This resolution also authorizes the Chair or Executive Director/CEO to execute such Contract, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 19th day of September, 2017.

Jenn Daniels, Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Attorney



**Agreement to Use
Mohave Educational Services Cooperative (MESC)
Term Contract #13X-CTMK-0417
via Cooperative Purchasing Agreement**

Whereas, the Phoenix-Mesa Gateway Airport Authority (PMGAA) is a member of the **Mohave Educational Services Cooperative (MESC) Purchasing Group Intergovernmental Agreement**, allowing it to utilize existing contracts by other MESC members; and

Whereas, CentiMark Corporation is also a member of MESC and has executed contract **#13X-CTMK-0417** with MESC for Roofing Services; and

Whereas, PMGAA and CentiMark Corporation desire to utilize the terms and conditions of MESC contract **#13X-CTMK-0417**, including unit pricing that was competitively bid.

NOW THEREFORE, in consideration of the payment of fees and the performance by the parties of the mutual covenants and conditions set forth herein, the parties hereby agree as follows:

- A. CONTRACT:** This Agreement incorporates by reference and attachment all the terms and conditions of that certain cooperative purchasing contract **#13X-CTMK-0417**, between MESC and CentiMark Corporation, except:
1. All references to MESC shall be replaced with Phoenix-Mesa Gateway Airport Authority;
 2. Certificates of Insurance must be submitted prior to commencement of work, references to MESC shall be replaced with Phoenix-Mesa Gateway Airport Authority.
 3. The contract between CentiMark Corporation and Phoenix-Mesa Gateway Airport Authority is independent of the MESC contract **#13X-CTMK-0417**.

To the extent applicable under Arizona Revised Statutes § 41-4401, the Contractor and its Subcontractors warrant compliance with all federal immigration laws and regulations that relate to their employees and compliance with the E-verify requirements under A.R.S. § 23-214(A). Contractor's or its Subcontractor's failure to comply with such warranty shall be deemed a material breach of this Contract and may result in the termination of this Contract by the Authority.

- B. FEE FOR SERVICES:** The fees to be utilized for this contract shall be as per original bid with MESC, contract **#13X-CTMK-0417**, with the following exceptions:
1. Quantities shall be adjusted to reflect the actual needs of PMGAA

C. CONTRACT TERM

This Agreement is effective upon the date of award and shall terminate on December 31, 2017. This Agreement may be extended as necessary to complete the scope of work, except that in no case shall it extend beyond the original term and all extensions of the original contract with **Mohave Educational Services Cooperative (MESC) Purchasing Group Intergovernmental Agreement**.

The approval and continuation of this contract is subject to the availability of funds either provided to, made available to, or appropriated by the Phoenix-Mesa Gateway Airport Authority for this purpose. In the event that funds are not available or appropriated for Phoenix-Mesa Gateway Airport Authority's payment requirements under this contract for the goods and/or services to be provided hereunder the Phoenix-Mesa



PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
5835 SOUTH SOSSAMAN ROAD
MESA, ARIZONA 85212-6014

PHONE (480) 988 7600
FAX (480) 988 2315

Gateway Airport Authority may terminate this contract by providing notice to the contractor of the lack of the availability of funds.

CentiMark Corporation acknowledges and agrees that one source of funding for this contract may be funds made available from the Federal Aviation Administration, and that this contract, its approval and continuation is contingent on the availability of those funds being made to the Phoenix-Mesa Gateway Airport Authority.

Approved for PMGAA:

Accepted for CentiMark Corporation:

By: _____
Chuck Odom

By: _____

Title: Chief Finance Officer

Title: _____

Date: _____

Date: _____

Board Action Item

To: Board of Directors
From: Bob Draper, P.E., LEED AP, Engineering & Facilities Director
Through: Scott Brownlee, Deputy Director/COO
J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: TSA SSCP Queue and Terminal Improvements CMAR Contract – CIP 617
Date: September 19, 2017

Proposed Motion

Authorizing a Contract with DPR Construction to provide Construction Manager At Risk Services (CMAR) for the TSA Security Screening Checkpoint (SSCP) Queue and Terminal Improvements Project CIP 617 in an amount not-to-exceed \$2,100,000.

Narrative

The current TSA SSCP Queue area layout is nearing capacity during peak times of operation. This shortcoming was identified in the West Terminal Optimization Report as potential for expansion of the passenger processing function in the Terminal and is now exacerbated by the recent and anticipated increase in commercial passenger flight activity. This project not only increases passenger processing efficiency and capacity by expanding the TSA SSCP to the limits of the design in the existing Terminal, it also provides added safety and security of the travelling public at Terminal entry points.

The Scope of Work includes, but is not limited to, the demolition and reconstruction of several rooms, modifications and additions to the existing SSCP queuing lanes and Travel Document Check podiums, relocation of the SSCP lane equipment and infrastructure, construction of one additional SSCP lane and equipment with infrastructure built for a second, three new coiling security grilles, cloud ceiling work, security hardening at the curbside via the addition of bollards, addition of a Law Enforcement Officer Portal, reconstruction of the checkpoint exit lane including an unmanned exit lane breach control device, and associated mechanical, plumbing, electrical, life safety and special systems work. These improvements will increase efficiency and safety of the Airport, including the TSA SSCP process for passengers.

The Notice of Request for Statements of Qualifications, Solicitation 2018-002-SOQ CMAR was issued on June 22, 2017 and advertised in the Arizona Business Gazette on June 29, July 6, and July 13, 2017. It was also posted on the AzAA, ACC and SWAAE websites, including the Airport's, and emailed to a list of 105 prospective respondents. Staff received 14 proposals, three of which were deemed non-responsive. After reviewing the submitted qualification statements, the evaluation panel selected four firms to interview on August 3, 2017: 1) DPR Construction, 2) JE Dunn Construction, 3) The Weitz Company, and 4) Brycon Corporation. Upon conclusion of the interviews, the evaluation panel determined DPR Construction best satisfied the requirements and qualifications of the solicitation due to their knowledge, leadership and team experience, past collaborations with the project's Architect, experience with airport security checkpoints, and the vast majority of their work is CMAR projects.

Fiscal Impact

This contract was included in the FY17 capital budget and is funded with PFC Funds as Project No. 617.

Attachment(s): CMAR Contract



RESOLUTION NO. 17-47

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute §28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS the Authority desires to enter into a contract with DPR Construction;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes a Contract with DPR Construction to provide Construction Manager At Risk Services for the TSA Security Screening Checkpoint (SSCP) Queue and Terminal Improvements Project CIP 617 in an amount not-to-exceed \$2,100,000. This resolution also authorizes the Chair or Executive Director/CEO to execute such Contract, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 19th day of September, 2017.

Jenn Daniels, Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Attorney

Board Action Item

To: Board of Directors
From: Margi EvanSon, Operations & Maintenance Director
Through: Scott Brownlee, Deputy Director/COO
J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Parking Management
Date: September 19, 2017

Proposed Motion

To authorize a contract with Republic Parking Systems, LLC for parking management and shuttle services, in an amount not to exceed \$2,345,543, for the length of the base term with two optional one-year extensions not to exceed \$952,826 and \$987,090 respectively.

Narrative

The Airport maintains 5,500 parking spaces comprised of 3,627 long-term parking spaces, 179 hourly express parking spaces, and 1,694 seasonal overflow reserve parking spaces; all to meet customer demand. Parking lots are operated through a revenue control system and 2,808 spaces and seasonal overflow require shuttle service to the Charles L. Williams Passenger Terminal Complex.

All lots require Parking Revenue Control System Management and customer assistance; additionally, the Ray Road Lot requires shuttle service during flight activity. The evaluation panel's recommendation is to award a contract to Republic Parking System, LLC. for Airport Parking Management services for a two-year, eight-month term with two optional one-year extensions. The decision is based on the selection criteria, written proposals, pricing proposals, oral presentation and response to interview questions.

Request for Proposal #2017-022-RFP for Airport Parking Management services was issued on May 4, 2017. The RFP was posted on the Airport's website on May 4, 2017 as well as the Arizona Association of Airports, International Parking Institute, Airports Council International - North America, Airport Consultants Council, Southwest American Association of Airport Executives, and American Association of Airport Executives. Advertisements were also included in the Arizona Business Gazette for six consecutive Thursdays (May 4 - June 8), and emailed directly to seven prospective respondents. There were six respondents to the RFP by the due date with one proposal deemed non-responsive.

- | | |
|------------------------------------|---------------------------------|
| 1. ABM Aviation, Inc. | 4. First Transit |
| 2. Ace Parking | 5. Park 'N Fly |
| 3. American Valet (non-responsive) | 6. Republic Parking System, LLC |

Based on the written proposals received, the evaluation panel selected the top three ranked firms to participate in presentations/interviews on August 3, 2017: ABM Aviation, Inc., Ace Parking, and Republic Parking Systems, LLC.

Fiscal Impact

This contract was included in the FY18 operating budget and is funded under Operations & Maintenance, Contractual Services: Other.

Attachment(s) Contract



RESOLUTION NO. 17-48

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute §28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS the Authority desires to obtain parking management and shuttle services from Republic Parking Systems;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes To authorize a contract with Republic Parking Systems, LLC for parking management and shuttle services, in an amount not to exceed \$2,345,543, for the length of the base term with two optional one-year extensions not to exceed \$952,826 and \$987,090 respectively. . This resolution also authorizes the Chair or Executive Director/CEO to execute such Contract, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 19th day of September, 2017.

Jenn Daniels, Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Attorney



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Matt Nebgen, Gateway Aviation Services Director
Through: Scott Brownlee, Deputy Director/COO
J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Purchase of Two Aircraft Ground Power Units
Date: September 19, 2017

Proposed Motion

To authorize the purchase of two aircraft ground power units from Aero Specialties, Inc. in an amount not to exceed \$155,700.

Narrative

Gateway Aviation Services is the Airport owned FBO and provides aviation services to the flying public, base customers and tenants. The FBO currently has two ground power units (GPUs). The units are approximately 19 years old and meet the Airports replacement program.

The GPUs provide ground power for aircraft while parked on the ground and engines are shut down. This permits the pilots to have electrical power prior to engine start up. Both units can provide two levels of power for both piston and turbine type aircraft.

RFP 2018-006-RFP for the purchase of two new aircraft ground power units was issued on July 13, 2017. The RFP was advertised in the Arizona Business Gazette from July 13th through August 3rd every Thursday, posted on the Airport website and the Association of Arizona Airport's website. In addition, the RFP notice was emailed to a list of five perspective respondents. PMGAA staff received two proposals by the RFP due date:

- | | |
|-----------------------------------|-----------------------|
| 1. Aero Specialties, Inc. | \$145,060.00 plus tax |
| 2. Technology International, Inc. | \$139,312.52 plus tax |

Based on the selection criteria the evaluation panel recommends the equipment from Aero Specialties, Inc. The company provided the best proposal based on the criteria of equipment and the advantages of a longer standard warranty and ease of maintenance on the units. The equipment offered by Aero Specialties, Inc. meets or exceeds the requirements of PMGAA.

The not to exceed amount includes sales tax.

Fiscal Impact

This purchase is included in the FY18 capital budget and is funded with Non-Grant funds as Project Numbers 683 and 685. Amount allocated for this project is \$170,000.00

Attachment(s)

Attachment D, Price Proposal and Attachment C, Optional Equipment from Aero Specialties, Inc.'s RFP submittal.



RESOLUTION NO. 17-49

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute §28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS the Authority desires to purchase two aircraft ground power units;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes the purchase of two ground power unites in an amount not to exceed \$155,700. This resolution also authorizes the Chair or Executive Director/CEO to execute such Contract, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 19th day of September, 2017.

Jenn Daniels, Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Attorney

Attachment D
Price Page

Grand Total for each item is to be shown on this page.

Item	Qty	Price (Each)	Price (Total)
Aircraft Ground Power Unit	2	\$ 67,890.00	\$ 135,780.00
Warranty - two year	2		
Manuals on Maintenance, Operation & Parts - (2) complete hard copies & (1) electronic file			
Shipping / Delivery Fee		\$ 1,290.00	\$ 2,580.00
Sales Tax		\$ 0.00	\$ 0.00
TOTAL		\$ 69,180.00	\$ 138,360.00

Prompt Payment Discount

The price(s) quoted herein can be discounted by N/A % if payment is made within N/A days.

Exceptions / Clarifications of Bidder/Offeror:

None, unit meets and exceeds all specifications and requirements called for.

Sale is out of state sale and we do not charge sales tax on sales made outside of the state of Idaho.

Price to ship two units together is \$2,580 (or \$1,290 each).

Delivery Time Estimate:

90 days ARO. Possibly sooner depending upon options selected.

Country Where GPU's are manufactured:

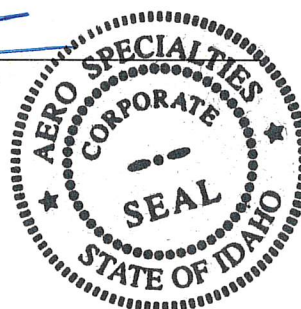
United States of America

Proposal Certification

By my signature, I certify that I am authorized to bind this firm/individual to provide the services accepted herein, in compliance with the scope of work, technical specifications and other terms and conditions in this Invitation for Bid at the price provided on this Price Page.

Derek Rose
Printed Name


Signature





Attachment C
Minimum Specification Checklist & Optional Equipment - Continued

Offeror to list any optional equipment available and applicable cost to PMGAA:

Description	Cost
Custom Color	\$ 800.00
AC Plug Interlock Kit	\$ 1,250.00
DC Plug Interlock Kit	\$ 1,250.00
Plastic Rub Rails	\$ 850.00
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$
	\$





MANAGEMENT INFORMATION REPORT(S)



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Management Information Report

To: Board of Directors
From: Chuck Odom, Chief Financial Officer
Through: J. Brian O'Neill, A.A.E., Executive Director/CEO
Re: Solicitation Notification
Date: August 22, 2017

This report is to provide notification of the active and upcoming solicitations to help ensure compliance with the Phoenix-Mesa Gateway Airport Authority procurement transparency clause. The active activities include the following:

Active/Pending Solicitations

Type Solicitation	Number	Title	Anticipated Contract Award (Board Action)
Request for Proposals	2017-007-RFP	Master Developer for Gateway Aerospace Park	October 2017
Request for Proposals	2017-007-RFP	Mogas/ Diesel Fuel Truck	October 2017
Request for Proposals	2017-003-RFP	Property Broker	November 2017

Future Solicitations

Type Solicitation	Number	Title	Scheduled for Release	Anticipated Contract Award (Board Action)
Request for Proposals	2018-009-RFQ	Airport Master Planning Services	September 2017	December 2017
Request for Proposals	2018-004-RFP	Aircraft Rescue & Fire Fighting Vehicle	October 2017	December 2017
Invitation for Bid	2018-005-IFB	Terminal Roadway Improvements	December 2017	January 2018

Equipment Disposals

Fiscal year totals from sales of decommissioned / nonworking equipment total \$2,051 consisting of 1 piece.

If you have any questions about the solicitations or the procurement process, please feel free to contract me at 480-988-7613.



**NOTICE AND AGENDA OF MEETING OF THE
PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
BOARD OF DIRECTORS**

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Phoenix-Mesa Gateway Airport Authority and to the public that the Phoenix-Mesa Gateway Airport Authority will hold a meeting open to the public on **Tuesday, October 17, 2017 beginning at 8:00 a.m.** in the Board Room (Saguaro A & B) of the Gateway Administration Building, 5835 South Sossaman Road, Mesa, Arizona. The Board may vote to hold an executive session for the purpose of obtaining legal advice from the Board's attorney on any matter listed on the agenda pursuant to A.R.S. § 38-431.03 (A)(3)&(4).

The agenda for the meeting is as follows:

1. Call to Order. (Mayor Jenn Daniels, Chair)

Members of the Phoenix-Mesa Gateway Airport Authority will attend either in person or by telephone conference call.

2. Motion to Convene into Executive Session.

Pursuant to A.R.S. §38-431.03(A)(3) and (A)(7), the Board of Directors may convene into executive session for the purpose of discussion or consultation for legal advice with the attorney or attorneys of the public body, and to consider its position and instruct its representatives regarding the purchase, sale, or lease of real property as it relates to the Master Developer Agreement.

3. Reconvene from Executive Session to Regular Session

4. Call to the Public.

Members of the Board may not discuss items that are not on the agenda. Therefore, action taken as a result of public comment will be limited to directing staff to study the matter or scheduling the matter for further consideration and decision at a later date. Maximum of three minutes per speaker.

5. Executive Director's Report. - J. Brian O'Neill, A.A.E., Executive Director/CEO

6. Presentation: Master Developer Agreement - Shea Joachim, CECD, Business Development Director

7. Consent Agenda.

a. Minutes of the Board Meeting held on **September 19, 2017.**

b. Resolution No. 17-50 Adoption of amended and restated **Airport Advertising Delegation Policy and Personnel Rules.**

c. Resolution No. 17-51 Authorizing a facility lease with **Allegiant Air, LLC** for the facility located at 6045 S Sossaman Road. The lease term is four years and four months, with two one-year extension options.

d. Resolution No. 17-52 Authorizing the purchase of airfield pavement maintenance with **Regional Pavement Maintenance of Arizona, Inc.** in amount, not to exceed \$120,306.

e. Resolution No. 17-53 Authorizing the purchase of a 1500-gallon diesel and unleaded fuel truck from **SkyMark Refuelers, LLC** in an amount not to exceed \$134,059.20.

Consideration and Possible Approval of:

8. **Resolution No. 17-54** Authorizing the Executive Director/CEO to execute a facility lease with **Air Methods Corporation** for properties located at 6203 and 6211 S Sossaman Road. The lease term is three years, commencing November 1, 2017 with two one-year options.
9. **Board Member Comments/Announcements.**
10. **Next Meeting:** Tuesday, November 21, 2017 at 9:00 a.m.
11. **Adjournment.**

Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting Maria Gonzalez at 480-988-7603 or mgonzalez@gatewayairport.com. Requests should be made as early as possible to allow time to arrange the accommodation.



Executive Director's Report

October, 2017

Financial Snapshot

OPERATING INCOME	August		Month Variance	FYTD Comparison		FYTD Variance
	FY17	FY18		FY17	FY18	
Revenues	\$1,421,318	\$1,560,879	\$139,561	\$3,108,624	\$3,428,488	\$319,864
Less Expenses	\$1,476,107	\$1,623,101	\$146,994	\$2,778,669	\$2,911,601	\$132,932
Operating Income <i>(before depreciation)</i>	\$(54,789)	\$(62,222)	\$(7,433)	\$329,955	\$516,887	\$186,932

Investment Fund Balances: As of August 31, 2017: Local Governmental Investment Pool (LGIP) 700 = \$17,846,913; Wells Fargo Collateralized Savings Account = \$11,962,897; Total \$29,809,810. This is an increase of \$21,326 over the July balance.

Finance and Accounting

PMGAA reported a net operating loss of (\$62,222) for the month of August 2017. This is consistent with an August 2016 loss of (\$54,789) and is partially due to the seasonality of revenue collected during the month compared to expense payments necessary in August. FYTD net operating income is \$516,887, a \$186,932 improvement over the same time period in FY17.

The positive FYTD financial results are due to significant improvements in aeronautical-related operating revenues. Every aeronautical-related operating revenue category except one reported significant improvements over FY17. August operating results were slightly offset by increased personnel costs and the cost of goods sold. Increased personnel costs were related to the overtime during the aircraft manufacturer's testing programs conducted at the Airport. The cost of goods sold are directly related to the increased fuel sales. Both categories of costs are recovered through charges to customers.

Grants, PFCs & Procurements

Active/Pending Solicitations

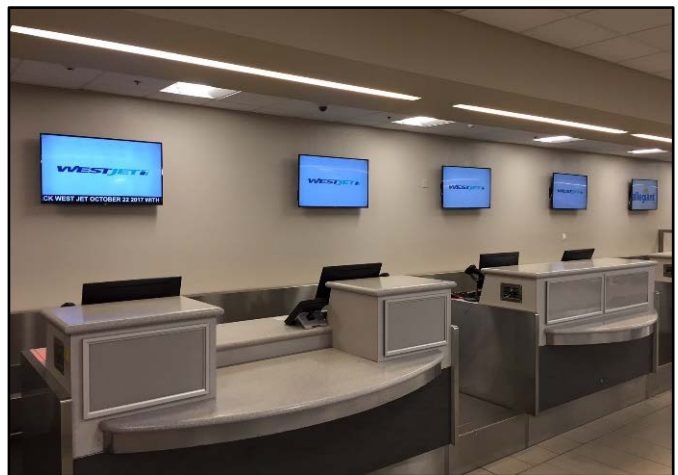
TYPE OF SOLICITATION	Number	Title	Anticipated Contract Award
Request for Proposals	2017-007-RFP	Master Developer for Gateway Aerospace Park	November 2017
Request for Proposals	2018-003-RFP	Property Broker	November 2017
Request for Proposals	2018-011-RFP	Janitorial Services	December 2017

Future Solicitations

TYPE OF SOLICITATION	Number	Title	Schedule for Release	Anticipated Contract Award
Request for Proposals	2018-004-RFP	Aircraft Rescue & Fire Fighting Vehicle	October 2017	December 2017
Request for Qualifications	2018-009-RFQ	Airport Master Planning Services	October 2017	February 2018
Request for Proposals	2018-012-RFP	Insurance Broker Services	November 2017	March 2018
Invitation for Bid	2018-005-IFB	Sossaman Rd & Terminal Roadways Improvements	December 2017	January 2018

Information Technology Services

Guests flying out of Gateway Airport are now greeted by 50-inch display monitors behind the airline ticket counters in the passenger terminal. These new monitors are part of PMGAA's commitment to installing infrastructure for a CUTE (Common Use Terminal Equipment) System. The new system provides PMGAA flexibility when assigning ticket counter positions and terminal gates to various airlines operating at Gateway Airport.



Airport Operations



Mesa Police Department Honor Guard

Mesa Police Officer Kurt Carlson was involved in a tragic fatal accident while off duty out of state. The Mesa Police Department organized a ceremonial return of his remains with the help of the Mesa Fire Department, Allegiant Air, and Gateway Airport Operations. Officer Carlson was assigned to Gateway Airport for more than a decade and will be missed.



Safety is one of the most important aspects of a well-run airport. The Gateway Operations Department recently coordinated an Aviation Security Tabletop Exercise that included stakeholders from the Mesa, Gilbert, and ASU Police and Fire Departments, the Transportation Security Administration, the FBI and Allegiant Air. These exercises help to maintain preparedness for security incidents at the airport.

Operations Statistics

PASSENGER COUNTS		August		% Change	FYTD		% Change
		FY17	FY18		FY17	FY18	
Passengers	TOTAL	95,605	93,015	-3%	227,939	214,500	-6%
	Deplaned	48,630	47,072	-3%	115,343	108,304	-6%
	Enplaned	46,975	45,943	-2%	112,596	106,196	-6%
Allegiant	Scheduled	95,605	92,793	-3%	227,939	214,206	-6%
	Charter	0	0	-	0	0	-
WestJet	Scheduled	0	0	-	0	0	-
Elite	Charter	0	222	NA	0	294	NA
Other	Charter	0	0	-	0	0	-

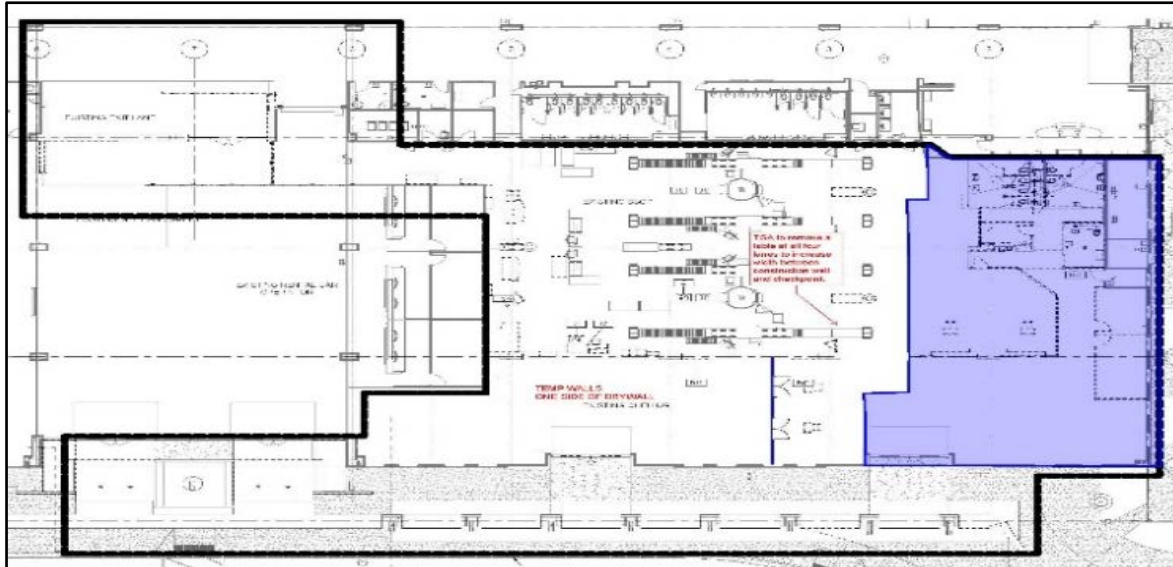
OPERATIONS	August		% Change	FYTD		% Change
	FY17	FY18		FY17	FY18	
Air Carrier	809	829	3%	1,856	1,760	-5%
Military	348	742	113%	646	1,258	95%
General Aviation	17,797	21,308	20%	34,140	40,565	19%
TOTAL	18,954	22,879	21%	36,642	43,583	19%

Engineering & Facilities

September saw the completion of one milestone project and the beginning of another exciting airfield reconstruction project. After approximately one year and \$10 million, the North Apron Reconstruction Project has been completed and construction work has begun on Taxiway Alpha. This project is scheduled to be completed by the end of March 2018 and will improve a portion of critical airfield infrastructure at Gateway Airport. The Taxiway Alpha Project is made possible through a \$4,508,000 Airport Improvement Program (AIP) Entitlement Grant and PMGAA is grateful for the strong federal support it receives for these important infrastructure projects.

On October 1st, work began on the TSA Security Checkpoint Expansion Project. When completed, PMGAA will add a fifth security checkpoint lane with space available to add a sixth lane as passenger traffic continues to increase. This passenger screening enhancement is in response to Allegiant Air adding eight

new destinations and WestJet Airlines returning to Gateway Airport for another season. The checkpoint expansion will allow TSA to screen a higher volume of expected passengers while keeping wait times low. Construction crews will complete the work in two phases and all work will be done at night to avoid any disruptions to our traveling guests.



Phase One of the Security Checkpoint Project

Noise Report

PMGAA received aircraft noise complaints from two Gilbert residents during the month of August. Both callers voiced concern about commercial aircraft overflight.

CALLERS	August		FYTD	
	FY17	FY18	FY17	FY18
Total	6	2	7	28

TYPE OF AIRCRAFT	August		FYTD	
	2016 Callers	2017 Callers	FY17 Callers	FY18 Callers
Unknown Jet	0	0	0	3
A-319	2	1	3	5
Other Commercial	1	1	1	13
GA Total	0	0	0	1
Military Total	3	0	3	6
TOTAL	6	2	7	28

LOCATION	August		FYTD	
	2016	2017	FY17	FY18
Mesa	4	0	5	1
Gilbert	1	2	1	22
Gold Canyon	0	0	0	2
Queen Creek	1	0	1	1
Queen Valley	0	0	0	1
San Tan Valley	0	0	0	1
Florence	0	0	0	0
Apache Junction	0	0	0	0
Unknown	0	0	0	0
TOTAL	6	2	7	28

Planning and Zoning

PMGAA has worked for more than a year with neighboring communities on its Airport Land Use Compatibility Plan Update. This has been a successful regional effort that is now being implemented and integrated into each community's zoning guidelines. Thoughtful land use planning and regional cooperation among local municipalities protects the communities and allows the airport to fulfill the role of a regional economic catalyst.

Airport Master Plans are blueprints for airport growth and development during a 10-20 year planning horizon. PMGAA's most recent Airport Master Plan Update was completed more than 10 years ago and a significant amount has changed at the Airport during the past decade. PMGAA is now working with the FAA to update its Airport Master Plan to better reflect the current environment at Gateway Airport and plan for future growth and development. PMGAA's long-range master planning process will take 12-18 months to complete and will include active participation from surrounding communities, airport tenants, and other key stakeholder groups.

Gateway Aviation Services

Gateway Aviation Services is reporting \$303,994 in fuel-related revenue for August 2017; a 5% increase compared to the \$288,475 in revenue collected during August of last year.

FUEL-RELATED REVENUE	August			FYTD		
	FY17	FY18	% Change	FY17	FY18	% Change
Net Retail (Jet)	\$72,399	\$64,215	-11%	\$156,891	\$131,951	-16%
Net AvGas	\$40,477	\$54,552	35%	\$79,431	\$103,991	31%
Storage Fees	\$20,662	\$18,983	-8%	\$50,088	\$40,907	-18%
Upload Fees	\$154,937	\$166,244	7%	\$347,327	\$494,443	42%
TOTAL	\$288,475	\$303,994	5%	\$633,737	\$771,292	22%

FUEL (Gallons)	August			FYTD		
	FY17	FY18	% Change	FY17	FY18	% Change
Retail (Jet)	36,419	33,876	-7%	74,446	68,784	-8%
AvGas	36,166	44,522	23%	70,289	85,000	21%
Contract	236,737	251,866	6%	502,494	620,933	24%
Commercial	751,318	690,284	-8%	1,823,949	1,487,491	-18%
TOTAL	1,060,640	1,020,548	-4%	2,471,178	2,262,208	-8%

Gateway Aviation Services continues to host a variety of aircraft operations on the North and South Ramp of the airport. In September, the Mexican Air Force conducted various cargo pick up operations at Gateway Airport utilizing a C-130 aircraft. Gateway Aviation Services provided fuel and other logistical assistance during their visit to Mesa.



Mexican Air Force C-130

Human Resources

During the month of September, PMGAA staff completed all employee reviews under the newly revised Performance Management System. This is the first time all employees have been reviewed during the same evaluation period. This program allows for continuous feedback on individual performance throughout the year, culminating with a final annual review in September. Human Resources Director Veronica Lewis and her staff did a great job implementing the new program..

The PMGAA Wellness Program held a flu vaccine clinic that was well attended by PMGAA employees and their families. Gateway Life is a program that encourages healthy diets, awareness, and increased physical activity to promote employee wellness and increased productivity.

Business Development

PMGAA entered into two facility lease agreements with Allegiant Air, LLC for existing airfield buildings that Allegiant uses to support its growing base operation here in Mesa. These new lease agreements will generate additional revenue for PMGAA and will provide Allegiant with the space they need to operate efficiently at Gateway Airport. Revenue generated by leasing out available airport facilities helps support the overall operating cost of the Airport and allows PMGAA to keep other fees low for airlines, tenants, and air travelers.

PMGAA is currently in various stages of negotiations with eleven prospective leasing opportunities. Three of the opportunities are new ground leases that, if successful, would absorb close to fifteen acres of property. Eight of the opportunities are new facility leases with existing tenants and/or new companies. In addition, PMGAA originated six new leasing opportunities during the month of September.

PMGAA continues to work with the Mesa SkyBridge LLC team to put a Master Development Agreement in place. The Board of Directors will meet in Executive Session prior to the October 17th Board Meeting to discuss the details of the proposed agreement. It is anticipated that an agreement will be reached before the end of the year and the master planning process for the 360-acre Gateway Aerospace Park will get underway in early 2018.

Communications and Government Relations

PMGAA continues to discuss aircraft traffic patterns, airspace usage, and local drone activity with air traffic control tower staff. The airport encourages open, public discussion on any proposed changes to arriving or departing traffic patterns or airspace usage around the airport.

The Allegiant Alliance continues to grow and is enrolling more and more Allegiant airports and Convention and Visitors Bureaus in the program. In September, twelve Allegiant Alliance-related posts on Instagram, Twitter, and Facebook reached over 55,000 people.

Eight exciting new Allegiant destinations come to Gateway Airport in October and November. Please visit www.gatewayairport.com for more information. Tell your family, friends, and co-workers about this great new air service!





**MINUTES OF PUBLIC MEETING OF THE
PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
BOARD OF DIRECTORS | September 19, 2017**

A public meeting of the Phoenix-Mesa Gateway Airport Authority was convened on September 19, 2017, beginning at 9:00 a.m. in the Board Room (Saguaro A & B) of the Gateway Administration Building, 5835 South Sossaman Road, Mesa, Arizona.

Members Present

Mayor Jenn Daniels, Gilbert
Mayor Jeff Serdy, Apache Junction
Mayor Gail Barney, Queen Creek
Councilmember Thelda Williams, Phoenix
Mayor John Giles, Mesa
Lt. Governor Monica Antone, Gila River
Indian Community*

**Neither present nor represented*

Airport Staff Present

J. Brian O'Neill, Executive Director/CEO
Scott Brownlee, Deputy Director/COO
Chuck Odom, CFO
Maria Gonzalez, Clerk of the Board
Ann Marie Anderson, Attorney

Members of the Public

Roc Arnett
Councilwoman Robin Barker, City of Apache Junction
Jamie Bennett, Town of Queen Creek
Aric Bopp, City of Mesa
Matt Busby, City of Apache Junction
Scott Butler, City of Mesa
Chris Cantwell, The Weitz Co.
Kent Dibble, Dibble Engineering
Brittini Evans
Jason Frank, DOWL
Chris Hacker, Mead & Hunt
Brian Howard, CEI
John Lewis, East Valley Partnership

Bob Linehart, Republic Parking
Jose Pablo Martinez, SkyBridge
Bridget Penton, Sky Harbor Airport
Laura Pogue, NAI Horizon
Steve Reeder, Kimley-Horn
Richard Reese, AMEC Foster Wheeler
Rihana Shah
Scott Sikel, HDR
David Sterling, C&S
Councilmember Kevin Thompson, City of Mesa
Councilmember Chip Wilson, City of Apache Junction
Bob Winrow, WSP

1. **Call to Order** at 9:00 a.m. (Mayor Jenn Daniels, Chair)
2. **Call to the Public.**
There were no public comments.
3. **Executive Director's Report** – J. Brian O'Neill, A.A.E., Executive Director/CEO

The Board of Directors received information related to operational and passenger activity, noise summary, fuel sales, and financials. Fiscal Year-to-Date (FYTD) actual Net Income is \$579,109; a more than 50% increase over the same time period last fiscal year.

The Board previously voted to invest more than \$500,000 to renovate Hangar 32. This is one of the last military facilities available for lease on the Airport. Demolition and environmental remediation projects have been completed and a new roof will be added. The facility will be ready for lease in January, 2018.

New 50" monitors have been installed at the airline ticket counters in the passenger terminal. This improvement is part of the Common Use Terminal Equipment (CUTE) system that PMGAA is installing to allow for greater flexibility in assigning airlines ticket counter positions and terminal gates. Using a computer, airline logos can quickly be added to any gate or ticket counter within the Airport.

The Allegiant Alliance Marketing Cooperative Program continues to grow. This unique program highlights and promotes attractions and events across Arizona and at the various Allegiant destinations offered out of Gateway Airport. The program works with our partner airports and associated Convention and Visitor Bureaus (CVB) to effectively and efficiently use social media campaigns to generate awareness about the many reasons to fly Allegiant.

The Barrio Brewing Company's new silo has been installed and painted. The Barrio logo will be added within the next two weeks. According to the restaurant's owners, business has been doing well and they are building a good local and transient customer base.

The Master Development Agreement with Mesa SkyBridge Partners continues to move forward, PMGAA staff plans to bring the agreement forward to the Board for consideration at the October 17, 2017 meeting. On August 23rd, Mexico and the U.S. met in San Diego to sign a bilateral trade agreement creating a Unified Cargo Processing Program. This new agreement allows Mexican customs officials to pre-clear cargo bound for Mexico at U.S. locations. PMGAA is working with Mesa SkyBridge Partners and Mexican Customs to bring Mexican Customs officials to Mesa. It is anticipated that Mexican customs officials from Laredo, TX will be reassigned and will relocate to Arizona in October. This is a tremendous opportunity to increase cargo activity at Gateway Airport.

The North Apron Replacement Project was completed in 364 days and brought in under budget. This project removed and replaced one million SQ FT of concrete without impacting commercial, general aviation, military, and corporate operations.

On Monday, September 18th, PMGAA began the Taxiway Alpha Reconstruction Project. This important infrastructure project will cost more than \$4 million and will upgrade a significant section of taxiway adjacent to the proposed Taxiway Lima extension and the entrance to the Gateway Aerospace Park.

Gateway Airport has recently hosted several commercial aircraft testing programs, including Mitsubishi, Embraer, and Boeing. Each aircraft manufacturer brings 40-60 crew members, maintenance teams, engineers, and technicians to Mesa to work on the specific testing program. These weeklong (or longer) events provide tremendous economic benefit to the region and the Airport.

On November 2, 2017, an event will be held to celebrate Allegiant's 10-Year Anniversary and 10-millionth passenger at Gateway Airport. PMGAA staff is also planning welcome celebrations recognizing the inaugural flights for Allegiant's eight new nonstop destinations beginning in October and November.

WestJet Airlines returns to Mesa on October 22nd. A "Welcome Back" reception will be held for WestJet on October 26, 2017. Staff will coordinate balloons and cupcakes to celebrate the airline's return and welcome arriving passengers.

Earlier this year, an Environmental Assessment (EA) was completed for the 700 acres located on the Northeast side of the airfield, clearing it for future development. The next phase of transforming the land with vertical improvements will include land use planning and the initial infrastructure necessary to open the parcel for public and private development.

Uber and PMGAA staff have been working together for the past eleven months trying to finalize an operating agreement that would allow the popular Transportation Network Company (TNC) to pick up and drop off customers at Gateway Airport. Unfortunately, Uber has yet to sign the agreement and PMGAA has requested its law enforcement contractor, Mesa Police Department, to enforce existing Airport Rules and Regulations by issuing warnings and citations to Uber drivers illegally operating on Airport property. PMGAA is very hopeful that Uber will decide to sign the operating agreement and be able to offer its popular ground transportation services for Airport customers. Currently, Lyft is the only TNC legally operating out of Gateway Airport.

The Transportation Security Administration (TSA) Checkpoint expansion will begin on October 2, 2017. This capacity-enhancing project will increase the number of screening lines from four to five, with an option for a sixth lane to be added in the future.

The Air Traffic Control Tower Remediation and Repair Project will begin in early to mid-October. It is expected that the project will take 30 to 45 days to complete.

The Airport Master Plan Update will be advertised in October and a recommendation will be made to the Board for consideration in January, 2018. This long-range planning initiative will include representatives from surrounding communities and other key stakeholder groups.

4. **Presentation: Terminal Concessions Expansion** – Shea Joachim, CEcD, Business Development Director

Mr. Joachim provided a brief presentation highlighting proposed expansion opportunities for retail & merchandise concessions at Gates 9/10; a wine/beer bar concession adjacent to Paradise Bakery; expanded seating for the Copper Plate; and a taco cart in the courtyard between Gates 4 and 5. Existing concessionaires will pay 100% of the expansion costs and will be responsible for maintaining their expanded leaseholds. The Airport will receive 10% of the Gross Revenue earned from expansion concessions. Concessionaires will be granted the right to cancel the new concession options with a 30-day written notice if they can demonstrate the food/beverage/retail expansion is not financially beneficial.

5. **Consent Agenda**

- a. **Minutes** of the Board Meeting held on **July 18, 2017**.
- b. **Resolution No. 17-39** Authorizing the purchase of three service vehicles from **San Tan Ford**, in an amount not to exceed \$64,875.03 utilizing Arizona State Contract #ADSP012-0166124.
- c. **Resolution No. 17-40** Authorizing a Terminal Concession Agreement amendment with **Kind Hospitality Inc.** for property located at 6033 S. Sossaman Road.
- d. **Resolution No. 17-41** Authorizing a Terminal Concession Agreement amendment with **Star Gateway, LLC** for property located at 6033 S. Sossaman Road.
- e. **Resolution No. 17-42** Authorizing a facility lease agreement with **Worldwide Flight Services, Inc.** for property located at 6033 S. Sossaman Rd. Suite 175, commencing on September 16, 2017.
- f. **Resolution No. 17-43** Authorizing a facility lease with **Allegiant Air, LLC** for the facility located at 6309 S. Taxiway Circle, commencing on October 1, 2017.
- g. **Resolution No. 17-44** Authorizing a facility lease with **Allegiant Air, LLC** for the facilities located at 6304 S. Taxiway Circle, commencing on October 1, 2017.
- h. **Resolution No. 17-45** Authorizing a contract with **DBT Transportation Services** for the removal of the existing Vaisala Automated Weather Observation System (AWOS) equipment and the purchase, installation, and commissioning of the new Vaisala AWOS III equipment, in an amount not to exceed \$124,000.
- i. **Resolution No. 17-46** Authorizing an Agreement-to-Use with **CentiMark Corporation** via the Mohave Educational Services Cooperative Purchasing Group Intergovernmental Agreement to replace the roof on Hangar 32 at a cost not-to-exceed \$110,725.

Mayor Gail Barney moved to approve the Consent Agenda; Mayor Jeff Serdy seconded the motion. The motion was carried unanimously.

Consideration and Possible Approval of:

6. **Resolution No. 17-47** Authorizing a contract with **DPR Construction** to provide Construction Manager At Risk Services for the TSA Security Screening Checkpoint Queue and Terminal Improvements Project CIP 617 in an amount not-to-exceed \$2,100,000.

Councilmember Thelda Williams moved to approve Resolution No. 17-47; Mayor Gail Barney seconded the motion. The motion was carried unanimously.

7. **Resolution No. 17-48** Authorizing a contract with **Republic Parking Systems, LLC** for parking management and shuttle services, in an amount not to exceed \$2,345,543, for the length of the base term with two optional one-year extensions not to exceed \$952,826 and \$987,090 respectively.

Councilmember Thelda Williams moved to approve Resolution No. 17-48; Mayor Gail Barney seconded the motion. The motion was carried unanimously.

8. **Resolution No. 17-49** Authorizing the purchase of two aircraft ground power units from **Aero Specialties, Inc.** in an amount not to exceed \$155,700.

Councilmember Thelda Williams moved to approve Resolution No. 17-49; Mayor John Giles seconded the motion. The motion was carried unanimously.

9. **Board Member Comments/Announcements**

10. **Next Meeting:** Tuesday, October 17, 2017 at 9:00 a.m. in the Board Room (Saguaro A & B) of the Gateway Administration Building, 5835 South Sossaman Road, Mesa, Arizona.

11. **Adjournment.**
The meeting adjourned at 9:42 a.m.

Dated this _____ day of _____, 20_____.

Maria E. Gonzalez, Clerk of the Board



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Ryan Smith, Communications & Government Relations
Veronica Lewis, Human Resources Director
Through: J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Board Policies
Date: October 17, 2017

Proposed Motion

To amend and restate the Airport Advertising Delegation Policy and Personnel Rules.

Narrative

The Phoenix-Mesa Gateway Airport Authority is requesting updates to Board Policies based on operational changes. The major changes of each policy are as follows:

- Previously, airport advertising agreements were managed and maintained by the Business Development Office (BDO); however, with the creation of the Communications and Government Relations (CGR) Department, those responsibilities have shifted to CGR.
- Personnel Rules were updated to include a change in the accrual of vacation time to align more closely to the market and minor classification updates.

Fiscal Impact

With the change to the vacation time accrual in the Personnel Rules, there is an approximate increase of \$30,473 in Fiscal Year 2018.

Attachment(s)

Airport Advertising Delegation Policy #14-78 (Redline) and Personnel Rules (Redline).



RESOLUTION NO. 17-50

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute §28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS the Authority desires to amend and restate two policies of the Board of Directors;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes the adoption of amended and restated Airport Advertising Delegation Policy and Personnel Rules. This resolution also authorizes the Chair or Executive Director/CEO to execute such Contract, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 17th day of October, 2017.

Jenn Daniels, Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Attorney

Resolution No.: ~~14-4978~~ | Advertising Agreement Delegation

Responsible Department: ~~Business Development~~ **Communications and Government Relations**

Effective Date: ~~December 16, 2014~~ **October 17, 2017** **Supersedes:** ~~July 17, 2012~~ **December 16, 2014**
(Res. ~~1214-4978~~)

Personnel Covered: All Employees

POLICY STATEMENT

It is the policy of Phoenix-Mesa Gateway Airport Authority (PMGAA) to delegate authority to the Executive Director/CEO to approve, execute, and amend advertising agreements equal to or less than \$50,000 in annual revenues to PMGAA and with terms equal to or less than one-year.

PURPOSE & SCOPE

The purpose of this policy is to offer our advertising customers expedient access to advertising opportunities

PROCEDURE

- A. The Director of the ~~Business Development~~ **Communications and Government Relations** Office (~~BDO-CGR~~), or its designee, will develop and periodically update a Terminal Advertising Program that lists opportunities and current market rates for the review and approval by the Executive Director.
- B. ~~BDO-CGR~~ designated staff will sell available advertising space in the Charles L. Williams Passenger Terminal or other PMGAA locations as outlined in the Terminal Advertising Program.
- C. ~~BDO-CGR~~ will finalize an Agreement Terms Summary with the prospect.
- D. An Advertising Agreement will be drafted based on the Agreement Terms Summary utilizing the template that has been approved by legal counsel, and that consists of the requirement for PMGAA to approve content.
- E. After a prospect has signed the agreement and the applicable security deposit has been received, the agreement will be presented to the Executive Director/CEO for execution.



PHOENIX-MESA GATEWAY AIRPORT AUTHORITY

PERSONNEL RULES

Effective ~~July 1, 2017~~ November 1, 2017

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I. ADMINISTRATIVE

SECTION 1.1: DEFINITIONS

The following words and phrases used in these Rules have the following defined meanings unless otherwise clearly indicated by the context.

Accrual – The accumulation of leave time.

Administrative Leave – Management directed time off with pay for an employee that is not charged against the employee's paid time off categories.

Announcement/Posting – The notice of intent to fill a position.

Applicant – An individual who has submitted an application for a posted employment opening.

At-Will Employment – An employee may be terminated from employment or an employee may terminate his/her employment (resign), with or without cause, and with or without notice, at any time.

Chain-of-Command – In the workplace, includes the supervisory responsibilities sequence of employee, supervisor, director, and the executive.

Classification – A group of positions similar as to duties performed, scope of discretion and responsibility, skills and qualifications requirements, and other such characteristics that the same title, pay range, and job description is applied.

Compensation – All forms of financial returns, tangible services and benefits that employees receive as part of being employed.

Controlled Substance – Any narcotic, prescribed, or un-prescribed drug as defined by state and federal law.

Days – Calendar days unless otherwise stated.

Demotion – The movement of an employee from one position to another position having a lower rate of pay. A voluntary demotion is a demotion initiated by the employee. An involuntary demotion is a demotion initiated by PMGAA.

Department – An organizational unit of Phoenix-Mesa Gateway Airport Authority.

Discipline – Actions taken to address and correct an employee's work behavior or performance. Discipline may be up to and including termination of employment.

Emergency (Airport) – A sudden and unforeseen happening that requires service of an employee to protect the health, welfare, and safety of the Airport and/or community.

Employee – A person who holds an authorized-budgeted position.

Essential Functions – The most critical, time consuming and/or important tasks and duties of a position; the tasks and duties that form the reason for the existence of the position.

Exempt Employee – Employees who, because of their positional duties and responsibilities and level of decision making authority, are exempt from overtime provisions of the Fair Labor Standards Act (FLSA).

Phoenix-Mesa Gateway Airport Authority Personnel Rules

Family and Medical Leave Act (FMLA) – A federal law that governs a period of employment protection during which an eligible employee may return to the same or similar position with equivalent pay and benefits after a qualified absence.

Flex Time – Adjusting an employee’s work schedule.

Full-time Employee – An individual who is appointed to a full-time position

Hire Date – The most recent first date of employment with the Airport Authority in a position other than a temporary position.

Leave – An authorized absence or time off from regularly scheduled work hours, which has been approved by the proper authority. Also referred to as a Leave of Absence (LOA).

Management – Airport Authority employees who have specific responsibility for a particular Airport Authority department to supervise employees, functions, and/or projects.

Merit Increase – A pay increase within the limits of a position’s established pay range. Also known as Pay for Performance.

Nepotism – The potential for or perception of preferential treatment due to a family or similar relationship.

Non-Exempt Employee – Employees who, because of the type of duties performed, the usual level of decision making authority, and the method of compensation, are subject to all Fair Labor Standards Act (FLSA) provisions including the payment of overtime.

Organizational Policy – Policy statements, administrative regulations and associated procedures for the efficient and effective operation of the organization and the administration and execution of Airport Authority matters which are created and modified at the sole discretion of the Executive Director.

Orientation Period – A period of time for all new employees and employees receiving a promotion or demotion during which time the employee's performance in the new position is evaluated.

Overtime – Hours worked in excess of forty (40) hours by an employee in a non-exempt (as defined by FLSA) position during his/her established work week.

Part-Time Benefited – An employee who is budgeted to work less than thirty (30) hours per week and is eligible for vacation, sick and holiday leave.

Part-Time Non-Benefited – An individual who is appointed to a position that requires working a work week of less than thirty (30) hours and is not eligible for any holiday, sick or vacation leave accrual.

Pay Range – A pay plan with established minimum to maximum hourly or bi-weekly pay rate dollar amounts associated with each position classification.

Pay Reduction – A decrease in the hourly or bi-weekly pay rate, which may have resulted from a reduction to the pay rate for a pay range or reallocation of a position to a lower pay range.

Performance Evaluation – The written review of an employee's performance of position duties and responsibilities.

Phoenix-Mesa Gateway Airport Authority Personnel Rules

Personnel Action – Any official action taken with reference to appointment, pay, promotion, suspension, transfer, layoff, termination, leave, or any other action affecting the status of an employee.

Promotion – The movement of an employee from one position to another having a higher pay range.

Reclassification – Changing the classification of a position when a material change in duties or responsibilities occurs.

Resignation – Written notification by an employee indicating his/her intention to terminate employment with Airport Authority.

Retirement – Any employee covered by Arizona State Retirement System who has reached the designated age and possesses the appropriate number of years of service, and who elects to receive an annuity benefit from the plan.

Review Date – The date when an employee's performance is evaluated.

Separation – The end of employment; can be initiated by either the Airport Authority or the employee.

Suspension – A form of discipline consisting of relieving an employee from work without pay for a specified period of time.

Temporary – An assignment that exists for a limited or defined period of time.

Transfer – The movement of an employee from one position to another position within the Airport Authority at the same pay range.

SECTION 1.2: ADMINISTRATIVE PROVISIONS

Phoenix-Mesa Gateway Airport Authority adopts the Personnel Rules to provide a uniform system of personnel administration. They are not legally binding and are not to be construed as, and do not constitute, a contract, expressed or implied, or a guarantee of employment for any specific duration.

Phoenix-Mesa Gateway Airport Authority hereinafter may be referred to as “PMGAA,” “Airport Authority,” “Airport,” or “Employer.” Phoenix-Mesa Gateway Airport may be referred to as “Gateway.”

- A. **Applicability:** These Rules are applicable to all employees and positions at Phoenix-Mesa Gateway Airport Authority. The information contained in these Rules supersedes all previous personnel policies, procedures, and administrative regulations. These Rules are subject to change at the discretion of the Phoenix-Mesa Gateway Airport Authority Board of Directors.
- B. **Delegation of Authority:** Unless otherwise stated in these Rules, the Executive Director/Chief Executive Officer (CEO) may delegate any authority granted to him/her.
- C. **Availability of Funds:** The granting of any compensation in these Rules is contingent upon the availability of funds, as determined by the budget, the authority of the Executive Director and/or the Authority Board of Directors. The Airport Authority works to provide its employees with benefits and employment conditions that are desirable, but the Airport Authority reserves the right to change benefits and employment conditions when deemed reasonable to do so by the Authority Board of Directors or Executive Director.

- D. **Conflict with Federal or State Requirements:** Any provision of these Personnel Rules that conflicts or is inconsistent with state or federal rules, regulations, or standards shall not be applicable.
- E. **Service of Notice:** If any document or notice is to be given to any individual or department, the notice or document may be served personally or by mail to the last known residence or business address of the addressee. Unless otherwise provided by law or these Rules, service is complete upon mailing.
- F. **Correction of Errors:** The Executive Director may correct a manifest error or clear inequity affecting an employee or an applicant for employment.

SECTION 1.3: EQUAL EMPLOYMENT/AFFIRMATIVE ACTION STATEMENT

Phoenix-Mesa Gateway Airport Authority is an Equal Employment Opportunity (EEO)/Affirmative Action employer. Equal Employment has been, and will continue to be, a fundamental principle at the Airport Authority to ensure a work environment that is free from unlawful discrimination. The Airport Authority will consider all applicants on the basis of his/her qualifications for available positions without regard to race, color, religion, sex, national origin, age, disability, veteran status, or genetics. As such every effort will be made to ensure that appointments, promotions, reclassifications, transfers, compensation, training, terminations, or any other type of personnel actions are based on merit, fitness, or other factors determined to be non-discriminatory. (See Organizational Policy #400.02 - EEO/Affirmative Action)

SECTION 1.4: CODE OF ETHICS

- A. The Code of Ethics is the general value system and ethical principles embodied by the Airport Authority. Expected ethics include that employees strive to be:
 - 1. Honest, trustworthy, and fair in all professional relationships;
 - 2. Considerate and treat all people with dignity and respect to foster a work environment of encouragement, acceptance, cooperation, reliability, support, and teamwork;
 - 3. Committed to accomplishing tasks in a safe and exceptional way;
 - 4. Dedicated to providing quality services safely and with the most efficient use of available resources;
 - 5. Responsible to maintain acceptable attendance and punctuality as determined by the Airport Authority;
 - 6. Compliant with reasonable grooming and dressing habits conducive to a business atmosphere;
 - 7. Compliant with the Airport Authority's policies, practices, and procedures; and
 - 8. Compliant with the laws and report, within five days, any noncompliance resulting in a conviction.
- B. **Conflict of Interest:** A conflict of interest can be defined as a situation in which an employee is in a position to exploit their professional or official capacity for his/her personal benefit. The existence of a conflict of interest may not, in and of itself, be evidence of wrongdoing. A conflict of interest can, however, become a legal matter when an employee influences the outcome of a decision for personal benefit. An employee is considered to have a conflict of interest when engaged in, but not limited to, the following:

Phoenix-Mesa Gateway Airport Authority Personnel Rules

1. Acceptance of a bribe, being money, a promise, or favor in order to influence the judgment or conduct of a person in the course of work or in connection with work;
2. Engaging in outside business activities on the Airport Authority's time, regular duties, or that interferes with the Airport Authority's interest. Outside employment will not be considered a valid reason for absenteeism, tardiness, or poor work performance;
3. Soliciting, selling, displaying, promoting, or distributing merchandise, literature, or services, or conduct a similar form of business activity on Airport property unless authorized by the Executive Director; or
4. Threatening to use, or attempting to use, undue influence, extortion, or blackmail in securing employment benefits or advantages for the employee or another individual.

SECTION 1.5: PERSONNEL RECORDS

- A. **Content:** Each employee will have a personnel file that will serve as the official record of employment. It may include, but is not limited to, the following: employee application; new employee hire form; performance evaluations; personnel change forms; promotion, demotion, transfer, or position changes; disciplinary actions; certificates of recognition and accomplishment; and other employment related documents deemed appropriate by Human Resources.
- B. **Access:** An employee shall have access to his/her official personnel file during normal Airport Authority Human Resources business hours. Employee personnel files are treated as confidential; however, contents are subject to public record.
- C. **Access to Other Files:** The presence of copies of any item in any other informational file concerning an employee shall not in itself confer upon such employee any right of access to such file.
- D. **Control:** The official personnel file/record will remain in the control of Human Resources, unless otherwise ordered by a court of competent jurisdiction.

II. EMPLOYMENT

SECTION 2.1: GENERAL EMPLOYMENT PROVISIONS

- A. **At-Will:** Employment with Phoenix-Mesa Gateway Airport Authority is at-will, meaning that no one has a contractual right, expressed or implied, to remain in the Airport Authority's employ and the Airport Authority may terminate an employee, or an employee may terminate his/her employment, with or without cause, and with or without notice, at any time.
- B. **Employment Eligibility:** Applicants for employment at the Airport Authority must present proof of identity and eligibility for employment as required by federal and state law.
- C. **Age Requirement:** The only minimum age requirement is that imposed by state or federal law.
- D. **Pre-Employment Requirements:** All individuals recommended for employment will be required to pass a background investigation which may include pre-employment drug screening, employment history verification, criminal record verification, motor vehicle record check, and social security number trace. Should the potential new hire be recommended for a position requiring unescorted access to Security Identification Display Area (SIDA) they are subject to a fingerprint based criminal history check through the Federal Bureau Investigation (FBI).
- E. **Academic:** All postsecondary academic achievements required to meet the minimum qualifications of a position must be attained in an academic institution recognized by an accredited association as determined by the Human Resources Director.
- F. **Outside Employment:** An employee may engage in outside employment if the employment does not adversely impact the employee's PMGAA work and does not create a conflict of interest or the appearance of a conflict of interest with the employee's PMGAA job. An employee who wishes to engage in outside employment is required to notify PMGAA in writing. The employee may be asked to choose between his/her PMGAA employment and his/her outside employment if it is found that the outside employment interferes with the employee's duties at PMGAA.

SECTION 2.2: RECRUITMENT

When a position becomes vacant and approval to fill has been given, Human Resources may conduct a recruitment to fill the position.

- A. **Notice of Vacancy:** If an external job posting is to be conducted, public notice shall be accomplished by posting announcements of the vacancies by such means as the Human Resources Director shall direct.
- B. **Applications:** All applications for employment shall be submitted on the designated forms. Applications and any accompanying documentation become the property of the Airport Authority and shall not be returned. Applications are only accepted for open positions that have been announced during the recruitment period.
- C. **Disqualification:** Applicants for open positions may be denied further consideration for employment, for, but not limited to, the following reasons: failure to meet the minimum qualifications specified in the announcement; failure to submit complete and accurate application; or submission of the application after the specified time period.

D. **Selection Methods/Examinations:** Human Resources shall review and approve all selection methods and rating criteria in advance to ensure compliance with legal guidelines. All selection methods for employment shall be job related and designed to reveal the ability to perform the type of work for which the applicant has applied.

SECTION 2.3: APPOINTMENT

With the approval of the Executive Director, a vacant position may be filled by appointment on the basis of merit demonstrated by examination or other evidence of competence. The individual appointed to a position must meet the minimum qualifications for the designed classification.

SECTION 2.4: REINSTATEMENT OF BENEFITS

Employees who separate in good standing and are rehired within nine (9) months of the date of their separation shall begin accruing vacation at the same rate as they were at the time of separation. In addition, the returning employee's forfeited sick time shall be restored upon reinstatement. Seniority (years of service) for the purposes of recognition or shift scheduling shall not be restored. Rehire request is subject to approval and contingent on the availability of positions and may be reviewed along with the normal recruitment process in filling a vacant position.

SECTION 2.5: EMPLOYMENT OF RELATIVES/NEPOTISM

Relatives and significant others shall not maintain a regular reporting relationship to one another in the chain of command. If such a relationship is created, one of the parties must elect to transfer to or be selected for a vacant position opening (if available) where there is no chain of command reporting relationship. If a transfer compatible with this policy cannot be made within ninety (90) days, it shall result in the separation of one of the employees from the Airport Authority employment. It shall be the responsibility of the employee who holds the highest classification level to immediately notify his/her department director of relationships as described above.

III. CLASSIFICATION AND COMPENSATION

SECTION 3.1: CLASSIFICATION

Human Resources shall place every position in a class based on its essential functions and maintain job descriptions for each classification within the Airport Authority. Human Resources may establish new classifications and revise or delete existing classifications as needed.

SECTION 3.2: PAY PLAN

Human Resources shall prepare a pay plan listing all classifications with corresponding pay ranges. All Airport Authority employees shall be paid within the assigned pay range of his/her positions, unless otherwise explained.

- A. **Entrance Pay Rates:** Except as specified below, all new employees shall be paid at the minimum of the pay range for the position hired.
1. If the hiring manager determines that a particular applicant has special qualifications that justify a pay rate that is higher than the minimum of the pay range, the hiring manager, with the Human Resources Director and the Executive Director's approval, may authorize a special entrance pay rate at a higher pay rate within the position's pay range for the applicant.
- B. **Merit Increases:** Employees may be considered for merit increases annually, if performance and budget warrants.
1. The Airport Authority routinely establishes merit pay guidelines that generally are issued in conjunction with the Airport Authority's budget cycle.
 2. Exceptions to the guidelines may be made with the approval of the Human Resources Director and Executive Director.
 3. Employees at the maximum of their pay range may receive merit compensation in a lump sum payment that does not become part of base compensation.
- C. **"Frozen" Pay Rate:** Based upon position classification studies, reclassification of a position, or a voluntary demotion, the Executive Director may authorize a "frozen" pay rate. A "frozen" pay rate is an employee's pay rate in excess of the maximum pay rate of the pay range assigned to the position classification. No pay rate increases, including market adjustments, cost of living adjustments (COLA), merit pay rate increases, and lump sum merit payments shall be in effect for an employee with a "frozen" pay status and the employee will remain at this "frozen" pay status until the pay range for the new position reaches the employee's pay rate, at which point the employee will again be eligible for pay increases.
- D. **Position Reclassification:** The Executive Director may approve exceptions to this section.
1. An employee whose position is reclassified to a class in the same pay range shall receive the same salary as before the reclassification.
 2. An employee whose position is reclassified to a higher pay range shall receive the same salary, unless the salary is less than the entry pay of the new pay range, in which case the employee shall receive the entry salary of the new pay range.

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3. An employee whose position is reclassified to a lower pay range by the Airport Authority, typically will continue to receive the same pay rate. If this pay rate is higher than the maximum of the new position's pay range, the employees pay rate will become "frozen".
- E. **Unscheduled Pay Increase:** An employee may be awarded an Unscheduled Pay Increase, with the approval of the Executive Director, to recognize exceptional performance in the employee's position or to adjust salary based on organizational needs. This award is a permanent increase of pay and may be given only to employees below the maximum of the pay range for that position.

SECTION 3.3: WORK SCHEDULES

Phoenix-Mesa Gateway Airport Authority reserves the right to establish work schedules (standard hours of work) in accordance with operational needs.

- A. **Pay Period:** The pay period is defined as two (2) work weeks. The standard pay period begins on Monday at 12:00 AM and ends the second Sunday thereafter at 11:59 PM.
- B. **Work Week:** The standard work schedule is forty (40) hours in each work week. For non-exempt employees, the work week defines the specific period on which overtime calculations are based. The work week is a consecutive seven-day period starting at the same time each week.
- C. **Scheduling:** The Airport Authority may require an employee to work overtime and/or to work beyond his/her normally scheduled hours to accommodate operational needs.
 1. Overtime may be considered a condition of employment. Refusal to accept overtime work may be subject to disciplinary action. In cases of conflict with an outside activity, the employee's obligations to the Airport Authority must be given priority.
 2. Prior approval by the immediate supervisor is required before a non-exempt employee may work overtime. An employee who works overtime without approval will be paid for the overtime hours worked, however he/she may be subject to disciplinary action.
 3. Non-exempt employees may be subject to on call standby status for a designated specific period of time in addition to his/her regular work schedule.
- D. **Rest Periods:** Supervisors may allow an employee paid rest or break periods, based on operational needs, during his/her workday if normal business functions would not be impaired. Rest periods or breaks shall be limited to fifteen (15) minutes for each four (4) hours worked. This time may not be combined or accrued to create an extended rest period or break period or to shorten the workday. If an employee is required to work through a rest period, the Airport Authority will not be obligated to provide an alternative rest period or to pay the employee more for that time than the Airport Authority otherwise would have paid.
- E. **Meal Breaks:** An employee's work schedule may include an unpaid meal break each workday, during which the employee is relieved of all position duties and free to use the time for a meal break. A non-exempt employee is expected to take his/her meal breaks away from his/her workstation and may not work during his/her meal breaks without prior approval from his/her supervisor.
 1. Supervisors should generally not interrupt an unpaid meal break; although, interruptions may be necessary, based on operational needs. If a non-exempt employee's meal break is interrupted by work responsibilities that preclude him/her from receiving at least thirty (30) minutes of uninterrupted meal break time, the entire meal break shall be considered time worked. If a non-exempt employee

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with a sixty (60) minute meal break receives an uninterrupted meal break of thirty (30) minutes or more, only the time actually worked by the employee during the meal break shall be recorded as work time.

2. Supervisors may adjust the employee's meal break schedule, if necessary, to ensure that the employee receives at least thirty (30) minutes of unpaid uninterrupted meal break time.
3. Some non-exempt positions are expected to be available during their meal breaks and as such are compensated for the meal break.

SECTION 3.4: FAIR LABOR STANDARDS ACT (FLSA) STATUS/OVERTIME

A. **Exempt Employees:** Certain employees shall be considered exempt from the FLSA, in accordance with FLSA exemption criteria.

1. Exempt employees shall not be entitled to overtime compensation and shall work whatever time is necessary to meet departmental needs and organizational service delivery demands.
2. For purposes of public accountability, all FLSA exempt employees must use accrued leave for absences of more than four (4) consecutive hours unless approval is given by the Supervisor. Otherwise, FLSA exempt employees who do not have accrued leave available may have their pay docked. FLSA exempt employees generally need not use accrued leave for absences of four (4) consecutive hours or less in a work day. Supervisor approval is required for any absence from work.

B. **Non-Exempt Employees:** Certain employees shall be considered non-exempt, in accordance with FLSA criteria.

1. **Overtime:** Overtime pay is administered in accordance with applicable federal and state laws.
 - a. Overtime will be paid at one and one-half (1 ½) times the employee's regular rate of pay.
 - b. Overtime is based on a scheduled forty (40) hour work week, not on an eight (8) hour day. Overtime pay is earned only for hours worked during the established work week after forty (40) hours have been completed.
 - c. For purposes of calculating overtime pay, only hours worked will be counted. Holidays hours will be counted as hours worked, only if the hours are actually worked. Sick and Vacation time will not be counted as time worked.
 - d. For the purposes of calculating overtime pay, the standby hours paid during a work week are not included in the hours worked.

SECTION 3.5: SHIFT DIFFERENTIAL

The Airport Authority provides additional compensation (shift differential) to employees working in specified non-exempt positions during specified evening and nighttime work hours. The shift differential compensation amount shall be \$1.00 for each hour of work performed by a non-exempt employee in an eligible position between the hours of 5:00 p.m. and 5:00 a.m.

SECTION 3.6: STANDBY AND CALLOUT PAY

- A. An employee who is eligible (non-exempt employee) for overtime pay is eligible for standby and call out pay.
- B. Standby pay is payment received by an employee to pay the employee for being required to be available to provide services for a business need or an emergency during a designated specific period of time. An employee on standby on a day normally scheduled to work shall be paid one (1) hour of base pay as standby pay for that day. An employee who is on standby on a day on which the employee is not normally scheduled to work shall receive two (2) hours base pay for that day.
- C. Call out pay is pay received by an employee for actually working during a time the employee is not normally scheduled to work, in response to a call out for a business need or an emergency. An employee who is called out for emergency service shall be paid one and one-half (1 ½) times the hourly base pay rate. The rate of pay will be based with a minimum of one (1) hour payable for the employee's regular scheduled work day, and two (2) hours payable for the employee's regular day off. An employee will be paid for one-half (½) hour of travel time when he/she is called out.

IV. BENEFITS

SECTION 4.1: INSURANCE PROGRAMS

Eligibility: All full time employees are eligible to participate in employee health and welfare insurance programs beginning the first of the month after thirty (30) days of employment.

SECTION 4.2: RETIREMENT

All full time and qualifying part-time employees are required to participate in the Arizona State Retirement System (ASRS). ASRS is a cost-sharing, public employee, tax qualified, defined benefit plan. Both the employee and employer contribute to the member's retirement at an equal percentage of compensation. The appropriate percentage for contributions may change each fiscal year based on ASRS actuarial evaluation.

SECTION 4.3: ABSENCE FROM WORK

Absence from work is subject to supervisory approval. All requests for absence from scheduled work should be submitted to the employee's supervisor with as much advanced notice as possible prior to the beginning of the absence or as soon as possible for emergencies. The request must be submitted and approved by the employee's supervisor. This applies to paid and unpaid absences.

- A. **Unexcused Absences:** An employee who is absent from duty for any period of time without supervisory approval is considered to have an unexcused absence and subject to disciplinary action.
- B. **Paid Absences:** The time an employee is absent from work but receiving pay is considered paid time off. The following fall under this category: observance of a holiday, vacation, sick, flex time, jury/witness duty, and administrative leave. An employee on paid time off shall be paid at their effective rate of pay (not including shift differential pay), unless otherwise noted. All paid time off can be taken in quarter ($\frac{1}{4}$) hour increments.

SECTION 4.4: HOLIDAYS

- A. **PMGAA Observed Holidays:** New Year's Day, Martin Luther King Day, President's Day, Memorial Day, Independence Day, Labor Day, Veteran's Day, Thanksgiving Day, Day after Thanksgiving, Half-Day Christmas Eve, and Christmas Day.
- B. **Observation of Holidays:** When the holiday falls on a Sunday, it will be observed on the following Monday. When a holiday falls on a Saturday, it will be observed on the preceding Friday. For continuous, seven day operations, or work schedules that include a Saturday and/or Sunday, the holiday shall be observed on the calendar day of the holiday.
- C. **Holiday Pay:** Every full-time and part-time benefited employee will receive pay for his/her regular scheduled workday for every holiday observed by PMGAA. When a holiday falls on the employee's scheduled day off, the employee will be allowed to use that day as an alternate holiday, unless otherwise determined by the department as stated below. This alternate holiday must be used by the end of the fiscal year and shall not carry over, unless otherwise approved by the Executive Director.
 - 1. In select areas, when a holiday falls on the employee's scheduled day off, non-exempt employees will be paid for that day. This is determined by the Department Director based on business needs.

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2. A non-exempt employee who works on an observed holiday shall, in addition to holiday pay, receive pay for all hours worked on the holiday at the rate of one and one-half (1 1/2) times his/her regular rate of pay.
3. **Holidays during Paid Leave:** Full-time and benefited part-time employees on PMGAA paid leave when a holiday occurs will receive the holiday pay and this holiday time off will not be charged as vacation or sick leave.
4. **Holidays during Unpaid Leave:** An employee who is on an authorized unpaid leave of absence shall not be paid holiday pay unless the employee works on the employee's scheduled workday either the day before or the day after the holiday. The employee's holiday bank will then be reduced by the applicable number of hours that the holiday would have been paid at.
5. **Starting Employment:** If an employee's first day of employment is the day after a holiday, the employee will not receive pay for the holiday.
6. **Terminating Employment:** If an employee's last day worked (employment termination day) is on the day before a holiday, the employee will not receive pay for the holiday. All unused alternate holiday time, not taken by the last day of employment, will be forfeited.

SECTION 4.5: VACATION

A. **Accrual:** Employees will accrue vacation leave based on their most recent hire date, in accordance with the following schedule:

<u>Full-time Employees</u>	<u>Vacation Accrual</u>
Fewer than two years	Eight hours per month
Two to five years or more	Ten Twelve hours per month
Five to ten years	Twelve hours per month
Ten to fifteen years	Fourteen hours per month
Fifteen or more years	Sixteen hours per month

<u>Benefited Part-time Employees</u>	<u>Vacation Accrual</u>
Fewer than two years	Four hours per month
Two years to five or more years	Six Five hours per month
Five to ten years	Six hours per month
Ten to fifteen years	Seven hours per month
Fifteen or more years	Eight hours per month

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1. An employee shall not accrue vacation hours for any four (4) week period in which the employee has been on unpaid leave for more than three (3) workdays, including unpaid holidays.
 2. For partial months of employment, vacation hours will be accrued on a prorated basis.
 3. The date for change in the accrual rate is the first day of the complete pay period immediately following ~~the anniversary date of continuous employment~~two (2) years of continuous employment.
 4. For the purpose of determining the date of change in number of hours per month, accrual of vacation hours will be by continuous employment after the employee's most recent hire date, as provided in state and federal laws including the Family and Medical Leave Act (FMLA) Policy, military service pursuant to U.S. DOL USERRA or ARS. 26-168, 26-171, or 38-610 and any special leave without pay of thirty (30) days or less. If a special leave without pay exceeds thirty (30) days, the excess days over thirty (30) shall not be counted as continuous employment.
- B. **Accrual Maximum:** The maximum accumulation of vacation hours that can be carried over into the next fiscal year is two hundred forty (240) hours for full-time employees and one hundred twenty (120) for benefited part-time employees. An employee who has in excess of two hundred forty (240) hours for full-time employees and one hundred twenty (120) hours for part-time employees on June 30th of each year will be paid for the excess amount of time after June 30th, provided the full-time employee has taken eighty (80) hours vacation time and the part-time employee has taken forty (40) hours during the fiscal year. If the employee has not taken the required amount of time during the year, all excess time shall be forfeited.
- C. **Use of Vacation Hours:**
1. Eligibility to use accrued vacation hours shall begin after the employee has completed ninety (90) days of employment from his/her most recent hire date unless a written request was submitted and signed by Human Resources prior to the most recent hire date.
 2. Vacation leave may be taken at any time approved by the employee's supervisor.
 3. All previously approved absence requests are subject to supervisor revocation if required by operational considerations. However, every effort shall be made to avoid any adverse financial or personal impacts on employees as a result of having their "approved" absence revoked.
 4. Vacation leave shall not be advanced to an employee nor may vacation leave be transferred between employees
 5. Depending on the incident, an employee who becomes ill during a scheduled vacation may change vacation days to sick days with authorization from the Department Director and Human Resources.
- D. **Vacation Hours at Separation:** A full-time or part-time employee, who separates from the Airport Authority service by termination, resignation, retirement, layoff, or death, shall be paid for all unused vacation hours accrued. An employee who separates from employment for any reason before the completion of ninety (90) days service from his/her most recent hire date shall forfeit all accrued vacation hours.

SECTION 4.6: SICK LEAVE

- A. **Accrual:** Employees will accrue sick leave in accordance with the following schedule:

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<u>Airport Authority Employees</u>	<u>Sick Leave Accrual</u>
Fulltime Employees	Eight hours per month
Benefited Part-time Employees	Four hours per month
Non-Benefited Part-time Employees.....	One hour for every 30 hours worked to a max of 40 hours accrued per year

1. For partial months of employment, sick hours will be accrued on a prorated basis.
- B. **Accrual Maximum:** The maximum accumulation of sick leave is one thousand forty (1,040) hours for full-time employees and five hundred twenty (520) hours for part-time employees.. Any sick leave accrued in excess of the maximum accumulation of one thousand forty (1,040) hours or five hundred twenty (520) hours, shall be automatically converted to vacation leave on the basis of one (1) hour of vacation leave for every two (2) hours of excess sick leave accrued.

C. **Use of Sick Leave:**

1. Eligibility to use accrued sick leave hours shall begin on the date after the end of the pay period in which it is accrued.
2. Sick leave may be taken at any time approved by the employee's supervisor. The employee must notify his/her immediate supervisor a minimum of one (1) hour prior to the beginning of the work shift, unless the employee is unable to do so due to circumstances beyond the employee's control. Failure to report within the specified time period may result in the employee being docked a day's pay and subjected to disciplinary action.
3. Sick leave is available time off with pay for periods of an approved absence for an employee due to:
 - a. Illness or injury, which renders the employee unable to perform the essential functions of the position.
 - b. Disability caused by pregnancy, childbirth, or miscarriage.
 - c. Examination or treatment by a licensed health care practitioner.
 - d. Absence due to domestic violence, sexual violence, abuse, or stalking.
 - e. Illness, injury, examination, or treatment of a member of the employee's immediate family by a licensed health care practitioner. For the purpose of this section the term immediate family means the employee's spouse, child, stepchild, parent, stepparent, grandparent, mother-in-law, father-in-law, sister, sister-in-law, brother, brother-in-law, son-in-law, daughter-in-law, stepparent-in-law, grandchild and minor child or an adult for whom the employee is a legal guardian.

Once the employee has been out on sick leave for three or more consecutive work day, a supervisor may require submission of evidence from a licensed health care practitioner substantiating the need for sick leave.

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4. The supervisor, in conjunction with Human Resources, may require the employee to obtain written approval from the licensed health care practitioner as to the employee's fitness for duty and if employee has any work restrictions prior to the employee's returning to work.
5. A supervisor, in conjunction with Human Resources, may require an employee to be examined by a licensed health care practitioner designated by the Airport Authority. If the licensed health care practitioner determines that the employee should not work due to illness or injury, the supervisor may place the employee on sick leave. If the licensed health care practitioner determines that the employee can return to work but cannot perform the essential functions of his/her position, the Airport Authority will investigate a possible reasonable accommodation for the employee. The Airport Authority shall pay for all examinations directed by and required by the Airport Authority. The employee shall not be charged any leave while participating in or traveling to or from any examination required pursuant to this paragraph.
6. For all illness-related absences, sick leave will be used first followed, if needed, by vacation leave. After the sick and vacation leave time is used, the employee will then go on unpaid status, and may be considered for discharge for inability to perform the essential functions of his/her position other than as protected by state and federal laws or request a special leave without pay.
7. A supervisor receiving a request from an employee requesting and/or using sick leave that spans three or more consecutive workdays must notify Human Resources. This information may be necessary to allow the Airport Authority to comply with the federal Family and Medical Leave Act (FMLA).

D. Sick Leave Hours at Separation:

1. **Termination:** An employee who terminates Airport Authority service for any reason other than retirement or disability shall forfeit all accumulated sick leave.
2. **Retirement:** An employee who retires from Airport Authority service shall be compensated for accumulated sick leave at the rate of fifty (50) percent of the accumulated sick leave hours at the employee's current base rate of pay.
3. **Disability Termination:** For an employee that terminates employment because of his/her disability as defined in The Americans with Disability Act (ADA) Amendments Act, at the discretion of the Executive Director on a case-by-case basis, a determination will be made as to whether he/she will be compensated for accumulated sick leave. If the determination is that the employee is to be compensated, he/she will be compensated at the rate of fifty (50) percent of the accumulated sick leave hours at his/her current base rate of pay

E. Sick Leave Donation: A Phoenix-Mesa Gateway Airport Authority employee who has completed the new hire orientation period and has accrued sick leave may donate hours to an eligible employee on a leave of absence that qualifies. Participation in the sick leave donation program is voluntary.

1. **Eligibility to Request Donation:** To be eligible to receive sick leave donations, an employee must be absent due to an Family Medical Leave Act (FMLA) qualifying event, although not subject to the tenure requirements and must have exhausted his/her accrued leave. At the discretion of Human Resources, an employee may be required to provide medical certification of an FMLA qualifying event to validate eligibility for donated leave and may be required to provide periodic medical re-certification and/or periodic updates and anticipated return to work date. An employee on workers' compensation leave is not eligible to receive donated sick leave. (Refer to section 4.8 Workers Compensation Leave)

a. A recipient of sick leave donations may receive a maximum total credit of eighty (80) hours per bi-weekly pay period, less any hours actually worked, disability payments, and holidays paid that pay period.

2. **Donation of Sick Leave:** Any employee with accrued Sick Leave may voluntarily donate time to eligible employees provided the donation does not reduce the donating employee's sick leave balance below 80 hours. Maximum donation is eighty (80) hours per recipient per calendar year and must be expressed in blocks of four hours, with a minimum donation of four hours.

SECTION 4.7: BEREAVEMENT LEAVE

In the event of a death in the immediate family of an employee, the full-time or benefited part-time employee may be granted three (3) days of leave and bereavement pay. For the purpose of this section the term immediate family is defined as employee's spouse, child, stepchild, mother, father, sister, brother, stepparent, mother-in-law, father-in-law, brother-in-law, sister-in-law, step-parent-in-law, grandparent, grandparent-in-law, grandchild, aunt, uncle, daughter-in-law, and son-in-law.

Before the leave or upon return to work, the employee must record his/her absence as Bereavement Leave and submit the request to his/her supervisor. Proof of death and relationship to the deceased may be required. If an employee requires leave beyond the allotted three (3) days, it will be charged to sick or vacation.

SECTION 4.8: WORKERS COMPENSATION LEAVE

- A. Workers' compensation is governed by the laws found in Article 18, Section 8 of the Arizona State Constitution, Chapter 6 of Title 23 of the Arizona Revised Statutes (A.R.S.) 23-901. The Industrial Commission of Arizona (ICA) administer and enforce all applicable laws and regulations not specifically delegated to others, relative to the protection of life, health, safety, and welfare of employees within the state.
- B. An employee who sustains a job-related injury or illness is required to report the incident to their supervisor or Human Resources and may be eligible for workers' compensation benefits in accordance with the State of Arizona law.
- C. An employee who is absent from work due to a job related injury or illness will have this time designated as Family Medical Leave (FMLA). During the period of worker's compensation leave, the employee's vacation and sick leave accrual will cease and merit increases shall not be granted.

SECTION 4.9: JURY OR WITNESS LEAVE

A leave of absence for jury duty will be granted to any full-time or part-time employee who has been notified to serve. Employees receive jury duty or witness pay if summoned on scheduled work days/hours. The employee shall be granted paid Jury Duty or Witness Leave for a maximum of thirty (30) work days per year. If an employee is subpoenaed to testify as a witness in an Airport Authority-related case or hearing, this time will be considered work time.

SECTION 4.10: ELECTION LEAVE

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An employee must request an election leave accommodation to vote at least one (1) day before Election Day. On days when elections for public office and all primary and general elections are scheduled throughout the state, county, city, or town in which the employee works, schedules will be changed as needed to ensure that work either starts at least three (3) hours after the polls open or ends at least three (3) hours before polls close. An employee living in other localities or states will need to inform his/her supervisor in advance if he/she expects any conflict between his/her work schedule and the exercise of voting rights. No employee will be penalized or retaliated against for requesting time off to vote.

SECTION 4.11: MILITARY LEAVE

The Airport Authority complies with the requirements of the Uniformed Services Employment and Reemployment Rights Act (USERRA) and all other state, federal and local laws regarding military leave. (See Organizational Policy #400.11 – Military Leave)

SECTION 4.12: SPECIAL LEAVE

A special leave is any absence from work in excess of thirty (30) consecutive calendar days that is not covered by the FMLA or Military Leave. In addition, a special leave is any additional time-off required after exhaustion of FMLA. Special leave includes, but is not limited to extended use of paid and unpaid time off, leave for a non-FMLA eligible employee, or leave for a non-FMLA eligible circumstance. Special leaves may be for a medical or non-medical condition.

- A. **Approval:** All requests for special leave must be approved in advance and in writing by the employee's department director and the Human Resources Director. The initial approval period for special leave duration will be for a period of twelve (12) weeks or less. The Executive Director may approve extensions of special leaves for more than twelve (12) weeks.
- B. **Use of Time:** An employee may be required to exhaust any available paid time off categories prior to using unpaid time.
- C. **Return to Work:**
 - 1. An employee who is able to return to work after a period of special leave may be approved to return to a position in the class held at the start of the special leave, if such a position is available and funded. If such a position is not available and funded, the employee may be terminated.
 - 2. An employee returning from special leave must notify Human Resources at least two (2) business days prior to the scheduled return. If the conditions for the leave change, the employee must notify Human Resources as soon as possible.
- D. **Insurance Premiums:** An employee on unpaid special leave may be responsible for the payment of the entire insurance premium for his/her and dependent(s) coverage.

SECTION 4.13: FAMILY MEDICAL LEAVE (FMLA)

The Airport Authority supports and complies with the federal Family and Medical Leave Act of 1993 (FMLA), as amended. (See Organizational Policy #400.05 - Family and Medical Leave).

SECTION 4.14: TRAINING AND DEVELOPMENT

The Airport Authority offers a variety of training and development opportunities in order to assist an employee in performing his/her position more productively, preparing for future responsibilities, and

encouraging self-improvement and growth. These educational opportunities may be available as internal and/or external training.

- A. **Responsibility and Availability:** Supervisors, managers or directors and Human Resources have joint responsibility to ensure that all employees receive necessary training. The Airport Authority may reimburse an employee for certain expenses incurred when he/she successfully completes an external position-related course with prior approval.
- B. **Required Training:** The Airport Authority shall pay all costs associated with the attendance by an employee at any course, seminar, or workshop required of the employee by the Airport Authority. The employee shall not be charged any type of leave while in attendance at such a course. The employee shall be considered to be on duty while at the course and for travel time proceeding to and from the course. Travel time does not include an employee's normal commute to and from his/her regular worksite for departure to the training. Hours worked for training that requires out-of-town travel and/or an overnight stay, for a non-exempt (hourly) employee will be determined in compliance with the Fair Labor Standards Act (FLSA) hours worked regulations.

SECTION 4.15: TUITION REIMBURSEMENT

Eligibility: To qualify for tuition reimbursement, an employee must have successfully completed the new hire orientation period and be classified as a full-time employee prior to enrolling in the course. (See Organizational Policy #400.10 – Tuition Reimbursement)

V. WORKPLACE STANDARDS

SECTION 5.1: EMPLOYEE CONCERNS

Phoenix-Mesa Gateway Airport Authority (PMGAA) is committed to maintaining a formal mechanism that allows employees to resolve misunderstandings and preserve positive relations between management and other employees. Employees and supervisors shall, to the greatest extent possible, work cooperatively together to resolve work-related concerns. If an employee is unable to resolve a work-related concern, or he/she feels there is a perceived misapplication of written Airport Authority rules or policies, the employee is encouraged to bring this concern to the appropriate chain of command or to the Human Resources Director for review.

SECTION 5.2: RESPECTFUL WORKPLACE

Phoenix-Mesa Gateway Airport Authority is committed to providing and maintaining an environment conducive to the safety and health of its employees, tenants, and customers. PMGAA prohibits harassment, sexual harassment, illegal discrimination, gender bias, workplace violence, or unlawful activity as defined by state and federal law, including Title VII of the Civil Rights Act, the Age Discrimination Act, and the Americans with Disabilities Act. (See Organizational Policy #400.01- Anti-Harassment and Discrimination Policy)

SECTION 5.3: SMOKE FREE WORKPLACE

Phoenix-Mesa Gateway Airport Authority prohibits smoking in all Airport operated facilities and vehicles. Smoking is prohibited within twenty (20) feet of the Airport operated building entrances, from the gathering of non-smokers, and where appropriate signage is posted in enclosed areas. This complies with the City of

Mesa ordinance entitled Smoking Regulations and Healthier Smoke Free Environments, under Title 6, Chapter 11 of the Mesa City Code and the Smoke-Free Arizona Act.

SECTION 5.4: ORIENTATION

All new employees and employees receiving a promotion or demotion shall serve a six (6) month orientation period, during which an employee's performance in the new position is evaluated. The successful completion of the orientation period should not be construed as creating a contract or as guaranteeing employment for any specific duration or as establishing a just cause termination standard. Employment with the Airport Authority remains at-will, that is the Airport Authority may terminate an employee, or an employee may terminate his/her employment, with or without cause, and with or without notice, at any time.

SECTION 5.5: PERFORMANCE EVALUATIONS

All Airport Authority employees shall receive a performance evaluation annually based on a common review date. In conjunction with the annual performance evaluation, an employee may become eligible for consideration of a merit increase when applicable and based on the fiscal year budget. (See Organizational Policy #400.06 - Performance Evaluations)

SECTION 5.6: CHANGES IN ASSIGNMENT

- A. **Promotion:** A posted promotional opportunity is open to an employee(s) who meets the minimum qualifications. On occasion, a posted promotional opportunity may be limited to employees in specific positions or departments.
 - 1. An employee who is promoted typically receives an increase in pay rate which is five percent (5%) higher than his/her previous pay rate, or the minimum pay rate of the new pay range; whichever is greater. Increases greater than five percent (5%) shall be approved by the Executive Director unless it is to bring them to the minimum pay rate of the new pay range. If an employee's performance evaluation date in the former position falls within thirty (30) days of the date of promotion, the employee shall receive both the merit increase based on the fiscal year budget and the promotional increase unless the promotional increase is greater than 8%.
 - 2. An employee who is on disciplinary probation may not be considered for promotional opportunities.
 - 3. An employee who has been demoted for cause may not be considered for a promotion until ninety (90) days after the effective date of the demotion.
- B. **Demotion:** It shall be considered a demotion when an employee moves from one classification to another in a lower pay grade. An employee may be demoted, with the approval of the Department Executive, for inability of the employee to meet the requirements of the employee's position; at the request of the employee; and/or for the convenience of the Airport Authority. (See section 5.12 for Disciplinary Demotion)
 - 1. When appropriate, an employee who is demoted for failing to meet the requirements of the position may be demoted to a formerly held position, if available, and the employee's pay rate shall be returned to the pay rate of his/her formerly held position.
 - 2. An employee who requests a demotion shall be paid at a rate within the positions pay range unless otherwise approved by the Executive Director.

Phoenix-Mesa Gateway Airport Authority Personnel Rules

3. An employee demoted for the Airport Authority's convenience typically will continue to receive the same pay rate as before the demotion. If this pay rate is higher than the maximum of the new position's pay range, the employee's pay rate will be "frozen" until the pay range for the new position reaches the employee's pay rate, at which point the employee will again be eligible for pay rate increases.
 4. An employee demoted shall be placed on an orientation period and a new annual performance evaluation date based on the effective date of the demotion.
- C. **Transfer:** Management will make final decisions regarding transfers in conjunction with Human Resources. The transferred employee may maintain the same Performance Evaluation date as prior to the transfer. However, if the duties and responsibilities are sufficiently different from those previously performed, the employee may be placed on an orientation period the same as a regular employee's orientation.
1. **Compensation:** The pay rate of an employee whose position is transferred from one classification to another classification having the same pay range shall remain the same unless approved by the Executive Director.
 2. **Intra-Department Transfer:** An employee may be transferred to a different position within the same department with the same pay range, with the approval of the Department Director and notification to the Human Resources Director.
 3. **Inter-Department Transfer:** An employee may be transferred to a position in a different department with the same pay range with the approval of both the current and prospective director or manager, and with notification to the Human Resources Director. Each transfer is determined on an individual basis, depending on the needs of both departments involved.
 4. **Reason for Transfer:** An employee may be transferred at the employee's request, or for the convenience of the Airport Authority.
 5. **Qualifications:** A transferred employee must meet the minimum qualifications for the class to which the employee may be transferred.
- D. **Temporary Assignments:** With the approval of the Department Executive, an employee may be placed on a temporary assignment for assuming higher level job responsibilities for a period of greater than one month.
1. **Compensation:** An employee placed on temporary assignment shall receive a five (5%) salary increase to compensate the employee for the higher level work performed. The Executive Director may approve more than a five (5%) increase in pay.
 2. **Duration:** No temporary assignment shall extend beyond a period of six (6) months unless approved by the Executive Director.
 3. **Review Date:** During the period of a temporary assignment, the employee's Performance Evaluation date does not change, and the employee continues to receive merit increases based on the pay range established and fiscal year budget for the employee's regular position.

SECTION 5.7: SEPARATIONS

- A. **Resignation:** It is customary for an employee in good standing who wishes to resign, to submit written notice at least two (2) weeks in advance.
1. At the Executive Director's sole discretion, an employee who has submitted a notice of resignation may be required to cease working for the Airport Authority immediately.
 2. An employee who has submitted a resignation may submit in writing a withdrawal of resignation. The decision to accept the withdrawal will be based on the consent of the director, the Human Resources Director, and the Executive Director.
 3. An employee who is unable to work due to a medically certified disability may apply for long-term disability if eligible. This application shall be treated as the resignation from PMGAA employment.
- B. **Reduction in Workforce:** The Executive Director may institute a layoff of employees due to lack of funds, lack of work, or any other business reason. The Executive Director shall determine the timing and number of employees to be laid off. Layoff will be performed in a manner which best facilitates the reason(s) behind the layoff. Upon approval of the Executive Director, an employee subject to layoff may be transferred to a vacant position.

SECTION 5.8: STANDARDS OF CONDUCT

- A. In addition to the conduct prohibited to all Arizona public employees by Arizona Revised Statutes, a violation of the Standards of Conduct listed below is cause for discipline up to and including termination. The following list of examples is not inclusive of every act that may be subject to disciplinary action up to and including termination:
1. Incompetence or inefficiency in the performance of duties.
 2. Violation of any policy or procedure, lawful or official regulation or order.
 3. Failure to obey lawful and reasonable directives given by management.
 4. Being absent from work without authority or having excessive absences that effect productivity, the efficiency or effectiveness of the department, or impedes the work unit.
 5. Participation in unlawful or improper conduct that adversely affects an employee's relationship to the position, position's duties, to other employees, or that in any way discredits the Airport Authority's reputation or goodwill in the community.
 6. Engaging in unlawful harassment or discriminatory conduct against another individual on the basis of race, color, gender, religion, national origin, age, disability, veteran status, or genetics or engaging in retaliation against another for filing a complaint or participating in any investigation.
 7. Conviction of a felony or conviction of a misdemeanor involving moral turpitude.
 8. Jeopardize safety or to place oneself or another individual in an unsafe environment.

Phoenix-Mesa Gateway Airport Authority Personnel Rules

9. Falsify, misuse, or provide unauthorized use of Airport Authority documents or records, make false statements concerning duties with the Airport Authority, or use of misrepresentation to obtain a position with the Airport Authority.
10. Steal, damage, misuse, or misappropriate property, products, or equipment that belong to the Airport Authority, other employees, or visitors due to negligence or willful misconduct.
11. Commit fraud or other illegal acts regarding interfacing with or the use of the Airport Authority funds.
12. Possession of unauthorized firearms, dangerous items, weapons, or explosives on Airport Authority property.
13. Failure to maintain minimum standards, licenses, or qualifications required for one's position.

SECTION 5.9: ADMINISTRATIVE LEAVE

An employee may be placed on administrative leave with the approval of the Executive Director and the Human Resources Director. Administrative leave is to be used when the circumstances warrant the employee be temporarily relieved from his/her duties pending an investigation or administrative process. While on administrative leave, the employee will be paid their regular pay and is expected to follow departmental direction concerning requirements for leave time. Failure to comply and depending upon the circumstances and violations the employee may be subject to disciplinary action up to and including termination.

SECTION 5.10: DISCIPLINARY ACTIONS

Phoenix-Mesa Gateway Airport Authority utilizes disciplinary actions for employees who have committed infractions of employer policies and procedures. Depending upon the circumstances, violations may be subject to disciplinary action, up to and including termination of employment including immediate discharge from employment without prior warning or notice. This policy should not be construed as requiring the Airport Authority to use progressive discipline, or as a limitation on the right of the Airport Authority to take disciplinary action. Typically actions taken against an employee may be any of the following:

- A. **Written Reprimand:** A supervisor, manager or director may deliver a written reprimand to an employee as documentation to make the employee aware of unacceptable conduct or performance or for a violation of Airport Authority policies or procedures.
- B. **Disciplinary Probation:** An employee may be placed on disciplinary probation, with the approval of the Department Executive, for unacceptable conduct or performance or for violation of Airport Authority policies or procedures.
 1. Disciplinary probation will be up to twelve (12) months and cannot be extended beyond its original length. The probation can be ended early based on demonstrated improvement, with the approval of the Department Executive.
 2. While on disciplinary probation, an employee will not be allowed to compete for any promotional opportunity and will not be eligible for any salary increases. Once the employee is removed from disciplinary probation they may be eligible for a merit increase at their next scheduled annual review based on performance and budget availability.
 3. The Executive Director can approve a reduction in pay along with the disciplinary probation, if recommended by management.

Phoenix-Mesa Gateway Airport Authority Personnel Rules

- C. **Suspension:** The Department Executive can approve the suspension of an employee from the employee's position without pay, at any time for unacceptable conduct or performance or for violation of Airport Authority policies or procedures.
1. Except in certain limited circumstances, an exempt employee may not be suspended for a period of less than one work week.
 2. A suspended employee shall typically be notified prior to the start of the suspension. An employee suspended may be placed on disciplinary probation for a period of up to one year.
- D. **Demotion:** With the approval of the Executive Director, an employee may be demoted at any time for unacceptable conduct or performance or for violation of Airport Authority policies or procedures.
1. An employee who is demoted for disciplinary reasons shall be paid at the highest level in the lower pay range that is at least five percent (5%) lower than the employee's salary prior to the demotion.
 2. An employee demoted will be placed in a position for which he/she is qualified.
 3. An employee demoted shall be placed on an orientation period and a new annual performance evaluation date based on the effective date of the demotion.
 4. An employee demoted for disciplinary reasons may not be allowed to compete for any promotional opportunity until ninety (90) days after the effective date of the demotion.
- E. **Termination:** With the approval of the Human Resources Director and the Executive Director, an employee may be terminated from the Airport Authority service for any reason that the Airport Authority decides, in its sole discretion, justifies such an action.



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Shea Joachim, CEcD, Business Development Director
Through: J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Allegiant Airlines Facility Lease
Date: October 17, 2017

Proposed Motion

To amend the previously approved facility lease agreement with Allegiant Air, LLC (“Allegiant”) for the facility located at 6045 South Sossaman Road, Mesa, AZ, to include two one-year extension options, and reduce the term to four years and four months.

Narrative

The Phoenix-Mesa Gateway Airport Authority (PMGAA) Board of Directors (Board) approved a lease agreement for this facility in April 2017 via Resolution 17-14. Allegiant has since requested several changes to the lease agreement requiring the consideration and possible action of the Board.

Agreement Term and Rate

The agreement term is four (4) years and four (4) months with two (2), one-year extensions. The initial lease rate is \$123,459 annually (\$10,288.25 monthly), with a 3% increase on every 12-month anniversary of the Effective Date.

Attachment(s)

Facility Lease Agreement and Resolution 17-14



RESOLUTION NO. 17-51

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Authority desires to amend a facility lease with Allegiant Air, LLC;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes an amendment to the previously approved facility lease agreement with Allegiant Air, LLC for the facility located at 6045 South Sossaman Road, Mesa, AZ, to include two one-year extension options, and reduce the term to four years and four months. This resolution also authorizes the Chair or Executive Director/CEO to execute such Agreement, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 17th day of October, 2017.

Jenn Daniels, Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Attorney



Phoenix-Mesa Gateway Airport Authority

FACILITY LEASE

with

ALLEGiant AIR, LLC

Effective Date: September 1, 2017

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Phoenix-Mesa Gateway Airport Authority
FACILITY LEASE

This Facility Lease (“Lease”) is executed to be effective the first (1) day of September, 2017 (“Effective Date”) between the PHOENIX-MESA GATEWAY AIRPORT AUTHORITY, a joint powers authority authorized by the State of Arizona (“Lessor”), and ALLEGIANT AIR, LLC, a Nevada limited liability company authorized to do business in the State of Arizona (“Lessee”). Lessor and Lessee may be referred to jointly as “Parties,” and each separately may be referred to as a “Party.”

WITNESSETH:

WHEREAS, Lessor is the owner and operator of the Phoenix-Mesa Gateway Airport generally located at the intersection of Ray Road and Sossaman Road, City of Mesa, Maricopa County, Arizona (Airport”); and

WHEREAS, Lessor has the right to lease, license and grant the use of property and facilities on the Airport and has full power and authority to enter into this Lease in respect thereof; and

WHEREAS, Lessor desires to lease to Lessee, and Lessee desires to lease from Lessor, that certain real property at the Airport located at 6045 South Sossaman Road, Mesa, Arizona 85212, and described as Hangar 24, consisting of approximately eleven thousand, seven hundred and fifty-eight (11,758) square feet, as set forth in Exhibit A attached hereto (“Premises”); and

WHEREAS, Lessor desires to lease the Premises to Lessee on the terms and conditions set forth herein;

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements herein contained, the Parties do hereby undertake, promise and agree, each for itself and its successors and assigns, as follows:

1. LEASE

Lessor hereby leases the Premises to Lessee, subject to all easements and rights of way that may encumber the Premises, and further subject to all operational and use restrictions and other terms and conditions set forth in this Lease.

1.1 Right to Use Premises. Lessor agrees that so long as Lessee shall timely pay the Base Rent and other charges required to be paid hereunder, and perform all its other obligations under this Lease, Lessee shall peaceably have and enjoy the use of the Premises without hindrance from Lessor. Lessee specifically acknowledges that Lessee has inspected the Premises prior to entering into this Lease and agrees to accept the Premises in an “as is, where is” condition without any warranty or representation from Lessor, either express or implied, of any kind or nature whatsoever with respect to the Premises, including, but not limited to, any warranty of merchantability, habitability, or fitness for any particular or specific purpose, and all such warranties are hereby disclaimed. Should Lessee desire any inspection report, environmental assessment, survey, creation

of a legal description, drainage report, or any similar study, Lessee shall be responsible for the same at Lessee's sole expense.

1.2 Substitution of Premises. In addition to Lessor's other rights set forth in this Lease, Lessor reserves the right, upon no less than Ninety (90) calendar days prior written notice to Lessee, to substitute Comparable Areas for all or any portion of the Premises, including any additions, alterations or improvements thereon, should Lessor, in its reasonable discretion, determine that taking of the Premises, any portion thereof or any improvement thereon, is required for other Airport purposes, and there exists no appropriate alternative. In the event Lessor makes the determination to exercise its rights to substitute, all title, right and interest to the portion of the Premises taken shall immediately vest in Lessor on the date that is Ninety (90) calendar days following receipt of Lessor's notice, or such later date as specified therein. Furthermore, Lessor may require Lessee to vacate any portion or all of the Premises taken. For the purposes of this Section 1.2, the term "Comparable Areas" is defined to mean other facilities at the Airport, or any additions or extensions thereof, similar in size to the Premises, brought to the same level of improvement as the Premises and having the same or similar usefulness to Lessee as the portion taken. Lessor shall bear all expenses of bringing the substituted area to the same level of improvement as the Premises, and of moving Lessee's improvements, equipment, furniture and fixtures to the substituted area. If any of Lessee's improvements, equipment, furniture or fixtures cannot be relocated, Lessor shall replace, at Lessor's expense, such non-relocatable improvements and other property with comparable property in the Premises, and Lessor shall be deemed the owner of the non-relocated improvements and other property, free and clear of all claims of any interest or title therein by Lessee, or any other third party whomsoever. It is the specific intent of this Section 1.2 that Lessee be placed, to the extent possible, in the same position it would have been, had Lessor not substituted new premises for the Premises; provided, however, that Lessor shall not be obligated to reimburse Lessee for any damages, including lost profits or revenues, due to such substitution. Notwithstanding the foregoing, Lessor shall use reasonable efforts to avoid disruption to Lessee's business.

1.3 Access. Lessee is granted the right of reasonable access to and from the Premises via such portions of the Airport as are or may be necessary to allow Lessee to conduct its business operations permitted herein at and on the Premises and the Airport. Lessor reserves the right to designate the location of such access and to change its location from time to time, as Lessor deems reasonably necessary and appropriate; provided such changes do not materially interfere with Lessee's use of or access to the Premises.

1.4 Permitted Uses. Subject to the provisions of Section 1.5, Lessee may use the Premises for storage of aeronautical/aircraft parts and components, general administrative office space, storage and maintenance of ground service equipment, and lawful aircraft maintenance of Lessee's aircraft. Lessee's use of the Premises and operation of its business at and on the Airport and the Premises is subject to all applicable laws, rules and regulations of any governmental authority, including Lessor, and to Lessee's compliance with applicable provisions of the Airport Rules and Regulations and Minimum Standards.

1.5 Prohibited Activities. Lessee shall not use or permit its agents, employees, contractors, invitees, licensees or customers to use the Premises or the Airport for any use that is in violation of the Airport Rules and Regulations, the Airport Minimum Standards, any matters of record, or applicable laws, rules, regulations and operating policies of any governmental authority, including Lessor, or for any other activity or operation not specified in Section 1.4 herein, or that does not have advance, written approval of Lessor's Executive Director.

1.6 Continuous Operation. Upon commencement of business operations at and on the Premises and the Airport, Lessee shall designate an on-site manager for the term of this Lease who shall be available to Lessor and Lessee's customers, if any, during normal business hours, and otherwise as required by the Airport Minimum Standards, as applicable.

1.7 Lessee Acknowledgement. Lessee acknowledges this Lease is a MODIFIED GROSS LEASE and agrees that its obligations to pay Base Rent and all other charges due and owing under the terms hereof shall be absolute and unconditional, and shall not be affected by any circumstances whatsoever, including, without limitation: (i) any set-off, counterclaim, recoupment, defense or other right which Lessee may have against Lessor or the United States of America or anyone else for any reason whatsoever; (ii) any liens, encumbrances or rights of others with respect to the Premises; (iii) the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease or any lack of right, power or authority of Lessor or Lessee to enter into this Lease; (iv) any insolvency, bankruptcy, reorganization or similar proceedings by or against Lessee, or any other person; or (v) any other cause, whether similar or dissimilar to the foregoing, any future or present law notwithstanding, it being the intention of the Parties hereto that all rent being payable by Lessee hereunder shall continue to be payable in all events and in the manner and at the times provided herein.

2. TERM

2.1 Initial Term. The term of this Lease shall be for a period of four (4) years and four (4) months, commencing on the Effective Date and terminating on December 31, 2021 thereafter ("Term").

2.2 Renewal Term. Provided Lessee is not then in default of this Agreement, Lessee shall have the option of extending the Term for TWO (2) additional periods of ONE (1) year (each, individually, an "Extension"). Lessee may exercise an extension by giving written notice to PMGAA of its desires to do so no later than ONE HUNDRED TWENTY (120) days prior to the expiration of the Term as set forth in Section 2.1 herein or subsequently extended. If Licensee has properly notified PMGAA of its desire to exercise an Extension and PMGAA approves in writing, then Licensee's extension of the Term of this Agreement shall become effective and all references herein to "Term" shall mean the initial term as extended.

2.3 Termination Clause. Either party may terminate this Lease by providing the notified party with NINETY (90) days' advance written notice of its intent to do so.

3. NON-EXCLUSIVE RIGHTS

Lessee shall have the exclusive right to occupy and use the Premises while in compliance with the terms and conditions of this Lease. All other rights granted to Lessee under this Lease are nonexclusive. Lessor may, in its sole discretion and at any time, permit third parties to conduct any and all business activities at the Airport that Lessor deems appropriate, or conduct such activities itself, provided that such activities do not require or materially interfere with Lessee's use of the Premises.

4. RENT

4.1 Base Rent. Lessee agrees to pay Lessor annual rental fee for the use of the Premises in the amount of One Hundred Twenty-Three Thousand, Four Hundred and Fifty-Nine Dollars (USD \$123,459.00), payable in equal monthly installments of Ten Thousand, Two Hundred and Eight-Eight 25/100 Dollars (\$10,288.25) ("Base Rent"). The Base Rent shall be payable in advance, without any prior demand therefor and without any abatement, deductions or set-offs whatsoever, and tendered in lawful currency of the United States, either by check or electronic transfer. All payments referenced in this Lease shall be payable exclusively in United States Dollars.

4.2 Rent Increases. The annual Base Rent paid by Lessee shall be increased (but never decreased) on every Twelve (12) month anniversary of the Effective Date of this Lease by Two (2%) percent.

4.3 Reserved.

4.4 Airport Rates and Charges Schedule. Lessee or its subtenants, as applicable and including its contractors, agents, etc., shall pay all fees identified in the most current Airport Rates and Charges Schedule at

the time of receipt of any covered service or use of any covered facilities, unless specifically outlined in this Lease. The current Airport Rates and Charges Schedule is included as Exhibit B and incorporated herein by reference and is subject to change without prior notice or approval of Lessee. Lessee acknowledges and agrees that Lessor may amend the Airport Rates and Charges Schedule at any time at Lessor's sole discretion, and that no fee [referenced in the Airport Rates and Charges Schedule] shall apply to the use of the Premises or access to the Premises.

4.5 Payment.

4.5.1 Unless otherwise specified herein, the first payment of Base Rent shall be paid to Lessor upon the delivery of this Lease, for the period from the Effective Date until the end of the calendar month in which the Effective Date occurs, prorated based on the number of such days to the total number of days in said month. All payments referenced in this Lease shall be payable exclusively in United States Dollars. Thereafter, all Base Rent payments shall be paid in monthly installments, in advance, on the first day of each calendar month ("Base Rent Due Date"). On each such date, Lessee shall pay the full Base Rent payment.

4.5.2 No payment to or receipt by Lessor of a lesser amount than that which is due and payable under the provisions of this Lease at the time of such payment shall be deemed to be other than a payment on account of the earliest payment due, nor shall any endorsement or statement on any check or payment prejudice in any way Lessor's right to recover the balance of such payment or pursue any other remedy provided in this Lease or by law.

4.5.3 All payments (and reports, if any) required by this Section 4.5 shall be remitted to the following address by the due date(s) specified hereinabove:

Phoenix-Mesa Gateway Airport Authority
Attn.: Department of Finance (Accounts Receivable)
5835 S. Sossaman Road
Mesa, Arizona 85212-6014

or such other address specified in writing by Lessor to Lessee.

4.6 Finance Charges and Late Fees. If Lessee fails to pay any installment of Base Rent or any other charge due and owing to Lessor in full on or before the applicable due date, Lessee shall be responsible for interest on the unpaid installment at the rate of Eighteen Percent (18%) per annum from the due date until payment in full is made. In addition, in the event any installment of Base Rent or other charge owing to Lessor is paid more than Ten (10) days after the due date, a late penalty of Ten Percent (10%) of the amount of such delinquent Base Rent installment or other charge shall be due and payable in addition thereto.

4.7 Taxes. In the event any governmental authority shall impose a tax or imposition based upon any Base Rent payments or any other sums paid or owing hereunder, or the receipt of such payments by Lessor, Lessee shall pay such amounts to Lessor at the same time and in addition to payments hereunder, which amounts may include, but are not limited to, any or all rental, transaction privilege, sales, excise or other similar tax except income taxes.

4.8 Survival. Lessee's obligation to pay all amounts stated herein, together with any interest thereon and/or penalties therefor, shall survive the termination of this Lease.

5. Reserved

6. AIRCRAFT OPERATIONS GUIDELINES

If and to the extent that Lessee, including its subtenants, contractors, agents, etc., operates aircraft at or on the Airport, Lessee shall be subject to the provisions of Exhibit C. If any subtenant, contractor or agent of Lessee conducting activities on or at the Premises operates aircraft at the Airport, all shall be subject to the provisions of Exhibit C, which Lessor may enforce directly against such subtenant, contractor or agent, but Lessee shall have no direct liability or responsibility with respect to such matters; except, however, Lessee shall be responsible for compliance by its subtenants, contractors and/or agents with the Airport Rules and Regulations and Minimum Standards, as appropriate.

7. IMPROVEMENTS

7.1 Reserved.

7.2 Reserved.

7.3 No Alterations. Lessee shall make no material improvements or alterations to the Premises during the Term of this Lease without the prior written permission of Lessor, which shall not be unreasonably withheld or delayed and, if and to the extent applicable, without the approval by Lessor's Design Review Committee. Lessee shall provide Lessor with electronic as-built drawings (or their equivalent) when any improvement or alteration is completed for which such drawings are reasonably required.

7.4 Title to Alterations and Improvements. Title to all Improvements and alterations on the Premises (but not personal property or trade fixtures) shall vest in Lessor upon the expiration of this Lease, and Lessee agrees to execute and deliver to Lessor, within Ten (10) business days after Lessor's request therefor, a quitclaim deed confirming that title to such improvements and alterations is vested in Lessor.

7.5 Mechanics' Liens. Lessee shall keep the Premises and all improvements constructed by Lessee thereon free of any mechanic or materialmen's liens. In the event that any such lien is filed, Lessee shall, at its sole cost, cause such lien to be removed from the Premises by bonding or otherwise within Thirty (30) calendar days of notice thereof.

7.6 Permit Required. Lessee shall be responsible for determining whether it is subject to local building/construction codes or permit requirements, and for compliance with them to the extent they are applicable. All structural, electrical, plumbing or mechanical construction or reconstruction shall conform to City of Mesa ("City") construction and technical codes. No such work shall be commenced without first submitting required plans and obtaining required permits from the City. All such work shall be permitted, inspected and approved by the City prior to concealment or use. Lessee shall provide to Lessor a contemporaneous copy of Lessee's permit application and the associated plans and specifications.

7.7 Damage or Destruction. Lessee shall maintain insurance on all of Lessee's improvements to the Premises. In the event that all or any portion of Lessee's improvements are destroyed or rendered unusable due to fire or other catastrophe, Lessee shall replace, repair, restore, modify or improve said improvements, subject to the provisions of Section 7.6, using available insurance proceeds together with any additional funds from other available sources, or, alternatively, Lessee shall pay the replacement cost of the improvements to Lessor.

8. MAINTENANCE

8.1 Responsibilities.

8.1.1 *Lessee.* Lessee shall, at its sole cost and expense, keep the Premises and all improvements therein in a neat and clean condition and in good order. Lessee is responsible for janitorial services. In the event that Lessee, knowingly and willing, grossly misuses said premises and such gross misuse

is the sole and proximate cause of damages to the mechanical, electrical, plumbing, drain, piping, and/or air conditioning systems on the Premises, then Lessee and Lessor shall share in the cost of the reasonable maintenance, repairs or replacements of the aforementioned systems

8.1.2 *Lessor.* Lessor shall, at its sole cost and expense, sustain and maintain the structural integrity of the Premises, and assume responsibility for all maintenance related to Lessee's reasonable and expected use of the Premises.

8.2 **Damage to Lessor Property.** Any real or personal property of Lessor damaged or destroyed by Lessee as a result of Lessee's use or occupancy of the Premises shall be promptly repaired or replaced by Lessee to the satisfaction of Lessor. In lieu of such repair or replacement, where required by Lessor, Lessee shall pay to Lessor an amount sufficient to compensate for the loss sustained by Lessor.

8.3 **Trash Removal.** Lessee shall at all times keep the Premises in a neat, clean, safe, sanitary and orderly condition and shall keep such area free of all trash and debris. Lessee shall be responsible for all trash removal from the Premises. Such trash removal shall be performed on a not less than weekly basis, and all trash shall be disposed of in trash collection locations designated by the Lessor.

8.4 **Emergency Repairs.** Within FIFTEEN (15) days of the Effective Date, Lessee shall provide Lessor with a list of names and telephone numbers for 24-hour emergency contact for the Premises. Lessee shall promptly provide Lessor with updated lists and changes as necessary.

9. ASSIGNMENT, SUBLETTING AND OTHER TRANSFERS

9.1 **Any Transfer of Lease Interest Requires Lessor Advance Written Approval.** In the event Lessee desires to transfer, assign, encumber, pledge or hypothecate any portion of its interest in this Lease or any right or interest hereunder (including, but not limited to as part of a mortgagor deed of trust or an assignment by means of a foreclosure or trustee's sale thereunder (individually and collectively, "Transfer"), Lessee must obtain the prior written consent of Lessor, with such consent to be the in sole and absolute discretion of Lessor without exception. Where Lessor approves in writing of such Transfer, Lessor shall be entitled to request and acquire written financial assurances, including, but not limited to financial statements, business plans and other information related to the financial condition and plans of any proposed transferee. Further, Lessor, may in its sole and absolute discretion require that Lessee still be liable at law and at equity, as well as financially liable, under the Lease, regardless of whether the assignee expressly assumes in writing all of Lessee's obligations under this Lease or in the case of a sublease. Lessee understands and agrees to these terms and conditions regarding any proposed Transfer, and that any violation of this Section 9, may irreparably harm Lessor as the requirements set forth herein are directly related to PMGAA's (and any Lessee's) legal and financial obligations to the Federal Aviation Administration. This section 9 shall remain valid and enforceable even in the event of amendment to or repeal of FAA regulations, so long as this section 9 does not directly conflict therewith.

9.2 **Lessee's Required Advanced Notice to Lessor of Proposed Transfer.** In order for Lessor to even consider a Transfer, Lessee must: (i) notify Lessor in writing at least Forty-five (45) days prior to such proposed transfer; (ii) deliver to Lessor, at the time of Lessee's notice, current financial statements of Lessee and the proposed transferee (along with transferee's business plans) that are reasonably acceptable to Lessor; and (iii) the transferee assumes and agrees in writing to perform Lessee's obligations under this Lease. However, nothing herein shall be construed as Lessor providing its consent to any Transfer or relieving Lessee of any legal, financial or other obligation under the Lease, regardless of Lessor's acceptance or refusal to accept such proposed transfer of Lease. For purposes of this Section 9.2, "Affiliate" means any person or entity that, directly or indirectly, controls, is controlled by or is under common control with Lessee. For purposes of this definition, "control" shall mean possessing the power to direct or cause the direction of the management and policies of the entity by the ownership of a majority of the voting securities of the entity.

9.3 Deemed Transfers. For the purposes of this Lease, a Transfer shall be deemed to include, but not be limited to, the following: (i) if Lessee is a corporation, partnership, limited liability company or other legal entity, the transfer of any ownership interest in such entity resulting in a change in the present control of such entity by the person or persons owning a majority of the ownership interest thereof as of the date of this Lease; provided, however, if Lessee is a corporation whose stock is traded on a nationally recognized stock exchange, the transfer of Lessee's stock shall not constitute a Transfer requiring Lessor's consent; or (ii) the sale of TWENTY-FIVE PERCENT (25%) or more in value of the assets of Lessee.

9.4 Subletting. Lessee shall not sublease the Premises or any portion thereof at any time during the Term of this Lease.

9.5 Non-Disturbance. Lessor agrees, for the benefit of all subtenants of all or any part of the Premises, that if this Lease or Lessee's right to possession of the Premises is terminated for default or otherwise, all subleases of all or any part of the Premises, except any sublease to an affiliate of Lessee, shall continue in full force and effect, notwithstanding the termination, as direct leases between Lessor and the subtenants and all such subtenants shall, upon request, attorn in writing to Lessor.

9.6 This Lease and all provisions hereof are subject and subordinate to the terms and conditions of the instruments and documents under which PMGAA acquired the subject property from the United States of America and shall be given only such effect as will not conflict or be inconsistent with the terms and conditions contained in the lease of said lands from PMGAA and any existing or subsequent amendments thereto, and are subject to any ordinances, rules or regulations which have been, or may hereafter be adopted by PMGAA pertaining to the Airport.

10. IDENTIFICATION SIGNS

Lessee may install on the Premises, a sign or signs identifying its business on the exterior of the Premises; provided, however, that the general type, size, and location of such sign(s) shall conform to Lessor's Comprehensive Sign Plan, be approved in writing by Lessor in advance of installation and be subject to any signage rules, codes and/or regulations of any governmental authority.

11. DEFAULT; TERMINATION BY LESSOR

11.1 Events of Default. Each of the following shall constitute a material default of this Lease by Lessee ("Event of Default"):

11.1.1 Failure to pay any installment of Base Rent or other amount due from Lessee hereunder, or required by any other agreement between the Parties, provided that Lessee does not cure such failure within TEN (10) business days after delivery by Lessor of a written notice of such failure.

11.1.2 Failure to perform any of its other obligations under this Lease, provided that Lessee does not cure such failure within THIRTY (30) calendar days after delivery by Lessor of a written notice of such default; provided, however, if a cure of the default reasonably requires more than THIRTY (30) calendar days to complete, then the time to cure shall be extended so long as the cure is being diligently pursued.

11.1.3 The filing of any mechanic's, materialmen's or other lien of any kind against the Premises because of any act or omission of Lessee which lien is not discharged, by bonding or otherwise, within THIRTY (30) calendar days of receipt of actual notice thereof by Lessee.

11.1.4 The Transfer or attempted transfer of any interest in the Lease to any transferee without Lessor's advance written authorization, which Lessor may withhold in its sole and absolute discretion.

11.2 Lessor's Remedies. Upon the occurrence of an Event of Default under this Lease, Lessor may, without prejudice to any other rights and remedies available to a Lessor at law, in equity or by statute, but

subject to the provisions of SECTIONS 9.2 and 23 herein, exercise one or more of the following remedies, all of which shall be construed and held to be cumulative and non-exclusive:

11.2.1 Terminate this Lease and re-enter and take possession of the Premises; or

11.2.2 Without terminating this Lease, re-enter and take possession of the Premises; or

11.2.3 Without such re-entry, recover possession of the Premises in the manner prescribed by any statute relating to summary process, and any demand for Base Rent, re-entry for condition broken, and any and all notices to quit, or other formalities of any nature to which Lessee may be entitled, are hereby specifically waived to the extent permitted by law; or

11.2.4 With or without terminating this Lease, Lessor may re-let the Premises or any portion thereof.

11.3 No Implied Termination. Lessor shall not be deemed to have terminated this Lease unless Lessor shall have notified Lessee in writing that it has so elected to terminate this Lease. Lessee hereby waives all claims based on Lessor's reentering and taking possession of the Premises, or removing and storing the property of Lessee, and shall save Lessor harmless from all losses, costs or damages occasioned thereby. No such reentry shall be considered or construed to be a forcible entry by Lessor.

11.4 Lessor's Current Damages. Lessor is authorized to make such repairs, refurbishments or improvements to the Premises as may be necessary for the purpose of attempting to re-let the Premises, and the costs and expenses incurred in respect of such repairs, redecorating, refurbishments and improvements shall be paid by Lessee to Lessor within FIVE (5) business days after receipt of Lessor's statement. If Lessor exercises any of the remedies stated above, Lessor shall be entitled to recover from Lessee all damages incurred by Lessor by reason of the Event of Default, which shall include, without limitation, (i) the equivalent of the amount of the Base Rent and all other payments which would be payable under this Lease by Lessee for the remainder of the Term as if this Lease were still in effect, less (ii) the net proceeds of any re-letting by Lessor after deducting all of Lessor's expenses in connection with such re-letting, which shall include, without limitation, repossession costs, repairs, redecorating, refurbishments or improvements to the Premises, brokerage commissions, attorneys' fees, and legal expenses. Lessee shall pay such current damages to Lessor, in the amount set forth in the preceding sentence (hereinafter called "Deficiency"), in monthly installments on the days on which the Base Rent would have been payable under this Lease as if this Lease were still in effect. All amounts collected by Lessor from subtenants shall be credited against Lessor's damages.

11.5 Lessor's Final Damages. At any time after an Event of Default, whether or not Lessor shall have collected any monthly Deficiency as set forth above, Lessor shall be entitled to recover from Lessee, and Lessee shall pay to Lessor, on demand, as final damages for the applicable Event of Default, the sum of (a) the then present worth (at a discount at the rate of Six Percent (6%) per annum) of (i) the aggregate of the Base Rent and all other amounts to be paid by Lessee hereunder for the unexpired portion of the term of this Lease (assuming this Lease had not been terminated), less (ii) the amount of such loss that could have been reasonably avoided, plus (b) repossession costs, Lessor's expenses in connection with any attempts it may have made to re-let the Premises (which shall include, without limitation, repairs, refurbishments or improvements to the Premises and brokerage commissions), attorneys' fees, legal expenses, and all other damages incurred by Lessor as a result of such Event of Default. In determining the amount of loss that could reasonably be provided, rents to be paid by subtenants pursuant to Section 9.4, if applicable, and other reasonably projected rental income from leasing the Premises shall be taken into account.

11.6 No Waiver by Lessor. No waiver by Lessor of any breach or default by Lessee in the performance of its obligations under this Lease shall be deemed to be a waiver of any subsequent default by Lessee in the performance of any of such obligations, and no express waiver shall affect an Event of Default

in a manner other than as specified in said waiver. The consent or approval by Lessor to or of any act by Lessee requiring Lessor's consent or approval shall not be deemed to waive or render unnecessary Lessor's consent or approval to or of any subsequent similar acts by Lessee.

11.7 Content of Default Notice. Any default notice tendered to Lessee hereunder shall be deemed to be sufficient if it is reasonably calculated to put Lessee on inquiry as to the nature and extent of such default, and is made in accordance with Section 20 herein.

11.8 Limitation on Exercise of Termination Remedy by Lessor. Notwithstanding anything to the contrary in Section 11.2 hereinabove, if an Event of Default occurs, Lessor shall not have the remedy of terminating this Lease or of taking possession of the Premises unless: (i) the Event of Default consists of a failure to pay off Base Rent or other amounts owed to Lessor; or (ii) Lessor has no other remedy that is adequate to protect Lessor's interests. Other remedies that are available to Lessor include self-help and recovery of damages, and nothing in this Section 11 shall limit the exercise of any such other remedy.

11.9 Waiver of Landlord's Lien. Lessor hereby waives all statutory or common law landlord's lien rights with respect to personal property located on the Premises.

12. RESERVED

13. INDEMNIFICATION

To the fullest extent permitted by law, Lessee hereby agrees to defend, indemnify and hold harmless Lessor and its members, elected or appointed officials, agents, contractors, subcontractors, boards, commissions and employees (hereinafter referred to collectively as "Lessor" for purposes of this Section 13) for, from and against any and all claims, causes of action, liability, suits, litigation (including reasonable attorney's fees and other costs of investigation and litigation), actions, losses, damages or claims of any nature whatsoever which arise out of or in connection with (i) any accident, injury or damages occurring within the Premises, or (ii) any negligent act or omission of Lessee or its agents, employees, contractors, or subcontractors (hereinafter referred to collectively as "Lessee" for purposes of this Section 13) in connection with Lessee's operations hereunder and which result directly or indirectly in the injury to or death of any persons or the damage to or loss of any property, or (iii) the failure of Lessee to comply with any provisions of this Lease. This indemnification shall exclude responsibility for any consequential damages and for claims arising by reason of the negligent or wrongful act of Lessor or its employees, contractors or agents.

14. ENVIRONMENTAL PROTECTION

14.1 Definitions. Unless the context shall clearly require otherwise, the terms defined in this Section 14 shall, for all purposes of this Lease and of any agreement amendatory hereof or supplemental hereto, have the meanings herein specified, with the following definitions to be equally applicable to both the single and plural forms of any of the following:

14.1.1 Environmental Laws. The term "Environmental Laws" shall mean any one or all of the following, as the same are amended from time to time: the Comprehensive Environmental Response, Compensation, and Liability Act, 42 USC Section 9601 et seq.; the Resource Conservation and Recovery Act, 42 USC Section 6901, et seq.; the Toxic Substances Control Act, 15 USC Section 2601 et seq.; the Safe Drinking Water Act, 42 USC Section 300f et seq.; the Clean Water Act, 33 USC Section 1251 et seq.; the Clean Air Act, 42 USC Section 7401 et seq.; the Arizona Hazardous Waste Management Act, A.R.S. Section 49-921 et seq. the Arizona Environmental Quality Act, A.R.S. Title 49, as amended; and all regulations thereunder and any other laws, regulations and ordinances (whether enacted by the local, state or federal government) now in effect or hereafter enacted that deal with the regulation or protection of the environment, including the ambient air, ground water, surface water, and land use, including substrata land, or that govern the use of hazardous materials, solid and hazardous waste, hazardous substances and petroleum products.

14.1.2 Hazardous Material. The term “Hazardous Material” shall mean any toxic or hazardous material, substance or waste, or any pollutant or contaminant as defined or regulated pursuant to any Environmental Law and petroleum products. For purposes of this definition, petroleum includes petroleum-based substances comprised of a complex blend of hydrocarbons derived from crude oil through processes of separation, conversion, upgrading and finishing (e.g., distillate fuel oils, petroleum solvents and used oils).

14.2 Release by Lessor. Lessor shall indemnify Lessee to the fullest extent permitted by law for any and all environmental damage of any kind, or for the effects of Hazardous Material on the environment, or on any person or property, if any, which have been caused by the use of, or releases from, the Premises and the Airport prior to Lessee’s occupancy of any part thereof. Lessee is not liable for any claims or damages arising from environmental damage resulting from or that are the result of contamination of any kind existing on the Premises or surrounding sites prior to Lessee’s occupancy of thereof.

14.3 Lessee Compliance.

14.3.1 Lessee shall, at the Lessee’s own expense, comply with all present and hereafter enacted Environmental Laws, including any amendments thereto, affecting Lessee’s activities on and property interest in the Premises during the period of Lessee’s occupancy thereof under this Lease.

14.3.2 Lessee shall not cause or permit any Hazardous Material to be brought upon, kept or used in or about the Premises or the Airport by Lessee’s agents, employees, contractors or invitees in violation or threatened or suspected violation of any Environmental Law. The Parties recognize and agree that Lessee may bring on the Premises and Airport and use Hazardous Materials that are ordinarily and customarily used in the conduct of Lessee’s permitted activities under this Lease, provided that such use shall comply fully with all applicable Environmental Laws.

14.3.3 If Lessee desires and receives written authorization from Lessor to install any above ground storage tank (“AST”) on the Premises or elsewhere on the Airport, Lessee shall submit the plans for such ASTs to Lessor for prior written approval and shall comply with all applicable Environmental Laws related thereto, including Title 40, Code of Federal Regulations, Part 112, as applicable. Lessee shall be the owner of such ASTs for statutory purposes and shall be solely responsible for the design, construction, installation, operation, monitoring, inspection, repair and maintenance of any and all ASTs, including any connected piping and/or dispensing apparatus. All ASTs shall comply with the Office of the State Fire Marshall as well as the Authority Having Jurisdiction (AHJ). Any AST that stores flammable and combustible liquids shall meet the provisions of NFPA 30, Flammable and Combustible Liquids Code. Records demonstrating compliance with release detection requirements, including product inventories, calibration and maintenance, sampling, tightness testing and any other records, fees and taxes required by the state or federal governments shall be the responsibility of Lessee. Upon the expiration of this Lease, Lessee shall remove all ASTs in compliance with all applicable Environmental Laws in effect at that time unless otherwise allowed by Lessor.

14.4 Indemnification. To the fullest extent permitted by law, Lessee shall indemnify, defend (with counsel reasonably acceptable to Lessor), protect and hold harmless Lessor and its employees and agents for, from and against any and all liability, loss, damage, expense, penalties and legal and investigation fees or costs, arising from or related to any claim or action for injury, liability, or damage to persons or property and any and all claims or actions brought by any person, entity or governmental body, alleging or arising in connection with contamination of the environment or violation of any Environmental Law or other statute, ordinance, rule, regulation, judgment or order of any government or judicial entity which are incurred or assessed as a result of any of Lessee’s activities or operations on the Premises or Airport. This obligation includes, but is not limited to, all costs and expenses related to cleaning up the property, land, soil and underground or surface water as required under the law. Lessee’s obligations and liabilities under this Section 14.4 shall survive the termination of this Lease. The indemnification of Lessor by Lessee as described above includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration

work required by any federal, state or local governmental agency or political subdivision. Lessor reserves the right to seek injunctive relief as may be permitted under law and equity.

14.5 Remediation. Without limiting the foregoing, if the presence of any Hazardous Material during the Term of this Lease caused or permitted by Lessee results in any Release on the Airport in violation or potential violation of any Environmental Law, Lessee shall promptly take action to remediate the affected property at its sole expense as necessary to return the Airport to the condition existing prior to the introduction of any such Hazardous Material to the Airport; provided that Lessor's approval of such actions shall first be obtained, which approval shall not, except in an emergency, be unreasonably withheld so long as such actions would not potentially have any material adverse long-term effect on the Airport and Lessee is not under administrative or court order related to such remediation action. Notwithstanding Lessor's approval pursuant to this Section 14.5, Lessor is not responsible for directing or managing any remediation action. For purposes of this Section 14.5, the term "Release" means any releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing, or dumping.

14.6 Governmental Submittals. Lessee shall, at Lessee's own expense, make all submissions to, provide all information to, and comply with all requirements of the appropriate governmental authority ("Government") under the Environmental Laws. Should the Government determine that a site characterization, site assessment and/or cleanup plan should be prepared and/or that a cleanup should be undertaken because of any spills or discharges of Hazardous Materials by reasons of Lessee's activities or actions at the Airport which occur during the term of this Lease, then Lessee shall, at the Lessee's own expense, prepare and submit the required plans and financial assurances, and carry out the approved plans. The Lessee shall provide a copy of said plans to the Lessor within thirty (30) days of development.

14.7 Information Sharing.

14.7.1 Lessee shall immediately notify Lessor of any of the following: (i) Lessee's receipt of any notification from any governmental entity either charging or informing Lessee that it will be charged with a significant (as defined below) violation of Environmental Laws, and (ii) any change in Lessee's activities on the Premises or Airport that is reasonably likely to adversely change Lessee's or Lessor's obligations or liabilities under the Environmental Laws. In addition, Lessee agrees to provide Lessor with copies of documents reflecting the physical condition of the Premises, including but not limited to, environmental testing of soils and groundwater, and information reasonably requested by Lessor to determine the applicability of the Environmental Laws to the Premises, or to respond to any governmental investigation or claim of liability by third parties which is related to environmental contamination of the Premises or Airport, including Lessee's activities thereon. A "significant violation of Environmental Law" shall be any violation that requires more than Thirty (30) calendar days to resolve.

14.7.2 Lessee shall immediately notify Lessor's Operations and Maintenance Department upon discovering a Release or Suspected Release of any amount of material that is stored inside an AST, approved pursuant to SECTION 14.3.3. For purposes of this Section, a "Suspected Release" is any discovery of released Hazardous Material at the AST site or surrounding area, erratic behavior of Hazardous Material dispensing equipment, the sudden loss of a Hazardous Material, or when monitoring indicates that a Release has occurred.

14.8 Sublease. Lessee shall insert provisions substantially identical to the provisions of this Section 14 in any Airport approved sublease agreement or contract by which it grants a right or privilege to any person, firm, corporation or other entity under this Lease.

14.9 Actions of Lessee. The activities or actions of Lessee under this Section 14 shall include the activities or actions of Lessee's officers, directors, employees, agents, contractors, invitees and successors.

14.10 Clean Water Act; NPDES Permits and SWPPPs. Without in any way limiting the foregoing, Lessee shall comply with all Environmental Laws regarding discharges to water and land, including, without limitation, obtaining and complying with an individual National Pollutant Discharge Elimination System (“NPDES”) permit, or requesting coverage under and complying with any applicable multi-sector general permit obtained by Lessor. If applicable, Lessee shall also prepare and comply with a site-specific Storm Water Pollution Prevention Plan (“SWPPP”) or any revisions to a SWPPP, with respect to Lessee’s operations or activities on the Premises or Airport. At Lessee’s discretion and if applicable, Lessee may choose to be added to Lessor’s Storm Water Permit and, if such addition is desired, agrees to be subject to the provisions of Exhibit E attached hereto.

14.11 Protective Devices and Plans. If Lessee is required by the City to estimate the possible constituents of sanitary sewer discharges in order that the City may define certain discharge limitations for the Premises, Lessee shall complete and return an Industrial Wastewater Discharge Questionnaire (“Questionnaire”) to the City and promptly provide Lessor with a copy and updates to the Questionnaire as they arise. Also, if the City so requires, Lessee shall install and maintain appropriate protective devices to prevent accidental discharge of any Hazardous Materials into domestic or industrial drains on or near the Premises and elsewhere on the Airport, as appropriate, and for any other material for which a slug load discharge could pollute the Airport’s storm water discharge or disrupt operations at the sewage treatment plant serving the Premises. Lessee shall post a notice in a prominent place on the Premises advising employees on what actions to take and whom to call in the event of said discharge, and shall ensure that all employees of Lessee are trained with regard to the spill protection plan hereinafter referenced. Lessee also shall provide Lessor with immediate notice of any spill.

14.12 Right to Enter Premises. Lessor’s rights under this Lease specifically include the right of Lessor, the United States Government, the Environmental Protection Agency (the EPA), the Arizona Department of Environmental Quality (ADEQ) and the Arizona Department of Occupational Safety and Health (ADOSH) to enter the Premises upon reasonable notice to Lessee for purposes of: (i) inspecting Lessee’s compliance with environmental, occupational safety and health laws and regulations, whether or not such party is responsible for enforcing such laws; (ii) conducting environmental investigation or remediation, including, without limitation, performing tests and surveys, drillings, test-pitting, borings, compiling data and/or records, and other activities related to environmental investigation; and (iii) carrying out remedial or removal actions as required or necessary under applicable laws, including, without limitation, installing monitoring wells, pumping wells and/or treatment facilities. Lessor shall give Lessee Twenty-Four (24) hour’s prior notice of its intention to enter the Premises unless it determines the entry is required for safety, environmental, operations, or security purposes. Lessee shall have no claim against Lessor for any entries by the United States, EPA, ADEQ, Arizona ADOSH, or any officer, agent, employee or contractor thereof.

14.13 U.S. Air Force Use and Remedial Action.

14.13.1 The Parties assume no liability or responsibility for environmental impacts and damage caused by the U.S. Air Force’s use of Hazardous Materials on any portion of the Airport, including the Premises, prior to the Effective Date, and have no obligation under this Lease to undertake the defense of any claim or action, whether in existence now or brought in the future, solely arising out of the use of or release of any Hazardous Materials or deposits of solid waste on or from any part of the Airport, including, but not limited to, the Premises. Further, the Parties have no obligation under this Lease to undertake environmental response, remediation, or cleanup relating to such use or release. For purposes of this SECTION 14.13, “defense” or “environmental response, remediation, or cleanup” shall include liability and responsibility for the costs of damage, penalties, legal and investigative services relating to such use or release. The terms, “Occupation” or “Use” shall mean any activity or presence (in or upon) such portion of, or such building, facility or other improvement on the Premises.

14.13.2 Pursuant to Section VII.E.3 of the Deed (as defined herein), the U.S. Air Force warrants and covenants that all remedial action necessary to protect human health and the environment with respect to hazardous substances remaining on the Airport has been completed prior to the date of the Deed and, further, any remedial action found to be necessary after the date of the Deed shall be conducted by the U.S. Air Force; provided, however, that the foregoing covenant does not apply where Lessor or Lessee is a potentially responsible party with respect to any portion of the Premises or the Airport.

14.14 Cleanup Requirements. Lessee agrees that Lessor assumes no liability to Lessee should Hazardous Materials cleanup or related requirements, whether imposed by law, regulatory agencies, the U.S. Air Force or Department of Defense interfere with Lessee's use of the Premises. Lessee shall have no claim against Lessor or the United States or any officer, agent, employee or contractor thereof on account of any such interference whether due to entry, performance of remedial or removal investigations, or exercise of any right with respect to the Federal Facilities Agreement (FFA) or the Installation Restoration Program (IRP) or under this Lease or otherwise. Lessee agrees to comply with the provisions of any health or safety plan in effect under the IRP or any hazardous substance remediation or response agreement with environmental regulatory authorities during the course of any of the above described response or remedial actions. Any inspection, survey, investigation, or other response or remedial action shall, to the extent practicable, be coordinated with representatives designated by Lessee. Lessee shall have no claim on account of such entries against the United States or any officer, agent, employee, contractor, or subcontractor thereof.

14.15 Spill Protection Plan. In the event Lessee undertakes any type of manufacturing, maintenance or other activities on the Premises involving the use or generation of any Hazardous Materials regulated by Hazardous Materials Laws, Lessee shall have an approved plan for responding to Hazardous Materials, fuel, and other chemical spills prior to commencement of activities on the Premises and other approved Airport locations. Such plan shall comply with all applicable requirements of said plan which shall be updated from time to time or as may be required to comply with changes in site conditions or applicable requirements, and shall be approved by all agencies having regulatory jurisdiction over such plan. Such plan shall be independent of Lessor's spill prevention and response plans, if any. Lessee shall not rely on use of Lessor or Lessor personnel or equipment in execution of its plan. Lessee shall file a copy of the approved plan and approved amendments thereto with Lessor's Environmental and Archeological Coordinator within THIRTY (30) calendar days of receipt of a Certificate of Occupancy from the City. Notwithstanding the foregoing, should Lessor provide any personnel or equipment, whether for initial fire response and/or spill containment, on the request of Lessee, or because Lessee was not, in the opinion of Lessor, conducting fire-fighting, containment or timely cleanup actions, Lessee agrees to reimburse Lessor for its actual costs in accordance with all applicable laws and regulations.

14.16 Wells. Lessee shall not install any drinking water or other wells in any location on the Premises without the prior written approval of Lessor.

14.17 Construction Activities and Surface Disturbances.

14.17.1 Should Lessee be permitted to construct improvements on the Premises, Lessee agrees that in the event any hazardous substances, pollutants, contaminants, petroleum or petroleum derivatives are discovered, Lessee shall promptly notify Lessor of such discovery and shall immediately cease said construction pending investigation and remedial action, if necessary, by Lessor or the appropriate regulatory agency.

14.17.2 After construction of Lessee's improvements on the Premises, if any, either in the future or as otherwise provided herein, Lessee shall not conduct any subsurface excavation, digging, drilling or other disturbance of the surface without the prior written approval of Lessor, which shall not be unreasonably withheld.

15. PROTECTION OF WETLANDS

Lessee shall minimize the destruction, loss, or degradation of any wetlands located on the Premises. Lessor believes there are no wetlands existing on the Premises as of the Effective Date. However, before locating new construction in wetlands, if any exist, Lessee shall contact Lessor and the United States Army Corps of Engineers and obtain a permit or waivers under Section 404 of the *Clean Water Act*. For purposes of this SECTION 15, the term, “new construction,” includes structures, facilities, draining, dredging, channeling, filling, diking, impounding, and related activities.

16. SPECIAL PROVISIONS

16.1 Lessee shall comply with all applicable Federal, State, and local occupational safety and health regulations.

16.2 Lessee shall be responsible for determining whether it is subject to State and local sanitation, licensing, building code or building permit requirements and whether or not it requires a permit to do business and for compliance with them to the extent they are applicable.

16.3 Lessee agrees to and shall at all times comply with the Lessor’s *Standard Terms and Conditions*, as attached hereto as **EXHIBIT F**.

17. INSURANCE

17.1 Coverage Required. Lessee shall procure and maintain, or cause to be procured and maintained, the following types and amounts of insurance with respect to the Premises:

17.1.1 *Aircraft Liability* insurance covering third party bodily injury and property damage, and passenger and contractual liabilities which shall protect and indemnify PMGAA from any and all claims arising in connection with aircraft movement on the airport in the amounts as are customarily carried by a Lessee of like kind and size, but in no event less than \$250,000,000 per occurrence. Such insurance shall also insure against third party liabilities arising from War Risk perils.

17.1.2 *Airport Premises Liability* insurance third party bodily injury and property damage, including coverage for “premises/operations,” “products and completed operations,” “host liquor” and “blanket contractual” liabilities in an amount not less than \$250,000,000 per occurrence.

17.1.3 *Comprehensive Automobile Liability* insurance for all owned, non-owned and hired vehicles operated airside on the Airport that are assigned to or used in the performance of commercial activities in the amount of \$5,000,000 per occurrence or combined single limit. If any hazardous materials are transported in conjunction with Lessee’s business operations at or on the Airport, an MSC 90 endorsement shall be required in addition thereto.

17.1.4 *Worker’s Compensation* insurance, as required by law, and *Employer’s Liability* insurance in the amount of \$1,000,000 covering work-related injuries to employees and others permitted to operate or otherwise conduct business on the Premises.

17.1.5 *Environmental Impairment Liability/Pollution* coverage if self-fueling or maintaining aircraft, insurance in the amount of \$1,000,000 per occurrence and \$2,000,000 aggregate, covering third party bodily injury and property damage associated with hazardous materials, storage facilities, tanks, piping, ancillary equipment and containment structures, or structures that are used, controlled, constructed or maintained on the Airport, and including expenses for defense, release mitigation and on and off site remediation.

17.2 Form. Each insurance policy obtained pursuant to this SECTION, except for *Worker’s Compensation* and *Employer’s Liability* policies, shall: (i) name Lessor as a certificate holder or additional named insured; (ii) contain a provision that written notice of cancellation or modification thereof shall be given to Lessor not less than THIRTY (30) calendar days before such cancellation or modification takes effect (TEN (10) days in case of nonpayment of premium); and (iii) contain a waiver of subrogation in favor of Lessor. Lessee

shall not permit any insurance policy to be canceled or modified without Lessor's written consent unless equivalent replacement policies are issued with no lapse in coverage. All policies shall be obtained from insurance companies licensed to do business in the State of Arizona and possessing a rating of at least A – VII or higher from the A.M. Best Company, or an equivalent rating and approved by Lessor.

17.3 Certificates of Insurance. Lessee shall deliver a certificate of insurance along with an endorsement naming Phoenix-Mesa Gateway Airport Authority as additional insured for each policy required herein to Lessor, in standard Acord or equivalent form, prior to the Effective Date and shall continue to provide such certificates throughout the term of this Lease.

17.4 Additional Insurance. At any time during the term of this Lease, Lessor may, if in its reasonable determination the insurance coverage required by this SECTION 17 is no longer adequate, require Lessee to increase its coverage to commercially reasonable amounts.

17.5 Blanket Insurance. Lessee's insurance obligations under this Lease may be satisfied by means of "blanket" or excess policies.

17.6 Insurance by Lessor. In the event Lessee shall fail to procure any insurance required hereunder, Lessor may, upon written notice to Lessee, procure and maintain any or all of the insurance required of Lessee under this SECTION. In such event, all costs of such insurance procured and maintained by Lessor on behalf of Lessee shall be the responsibility of Lessee and shall be fully reimbursed to Lessor within TEN (10) business days after Lessor advises Lessee of the cost thereof.

18. SURRENDER OF POSSESSION.

18.1 Condition of Property.

18.1.1 Upon the expiration or earlier termination of this Lease, Lessee's right to occupy the Premises and exercise the privileges and rights granted thereunder shall cease, and Lessee shall peaceably surrender the same and leave the Premises broom clean and in good condition except for normal wear and tear. All trade fixtures, equipment, and other personal property, to include all hazardous material, installed or placed by Lessee on the Premises which are not permanently affixed thereto shall remain the property of Lessee, and Lessee shall have the right at any time during the term of this Lease, to remove the same from the Airport and Lessee shall repair, at its sole cost, any damage caused by such removal. Any property not removed by Lessee within FIFTEEN (15) calendar days of the expiration or earlier termination of this Lease, or revocation of Lessee's right to occupy the Premises, shall become a part of the Premises, and ownership thereof shall vest in Lessor. Lessee shall, however, remain financially liable to Lessor for removal and disposal of any hazardous materials and the cost of repairs to the Premises incurred as a result of Lessor's removal and/or relocation of property formerly belonging to Lessee and not otherwise removed from the Premises, as provided herein, and shall remit to Lessor payment for such costs within TEN (10) business days of Lessee's receipt of Lessor's invoice therefor.

18.1.2 Any trade fixtures, equipment or other property affixed to the Premises by Lessee shall, if required by Lessor, be permanently removed from the Premises by Lessee, at Lessee's expense, within FIVE (5) business days of Lease termination. Should Lessee fail to remove such trade fixtures, equipment or other property within said time, Lessor may remove and dispose of such trade fixtures, equipment or other property at Lessee's expense, and Lessee shall reimburse Lessor for the costs thereof within TEN (10) business days of receipt of Lessor's invoice therefor.

18.2 Holding Over. Lessee shall not remain in possession of the Premises after the expiration or earlier termination of the Term without the express written consent of Lessor. Should Lessee hold over without the express written consent of Lessor, such tenancy shall be at the sufferance of Lessor and not a renewal of the Term. In such case, the Base Rent and all other charges due pursuant to this Lease shall be payable at ONE HUNDRED FIFTY PERCENT (150%) of the amount payable during the last year of the Term, and such tenancy at sufferance shall be subject to every other term, covenant and provision of this Lease. In the event Lessee holds over, Lessee shall be liable for all of Lessor's direct and consequential damages, which shall include,

without limitation, costs, fees, expenses, damages and attorneys' fees incurred by Lessor as a result of Lessee's holding over, and damages and expenses incurred by Lessor for its inability to deliver possession of the Premises to a new lessee.

19. INSPECTION BY LESSOR

Lessor may enter upon the Premises at reasonable times and upon reasonable notice for any reasonable purpose, including, but not limited to, compliance with the terms and conditions of this Lease and the exercise of its governmental functions for such activities as fire protection or security.

20. NOTICES

20.1 All notices required or permitted under this Lease shall not be effective unless personally delivered or mailed by certified mail, return receipt requested, postage prepaid, or by reputable commercial overnight courier service, to the following addresses:

TO LESSOR:	Phoenix-Mesa Gateway Airport Authority Attn: Business Development Department 5835 South Sossaman Road Mesa, Arizona 85212
TO LESSEE:	Allegiant Air, LLC Attn.: Thayne Klingler, Manager - Airports 1201 N. Town Center Drive Las Vegas, Nevada 89144 Direct: (702) 830-8321 Mobile: (702) 308-7717 Email: thayne.klingler@allegiantair.com

20.2 Any notice shall be deemed to have been received TWO (2) business days after the date of mailing, if given by certified mail, or upon actual receipt if personally delivered or if given by reputable commercial overnight courier service. Any Party may designate in writing a different address for notice purposes pursuant to this SECTION.

21. SEVERABILITY

The provisions of this Contract are severable to the extent that any provision or application held to be invalid shall not affect any other provision or application of the Contract, which may remain in effect without the valid provision, or application.

22. SALES AND PROPERTY TAXES

Lessee shall pay any leasehold tax, sales tax, personal property tax, transaction privilege tax, license or permit fee, or any other tax assessed as the result of its occupancy of Premises or conduct of any activity at the Airport under authority of this Lease, including any such tax assessable on Lessor. In the event that laws or judicial decisions result in the imposition of a real property tax or any other form of tax or imposition on the interest of Lessor, such tax shall also be paid by Lessee for the period this Lease is in effect, to the extent such taxes are reasonably attributable to the Premises or a portion thereof or the operation of Lessee's business.

23. APPROVALS, CONSENTS AND NOTICES

All approvals, consents and notices called for in this Lease shall be in writing, signed by the appropriate Party, and may not be established solely by oral testimony.

24. LIENS AND MORTGAGES

24.1 General Provisions.

24.1.1 Except as provided in this SECTION 24, Lessee shall not engage in any financing or other transaction creating any mortgage or deed of trust upon the Premises, place or suffer to be placed upon the Premises any lien or other encumbrance, or suffer any levy or attachment to be made on Lessee's interest in the Premises. Any such mortgage or deed of trust, encumbrance or lien shall be deemed a violation of this SECTION, constituting a failure by Lessee to comply with the terms of the Lease, on the date of its execution or filing of record regardless of whether or when it is foreclosed or otherwise enforced.

24.1.2 Notwithstanding anything to the contrary in SECTION 9 herein, Lessee shall, during the Term, be permitted to mortgage, collaterally assign, or otherwise encumber its leasehold interest under this Lease to secure indebtedness, including, without limitation, a loan to finance construction of improvements and other development on the Premises, and including refinancing's thereof, subject to the restrictions of SECTION 24.1.3, and provided that the language of such mortgage or deed of trust and of all related documents that require the execution, approval, or consent of Lessor shall be subject to the prior review and approval of legal counsel for Lessor, and that all legal fees incurred by Lessor in connection with such legal counsel review and approval shall be paid by Lessee. Any such encumbrance is referred to as "Mortgage" and the holder thereof, "Mortgagee." The Mortgagee, upon taking possession or upon foreclosure or taking an assignment in lieu thereof, shall be liable for all future rents and obligations hereunder and shall attorn to Lessor. No Mortgage shall encumber Lessor's interest in the Premises or the improvements thereon. Further and promptly after Lessee assigns or encumbers any portion of the Premises or the improvements thereon, Lessee shall furnish Lessor with a written notice setting forth the name and address of such Mortgagee or trustee.

24.1.3 No Mortgage or deed of trust shall extend to or affect the fee, the reversionary interest or the estate of Lessor in the Premises. No Mortgage or deed of trust shall be binding upon Lessor in the enforcement of its rights and remedies under this Lease and by law provided, unless and until a copy thereof shall have been delivered to Lessor and such Mortgage or deed of trust is authorized in accordance with provisions of this SECTION 24.

24.2 Lessor Agreement. With respect to Mortgagees of the Premises, Lessor agrees that:

24.2.1 If requested by a Mortgagee which shall have duly registered in writing with Lessor its name and address, and if Lessor shall give any notice, demand, election or other communication required hereunder (hereafter, collectively, "Notices") to Lessee, Lessor shall concurrently give a copy of each such Notice to the Mortgagee at the address designated by it. Notices shall be sent by registered or certified mail, return receipt requested, and shall be deemed given SEVENTY-TWO (72) hours after the time they are deposited in a United States Post Office with postage charges prepaid, addressed to the Mortgagee. No Notice given by Lessor to Lessee shall be binding upon or affect Lessee or the Mortgagee unless a copy of the Notice shall be given to the Mortgagee pursuant to this SECTION 24.2.1.

24.2.2 Such Mortgagee entitled to such Notices, as specified above, shall have any and all rights of Lessee with respect to the curing of any default hereunder by Lessee.

24.2.3 If Lessor shall elect to terminate this Lease by reason of any default by Lessee with respect to the Premises, the Mortgagee that shall have become entitled to Notice as provided in this SECTION 24.2 shall have any and all rights of Lessee with respect to curing of any default with respect to the Premises.

24.2.4 Nothing herein contained shall be deemed to impose any obligation on the part of Lessor to deliver physical possession of the Premises to such holder of a Mortgage. To the extent, the physical possession of the Premises by a secured creditor is not inconsistent with the terms of this Lease, or is incompatible with the Lessor's selection of available remedies in the Event of Default, Lessor shall not prevent such physical possession.

24.2.5 If more than one Mortgagee shall seek to exercise any of the rights provided for in this SECTION 24, the holder of the Mortgage having priority of lien over the other Mortgagees shall be entitled,

as against the others, to exercise such rights. Should a dispute arise among Mortgagees regarding the priority of lien, the Mortgagees shall prove to the satisfaction of Lessor that they have settled that dispute.

24.3 Protection of Mortgagee(s). Until the time, if any, that an approved Mortgage shall be satisfied and released of record:

24.3.1 A Mortgagee shall have the right, for a period equal to the period afforded Lessee to perform any term, covenant, or condition and to remedy any default by Lessee hereunder, and Lessor shall accept such performance with the same force and effect as if furnished by Lessee, and the Mortgagee shall thereby and hereby be subrogated to the rights of Lessor. Such Mortgagee cure period shall begin on the later of: (i) the date Mortgagee receives notice pursuant to Section 24.2, or (ii) the date that Lessee's cure period expires under the Lease. During such Mortgagee cure period, Lessor will not disturb possession, interest or quiet enjoyment by the Lessee or Mortgagee in the real property for any reason, subject to the terms of the Lease, until such Mortgagee cure period has expired. The Mortgagee shall have the right to enter upon the Premises to give such performance.

24.3.2 In case of a default by Lessee in the performance or observance of any non-monetary term, covenant or condition to be performed by it hereunder, if such default cannot practicably be cured by the Mortgagee without taking possession of the Premises, in such Mortgagee's reasonable opinion, or if such default is not susceptible of being cured by the Mortgagee, then Lessor shall not serve a notice of lease termination if and so long as:

a. The Mortgagee shall proceed diligently to obtain possession of the Premises (including possession by a receiver), and, upon obtaining such possession, shall proceed diligently to cure such defaults as are reasonably susceptible of cure (subject to any order by a court of competent jurisdiction staying or otherwise precluding such Mortgagee from obtaining such possession); or

b. The Mortgagee shall institute foreclosure proceedings and diligently prosecute the same to completion (unless in the meantime it shall acquire Lessee's estate hereunder, either in its own name or through a nominee, by assignment in lieu of foreclosure), subject to any order by a court of competent jurisdiction staying or otherwise precluding such Mortgagee from obtaining such possession.

c. The Mortgagee shall not be required to obtain possession or to continue in possession of the Premises pursuant to SECTION 24.3.2a, or to continue to prosecute foreclosure proceedings pursuant to SECTION 24.3.2b, if and when such default shall be cured. If a Mortgagee, its nominee, or a purchaser at a foreclosure sale shall acquire title to Lessee's leasehold estate hereunder, a default that is not reasonably susceptible to cure by the person succeeding to the leasehold interest shall no longer be deemed a default under this Lease.

d. If any Mortgagee is prohibited from commencing or prosecuting foreclosure or other appropriate proceedings in the nature thereof by any process or injunction issued by any court, or by reason of any action by any court having jurisdiction of any bankruptcy or insolvency proceeding involving Lessee, the times for commencing or prosecuting foreclosure or other proceedings, including proceedings to obtain possession, shall be extended for the period of the prohibition.

24.4 New Lease

24.4.1 Subject to FAA regulations, Lessor agrees that, in the event of early termination of this Lease for any reason (including but not limited to any default by Lessee), Lessor, if requested by any Mortgagee, will enter into a new lease of the Premises with the most senior Mortgagee requesting a new lease, which new lease shall commence as of the date of termination of this Lease and shall run for the remainder of the original term of this Lease, at the rent and upon the terms, covenants and conditions herein contained, provided that:

a. Such Mortgagee shall make written request upon Lessor for the new lease within SIXTY (60) calendar days after the date such Mortgagee receives written notice from Lessor that this Lease has been terminated;

b. Such Mortgagee shall pay to Lessor, at the time of the execution and delivery of the new lease, any and all sums which would, at that time, be due and unpaid pursuant to this Lease but for its termination, and in addition thereto all reasonable expenses, including reasonable attorneys' fees, which Lessor shall have incurred by reason of such termination;

c. Such Mortgagee shall perform and observe all covenants in this Lease to be performed and observed by Lessee, and shall further remedy any other conditions which Lessee under the Lease was obligated to perform under its terms, to the extent the same are reasonably susceptible of being cured by the Mortgagee; and

d. The Lessee under the new lease shall have the same right of occupancy to the buildings and improvements on the Premises and elsewhere on the Airport as Lessee had under this Lease immediately prior to its termination.

Notwithstanding anything to the contrary expressed or implied in this Lease, any new lease made pursuant to this SECTION 24 shall have the same priority as this Lease with respect to any mortgage, deed of trust, or other lien, charge, or encumbrance on the fee of the Premises, and any sublease under this Lease shall be a sublease under the new Lease and shall not be deemed to have been terminated by the termination of this Lease.

24.4.2 Nothing herein contained shall require any Mortgagee to enter into a new lease pursuant to this SECTION 24.4, or to cure any default of Lessee referred to above.

24.4.3 If any Mortgagee shall request a new lease as provided in this SECTION 24.4, Lessor agrees, at the request of, on behalf of and at the expense of the Mortgagee, upon a guaranty from it reasonably satisfactory to Lessor, to institute and pursue diligently to conclusion the appropriate legal remedy or remedies to oust or remove the original Lessee from the Premises, but not any authorized subtenants actually occupying the Premises or any part thereof.

24.4.4 Unless and until Lessor has received notice from each Mortgagee that the Mortgagee elects not to demand a new lease as provided herein, or until the period therefor has expired, Lessor shall not cancel or agree to the termination or surrender of any existing subleases nor enter into any new leases or subleases with respect to the Premises without the prior written consent of each Mortgagee.

24.5 Effect of Transfer. Neither the foreclosure of any Mortgage (whether by judicial proceedings or by virtue of any power of sale contained in the Mortgage), nor any conveyance of the leasehold estate created by this Lease by Lessee to any Mortgagee or its designee by an assignment or deed in lieu of foreclosure or other similar instrument, shall require the consent of Lessor or constitute a default under this Lease, and upon such foreclosure, sale or conveyance, Lessor shall recognize the purchaser or other transferee in connection therewith as the Lessee under this Lease, subject only to an assumption in writing by such purchaser or transferee of all obligations of Lessee under this Lease.

25. GOVERNING LAW

The laws of the State of Arizona shall govern the matters set forth in this Lease. Venue of any action brought under this Lease shall, at the option of Lessor, lie in Maricopa County, Arizona.

26. RULES AND REGULATIONS

Lessee shall at all times comply with all Federal, state and local laws, ordinances, rules, and regulations which are applicable to its activities on the Airport, the Premises itself (including but not limited to the *Americans with Disabilities Act*, *Public Law 101-336*, *42 U.S.C. 12101-12213*), or the operation, management, maintenance, or administration of the Airport, including all laws, ordinances, rules and regulations adopted after the Effective Date. Lessee shall at all times comply with the Airport *Minimum Standards* and *Airport Rules and Regulations*, as the same may be amended from time to time. Copies of the current Airport *Minimum Standards* and *Airport Rules and Regulations* are attached hereto as **EXHIBIT D**. Lessee acknowledges and agrees that Lessor may amend the Airport *Minimum Standards* and *Airport Rules and Regulations* at any time in Lessor's sole discretion. Lessee shall be responsible for controlling and preventing disruptive pedestrian and vehicle traffic associated

with its activities on the Premises and at the Airport. Lessee also shall display to Lessor any permits, licenses, or other evidence of compliance with laws upon request.

27. CORPORATE AUTHORIZATION

In executing this Agreement, Lessee represents and warrants to Lessor that if Lessee is a corporation, Lessee has obtained and been granted the full right, power and authority to enter into this Lease.

28. UTILITY LINES AND SERVICE CHARGES

28.1 Lessee shall pay for any and all telecommunication services necessary for their operation at the Premises.

28.2 Lessor shall pay for all water usage, electric usage and trash collection services in connection with Lessee operations at the Premises. The charges and method of payment for each utility or service shall be determined by the appropriate supplier of the utility or service in accordance with applicable laws and regulations, on such basis as the appropriate supplier of the utility or service may establish.

28.3 Notwithstanding the execution of this Lease, Lessor retains the right to the continued use of such utility lines and services as are presently on the Premises and the right to repair the same when necessary in Lessor's sole discretion, including but not limited to, any utility easements on the Premises. Lessor shall conduct such repairs in such a manner and at such times as to not unreasonably interfere with Lessee's activities thereon.

29. RESERVATIONS TO LESSOR

The Premises are accepted "as is, where is" by Lessee, subject to any and all existing easements or other encumbrances, and Lessor shall have the right to install, lay, construct, maintain, repair and operate such sanitary sewers, drains, storm water sewers, pipelines, manholes, connections; water, oil and gas pipelines; telephone and telegraph power lines; and such other appliances and appurtenances necessary or convenient to use in connection therewith, over, on, across or in proximity to the Premises, or any part thereof, as will not unreasonably interfere with Lessee's or any subtenant's operations hereunder, and to enter upon the Premises for such purposes. Lessor also reserves the right to grant franchises, easements, rights-of-way, and permits, over, on, across or in proximity to any portions of the Premises for the same purposes; provided, that Lessor or the grantee, as applicable, shall not exercise such rights so as to interfere unreasonably with Lessee's or any subtenant's activities on the Premises and all such interference shall be minimized. Lessor agrees that any rights granted to any parties because of this clause shall contain provisions that the surface of the Premises shall be restored to its original condition, at no cost to Lessee, upon the completion of any construction.

29.1 Lessee recognizes that from time to time during the term of this Agreement it may be necessary for PMGAA to engage in construction, expansion, relocation, maintenance and repair in order that the Airport and its facility may be suitable for the then existing volume and character of air traffic and flight activity. Such activity may temporarily inconvenience or interrupt Lessee's use and occupancy of and operation on the Leased Premises and will require accommodation on the part of the Lessee, including, without limitation Lessee's vacation of the Leased Premises for a period of time. Lessee agrees that no liability shall attach to PMGAA, its officers, agents, employees, contractors, subcontractors, and representatives by reason of such inconvenience, interruption, or vacation.

29.2 In the event Lessor and/or PMGAA require Lessee to vacate the premises for the reasons listed in Section 29.1 of this Agreement, then Lessor shall provide and/or make available the space and resources necessary for Lessee to continue to operate in a safe and appropriate manner. Indeed, Lessor agrees that it will make every reasonable accommodation to ensure that Lessee will be permitted to operate its desired flight schedule and related business activities with the least amount of modifications as is reasonably possible.

30. FEDERAL AVIATION ADMINISTRATION (FAA) PROVISIONS

30.1 Lessor reserves the right to further develop or improve the landing area of the Airport as it sees fit, regardless of the desires or view of Lessee, and without interference or hindrance therefrom.

30.2 Lessor reserves the right, but shall not be obligated to Lessee, to maintain and keep in repair the landing area of the Airport and all publicly owned facilities of the Airport, together with the right to direct and control all activities of Lessee in this regard. Lessor and Lessee agree that Lessee has no responsibility whatsoever with respect to maintenance and repair of the landing area of the Airport, or any publicly owned facilities of the Airport.

30.3 This Lease shall be subordinate to the provisions and requirements of any existing or future agreement between Lessor and the United States relative to the development, operation or maintenance of the Airport.

30.4 There is reserved unto Lessor, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Premises, which shall include the right to cause in the airspace any noise inherent in the operation of aircraft, now known or hereafter used for navigation of or flight in or through the airspace, and for the use of such airspace for landing on, taking off from, or operation on the Airport.

30.5 Lessee agrees to comply with the notification and review requirements covered in 14 CFR Part 77 in the event future construction of a building is planned for the Premises or in the event of any planned modification or alteration of any present or future building or structure situated on the Premises.

30.6 Lessee shall not erect or permit the erection of any structure or building, nor permit the growth of any tree on the Premises, or any other obstruction that exceeds height requirements contained in 14 CFR Part 77 or amendments thereto, or interferes with the runway and/or taxiway "line of sight" of the control tower. In the event these covenants are breached, Lessor reserves the right to enter upon the Premises and to remove the offending structure or object at the expense of Lessee.

30.7 Lessee shall not make use of the Premises in any manner that might interfere with the landing and taking off of aircraft from the Airport or otherwise constitute a hazard. In the event this covenant is breached, Lessor reserves the right to enter upon the Premises and cause the abatement of such interference at the expense of Lessee.

30.8 Nothing contained in this Lease shall be construed to grant or authorize the granting of an exclusive right within the meaning 49 U.S.C. §40103(e) and 47107 (a)(4).

30.9 This Lease and all of the provisions hereof shall be subject to whatever right the United States government now has, or in the future may have or acquire, affecting the control, operation, regulation and taking over of the Airport, or the exclusive or non-exclusive use of the Airport by the United States during the time of war or national emergency.

30.10 To the extent that Lessee conducts or engages in any aeronautical activity for furnishing services to the public at the Airport, Lessee shall furnish its services on a reasonable and not unjustly discriminatory basis to all users and charge reasonable and not unjustly discriminatory prices for each unit or service; except, however, that Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar type of price reductions to volume purchasers.

30.11 Lessee shall conform to Lessor and FAA safety and security rules and regulations regarding use of the Airport air operations area including runways, taxiways, taxilanes and aircraft aprons by vehicles, employees, customers, visitors, etc., in order to prevent security breaches and avoid aircraft incursions and vehicle/pedestrian deviations; complete and pass an airfield safe driving instruction program when offered or required by Lessor; and be subject to penalties as prescribed by Lessor for violations of Airport safety and security requirements.

31. TITLE VI

31.1 The tenant/Lessee and its transferee agree to comply with pertinent statutes, Executive Orders and such rules as are promulgated to ensure that no person shall, on the grounds of race, creed, color or national origin, sex, age or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance. Lessee understands and acknowledges that the FAA requires inclusion of and adherence to the terms and conditions of Title VI in all airport/aviation lease agreements where Lessor receives federal funding, including, Lessor in this instance.

31.2 During the performance of this contract, the tenant/lessee, for itself, its assignees, and successors in interest agrees as follows:

1. Compliance with Regulations: The tenant/lessee (hereinafter includes consultants) will comply with the Title VI List of Pertinent Nondiscrimination Acts And Authorities, as they may be amended from time to time, which are herein incorporated by reference and made a part of this contract.

2. Non-discrimination: The tenant/lessee, with regard to the work performed by it during the contract, will not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The tenant/lessee will not participate directly or indirectly in the discrimination prohibited by the Nondiscrimination Acts and Authorities, including employment practices when the contract covers any activity, project, or program set forth in Appendix B of 49 CFR Part 21.

3. Solicitations for Subcontracts, Including Procurements of Materials and Equipment: In all solicitations, either by competitive bidding, or negotiation made by the tenant/lessee for work to be performed under a subcontract, including procurements of materials, or leases of equipment, each potential subcontractor or supplier will be notified by the tenant/lessee of the tenant/lessee's obligations under this contract and the Non-discrimination Acts And Authorities on the grounds of race, color, or national origin.

4. Information and Reports: The tenant/lessee will provide all information and reports required by the Acts, the Regulations and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the sponsor or the Federal Aviation Administration to be pertinent to ascertain compliance with such Nondiscrimination Acts And Authorities and instructions. Where any information required of a tenant/lessee is in the exclusive possession of another who fails or refuses to furnish the information, the tenant/lessee will so certify to the sponsor or the Federal Aviation Administration as appropriate, and will set forth what efforts it has made to obtain the information.

5. Sanctions for Noncompliance: In the event of a tenant/lessee's noncompliance with the Nondiscrimination provisions of this contract, the Recipient will impose such contract sanctions as it or the Federal Aviation Administration may determine to be appropriate, including, but not limited to:

- a. withholding payments to the tenant/lessee under the contract until the tenant/lessee complies; and/or
- b. cancelling, terminating, or suspending a contract, in whole or in part.

6. Incorporation of Provisions: The tenant/lessee will include the provisions of paragraphs one through six in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations and directives issued pursuant thereto. The tenant/lessee will take action with respect to any subcontract or procurement as the sponsor or the Federal Aviation Administration may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if the tenant/lessee becomes involved in, or is threatened with litigation by a subcontractor, or supplier because of such direction, the tenant/lessee may request the sponsor to enter into any litigation to protect the interests of the sponsor. In addition, the tenant/lessee may request the United States to enter into the litigation to protect the interests of the United States.

31.3 The Lessee for himself/herself, his/her heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree that (1) no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land, and the furnishing of services thereon, no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the lessee will use the premises in compliance with all other requirements imposed by or pursuant to the List of discrimination Acts And Authorities.

31.4 During the performance of this Lease, the tenant/Lessee, for itself, its assignees, and successors in interest agrees to comply with the following non-discrimination statutes and authorities; including but not limited to the following (which Lessor is required to disclose and include in such Lease and other agreements, pursuant to FAA regulation):

- Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d *et seq.*, 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin);
- 49 CFR part 21 (Non-discrimination In Federally-Assisted Programs of The Department of Transportation—Effectuation of Title VI of The Civil Rights Act of 1964);
- The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 U.S.C. § 4601), (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
- Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. § 794 *et seq.*), as amended, (prohibits discrimination on the basis of disability); and 49 CFR part 27;
- The Age Discrimination Act of 1975, as amended, (42 U.S.C. § 6101 *et seq.*), (prohibits discrimination on the basis of age);
- Airport and Airway Improvement Act of 1982, (49 USC § 471, Section 47123), as amended, (prohibits discrimination based on race, creed, color, national origin, or sex);
- The Civil Rights Restoration Act of 1987, (PL 100-209), (Broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms “programs or activities” to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);
- Titles II and III of the Americans with Disabilities Act of 1990, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. §§ 12131 – 12189) as implemented by Department of Transportation regulations at 49 CFR parts 37 and 38;
- The Federal Aviation Administration’s Non-discrimination statute (49 U.S.C. § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
- Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures non-discrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;

- Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 Fed. Reg. at 74087 to 74100);
- Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 U.S.C. 1681 et seq).

31.5 Lessee agrees that in the event improvements are constructed, maintained, or otherwise operated on the Premises for a purpose for which a Department of Transportation (DOT) program or activity is intended, or for another purpose involving the providing of similar services or benefits, Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, *Nondiscrimination in Federally Assisted Programs of the Department of Transportation*, as it may be amended.

32. FEDERAL FAIR LABOR STANDARDS ACT

This contract and all subcontracts that result from this contract incorporate by reference the provisions of 29 CFR part 201, the Federal Fair Labor Standards Act (FLSA), with the same force and effect as if given in full text.

The Lessee has full responsibility to monitor compliance to the referenced statute or regulation. The Lessee must address any claims or disputes that arise from this requirement directly with the U.S. Department of Labor – Wage and Hour Division.

33. OCCUPATIONAL SAFETY AND HEALTH ACT OF 1970

This contract and all subcontracts that result from this contract incorporate by reference the provisions of 29 CFR part 1910 with the same force and effect as if given in full text. Lessee must provide a work environment that is free from recognized hazards that may cause death or serious physical harm to the employee. The Lessee retains full responsibility to monitor its compliance and their subcontractor's compliance with the applicable requirements of the Occupational Safety and Health Act of 1970 (29 CFR Part 1910). Lessee must address any claims or disputes that pertain to a referenced requirement directly with the U.S. Department of Labor – Occupational Safety and Health Administration

34. INCORPORATION OF QUITCLAIM DEED

Lessor owns the Airport pursuant to a Quitclaim Deed from the United States Government (“Deed”), a copy of which is available to Lessee upon request and is hereby incorporated in its entirety. To the extent the Deed has terms, conditions, obligations, requirements or restrictions that apply to this Lease, Lessor, Lessee or any matter in connection herewith, Lessee agrees to be bound by all the terms, covenants and conditions of the Deed, including the following:

- 31.1 That this Lease is subject to all terms and conditions of the Deed; and
- 31.2 That in case of any conflict between the Deed and this Lease, the Deed shall control.

35. REQUIRED PROVISIONS OF QUITCLAIM DEED

32.1 Section VI (A)(5)(c) of the Deed requires that the following provisions be included in this Lease:

32.1.1 In furnishing services to the public, Lessee shall not discriminate against any person or class of persons by reason of race, color, creed, or national origin, and Lessee shall otherwise provide such services on a fair, equal, and not unjustly discriminatory basis to all users thereof.

32.1.2 Lessee shall charge fair, reasonable, and not unjustly discriminatory prices for each unit for service; except, however, that the Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

32.2 If the Premises are within any of the archaeological sites identified in Section VIII.A of the Deed, then, the provisions of Section VIII of the Deed shall be deemed incorporated in this Lease by this express reference to Section VIII of the Deed.

32.3 To the extent the Deed requires that other specific provisions thereof be inserted in this Lease by express reference to the Deed, this sentence shall constitute an express reference to all such applicable provisions of the Deed.

36. ARCHEOLOGICAL OR CULTURAL RESOURCES

In the event any archeological or cultural resources are discovered during any construction contemplated or permitted by this Lease, Lessor shall use its best efforts to expedite any necessary actions with respect thereto, at Lessor's sole cost and expense; provided, however, that in the event the necessary actions with respect to any archeological or cultural resources exceeds or is estimated to exceed \$10,000.00, Lessee shall be entitled to terminate this Lease upon TEN (10) business days' prior written notice to Lessor.

37. AIRPORT SECURITY

34.1 PMGAA Operations Department maintains an approved Airport Security Plan (the "Security Plan") pursuant to 49 CFR Parts 1540 and 1542, and 14 CFR Part 139. Lessee shall at all times comply with PMGAA Operations Department security directives, security bulletins, or verbal notifications existing now or in the future.

34.1.1 Lessee is responsible for maintaining security practices, facilities, and perimeter boundaries on their leasehold that meet the security standards set forth by PMGAA Operations Department.

34.1.2 Lessee shall immediately correct physical or procedural deficiencies which are contrary to PMGAA Operations Department, security directives, security bulletins, or verbal notifications existing now or in the future.

34.1.3 Lessee shall, to the fullest extent permitted by law, indemnify, defend and hold PMGAA harmless for, from and against any security violation committed by any agents, employees, invitees, subcontractors, sub-lessees or independent contractors of Lessee.

34.1.4 Lessee shall conduct and document all self-audits and self-inspections as required by TSA or Airport Operations and make such audits available for inspection.

34.1.5 Lessee shall designate a primary security coordinator to receive security related briefings, bulletins and sensitive security information.

34.1.6 PMGAA reserves the right to modify the Security Plan from time to time, as necessary or as directed by TSA. PMGAA Airport Operations shall notify the Lessee security coordinator regarding modifications that effect Lessee.

34.2 Airport Security Badge.

34.2.1 Lessee employees/contractors that require a Badge shall be obligated to complete all training and comply with all security requirements and directives issued by PMGAA Airport Operations, Transportation Security Administration or other entity having security jurisdiction at PMGAA. Lessee, employees, and contractors will surrender security badges upon request by Airport Operations; physical security media (badges and keys) remain the property of PMGAA.

34.2.2 Lessee, employees and contractors shall comply with all security related audits, inspections, and screenings conducted by the PMGAA Airport Operations Department

34.2.3 Lessee will immediately return badges to the Airport Badging office when badge holders employment is terminated, the badge is no longer needed or the employee/contractor is on extended leave.

34.2.4 Misuse of a Badge or security procedures will bring about punitive action including suspension or revocation of one or all badges.

38. DEFAULT BY LESSOR

In the event of any alleged breach by Lessor of its covenants contained in this Lease, Lessee shall have available all rights and remedies provided at law or in equity, subject to the terms and conditions of this Lease; provided, however, Lessee may not exercise any such right or remedy unless Lessee has notified Lessor by written notice of such alleged default, and Lessor has not cured such default within the THIRTY (30) calendar day period subsequent to receipt of such notice or, in the event such alleged default is of such a nature that it cannot reasonably be cured within such THIRTY (30) calendar day period, Lessor has failed to cure such alleged default with all due diligence. Notwithstanding anything to the contrary contained in this Lease, in no event shall Lessee be entitled to terminate this Lease or abate or offset any installment of Base Rent, or any other payments to be made by Lessee hereunder.

39. BROKERS

Lessee represents and warrants that it has not had any dealings with any real estate brokers, finders or agents in connection with this Lease. Lessee further agrees to indemnify, defend (with counsel selected by Lessor) and hold Lessor and Lessor's nominees, successors and assigns harmless from any and all claims, costs, commissions, fees or damages by any person or firm whom Lessee authorized or employed, or acted by implication to authorize or employ, to act for Lessee in connection with this Lease.

40. SALE BY LESSOR

Lessee agrees to look solely to Lessor's interest in the Premises for the recovery of any judgment from Lessor, it being agreed that neither Lessor nor the holders of the equity interests of Lessor, nor the members, partners, officers, directors or shareholders of Lessor shall be personally liable for any such judgment. In the event of any sale or other conveyance by Lessor of its interest in the Premises, Lessor shall be automatically freed and released from all personal liability accruing from and after the date of such sale or conveyance as respects the performance of any covenant or obligation on the part of Lessor contained in this Lease to be performed, it being intended hereby that the covenants and obligations contained in this Lease on the part of Lessor shall be binding on the Lessor and its successors and assigns only during and in respect to the respective successive periods of ownership of the Premises.

41. ESTOPPEL CERTIFICATE

Lessee shall, without charge, at any time and from time to time hereafter, within TEN (10) business days after written request of Lessor to do so, certify, by written instrument duly executed and acknowledged by Lessee and certified to Lessor and to any prospective lender or purchaser: (i) as to whether this Lease has been supplemented or amended, and if so, the substance and manner of such supplement or amendment; (ii) as to

the existence of any default hereunder to the best of Lessee's knowledge; (iii) as to the date on which Lessee was obligated to commence paying Base Rent and all other charges hereunder and the expiration date of the Term; (iv) as to whether the Lessee has assigned or transferred its interests or any portion thereof in this Lease; and (v) as to any other matters as may be reasonably requested. Lessor and any prospective purchaser or lender to whom the same was certified may rely upon any such certificate.

42. MISCELLANEOUS

39.1 Personal Liability. No member of or employee of either Party shall be charged personally or held contractually liable by or to the other Party under any term or provision of this Lease because of any breach thereof, or because of its execution or attempted execution.

39.2 No Waiver. No provision of this Lease may be waived or modified except by a writing signed by the Party against whom such waiver or modification is sought.

39.3 Non-Waiver of Rights. No waiver or default by Lessor of any of the terms, conditions, covenants or agreements hereof to be performed, kept or observed by Lessee shall be construed or act as a waiver of any subsequent default of any of the terms, covenants, conditions or agreements herein contained to be performed, kept or observed by Lessee, and Lessor shall not be restricted from later enforcing any of the terms and conditions of this Lease.

39.4 Amendment. This Contract shall be modified only by a written amendment mutually agreed to and signed by both Parties, by persons duly authorized to enter into contracts on behalf of each Party.

39.5 Invalid Provisions. Should any provision of this Lease or any application thereof be held invalid by a court of competent jurisdiction, the remainder of this Lease shall not be affected thereby, unless one or both Parties would be substantially and materially prejudiced.

39.6 Litigation Expenses. In the event of litigation between Lessor and Lessee, the prevailing Party shall be entitled to recover its attorneys' fees and all costs and expenses of litigation, including witness fees, expert witness fees, and court costs.

39.7 Headings. The headings contained herein are for convenience in reference only and are not intended to define or limit the scope of this Lease or any term thereof.

39.8 Entire Agreement. This Lease, including exhibits attached hereto at the time of its execution, constitutes the entire agreement between the Parties hereto and supersedes all prior negotiations, understandings and agreements between the Parties concerning such matters.

43. INCORPORATION OF RECITALS

The recitals set forth herein are acknowledged by the Parties to be true and correct and are incorporated herein by this reference.

IN WITNESS WHEREOF, the Parties have executed this Lease the day and year first above written.

EXECUTED to be effective on the date specified above.

LESSOR:

PHOENIX-MESA GATEWAY AIRPORT AUTHORITY, a joint powers authority authorized by the State of Arizona

By: _____
J. Brian O’Neill, A.A.E.
Executive Director/CEO

STATE OF ARIZONA)
) ss.
County of Maricopa)

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me this ____ day of _____, 2017, by J. Brian O’Neill, A.A.E., in his capacity as the Executive Director/CEO of the Phoenix-Mesa Gateway Airport Authority, a joint powers authority authorized by the State of Arizona

Notary Public

LESSEE:

ALLEGIANT AIR, LLC a Nevada limited liability company

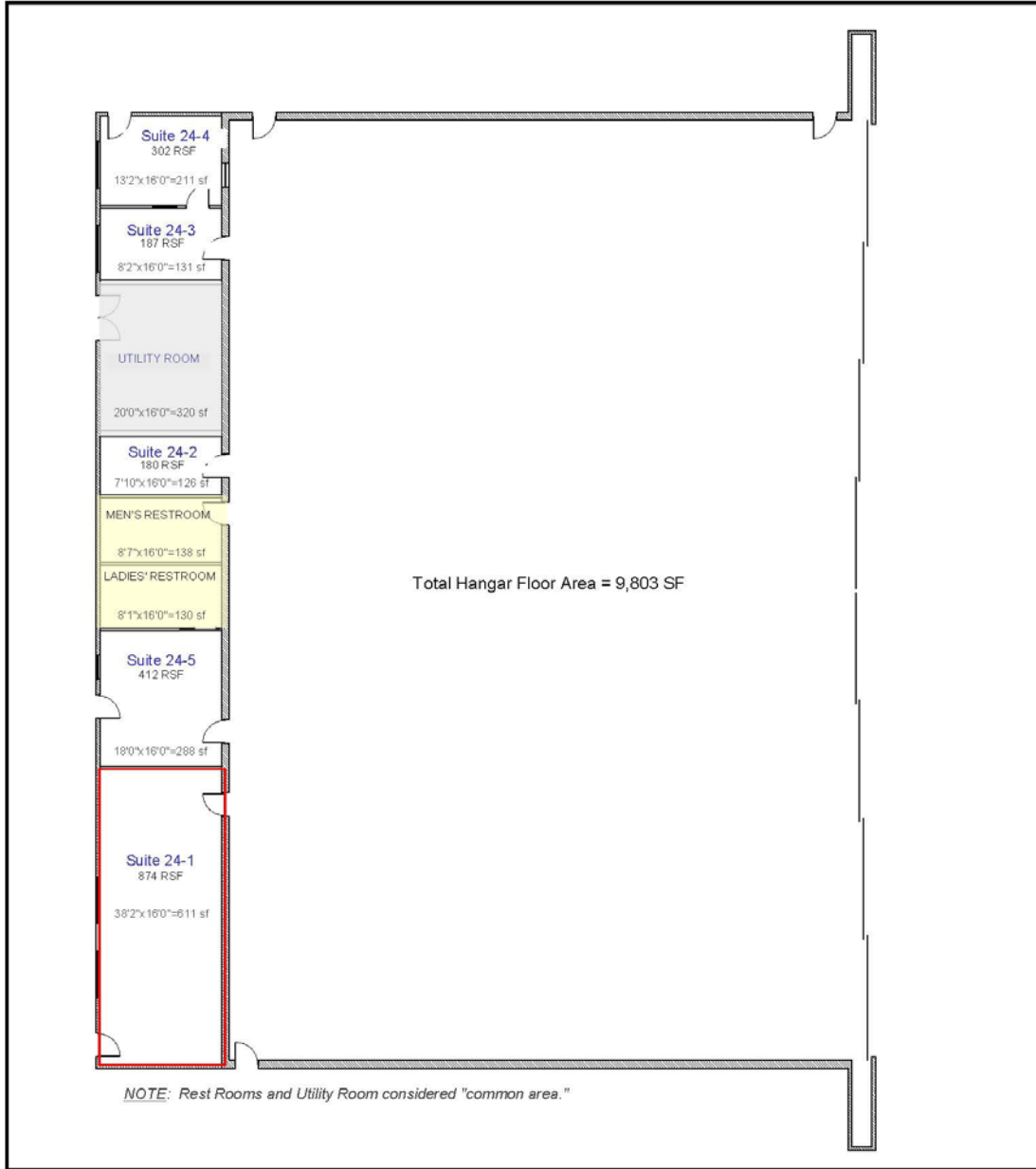
By: _____
Thayne Klingler
Director of Airport Affairs

STATE OF _____)
) ss.
County of _____)

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me this ___ day of _____, 2017, by Thayne Klingler, in his capacity as Manager - Airports, Allegiant Air, LLC a Nevada limited liability company, for and on behalf of said limited liability company.

Notary Public

Exhibit A
DEPICTION OF THE PREMISES



 <p>Phoenix-Mesa Gateway Airport just plane easy.®</p>	<p>FLOOR PLAN 6045 S. Sossaman Road Building 24 - ±11,758 SF (0.9 acre lot)</p>	<p>PRINT DATE: 04-01-2010</p>	<p>SHEET</p>
	<p>Phoenix-Mesa Gateway Airport Authority 5835 South Sossaman Road, Mesa Arizona 85212 (480) 988-7600</p>	<p>SCALE: NTS</p> <p>DRAWN BY: MVS</p> <p>REQUESTED BY: MPD</p> <p>FILE NUMBER: BLDGG045</p>	<p> OF </p>

Exhibit B

AIRPORT RATES & CHARGES SCHEDULE

(SEE LINK)

http://www.gatewayairport.com/Documents/DocumentLibrary/Board%20Policies/Rates%20&%20Charges_20160701.pdf

Exhibit C

AIRCRAFT OPERATIONS GUIDELINES

C1. Use of Airport. Lessee, Lessee's assigns, sub-lessees, or transferees who operate aircraft at the Airport and are engaged in a private, government, or commercial aeronautical business or service and desire to use the Airport landing facilities for certain types of operations including, but not limited to: 1) taxiing and maneuvering on Airport runways, taxiways, ramps and aprons; 2) landings and approaches ("touch and go", "stop and go"); and 3) low approaches shall be subject to the provisions of this **EXHIBIT C**.

C2. Fees. As appropriate, Lessee shall pay Lessor fees as outlined below:

C2.1 *Landing Fee.* Lessee shall pay a landing fee at a rate equal to the amount reflected on the most current *Airport Rates and Charges Schedule* at the time of the aircraft operation, for each flight subject to a landing fee operated by or in conjunction with Lessee. The weight of any particular aircraft shall be its maximum certificated gross landing weight (MGLW). The amount owed to Lessor for each chargeable aircraft landing for each preceding calendar month shall be due and payable no later than the TWENTIETH (20th) day of the month succeeding the calendar month in which said aircraft landings took place. Lessee's written listing of all aircraft landings subject to such fee shall accompany said payment. Each entry in such listing shall include the date of the landing, the aircraft registration number, the type and model aircraft, the aircraft MGLW and the amount of the fee due.

C2.2 *Aircraft Ramp Space.* Lessee shall pay Lessor monthly, an aircraft-parking fee in an amount equal to that specified in the most current *Airport Rates and Charges Schedule* at the time of use, for each overnight aircraft parking position used by Lessee that is situated on Airport ramp outside Lessee's Premises. Such fees, if any, shall be payable to Lessor no later than the TWENTIETH (20th) day of the month following that in which Lessee occupied or used such space, and such payment shall be accompanied by a written listing of the aircraft (including registration number, make and model), dates and times of usage.

C2.3 *Other Space.* When available and specifically assigned to Lessee, Lessee shall pay Lessor monthly, in advance, a fee for Lessee's non-exclusive use of other space not situated on or part of the Premises. The location and cost of such other space shall be determined by Lessor at its sole discretion, and both may be subject to change from time to time by Lessor, as necessary.

C2.4 *Additional Space/Services.* In the event that Lessee requires space or special services such as, but not limited to, aircraft line services, out-of-station ARFF standby, operations safety officers, ground service equipment, or fuel spills response teams, Lessee shall pay Lessor's standard fees for such services at the time the service is rendered, unless a secured account or agreement is established prior to requesting additional services.

C3. Books and Records. Lessee shall maintain permanent books, records and ledgers accurately reflecting the total number of monthly Aircraft landings for each aircraft subject to a landing fee and any other aforementioned fee indicating the make, type (including model designation), registration, maximum certificated gross landing weight, and arrival and departure time of each aircraft involved. These records shall be made available to Lessor upon request. In addition to monthly payment as set forth in SECTION C2 herein and together therewith, Lessee shall provide Lessor with a written report, indicating all aircraft operations and related information for the preceding calendar month.

C4. Disabled or Abandoned Aircraft. Should any aircraft owned or operated by Lessee through accident or for any other reason, become disabled or be abandoned in any area which could interfere with the continuous, normal operations of any of the runways, taxiways and airfield facilities at the Airport, Lessee shall:

C4.1 Immediately remove said aircraft to such location as may be designated by Lessor, unless such aircraft is required to remain in place pending investigation by the appropriate regulatory agency or agencies of the federal government; and

C4.2 In the event of any accident where federal investigation in place is required, immediately upon receiving clearance to do so from the appropriate federal agency, remove said aircraft and any wreckage or debris resulting therefrom to the area(s) designated by said federal agency authorizing such removal; otherwise, such aircraft wreckage and debris shall be immediately removed from the Airport or stored at a location approved by Lessor.

C4.3 Should Lessee fail to proceed immediately to remove disabled aircraft, or should aircraft owned or operated by Lessee be abandoned on the Airport, Lessor shall have the right to remove such aircraft by any means Lessor deems necessary under the circumstances, and Lessee shall indemnify, defend, keep and hold Lessor, its members, board of directors, officers, agents, officials, servants, employees and contractors harmless from and against any and all claims, costs, loss, liability, actions, suits, proceedings, damage or expense (including costs of suit and attorneys' fees and expenses) incurred by Lessor or claimed by anyone by reason of removal of said aircraft, injury to persons or property or damages to such aircraft caused by such removal, as well as storage costs therefor. Lessee shall reimburse Lessor for any costs incurred by Lessor in removing and storing any aircraft, any property damage to the airport caused by such aircraft or removal within TEN (10) business days of demand therefor.

C5. Aviation Fuel. Lessee, at Lessee's sole cost and expense, shall procure aviation fuel delivered to its aircraft on the Airport. If fueling or defueling aircraft owned or operated by Lessee, or under Lessee's direct control, Lessee shall comply fully with Lessor's *Aviation Fuel Storage, Dispensing and Handling Guidelines* and applicable federal regulations.

C6. Fly Friendly Procedures. Lessee acknowledges that Lessor maintains *Fly Friendly* noise abatement procedures, and shall provide such information to flight crews, post the information in the Lessee's flight planning area, and use the procedures to the extent possible, when consistent with safety and Air Traffic Control directives.

Exhibit D

(SEE LINKS)

AIRPORT MINIMUM STANDARDS

<http://www.gatewayairport.com/Documents/DocumentLibrary/Board%20Policies/Airport%20Minimum%20Standards.pdf>

&

AIRPORT RULES AND REGULATIONS

http://www.gatewayairport.com/Documents/DocumentLibrary/Board%20Policies/Rules%20&%20Regulations_16-53.pdf

Exhibit E

STORM WATER PERMIT COMPLIANCE

E1. Acknowledgments.

E1.1 Lessee acknowledges that because of its activities, operations or location at the Airport, Lessee may be required by EPA Regulations 40 CFR Part 122 (Regulations) to obtain a National Pollution Discharge Elimination System (NPDES) Storm water discharge permit (“Permit”), a requirement that Lessee can fulfill by:

E1.1.1 Obtaining its own permit; or

E1.1.2 Joining as a co-permittee under Lessor’s current storm water permit.

E1.2 Lessor has undertaken to obtain a storm water discharge permit, and Lessee acknowledges that it will enjoy a substantial economic benefit by joining as a co-permittee, and that such benefit serves as good and sufficient consideration for the obligations imposed upon and assumed by Lessee under this **EXHIBIT E**.

E1.3 Lessee acknowledges that it will have to devise and implement Best Management Practices (BMPs) to minimize the contact of storm and other precipitation event water with “significant materials” (as defined in the Regulations) generated, stored, handled or otherwise used by Lessee, and to document such BMPs with a written storm water management plan.

E1.4 It is the Lessee’s obligation to determine if its activities or operations require obtaining such permit.

At such time as Lessee determines applicability and agrees to Section E1.1.2 above, the following shall apply:

E2. Agreement.

E2.1 Lessee agrees to be made, and to be, a co-permittee on Lessor’s Multi-Sector General Permit (MSGP), and agrees that said Permit, as it is issued by the Arizona Department of Environmental Quality (AZDEQ), and as it may thereafter be amended, modified or otherwise changed, is incorporated by reference into this **EXHIBIT** and any subsequent renewals.

E2.2 Lessor agrees that, to the extent allowed by law, Lessee shall have the right to be removed from Lessor’s Permit should this Lease be cancelled or terminated for other reasons, or due to Lessee’s relocation, noncompliance with Permit requirements or exercise of choice; provided that in no event shall Lessee be relieved of its obligation to comply with the requirements of the AZPDES permit program with regard to its occupation and use of the Premises and the Airport, nor shall Lessee be excused from any obligations or indemnifications incurred and owed to Lessor prior to Lessee’s removal from the Permit, resulting from a failure of Lessee to fulfill an obligation of such.

E3. Compliance.

E3.1 Lessor will provide Lessee with a true and complete copy of the Permit and any revisions thereto, and will, as time and personnel allow, consult with and assist Lessee with regard to Permit and other requirements.

E3.2 Lessor shall have the right to monitor Lessee’s compliance with the Permit requirements, including, but not limited to: certification of non-storm water discharges; collection of storm water samples; preparation of storm water management plans; implementation of BMPs; and the maintenance of necessary records.

E3.3 Lessor reserves the right to impose upon Lessee any BMP or other action necessary to insure Lessor's ability to comply with its Permit requirements or applicable Rules. Lessee shall have TEN (10) business days from date of receipt of written notice imposing such BMPs or other requirements to notify Lessor in writing if it objects to any action it is being directed to undertake. If Lessee does not provide the specified timely notice, it will be deemed to have assented to implement the BMPs or other requirements. If Lessee provides Lessor with timely written notice of its objections, the Parties agree to negotiate a prompt resolution of their differences. Lessee warrants that it will not serve a written notice of objections for purposes of delay or avoiding compliance.

E3.4 Lessee agrees to implement at its sole expense, unless otherwise agreed to in writing between Lessor and Lessee, those Permit and other requirements which pertain to its operations and activities on the Airport, and Lessee warrants that it will use its best efforts to meet all deadlines established by statute, regulation or ordinance, or that are agreed to by the Parties. Lessee acknowledges that time is of the essence in the implementation of all Permit requirements.

E4. Permit Changes. Lessee acknowledges that the terms and conditions of Lessor's Permit may change from time to time, and upon prior written notice from Lessor to Lessee of proposed changes, Lessee shall be given the opportunity to submit comments to Lessor prior to negotiations with the appropriate governmental entity or entities for permit modifications.

E5. Material Condition. Full compliance with the AZPDES permit program, 40 C.F.R. Part 122, is a material condition of this **EXHIBIT** and for any breach thereof which exposes Lessor to civil or criminal fine, penalty, sanction or remediation cost by any governmental entity, Lessor may terminate this **EXHIBIT** without recourse by Lessee.

E6. Covenant of Good Faith. Lessor and Lessee covenant to act in good faith to implement any requirements imposed by Lessor's Permit, to the end that the purposes of Section 402(P) of the Federal *Water Pollution Control Act* (33 U.S.C. 1342 (P)) may be achieved. The Parties acknowledge that close cooperation will be necessary to ensure compliance with any Permit requirements to promote safety and minimize costs, and each Party agrees to a candid exchange of information necessary to coordinate a storm water management and monitoring plan.

E7. Indemnification. The covenants of insurance and indemnification in favor of Lessor imposed by other provisions of this **EXHIBIT** shall extend to, and are incorporated into, the provisions of this **EXHIBIT**.

NOTICE OF LESSEE INTENTION TO JOIN OR REJECT NPDES CO-PERMITTEE STATUS

I, _____, on behalf of ALLEGIANT AIR, LLC, being duly authorized to do so, acknowledge that I am fully informed of our obligations under the National Pollutant Discharge Elimination System permit program as mandated by Section 402 (P) of the Federal *Water Pollution Control Act* (33 U.S.C. 1342 (P)), and regulations published in 40 C.F.R. Part 122 and the Arizona Department of Environmental Quality (AZDEQ).

I further acknowledge that, if applicable we have been offered the opportunity to join with the Phoenix-Mesa Gateway Airport Authority (PMGAA) as a co-permittee of the AZPDES permit issued by the Environmental Protection Agency to the PMGAA as it pertains to the Phoenix-Mesa Gateway Airport Authority (“Airport”), in accordance with the terms and conditions set forth above.

I, on behalf of ALLEGIANT AIR, LLC and being duly authorized to do so, (please check applicable box)

desire to join the PMGAA as a co-permittee and understand and accept the obligation to comply with the aforesaid statute and regulations as they may apply to our activities and operations at the Airport.

decline to join the PMGAA as a co-permittee.

have determined the regulations are not applicable.

Dated this _____ day of _____, 2017.

By: _____
(Signature)

Name: _____
(Print Name)

Its: _____
(Title)

Exhibit F**STANDARD TERMS AND CONDITIONS**

1. **Certification.** By executing this Contract, Lessee certifies:
 - a. The award of this Contract did not involve collusion or other anti-competitive practices.
 - b. It shall not discriminate against any employee or applicant for employment in violation of Federal Executive Order 11246, or A.R.S. Section 31-1461, et. seq.
 - c. It has not given, offered to give, nor intends to give at any time hereafter, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant in connection with this Contract; and Lessee hereby certifies that the individual signing this Contract is an authorized agent for Lessee and has the authority to bind the Lessee to the Contract.
2. **Arbitration.** At PMGAA's sole option, disputes between the parties may be resolved through arbitration as provided in A.R.S. Section 12-1501, *et seq.* Lessee shall continue to render the services required by this Contract without interruption, notwithstanding either party has filed suit against the other or PMGAA has expressly agreed to arbitration and either party has demanded arbitration.
3. **Affirmative Action.** Lessee shall abide by all the federal and state of Arizona provisions for equal opportunity in the work place.
4. **Human Relations.** Lessee shall abide by all the federal and state of Arizona provisions against discrimination of disadvantaged business enterprises in applicable PMGAA contracts.
5. **Gratuities.** PMGAA may, by written notice to the Lessee, cancel this Contract if it is found that gratuities, in the form of entertainment, gifts or otherwise, were offered or given by Lessee or any agent or representative of Lessee, to any officer or employee of PMGAA amending, or the making of any determinations with respect to the performing of such Contract. If this Contract is canceled by PMGAA under this provision, PMGAA shall be entitled, in addition to any other rights and remedies, to recover or withhold from the Lessee the amount of the gratuity.
6. **Provisions Required by Law.** Each and every provision of law and any clause required by law to be in the Contract shall be read and enforced as though it were included herein, and if through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then upon the application of either party the Contract shall forthwith be physically amended to make such insertion or correction.
7. **Rights and Remedies.** No provision in this Contract shall be construed, expressly or by implication, to waive either party's existing or future claim, right, or remedy available by law for breach of contract. The failure of either party to insist on strict performance of any Contract term or condition; to exercise or delay exercising any right or remedy provided in the Contract or by law; or to accept materials, services, or Lessee's services under this Contract or imposed by law, shall not be deemed a waiver of any right of either party to insist upon strict performance of the Contract.
8. **Right to Assurance.** Whenever one party to this Contract in good faith has reason to question the other party's intent to perform, the former party may demand that the other party give a written assurance of this intent to perform. If a demand is made and no written assurance is given within five (5) business days, the demanding party may treat this failure as an anticipatory repudiation with this Contract.
9. **Advertising.** Lessee shall not advertise or publish information concerning this Contract without prior written consent of PMGAA.
10. **Force Majeure**
 - a. Neither party is liable to the other, and neither party may be deemed in default under this Contract, if and to the extent that such party's performance of this Contract is prevented by reason of Force Majeure. The term "Force Majeure" means an occurrence that is beyond the control of the party

affected and occurs without its fault or negligence. Force Majeure does not include late performance by a subcontractor unless the delay arises out of a specific Force Majeure in accordance with this Force Majeure term and condition.

b. If either party is delayed at any time in the progress of the work by Force Majeure, the delayed party shall notify the other party in writing, as soon as practical, of the delay and shall specify the causes of delay in the notice. The notice must be hand-delivered or mailed certified-return receipt and must specifically refer to this section. The delayed party shall cause the delay to cease as soon as practicable and shall notify the other party in writing when it has done so. The date of completion will be extended by Contract modification or amendment for the period of time that the completion date is necessarily delayed. This time extension is the Consultant's exclusive remedy for delay.

11. **Exclusive Possession.** All services, information, computer program elements, reports, and other deliverables, which may be created under this Contract, are the sole property of PMGAA and shall not be used or released by Lessee or any other person except with prior written permission by PMGAA.
12. **Licenses.** Lessee shall maintain in current status all federal, state, and local licenses and permits required for the operation of the business conducted by Lessee as applicable to this Contract.
13. **Subsequent Employment.** PMGAA may cancel this Contract without penalty or further obligation in accordance with A.R.S. Section 38-511 if any person significantly involved in initiating, negotiating, securing, drafting, or creating the contract, on behalf of the PMGAA is or becomes, at any time while the Contract or any extension of the contract is in effect, an employee of, or a contractor to any other party to this Contract with respect to the subject matter of the Contract. Such cancellation shall be effective when the parties to this Contract receive written notice from PMGAA, unless the notice specifies a later time.
14. **Patents.** Lessee shall defend, indemnify, and hold harmless PMGAA, its officers and employees from all liabilities, claims, damages, costs, or expenses, including, but not limited to attorneys' fees, for any alleged infringement of any person's patent rights or copyrights in consequence of the use by PMGAA, its officers, employees, agents, and other duly authorized representatives of tangible or intellectual property supplied to PMGAA by Lessee under this Contract.
15. **E-Verify Requirements.** To the extent applicable under A.R.S. § 41-4401, Offeror and its subcontractors warrant compliance with all federal immigration laws and regulations that relate to their employees, and compliance with the E-Verify requirements under A.R.S. §23-214(A). Offeror's or its subcontractors' failure to comply with such warranty shall be deemed a material breach of this Contract and may result in the termination of this Contract by PMGAA.



Phoenix-Mesa Gateway Airport Authority
 5835 S Sossaman Road
 Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Margi EvanSon, Operations & Maintenance Director
Through: Scott Brownlee, Deputy Director/COO
 J. Brian O’Neill, A.A.E., Executive Director/CEO
Subject: Regional Pavement Maintenance
Date: October 17, 2017

Proposed Motion

To authorize the purchase of airfield pavement maintenance with Regional Pavement Maintenance of Arizona, Inc., in an amount not to exceed \$120,306.

Narrative

CIP 956, Taxiway W remote Remain Over Night (RON) pad, is primarily used for airline overnight parking. The pad is constructed of asphalt which requires periodic maintenance to reduce Foreign Object Debris (FOD) and deterioration. CIP 624, crack fill, seal and stripe of Taxiways G, K and P shoulders, in addition to CIP 623, crack fill, seal and stripe for 30R, safety area shoulders, require pavement maintenance to extend their life cycles.

Authorization of the purchase for airfield pavement maintenance is necessary to reduce FOD, repair deterioration and extend life cycles. The recommended course of action includes crack seal, milling/overlay, patching, seal coat, and slurry seal.

Phoenix-Mesa Gateway Airport Authority (PMGAA) is a participant of the Mohave Educational Services Cooperative (MESCC) Purchasing Group Intergovernmental Agreement. Under MESCC, Regional Pavement Maintenance of Arizona, Inc. was awarded Paving contract #14Y-RPMA-0317, and it is through this competitive selection that PMGAA will utilize Regional Pavement Maintenance of Arizona, Inc. for paving services.

CIP 623	Runway 30R/safety area shoulders	\$ 85,452.36
CIP 624	Taxiways G, K and P shoulders	\$ 15,726.24
CIP 956	Taxiway W remote RON pad	\$ 13,398.65
<u>Contingency</u>		<u>\$ 5,728.75</u>
	Total	\$120,306.00

Fiscal Impact

These projects were included in the FY18 capital budget and are funded under CIP 623, 624 & 956, non-grant funds.

Attachment(s)

Scope of Work, Maps and Mohave Contract



RESOLUTION NO. 17-52

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute §28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS the Authority desires to purchase airfield pavement maintenance through Regional Pavement Maintenance of Arizona, Inc.;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes the purchase of airfield pavement maintenance with Regional Pavement Maintenance of Arizona, Inc., in an amount not to exceed \$120,306. This resolution also authorizes the Chair or Executive Director/CEO to execute such Contract, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 17th day of October, 2017.

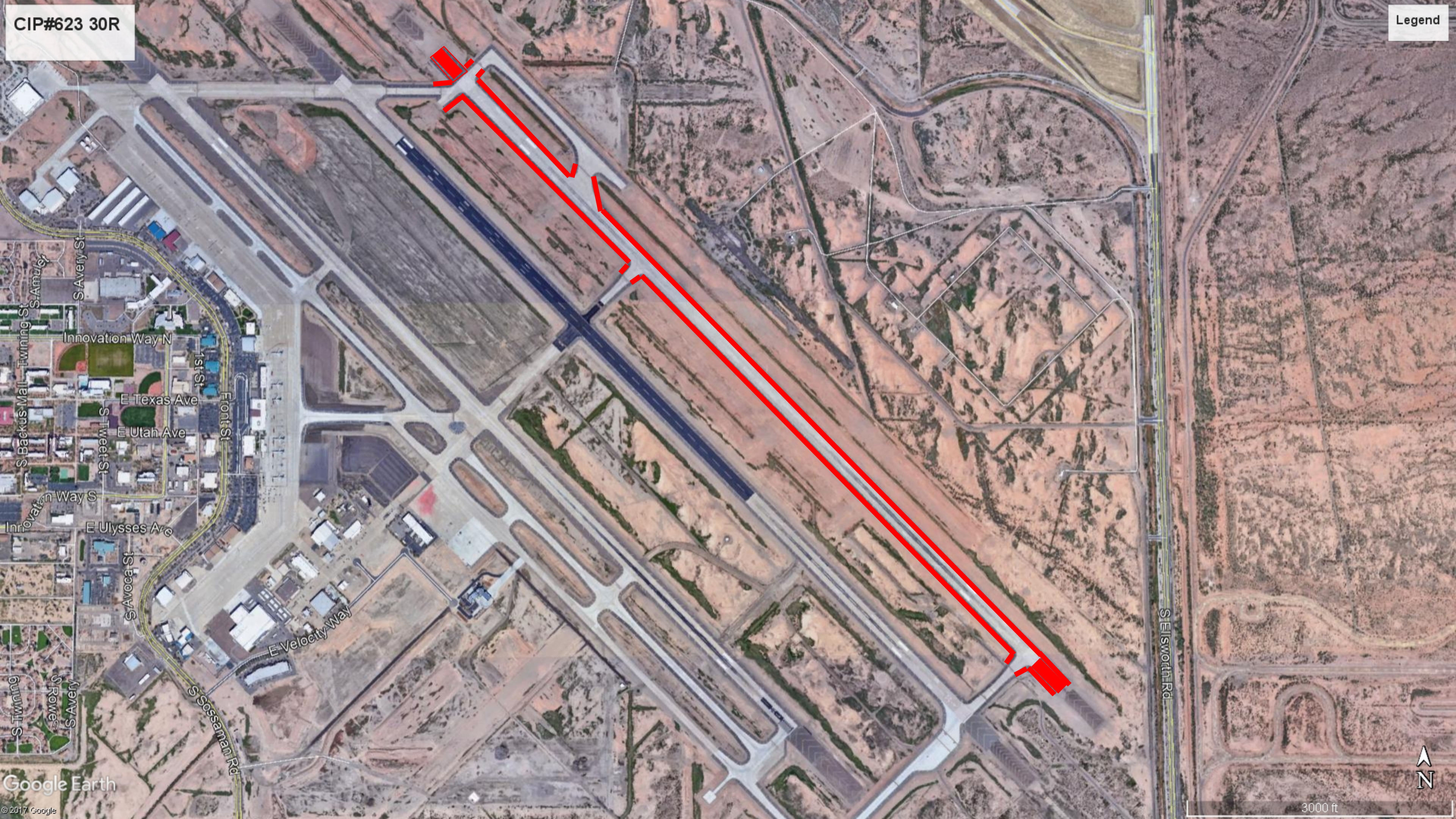
Jenn Daniels, Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Attorney



S Twining
S Backus Mall
S Amuley
S Avery St
Innovation Way N
1st St
E Texas Ave
E Utah Ave
Front St
Innovation Way S
E Ulysses Ave
S Avoca St
E Velocity Way
S Sossaman Rd
S Twining
S Rowes
S Avery

SELSWORTH RD



#623

regional pavement maintenance



PROPOSAL NO. 176235

August 28, 2017

MOHAVE CONTRACT: 14Y-RPMA-0317

ZONE: 1B

SUBMITTED TO:

Phoenix Mesa Gateway Airport

Brett Williams
5835 S. Sossaman Rd.
Mesa/AZ/85212

PH: 480-988-7542

FAX: -

EMAIL: bwilliams@gatewayairport.com

JOB SITE:

Phx Gateway Arprt

5835 S. Sossaman Rd.
Mesa AZ/85212

Scope of Work - Asphalt Shoulders, Runway 30R/12L

	Quantity	Unit	Unit Price	Total
HOT RUBBER CRACKFILL				
Mobilization Charge	5	EA	\$ 325.000	\$ 1,625.00
Charge per Gallon used	1,100	GAL	\$ 12.626	\$ 13,888.60
ASPHALT EMULSION SEALER (SPRAY APPLIED W/SQUEEGEE LINE ITEM)				
Mobilization Charge	9	EA	\$ 350.000	\$ 3,150.00
Charge per square foot for 1st Coat	720,742	SF	\$ 0.042	\$ 30,271.16
Charge per square foot for 2nd Coat (add to 1st coat above)	720,742	SF	\$ 0.020	\$ 14,414.84
OTHER RATES				
Labor and equipment rate, \$ per man hour	70	HR	\$ 65.000	\$ 4,550.00
ROAD STRIPING ONLY				
Paint Mobilization Charge	5	EA	\$ 500.000	\$ 2,500.00
Paint 12" Line w/Glass Bead 501-2000 LF	28,509	LF	\$ 0.528	\$ 15,052.75
TOTAL: \$				85,452.36

ALL APPLICABLE TAX INCLUDED

PROPOSAL NOTES:

1. Pricing is protected for 90 days.
2. A signed Proposal, Contract or Purchase Order is required prior to commencement of work.
3. It is your responsibility to make sure sprinklers and hard water are not sprayed on pavement 24 hours before and after application.
4. Warranty Period: One (1) Year from Date of Completion.

Thank you for the opportunity to bid your project!

Randy Bastic
Randy Bastic

Regional Pavement Maintenance of Arizona, Inc.

randy@regionalaz.com

Cell #: (602) 803-6007

ACCEPTANCE OF PROPOSAL:

regional

pavement maintenance



PROPOSAL NO. 176235

August 28, 2017

MOHAVE CONTRACT: 14Y-RPMA-0317

ZONE: 1B

The above pricing, specifications and conditions are satisfactory and hereby accepted. You are authorized to do the work as specified. I understand a prelien will be filed. Payment terms are Net 30 days (please complete Billing Information below).

SIGNATURE: _____

DATE: _____

PRINT NAME: _____

TITLE: _____

OWNER INFORMATION:

If the 'Owner' contact name & address is the 'same' as "Submitted To:" on the first page of the Proposal, please check the box below. If not, please provide the correct 'Owner' information below:

Owner Information is the same as the "Submitted To:" contact on the first page of the Proposal.

OWNER/COMPANY NAME: _____

POINT OF CONTACT: _____

BILLING ADDRESS: _____

CITY/STATE/ZIP: _____

PHONE: _____

FAX: _____

EMAIL: _____

BILLING INFORMATION:

If the 'Billing' contact name & address is the 'same' as "Submitted To:" on the first page of the Proposal, please check box below. If not, please provide the correct 'Billing' information below for invoicing:

Billing Information is the same as the "Submitted To:" contact on the first page of the Proposal.

COMPANY NAME: _____

POINT OF CONTACT: _____

BILLING ADDRESS: _____

CITY/STATE/ZIP: _____

PHONE: _____

FAX: _____

EMAIL: _____

Credit Cards are accepted for payment. Please check the box if you intend to make an electronic payment.



CIP#624 G/K/P

Legend

Google Earth



3000 ft

Power Rd S

S Elsworth Rd

E Truitt Ave

E Thunderbolt Ave

E Trent Ave

E Tattle Ave

E Edgewater

E Sterling Ave

E Backus Mall

E Texas Ave

E Utah Ave

Unity Ave

Usher

Urbana

Upton Ave

E Union Ave

Clearview St

E Edgewater

S Essex

S Sterling

S Twining

S Rowes

S Verona Ave

S Sossaman Rd

S Avoca St

E Velocity Way

S Avery St

1st St

Front St

Innovation Way N

Innovation Way S

S Sweet St

S Amalys

S Avery St

S Sossaman Rd

S Elsworth Rd

Roosevelt WCD Canal Road

Power Rd S

Power Rd S

Power Rd S

Power Rd S

Power Rd S

Power Rd S

Power Rd S

Power Rd S

Power Rd S

Power Rd S

Power Rd S

Power Rd S

Power Rd S

Power Rd S

Power Rd S

#624

regional pavement maintenance



PROPOSAL NO. 176234

August 25, 2017

MOHAVE CONTRACT: 14Y-RPMA-0317

ZONE: 1B

SUBMITTED TO:

Phoenix Mesa Gateway Airport

Brett Williams

5835 S. Sossaman Rd.

Mesa/AZ/85212

PH: 480-988-7542

FAX: -

EMAIL: bwilliams@gatewayairport.com

JOB SITE:

PHX Gateway Arprt Twy G/K/P

5835 S. Sossaman Rd.

Mesa

AZ/85212

Scope of Work

	Quantity	Unit	Unit Price	Total
HOT RUBBER CRACKFILL				
Mobilization Charge	2	EA	\$ 325.000	\$ 650.00
Charge per Gallon used	375	GAL	\$ 12.626	\$ 4,734.75
ASPHALT EMULSION SEALER (SPRAY APPLIED W/SQUEEGEE LINE ITEM)				
Mobilization Charge	2	EA	\$ 350.000	\$ 700.00
Charge per square foot for 1st Coat	120,113	SF	\$ 0.042	\$ 5,044.75
Charge per square foot for 2nd Coat (add to 1st coat above)	120,113	SF	\$ 0.020	\$ 2,402.26
OTHER RATES				
Labor and equipment rate, \$ per man hour	12	HR	\$ 65.000	\$ 780.00
ROAD STRIPING ONLY				
Paint Mobilization Charge	2	EA	\$ 500.000	\$ 1,000.00
Paint 12" Line w/Glass Bead 501-2000 LF	785	LF	\$ 0.528	\$ 414.48
TOTAL: \$				15,726.24

ALL APPLICABLE TAX INCLUDED

PROPOSAL NOTES:

1. Pricing is protected for 90 days.
2. A signed Proposal, Contract or Purchase Order is required prior to commencement of work.
3. It is your responsibility to make sure sprinklers and hard water are not sprayed on pavement 24 hours before and after application.
4. Warranty Period: One (1) Year from Date of Completion.

Thank you for the opportunity to bid your project!

Randy Bastic

Regional Pavement Maintenance of Arizona, Inc.

randy@regionalaz.com

Cell #: (602) 803-6007

ACCEPTANCE OF PROPOSAL:

regional

pavement maintenance



PROPOSAL NO. 176234

August 25, 2017

MOHAVE CONTRACT: 14Y-RPMA-0317

ZONE: 1B

The above pricing, specifications and conditions are satisfactory and hereby accepted. You are authorized to do the work as specified. I understand a prelien will be filed. Payment terms are Net 30 days (please complete Billing Information below).

SIGNATURE: _____

DATE: _____

PRINT NAME: _____

TITLE: _____

OWNER INFORMATION:

If the 'Owner' contact name & address is the 'same' as "Submitted To:" on the first page of the Proposal, please check the box below. If not, please provide the correct 'Owner' information below:

Owner Information is the same as the "Submitted To:" contact on the first page of the Proposal.

OWNER/COMPANY NAME: _____

POINT OF CONTACT: _____

BILLING ADDRESS: _____

CITY/STATE/ZIP: _____

PHONE: _____

FAX: _____

EMAIL: _____

BILLING INFORMATION:

If the 'Billing' contact name & address is the 'same' as "Submitted To:" on the first page of the Proposal, please check box below. If not, please provide the correct 'Billing' information below for invoicing:

Billing Information is the same as the "Submitted To:" contact on the first page of the Proposal.

COMPANY NAME: _____

POINT OF CONTACT: _____

BILLING ADDRESS: _____

CITY/STATE/ZIP: _____

PHONE: _____

FAX: _____

EMAIL: _____

Credit Cards are accepted for payment. Please check the box if you intend to make an electronic payment.



CIP#956 RON

Legend

1st St

E Teles Ave

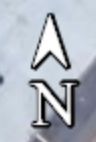
St Kent St

S Sossaman Rd - Front St

Google Earth

© 2017 Google

600 ft



956

regional pavement maintenance



PROPOSAL NO. 176255

September 7, 2017

MOHAVE CONTRACT: 14Y-RPMA-0317

ZONE: 1B

SUBMITTED TO:

Phoenix Mesa Gateway Airport

Brett Williams
5835 S. Sossaman Rd.
Mesa/AZ/85212

PH: 480-988-7542

FAX: -

EMAIL: bwilliams@gatewayairport.com

JOB SITE:

Phx Gateway Arprt RON Ramp Only

5835 S. Sossaman Rd.

Mesa AZ/85212

Scope of Work - Asphalt RON Ramp Only

	Quantity	Unit	Unit Price	Total
HOT RUBBER CRACKFILL				
Mobilization Charge	1	EA	\$ 325.000	\$ 325.00
Charge per Gallon used	95	GAL	\$ 12.626	\$ 1,199.47
ASPHALT EMULSION SEALER (SPRAY APPLIED W/SQUEEGEE LINE ITEM)				
Mobilization Charge	2	EA	\$ 350.000	\$ 700.00
Charge per square foot for 1st Coat (over 100,000 sq ft)	150,777	SF	\$ 0.042	\$ 6,332.63
Charge per square foot for 2nd Coat (over 100,000 sq ft)	150,777	SF	\$ 0.018	\$ 2,713.99
OTHER RATES				
Labor and equipment rate, \$ per man hour	5	HR	\$ 65.000	\$ 325.00
ROAD STRIPING ONLY				
Paint Mobilization Charge	2	EA	\$ 500.000	\$ 1,000.00
Paint 12" Line w/Glass Bead 501-2000 LF	1,520	LF	\$ 0.528	\$ 802.56
TOTAL: \$				13,398.65
ALL APPLICABLE TAX INCLUDED				

PROPOSAL NOTES:

1. Pricing is protected for 90 days.
2. A signed Proposal, Contract or Purchase Order is required prior to commencement of work.
3. It is your responsibility to make sure sprinklers and hard water are not sprayed on pavement 24 hours before and after application.
4. Warranty Period: One (1) Year from Date of Completion.

Thank you for the opportunity to bid your project!

Randy Bastic
Randy Bastic

Regional Pavement Maintenance of Arizona, Inc.

randy@regionalaz.com

Cell #: (602) 803-6007

ACCEPTANCE OF PROPOSAL:

regional

pavement maintenance



PROPOSAL NO. 176255

September 7, 2017

MOHAVE CONTRACT: 14Y-RPMA-0317

ZONE: 1B

The above pricing, specifications and conditions are satisfactory and hereby accepted. You are authorized to do the work as specified. I understand a prelien will be filed. Payment terms are Net 30 days (please complete Billing Information below).

SIGNATURE:

DATE:

PRINT NAME:

TITLE:

OWNER INFORMATION:

If the 'Owner' contact name & address is the 'same' as "Submitted To:" on the first page of the Proposal, please check the box below. If not, please provide the correct 'Owner' information below:

Owner Information is the same as the "Submitted To:" contact on the first page of the Proposal.

OWNER/COMPANY NAME:

POINT OF CONTACT:

BILLING ADDRESS:

CITY/STATE/ZIP:

PHONE:

FAX:

EMAIL:

BILLING INFORMATION:

If the 'Billing' contact name & address is the 'same' as "Submitted To:" on the first page of the Proposal, please check box below. If not, please provide the correct 'Billing' information below for invoicing:

Billing Information is the same as the "Submitted To:" contact on the first page of the Proposal.

COMPANY NAME:

POINT OF CONTACT:

BILLING ADDRESS:

CITY/STATE/ZIP:

PHONE:

FAX:

EMAIL:

Credit Cards are accepted for payment. Please check the box if you intend to make an electronic payment.



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Matt Nebgen, Gateway Aviation Services Director
Through: Scott Brownlee, Deputy Director/COO
J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Purchase of a 1500 Gallon Diesel and Unleaded Fuel Truck
Date: October 17, 2017

Proposed Motion

To authorize the purchase of a 1500-gallon diesel and unleaded fuel truck from SkyMark Refuelers, LLC in an amount not to exceed \$134,059.20.

Narrative

Gateway Aviation Services is the Airport owned FBO and provides unleaded and diesel fuel services to tenants, base customers and Airport owned equipment and vehicles. The FBO currently operates one split tank refueler that provides the services to the Airport. The truck is approximately 16 years old and meets the Airport replacement plan.

A Request for Proposal (2018-007-RFP) was issued on August 1, 2017 for a 1500-gallon diesel and unleaded fuel truck. The RFP was advertised in the Arizona Business Gazette each Thursday between August 3rd and 24th. The RFP was posted to websites for the Phoenix-Mesa Gateway Airport Authority's (PMGAA) and the Association of Arizona Airport's. In addition, the RFP notice was emailed to a list of four perspective respondents. PMGAA received one proposal by the due date from SkyMark Refuelers, LLC. at \$126,950.

Procurement documented that the solicitation itself was not restrictive and conducted a price analysis on the proposal received to ensure pricing was in line with the requested equipment. The Evaluation Panel reviewed and scored the proposal to ensure it met all solicitation requirements as well as PMGAA specifications.

Based on the specifications, pricing, warranty and serviceability, the Evaluation Panel is recommending the purchase of the equipment from SkyMark Refuelers, LLC. The not to exceed amount includes sales tax.

Fiscal Impact

This purchase is included in the FY18 capital budget and is funded with Non-Grant funds as Project No. 677. The amount allocated for this project is \$100,000. The additional \$34,059.20 required will be funded as follows:

- Savings from underbudget on fuel stand purchases in FY18 \$15,776.75
- Savings from underbudget on GPU purchases in FY18 \$14,467.72
- Contingency Allocation \$ 3,814.73

Attachment(s)

Attachment D, Price Page from SkyMark Refuelers, LLC RFP submittal.



RESOLUTION NO. 17-53

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute §28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS the Authority desires to purchase a 1500-gallon diesel and unleaded fuel truck from SkyMark Refuelers, LLC;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes the purchase of a 1500-gallon diesel and unleaded fuel truck from SkyMark Refuelers, LLC in an amount not to exceed \$134,059.20. This resolution also authorizes the Chair or Executive Director/CEO to execute such Contract, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 17th day of October, 2017.

Jenn Daniels, Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Attorney

Attachment D
Price Page

Grand Total for each item is to be shown on this page.

Item	Qty	Price (Each)	Price (Total)
1500 Gallon Unleaded & Diesel Fuel Truck	1	\$ <u>123,950</u>	\$ <u>123,950</u>
Standard Warranty	1	Tank = 60 months Refueler body = 12 months	Tank = 60 months Refueler body = 12 months
Manuals on Maintenance, Operation & Parts - (1) complete hard copy of each	1	included in price	included in price
Shipping / Delivery Fee		\$ <u>3,000</u>	\$ <u>3,000</u>
Sales Tax		\$ <u>not applicable</u> <i>SteveMark does not collect or remit sales tax in Arizona.</i>	\$ <u>not applicable</u>
TOTAL		\$ <u>126,950</u>	\$ <u>126,950</u>

Prompt Payment Discount

The price(s) quoted herein can be discounted by N/A % if payment is made within N/A days.

Exceptions / Clarifications of Bidder/Offeror:


We confirm we do not take any exceptions.
Our bid is 100% in compliance.

Delivery Time Estimate:

Within 90-120 days after receipt of confirming order.

Proposal Certification

By my signature, I certify that I am authorized to bind this firm/individual to provide the services accepted herein, in compliance with the scope of work, technical specifications and other terms and conditions in this Invitation for Bid at the price provided on this Price Page.


Printed Name
STEVEN PAUL


Signature



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Shea Joachim, CEcD, Business Development Director
Through: J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Air Methods Corporation, Facility Lease Agreement
Date: October 17, 2017

Proposed Motion

To authorize the Executive Director/CEO to execute a facility lease agreement with Air Methods Corporation for properties located at 6203 and 6211 S. Sossaman Road, Mesa, AZ 85212. The lease term is three (3) years, with two (2) one-year options commencing on November 1, 2017.

Narrative

Air Methods is the current tenant in the facilities located at 6203 and 6211 S. Sossaman Road. The current lease agreement expires on October 31, 2017. With this new lease agreement Air Methods will continue to utilize the hangar and building as a maintenance and operations base for their air ambulance aircraft.

Agreement Term and Rate

The initial term of this lease agreement is three (3) years, with two (2), one (1) year options, commencing on November 1, 2017.

The initial lease rate is \$259,336.08 annually or \$21,611.34 per month, and will increase 3.5% on every 12-month anniversary of the Effective Date. for a combined 23,576 SF.

Attachment(s)

Facility Lease Agreement



RESOLUTION NO. 17-54

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Authority desires to enter into a facility lease agreement with Air Methods Corporation;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes the Executive Director/CEO to execute a facility lease agreement with Air Methods Corporation for properties located at 6203 and 6211 S. Sossaman Road, Mesa, AZ 85212. The lease term is three years, with two one-year options commencing on November 1, 2017, and authorizes the Executive Director/CEO to execute said Agreement, with such minor amendments to the Agreement as deemed appropriate by the Executive Director/CEO.

Passed and adopted by the Authority this 17th day of October, 2017.

Jenn Daniels, Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Attorney



Phoenix-Mesa Gateway Airport Authority

FACILITY LEASE

with

AIR METHODS CORPORATION

Effective Date: November 1, 2017

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Phoenix-Mesa Gateway Airport Authority **FACILITY LEASE**

This Facility Lease (“Lease”) is executed to be effective the FIRST (1st) day of November 2017 (“Effective Date”) between the PHOENIX-MESA GATEWAY AIRPORT AUTHORITY, a joint powers authority authorized by the State of Arizona (“Lessor”), and AIR METHODS CORPORATION, a Delaware corporation authorized to do business in the State of Arizona (“Lessee”). Lessor and Lessee may be referred to jointly as “Parties,” and each separately may be referred to as a “Party.”

WITNESSETH:

WHEREAS, Lessor is the owner and operator of the Phoenix-Mesa Gateway Airport generally located at the intersection of Ray Road and Sossaman Road, City of Mesa, Maricopa County, Arizona (Airport”); and

WHEREAS, Lessor has the right to lease, license and grant the use of property and facilities on the Airport and has full power and authority to enter into this Lease in respect thereof; and

WHEREAS, Lessor desires to lease to Lessee, and Lessee desires to lease from Lessor, that certain real property at the Airport located at 6203 S. Sossaman Road, Mesa, AZ 85212, and described as hangar 31, consisting approximately Twenty-Two Thousand Seven Hundred Eighty-Five (22,785) square feet and 6211 S. Sossaman Road, Mesa, AZ 85212 and described as building 1362 consisting approximately Seven Hundred Ninety-One (791) square feet as set forth in Exhibit A attached hereto (“Premises”); and

WHEREAS, Lessor desires to lease the Premises to Lessee on the terms and conditions set forth herein;

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements herein contained, the Parties do hereby undertake, promise and agree, each for itself and its successors and assigns, as follows:

1. LEASE

Lessor hereby leases the Premises to Lessee, subject to all easements and rights of way that may encumber the Premises, and further subject to all operational and use restrictions and other terms and conditions set forth in this Lease.

1.1 Right to Use Premises. Lessor agrees that so long as Lessee shall timely pay the Base Rent and other charges required to be paid hereunder, and perform all of its other obligations under this Lease, Lessee shall peaceably have and enjoy the use of the Premises without hindrance from Lessor. Lessee specially acknowledges that Lessee has inspected the Premises prior to entering into this Lease and agrees to accept the Premises in an “as is, where is” condition without any warranty or representation from Lessor, either express or implied, of any kind or nature whatsoever with respect to the Premises, including, but not limited to, any warranty of merchantability, habitability, or fitness for any particular or specific purpose, and all such warranties are hereby disclaimed. Should Lessee desire any inspection report, environmental assessment, survey, creation

of a legal description, drainage report, or any similar study, Lessee shall be responsible for the same at Lessee's sole expense.

1.2 Substitution of Premises. In addition to Lessor's other rights set forth in this Lease, Lessor reserves the right, upon no less than Ninety (90) calendar days prior written notice to Lessee, to substitute Comparable Areas for all or any portion of the Premises, including any additions, alternations or improvements thereon, should Lessor, in its reasonable discretion, determine that taking of the Premises, any portion thereof or any improvement thereon, is required for other Airport purposes, and there exists no appropriate alternative. In the event Lessor makes the determination to exercise its rights to substitute, all title, right and interest to the portion of the Premises taken shall immediately vest in Lessor on the date that is Ninety (90) calendar days following receipt of Lessor's notice, or such later date as specified therein. Furthermore, Lessor may require Lessee to vacate any portion or all of the Premises taken. For the purposes of this Section 1.2, the term "Comparable Areas" is defined to mean other facilities at the Airport, or any additions or extensions thereof, similar in size to the Premises, brought to the same level of improvement as the Premises and having the same or similar usefulness to Lessee as the portion taken. Lessor shall bear all expenses of bringing the substituted area to the same level of improvement as the Premises, and of moving Lessee's improvements, equipment, furniture and fixtures to the substituted area. If any of Lessee's improvements, equipment, furniture or fixtures cannot be relocated, Lessor shall replace, at Lessor's expense, such non-relocatable improvements and other property with comparable property in the Premises, and Lessor shall be deemed the owner of the non-relocated improvements and other property, free and clear of all claims of any interest or title therein by Lessee, or any other third party whomsoever. It is the specific intent of this Section 1.2 that Lessee be placed, to the extent possible, in the same position it would have been, had Lessor not substituted new premises for the Premises; provided, however, that Lessor shall not be obligated to reimburse Lessee for any damages, including lost profits or revenues, due to such substitution. Notwithstanding the foregoing, Lessor shall use reasonable efforts to avoid disruption to Lessee's business.

1.3 Access. Lessee is granted the right of reasonable access to and from the Premises via such portions of the Airport as are or may be necessary to allow Lessee to conduct its business operations permitted herein at and on the Premises and the Airport. Lessor reserves the right to designate the location of such access and to change its location from time to time, as Lessor deems reasonably necessary and appropriate; provided such changes do not materially interfere with Lessee's use of or access to the Premises.

1.4 Permitted Uses. Subject to the provisions of Section 1.5, Lessee may use the Premises for operation of a specialized commercial flying service business (air ambulance), including maintenance of Lessee's aircraft, storage, administrative offices, dispatch center and related uses. Lessee's use of the Premises and operation of its business at and on the Airport and the Premises is subject to all applicable laws, rules and regulations of any governmental authority, including Lessor, and to Lessee's compliance with applicable provisions of the Airport Rules and Regulations and Minimum Standards.

1.5 Prohibited Activities. Lessee shall not use or permit its agents, employees, contractors, invitees, licensees or customers to use the Premises or the Airport for any use that is in violation of the Airport Rules and Regulations, the Airport Minimum Standards, any matters of record, or applicable laws, rules, regulations and operating policies of any governmental authority, including Lessor, or for any other activity or operation not specified in Section 1.4 herein, or that does not have advance, written approval of Lessor's Executive Director.

1.6 Continuous Operation. Upon commencement of business operations at and on the Premises and the Airport, Lessee shall designate an on-site manager for the term of this Lease who shall be available to Lessor and Lessee's customers, if any, during normal business hours, and otherwise as required by the Airport Minimum Standards, as applicable.

1.7 Lessee Acknowledgement. Lessee acknowledges this Lease is 'TRIPLE NET' (NNN), and agrees that its obligations to pay Base Rent and all other charges due and owing under the terms hereof shall be absolute and unconditional, and shall not be affected by any circumstances whatsoever, including, without limitation: (i) any set-off, counterclaim, recoupment, defense or other right which Lessee may have against Lessor or the United States of America or anyone else for any reason whatsoever; (ii) any liens, encumbrances or rights of others with respect to the Premises; (iii) the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease or any lack of right, power or authority of Lessor or Lessee to enter into this Lease; (iv) any insolvency, bankruptcy, reorganization or similar proceedings by or against Lessee, or any other person; or (v) any other cause, whether similar or dissimilar to the foregoing, any future or present law notwithstanding, it being the intention of the Parties hereto that all rent being payable by Lessee hereunder shall continue to be payable in all events and in the manner and at the times provided herein.

2. TERM

2.1 Initial Term. The term of this Lease shall be for a period of Three (3) years, commencing on the Effective Date and terminating on October 31, 2020 thereafter ("Term").

2.2 Renewal Term(s). Provided Lessee is not then in default of this Lease and subject to written approval of Lessor, the Parties shall have the option of extending the Term for Two (2) additional periods of One (1) year each ("Extension"). Lessee may initiate the Extension by giving written notice to Lessor of its desire to do so no later than Sixty (60) calendar days prior to the expiration of the Term, as set forth in Section 2.1 herein. If Lessee has properly notified Lessor of its desire to exercise the Extension and Lessor approves such in writing, then Lessee's Extension of the Term of this Lease shall become effective and all references herein to "Term" shall mean the initial term as extended.

3. NON-EXCLUSIVE RIGHTS

Lessee shall have the exclusive right to occupy and use the Premises while in compliance with the terms and conditions of this Lease. All other rights granted to Lessee under this Lease are nonexclusive. Lessor may, in its sole discretion and at any time, permit third parties to conduct any and all business activities at the Airport that Lessor deems appropriate, or conduct such activities itself, provided that such activities do not require or materially interfere with Lessee's use of the Premises.

4. RENT

4.1 Base Rent. Lessee agrees to pay Lessor annual rental for the use of the Premises in the amount of Two Hundred Fifty-Nine Thousand Three Hundred Thirty-Six and 08/100 Dollars (USD\$259,336.08), payable in equal monthly installments of Twenty-One Thousand Six Hundred Eleven and 34/100 Dollars (\$21,611.34) ("Base Rent"). The Base Rent shall be payable in advance, without any prior demand therefor and without any abatement, deductions or set-offs whatsoever, and tendered in lawful currency of the United States, either by check or electronic transfer. All payments referenced in this Lease shall be payable exclusively in United States Dollars.

4.2 Rent Increases. The annual Base Rent paid by Lessee shall be increased on every Twelve (12) month anniversary of the Effective Date of this Lease by a percentage equal to Three and one half percent (3.5%)

4.3 Monthly Fire Suppression System Maintenance Fees. In addition to the Base Rent and any other fees owed Lessor hereunder, Lessee shall pay Lessor monthly, in advance, without any prior demand therefor and without any abatement, deductions or set-offs whatsoever, a monthly fire suppression system maintenance fee (the "Fire Suppression System Maintenance Fee") in the amount of Eight Hundred and 46/100 Dollars (\$800.46) (or the applicable fee specified in the Lessor's *Airport Rates and Charges Schedule*, if

different) for Lessor's maintenance of the fire suppression system serving the Premises. Such payment shall be tendered in lawful currency of the United States, either by check or electronic transfer.

4.4 Monthly Premises Public Ramp Operations Area Use Fees. In addition to the fees specified in SECTIONS 4.1 and 4.3 hereinabove and elsewhere in this Lease, Lessee shall pay Lessor monthly, in advance, without any prior demand therefor and without any abatement, deductions or set-offs whatsoever, a monthly fee for use of the public ramp area immediately adjacent the Premises (the "Premises Public Ramp Operations Area Use Fee") in the amount of FOUR HUNDRED DOLLARS (\$400.00), plus applicable taxes. Payment of said fee shall entitle Lessee to preferential use of the area depicted in **EXHIBIT A1** herein throughout the Term of this Lease. Should Lessor require temporary use of this public ramp area for other purposes, Lessor shall coordinate such usage with Lessee in advance, and shall abate an appropriate, proportionate share of Lessee's said Premises Public Ramp Operations Area Use Fee for the duration of that use.

4.5 Refuse Fee. In addition to the fees specified in SECTIONS 4.1, 4.3 and 4.4 hereinabove and elsewhere in this Lease, Lessee shall pay Lessor monthly, in advance, without any prior demand therefor and without any abatement, deductions or set-offs whatsoever, a monthly fee for Refuse Service in the amount of ONE HUNDRED TWELVE AND 16/100 DOLLARS (\$112.16).

4.6 Airport Rates and Charges and Airport Fees Services and Rental Rates Schedules. Lessee or its subtenants, as applicable and including its contractors, agents, etc., shall pay all fees identified in the most current Airport Rates and Charges and Airport Fees Services and Rental Rates Schedules at the time of receipt of any covered service or use of any covered facilities, unless specifically outlined in this Lease. The current Airport Rates and Charges and Airport Fees Services and Rental Rates Schedules are included as Exhibit B and incorporated herein by reference and is subject to change without prior notice or approval of Lessee. Lessee acknowledges and agrees that Lessor may amend the Airport Rates and Charges and Airport Fees Services and Rental Rates Schedules at any time at Lessor's sole discretion, and that no fee [referenced in the Airport Rates and Charges and Airport Fees Services and Rental Rates Schedules] shall apply to the use of the Premises or access to the Premises.

4.7 Payment.

4.7.1 Unless otherwise specified herein, the first payment of Base Rent shall be paid to Lessor upon the delivery of this Lease, for the period from the Effective Date until the end of the calendar month in which the Effective Date occurs, prorated on the basis of the number of such days to the total number of days in said month. All payments referenced in this Lease shall be payable exclusively in United States Dollars. Thereafter, all Base Rent payments shall be paid in monthly installments, in advance, on the first day of each calendar month ("Base Rent Due Date"). On each such date, Lessee shall pay the full Base Rent payment.

4.7.2 No payment to or receipt by Lessor of a lesser amount than that which is due and payable under the provisions of this Lease at the time of such payment shall be deemed to be other than a payment on account of the earliest payment due, nor shall any endorsement or statement on any check or payment prejudice in any way Lessor's right to recover the balance of such payment or pursue any other remedy provided in this Lease or by law.

4.7.3 All payments (and reports, if any) required by this Section 4.5 shall be remitted to the following address by the due date(s) specified hereinabove:

Phoenix-Mesa Gateway Airport Authority
Attn.: Department of Finance (Accounts Receivable)
5835 S. Sossaman Road
Mesa, Arizona 85212-6014
or such other address specified in writing by Lessor to Lessee.

4.8 Finance Charges and Late Fees. If Lessee fails to pay any installment of Base Rent or any other charge due and owing to Lessor in full on or before the applicable due date, Lessee shall be responsible for interest on the unpaid installment at the rate of Eighteen Percent (18%) per annum from the due date until payment in full is made. In addition, in the event any installment of Base Rent or other charge owing to Lessor is paid more than Ten (10) days after the due date, a late penalty of Ten Percent (10%) of the amount of such delinquent Base Rent installment or other charge shall be due and payable in addition thereto.

4.9 Taxes. In the event any governmental authority shall impose a tax or imposition based upon any Base Rent payments or any other sums paid or owing hereunder, or the receipt of such payments by Lessor, Lessee shall pay such amounts to Lessor at the same time and in addition to payments hereunder, which amounts may include, but are not limited to, any or all rental, transaction privilege, sales, excise or other similar tax except income taxes.

4.10 Survival. Lessee's obligation to pay all amounts stated herein, together with any interest thereon and/or penalties therefor, shall survive the termination of this Lease.

5. PERFORMANCE GUARANTEE

5.1 Security Deposit.

5.1.1 On or before the Effective Date, Lessee shall pay to Lessor an amount equivalent to TWO (2) month's Base Rent, or FORTY-THREE THOUSAND TWO HUNDRED TWENTY-TWO AND 67/100 DOLLARS (USD\$43,222.67), as a security deposit ("Security Deposit") to insure the faithful performance of all of Lessee's obligations hereunder. The current Security Deposit of TWENTY-TWO THOUSAND SIXTY-ONE AND 64/100 DOLLARS (\$22,061.64) shall be applied to Security Deposit balance.

5.1.2 The Security Deposit, at the election of Lessor, may be applied in reduction of any loss and/or damage sustained by Lessor by reason of the occurrence of any breach, nonperformance or default by Lessee under this Lease without the waiver of any other right or remedy available to Lessor at law, in equity or under the terms of this Lease. If any portion of the Security Deposit is so used or applied, Lessee shall, within five (5) business days after written notice from Lessor, deposit with Lessor immediately available funds in an amount sufficient to restore the Security Deposit to its original amount. In the event of a sale or other transfer of the Premises by Lessor, Lessor shall transfer the remaining balance (if any) of the Security Deposit to Lessor's successor in interest, whereupon the transferor Lessor shall be released from liability to Lessee for the return of such Security Deposit. Unless this Lease is terminated as a result of Lessee's default whereupon Lessee shall immediately forfeit its Security Deposit to Lessor, upon termination, Lessor shall return to Lessee all portions of the Security Deposit which were not otherwise applied by Lessor as permitted above. Lessor shall have no obligation to maintain a separate account for such security deposit and shall have no obligation to pay interest thereon.

6. AIRCRAFT OPERATIONS GUIDELINES

If and to the extent that Lessee, including its subtenants, contractors, agents, etc., operates aircraft at or on the Airport, Lessee shall be subject to the provisions of Exhibit C. If any subtenant, contractor or agent of Lessee conducting activities on or at the Premises operates aircraft at the Airport, all shall be subject to the provisions of Exhibit C, which Lessor may enforce directly against such subtenant, contractor or agent, but Lessee shall have no direct liability or responsibility with respect to such matters; except, however, Lessee shall be responsible for compliance by its subtenants, contractors and/or agents with the Airport Rules and Regulations and Minimum Standards, as appropriate.

7. IMPROVEMENTS

7.1 Reserved

7.2 Reserved.

7.3 No Alterations. Lessee shall make no material improvements or alterations to the Premises during the Term of this Lease without the prior written permission of Lessor, which shall not be unreasonably withheld or delayed and, if and to the extent applicable, without the approval by Lessor's Design Review Committee. Lessee shall provide Lessor with electronic as-built drawings (or their equivalent) when any improvement or alteration is completed for which such drawings are reasonably required.

7.4 Title to Alterations and Improvements. Title to all Improvements and alterations on the Premises (but not personal property or trade fixtures) shall vest in Lessor upon the expiration of this Lease, and Lessee agrees to execute and deliver to Lessor, within Ten (10) business days after Lessor's request therefor, a quitclaim deed confirming that title to such improvements and alterations is vested in Lessor.

7.5 Mechanics' Liens. Lessee shall keep the Premises and all improvements constructed by Lessee thereon free of any mechanic or materialmen's liens. In the event that any such lien is filed, Lessee shall, at its sole cost, cause such lien to be removed from the Premises by bonding or otherwise within Thirty (30) calendar days of notice thereof.

7.6 Permit Required. Lessee shall be responsible for determining whether it is subject to local building/construction codes or permit requirements, and for compliance with them to the extent they are applicable. All structural, electrical, plumbing or mechanical construction or reconstruction shall conform to City of Mesa ("City") construction and technical codes. No such work shall be commenced without first submitting required plans and obtaining required permits from the City. All such work shall be permitted, inspected and approved by the City prior to concealment or use. Lessee shall provide to Lessor a contemporaneous copy of Lessee's permit application and the associated plans and specifications.

7.7 Damage or Destruction. Lessee shall maintain insurance on all of Lessee's improvements to the Premises. In the event that all or any portion Lessee's improvements are destroyed or rendered unusable due to fire or other catastrophe, Lessee shall replace, repair, restore, modify or improve said improvements, subject to the provisions of Section 7.6, using available insurance proceeds together with any additional funds from other available sources, or, alternatively, Lessee shall pay the replacement cost of the improvements to Lessor.

8. MAINTENANCE

8.1 Responsibilities.

8.1.1 *Lessee.* Lessee shall, at its sole cost and expense, keep the Premises and all improvements therein in a neat and clean condition and in good order, condition and repair throughout the Term. In doing so, Lessee shall prepare, maintain and follow a preventative maintenance schedule for all mechanical, electrical, plumbing, drain, piping and air conditioning systems on the Premises, and, upon request, provide a copy of such schedule to Lessor and, if required by Lessor, a list of the dates on which such maintenance was actually done. Lessee's maintenance of the Premises shall consist of the inspection, servicing and repair of all systems and improvements, including the boilers, interior roof and structures, electrical, plumbing, heating and cooling, pavements, pest control, landscaping and grounds maintenance.

8.1.2 *Lessor.* Lessor shall, at its sole cost and expense, sustain and maintain the structural integrity of the Premises, including the exterior roof, fire detection and suppression systems and all utility connections where they enter the Premises throughout the Term.

8.2 **Damage to Lessor Property.** Any real or personal property of Lessor damaged or destroyed by Lessee as a result of Lessee's use or occupancy of the Premises shall be promptly repaired or replaced by Lessee to the satisfaction of Lessor. In lieu of such repair or replacement, where required by Lessor, Lessee shall pay to Lessor an amount sufficient to compensate for the loss sustained by Lessor.

8.3 **Trash Removal.** Lessee shall at all times keep the Premises in a neat, clean, safe, sanitary and orderly condition and shall keep such area free of all trash and debris. Lessee shall, at Lessee's expense, be responsible for all trash removal from the Premises. Such trash removal shall be performed on a not less than weekly basis, and all trash shall be disposed of off the Airport. Prior to its removal from the Airport, Lessee shall deposit all trash and debris only at collection stations located on the Premises, in accordance with City code.

8.4 **Emergency Repairs.** Within FIFTEEN (15) days of the Effective Date, Lessee shall provide Lessor with a list of names and telephone numbers for 24-hour emergency contact for the Premises. Lessee shall promptly provide Lessor with updated lists and changes as necessary.

9. ASSIGNMENT, SUBLETTING AND OTHER TRANSFERS

9.1 **Any Transfer of Lease Interest Requires Lessor Advance Written Approval.** In the event Lessee desires to transfer, assign, encumber, pledge or hypothecate any portion of its interest in this Lease or any right or interest hereunder (including, but not limited to as part of a mortgagor deed of trust or an assignment by means of a foreclosure or trustee's sale thereunder)(individually and collectively, "Transfer"), or sublet the Premises or any part thereof, Lessee must obtain the prior written consent of Lessor, with such consent to be the in sole and absolute discretion of Lessor without exception. Where Lessor approves in writing of such Transfer, Lessor shall be entitled to request and acquire written financial assurances, including, but not limited to financial statements, business plans and other information related to the financial condition and plans of any proposed transferee. Further, Lessor, may in its sole and absolute discretion require that Lessee still be liable at law and at equity, as well as financially liable, under the Lease, regardless of whether the assignee expressly assumes in writing all of Lessee's obligations under this Lease or in the case of a sublease. Lessee understands and agrees to these terms and conditions regarding any proposed Transfer, and that any violation of this Section 9, may irreparably harm Lessor as the requirements set forth herein are directly related to PMGAA's (and any Lessee's) legal and financial obligations to the Federal Aviation Administration. This section 9 shall remain valid and enforceable even in the event of amendment to or repeal of FAA regulations, so long as this section 9 does not directly conflict therewith.

9.2 **Lessee's Required Advance Notice to Lessor of Proposed Transfer.** In order for Lessor to even consider a Transfer, Lessee must: (i) notify Lessor in writing at least Forty-five (45) days prior to such proposed transfer; (ii) deliver to Lessor, at the time of Lessee's notice, current financial statements of Lessee and the proposed transferee (along with transferee's business plans) that are reasonably acceptable to Lessor; and (iii) the transferee assumes and agrees in writing to perform Lessee's obligations under this Lease. However, nothing herein shall be construed as Lessor providing its consent to any Transfer or relieving Lessee of any legal, financial or other obligation under the Lease, regardless of Lessor's acceptance or refusal to accept such proposed transfer of Lease. For purposes of this Section 9.2, "Affiliate" means any person or entity that, directly or indirectly, controls, is controlled by or is under common control with Lessee. For purposes of this definition, "control" shall mean possessing the power to direct or cause the direction of the management and policies of the entity by the ownership of a majority of the voting securities of the entity.

9.3 **Deemed Transfers.** For the purposes of this Lease, a Transfer shall be deemed to include, but not be limited to, the following: (i) if Lessee is a corporation, partnership, limited liability company or other legal entity, the transfer of any ownership interest in such entity resulting in a change in the present control of

such entity by the person or persons owning a majority of the ownership interest thereof as of the date of this Lease; provided, however, if Lessee is a corporation whose stock is traded on a nationally recognized stock exchange, the transfer of Lessee's stock shall not constitute a Transfer requiring Lessor's consent; or (ii) the sale of TWENTY-FIVE PERCENT (25%) or more in value of the assets of Lessee.

9.4 Subletting.

9.4.1 Lessee may sublease all or portions of the Premises if the following conditions are met:

- a. The sublease and any amendments or modifications thereto are approved in advance and in writing by Lessor with such approval being in the sole and absolute discretion of Lessor, or are in a form which shall have been previously approved in writing (except for changes that do not materially impact Lessor's rights and interests) by Lessor. If a pre-approved form is used, Lessor's advance approval of the actual sublease and any amendments or modifications thereto is not required.
- b. Rent for subleased premises shall not be less than fair market value.
- c. Sub-lessee(s) shall not pay, and Lessee shall not accept, prepayment of rent in excess of One (1) month's rent.
- d. The sublease(s) and sub-lessee(s) shall at all times be subject to the terms and conditions of this Lease.
- e. The permitted uses of the Premises under any sublease shall be the same as that permitted under this Lease.
- f. The term of any sublease shall not extend beyond the stated expiration of this Lease.
- g. Lessee shall still be financially and legally responsible pursuant to the terms of the Lease.

9.4.2 Upon request from Lessee, Lessor shall enter into a Non-Disturbance and Attornment Agreement; provided, however, that: (i) the conditions of Section 9.4.1 have been met; (ii) the sub-lessee is not then in default beyond an applicable cure period under the sublease or this Lease; (iii) the sub-lessee does not have a history of noncompliance with the Airport Rules and Regulations or Minimum Standards; and (iv) any such agreement must be in compliance with applicable federal laws and regulations, including, but not limited to including a clear statement that that the Lease is, and will be at all times, subordinate to PMGAA's and the Airports federal obligations, and that all parties acknowledge and agree that PMGAA shall at all times have the ability to remediate any conditions, circumstances, agreements or the like associated with the Premises or the Lease, where such conditions, circumstances, agreements may in PMGAA's reasonable determination place PMGAA or the Airport in violation of its federal obligations. All legal fees incurred by Lessor in connection with any reasonably necessary legal counsel review and approval of a Non-Disturbance and Attornment Agreement shall be paid by Lessee.

9.4.3 Lessee shall not allow any sub-lessee unescorted access to the secured areas of the Airport unless and until the sub-lessee has obtained its own valid Airport security clearance and media from

Lessor. Lessee acknowledges that it may take Thirty (30) calendar days or more to process sub-lessee for security clearance and media.

9.4.4 Lessee shall submit a copy of each fully executed sublease to Lessor as soon as possible, but no later than Five (5) business days after execution.

9.5 Non-Disturbance. Lessor agrees, for the benefit of all subtenants of all or any part of the Premises, that if this Lease or Lessee's right to possession of the Premises is terminated for default or otherwise, all subleases of all or any part of the Premises, except any sublease to an affiliate of Lessee, shall continue in full force and effect, notwithstanding the termination, as direct leases between Lessor and the subtenants and all such subtenants shall, upon request, attorn in writing to Lessor.

9.6 This Lease and all provisions hereof are subject and subordinate to the terms and conditions of the instruments and documents under which PMGAA acquired the subject property from the United States of America and shall be given only such effect as will not conflict or be inconsistent with the terms and conditions contained in the lease of said lands from PMGAA and any existing or subsequent amendments thereto, and are subject to any ordinances, rules or regulations which have been, or may hereafter be adopted by PMGAA pertaining to the Airport.

10. IDENTIFICATION SIGNS

Lessee may install on the Premises, a sign or signs identifying its business on the exterior of the Premises; provided, however, that the general type, size, and location of such sign(s) shall conform to Lessor's Comprehensive Sign Plan, be approved in writing by Lessor in advance of installation and be subject to any signage rules, codes and/or regulations of any governmental authority.

11. DEFAULT; TERMINATION BY LESSOR

11.1 Events of Default. Each of the following shall constitute a material default of this Lease by Lessee ("Event of Default"):

11.1.1 Failure to pay any installment of Base Rent or other amount due from Lessee hereunder, or required by any other agreement between the Parties, provided that Lessee does not cure such failure within TEN (10) business days after delivery by Lessor of a written notice of such failure.

11.1.2 Failure to perform any of its other obligations under this Lease, provided that Lessee does not cure such failure within THIRTY (30) calendar days after delivery by Lessor of a written notice of such default; provided, however, if a cure of the default reasonably requires more than THIRTY (30) calendar days to complete, then the time to cure shall be extended so long as the cure is being diligently pursued.

11.1.3 The filing of any mechanic's, materialmen's or other lien of any kind against the Premises because of any act or omission of Lessee which lien is not discharged, by bonding or otherwise, within THIRTY (30) calendar days of receipt of actual notice thereof by Lessee.

11.1.4 The Transfer or attempted transfer of any interest in the Lease to any transferee without Lessor's advance written authorization, which Lessor may withhold in its sole and absolute discretion.

11.2 Lessor's Remedies. Upon the occurrence of an Event of Default under this Lease, Lessor may, without prejudice to any other rights and remedies available to a Lessor at law, in equity or by statute, but

subject to the provisions of SECTIONS 9.2 and 23 herein, exercise one or more of the following remedies, all of which shall be construed and held to be cumulative and non-exclusive:

11.2.1 Terminate this Lease and re-enter and take possession of the Premises; or

11.2.2 Without terminating this Lease, re-enter and take possession of the Premises; or

11.2.3 Without such re-entry, recover possession of the Premises in the manner prescribed by any statute relating to summary process, and any demand for Base Rent, re-entry for condition broken, and any and all notices to quit, or other formalities of any nature to which Lessee may be entitled, are hereby specifically waived to the extent permitted by law; or

11.2.4 With or without terminating this Lease, Lessor may re-let the Premises or any portion thereof.

11.3 No Implied Termination. Lessor shall not be deemed to have terminated this Lease unless Lessor shall have notified Lessee in writing that it has so elected to terminate this Lease. Lessee hereby waives all claims based on Lessor's reentering and taking possession of the Premises, or removing and storing the property of Lessee, and shall save Lessor harmless from all losses, costs or damages occasioned thereby. No such reentry shall be considered or construed to be a forcible entry by Lessor.

11.4 Lessor's Current Damages. Lessor is authorized to make such repairs, refurbishments or improvements to the Premises as may be necessary for the purpose of attempting to re-let the Premises, and the costs and expenses incurred in respect of such repairs, redecorating, refurbishments and improvements shall be paid by Lessee to Lessor within FIVE (5) business days after receipt of Lessor's statement. If Lessor exercises any of the remedies stated above, Lessor shall be entitled to recover from Lessee all damages incurred by Lessor by reason of the Event of Default, which shall include, without limitation, (i) the equivalent of the amount of the Base Rent and all other payments which would be payable under this Lease by Lessee for the remainder of the Term as if this Lease were still in effect, less (ii) the net proceeds of any re-letting by Lessor after deducting all of Lessor's expenses in connection with such re-letting, which shall include, without limitation, repossession costs, repairs, redecorating, refurbishments or improvements to the Premises, brokerage commissions, attorneys' fees, and legal expenses. Lessee shall pay such current damages to Lessor, in the amount set forth in the preceding sentence (hereinafter called "Deficiency"), in monthly installments on the days on which the Base Rent would have been payable under this Lease as if this Lease were still in effect. All amounts collected by Lessor from subtenants shall be credited against Lessor's damages.

11.5 Lessor's Final Damages. At any time after an Event of Default, whether or not Lessor shall have collected any monthly Deficiency as set forth above, Lessor shall be entitled to recover from Lessee, and Lessee shall pay to Lessor, on demand, as final damages for the applicable Event of Default, the sum of (a) the then present worth (at a discount at the rate of Six Percent (6%) per annum) of (i) the aggregate of the Base Rent and all other amounts to be paid by Lessee hereunder for the unexpired portion of the term of this Lease (assuming this Lease had not been terminated), less (ii) the amount of such loss that could have been reasonably avoided, plus (b) repossession costs, Lessor's expenses in connection with any attempts it may have made to re-let the Premises (which shall include, without limitation, repairs, refurbishments or improvements to the Premises and brokerage commissions), attorneys' fees, legal expenses, and all other damages incurred by Lessor as a result of such Event of Default. In determining the amount of loss that could reasonably be provided, rents to be paid by subtenants pursuant to Section 9.4, if applicable, and other reasonably projected rental income from leasing the Premises shall be taken into account.

11.6 No Waiver by Lessor. No waiver by Lessor of any breach or default by Lessee in the performance of its obligations under this Lease shall be deemed to be a waiver of any subsequent default by Lessee in the performance of any of such obligations, and no express waiver shall affect an Event of Default

in a manner other than as specified in said waiver. The consent or approval by Lessor to or of any act by Lessee requiring Lessor's consent or approval shall not be deemed to waive or render unnecessary Lessor's consent or approval to or of any subsequent similar acts by Lessee.

11.7 Content of Default Notice. Any default notice tendered to Lessee hereunder shall be deemed to be sufficient if it is reasonably calculated to put Lessee on inquiry as to the nature and extent of such default, and is made in accordance with Section 20 herein.

11.8 Limitation on Exercise of Termination Remedy by Lessor. Notwithstanding anything to the contrary in Section 11.2 hereinabove, if an Event of Default occurs, Lessor shall not have the remedy of terminating this Lease or of taking possession of the Premises unless: (i) the Event of Default consists of a failure to pay off Base Rent or other amounts owed to Lessor; or (ii) Lessor has no other remedy that is adequate to protect Lessor's interests. Other remedies that are available to Lessor include self-help and recovery of damages, and nothing in this Section 11 shall limit the exercise of any such other remedy.

11.9 Waiver of Landlord's Lien. Lessor hereby waives all statutory or common law landlord's lien rights with respect to personal property located on the Premises.

12. RESERVED.

13. INDEMNIFICATION

To the fullest extent permitted by law, Lessee hereby agrees to defend, indemnify and hold harmless Lessor and its members, elected or appointed officials, agents, contractors, subcontractors, boards, commissions and employees (hereinafter referred to collectively as "Lessor" for purposes of this Section 13) for, from and against any and all claims, causes of action, liability, suits, litigation (including reasonable attorney's fees and other costs of investigation and litigation), actions, losses, damages or claims of any nature whatsoever which arise out of or in connection with (i) any accident, injury or damages occurring within the Premises, or (ii) any negligent act or omission of Lessee or its agents, employees, contractors, or subcontractors (hereinafter referred to collectively as "Lessee" for purposes of this Section 13) in connection with Lessee's operations hereunder and which result directly or indirectly in the injury to or death of any persons or the damage to or loss of any property, or (iii) the failure of Lessee to comply with any provisions of this Lease. This indemnification shall exclude responsibility for any consequential damages and for claims arising by reason of the negligent or wrongful act of Lessor or its employees, contractors or agents.

14. ENVIRONMENTAL PROTECTION

14.1 Definitions. Unless the context shall clearly require otherwise, the terms defined in this Section 14 shall, for all purposes of this Lease and of any agreement amendatory hereof or supplemental hereto, have the meanings herein specified, with the following definitions to be equally applicable to both the single and plural forms of any of the following:

14.1.1 Environmental Laws. The term "Environmental Laws" shall mean any one or all of the following, as the same are amended from time to time: the Comprehensive Environmental Response, Compensation, and Liability Act, 42 USC Section 9601 et seq.; the Resource Conservation and Recovery Act, 42 USC Section 6901, et seq.; the Toxic Substances Control Act, 15 USC Section 2601 et seq.; the Safe Drinking Water Act, 42 USC Section 300f et seq.; the Clean Water Act, 33 USC Section 1251 et seq.; the Clean Air Act, 42 USC Section 7401 et seq.; the Arizona Hazardous Waste Management Act, A.R.S. Section 49-921 et seq. the Arizona Environmental Quality Act, A.R.S. Title 49, as amended; and all regulations thereunder and any other laws, regulations and ordinances (whether enacted by the local, state or federal government) now in effect or hereafter enacted that deal with the regulation or protection of the environment, including the ambient air,

ground water, surface water, and land use, including substrata land, or that govern the use of hazardous materials, solid and hazardous waste, hazardous substances and petroleum products.

14.1.2 Hazardous Material. The term “Hazardous Material” shall mean any toxic or hazardous material, substance or waste, or any pollutant or contaminant as defined or regulated pursuant to any Environmental Law and petroleum products. For purposes of this definition, petroleum includes petroleum-based substances comprised of a complex blend of hydrocarbons derived from crude oil through processes of separation, conversion, upgrading and finishing (e.g., distillate fuel oils, petroleum solvents and used oils).

14.2 Release by Lessor. Lessor shall indemnify Lessee to the fullest extent permitted by law for any and all environmental damage of any kind, or for the effects of Hazardous Material on the environment, or on any person or property, if any, which have been caused by the use of, or releases from, the Premises and the Airport prior to Lessee’s occupancy of any part thereof. Lessee is not liable for any claims or damages arising from environmental damage resulting from or that are the result of contamination of any kind existing on the Premises or surrounding sites prior to Lessee’s occupancy of thereof.

14.3 Lessee Compliance.

14.3.1 Lessee shall, at the Lessee’s own expense, comply with all present and hereafter enacted Environmental Laws, including any amendments thereto, affecting Lessee’s activities on and property interest in the Premises during the period of Lessee’s occupancy thereof under this Lease.

14.3.2 Lessee shall not cause or permit any Hazardous Material to be brought upon, kept or used in or about the Premises or the Airport by Lessee’s agents, employees, contractors or invitees in violation or threatened or suspected violation of any Environmental Law. The Parties recognize and agree that Lessee may bring on the Premises and Airport and use Hazardous Materials that are ordinarily and customarily used in the conduct of Lessee’s permitted activities under this Lease, provided that such use shall comply fully with all applicable Environmental Laws.

14.3.3 If Lessee desires and receives written authorization from Lessor to install any above ground storage tank (“AST”) on the Premises or elsewhere on the Airport, Lessee shall submit the plans for such ASTs to Lessor for prior written approval and shall comply with all applicable Environmental Laws related thereto, including Title 40, Code of Federal Regulations, Part 112, as applicable. Lessee shall be the owner of such ASTs for statutory purposes and shall be solely responsible for the design, construction, installation, operation, monitoring, inspection, repair and maintenance of any and all ASTs, including any connected piping and/or dispensing apparatus. All ASTs shall comply with the Office of the State Fire Marshall as well as the Authority Having Jurisdiction (AHJ). Any AST that stores flammable and combustible liquids shall meet the provisions of NFPA 30, Flammable and Combustible Liquids Code. Records demonstrating compliance with release detection requirements, including product inventories, calibration and maintenance, sampling, tightness testing and any other records, fees and taxes required by the state or federal governments shall be the responsibility of Lessee. Upon the expiration of this Lease, Lessee shall remove all ASTs in compliance with all applicable Environmental Laws in effect at that time unless otherwise allowed by Lessor.

14.4 Indemnification. To the fullest extent permitted by law, Lessee shall indemnify, defend (with counsel reasonably acceptable to Lessor), protect and hold harmless Lessor and its employees and agents for, from and against any and all liability, loss, damage, expense, penalties and legal and investigation fees or costs, arising from or related to any claim or action for injury, liability, or damage to persons or property and any and all claims or actions brought by any person, entity or governmental body, alleging or arising in connection with contamination of the environment or violation of any Environmental Law or other statute, ordinance, rule, regulation, judgment or order of any government or judicial entity which are incurred or assessed as a result of any of Lessee’s activities or operations on the Premises or Airport. This obligation includes, but is not limited

to, all costs and expenses related to cleaning up the property, land, soil and underground or surface water as required under the law. Lessee's obligations and liabilities under this Section 14.4 shall survive the termination of this Lease. The indemnification of Lessor by Lessee as described above includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision. Lessor reserves the right to seek injunctive relief as may be permitted under law and equity.

14.5 Remediation. Without limiting the foregoing, if the presence of any Hazardous Material during the Term of this Lease caused or permitted by Lessee results in any Release on the Airport in violation or potential violation of any Environmental Law, Lessee shall promptly take action to remediate the affected property at its sole expense as necessary to return the Airport to the condition existing prior to the introduction of any such Hazardous Material to the Airport; provided that Lessor's approval of such actions shall first be obtained, which approval shall not, except in an emergency, be unreasonably withheld so long as such actions would not potentially have any material adverse long-term effect on the Airport and Lessee is not under administrative or court order related to such remediation action. Notwithstanding Lessor's approval pursuant to this Section 14.5, Lessor is not responsible for directing or managing any remediation action. For purposes of this Section 14.5, the term "Release" means any releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing, or dumping.

14.6 Governmental Submittals. Lessee shall, at Lessee's own expense, make all submissions to, provide all information to, and comply with all requirements of the appropriate governmental authority ("Government") under the Environmental Laws. Should the Government determine that a site characterization, site assessment and/or cleanup plan should be prepared and/or that a cleanup should be undertaken because of any spills or discharges of Hazardous Materials by reasons of Lessee's activities or actions at the Airport which occur during the term of this Lease, then Lessee shall, at the Lessee's own expense, prepare and submit the required plans and financial assurances, and carry out the approved plans. The Lessee shall provide a copy of said plans to the Lessor within thirty (30) days of development.

14.7 Information Sharing.

14.7.1 Lessee shall immediately notify Lessor of any of the following: (i) Lessee's receipt of any notification from any governmental entity either charging or informing Lessee that it will be charged with a significant (as defined below) violation of Environmental Laws, and (ii) any change in Lessee's activities on the Premises or Airport that is reasonably likely to adversely change Lessee's or Lessor's obligations or liabilities under the Environmental Laws. In addition, Lessee agrees to provide Lessor with copies of documents reflecting the physical condition of the Premises, including but not limited to, environmental testing of soils and groundwater, and information reasonably requested by Lessor to determine the applicability of the Environmental Laws to the Premises, or to respond to any governmental investigation or claim of liability by third parties which is related to environmental contamination of the Premises or Airport, including Lessee's activities thereon. A "significant violation of Environmental Law" shall be any violation that requires more than Thirty (30) calendar days to resolve.

14.7.2 Lessee shall immediately notify Lessor's Operations and Maintenance Department upon discovering a Release or Suspected Release of any amount of material that is stored inside an AST, approved pursuant to SECTION 14.3.3. For purposes of this Section, a "Suspected Release" is any discovery of released Hazardous Material at the AST site or surrounding area, erratic behavior of Hazardous Material dispensing equipment, the sudden loss of a Hazardous Material, or when monitoring indicates that a Release has occurred.

14.8 Sublease. Lessee shall insert provisions substantially identical to the provisions of this Section 14 in any Airport approved sublease agreement or contract by which it grants a right or privilege to any person, firm, corporation or other entity under this Lease.

14.9 Actions of Lessee. The activities or actions of Lessee under this Section 14 shall include the activities or actions of Lessee's officers, directors, employees, agents, contractors, invitees and successors.

14.10 Clean Water Act; NPDES Permits and SWPPPs. Without in any way limiting the foregoing, Lessee shall comply with all Environmental Laws regarding discharges to water and land, including, without limitation, obtaining and complying with an individual National Pollutant Discharge Elimination System ("NPDES") permit, or requesting coverage under and complying with any applicable multi-sector general permit obtained by Lessor. If applicable, Lessee shall also prepare and comply with a site-specific Storm Water Pollution Prevention Plan ("SWPPP") or any revisions to a SWPPP, with respect to Lessee's operations or activities on the Premises or Airport. At Lessee's discretion and if applicable, Lessee may choose to be added to Lessor's Storm Water Permit and, if such addition is desired, agrees to be subject to the provisions of **Exhibit E** attached hereto.

14.11 Protective Devices and Plans. If Lessee is required by the City to estimate the possible constituents of sanitary sewer discharges in order that the City may define certain discharge limitations for the Premises, Lessee shall complete and return an Industrial Wastewater Discharge Questionnaire ("Questionnaire") to the City and promptly provide Lessor with a copy and updates to the Questionnaire as they arise. Also, if the City so requires, Lessee shall install and maintain appropriate protective devices to prevent accidental discharge of any Hazardous Materials into domestic or industrial drains on or near the Premises and elsewhere on the Airport, as appropriate, and for any other material for which a slug load discharge could pollute the Airport's storm water discharge or disrupt operations at the sewage treatment plant serving the Premises. Lessee shall post a notice in a prominent place on the Premises advising employees on what actions to take and whom to call in the event of said discharge, and shall ensure that all employees of Lessee are trained with regard to the spill protection plan hereinafter referenced. Lessee also shall provide Lessor with immediate notice of any spill.

14.12 Right to Enter Premises. Lessor's rights under this Lease specifically include the right of Lessor, the United States Government, the Environmental Protection Agency (the EPA), the Arizona Department of Environmental Quality (ADEQ) and the Arizona Department of Occupational Safety and Health (ADOSH) to enter the Premises upon reasonable notice to Lessee for purposes of: (i) inspecting Lessee's compliance with environmental, occupational safety and health laws and regulations, whether or not such party is responsible for enforcing such laws; (ii) conducting environmental investigation or remediation, including, without limitation, performing tests and surveys, drillings, test-pitting, borings, compiling data and/or records, and other activities related to environmental investigation; and (iii) carrying out remedial or removal actions as required or necessary under applicable laws, including, without limitation, installing monitoring wells, pumping wells and/or treatment facilities. Lessor shall give Lessee Twenty-Four (24) hour's prior notice of its intention to enter the Premises unless it determines the entry is required for safety, environmental, operations, or security purposes. Lessee shall have no claim against Lessor for any entries by the United States, EPA, ADEQ, Arizona ADOSH, or any officer, agent, employee or contractor thereof.

14.13 U.S. Air Force Use and Remedial Action.

14.13.1 The Parties assume no liability or responsibility for environmental impacts and damage caused by the U.S. Air Force's use of Hazardous Materials on any portion of the Airport, including the Premises, prior to the Effective Date, and have no obligation under this Lease to undertake the defense of any claim or action, whether in existence now or brought in the future, solely arising out of the use of or release of any Hazardous Materials or deposits of solid waste on or from any part of the Airport, including, but not limited to, the Premises. Further, the Parties have no obligation under this Lease to undertake environmental response, remediation, or cleanup relating to such use or release. For purposes of this SECTION 14.13, "defense" or "environmental response, remediation, or cleanup" shall include liability and responsibility for the costs of

damage, penalties, legal and investigative services relating to such use or release. The terms, "Occupation" or "Use" shall mean any activity or presence (in or upon) such portion of, or such building, facility or other improvement on the Premises.

14.13.2 Pursuant to Section VII.E.3 of the Deed (as defined herein), the U.S. Air Force warrants and covenants that all remedial action necessary to protect human health and the environment with respect to hazardous substances remaining on the Airport has been completed prior to the date of the Deed and, further, any remedial action found to be necessary after the date of the Deed shall be conducted by the U.S. Air Force; provided, however, that the foregoing covenant does not apply where Lessor or Lessee is a potentially responsible party with respect to any portion of the Premises or the Airport.

14.14 Cleanup Requirements. Lessee agrees that Lessor assumes no liability to Lessee should Hazardous Materials cleanup or related requirements, whether imposed by law, regulatory agencies, the U.S. Air Force or Department of Defense interfere with Lessee's use of the Premises. Lessee shall have no claim against Lessor or the United States or any officer, agent, employee or contractor thereof on account of any such interference whether due to entry, performance of remedial or removal investigations, or exercise of any right with respect to the Federal Facilities Agreement (FFA) or the Installation Restoration Program (IRP) or under this Lease or otherwise. Lessee agrees to comply with the provisions of any health or safety plan in effect under the IRP or any hazardous substance remediation or response agreement with environmental regulatory authorities during the course of any of the above described response or remedial actions. Any inspection, survey, investigation, or other response or remedial action shall, to the extent practicable, be coordinated with representatives designated by Lessee. Lessee shall have no claim on account of such entries against the United States or any officer, agent, employee, contractor, or subcontractor thereof.

14.15 Spill Protection Plan. In the event Lessee undertakes any type of manufacturing, maintenance or other activities on the Premises involving the use or generation of any Hazardous Materials regulated by Hazardous Materials Laws, Lessee shall have an approved plan for responding to Hazardous Materials, fuel, and other chemical spills prior to commencement of activities on the Premises and other approved Airport locations. Such plan shall comply with all applicable requirements of said plan which shall be updated from time to time or as may be required to comply with changes in site conditions or applicable requirements, and shall be approved by all agencies having regulatory jurisdiction over such plan. Such plan shall be independent of Lessor's spill prevention and response plans, if any. Lessee shall not rely on use of Lessor or Lessor personnel or equipment in execution of its plan. Lessee shall file a copy of the approved plan and approved amendments thereto with Lessor's Environmental and Archeological Coordinator within THIRTY (30) calendar days of receipt of a Certificate of Occupancy from the City. Notwithstanding the foregoing, should Lessor provide any personnel or equipment, whether for initial fire response and/or spill containment, on the request of Lessee, or because Lessee was not, in the opinion of Lessor, conducting fire-fighting, containment or timely cleanup actions, Lessee agrees to reimburse Lessor for its actual costs in accordance with all applicable laws and regulations.

14.16 Wells. Lessee shall not install any drinking water or other wells in any location on the Premises without the prior written approval of Lessor.

14.17 Construction Activities and Surface Disturbances.

14.17.1 Should Lessee be permitted to construct improvements on the Premises, Lessee agrees that in the event any hazardous substances, pollutants, contaminants, petroleum or petroleum derivatives are discovered, Lessee shall promptly notify Lessor of such discovery and shall immediately cease said construction pending investigation and remedial action, if necessary, by Lessor or the appropriate regulatory agency.

14.17.2 After construction of Lessee's improvements on the Premises, if any, either in the future or as otherwise provided herein, Lessee shall not conduct any subsurface excavation, digging, drilling or other disturbance of the surface without the prior written approval of Lessor, which shall not be unreasonably withheld.

15. PROTECTION OF WETLANDS

Lessee shall minimize the destruction, loss, or degradation of any wetlands located on the Premises. Lessor believes there are no wetlands existing on the Premises as of the Effective Date. However, before locating new construction in wetlands, if any exist, Lessee shall contact Lessor and the United States Army Corps of Engineers and obtain a permit or waivers under Section 404 of the *Clean Water Act*. For purposes of this SECTION 15, the term, "new construction," includes structures, facilities, draining, dredging, channeling, filling, diking, impounding, and related activities.

16. SPECIAL PROVISIONS

16.1 Lessee shall comply with all applicable Federal, State, and local occupational safety and health regulations.

16.2 Lessee shall be responsible for determining whether it is subject to State and local sanitation, licensing, building code or building permit requirements and whether or not it requires a permit to do business and for compliance with them to the extent they are applicable.

16.3 Lessee agrees to and shall at all times comply with the Lessor's *Standard Terms and Conditions*, as attached hereto as **EXHIBIT F**.

17. INSURANCE

17.1 Coverage Required. Lessee shall procure and maintain, or cause to be procured and maintained, the following types and amounts of insurance with respect to the Premises:

17.1.1 *Aircraft Liability* insurance in the amount of \$5,000,000 per occurrence covering third party bodily injury and property damage, as well as passenger and contractual liabilities for claims arising in connection with aircraft movements on the Airport, and against third party liabilities arising from War Risk perils (e.g., acts of terrorism).

17.1.2 *Airport Premises Liability* insurance in the amount of \$5,000,000 per occurrence covering third party bodily injury and property damage, and including coverage for "premises/operations," "products and completed operations," "host liquor" and "blanket contractual liabilities.

17.1.3 *Commercial Automobile Liability* insurance in the amount of \$2,000,000 per occurrence (or combined single limit) covering all owned, non-owned and hire vehicles operated on the Airport that are assigned to or used in the performance of "commercial" activities, or are operated within the AOS; if any hazardous materials are transported in conjunction with the Lessee's or the insured's business operations, an *MSC 90 Endorsement* shall be required.

17.1.4 *Environmental Impairment Liability* insurance in the amount of \$1,000,000 per occurrence and \$2,000,000 aggregate covering third party bodily injury and property damage associated with hazardous material storage facilities, tanks, piping, ancillary equipment and containment systems or structures that are used, controlled, constructed or maintained by Lessee on the Airport, and including expenses for defense, release mitigation and off- and on-site remediation.

17.1.5 *Worker's Compensation* insurance, as required by law, and *Employer's Liability* insurance in the amount of \$1,000,000 covering work-related injuries to employees and others permitted to operate or otherwise conduct business on the Premises.

17.1.6 *Property* Insurance covering all essential personal property and all improvements made to the Premises by Lessee, including all replacements and/or additions thereto, for their full insurable value (All Risks) on a replacement-cost basis; said coverage shall require an *ISO Special Causes of Loss form* or equivalent.

17.2 Form. Each insurance policy obtained pursuant to this SECTION, except for *Worker's Compensation* and *Employer's Liability* policies, shall: (i) name Lessor as a certificate holder or additional named insured; (ii) contain a provision that written notice of cancellation or modification thereof shall be given to Lessor not less than THIRTY (30) calendar days before such cancellation or modification takes effect (TEN (10) days in case of nonpayment of premium); and (iii) contain a waiver of subrogation in favor of Lessor. Lessee shall not permit any insurance policy to be canceled or modified without Lessor's written consent unless equivalent replacement policies are issued with no lapse in coverage. All policies shall be obtained from insurance companies licensed to do business in the State of Arizona and possessing a rating of at least A – VII or higher from the A.M. Best Company, or an equivalent rating and approved by Lessor.

17.3 Certificates of Insurance. Lessee shall deliver a certificate of insurance along with an endorsement naming Phoenix-Mesa Gateway Airport Authority as additional insured for each policy required herein to Lessor, in standard Acord or equivalent form, prior to the Effective Date and shall continue to provide such certificates throughout the term of this Lease.

17.4 Additional Insurance. At any time during the term of this Lease, Lessor may, if in its reasonable determination the insurance coverage required by this SECTION 17 is no longer adequate, require Lessee to increase its coverage to commercially reasonable amounts.

17.5 Blanket Insurance. Lessee's insurance obligations under this Lease may be satisfied by means of "blanket" or excess policies.

17.6 Insurance by Lessor. In the event Lessee shall fail to procure any insurance required hereunder, Lessor may, upon written notice to Lessee, procure and maintain any or all of the insurance required of Lessee under this SECTION. In such event, all costs of such insurance procured and maintained by Lessor on behalf of Lessee shall be the responsibility of Lessee and shall be fully reimbursed to Lessor within TEN (10) business days after Lessor advises Lessee of the cost thereof.

18. SURRENDER OF POSSESSION.

18.1 Condition of Property.

18.1.1 Upon the expiration or earlier termination of this Lease, Lessee's right to occupy the Premises and exercise the privileges and rights granted thereunder shall cease, and Lessee shall peaceably surrender the same and leave the Premises broom clean and in good condition except for normal wear and tear. All trade fixtures, equipment, and other personal property, to include all hazardous material, installed or placed by Lessee on the Premises which are not permanently affixed thereto shall remain the property of Lessee, and Lessee shall have the right at any time during the term of this Lease, to remove the same from the Airport and Lessee shall repair, at its sole cost, any damage caused by such removal. Any property not removed by Lessee

within FIFTEEN (15) calendar days of the expiration or earlier termination of this Lease, or revocation of Lessee's right to occupy the Premises, shall become a part of the Premises, and ownership thereof shall vest in Lessor. Lessee shall, however, remain financially liable to Lessor for removal and disposal of any hazardous materials and the cost of repairs to the Premises incurred as a result of Lessor's removal and/or relocation of property formerly belonging to Lessee and not otherwise removed from the Premises, as provided herein, and shall remit to Lessor payment for such costs within TEN (10) business days of Lessee's receipt of Lessor's invoice therefor.

18.1.2 Any trade fixtures, equipment or other property affixed to the Premises by Lessee shall, if required by Lessor, be permanently removed from the Premises by Lessee, at Lessee's expense, within FIVE (5) business days of Lease termination. Should Lessee fail to remove such trade fixtures, equipment or other property within said time, Lessor may remove and dispose of such trade fixtures, equipment or other property at Lessee's expense, and Lessee shall reimburse Lessor for the costs thereof within TEN (10) business days of receipt of Lessor's invoice therefor.

18.2 Holding Over. Lessee shall not remain in possession of the Premises after the expiration or earlier termination of the Term without the express written consent of Lessor. Should Lessee hold over without the express written consent of Lessor, such tenancy shall be at the sufferance of Lessor and not a renewal of the Term. In such case, the Base Rent and all other charges due pursuant to this Lease shall be payable at ONE HUNDRED FIFTY PERCENT (150%) of the amount payable during the last year of the Term, and such tenancy at sufferance shall be subject to every other term, covenant and provision of this Lease. In the event Lessee holds over, Lessee shall be liable for all of Lessor's direct and consequential damages, which shall include, without limitation, costs, fees, expenses, damages and attorneys' fees incurred by Lessor as a result of Lessee's holding over, and damages and expenses incurred by Lessor for its inability to deliver possession of the Premises to a new lessee.

19. INSPECTION BY LESSOR

Lessor may enter upon the Premises at reasonable times and upon reasonable notice for any reasonable purpose, including, but not limited to, compliance with the terms and conditions of this Lease and the exercise of its governmental functions for such activities as fire protection or security.

20. NOTICES

20.1 All notices required or permitted under this Lease shall not be effective unless personally delivered or mailed by certified mail, return receipt requested, postage prepaid, or by reputable commercial overnight courier service, to the following addresses:

TO LESSOR: Phoenix-Mesa Gateway Airport Authority
Attn: Business Development Department
5835 South Sossaman Road
Mesa, Arizona 85212

TO LESSEE: Air Methods Corporation
Attn.: Leo Morrissette, Senior VP Aviation Services
7211 S. Peoria
Englewood, CO 80112
Phone: 303-256-4167
Email: leo.morrissette@airmethods.com

20.2 Any notice shall be deemed to have been received TWO (2) business days after the date of mailing, if given by certified mail, or upon actual receipt if personally delivered or if given by reputable

commercial overnight courier service. Any Party may designate in writing a different address for notice purposes pursuant to this SECTION.

21. SEVERABILITY

The provisions of this Contract are severable to the extent that any provision or application held to be invalid shall not affect any other provision or application of the Contract, which may remain in effect without the valid provision, or application.

22. SALES AND PROPERTY TAXES

Lessee shall pay any leasehold tax, sales tax, personal property tax, transaction privilege tax, license or permit fee, or any other tax assessed as the result of its occupancy of Premises or conduct of any activity at the Airport under authority of this Lease, including any such tax assessable on Lessor. In the event that laws or judicial decisions result in the imposition of a real property tax or any other form of tax or imposition on the interest of Lessor, such tax shall also be paid by Lessee for the period this Lease is in effect, to the extent such taxes are reasonably attributable to the Premises or a portion thereof or the operation of Lessee's business.

23. APPROVALS, CONSENTS AND NOTICES

All approvals, consents and notices called for in this Lease shall be in writing, signed by the appropriate Party, and may not be established solely by oral testimony.

24. LIENS AND MORTGAGES

24.1 General Provisions.

24.1.1 Except as provided in this SECTION 24, Lessee shall not engage in any financing or other transaction creating any mortgage or deed of trust upon the Premises, place or suffer to be placed upon the Premises any lien or other encumbrance, or suffer any levy or attachment to be made on Lessee's interest in the Premises. Any such mortgage or deed of trust, encumbrance or lien shall be deemed a violation of this SECTION, constituting a failure by Lessee to comply with the terms of the Lease, on the date of its execution or filing of record regardless of whether or when it is foreclosed or otherwise enforced.

24.1.2 Notwithstanding anything to the contrary in SECTION 9 herein, Lessee shall, during the Term, be permitted to mortgage, collaterally assign, or otherwise encumber its leasehold interest under this Lease to secure indebtedness, including, without limitation, a loan to finance construction of improvements and other development on the Premises, and including refinancing's thereof, subject to the restrictions of SECTION 24.1.3, and provided that the language of such mortgage or deed of trust and of all related documents that require the execution, approval, or consent of Lessor shall be subject to the prior review and approval of legal counsel for Lessor, and that all legal fees incurred by Lessor in connection with such legal counsel review and approval shall be paid by Lessee. Any such encumbrance is referred to as "Mortgage" and the holder thereof, "Mortgagee." The Mortgagee, upon taking possession or upon foreclosure or taking an assignment in lieu thereof, shall be liable for all future rents and obligations hereunder and shall attorn to Lessor. No Mortgage shall encumber Lessor's interest in the Premises or the improvements thereon. Further and promptly after Lessee assigns or encumbers any portion of the Premises or the improvements thereon, Lessee shall furnish Lessor with a written notice setting forth the name and address of such Mortgagee or trustee.

24.1.3 No Mortgage or deed of trust shall extend to or affect the fee, the reversionary interest or the estate of Lessor in the Premises. No Mortgage or deed of trust shall be binding upon Lessor in the enforcement of its rights and remedies under this Lease and by law provided, unless and until a copy thereof shall have been delivered to Lessor and such Mortgage or deed of trust is authorized in accordance with provisions of this SECTION 24.

24.2 Lessor Agreement. With respect to Mortgagees of the Premises, Lessor agrees that:

24.2.1 If requested by a Mortgagee which shall have duly registered in writing with Lessor its name and address, and if Lessor shall give any notice, demand, election or other communication required hereunder (hereafter, collectively, "Notices") to Lessee, Lessor shall concurrently give a copy of each such Notice to the Mortgagee at the address designated by it. Notices shall be sent by registered or certified mail, return receipt requested, and shall be deemed given SEVENTY-TWO (72) hours after the time they are deposited in a United States Post Office with postage charges prepaid, addressed to the Mortgagee. No Notice given by Lessor to Lessee shall be binding upon or affect Lessee or the Mortgagee unless a copy of the Notice shall be given to the Mortgagee pursuant to this SECTION 24.2.1.

24.2.2 Such Mortgagee entitled to such Notices, as specified above, shall have any and all rights of Lessee with respect to the curing of any default hereunder by Lessee.

24.2.3 If Lessor shall elect to terminate this Lease by reason of any default by Lessee with respect to the Premises, the Mortgagee that shall have become entitled to Notice as provided in this SECTION 24.2 shall have any and all rights of Lessee with respect to curing of any default with respect to the Premises.

24.2.4 Nothing herein contained shall be deemed to impose any obligation on the part of Lessor to deliver physical possession of the Premises to such holder of a Mortgage. To the extent the physical possession of the Premises by a secured creditor is not inconsistent with the terms of this Lease, or is incompatible with the Lessor's selection of available remedies in the Event of Default, Lessor shall not prevent such physical possession.

24.2.5 If more than one Mortgagee shall seek to exercise any of the rights provided for in this SECTION 24, the holder of the Mortgage having priority of lien over the other Mortgagees shall be entitled, as against the others, to exercise such rights. Should a dispute arise among Mortgagees regarding the priority of lien, the Mortgagees shall prove to the satisfaction of Lessor that they have settled that dispute.

24.3 Protection of Mortgagee(s). Until the time, if any, that an approved Mortgage shall be satisfied and released of record:

24.3.1 A Mortgagee shall have the right, for a period equal to the period afforded Lessee to perform any term, covenant, or condition and to remedy any default by Lessee hereunder, and Lessor shall accept such performance with the same force and effect as if furnished by Lessee, and the Mortgagee shall thereby and hereby be subrogated to the rights of Lessor. Such Mortgagee cure period shall begin on the later of: (i) the date Mortgagee receives notice pursuant to Section 24.2, or (ii) the date that Lessee's cure period expires under the Lease. During such Mortgagee cure period, Lessor will not disturb possession, interest or quiet enjoyment by the Lessee or Mortgagee in the real property for any reason, subject to the terms of the Lease, until such Mortgagee cure period has expired. The Mortgagee shall have the right to enter upon the Premises to give such performance.

24.3.2 In case of a default by Lessee in the performance or observance of any non-monetary term, covenant or condition to be performed by it hereunder, if such default cannot practicably be cured by the Mortgagee without taking possession of the Premises, in such Mortgagee's reasonable opinion, or if such

default is not susceptible of being cured by the Mortgagee, then Lessor shall not serve a notice of lease termination if and so long as:

a. The Mortgagee shall proceed diligently to obtain possession of the Premises (including possession by a receiver), and, upon obtaining such possession, shall proceed diligently to cure such defaults as are reasonably susceptible of cure (subject to any order by a court of competent jurisdiction staying or otherwise precluding such Mortgagee from obtaining such possession); or

b. The Mortgagee shall institute foreclosure proceedings and diligently prosecute the same to completion (unless in the meantime it shall acquire Lessee's estate hereunder, either in its own name or through a nominee, by assignment in lieu of foreclosure), subject to any order by a court of competent jurisdiction staying or otherwise precluding such Mortgagee from obtaining such possession.

c. The Mortgagee shall not be required to obtain possession or to continue in possession of the Premises pursuant to SECTION 24.3.2a, or to continue to prosecute foreclosure proceedings pursuant to SECTION 24.3.2b, if and when such default shall be cured. If a Mortgagee, its nominee, or a purchaser at a foreclosure sale shall acquire title to Lessee's leasehold estate hereunder, a default that is not reasonably susceptible to cure by the person succeeding to the leasehold interest shall no longer be deemed a default under this Lease.

d. If any Mortgagee is prohibited from commencing or prosecuting foreclosure or other appropriate proceedings in the nature thereof by any process or injunction issued by any court, or by reason of any action by any court having jurisdiction of any bankruptcy or insolvency proceeding involving Lessee, the times for commencing or prosecuting foreclosure or other proceedings, including proceedings to obtain possession, shall be extended for the period of the prohibition.

24.4 New Lease

24.4.1 Subject to FAA regulations, Lessor agrees that, in the event of early termination of this Lease for any reason (including but not limited to any default by Lessee), Lessor, if requested by any Mortgagee, will enter into a new lease of the Premises with the most senior Mortgagee requesting a new lease, which new lease shall commence as of the date of termination of this Lease and shall run for the remainder of the original term of this Lease, at the rent and upon the terms, covenants and conditions herein contained, provided that:

a. Such Mortgagee shall make written request upon Lessor for the new lease within SIXTY (60) calendar days after the date such Mortgagee receives written notice from Lessor that this Lease has been terminated;

b. Such Mortgagee shall pay to Lessor, at the time of the execution and delivery of the new lease, any and all sums which would, at that time, be due and unpaid pursuant to this Lease but for its termination, and in addition thereto all reasonable expenses, including reasonable attorneys' fees, which Lessor shall have incurred by reason of such termination;

c. Such Mortgagee shall perform and observe all covenants in this Lease to be performed and observed by Lessee, and shall further remedy any other conditions which Lessee under the Lease was obligated to perform under its terms, to the extent the same are reasonably susceptible of being cured by the Mortgagee; and

d. The Lessee under the new lease shall have the same right of occupancy to the buildings and improvements on the Premises and elsewhere on the Airport as Lessee had under this Lease immediately prior to its termination.

Notwithstanding anything to the contrary expressed or implied in this Lease, any new lease made pursuant to this SECTION 24 shall have the same priority as this Lease with respect to any mortgage, deed of trust, or other lien, charge, or encumbrance on the fee of the Premises, and any sublease under this Lease shall be a sublease under the new Lease and shall not be deemed to have been terminated by the termination of this Lease.

24.4.2 Nothing herein contained shall require any Mortgagee to enter into a new lease pursuant to this SECTION 24.4, or to cure any default of Lessee referred to above.

24.4.3 If any Mortgagee shall request a new lease as provided in this SECTION 24.4, Lessor agrees, at the request of, on behalf of and at the expense of the Mortgagee, upon a guaranty from it reasonably satisfactory to Lessor, to institute and pursue diligently to conclusion the appropriate legal remedy or remedies to oust or remove the original Lessee from the Premises, but not any authorized subtenants actually occupying the Premises or any part thereof.

24.4.4 Unless and until Lessor has received notice from each Mortgagee that the Mortgagee elects not to demand a new lease as provided herein, or until the period therefor has expired, Lessor shall not cancel or agree to the termination or surrender of any existing subleases nor enter into any new leases or subleases with respect to the Premises without the prior written consent of each Mortgagee.

24.5 Effect of Transfer. Neither the foreclosure of any Mortgage (whether by judicial proceedings or by virtue of any power of sale contained in the Mortgage), nor any conveyance of the leasehold estate created by this Lease by Lessee to any Mortgagee or its designee by an assignment or deed in lieu of foreclosure or other similar instrument, shall require the consent of Lessor or constitute a default under this Lease, and upon such foreclosure, sale or conveyance, Lessor shall recognize the purchaser or other transferee in connection therewith as the Lessee under this Lease, subject only to an assumption in writing by such purchaser or transferee of all obligations of Lessee under this Lease.

25. GOVERNING LAW

The laws of the State of Arizona shall govern the matters set forth in this Lease. Venue of any action brought under this Lease shall, at the option of Lessor, lie in Maricopa County, Arizona.

26. RULES AND REGULATIONS

Lessee shall at all times comply with all Federal, state and local laws, ordinances, rules, and regulations which are applicable to its activities on the Airport, the Premises itself (including but not limited to the *Americans with Disabilities Act, Public Law 101-336, 42 U.S.C. 12101-12213*), or the operation, management, maintenance, or administration of the Airport, including all laws, ordinances, rules and regulations adopted after the Effective Date. Lessee shall at all times comply with the Airport *Minimum Standards* and *Airport Rules and Regulations*, as the same may be amended from time to time. Copies of the current Airport *Minimum Standards* and *Airport Rules and Regulations* are attached hereto as **EXHIBIT D**. Lessee acknowledges and agrees that Lessor may amend the Airport *Minimum Standards* and *Airport Rules and Regulations* at any time in Lessor's sole discretion. Lessee shall be responsible for controlling and preventing disruptive pedestrian and vehicle traffic associated with its activities on the Premises and at the Airport. Lessee also shall display to Lessor any permits, licenses, or other evidence of compliance with laws upon request.

27. CORPORATE AUTHORIZATION

In executing this Agreement, Lessee represents and warrants to Lessor that if Lessee is a corporation, Lessee has obtained and been granted the full right, power and authority to enter into this Lease.

28. UTILITY LINES AND SERVICE CHARGES

28.1 Lessee shall, at no cost or expense to Lessor, provide or arrange for any public utility, water and sewage lines, connections and services that are needed in connection with any building(s), structure(s) or other improvement(s) placed on the Premises by Lessee, or required for Lessee's activities thereon, and shall be responsible for the maintenance of such lines and connections from where they enter the Premises. If requested in advance to do so by Lessee, Lessor will grant reasonable rights-of-way on or across the Airport to suppliers of public utility services for the purpose of supplying Lessee with such services, but Lessor reserves the right to designate the lands along which such rights-of-way shall be granted so as to cause the least inconvenience in the operation of the Airport and other Airport tenants.

28.2 Lessee shall pay for all utilities used in its operations at the Airport and the Premises. The charges and method of payment for each utility or service shall be determined by the appropriate supplier of the utility or service in accordance with applicable laws and regulations, on such basis as the appropriate supplier of the utility or service may establish.

28.3 Notwithstanding the execution of this Lease, Lessor retains the right to the continued use of such utility lines and services as are presently on the Premises and the right to repair the same when necessary in Lessor's sole discretion, including but not limited to, any utility easements on the Premises. Lessor shall conduct such repairs in such a manner and at such times as to not unreasonably interfere with Lessee's activities thereon.

29. RESERVATIONS TO LESSOR

The Premises are accepted "as is, where is" by Lessee, subject to any and all existing easements or other encumbrances, and Lessor shall have the right to install, lay, construct, maintain, repair and operate such sanitary sewers, drains, storm water sewers, pipelines, manholes, connections; water, oil and gas pipelines; telephone and telegraph power lines; and such other appliances and appurtenances necessary or convenient to use in connection therewith, over, on, across or in proximity to the Premises, or any part thereof, as will not unreasonably interfere with Lessee's or any subtenant's operations hereunder, and to enter upon the Premises for such purposes. Lessor also reserves the right to grant franchises, easements, rights-of-way, and permits, over, on, across or in proximity to any portions of the Premises for the same purposes; provided, that Lessor or the grantee, as applicable, shall not exercise such rights so as to interfere unreasonably with Lessee's or any subtenant's activities on the Premises and all such interference shall be minimized. Lessor agrees that any rights granted to any parties by reason of this clause shall contain provisions that the surface of the Premises shall be restored to its original condition, at no cost to Lessee, upon the completion of any construction.

29.1 Lessee recognizes that from time to time during the term of this Agreement it may be necessary for PMGAA to engage in construction, expansion, relocation, maintenance and repair in order that the Airport and its facility may be suitable for the then existing volume and character of air traffic and flight activity. Such activity may temporarily inconvenience or interrupt Lessee's use and occupancy of and operation on the Leased Premises and will require accommodation on the part of the Lessee, including, without limitation Lessee's vacation of the Leased Premises for a period of time. Lessee agrees that no liability shall attach to PMGAA, its officers, agents, employees, contractors, subcontractors, and representatives by reason of such inconvenience, interruption, or vacation.

29.2 In the event Lessor and/or PMGAA require Lessee to vacate the premises for the reasons listed in Section 29.1 of this Agreement, then Lessor shall provide and/or make available the space and resources necessary for Lessee to continue to operate in a safe and appropriate manner. Indeed, Lessor agrees that it will make every reasonable accommodation to ensure that Lessee will be permitted to operate its desired flight schedule and related business activities with the least amount of modifications as is reasonably possible.

30. FEDERAL AVIATION ADMINISTRATION (FAA) PROVISIONS

30.1 Lessor reserves the right to further develop or improve the landing area of the Airport as it sees fit, regardless of the desires or view of Lessee, and without interference or hindrance therefrom.

30.2 Lessor reserves the right, but shall not be obligated to Lessee, to maintain and keep in repair the landing area of the Airport and all publicly owned facilities of the Airport, together with the right to direct and control all activities of Lessee in this regard. Lessor and Lessee agree that Lessee has no responsibility whatsoever with respect to maintenance and repair of the landing area of the Airport, or any publicly owned facilities of the Airport.

30.3 This Lease shall be subordinate to the provisions and requirements of any existing or future agreement between Lessor and the United States relative to the development, operation or maintenance of the Airport.

30.4 There is reserved unto Lessor, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Premises, which shall include the right to cause in the airspace any noise inherent in the operation of aircraft, now known or hereafter used for navigation of or flight in or through the airspace, and for the use of such airspace for landing on, taking off from, or operation on the Airport.

30.5 Lessee agrees to comply with the notification and review requirements covered in 14 CFR Part 77 in the event future construction of a building is planned for the Premises or in the event of any planned modification or alteration of any present or future building or structure situated on the Premises.

30.6 Lessee shall not erect or permit the erection of any structure or building, nor permit the growth of any tree on the Premises, or any other obstruction that exceeds height requirements contained in 14 CFR Part 77 or amendments thereto, or interferes with the runway and/or taxiway "line of sight" of the control tower. In the event these covenants are breached, Lessor reserves the right to enter upon the Premises and to remove the offending structure or object at the expense of Lessee.

30.7 Lessee shall not make use of the Premises in any manner that might interfere with the landing and taking off of aircraft from the Airport or otherwise constitute a hazard. In the event this covenant is breached, Lessor reserves the right to enter upon the Premises and cause the abatement of such interference at the expense of Lessee.

30.8 Nothing contained in this Lease shall be construed to grant or authorize the granting of an exclusive right within the meaning 49 U.S.C. §40103(e) and 47107 (a)(4).

30.9 This Lease and all of the provisions hereof shall be subject to whatever right the United States government now has, or in the future may have or acquire, affecting the control, operation, regulation and taking over of the Airport, or the exclusive or non-exclusive use of the Airport by the United States during the time of war or national emergency.

30.10 To the extent that Lessee conducts or engages in any aeronautical activity for furnishing services to the public at the Airport, Lessee shall furnish its services on a reasonable and not unjustly

discriminatory basis to all users and charge reasonable and not unjustly discriminatory prices for each unit or service; except, however, that Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar type of price reductions to volume purchasers.

30.11 Lessee shall conform to Lessor and FAA safety and security rules and regulations regarding use of the Airport air operations area including runways, taxiways, taxilanes and aircraft aprons by vehicles, employees, customers, visitors, etc., in order to prevent security breaches and avoid aircraft incursions and vehicle/pedestrian deviations; complete and pass an airfield safe driving instruction program when offered or required by Lessor; and be subject to penalties as prescribed by Lessor for violations of Airport safety and security requirements.

31. TITLE VI

31.1 The tenant/Lessee and its transferee agree to comply with pertinent statutes, Executive Orders and such rules as are promulgated to ensure that no person shall, on the grounds of race, creed, color or national origin, sex, age or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance. Lessee understands and acknowledges that the FAA requires inclusion of and adherence to the terms and conditions of Title VI in all airport/aviation lease agreements where Lessor receives federal funding, including, Lessor in this instance.

31.2 During the performance of this contract, the tenant/lessee, for itself, its assignees, and successors in interest agrees as follows:

1. Compliance with Regulations: The tenant/lessee (hereinafter includes consultants) will comply with the Title VI List of Pertinent Nondiscrimination Acts and Authorities, as they may be amended from time to time, which are herein incorporated by reference and made a part of this contract.

2. Non-discrimination: The tenant/lessee, with regard to the work performed by it during the contract, will not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The tenant/lessee will not participate directly or indirectly in the discrimination prohibited by the Nondiscrimination Acts and Authorities, including employment practices when the contract covers any activity, project, or program set forth in Appendix B of 49 CFR Part 21.

3. Solicitations for Subcontracts, Including Procurements of Materials and Equipment: In all solicitations, either by competitive bidding, or negotiation made by the tenant/lessee for work to be performed under a subcontract, including procurements of materials, or leases of equipment, each potential subcontractor or supplier will be notified by the tenant/lessee of the tenant/lessee's obligations under this contract and the Non-discrimination Acts And Authorities on the grounds of race, color, or national origin.

4. Information and Reports: The tenant/lessee will provide all information and reports required by the Acts, the Regulations and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the sponsor or the Federal Aviation Administration to be pertinent to ascertain compliance with such Nondiscrimination Acts and Authorities and instructions. Where any information required of a tenant/lessee is in the exclusive possession of another who fails or refuses to furnish the information, the tenant/lessee will so certify to the sponsor or the Federal Aviation Administration as appropriate, and will set forth what efforts it has made to obtain the information.

5. Sanctions for Noncompliance: In the event of a tenant/lessee's noncompliance with the Nondiscrimination provisions of this contract, the Recipient will impose such contract sanctions as it or the Federal Aviation Administration may determine to be appropriate, including, but not limited to:

- a. withholding payments to the tenant/lessee under the contract until the tenant/lessee complies; and/or
- b. cancelling, terminating, or suspending a contract, in whole or in part.

6. Incorporation of Provisions: The tenant/lessee will include the provisions of paragraphs one through six in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations and directives issued pursuant thereto. The tenant/lessee will take action with respect to any subcontract or procurement as the sponsor or the Federal Aviation Administration may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if the tenant/lessee becomes involved in, or is threatened with litigation by a subcontractor, or supplier because of such direction, the tenant/lessee may request the sponsor to enter into any litigation to protect the interests of the sponsor. In addition, the tenant/lessee may request the United States to enter into the litigation to protect the interests of the United States.

31.3 The Lessee for himself/herself, his/her heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree that (1) no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land, and the furnishing of services thereon, no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the lessee will use the premises in compliance with all other requirements imposed by or pursuant to the List of discrimination Acts And Authorities.

31.4 During the performance of this Lease, the tenant/Lessee, for itself, its assignees, and successors in interest agrees to comply with the following non-discrimination statutes and authorities; including but not limited to the following (which Lessor is required to disclose and include in such Lease and other agreements, pursuant to FAA regulation):

- Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d *et seq.*, 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin);
- 49 CFR part 21 (Non-discrimination In Federally-Assisted Programs of The Department of Transportation—Effectuation of Title VI of The Civil Rights Act of 1964);
- The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 U.S.C. § 4601), (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
- Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. § 794 *et seq.*), as amended, (prohibits discrimination on the basis of disability); and 49 CFR part 27;
- The Age Discrimination Act of 1975, as amended, (42 U.S.C. § 6101 *et seq.*), (prohibits discrimination on the basis of age);
- Airport and Airway Improvement Act of 1982, (49 USC § 471, Section 47123), as amended, (prohibits discrimination based on race, creed, color, national origin, or sex);
- The Civil Rights Restoration Act of 1987, (PL 100-209), (Broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms “programs or activities” to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);

- Titles II and III of the Americans with Disabilities Act of 1990, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. §§ 12131 – 12189) as implemented by Department of Transportation regulations at 49 CFR parts 37 and 38;
- The Federal Aviation Administration’s Non-discrimination statute (49 U.S.C. § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
- Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures non-discrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;
- Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 Fed. Reg. at 74087 to 74100);
- Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 U.S.C. 1681 et seq).

31.5 Lessee agrees that in the event improvements are constructed, maintained, or otherwise operated on the Premises for a purpose for which a Department of Transportation (DOT) program or activity is intended, or for another purpose involving the providing of similar services or benefits, Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, *Nondiscrimination in Federally Assisted Programs of the Department of Transportation*, as it may be amended.

32. FEDERAL FAIR LABOR STANDARDS ACT

This contract and all subcontracts that result from this contract incorporate by reference the provisions of 29 CFR part 201, the Federal Fair Labor Standards Act (FLSA), with the same force and effect as if given in full text.

The Lessee has full responsibility to monitor compliance to the referenced statute or regulation. The Lessee must address any claims or disputes that arise from this requirement directly with the U.S. Department of Labor – Wage and Hour Division.

33. OCCUPATIONAL SAFETY AND HEALTH ACT OF 1970

This contract and all subcontracts that result from this contract incorporate by reference the provisions of 29 CFR part 1910 with the same force and effect as if given in full text. Lessee must provide a work environment that is free from recognized hazards that may cause death or serious physical harm to the employee. The Lessee retains full responsibility to monitor its compliance and their subcontractor’s compliance with the applicable requirements of the Occupational Safety and Health Act of 1970 (29CFR Part 1910). Lessee must address any claims or disputes that pertain to a referenced requirement directly with the U.S. Department of Labor – Occupational Safety and Health Administration

34. INCORPORATION OF QUITCLAIM DEED

Lessor owns the Airport pursuant to a Quitclaim Deed from the United States Government (“Deed”), a copy of which is available to Lessee upon request and is hereby incorporated in its entirety. To the extent the

Deed has terms, conditions, obligations, requirements or restrictions that apply to this Lease, Lessor, Lessee or any matter in connection herewith, Lessee agrees to be bound by all the terms, covenants and conditions of the Deed, including the following:

- 34.1 That this Lease is subject to all terms and conditions of the Deed; and
- 34.2 That in case of any conflict between the Deed and this Lease, the Deed shall control.

35. REQUIRED PROVISIONS OF QUITCLAIM DEED

35.1 Section VI (A)(5)(c) of the Deed requires that the following provisions be included in this Lease:

35.1.1 In furnishing services to the public, Lessee shall not discriminate against any person or class of persons by reason of race, color, creed, or national origin, and Lessee shall otherwise provide such services on a fair, equal, and not unjustly discriminatory basis to all users thereof.

35.1.2 Lessee shall charge fair, reasonable, and not unjustly discriminatory prices for each unit for service; except, however, that the Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

35.2 If the Premises are within any of the archaeological sites identified in Section VIII.A of the Deed, then, the provisions of Section VIII of the Deed shall be deemed incorporated in this Lease by this express reference to Section VIII of the Deed.

35.3 To the extent the Deed requires that other specific provisions thereof be inserted in this Lease by express reference to the Deed, this sentence shall constitute an express reference to all such applicable provisions of the Deed.

36. ARCHEOLOGICAL OR CULTURAL RESOURCES

In the event any archeological or cultural resources are discovered during any construction contemplated or permitted by this Lease, Lessor shall use its best efforts to expedite any necessary actions with respect thereto, at Lessor's sole cost and expense; provided, however, that in the event the necessary actions with respect to any archeological or cultural resources exceeds or is estimated to exceed \$10,000.00, Lessee shall be entitled to terminate this Lease upon TEN (10) business days' prior written notice to Lessor.

37. AIRPORT SECURITY

37.1 PMGAA Operations Department maintains an approved Airport Security Plan (the "Security Plan") pursuant to 49 CFR Parts 1540 and 1542, and 14 CFR Part 139. Lessee shall at all times comply with PMGAA Operations Department security directives, security bulletins, or verbal notifications existing now or in the future.

37.1.1 Lessee is responsible for maintaining security practices, facilities, and perimeter boundaries on their leasehold that meet the security standards set forth by PMGAA Operations Department.

37.1.2 Lessee shall immediately correct physical or procedural deficiencies which are contrary to PMGAA Operations Department, security directives, security bulletins, or verbal notifications existing now or in the future.

37.1.3 Lessee shall, to the fullest extent permitted by law, indemnify, defend and hold PMGAA harmless for, from and against any security violation committed by any agents, employees, invitees, subcontractors, sub-lessees or independent contractors of Lessee.

37.1.4 Lessee shall conduct and document all self-audits and self-inspections as required by TSA or Airport Operations and make such audits available for inspection.

37.1.5 Lessee shall designate a primary security coordinator to receive security related briefings, bulletins and sensitive security information.

37.1.6 PMGAA reserves the right to modify the Security Plan from time to time, as necessary or as directed by TSA. PMGAA Airport Operations shall notify the Lessee security coordinator regarding modifications that effect Lessee.

37.2 Airport Security Badge.

37.2.1 Lessee employees/contractors that require a Badge shall be obligated to complete all training and comply with all security requirements and directives issued by PMGAA Airport Operations, Transportation Security Administration or other entity having security jurisdiction at PMGAA. Lessee, employees, and contractors will surrender security badges upon request by Airport Operations; physical security media (badges and keys) remain the property of PMGAA.

37.2.2 Lessee, employees and contractors shall comply with all security related audits, inspections, and screenings conducted by the PMGAA Airport Operations Department

37.2.3 Lessee will immediately return badges to the Airport Badging office when badge holders employment is terminated, the badge is no longer needed or the employee/contractor is on extended leave.

37.2.4 Misuse of a Badge or security procedures will bring about punitive action including suspension or revocation of one or all badges.

38. DEFAULT BY LESSOR

In the event of any alleged breach by Lessor of its covenants contained in this Lease, Lessee shall have available all rights and remedies provided at law or in equity, subject to the terms and conditions of this Lease; provided, however, Lessee may not exercise any such right or remedy unless Lessee has notified Lessor by written notice of such alleged default, and Lessor has not cured such default within the THIRTY (30) calendar day period subsequent to receipt of such notice or, in the event such alleged default is of such a nature that it cannot reasonably be cured within such THIRTY (30) calendar day period, Lessor has failed to cure such alleged default with all due diligence. Notwithstanding anything to the contrary contained in this Lease, in no event shall Lessee be entitled to terminate this Lease or abate or offset any installment of Base Rent, or any other payments to be made by Lessee hereunder.

39. BROKERS

Lessee represents and warrants that it has not had any dealings with any real estate brokers, finders or agents in connection with this Lease. Lessee further agrees to indemnify, defend (with counsel selected by Lessor) and hold Lessor and Lessor's nominees, successors and assigns harmless from any and all claims, costs,

commissions, fees or damages by any person or firm whom Lessee authorized or employed, or acted by implication to authorize or employ, to act for Lessee in connection with this Lease.

40. SALE BY LESSOR

Lessee agrees to look solely to Lessor's interest in the Premises for the recovery of any judgment from Lessor, it being agreed that neither Lessor nor the holders of the equity interests of Lessor, nor the members, partners, officers, directors or shareholders of Lessor shall be personally liable for any such judgment. In the event of any sale or other conveyance by Lessor of its interest in the Premises, Lessor shall be automatically freed and released from all personal liability accruing from and after the date of such sale or conveyance as respects the performance of any covenant or obligation on the part of Lessor contained in this Lease to be performed, it being intended hereby that the covenants and obligations contained in this Lease on the part of Lessor shall be binding on the Lessor and its successors and assigns only during and in respect to the respective successive periods of ownership of the Premises.

41. ESTOPPEL CERTIFICATE

Lessee shall, without charge, at any time and from time to time hereafter, within TEN (10) business days after written request of Lessor to do so, certify, by written instrument duly executed and acknowledged by Lessee and certified to Lessor and to any prospective lender or purchaser: (i) as to whether this Lease has been supplemented or amended, and if so, the substance and manner of such supplement or amendment; (ii) as to the existence of any default hereunder to the best of Lessee's knowledge; (iii) as to the date on which Lessee was obligated to commence paying Base Rent and all other charges hereunder and the expiration date of the Term; (iv) as to whether the Lessee has assigned or transferred its interests or any portion thereof in this Lease; and (v) as to any other matters as may be reasonably requested. Lessor and any prospective purchaser or lender to whom the same was certified may rely upon any such certificate.

42. MISCELLANEOUS

42.1 Personal Liability. No member of or employee of either Party shall be charged personally or held contractually liable by or to the other Party under any term or provision of this Lease because of any breach thereof, or because of its execution or attempted execution.

42.2 No Waiver. No provision of this Lease may be waived or modified except by a writing signed by the Party against whom such waiver or modification is sought.

42.3 Non-Waiver of Rights. No waiver or default by Lessor of any of the terms, conditions, covenants or agreements hereof to be performed, kept or observed by Lessee shall be construed or act as a waiver of any subsequent default of any of the terms, covenants, conditions or agreements herein contained to be performed, kept or observed by Lessee, and Lessor shall not be restricted from later enforcing any of the terms and conditions of this Lease.

42.4 Amendment. This Contract shall be modified only by a written amendment mutually agreed to and signed by both Parties, by persons duly authorized to enter into contracts on behalf of each Party.

42.5 Invalid Provisions. Should any provision of this Lease or any application thereof be held invalid by a court of competent jurisdiction, the remainder of this Lease shall not be affected thereby, unless one or both Parties would be substantially and materially prejudiced.

42.6 Litigation Expenses. In the event of litigation between Lessor and Lessee, the prevailing Party shall be entitled to recover its attorneys' fees and all costs and expenses of litigation, including witness fees, expert witness fees, and court costs.

42.7 Headings. The headings contained herein are for convenience in reference only and are not intended to define or limit the scope of this Lease or any term thereof.

42.8 Entire Agreement. This Lease, including exhibits attached hereto at the time of its execution, constitutes the entire agreement between the Parties hereto and supersedes all prior negotiations, understandings and agreements between the Parties concerning such matters.

42.9 Parking. 12 parking spaces are reserved for employee, customer and visitor parking. All remaining spaces shall be available for public use.

43. INCORPORATION OF RECITALS

The recitals set forth herein are acknowledged by the Parties to be true and correct and are incorporated herein by this reference.

IN WITNESS WHEREOF, the Parties have executed this Lease the day and year first above written.

EXECUTED to be effective on the date specified above.

LESSOR:

PHOENIX-MESA GATEWAY AIRPORT AUTHORITY, a joint powers authority authorized by the State of Arizona

By: _____
J. Brian O’Neill, A.A.E.
Executive Director/CEO

STATE OF ARIZONA)
) ss.
County of Maricopa)

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me this ____ day of _____, 2017, by J. Brian O’Neill, A.A.E., in his capacity as the Executive Director/CEO of the Phoenix-Mesa Gateway Airport Authority, a joint powers authority authorized by the State of Arizona.

Notary Public

Exhibit A DEPICTION OF THE PREMISES

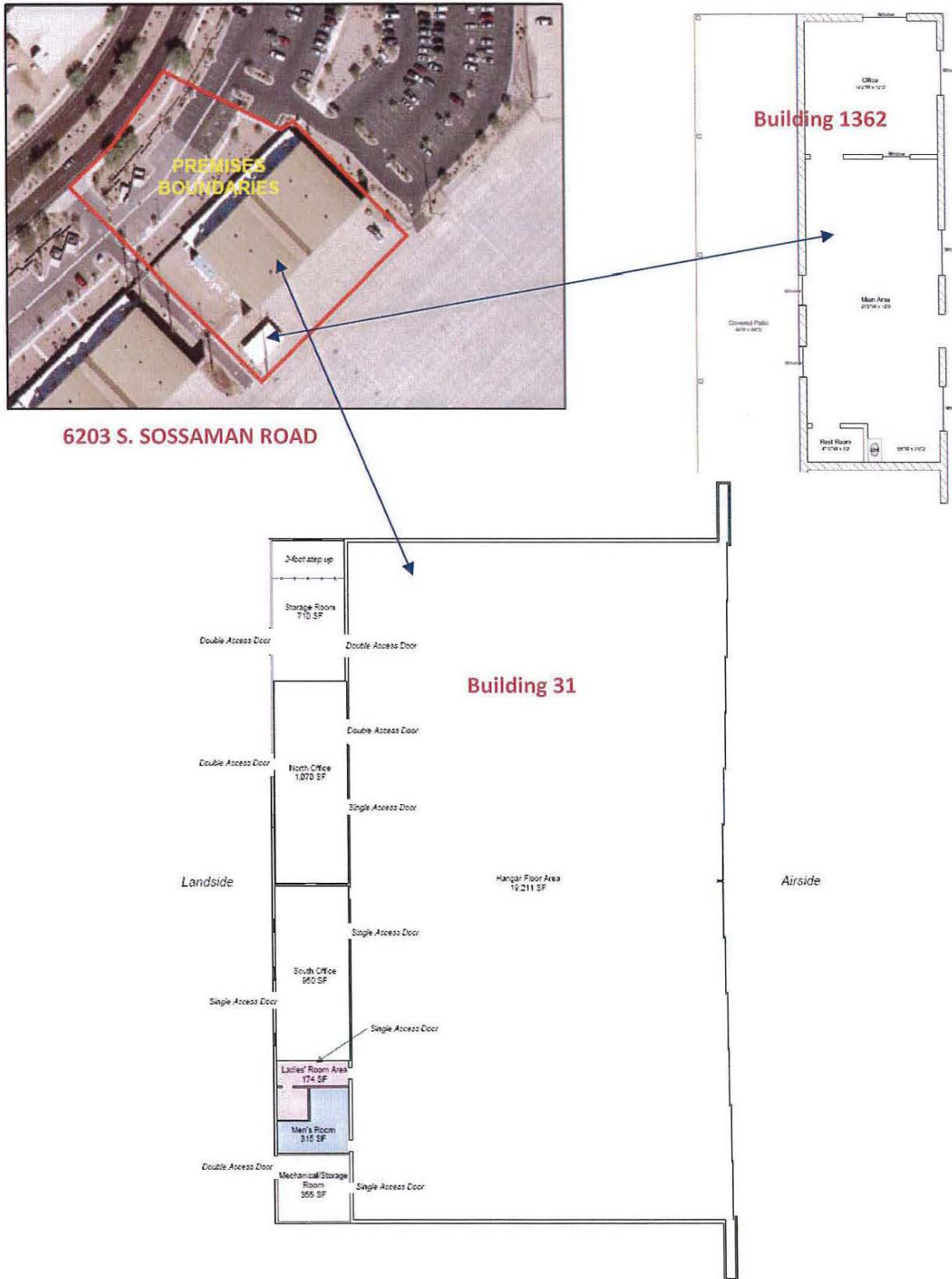


Exhibit A1
DEPICTION OF THE PREMISES PUBLIC RAMP OPERATIONS AREA

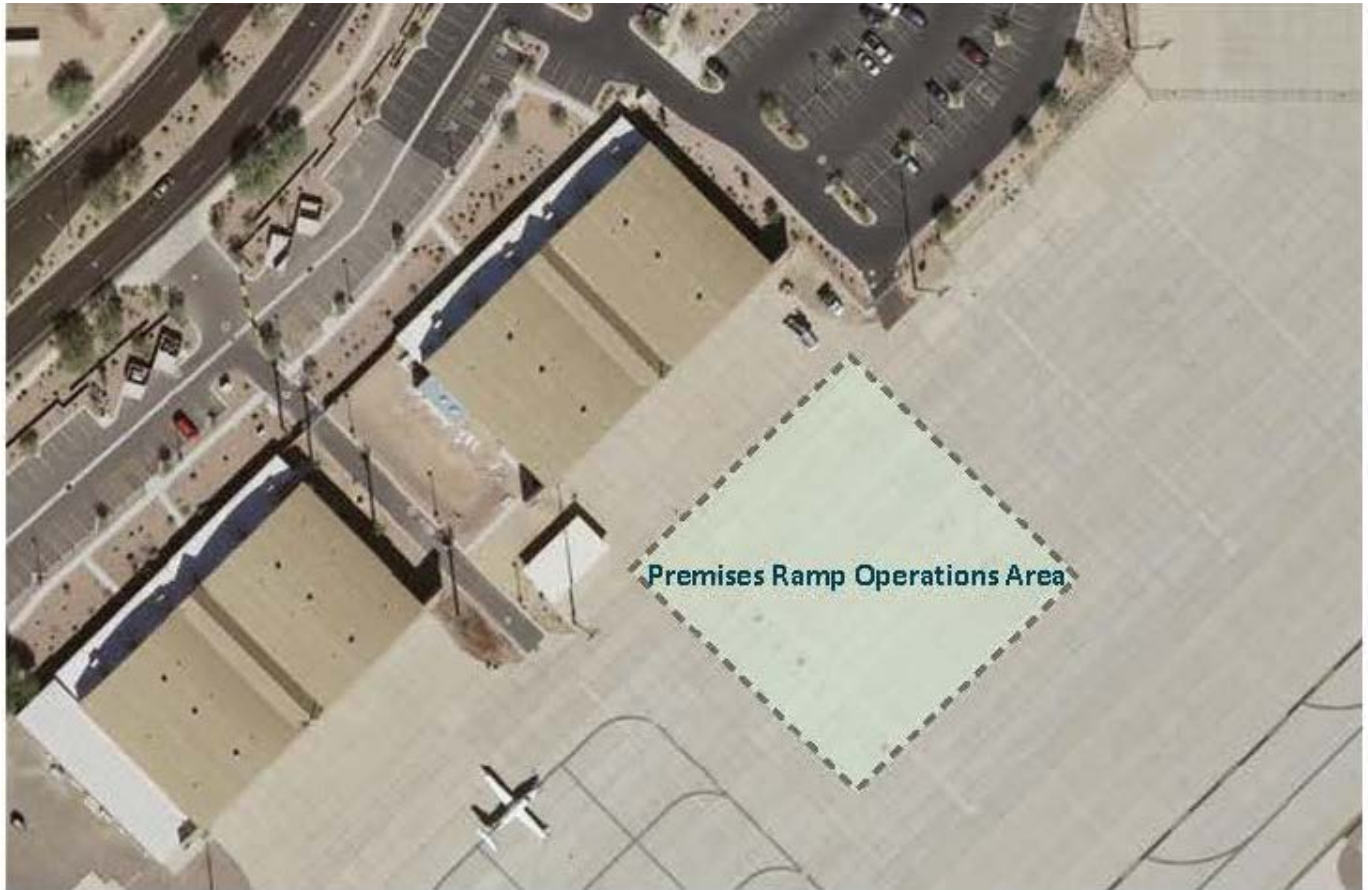


Exhibit B

AIRPORT RATES & CHARGES SCHEDULE

(SEE LINK)

http://www.gatewayairport.com/Documents/DocumentLibrary/Board%20Policies/Rates%20&%20Charges_20160701.pdf

<http://www.gatewayairport.com/Documents/DocumentLibrary/Board%20Policies/Airport%20Rates%20and%20Charges%20-%20Effective%20August%202017%20-%20Res.%202017-38.pdf?Uniqueifier=SaN2iGiLje>

Exhibit C

AIRCRAFT OPERATIONS GUIDELINES

C1. Use of Airport. Lessee, Lessee's assigns, sub-lessees, or transferees who operate aircraft at the Airport and are engaged in a private, government, or commercial aeronautical business or service and desire to use the Airport landing facilities for certain types of operations including, but not limited to: 1) taxiing and maneuvering on Airport runways, taxiways, ramps and aprons; 2) landings and approaches ("touch and go", "stop and go"); and 3) low approaches shall be subject to the provisions of this **EXHIBIT C**.

C2. Fees. As appropriate, Lessee shall pay Lessor fees as outlined below:

C2.1 *Landing Fee.* Lessee shall pay a landing fee at a rate equal to the amount reflected on the most current *Airport Rates and Charges Schedule* at the time of the aircraft operation, for each flight subject to a landing fee operated by or in conjunction with Lessee. The weight of any particular aircraft shall be its maximum certificated gross landing weight (MGLW). The amount owed to Lessor for each chargeable aircraft landing for each preceding calendar month shall be due and payable no later than the TWENTIETH (20th) day of the month succeeding the calendar month in which said aircraft landings took place. Lessee's written listing of all aircraft landings subject to such fee shall accompany said payment. Each entry in such listing shall include the date of the landing, the aircraft registration number, the type and model aircraft, the aircraft MGLW and the amount of the fee due.

C2.2 *Aircraft Ramp Space.* Lessee shall pay Lessor monthly, an aircraft-parking fee in an amount equal to that specified in the most current *Airport Rates and Charges Schedule* at the time of use, for each overnight aircraft parking position used by Lessee that is situated on Airport ramp outside Lessee's Premises. Such fees, if any, shall be payable to Lessor no later than the TWENTIETH (20th) day of the month following that in which Lessee occupied or used such space, and such payment shall be accompanied by a written listing of the aircraft (including registration number, make and model), dates and times of usage.

C2.3 *Other Space.* When available and specifically assigned to Lessee, Lessee shall pay Lessor monthly, in advance, a fee for Lessee's non-exclusive use of other space not situated on or part of the Premises. The location and cost of such other space shall be determined by Lessor at its sole discretion, and both may be subject to change from time to time by Lessor, as necessary.

C2.4 *Additional Space/Services.* In the event that Lessee requires space or special services such as, but not limited to, aircraft line services, out-of-station ARFF standby, operations safety officers, ground service equipment, or fuel spills response teams, Lessee shall pay Lessor's standard fees for such services at the time the service is rendered, unless a secured account or agreement is established prior to requesting additional services.

C3. Books and Records. Lessee shall maintain permanent books, records and ledgers accurately reflecting the total number of monthly Aircraft landings for each aircraft subject to a landing fee and any other aforementioned fee indicating the make, type (including model designation), registration, maximum certificated gross landing weight, and arrival and departure time of each aircraft involved. These records shall be made available to Lessor upon request. In addition to monthly payment as set forth in SECTION C2 herein and together therewith, Lessee shall provide Lessor with a written report, indicating all aircraft operations and related information for the preceding calendar month.

C4. Disabled or Abandoned Aircraft. Should any aircraft owned or operated by Lessee through accident or for any other reason, become disabled or be abandoned in any area which could interfere with the continuous, normal operations of any of the runways, taxiways and airfield facilities at the Airport, Lessee shall:

C4.1 Immediately remove said aircraft to such location as may be designated by Lessor, unless such aircraft is required to remain in place pending investigation by the appropriate regulatory agency or agencies of the federal government; and

C4.2 In the event of any accident where federal investigation in place is required, immediately upon receiving clearance to do so from the appropriate federal agency, remove said aircraft and any wreckage or debris resulting therefrom to the area(s) designated by said federal agency authorizing such removal; otherwise, such aircraft wreckage and debris shall be immediately removed from the Airport or stored at a location approved by Lessor.

C4.3 Should Lessee fail to proceed immediately to remove disabled aircraft, or should aircraft owned or operated by Lessee be abandoned on the Airport, Lessor shall have the right to remove such aircraft by any means Lessor deems necessary under the circumstances, and Lessee shall indemnify, defend, keep and hold Lessor, its members, board of directors, officers, agents, officials, servants, employees and contractors harmless from and against any and all claims, costs, loss, liability, actions, suits, proceedings, damage or expense (including costs of suit and attorneys' fees and expenses) incurred by Lessor or claimed by anyone by reason of removal of said aircraft, injury to persons or property or damages to such aircraft caused by such removal, as well as storage costs therefor. Lessee shall reimburse Lessor for any costs incurred by Lessor in removing and storing any aircraft, any property damage to the airport caused by such aircraft or removal within TEN (10) business days of demand therefor.

C5. Aviation Fuel. Lessee, at Lessee's sole cost and expense, shall procure aviation fuel delivered to its aircraft on the Airport. If fueling or defueling aircraft owned or operated by Lessee, or under Lessee's direct control, Lessee shall comply fully with Lessor's *Aviation Fuel Storage, Dispensing and Handling Guidelines* and applicable federal regulations.

C6. Fly Friendly Procedures. Lessee acknowledges that Lessor maintains *Fly Friendly* noise abatement procedures, and shall provide such information to flight crews, post the information in the Lessee's flight planning area, and use the procedures to the extent possible, when consistent with safety and Air Traffic Control directives.

Exhibit D

(SEE LINKS)

AIRPORT MINIMUM STANDARDS

<http://www.gatewayairport.com/Documents/DocumentLibrary/Board%20Policies/Airport%20Minimum%20Standards.pdf>

&

AIRPORT RULES AND REGULATIONS

http://www.gatewayairport.com/Documents/DocumentLibrary/Board%20Policies/Rules%20&%20Regulations_16-53.pdf

Exhibit E

STORM WATER PERMIT COMPLIANCE

E1. Acknowledgments.

E1.1 Lessee acknowledges that because of its activities, operations or location at the Airport, Lessee may be required by EPA Regulations 40 CFR Part 122 (Regulations) to obtain a National Pollution Discharge Elimination System (NPDES) Storm water discharge permit (“Permit”), a requirement that Lessee can fulfill by:

E1.1.1 Obtaining its own permit; or

E1.1.2 Joining as a co-permittee under Lessor’s current storm water permit.

E1.2 Lessor has undertaken to obtain a storm water discharge permit, and Lessee acknowledges that it will enjoy a substantial economic benefit by joining as a co-permittee, and that such benefit serves as good and sufficient consideration for the obligations imposed upon and assumed by Lessee under this **EXHIBIT E**.

E1.3 Lessee acknowledges that it will have to devise and implement Best Management Practices (BMPs) to minimize the contact of storm and other precipitation event water with “significant materials” (as defined in the Regulations) generated, stored, handled or otherwise used by Lessee, and to document such BMPs with a written storm water management plan.

E1.4 It is the Lessee’s obligation to determine if its activities or operations require obtaining such permit.

At such time as Lessee determines applicability and agrees to Section E1.1.2 above, the following shall apply:

E2. Agreement.

E2.1 Lessee agrees to be made, and to be, a co-permittee on Lessor’s Multi-Sector General Permit (MSGP), and agrees that said Permit, as it is issued by the Arizona Department of Environmental Quality (AZDEQ), and as it may thereafter be amended, modified or otherwise changed, is incorporated by reference into this **EXHIBIT** and any subsequent renewals.

E2.2 Lessor agrees that, to the extent allowed by law, Lessee shall have the right to be removed from Lessor’s Permit should this Lease be cancelled or terminated for other reasons, or due to Lessee’s relocation, noncompliance with Permit requirements or exercise of choice; provided that in no event shall Lessee be relieved of its obligation to comply with the requirements of the AZPDES permit program with regard to its occupation and use of the Premises and the Airport, nor shall Lessee be excused from any obligations or indemnifications incurred and owed to Lessor prior to Lessee’s removal from the Permit, resulting from a failure of Lessee to fulfill an obligation of such.

E3. Compliance.

E3.1 Lessor will provide Lessee with a true and complete copy of the Permit and any revisions thereto, and will, as time and personnel allow, consult with and assist Lessee with regard to Permit and other requirements.

E3.2 Lessor shall have the right to monitor Lessee’s compliance with the Permit requirements, including, but not limited to: certification of non-storm water discharges; collection of storm water samples; preparation of storm water management plans; implementation of BMPs; and the maintenance of necessary records.

E3.3 Lessor reserves the right to impose upon Lessee any BMP or other action necessary to insure Lessor's ability to comply with its Permit requirements or applicable Rules. Lessee shall have TEN (10) business days from date of receipt of written notice imposing such BMPs or other requirements to notify Lessor in writing if it objects to any action it is being directed to undertake. If Lessee does not provide the specified timely notice, it will be deemed to have assented to implement the BMPs or other requirements. If Lessee provides Lessor with timely written notice of its objections, the Parties agree to negotiate a prompt resolution of their differences. Lessee warrants that it will not serve a written notice of objections for purposes of delay or avoiding compliance.

E3.4 Lessee agrees to implement at its sole expense, unless otherwise agreed to in writing between Lessor and Lessee, those Permit and other requirements which pertain to its operations and activities on the Airport, and Lessee warrants that it will use its best efforts to meet all deadlines established by statute, regulation or ordinance, or that are agreed to by the Parties. Lessee acknowledges that time is of the essence in the implementation of all Permit requirements.

E4. Permit Changes. Lessee acknowledges that the terms and conditions of Lessor's Permit may change from time to time, and upon prior written notice from Lessor to Lessee of proposed changes, Lessee shall be given the opportunity to submit comments to Lessor prior to negotiations with the appropriate governmental entity or entities for permit modifications.

E5. Material Condition. Full compliance with the AZPDES permit program, 40 C.F.R. Part 122, is a material condition of this **EXHIBIT** and for any breach thereof which exposes Lessor to civil or criminal fine, penalty, sanction or remediation cost by any governmental entity, Lessor may terminate this **EXHIBIT** without recourse by Lessee.

E6. Covenant of Good Faith. Lessor and Lessee covenant to act in good faith to implement any requirements imposed by Lessor's Permit, to the end that the purposes of Section 402(P) of the Federal *Water Pollution Control Act* (33 U.S.C. 1342 (P)) may be achieved. The Parties acknowledge that close cooperation will be necessary to ensure compliance with any Permit requirements to promote safety and minimize costs, and each Party agrees to a candid exchange of information necessary to coordinate a storm water management and monitoring plan.

E7. Indemnification. The covenants of insurance and indemnification in favor of Lessor imposed by other provisions of this **EXHIBIT** shall extend to, and are incorporated into, the provisions of this **EXHIBIT**.

NOTICE OF LESSEE INTENTION TO JOIN OR REJECT NPDES CO-PERMITTEE STATUS

I, _____, on behalf of AIR METHODS CORPORATION, being duly authorized to do so, acknowledge that I am fully informed of our obligations under the National Pollutant Discharge Elimination System permit program as mandated by Section 402 (P) of the Federal *Water Pollution Control Act* (33 U.S.C. 1342 (P)), and regulations published in 40 C.F.R. Part 122 and the Arizona Department of Environmental Quality (AZDEQ).

I further acknowledge that, if applicable we have been offered the opportunity to join with the Phoenix-Mesa Gateway Airport Authority (PMGAA) as a co-permittee of the AZPDES permit issued by the Environmental Protection Agency to the PMGAA as it pertains to the Phoenix-Mesa Gateway Airport Authority (“Airport”), in accordance with the terms and conditions set forth above.

I, on behalf of AIR METHODS CORPORATION and being duly authorized to do so, (please check applicable box)

- desire to join the PMGAA as a co-permittee and understand and accept the obligation to comply with the aforesaid statute and regulations as they may apply to our activities and operations at the Airport.
- decline to join the PMGAA as a co-permittee.
- have determined the regulations are not applicable.

Dated this _____ day of _____, 2017.

By: _____
(Signature)

Name: _____
(Print Name)

Its: _____
(Title)

Exhibit F
STANDARD TERMS AND CONDITIONS

1. **Certification.** By executing this Contract, Lessee certifies:
 - a. The award of this Contract did not involve collusion or other anti-competitive practices.
 - b. It shall not discriminate against any employee or applicant for employment in violation of Federal Executive Order 11246, or A.R.S. Section 31-1461, et. seq.
 - c. It has not given, offered to give, nor intends to give at any time hereafter, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant in connection with this Contract; and Lessee hereby certifies that the individual signing this Contract is an authorized agent for Lessee and has the authority to bind the Lessee to the Contract.
2. **Arbitration.** At PMGAA's sole option, disputes between the parties may be resolved through arbitration as provided in A.R.S. Section 12-1501, *et seq.* Lessee shall continue to render the services required by this Contract without interruption, notwithstanding either party has filed suit against the other or PMGAA has expressly agreed to arbitration and either party has demanded arbitration.
3. **Affirmative Action.** Lessee shall abide by all the federal and state of Arizona provisions for equal opportunity in the work place.
4. **Human Relations.** Lessee shall abide by all the federal and state of Arizona provisions against discrimination of disadvantaged business enterprises in applicable PMGAA contracts.
5. **Gratuities.** PMGAA may, by written notice to the Lessee, cancel this Contract if it is found that gratuities, in the form of entertainment, gifts or otherwise, were offered or given by Lessee or any agent or representative of Lessee, to any officer or employee of PMGAA amending, or the making of any determinations with respect to the performing of such Contract. If this Contract is canceled by PMGAA under this provision, PMGAA shall be entitled, in addition to any other rights and remedies, to recover or withhold from the Lessee the amount of the gratuity.
6. **Provisions Required by Law.** Each and every provision of law and any clause required by law to be in the Contract shall be read and enforced as though it were included herein, and if through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then upon the application of either party the Contract shall forthwith be physically amended to make such insertion or correction.
7. **Rights and Remedies.** No provision in this Contract shall be construed, expressly or by implication, to waive either party's existing or future claim, right, or remedy available by law for breach of contract. The failure of either party to insist on strict performance of any Contract term or condition; to exercise or delay exercising any right or remedy provided in the Contract or by law; or to accept materials, services, or Lessee's services under this Contract or imposed by law, shall not be deemed a waiver of any right of either party to insist upon strict performance of the Contract.
8. **Right to Assurance.** Whenever one party to this Contract in good faith has reason to question the other party's intent to perform, the former party may demand that the other party give a written assurance of this intent to perform. If a demand is made and no written assurance is given within five (5) business days, the demanding party may treat this failure as an anticipatory repudiation with this Contract.
9. **Advertising.** Lessee shall not advertise or publish information concerning this Contract without prior written consent of PMGAA.
10. **Force Majeure**

- a. Neither party is liable to the other, and neither party may be deemed in default under this Contract, if and to the extent that such party's performance of this Contract is prevented by reason of Force Majeure. The term "Force Majeure" means an occurrence that is beyond the control of the party affected and occurs without its fault or negligence. Force Majeure does not include late performance by a subcontractor unless the delay arises out of a specific Force Majeure in accordance with this Force Majeure term and condition.
- b. If either party is delayed at any time in the progress of the work by Force Majeure, the delayed party shall notify the other party in writing, as soon as practical, of the delay and shall specify the causes of delay in the notice. The notice must be hand-delivered or mailed certified-return receipt and must specifically refer to this section. The delayed party shall cause the delay to cease as soon as practicable and shall notify the other party in writing when it has done so. The date of completion will be extended by Contract modification or amendment for the period of time that the completion date is necessarily delayed. This time extension is the Consultant's exclusive remedy for delay.
11. **Exclusive Possession.** All services, information, computer program elements, reports, and other deliverables, which may be created under this Contract, are the sole property of PMGAA and shall not be used or released by Lessee or any other person except with prior written permission by PMGAA.
12. **Licenses.** Lessee shall maintain in current status all federal, state, and local licenses and permits required for the operation of the business conducted by Lessee as applicable to this Contract.
13. **Subsequent Employment.** PMGAA may cancel this Contract without penalty or further obligation in accordance with A.R.S. Section 38-511 if any person significantly involved in initiating, negotiating, securing, drafting, or creating the contract, on behalf of the PMGAA is or becomes, at any time while the Contract or any extension of the contract is in effect, an employee of, or a contractor to any other party to this Contract with respect to the subject matter of the Contract. Such cancellation shall be effective when the parties to this Contract receive written notice from PMGAA, unless the notice specifies a later time.
14. **Patents.** Lessee shall defend, indemnify, and hold harmless PMGAA, its officers and employees from all liabilities, claims, damages, costs, or expenses, including, but not limited to attorneys' fees, for any alleged infringement of any person's patent rights or copyrights in consequence of the use by PMGAA, its officers, employees, agents, and other duly authorized representatives of tangible or intellectual property supplied to PMGAA by Lessee under this Contract.
15. **E-Verify Requirements.** To the extent applicable under A.R.S. § 41-4401, Offeror and its subcontractors warrant compliance with all federal immigration laws and regulations that relate to their employees, and compliance with the E-Verify requirements under A.R.S. §23-214(A). Offeror's or its subcontractors' failure to comply with such warranty shall be deemed a material breach of this Contract and may result in the termination of this Contract by PMGAA.



MANAGEMENT INFORMATION REPORT(S)



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Management Information Report

To: Board of Directors
From: Chuck Odom, Chief Financial Officer
Through: J. Brian O'Neill, A.A.E., Executive Director/CEO
Re: Solicitation Notification
Date: September 25, 2017

This report is to provide notification of the active and upcoming solicitations to help ensure compliance with the Phoenix-Mesa Gateway Airport Authority procurement transparency clause. The active activities include the following:

Active/Pending Solicitations

Type Solicitation	Number	Title	Anticipated Contract Award (Board Action)
Request for Proposals	2017-007-RFP	Master Developer for Gateway Aerospace Park	November 2017
Request for Proposals	2018-003-RFP	Property Broker	November 2017
Request for Proposals	2018-011-RFP	Janitorial Services	December 2017

Future Solicitations

Type Solicitation	Number	Title	Scheduled for Release	Anticipated Contract Award (Board Action)
Request for Proposals	2018-004-RFP	Aircraft Rescue & Fire Fighting Vehicle	October 2017	December 2017
Request for Qualifications	2018-009-RFQ	Airport Master Planning Services	October 2017	February 2018
Request for Proposals	2018-012-RFP	Insurance Broker Services	November 2017	March 2018
Invitation for Bid	2018-005-IFB	Sossaman Rd & Terminal Roadways Improvements	December 2017	January 2018

Equipment Disposals

Fiscal year totals from sales of decommissioned / nonworking equipment total \$2,051 consisting of 1 piece.

If you have any questions about the solicitations or the procurement process, please feel free to contract me at 480-988-7613.



**NOTICE AND AGENDA OF MEETING OF THE
PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
BOARD OF DIRECTORS**

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Phoenix-Mesa Gateway Airport Authority and to the public that the Phoenix-Mesa Gateway Airport Authority will hold a meeting open to the public on **Tuesday, November 21, 2017 beginning at 8:30 a.m.** in the Board Room (Saguaro A & B) of the Gateway Administration Building, 5835 South Sossaman Road, Mesa, Arizona. The Board may vote to hold an executive session for the purpose of obtaining legal advice from the Board's attorney on any matter listed on the agenda pursuant to A.R.S. § 38-431.03 (A)(3)&(4).

The agenda for the meeting is as follows:

1. Call to Order. (Mayor Jenn Daniels, Chair)

Members of the Phoenix-Mesa Gateway Airport Authority will attend either in person or by telephone conference call.

2. Motion to Convene into Executive Session.

Pursuant to A.R.S. § 38-431.03(A)(3) and (A)(7), the Board of Directors may convene into executive session for the purpose of discussion or consultation for legal advice with the attorney or attorneys of the public body, and to consider its position and instruct its representatives regarding the purchase, sale, or lease of real property as it relates to the Master Developer Agreement.

3. Reconvene from Executive Session to Regular Session

4. Call to the Public.

Members of the Board may not discuss items that are not on the agenda. Therefore, action taken as a result of public comment will be limited to directing staff to study the matter or scheduling the matter for further consideration and decision at a later date. Maximum of three minutes per speaker.

5. Executive Director's Report. - J. Brian O'Neill, A.A.E., Executive Director/CEO

6. Presentation: Audited Financials – Dennis Osuch, Principal-CliftonLarsonAllen LLP

7. Consent Agenda.

a. Minutes of the Board Meeting held on **October 17, 2017.**

b. Resolution No. 17-55 Authorizing a contract with **Five Star Concrete Services Inc.** to resurface the floor in Hangar 32 at a cost not-to-exceed \$65,667.50.

c. Resolution No. 17-56 Authorizing an amendment to the **Executive Director's employment contract**, effective October 1, 2017.

Consideration and Possible Approval of:

8. Resolution No. 17-57 Authorizing a Master Development Agreement with **Mesa SkyBridge, LLC**, an Arizona limited liability company.

9. Board Member Comments/Announcements.

10. Next Meeting: Tuesday, December 19, 2017 at 9:00 a.m.

11. Adjournment.

Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting Maria Gonzalez at 480-988-7603 or mgonzalez@gatewayairport.com. Requests should be made as early as possible to allow time to arrange the accommodation.



Executive Director's Report

November, 2017

Financial Snapshot

OPERATING INCOME	September		Month Variance	FYTD Comparison		FYTD Variance
	FY17	FY18		FY17	FY18	
Revenues	\$1,425,931	\$1,576,451	\$150,520	\$4,534,554	\$5,004,938	\$470,384
Less Expenses	\$1,517,333	\$1,573,932	\$56,599	\$4,296,001	\$4,485,534	\$189,533
Operating Income <i>(before depreciation)</i>	\$(91,402)	\$2,519	\$93,923	\$238,553	\$519,504	\$280,851

Investment Fund Balances: As of September 30, 2017: Local Governmental Investment Pool (LGIP) 700 = \$17,876,047; Wells Fargo Collateralized Savings Account = \$11,964,372; Total \$29,840,419. This is an increase of \$30,609 over the August balance and represents interest income.

Finance and Accounting

September financials revealed a net operating income of \$2,519. FYTD, PMGAA is reporting a total net operating income of \$519,504, a \$280,851 increase over the same time period last year. Both monthly and FYTD comparisons indicate strong revenue and operating income growth.

All aeronautic operating revenue categories continue to exceed both budget forecasts and previous fiscal year results. Non-aeronautic revenues are performing as forecasted. Operating expenditures are performing as budgeted, even with a \$152,587 increase in cost of goods sold (due to increased fuel pricing) and increased overtime related to aircraft testing programs (recovered through charged services).

Grants, PFCs & Procurements

Active/Pending Solicitations

TYPE OF SOLICITATION	Number	Title	Anticipated Contract Award
Request for Proposals	2018-011-RFP	Janitorial Services	December 2017
Request for Proposals	2018-004-RFP	Aircraft Rescue & Firefighting Vehicle	December 2017
Request for Qualifications	2018-009-RFQ	Airport Master Planning Services	February 2018
Request for Qualifications	2018-013-RFQ	Baggage Claim Expansion & Baggage Makeup Expansion Designs	February 2018
Request for Proposals	2018-012-RFP	Insurance Broker Services	March 2018

Future Solicitations

TYPE OF SOLICITATION	Number	Title	Schedule for Release	Anticipated Contract Award
Invitation for Bid	2018-005-IFB	Sossaman Rd & Terminal Roadways Improvements	January 2018	March 2018

Information Technology Services

PMGAA recently finished the Terminal Technology Improvements which included upgrading the Public Wi-Fi, Electronic Backdrops at Ticketing, and new Paging System to better handle the additional Allegiant destinations and WestJet's second season.

Airport Operations



Arie One of the CARE Team Members

PMGAA, in conjunction with the Gateway Aviators Volunteer Program, launched the CARE (Canines Around Relaxing Everyone) Team Program. These wonderful (and furry!) volunteers help take the stress out of air travel through a big hug, belly rub, head scratch, or a paw five. As a member of the CARE Team, handlers and their dogs roam the passenger terminal during periods of peak flight activity to help de-stress and relax our Airport passengers. It's a "ruff" job and they are very much appreciated. Thank you.

Operations Statistics

PASSENGER COUNTS		September		% Change	FYTD		% Change
		FY17	FY18		FY17	FY18	
Passengers	TOTAL	80,991	77,899	-4%	308,930	292,399	-5%
	Deplaned	40,697	39,500	-3%	156,040	147,804	-5%
	Enplaned	40,294	38,399	-5%	152,890	144,595	-5%
Allegiant	Scheduled	80,991	77,829	-4%	308,930	292,035	-5%
	Charter	0	0	-	0	0	-
WestJet	Scheduled	0	0	-	0	0	-
Elite	Charter	0	70	100%	0	364	100%
Other	Charter	0	0	-	0	0	-

OPERATIONS	September		% Change	FYTD		% Change
	FY17	FY18		FY17	FY18	
Air Carrier	765	707	-8%	2,621	2,467	-6%
Military	434	309	-29%	1,080	1,567	45%
General Aviation	21,006	24,778	18%	55,146	65,343	18%
TOTAL	22,205	25,794	16%	58,847	69,377	18%

Noise Report

PMGAA received noise complaints from three area residents during the month of September 2017. The calls originated from Gilbert and were related to commercial aircraft activity.

CALLERS	September		FYTD	
	FY17	FY18	FY17	FY18
Total	9	3	16	31

TYPE OF AIRCRAFT	September		FYTD	
	FY17	FY18	FY17	FY18
	Callers	Callers	Callers	Callers
Unknown Jet	0	1	0	4
A-319	4	1	7	6
Other	0	1	1	14
GA	2	0	2	1
Military	3	0	6	6
TOTAL	9	3	16	31

LOCATION	September		FYTD	
	FY17	FY18	FY17	FY18
Mesa	5	0	10	1
Gilbert	3	3	4	25
Gold Canyon	0	0	0	2
Queen Creek	0	0	1	1
Queen Valley	0	0	0	1
San Tan Valley	1	0	1	1
Florence	0	0	0	0
Apache Junction	0	0	0	0
TOTAL	9	3	16	31



Navy and Marine T-45 Aircraft Visiting Gateway Airport

Engineering & Facilities

PMGAA has several large construction projects currently underway at Gateway Airport. A portion of Taxiway Alpha is being reconstructed with an Airport Improvement Program (AIP) grant from the Federal Aviation Administration (FAA). The project is scheduled to be completed in March 2018 and will cost approximately \$4.5 million.



Taxiway Alpha Reconstruction



Phase One of the Security Checkpoint Project

Another project involves the expansion of the Transportation Security Administration (TSA) Security Checkpoint. This important terminal improvement project will enhance the passenger queuing area and expand the number of security checkpoint lanes from four to five, with space available to add a sixth lane as passenger traffic continues to grow.

The PMGAA Board of Directors approved investing more than \$500,000 to renovate Hangar 32. Roof replacement, painting, and inside framing have all been completed and the floor resurfacing contract is on the agenda for the November PMGAA Board meeting. The project is scheduled to be completed by January 1, 2018 and the hangar will be available for lease.



Hangar 32 Renovation

Planning and Zoning

The Town of Gilbert has begun the process of implementing the recommendations included in the updated PMGAA Land Use Compatibility Plan into their Zoning Overlay. PMGAA Airport Planner Tony Bianchi presented the zoning update considerations to the Gilbert Planning Commission at their November 1, 2017 meeting; with a goal of final Town Council consideration in January, 2018.

PMGAA staff is committed to working closely with local cities and towns as they review and update their zoning regulations to protect the communities, their citizens, and the Airport from the negative impacts of incompatible land uses and residential encroachment.

Gateway Aviation Services

Gateway Aviation Services is reporting \$363,029 in fuel-related revenue for September 2017; a 19% increase compared to the \$303,810 in revenue collected during September of last year. Strong flight testing and commercial service activity contributed to the increase. FYTD, fuel-related revenue has increased 21% compared to the same time period last fiscal year. Gallons of fuel sold was down 5% in September and 7% for the fiscal year; partially due to Allegiant's greater use of more fuel-efficient aircraft at Gateway Airport.

FUEL-RELATED REVENUE	September			FYTD		
	FY17	FY18	% Change	FY17	FY18	% Change
Net Retail (Jet)	\$107,178	\$90,925	-15%	\$264,069	\$222,875	-16%
Net AvGas	\$49,930	\$61,336	23%	\$129,360	\$165,327	28%
Storage Fees	\$19,689	\$16,896	-14%	\$69,777	\$57,803	-17%
Upload Fees	\$127,013	\$193,872	53%	\$474,340	\$ 688,316	45%
TOTAL	\$303,810	\$363,029	19%	\$ 937,546	\$ 1,134,321	21%

FUEL (Gallons)	September			FYTD		
	FY17	FY18	% Change	FY17	FY18	% Change
Retail (Jet)	58,206	41,371	-29%	132,652	110,155	-17%
AvGas	44,479	48,980	10%	114,768	133,980	17%
Contract	202,773	264,863	31%	705,267	885,796	26%
Commercial	715,928	614,370	-14%	2,539,877	2,101,861	-17%
TOTAL	1,021,386	969,584	-5%	3,492,564	3,231,792	-7%



US Navy E-6 Mercury

Phoenix-Mesa Gateway Airport has earned a reputation for being the place to visit to watch all types of interesting aircraft. No other airport in the country can match the fleet mix operating at Gateway.

On a recent sunny Saturday afternoon, Gateway Aviation Services played host to a Navy E-6 Mercury that stopped in for a quick “Gas-N-Go.”

Human Resources

PMGAA recently added a new feature that will provide our visitors with a seamless and reliable check-in system. The **iLobby System** proved popular during the “testing phase” and has now been implemented by the entire administration building. The new system frees up the PMGAA Human Resources Department staff to work on other projects and ensures that all visitors can be helped in a timely fashion. Next time you visit the Administration Building, we’d appreciate your feedback.



PMGAA's new iLobby System

Business Development

PMGAA entered into a facility lease and a ground lease with Slam Dunk Properties, LLC. The two lease agreements will generate approximately \$32,000 annually for the Airport. PMGAA also entered into a ground lease with Superstition Springs MID, LLC. This agreement will generate approximately \$48,000 annually for the Airport. PMGAA would like to welcome both Slam Dunk Properties, LLC and Superstition Springs MID, LLC to Gateway Airport.

PMGAA is currently in various stages of negotiations with nine other prospects.

PMGAA continues to work with the Mesa SkyBridge LLC team to finalize the Master Development Agreement for 360 acres of land located at the south end of the Airport. It is anticipated that the PMGAA Board of Directors will consider the final draft agreement at their November 21st Board Meeting. The Mesa SkyBridge team continues to work with US and Mexican Customs Officials to bring the Unified Cargo Inspection Program to Phoenix-Mesa Gateway Airport.

Communications and Government Relations

Allegiant Launching Eight New Destinations –

Gateway Airport's largest airline is adding eight new nonstop destinations during the months of October and November. The new Allegiant cities include: Boise, Omaha, St. Louis, Kansas City, Louisville, Milwaukee, Indianapolis, and Tampa/St. Pete. Please tell your friends and family about these exciting new destinations.



WestJet Airlines Has Returned – WestJet, a popular low-cost Canadian airline, has returned to Gateway Airport for a second winter season and is now offering nonstop flights to Calgary and Edmonton through April 2018. PMGAA has partnered with the Canadian Arizona Business Council, Visit Mesa, and other organizations to help spread the word and make WestJet's Mesa service successful.



Ten Years and Ten Million Passengers – On November 2, 2017, Allegiant celebrated their tenth anniversary serving the greater Phoenix region through Phoenix-Mesa Gateway Airport. The event also included recognition and celebration of the ten-millionth Allegiant passenger to fly through Gateway. These millions of sun-seeking visitors are an important part of the \$1.3 billion the Airport contributes to the local economy each year. Thank you Allegiant!



Under New Management – PMGAA has selected a new company to provide parking management and passenger shuttle services at Phoenix-Mesa Gateway Airport. Beginning on November 1, 2017, Republic Parking Systems, LLC will be responsible for managing the Airport's parking operation and passenger shuttle service. PMGAA would like to welcome Republic to the Gateway family.





**MINUTES OF PUBLIC MEETING OF THE
PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
BOARD OF DIRECTORS | October 17, 2017**

A public meeting of the Phoenix-Mesa Gateway Airport Authority was convened on October 17, 2017, beginning at 8:00 a.m. in the Board Room (Saguaro A & B) of the Gateway Administration Building, 5835 South Sossaman Road, Mesa, Arizona.

Members Present

Mayor Jenn Daniels, Gilbert
Mayor Jeff Serdy, Apache Junction
Mayor Gail Barney, Queen Creek
Councilmember Thelda Williams, Phoenix*
Mayor John Giles, Mesa
Lt. Governor Monica Antone, Gila River
Indian Community*

**Neither present nor represented*

Airport Staff Present

J. Brian O'Neill, Executive Director/CEO
Scott Brownlee, Deputy Director/COO
Chuck Odom, CFO
Maria Gonzalez, Clerk of the Board
Ann Marie Anderson, Attorney

Members of the Public

Councilwoman Robin Barker, City of Apache Junction
Jamie Bennett, Town of Queen Creek
Matt Busby, City of Apache Junction
Kent Dibble, Dibble Engineering
Fred Himovitz, HPI
Brian Howard, CEI
John Lewis, East Valley Partnership
Pearl Meza, City of Phoenix

Chris Petroff, DPR Construction
Laura Pogue, Colliers Int.
Steve Reeder, Kimley-Horn
Richard Reese, AMECFW
Andrew Scanlon, AECOM
Scott Sikel, HDR
Heather Wilkey, Town of Gilbert

1. **Call to Order** at 8:00 a.m. (Mayor Jenn Daniels, Chair)

2. **Call to the Public.**
There were no public comments.

3. **Motion to Convene into Executive Session (8:01 a.m.)**

Pursuant to A.R.S. §38-431.03(A)(3) and (A)(7), the Board of Directors may convene into executive session for the purpose of discussion or consultation for legal advice with the attorney or attorneys of the public body, and to consider its position and instruct its representatives regarding the purchase, sale, or lease of real property as it relates to the Master Developer Agreement.

Mayor Gail Barney moved to convene into Executive Session. Councilwoman Williams seconded the motion. The motion was carried unanimously.

4. **Reconvene from Executive Session to Regular Session (9:20 a.m.)**

Councilwoman Williams moved to reconvene into Regular Session. Mayor Barney seconded the motion. The motion was carried unanimously.

5. **Executive Director's Report** – J. Brian O'Neill, A.A.E., Executive Director/CEO

The Board of Directors received information related to operational and passenger activity, noise summary, fuel sales, and financials. Fiscal Year-to-Date (FYTD) actual Net Income is \$516,887; a 57% increase over the same time period last fiscal year.

With the completion of the North Apron Reconstruction, staff is beginning to work on the Taxiway Alpha Reconstruction. This project is scheduled for completion in March 2018 and will improve a portion of critical airfield infrastructure at Gateway Airport. This project is made possible through a \$4,508,000 Airport Improvement Program (AIP) Entitlement Grant.

Staff is working with the Federal Aviation Administration to update the Airport's Master Plan to better reflect the current environment, and to plan for future growth and development. The Airport's plan was last updated in 2008. Gateway's long-range master planning process will take 12-18 months to complete and will include active participation from surrounding communities, airport tenants and other key stakeholder groups.

On October 1st, work began on the TSA Security Checkpoint Expansion Project. Upon completion (February 2018), a 5th security checkpoint lane will be added along with space for a 6th lane to accommodate an increase in passengers in the future. The checkpoint enhancements will allow TSA to screen a higher volume of passengers while keeping wait times low. Construction is being completed in two phases and all work is done at night to avoid disruptions to our customers.

There were four inaugural flights from Allegiant in October; Louisville, Kansas City, Omaha and Boise. Allegiant will have inaugural flights on November 15th to Tampa/St. Pete, and again on November 17th to Milwaukee, St. Louis/Bellefonte, and Indianapolis.

6. Presentation: Master Developer Agreement – Shea Joachim, CECD, Business Development Director

Mr. Joachim provided an update on the Master Development Agreement (MDA). Mr. Joachim referenced the background and MDA process which began in April 2016; and gave an overview of SkyBridge's proposal, the United Cargo Processing Program, the deal structure and agreements, the Master Plan deliverables, and discussed next steps.

7. Consent Agenda

- a. **Minutes** of the Board Meeting held on **September 19, 2017**.
- b. **Resolution No. 17-50** Adoption of amended and restated **Airport Advertising Delegation Policy and Personnel Rules**.
- c. **Resolution No. 17-51** Authorizing a facility lease with **Allegiant Air, LLC** for the facility located at 6045 S Sossaman Road. The lease term is four years and four months, with two one-year extension options.
- d. **Resolution No. 17-52** Authorizing the purchase of airfield pavement maintenance with **Regional Pavement Maintenance of Arizona, Inc.** in amount, not to exceed \$120,306.
- e. **Resolution No. 17-53** Authorizing the purchase of a 1500-gallon diesel and unleaded fuel truck from **SkyMark Refuelers, LLC** in an amount not to exceed \$134,059.20.

Mayor Gail Barney moved to approve the Consent Agenda; Mayor Jeff Serdy seconded the motion. The motion was carried unanimously.

Consideration and Possible Approval of:

- 8. Resolution No. 17-54** Authorizing the Executive Director/CEO to execute a facility lease with **Air Methods Corporation** for properties located at 6203 and 6211 S Sossaman Road. The lease term is three years, commencing November 1, 2017 with two one-year options.

Mayor Gail Barney moved to approve Resolution No. 17-54; Mayor Jeff Serdy seconded the motion. The motion was carried unanimously.

9. Board Member Comments/Announcements

There were no comments/announcements.

10. Next Meeting: Tuesday, November 21, 2017 at 9:00 a.m. in the Board Room (Saguaro A & B) of the Gateway Administration Building, 5835 South Sossaman Road, Mesa, Arizona.

11. Adjournment.

The meeting adjourned at 9:40 a.m.

Dated this ____ day of _____, 20____.

Maria E. Gonzalez, Clerk of the Board

DRAFT



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Bob Draper, P.E., LEED AP, Engineering & Facilities Director
Through: Scott Brownlee, Deputy Director/COO
J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Hangar 32 Renovation Project (CIP 919) – Floor Resurfacing
Date: November 21, 2017

Proposed Motion

To authorize a contract with Five Star Concrete Services Inc. to resurface the floor in Hangar 32 at a cost not-to-exceed \$65,667.50.

Narrative

Constructed in 1942, the hangar located at 6229 S. Sossaman Road (referred to as “Hangar 32”) is one of the few remaining facilities at the Phoenix-Mesa Gateway Airport that is vacant and available for lease. In order to bring it to “rent ready” status, extensive renovations are needed. These renovations include resurfacing of the 18,030-sq. ft. Hangar floor.

The project scope calls for extensive floor preparation including surface grinding, power vacuuming, patching cracks, and floor joint preparation. The new flooring consists of a three coat Epoxy/High Gloss system.

Invitation for Bid 2018-014-IFB for the Hangar 32 Floor Resurfacing was issued on 10/03/17, and advertised in the Arizona Republic on 10/12/17 and 10/19/17, and posted on the Airport’s website as well as advertised on the AzAA website. In addition, nine prospective bidders received an email notification of the posting. The Invitation for Bid’s were opened on 10/23/17 and four IFB’s were received.

Company	Bid Amount
Five Star Concrete Services Inc.	\$ 65,667.50
Riley Industrial Services Inc.	\$129,857.00
Continental Flooring Company	\$ 92,888.00
Diana Shield	\$ 79,900.00

Fiscal Impact

This contract was included in the FY17 Capital Budget and is funded with PMGAA Non-Grant funds from Project No. 919.

Attachment(s): Contract



RESOLUTION NO. 17-55

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute §28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS the Authority desires to enter into a contract with Five Star Concrete Services Inc.;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes To authorize a contract with Five Star Concrete Services Inc. to resurface the floor in Hangar 32 at a cost not-to-exceed \$65,667.50. This resolution also authorizes the Chair or Executive Director/CEO to execute such Contract, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 21st day of November, 2017.

Jenn Daniels, Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Attorney

Attachment A
Offer and Acceptance

OFFER TO PHOENIX-MESA GATEWAY AIRPORT AUTHORITY:

The Undersigned hereby offers and agrees to furnish the material or service in compliance with all terms, conditions, specifications, and amendments in the Invitation for Bid including Attachment B – Price Page.

For clarification of this offer, contact:

<u>Five Star Concrete Services</u>	<u>David Holly - Sales/Estimating</u>
Company Name	Name
<u>9299 W. Olive Ave Bldg 8 Ste 812</u>	<u>602-278-8743</u>
Address	Telephone
<u>Peoria AZ 85345</u>	<u>602-278-8745</u>
City State Zip Code	Fax
<u>Howard G. Rostad</u>	<u>77-0629754</u>
Signature of Person Authorized to Sign	Federal Tax Identification Number
<u>Howard G. Rostad</u>	<u>20022597-6</u>
Printed Name	Sales Tax License Number
<u>President</u>	
Title	

.....
The Offer is hereby accepted.

The Bidder / Contractor is now bound to sell the equipment, materials and/or provide the services listed by the attached contract and based upon the Invitation for Bid, including all terms, conditions, specification, amendments, scope of work, addenda, the Bidder's / Contractor's Price Offer and any best and final offers, as accepted by PMGAA.

This Contract shall henceforth be referred to as Contract Number **C-2018014**. The Bidder / Contractor has been cautioned not to commence any billable work or to provide any equipment, materials or services under this contract until Bidder / Contractor receives a purchase order, or is otherwise directed to do so in writing by the undersigned.

Phoenix-Mesa Gateway Airport Authority, a joint powers airport authority authorized by of the State of Arizona,

Awarded this _____ day of _____, 2017.

J. Brian O'Neill, A.A.E.
Executive Director/CEO



9299 West Olive Avenue, Suite 812 Peoria, AZ. 85345 Phone: 602.278.8743 Fax: 602.278.8745

Proposal/Bid

From the Desk of: **David Holly--602.790.2324** david@fivestaraz.com

Sent To: Phoenix-Mesa Gateway Airport

Project: **Hangar 32 Floor Resurfacing**

Date: **10/19/2017**

Tracking No: **17-0177**

Area: Hangar 32. 18,030 square feet
Scope of Work: Prep and install flooring per Scope of Work in Section Two Special provisions.
Addendum Seen: 1
Exclusions: Bond, premium time, multiple mobilizations, vapor remediation.

Base Bid: \$65,667.50

Section:
Section Title:
Addenda Seen:
Per Plans & Specs:
Exclusions: Bond, premium time, multiple mobilizations, vapor remediation.

Base Bid:

Notes: All required taxes are included.

Mariam Wilden: 480.988.7646

Attachment B
Price Page

Item	Price
Resurface floor per scope of work including sales tax, COMPLETE	\$ <u>65,667.50</u>
GRAND TOTAL	\$ <u>65,667.50</u>

Exceptions / Clarifications of Bid:

Bonds, Premium Time, Multiple Mobilizations &
Vapor Remediation

Proposal Certification

By my signature, I certify that I am authorized to bind this firm/individual to provide the services accepted herein, in compliance with the scope of work, technical specifications and other terms and conditions in this Invitation for Bid at the price provided on this Price Page.

Printed Name

Signature

Title

Contractor's License Number: ROC 195533 Epcor

Other Certifications: ROC 195499 Concrete Cutting - Drilling - Break/Remove

OK

Attachment C Insurance Requirements

During the term of this Contract, Bidder shall maintain in full force at its own expense, each insurance noted below normally associated with the services covered by this Contract:

GENERAL LIABILITY

Required by PMGAA

Not required by PMGAA

General liability insurance with limits no less than **\$1,000,000** per occurrence and **\$1,000,000** general aggregate for Bodily Injury and Property Damage. It shall include contractual liability coverage for the indemnity provided under this Contract. Any supplementary payments, including defense costs, shall be in addition to the policy limits. It shall provide that the Phoenix-Mesa Gateway Airport Authority, its agents, officials, officers and employees are Additional Insureds but only with respect to the Bidder's services to be provided under this Contract.

AUTOMOBILE LIABILITY

Required by PMGAA

Not required by PMGAA

Automobile liability insurance with a combined single limit, or the equivalent, of not less than

\$200,000

\$500,000

\$1,000,000

\$5,000,000

for each accident for Bodily Injury and Property Damage, including coverage for owned, hired or non-owned vehicles, as applicable. Proof of coverage is required. All vehicles used by Bidder on PMGAA property shall carry appropriate proof of insurance.

PROFESSIONAL LIABILITY

Required by PMGAA

Not required by PMGAA

Professional liability insurance with limits no less than **\$1,000,000** for each claim, incident or occurrence and **\$2,000,000** general aggregate. This is to cover damages caused by error, omission or negligent acts related to the professional services to be provided under this Contract. Only a certificate is required.

WORKERS' COMPENSATION.

Required by PMGAA

The Bidder shall maintain Workers' Compensation insurance with statutory limits as required by the State of Arizona and Employer's Liability insurance in the amount of *One Million Dollars (\$1,000,000)*. The policy shall contain a waiver of subrogation in favor of the PMGAA.

POLLUTION LEGAL LIABILITY

Required by PMGAA

Not required by PMGAA

Pollution Legal Liability insurance with a combined single limit, or the equivalent, of not less than

\$200,000

\$500,000

\$1,000,000

\$2,000,000

for each event. A certificate is required.

EXCESS LIABILITY (Umbrella).

Required by PMGAA

Not required by PMGAA

No less than \$5,000,000 per occurrence / \$5,000,000 policy aggregate extending coverage over the General Liability, Auto Liability and Employer's Liability policies.

CERTIFICATES OF INSURANCE AND ENDORSEMENTS.

Check one or both if insurance is required: Certificate Required

Endorsement Required

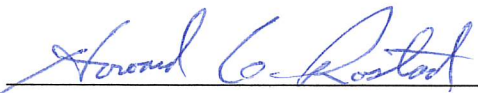
As evidence of the insurance coverages required by this IFB/Contract, the Bidder shall furnish acceptable insurance certificates and endorsements to PMGAA prior to commencement of any work under this Contract. For work performed under this Contract, the insuring company's certificates and endorsements shall be endorsed to include the following additional insured language: "The Phoenix-Mesa Gateway Airport Authority shall be named as an additional insured with respect to liability arising out of the activities performed by, or on behalf of Bidder." If requested, complete copies of insurance policies, trust agreements, etc. shall be provided to the PMGAA. The Bidder shall be financially responsible for all pertinent deductibles, self-insured retentions and/or self-insurance.

NOTICE OF CANCELLATION OR CHANGE.


There shall be no cancellation, material change, reduction of limits or intent not to renew the insurance coverage(s) without thirty (30) days' written notice from the Bidder or its insurer(s) to PMGAA.

I hereby certify that as an Offeror to Phoenix-Mesa Gateway Airport Authority Solicitation 2018-014-IFB, Hangar 32 Floor Resurfacing, for Phoenix-Mesa Gateway Airport, I am fully aware of Insurance Requirements as specified in this Attachment C and by the submission of this IFB submittal, I hereby assure the Phoenix-Mesa Gateway Airport Authority that I am able to produce the insurance coverage required should I be selected to be awarded the contract.

Should I be awarded the contract by the Phoenix-Mesa Gateway Airport Authority, and then become unable to produce the insurance coverage specified within ten working days, I am fully aware and understand that the Phoenix-Mesa Gateway Airport Authority may not consider me for this and future projects.



Signature of Offeror



Date

Five Star Concrete Services

Established January 13, 2004, an Arizona S Corporation

ROC195499 - ROC195533 - NM 358622 -

NV 0077593 - CO 20081363817

Our License Classification is a Dual CR-5 for all of our licenses

EIN: 77-0629754

AZ TPT - 20022541-G

AZ Air Quality - No: SC0900262

9299 West Olive Avenue

Building 8, Suite 812

Peoria, AZ 85345

Telephone No: 602.278.8743 Fax No: 602.278.8745



<http://www.fivestaraz.com>

Website Address

Office Phone: 602.278.8743

Office Fax: 602.278.8745

Epoxy Estimating - don@fivestaraz.com

Don Lewis Estimator

Epoxy Estimating - david@fivestaraz.com

David Holly Estimator

Accounting-Contracts-Financial-Admin - howard@fivestaraz.com

Howard Rostad Owner President

Epoxy Estimating & Scheduling - scott@fivestaraz.com

Scott Myers Owner Vice President

Concrete Sawcutting estimating, sales & scheduling - tracy@fivestaraz.com

Tracy Aiton Owner Sec/Trea.

Services Offered

Epoxy coatings - concrete stains - concrete sealers

concrete saw cutting - core drilling - break & removal

NOTES:

We work for most General Contractors, HVAC, Plumbers, & Electrical Contractors in Arizona and many have been customers for 14 years.

We also have several national accounts such as Costco Stores, Chipotle Grills, Chick-Fil-A, Red Robin, Jason's Deli's, Texas Roadhouse, Pita Jungle, Native New Yorker, Banner Hospitals and many others.

Cell Numbers:

Don Lewis - Cell No: 602.859.4317

David Holly - Cell No: 602.790.2324

Howard Rostad - Cell No: 602.770.3482

Scott Myers - Cell No: 602.770.7086

Tracy Aiton - Cell No: 602.770.7318

Email Addresses:

don@fivestaraz.com

david@fivestaraz.com

howard@fivestaraz.com

scott@fivestaraz.com

tracy@fivestaraz.com



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Chris Brady, Mesa City Manager
Through: Ann-Marie Anderson, Wright Welker
Subject: Employment Contract Amendment – Executive Director
Date: November 21, 2017

Proposed Motion

To approve an amendment to the Executive Director's employment agreement effective October 1, 2017.

Narrative

The Board of Directors approved an employment agreement with Mr. J. Brian O'Neill on September 21, 2016. The amended Employment Agreement provides for a five percent increase in Mr. O'Neill's base salary, effective October 1, 2017. There are no other changes to the agreement.



RESOLUTION NO. 17-56

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute §28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS the Authority desires to amend the employment agreement with Mr. J. Brian O’Neill;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby approves the amended employment agreement with Mr. J. Brian O’Neill, effective October 1, 2017. This resolution also authorizes the Chair to execute such agreement, with such insertions, deletions, and changes as may be approved by the Chair necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 21st day of November, 2017.

Jenn Daniels, Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Attorney

Board Action Item

To: Board of Directors
From: Shea Joachim, CEcD, Business Development Director
Through: J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Master Development Agreement for the Gateway Aerospace Park
Date: November 21, 2017

Proposed Motion

To authorize a Master Development Agreement with Mesa SkyBridge, LLC, an Arizona limited liability company.

Narrative

Phoenix-Mesa Gateway Airport Authority (PMGAA) staff released a Request for Qualifications (RFQ) to solicit qualified firms to serve as Master Developer for the Gateway Aerospace Park (Park) on June 9, 2016. PMGAA short-listed the respondents based on qualifications and issued a Request for Proposals (RFP) on September 28, 2016 directly to the three most qualified firms. Two of the three short-listed firms responded with a proposal.

PMGAA evaluated the two proposals and on April 18, 2017 presented a Memorandum of Understanding (MOU) for the Board's consideration. The MOU identified the SkyBridge Partners ("SkyBridge") proposal as the preferred proposal and established an exclusive negotiating period in which PMGAA staff and SkyBridge would attempt to negotiate a Master Development Agreement (MDA). The PMGAA Board approved the MOU and PMGAA staff and SkyBridge have been working on a MDA to bring the SkyBridge proposal to fruition at the Airport.

The MDA codifies all of the key elements of the SkyBridge proposal. Specifically, the MDA requires SkyBridge to finance and construct all of the Horizontal Improvements for the Park, implement the Cargo Inspection Program at the Airport, and develop over 1.5 million square feet of commercial space.

If approved as presented, the MDA accomplishes several important milestones in implementation of the SkyBridge proposal at the Airport:

1. Officially complete the 2017-007RFP solicitation by selecting the SkyBridge proposal led by Mesa SkyBridge, LLC.
2. Establish the Minimum Development Requirements and Deadlines (see Exhibit F).
3. With the receipt of the Initial Deposit, the approximately 360-acre Park will be taken "off the market."
4. Kick-off a Master Planning effort, led by SkyBridge, that will produce a variety of deliverables (see Exhibit C). The Master Plan will eventually be presented to the Board for consideration and approval.

5. Grupo Seguritech Privada, S.A.P.I. DE C.V. will guarantee all covenants, conditions and obligations of Mesa SkyBridge, LLC under the MDA and the Master Lease Agreement up to a maximum of \$20,000,000.

Staff recommends approval of the MDA as presented.

Fiscal Impact

The MDA requires the receipt of an Initial Deposit (\$203,207.50). However, the MDA does not require any rental payments from Mesa SkyBridge, LLC. The rent payment schedule is described in the Master Lease Agreement which will be presented to the Board when it is finalized and ready for the Board's consideration.

The MDA requires the Airport to share in the costs associated with an insurance policy for unknown environmental issues. PMGAA staff estimates the Airport's portion of these costs to be approximately \$90,000 over the next ten years. There are other fiscal liabilities created by the MDA however they are contingent upon certain performance achievements by SkyBridge and thus difficult to forecast the timing of their impact.

Attachment(s)

Master Development Agreement and Exhibits



RESOLUTION NO. 17-57

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute §28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS the Authority desires to enter into an agreement with Mesa SkyBridge, LLC;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes a Master Development Agreement with Mesa SkyBridge, LLC, an Arizona limited liability company. This resolution also authorizes the Chair or Executive Director/CEO to execute such Contract, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 21st day of November, 2017.

Jenn Daniels, Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Attorney

MASTER DEVELOPMENT AGREEMENT
BY AND BETWEEN
PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
AND
MESA SKYBRIDGE LLC
AND SOLELY WITH RESPECT TO THE GUARANTY
GRUPO SEGURITECH PRIVADA, S.A.P.I. DE C.V.

Dated as of November 21, 2017

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MASTER DEVELOPMENT AGREEMENT

THIS MASTER DEVELOPMENT AGREEMENT (this “Agreement”) is made as of this 21st day of November, 2017 (the “Effective Date”) by and between (a) Phoenix-Mesa Gateway Airport Authority, a joint powers authority authorized under the laws of Arizona (the “Authority”), in its capacity as the owner of the Phoenix-Mesa Gateway Airport (the “Airport”) and the Gateway Aerospace Park (the “Park”), (b) Mesa SkyBridge LLC, an Arizona limited liability company (the “Developer”), and (c) solely with respect to the Guaranty, Grupo Seguritech Privada, S.A.P.I. de C.V. (“Guarantor”) Individually, each of the Authority and the Developer is a “Party” and, collectively, they are the “Parties”.

RECITALS

A. The Authority operates the Airport, which acts through its board of directors comprised of elected officials from the communities surrounding the Airport, namely the City of Mesa, the Town of Gilbert, the Town of Queen Creek, the Gila River Indian Community, the City of Phoenix, and the City of Apache Junction (the “Members” and when referring to each Member specific community, “Member Communities”).

B. In furtherance of its mission to develop, reuse, operate, and maintain the Airport and facilities at the former Williams Air Force Base, the Authority commenced a competitive solicitation process to select a master developer for the Park at the Airport; a description of the real property on which the Park is located is set forth on Exhibit A attached hereto, which consists of approximately 360 acres to be leased to Developer pursuant to the Master Lease Agreement (the “Park Property”). The Parties acknowledge and understand that the Authority and the Airport are at all times subject to the terms and conditions of that certain Quitclaim Deed recorded on April 30, 1998 as Sequence No. 98-0354787, Official Records of Maricopa County Recorder; that certain Intergovernmental Agreement (Williams Air Force Base – Purpose and Goal Statement) recorded on December 14, 1992, as Sequence No. 92-0712408, Official Records of Maricopa County Recorder; that certain Amended and Restated Joint Powers Airport Authority Agreement, recorded on February 24, 2015 as Sequence No. 20150119500, Official Records of Maricopa County Recorder, rules and regulations promulgated by the Federal Aviation Administration (“FAA”); A.R.S. §28-8531 *et seq.* (as amended), the Authority “Airport Minimum Standards;” “Airport Rules and Regulations,” and other Airport published rules and regulations (as amended from time to time) (the “Governing Provisions”), and other federal, state and local statutes, rules and regulations.

C. Through the development of the Park, the Authority intends to achieve the following primary goals:

- (a) to develop the Park’s real estate assets and increase the value of such assets;
- (b) to increase employment opportunities for the Member Communities, including for disadvantaged-, minority-, women- and veteran-owned businesses;

(c) to enhance the profitability of the Airport through increased domestic and international cargo flights, as well as the development of complementary commercial activities at the Airport, including development of the Park as a regional and international logistics hub;

(d) to develop the Airport in a manner that is environmentally, economically, and socially sustainable; and

(e) to generate new tax and fee revenues to the Airport and the Member Communities.

D. Mesa SkyBridge Partners (the “Proposer”) was included in a shortlist as a qualifying team pursuant to the Authority’s Request for Qualifications #2016-14-RFQ (the “RFQ”), which sought to identify qualified firms or teams of firms to serve as master developer for the Park.

E. As one of the qualifying teams identified on the shortlist of responders to the RFQ, the Proposer submitted a response to the Authority’s Request for Proposals #2017-007-RFP (the “RFP”), pursuant to which the Proposer presented to the Authority its proposal to develop the Park as a hub for research, manufacturing, logistics, and other aeronautical and non-aeronautical uses that leverage the competitive advantages of the Member Communities (collectively, the “Project Proposal”), including serving as an air logistics hub to meet the growing demand for e-commerce fulfillment and logistics services between the U.S. and Mexico.

F. The Proposer established the Developer as the entity through which the members of the consortium constituting the Proposer would consummate the Project.

G. After reviewing the responses to the RFP and considering the stated goals and objectives of the Project, the Authority determined that the Proposer was the preferred proposer under the RFP and, accordingly, entered into exclusive negotiations with the Developer pursuant to that certain Memorandum of Understanding (the “MOU”), dated April 18, 2017, which set forth the principal terms and conditions of the agreements to be negotiated and entered into to give effect to the Developer’s appointment as master developer of the Park pursuant to the Project Proposal, including, but not limited to, this Agreement, construction agreements, architectural agreements, management agreements, lease and sublease agreements, facilities use agreements, parking agreements and other related agreements as necessary or appropriate (collectively, the “Definitive Agreements”).

H. The Authority and the Developer intend that the Project will be developed by the Developer subject to the terms, conditions and provisions set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing premises, mutual obligations of the Parties, and other valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Parties agree as follows:

SECTION 1. Recital Incorporation and Definitions. The recitals set forth above are incorporated into and made a part of this Agreement for all purposes. Unless otherwise expressly defined herein, the following terms and phrases shall have the following meanings set forth below:

“Abatement Deadline” shall have the meaning set forth in Section 7(c) hereof.

“Additional Deposit” shall have the meaning set forth in Section 12(c) hereof.

“Affiliate” shall mean with respect to any specified Person, any other Person that directly, or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such specified Person.

“Airport” shall have the meaning set forth in the Preamble.

“Airport Layout Plan” shall mean a plan showing the existing and proposed airport facilities and boundaries in a form prescribed by the FAA Administrator.

“Annual Report” shall have the meaning set forth in Section 6(c) hereof.

“Authority” shall have the meaning set forth in the Preamble.

“Authority Contact” shall mean the person designated by the Authority, which, initially, will be Shea Joachim.

“Authority Event of Default” shall have the meaning set forth in the Section 13(a) hereof.

“Authority Indemnified Parties” shall mean the Authority, its Members and their Affiliates, shareholders, members, directors, managers, officers, agents, attorneys, employees, successors and assigns, and their respective shareholders, members, directors, managers, officers, agents and employees.

“Base Rent Adjustment Option” shall have the meaning set forth in Section 9(b)(ii) hereof.

“Business Day” shall mean any day that is neither a Saturday, a Sunday nor a day observed as a holiday by the state of Arizona.

“Cargo Inspection Program” shall mean the Unified Cargo Processing program operated jointly by U.S. Customs’ and Mexico Customs’ Authorities at the Airport Custom’s Facility to reduce duplicate cargo inspections and wait times.

“Ceases Operation of the Airport” shall have the meaning set forth in Section 7(c) hereof.

“Claim” shall mean claims, demands, actions, damages, losses, liabilities, judgments, costs and expenses, including, without limitation, reasonable legal fees and court costs.

“Closing” shall have the meaning set forth in Section 4 hereof.

“Closing Conditions” shall have the meaning set forth in Section 3 hereof.

“Closing Date” shall have the meaning set forth in Section 4 hereof.

“Commercial Space” shall have the meaning ascribed to it in Section 2(a)(i)(C)(4) hereof.

“Community Involvement Plan” shall have the meaning set forth in Section 5(c) hereof.

“Construction Contract” shall mean the contract entered into by the Developer and any contractor or construction manager providing for construction of any Developer Improvement(s), which contract shall provide for, among other things, third-party beneficiary status for the Authority.

“Construction Drawings” shall mean the full and complete engineering plans, architectural plans and specifications prepared by any architect or engineer for any Developer Improvement(s), which plans and specifications shall be referenced in the Construction Contract and be based upon, and conform in all material respects to, the applicable Preliminary Project Description and shall be incorporated into the applicable Final Project Description.

“Contractor” shall mean any contractor or construction manager entering into a Construction Contract with Developer.

“Control” (including the terms “Controlled by” and “under common Control with”) shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, as trustee or executor, by contract or otherwise, including the ownership, directly or indirectly, of securities having the power to elect a majority of the board of directors or similar body governing the affairs of such Person.

“Customs Facility” shall have the meaning ascribed to it in Section 6(h)(i) hereof.

“DBE/MBE/WBE/VBE” shall have the meaning set forth in the Section 6(j) hereof.

“Debt” shall have the meaning set forth in the Section 17(g)(iii) hereof.

“Definitive Agreements” shall have the meaning set forth in the Recitals.

“Deposit” shall have the meaning set forth in Section 12(c) hereof.

“Developer” shall have the meaning set forth in the Preamble.

“Developer Contact” shall be the person designated by the Developer, which, initially, will be Jose Martinez, Project Manager.

“Developer Event of Default” shall have the meaning set forth in the Section 12(a) hereof.

“Developer Extension Notice” shall have the meaning set forth in the Section 9(a)(ii) hereof.

“Developer Indemnified Parties” shall mean the Developer and its Affiliates, shareholders, members, directors, managers, officers, agents, attorneys, employees, successors and assigns, and their respective shareholders, members, directors, managers, officers, agents and employees.

“Development Lease” shall mean the Development Lease executed by the Authority and the Developer or its designated Affiliate pursuant to the terms of the Master Lease Agreement for the portion of the Park Property that is the subject of a specific Development Project.

“Development Parcel” shall mean a parcel of the Park Property that is the subject of a specific Development Project and subjected to a Development Lease pursuant to Section 6(g).

“Development Project” shall mean any material improvement which is undertaken by the Developer or a Vertical Developer, at its expense, affecting Park Property that has been leased to the Developer pursuant to a Development Lease, as such improvement and the construction schedule related thereto are approved by the Authority pursuant to the terms of the Master Lease Agreement.

“Drainage Retention Basins” shall mean the drainage retention basins, which will be more particularly described in the infrastructure improvement plan which is part of the Master Plan.

“Due Diligence Period” shall have the meaning set forth in the Section 3(a) hereof.

“Effective Date” shall have the meaning set forth in the Preamble.

“Entry Agreement” shall have the meaning set forth in the Section 8 hereof.

“Excluded Parcel” shall have the meaning set forth in the Section 2(d)(i) hereof.

“Excluded Parcel 1” shall have the meaning set forth in the Section 2(d)(i) hereof.

“Excluded Parcel 2” shall have the meaning set forth in the Section 2(d)(i) hereof.

“Excluded Parcel 3” shall have the meaning set forth in the Section 2(d)(i) hereof.

“Excluded Parcels” shall have the meaning set forth in the Section 2(d)(i) hereof.

“Exclusion of Property Option” shall have the meaning set forth in the Section 9(b)(i) hereof.

“Existing Improvements” shall have the meaning set forth in the Section 2(d)(iv) hereof.

“FAA” shall have the meaning set forth in the Recitals.

“Final Project Description” shall mean the detailed description of any Horizontal Improvements prepared by the Developer after all of the pre-design approvals have been obtained, which Final Project Description shall incorporate the Construction Drawings for such Horizontal Improvements and be based upon, and conform in all material respects to, the Preliminary Project Description for such Horizontal Improvements.

“Fulfillment Date” shall mean the earlier to occur of (a) the expiration of the Term and (b) the valid termination of this Agreement.

“GAAP” shall have the meaning set forth in the Section 17(g)(iv) hereof.

“Governing Provisions” shall have the meaning set forth in the Recitals.

“Governmental Authority” shall mean any governmental entity (including any regulatory, administrative, executive, federal, local, municipal, judicial, legislative or other entity, or any combination thereof) that exercises jurisdiction over the Park Property, including, but not limited to the FAA.

“Guaranteed Obligations” shall have the meaning set forth in Section 17(a) hereof.

“Guarantor” shall have the meaning set forth in the Preamble.

“Guaranty” shall mean the guaranty of the Developer’s obligations by Guarantor pursuant to Section 17 hereof.

“Horizontal Improvements” shall mean earthwork, demolition, roads, streets, bridges, storm drains, drainage improvements, curbs, sidewalks, ramps, street lights, landscaping and wet and dry utilities (including electricity, water, sewer, telephone, cable television or equivalent, conduit for fiber cable, and natural gas) necessary to service the Development Parcels within the Park Property, Taxiway Lima, Vapor Trail, the Drainage Retention Basins, and all other improvements contemplated in the infrastructure improvement plan which is part of the Master Plan.

“Initial Deposit” shall have the meaning set forth in Section 12(c) hereof.

“Initial Master Plan” shall have the meaning set forth in Section 5(a) hereof.

“Insolvency Event” shall mean, with respect to any Person, an event whereby: (a) such Person makes or offers to make any arrangement, assignment, moratorium or composition with or for the benefit of its creditors; or (b) such Person admits that it has suspended payment of its debts or that it is unable to pay its debts when they fall due or commits any act of insolvency or bankruptcy; or (c) a petition for the bankruptcy, *concurso mercantil*, *quiebra*, winding up, or dissolution of such Person (other than a winding-up for the purposes of reconstruction or amalgamation of a solvent company) is passed or presented and not withdrawn or dismissed within one hundred and twenty (120) days; or (d) such Person files a voluntary petition in bankruptcy, insolvency, *concurso mercantil*, or *quiebra*; or (e) a liquidator, trustee, supervisor, receiver, administrator, administrative receiver, controller or encumbrancer takes possession of or is appointed over the whole or any material part of the assets of such Person; or (f) something having a substantially similar effect to any of the events described in clauses (a) through (e) happens in connection with such Person under applicable Law.

“Investigations” shall have the meaning set forth in the Section 8 hereof.

“Law” means any statute, law, ordinance, code, regulation, rule, or requirement of any

Governmental Authority.

“Lien” shall mean any of the following: deed of trust; mortgage; judgment lien; mechanics’ or materialmen’s lien; other lien (statutory or other); security agreement, arrangement or interest; hypothecation, pledge or other deposit arrangement; assignment; charge; levy; executory seizure; attachment; garnishment; conditional sale, title retention or other similar agreement, arrangement, device or restriction; any financing lease involving substantially the same economic effect as any of the foregoing; any financing statement under the Law of any jurisdiction.

“Liquidity” shall have the meaning set forth in the Section 17(g)(ii) hereof.

“Local” means businesses with a significant pre-existing presence in one or more Member Communities.

“Market Deterioration” shall mean the occurrence of any or all of the following: (A) four (4) consecutive quarters of decline in total nonfarm employment in the Phoenix-Metro-Scottsdale metro area, as measured by the U.S. Bureau of Labor Statistics Current Employment Statistics program; and/or (B) four (4) consecutive quarters of decline in gross domestic product as reported by the Bureau of Economic Analysis of the United States Department of Commerce.

“Master Lease Agreement” shall mean that certain Lease Agreement with terms as attached hereto as Exhibit B to be executed pursuant to this Agreement pursuant to which the Authority shall convey to the Developer a leasehold interest in the Park Property.

“Master Lease Memorandum” shall have the meaning set forth in Section 4 hereof.

“Master Plan” shall have the meaning set forth in Section 6(b)(i) hereof.

“Members” and “Member Communities” shall have the meaning set forth in the Recitals.

“Minimum Default Failure Notice” shall have the meaning set forth in Section 9(b) hereof.

“Minimum Development Deadline” shall have the meaning set forth in Section 9 hereof.

“Minimum Development Deadline #1” shall have the meaning set forth on Exhibit E hereof.

“Minimum Development Deadline #2” shall have the meaning set forth on Exhibit E hereof.

“Minimum Development Deadline #3” shall have the meaning set forth on Exhibit E hereof.

“Minimum Development Deadline #4” shall have the meaning set forth on Exhibit E hereof

“Minimum Development Requirements” shall have the meaning set forth in Section 9 hereof.

“Office Space” shall have the meaning set forth in Section 2(a)(i)(C)(3) hereof.

“Outside Contingency Deadline” shall have the meaning set forth in the Section 5 hereof.

“Park” shall have the meaning set forth in the Preamble.

“Park Property” shall have the meaning set forth in the Recitals.

“Park Property Governance Documents” shall mean (i) the declaration of covenants, conditions, restrictions and easements and the (ii) design guidelines adopted pursuant thereto, and which are consistent, and not in conflict, with the Master Plan. Without limiting the foregoing, the Park Property Governance Documents shall (a) set forth in the permitted and prohibited uses within the Park Property, (b) establish the procedure whereby lessees of the Park Property are assessed for maintenance, repair, replacement of the common areas within the Park Property such as streets, private taxi lanes, landscaping, signage, and other common elements benefitting multiple parcels within the Park Property, (c) establish design guidelines for the improvements to be constructed within the Park Property and the procedure whereby such improvements or alterations thereto are approved. Once adopted, the Park Property Governance Documents shall not be terminated or amended without the prior written approval of the Authority and, so long as this Agreement remains in effect, the Developer.

“Party” and “Parties” shall have the meaning set forth in the Preamble.

“Person” means any individual, partnership, corporation, company, joint venture, association, Governmental Authority, trust, trustee, unincorporated organization or other entity and the heirs, executors, administrators or other legal representatives of any individual.

“Post-Closing Conditions” shall have the meaning set forth in Section 5 hereof.

“Project” shall mean the development of the Park in accordance with this Agreement, the Master Lease Agreement and the Master Plan.

“Preliminary Project Description” shall mean the preliminary description of any Horizontal Improvements prepared by the Developer and delivered to the Authority for approval, including (a) nature and scope of such Horizontal Improvements, (b) projected Horizontal Improvements budget, (c) proposed schedule for construction of Horizontal Improvements, (d) constructions plans for Horizontal Improvements at no less than 75% complete, and (e) description of project team responsible for construction of Horizontal Improvements.

“Project Documentation” shall have the meaning set forth in Section 2(c) hereof.

“Property Classifications” shall have the meaning set forth in Section 2(a)(i)(C) hereof.

“Property Materials” shall have the meaning set forth in Section 3(a) hereof.

“Proposer” shall have the meaning set forth in the Recitals.

“RFP” shall have the meaning set forth in the Recitals.

“RFQ” shall have the meaning set forth in the Recitals.

“Takedown” means the execution of a Development Lease by the Authority and a Vertical Developer.

“Takedown Package” shall have the meaning ascribed to it in the Master Lease Agreement.

“Takedowns” mean the process of a Takedown. “Taken Down” means with respect to any portion of the Developable Property that a Takedown has occurred. “Tangible Net Worth” shall have the meaning set forth in Section 17(g)(i) hereof.

“Taxiway Lima” shall mean the taxiway and related improvements, which will be more particularly described in the infrastructure improvement plan which is part of the Master Plan.

“Term” shall have the meaning set forth in Section 14(a) hereof.

“Title Policy” means the extended policy of title insurance obtained by the Developer at the Closing insuring the Developer’s leasehold interest in the Park Property pursuant to the Master Lease Agreement.

“Title Insurer” means First American Title Insurance Company.

“Unavoidable Delay” shall mean, with respect to either Party, an unavoidable delay in the performance by such Party of any non-monetary conditions or obligations under this Agreement due including but not limited to: (a) construction delay to the extent caused by the other Party, (b) legal proceeding brought by a non-Party with respect to a Development Project or any provision or requirement of this Agreement which by its nature prohibits the Development Project from being commenced, continued and/or completed, (c) a Party not receiving a governmental permit, license, approval or inspection in time to meet a contractual time period imposed hereunder provided that Party, in good faith, was diligent in the application or request for and prosecution of the process to obtain that permit, license, approval or inspection, (d) flood, (e) epidemic, (f) quarantine restriction, (g) unusually severe weather not reasonably anticipated, (h) strike, (i) walkout, (j) lock-out, (k) war, (l) national emergency, (m) fire, (n) act of God, (o) act of terrorism, (p) natural disaster, (q) explosion, (r) default by the other Party hereunder in the performance of its obligations hereunder, or (s) other causes beyond such Party’s control; provided that no Unavoidable Delay shall exist unless the Party claiming such Unavoidable Delay shall give written notice to the other Party of the occurrence of the Unavoidable Delay not later than forty-five (45) days upon it being foreseen by, or becoming known to, such affected Party..

“Vapor Trail” shall mean the roadway and related underground utilities and conduit which will be described in the infrastructure improvement plan which is part of the Master Plan.

“Vertical Developer” shall mean the lessee under a Development Lease responsible for constructing the Vertical Improvements.

“Vertical Improvements” shall mean buildings, structures and related improvements on the Development Parcels that will house the Warehouse Facilities, Customs Facility, Office Space, Commercial Space and other uses permitted within the Project.

“Warehouse Facilities” shall have the meaning ascribed to it in Section 2(a)(i)(C)(1) hereof.

SECTION 2. Project Overview.

(a) Project Description.

(i) The Developer will design, construct, develop, use, and maintain the Project as follows:

A. The Developer will establish, in conjunction with U.S. and Mexican customs (as contemplated in Section 6(h) hereof), the operation of a Cargo Inspection Program in compliance with the Governing Provisions and applicable Law. No other Cargo Inspection Program will be permitted on the Project without the approval of both the Authority and Developer.

B. The Developer will also develop a first-class research, manufacturing and logistics center at the Park, with the goal of attracting “Class A” tenants to the Park.

C. The Park Property will be designed as follows:

1. Approximately 169 acres (approximately 47%) will consist of warehouses, light industrial facilities and flexible spaces (collectively, “Warehouse Facilities”);

2. Approximately 82 acres (approximately 23%) will consist of the Customs Facility;

3. Approximately 38 acres (approximately 11%) will consist of office space (“Office Space”);

4. Approximately 11 acres (approximately 3%) will consist of hotel, retail, and similar commercial space (“Commercial Space”); and

5. Approximately 60 acres (approximately 17%) will consist of non-developable area, which includes taxiway, detention basins, utilities, roadways and open spaces.

The foregoing use designations (the “Property Classifications”) may be modified in the Initial Master Plan and thereafter in modifications to the Master Plan approved by the Parties.

(b) Development of the Park.

(i) The Developer, at its expense, will develop 100% of the Horizontal Improvements needed to support the Project. With regards to the Vertical Improvements for any Development Parcel, the Developer intends for the developer or end-user of each Development Parcel to develop its own facilities according to its particular needs. The timing of the Horizontal Improvements to be constructed in connection with each Development Parcel shall be reflected in the infrastructure improvement plan which is part of the Master Plan.

(ii) The Developer will use its commercially reasonable best efforts to attract local and foreign partners to develop the Vertical Improvements of the Project as determined by Developer to include: “joint development” “partnership” “sublease” “build to suit” or “spec building” plans. The Developer intends to grow the Project incrementally, as demand grows and at all times consistent with the Minimum Development Requirements set forth in this Agreement and the Master Lease Agreement.

(iii) The Park will be constructed, and continuously maintained and operated, in accordance with standards to be set forth in the Master Plan and the Park Property Governance Documents, as from time to time amended herein.

(c) Project Documentation. The Parties contemplate that the Project will consist of various Development Projects as further described in the provisions set forth below. Each Development Project comprising the Project shall be set forth in, and be subject to and governed by, a Development Lease and other separate documentation agreed to by the Parties, which shall reflect the required provisions of this Agreement and the Master Lease Agreement and contain such additional terms and conditions as agreed upon by the Authority and the Developer as applicable to each such Development Project (the “Project Documentation”). The Project Documentation for each such Development Project will govern and supersede this Agreement consistent with this Agreement and the Master Lease Agreement; provided, however, such Project Documentation may include provisions inconsistent with this Agreement if agreed to by the Authority (in its sole discretion) and the Developer in the Project Documentation for a Development Project, or as otherwise provided herein.

(d) Excluded Parcels.

(i) The Park Property excludes: (A) an approximately 0.85 acre parcel located east of the fire training area, which is depicted generally by cross-hatching or otherwise on Exhibit F-1 attached to this Agreement, which is owned by the United States of America, and on which a soil vapor extraction system is currently located, and which is currently being remediated by the United States of America to address certain environmental conditions (“Excluded Parcel 1”), and (B) approximately 17.181 acres, consisting of multiple parcels, generally depicted on Exhibit F-2A, Exhibit F-2B, Exhibit F-2C, and Exhibit F-2D (collectively, “Excluded Parcel 2”), which have been identified as containing possible lead contaminated soil from prior operation of a firing-in buttress and gun sighting bunker during the period of time when the Park Property was operated by the Unities States

Air Force, and (C) the areas throughout the Park Property underlying any and all existing structures and other improvements as of the date of this Agreement (the “Existing Improvements”), which are generally depicted by cross-hatching or otherwise on Exhibit G attached to this Agreement (collectively, “Excluded Parcel 3”). Excluded Parcel 1, Excluded Parcel 2, and Excluded Parcel 3 are each referred to as an “Excluded Parcel” and collectively as the “Excluded Parcels”. For planning purposes, the Excluded Parcels shall be included in the Master Plan, but not in the Master Lease Agreement.

(ii) At such time as the Authority acquires the Excluded Parcel 1 from the United States of America it will notify the Developer in writing, and the Developer shall have ninety (90) days to perform Investigations on Excluded Parcel 1 and notify the Authority in writing if it wishes to add Excluded Parcel 1 to the Park Property under this Agreement and the Master Lease Agreement.

(iii) Promptly following the execution of this Agreement, the Authority shall request that the United States of America remediate Excluded Parcel 2 by screening and removing the lead therefrom. The Authority shall keep the Developer apprised of its progress in seeking to have Excluded Parcel 2 remediated, but in no event will the Authority be obligated to conduct such remediation or incur any costs in connection with the same. Once the Authority receives notice from the United States of America either that (i) it has completed remediation or (ii) that it declines to do so, it will notify the Developer in writing, and the Developer shall have ninety (90) days to perform Investigations on Excluded Parcel 2 and notify the Authority in writing if it wishes to add Excluded Parcel 2 to the Park Property under this Agreement and the Master Lease Agreement.

(iv) Within one hundred eighty (180) days following the Developer’s satisfaction of the Minimum Development Requirements to be completed by Minimum Development Deadline #1, the Authority, at its expense, will demolish the Existing Improvements located on Excluded Parcel 3 and remove any debris resulting from such demolition from the Park Property. Either Party, at its expense, may demolish the Existing Improvements prior to the date set forth in the preceding sentence upon at least thirty (30) days prior written notice to the other Party. Demolition of the Existing Improvements shall be completed in accordance with all applicable Laws. Following the demolition and removal of any Existing Improvements, the Developer shall have ninety (90) days to perform Investigations on the lands underlying the demolished Existing Improvements and notify the Authority in writing if it wishes to add Excluded Parcel 3 (or any portion thereof) to the Park Property under this Agreement and the Master Lease Agreement.

(v) Following receipt of a notice under Section 2(d)(ii) or Section 2(d)(iii) or completion of the demolition and removal of the Existing Improvements under Section 2(d)(iv) above, the Developer will have ninety (90) days to perform Investigations on the corresponding lands and notify the Authority in writing if it wishes to add the Excluded Parcel (or any portion thereof) to the Park Property. In addition, with respect to Excluded Parcels 2 and 3, at any time prior to receipt of a notice under Section 2(d)(iii) or the demolition and removal of the Existing Improvements under Section 2(d)(iv) above, the Developer may waive the requirement that Excluded Parcels 2 or 3 be remediated or

cleaned or the Existing Improvements be demolished, respectively and may elect to add Excluded Parcels 2 and/or 3 (or any portions thereof) to the Park Property. If the Developer elects to add an Excluded Parcel to the Park Property: (A) the Developer and the Authority shall execute an amendment to this Agreement to add such Excluded Parcel; and (B) if executed prior to such addition, the Developer and the Authority shall execute an amendment to the Master Lease Agreement and the Master Lease Memorandum to add the Excluded Property and identify the Rentable Premises (as defined in the Master Lease Agreement). If the Developer fails to notify the Authority of its intent to add the applicable Excluded Parcel to the Park Property within the 90-day time period in Section 2(d)(ii) or Section 2(d)(iii) or Section 2(d)(iv) above, the Developer shall be deemed to have elected not to add the Excluded Parcel to the Park Property, in which event the Master Plan shall be amended in accordance with Section 6(b)(ii) to exclude the Excluded Parcel and the Authority shall have the right to determine the use of the Excluded Parcel, and may grant such easements over the Park Property as may be necessary to the development and use of the Excluded Parcel, provided, that the Authority shall consult with the Developer on the location of such easements so as to minimize the impact on the Park Property.

(vi) Except as expressly provided in this Section, neither the Authority, nor the Developer, shall have any obligation with respect to any remediation of any environmental condition on the Excluded Parcels.

SECTION 3. Conditions to Closing. The Closing hereunder is subject to satisfaction of the following conditions (collectively, the “Closing Conditions”) on or before the Closing Date unless an earlier date is specified:

(a) Developer’s Investigations. The Developer is satisfied with its Investigations of the Park Property and this transaction, including, without limitation, with the results of the Developer’s physical inspection of the Park Property, and the potential development thereof. In that regard, for a period ending on December 31, 2017 (the “Due Diligence Period”), the Developer will have the absolute right to terminate this Agreement for any reason whatsoever, in the Developer’s sole and absolute discretion. However, until the Developer terminates, the Developer will proceed in good faith with the Developer’s preliminary investigatory steps with respect to this transaction. Unless the Developer gives written notice of termination prior to the expiration of the Due Diligence Period, then the Developer will be deemed to have elected not to terminate the Agreement under this provision. In connection with the Developer’s due diligence, the Authority may provide the Developer with copies of information related to the Park Property and the Airport (the “Property Materials”). The Property Materials are made available to the Developer as a courtesy and convenience only. With respect to any Property Materials provided to the Developer and any other information made available to the Developer by or on behalf of the Authority, the Developer acknowledges and agrees that (i) the Authority makes no covenant, representation or warranty whatsoever as to such information, including, without limitation, the Authority’s ability to transfer or assign such Property Materials or as to its content, reliability, accuracy, sufficiency or completeness, (ii) if the Developer uses or relies on any information provided by the Authority, the Developer shall do so solely at the Developer’s own risk, and the Authority makes no representation, warranty or assurance as to whether the Authority has any right to use or rely thereon, and (iii) the Authority shall have no liability, and is hereby released from all liability, to

the Developer, its successors and/or assigns, with respect to such information, including, without limitation, any liability for misstatements, errors or other inaccuracies contained in such information. Upon any termination pursuant to this Section, the Developer shall be entitled to a return of the Initial Deposit.

(b) Title. The Developer is satisfied with title to the Park Property. In that regard, promptly following the Effective Date the Developer shall obtain from the Title Insurer a preliminary commitment of title insurance for the Park Property. For a period ending on the Closing Date, the Developer may request changes in the title commitment from the Title Insurer and may further request that the Authority cooperate with the Developer in seeking such changes, provided that the Authority will have no obligation to expend any funds or take any action to obtain such changes. Until the Closing Date, the Developer will have the absolute right to terminate this Agreement if the Developer is not satisfied with the status of title to the Park Property. If the Developer consummates the Closing, the Developer will be deemed to have approved title to the Park Property as shown in the Title Policy. Upon termination pursuant to this Section, the Developer shall be entitled to a return of the Initial Deposit.

(c) Title Policy. The Developer shall have obtained, at its expense, a Title Policy (together with such title endorsements as the Developer may require) from Title Insurer, for the Park Property.

(d) Lease Agreements. The Parties have agreed upon the form of the Master Lease Agreement and the Development Lease. Without limiting the foregoing, the Master Lease Agreement shall include or address the provision set forth on Exhibit B and the Development Lease shall be attached as an Exhibit. The Authority has delivered to the Developer a draft of the Master Lease Agreement and the Development Lease. The Parties shall attempt in good faith to agree upon the terms of such Master Lease Agreement on or before the expiration of the Due Diligence Period, and if the Parties have not reached agreement on the form of the Master Lease Agreement and the Development Lease by the expiration of the Due Diligence Period (as evidenced by an amendment to this Agreement attaching the agreed upon forms of the Master Lease Agreement and the Development Lease), then either Party may terminate this Agreement by written notice given to the other Party at any time prior to the date the Parties agree on the form of such leases.

(e) Customs Facility. The Developer has delivered to the Authority evidence reasonably acceptable to the Authority of the U.S. Customs and Border Protection and Mexico's General Customs Administration (*Administración General de Aduanas*) and other necessary Governmental Authorities intent to establish the Customs Facility and the Developer's obligation to construct and fund certain costs related to the operation of the Customs Facility. In that regard, the Developer will undertake commercially reasonable best efforts to negotiate with U.S. Customs and Border Protection and Mexico's General Customs Administration (*Administración General de Aduanas*) and other necessary Governmental Authorities to obtain the authorizations and enter into the agreements necessary to establish the Customs Facility.

(f) Truthfulness of Representations. Each Party's representations and warranties set forth in this Agreement are true, complete and correct on the Effective Date and will be true, complete and correct on and as of the Closing.

(g) Full Compliance. Each Party has fully performed all of its obligations to be performed by such Party on or before Closing.

If any of the Closing Conditions are not fulfilled on or before the date by which such Closing Condition is to have been satisfied and such condition has not otherwise been waived by both Parties in writing, either Party may by written notice to the other Party given at any time prior to the Closing Date, terminate this Agreement. If either Party's representation and warranties are not true, complete and correct on and as of the Closing Date or if either Party is in default hereunder resulting in the failure of the conditions in Sections 3(f) and 3(g), respectively, the other Party may, in addition to other rights and remedies available hereunder, terminate this Agreement on ten (10) Business Days written notice if such breach or default is not cured in such ten (10) Business Day period. If the Developer is the Party failing to satisfy the conditions in Sections 3(f) and 3(g), the Initial Deposit shall be retained by the Authority; otherwise it shall be returned to the Developer. If this Agreement is terminated on account of any Closing Condition other than those set forth in Sections 3(f) and 3(g), the Initial Deposit shall be returned to the Developer.

SECTION 4. Closing. The closing of this transaction (the "Closing") shall occur on (or by mutual agreement of the Parties before) the date all Closing conditions have been satisfied or waived by both Parties, but in no event later than March 31, 2018 (the "Closing Date"). At the Closing, (a) the Parties shall execute and deliver to one another (i) the Master Lease Agreement, and (ii) a memorandum of Master Lease Agreement (the "Master Lease Memorandum") to be executed pursuant to the terms of the Master Lease Agreement, which shall be recorded at the Closing in the records of Maricopa County, Arizona; (b) the Developer shall deliver to the Authority (i) a certified copy of the Developer's articles of organization, (ii) a copy of the Developer's operating agreement, (iii) a certificate from the Arizona Secretary of State evidencing that the Developer is a duly organized limited liability company in good standing under the laws of the state of Arizona, and (iv) resolutions adopted by the Developer authorizing the execution, delivery and performance of this Agreement and the Master Lease Agreement and the transactions contemplated hereby and thereby; (c) the Authority shall deliver to the Developer resolutions adopted by the Authority authorizing the execution, delivery and performance of this Agreement and the Master Lease Agreement and the transactions contemplated hereby and thereby; and (d) Developer, at its expense, shall obtain the Title Policy. The Closing will be deemed to take place as of 12:01 a.m. Mesa, Arizona time on the Closing Date.

SECTION 5. Post-Closing Conditions. The transaction is further subject to satisfaction of the following conditions (collectively, the "Post-Closing Conditions") on or before May 1, 2019 (the "Outside Contingency Deadline") unless an earlier date is specified:

(a) Initial Master Plan. The Developer and the Authority shall have agreed upon the Initial Master Plan for the Park Property. In that regard, no later than November 1, 2018, the Developer will deliver to the Authority, for the Authority's review and approval, a draft detailed master conceptual land use development plan (the "Initial Master Plan"). The Initial Master Plan

shall include, without limitation, the items set forth on Exhibit C. The Authority will have sixty (60) days following a request for approval to either approve or disapprove the Developer's request. If the Authority fails to respond within such sixty (60) day period the Developer must give a second notice to the Authority requesting approval of the Initial Master Plan, on which the following language must appear in bold print: **"FAILURE TO RESPOND TO THIS NOTICE WITHIN FIVE (5) BUSINESS DAYS FROM ITS RECEIPT SHALL RESULT IN THE INITIAL MASTER PLAN BEING DEEMED APPROVED."** If the Authority fails to respond in writing (in the manner described above) to any matter in such second notice within five (5) Business Days following delivery of such notice, the Initial Master Plan shall be deemed to have been approved by the Authority. Notwithstanding the foregoing, the Initial Master Plan shall not be deemed approved if any portion of the Master Plan conflicts with this Agreement or the Governing Provisions. If the Authority disapproves the Developer's request for approval of the Initial Master Plan pursuant to this Section, the Authority will set forth the reason for its disapproval, and thereafter the Parties will negotiate in good faith to resolve the Authority's objections if possible, but the Authority's failure to approve a request for approval shall not be subject to mediation. Following such negotiations, the Developer shall resubmit a revised Initial Master Plan for review and approval. This cycle will repeat itself until either (i) the Authority approves the request for approval or is deemed to have approved the same and the Airport has obtained acceptance of any changes to the Airport Layout Plan necessitated by the Initial Master Plan or (ii) the Outside Contingency Deadline. The Developer will produce all documents, reports, forms and other items necessary relating to the Park Property or the Airport can obtain FAA acceptance of any changes to the Airport Layout Plan necessitated by the Initial Master Plan, and shall cooperate with the Authority in seeking acceptance of the same. If the FAA fails to accept any such changes, the Parties will endeavor to modify the Initial Master Plan as necessary to either obtain such FAA acceptance or eliminate the need for the same.

(b) Park Property Governance Documents. The Parties shall have agreed upon the form of the Park Property Governance Documents. In that regard, on or before November 1, 2018, the Developer shall deliver to the Authority drafts of the Park Property Governance Documents. The Authority will have thirty (30) days following receipt of such drafts to either approve or disapprove the Developer's request. If the Authority fails to respond within such thirty (30) day period the Developer must give a second notice to the Authority requesting approval of the Park Property Governance Documents, on which the following language must appear in bold print: **"FAILURE TO RESPOND TO THIS NOTICE WITHIN FIVE (5) BUSINESS DAYS FROM ITS RECEIPT SHALL RESULT IN THE PARK PROPERTY GOVERNANCE DOCUMENTS BEING DEEMED APPROVED."** If the Authority fails to respond in writing (in the manner described above) to any matter in such second notice within five (5) Business Days following delivery of such notice, the Park Property Governance Documents shall be deemed to have been approved by the Authority. If the Authority disapproves a request for approval and sets forth the reason for its disapproval, then Developer shall resubmit a revised Park Property Governance Documents for review and approval. This cycle will repeat itself until either (i) the Authority either approves the request for approval or is deemed to have approved the same or (ii) the Outside Contingency Deadline.

(c) Community Involvement Plan. The Parties shall have agreed upon a community involvement plan ("Community Involvement Plan"). In that regard, on or before March 31, 2018,

the Developer will deliver to the Authority, for the Authority's review and approval, a draft Community Involvement Plan. The Authority will have thirty (30) days following receipt of such draft to either approve or disapprove the Developer's request. If the Authority fails to respond within such thirty (30) day period the Developer must give a second notice to the Authority requesting approval of the Community Involvement Plan, on which the following language must appear in bold print: "**FAILURE TO RESPOND TO THIS NOTICE WITHIN FIVE (5) BUSINESS DAYS FROM ITS RECEIPT SHALL RESULT IN THE COMMUNITY INVOLVEMENT PLAN BEING DEEMED APPROVED.**" If the Authority fails to respond in writing (in the manner described above) to any matter in such second notice within five (5) Business Days following delivery of such notice, the Community Involvement Plan shall be deemed to have been approved by the Authority. If the Authority disapproves a request for approval and sets forth the reason for its disapproval, then Developer shall resubmit a revised Community Involvement Plan for review and approval. This cycle will repeat itself until either (i) the Authority either approves the request for approval or is deemed to have approved the same or (ii) the Outside Contingency Deadline.

(d) Third-Party Approvals. The Parties shall obtain any and all applicable authorizations, consents, permits or licenses (including, but not limited to, any FAA acceptance of any changes to the Airport Layout Plan necessitated by the Initial Master Plan and the transactions contemplated thereby) under applicable Law that are necessary or convenient with respect to the Initial Master Plan (the "Third Party Approvals"); provided that the Parties hereby acknowledge that after initial Third Party Approvals are obtained other authorizations, consents, permits or licenses will have to be obtained in order to perform the transactions, rights and obligations documented in the Definitive Agreements.

If any of the Post-Closing Conditions are not fulfilled on or before the date by which such Post-Closing Condition is to have been satisfied and such condition has not otherwise been waived by both Parties in writing, either Party may by written notice to the other Party given at any time prior to the thirtieth (30th) day following the Outside Contingency Deadline, terminate this Agreement, in which event the Initial Deposit shall be returned to the Developer.

SECTION 6. Developer's General Obligations. Following the Closing Date and during the Term, the Developer will have the following general obligations:

(a) Development. The Developer will be the exclusive master developer of the Park and be responsible for the design, construction, development, use, and maintenance of the Park pursuant to the terms of the Definitive Agreements.

(b) Master Plan.

(i) Once approved or deemed approved under Section 5(a), the Initial Master Plan shall thereafter be the "Master Plan" under this Agreement until further updated or modified in accordance with this Section. The Park Property shall be developed in accordance with the Master Plan.

(ii) From time to time following the Closing Date but no less often than annually on the anniversary of the Effective Date, the Developer shall advise the Authority whether the Master Plan should be modified to respond to market, financing and other conditions relevant to the development of the Project, and if modifications are recommended will submit a proposed updated Master Plan for approval by the Authority. In addition, from time to time during the Term, the Authority may request that the Developer consider modifications to the Master Plan proposed by the Authority. Following the submission to Developer of an updated Master Plan or a request by the Authority for modifications thereto, the Parties shall meet and confer with respect to such update or modifications to the Master Plan. If the Parties agree on an updated Master Plan, the Parties shall execute an instrument adopting the revised Master Plan. Failure of the Parties to agree on an updated Master Plan shall not be subject to mediation, and the existing Master Plan shall continue to govern. The Developer acknowledges that the Authority's approval of any modifications to the Master Plan may be conditioned on input from or, if required, approval of the FAA.

(c) Meetings and Reporting Obligations. The Developer Contact will meet with the Authority Contact on a regularly scheduled basis to discuss the progress of the ongoing Development Projects and any controversies and/or complications which arise, from time to time, during the Term. On the first anniversary of the Closing Date and on each twelve (12) month anniversary thereafter, the Developer will deliver to the Authority a report regarding its marketing, development and leasing efforts during the preceding year and its recommendations regarding whether, and to what extent, if any, the Master Plan requires modification, update or changes (the "Annual Report"). Without limiting the foregoing, the Annual Report shall include the following:

- (i) A brief narrative report regarding the prior calendar year of activities.
- (ii) Graphical representation of the Takedown status and development activity in the Park Property.
- (iii) A status report on, and any proposed modifications to any components of the Master Plan, and if applicable, a proposed updated Master Plan pursuant to Section 6(b).
- (iv) The projected number of acres of Park Property to be Taken Down in the succeeding twelve (12) month period.
- (v) An update on the current status of the Minimum Development Requirements, including identification of any extensions that have been invoked pursuant to Sections 9(a) and/or 9(b). The update shall include a report summarizing the itemization (broken down by year between the Property Classifications of the number of acres Taken Down for all prior calendar year).
- (vi) A narrative report regarding market opportunities and constraints with respect to the Park Property for the succeeding three (3) calendar year period.

(vii) A narrative report regarding general marketing plans and potential Takedowns for the succeeding three (3) calendar year period. This narrative shall be general in nature, and not specific to any Development Parcel(s).

(viii) The Local and DBE/MBE/WBE/VBE participation rates and other information required pursuant to Section 6(j)(iii) below.

(ix) A narrative report regarding the Community Involvement Plan and its implementation in the preceding year and any proposed amendments for the succeeding year.

(x) A detailed report on the status and activity of the Cargo Inspection Program at the Airport. Without limiting the foregoing, the report shall include statistics demonstrating the amount of export/import activity during the preceding twelve (12) months, the number of Mexican Customs officials permanently stationed at the Airport as of the date of the report, and a narrative regarding opportunities or constraints with respect to the Cargo Inspection Program at the Airport. If the Cargo Inspection Program ceases operations at the Airport for six (6) consecutive months the Developer shall, at the Authority's request, create a separate report detailing (i) why the Cargo Inspection Program is no longer operating at the Airport, (ii) what efforts the Developer has taken or is planning to take to re-initiate the Cargo Inspection Program at the Airport, and (iii) an estimate as to how long it will take to re-initiate the Cargo Inspection Program at the Airport. The Developer, at the Authority's reasonable request, shall present the report to the Authority's Board of Directors.

(d) Construction of Horizontal Improvements. The Developer will design and construct all Horizontal Improvements in connection with the Project consistent with the Master Plan, and in each case as follows:

(i) Construction Plans. The Developer will (A) deliver to the Authority a Preliminary Project Description for any Horizontal Improvements for its review and comment, and (B) obtain the Authority's prior written approval (which approval is not to be unreasonably withheld, delayed or conditioned) with respect to each Final Project Description (including the Construction Drawings). The Developer will comply with all applicable Laws in the design and construction of the Horizontal Improvements, and with respect to Taxiway Lima (and any other improvements under the jurisdiction of the FAA) the FAA regulations.

(ii) Construction Standards. Subject to the terms and conditions to be set forth in the other Definitive Agreements, the Developer will construct (or cause the construction of) the Horizontal Improvements contained in the Master Plan or otherwise required for vertical development of any Development Parcel in a good and workmanlike manner (including in compliance with all applicable Laws), in each case, in accordance with prevailing industry norms in the state of Arizona.

(iii) Costs of Horizontal Improvements. The Developer will be responsible for paying or causing the payment of any and all costs related to design, development and construction of all Horizontal Improvements. In that regard, the Developer will obtain construction financing sufficient to construct the Park and Horizontal Improvements therein, substantially in accordance with the Master Plan.

(iv) Permits and Approvals. The Developer will obtain all required permits, reviews, licenses, actions, consents, authorizations, and approvals as may be necessary for the completion of the Horizontal Improvements, and meet all requirements of all applicable Governmental Authorities and applicable Laws necessary to complete the construction of the applicable Horizontal Improvements.

(v) Construction Completion. Following approval of the Final Project Description, the Developer will promptly complete the Horizontal Improvements reflected therein. Construction of the Horizontal Improvements will be deemed complete when (A) completed in accordance with the Final Project Description and the Construction Contract and (B) if applicable, any applicable Government Authorities have accepted ownership of the Horizontal Improvements.

(e) Master Lease Agreement. The Developer shall comply with the terms of the Master Lease Agreement. Without limiting the foregoing, any default under the Master Lease Agreement shall constitute a default under this Agreement.

(f) Marketing. The Developer will (i) use its commercially reasonable efforts to market the Park, including for purposes of developing, marketing and sub-leasing the Warehouse Facilities, the Office Space and the Commercial Space, in each case, subject to applicable Laws, including, without limitation, FAA regulations and limitations, if any, (ii) engage a highly recognized firm within the first twelve (12) months following the Closing Date, in addition to the Developer staff, to assist in developing and implementing a program for marketing the Park and coordinating the Developer's message and outreach program, and (iii) engage reputable and well recognized brokerage companies during the term of the Agreement to market the Project. In connection with such the marketing of the Park, the Developer shall not make any representations or warranties (A) regarding the Park Property or the development thereof on behalf of the Authority, or (B) that it has the authority to bind the Authority with respect thereto.

(g) Takedown of Development Parcels. At such time as the Developer is prepared to either proceed with construction of Vertical Improvements on a Development Parcel or sublease a Development Parcel to an Affiliate or a third-party that will construct Vertical Improvements on the Development Parcel, the Developer will deliver a Takedown Package to the Authority and, upon approval of Takedown Notice will execute a Development Lease with the Vertical Developer.

(h) Cargo Inspection Program and Facility.

(i) The Developer, at its own expense, will construct the facilities required to operate the Cargo Inspection Program ("Customs Facility") on the Park Property. At such

time as the Developer is ready to commence construction of the Customs Facility, the Developer shall submit a Takedown Package to the Authority and upon approval of the Takedown Package, the Parties will execute a Development Lease for the Customs Facility. Without limiting the foregoing, the Development Lease shall include a provision that requires the Developer to reimburse the Authority for any incremental costs incurred by the Authority in the ordinary course of business related to the operation of the Cargo Inspection Program at the Airport as set forth in Section 6(h)(iv) below.

(ii) The Developer shall complete the Customs Facility (as evidenced by the issuance of a certificate of occupancy therefor), and commence operation thereof on or before the seventh (7th) anniversary of the Closing Date.

(iii) Until such time as the Customs Facility is completed, the Developer will have an option to lease from the Authority existing facilities within the Airport (as designated by the Authority) for the operation of the Cargo Inspection Program for a charge (including rent) and on such other terms as agreed upon by the Parties. The Parties will execute a lease for such temporary space using the form of the Development Lease, but modified as necessary to reflect the terms agreed to by the Parties.

(iv) The Developer will reimburse the Authority for any and all incremental costs incurred by the Authority in the ordinary course of business related to the operation of the Cargo Inspection Program at the Airport. On the first anniversary of the Closing Date and on each twelve (12) month anniversary thereafter, the Authority will deliver to the Developer a report, which shall include a description of the incremental costs incurred by the Authority related to the Cargo Inspection Program and shall be accompanied by an invoice showing the amount owed. The Developer shall remit payment within thirty (30) days following receipt of such invoice.

(i) Insurance. The Developer will maintain or cause to be maintained the insurance coverages described on Exhibit D in each case, consistent with the existing Authority insurance requirements.

(j) Local, Disadvantaged-, Minority-, Women- and Veteran-Owned Businesses.

(i) The Developer will take commercially reasonable actions as agreed to by the Parties directed to achieving participation of Local businesses and residents as well as disadvantaged-, minority-, women- and veteran-owned business enterprises (“DBE/MBE/WBE/VBE”) as subcontractors, vendors, suppliers, workers or otherwise, on the Project, as further described below.

(ii) Without limiting the foregoing, the Project participation rate for companies doing business in the Greater Phoenix Metro area as third-party sub-contractors, vendors, suppliers will at a minimum equal twenty-five percent (25%).

(iii) The Annual Report will include the following: (A) the participation rates for each of the above categories, (B) a description of the job training programs, community outreach and other educational programs, such as work training readiness programs, small

business development programs and an employer and job seeker database implemented for the Project, (C) the annual budget for these programs for the upcoming year, and (D) a summary of how the funds will be used to achieve the participation rates. To the extent the Developer fails to attain the percentage goals set forth in item (ii), above, it will report to the Authority its efforts to attain such goals and propose revisions in the Annual Report designed to improve the results of its efforts, which revisions shall be subject to approval by the Authority.

(k) No Conflicts. Neither the Developer, its Affiliates or its direct or indirect constituent members will (i) undertake a similar role with respect to airport development for any airport within State of Arizona or (ii) buy or lease for any Warehouse Facilities, Office Space, Commercial Space or land for development of the foregoing within a ten (10) mile radius of the Airport.

SECTION 7. Authority's General Obligations. During the Term, the Authority will have the following general obligations:

(a) Delegated Authority. The Authority (or any designee duly authorized by the Authority in writing), as the entity vested by the Member Communities with authority over the Airport, will be the sole point of contact for the Developer on all matters related to the Definitive Agreements.

(b) Park Property Availability. Subject to the terms and conditions of this Agreement and the Master Lease Agreement, the Governing Provisions and FAA regulations and other applicable Laws, the Authority will make the Park Property available for lease to Vertical Developers.

(c) Continuous Airport Operations. During the Term of this Agreement, the Airport shall be continuously operated and managed (and all critical services, functions and operations relating thereto shall be performed) for domestic and international cargo flights and development of complementary commercial activities at the Airport, including making the Park available as a regional and international logistics hub. If at any time during the Term, the Authority or its successor (including without limitation any of the Member Communities or the State of Arizona) either ceases operation of the Airport or imposes a curfew or moratorium on Airport operating hours that would have a materially adverse effect on activities in the Park (each referred to herein "Cessation of Airport Operations") and if such Cessation of Airport Operations (i) continues uninterrupted for more than ninety (90) days and (ii) is not due to (x) an Unavoidable Delay, (y) the United States (directly or through a branch of the military or federal agency) exercising its right to take over the Airport, or (z) the Airport's loss of its FAA Part 139 Certification, then commencing on the Cessation of Airport Operations and continuing until the earlier of (A) the date there is no longer a Cessation of Airport Operations or (B) the second (2nd) anniversary of Cessation of Airport Operations (the "Abatement Deadline"), Base Rent under the Master Lease Agreement shall abate; provided that any other amounts payable by the Developer as the lessee under the Master Lease Agreement shall continue to be due and payable during such abatement period. If the Cessation of Airport Operations has not ended by Abatement Deadline, the Developer may terminate this Agreement and the Master Lease Agreement by written notice to

the Authority given within thirty (30) days following the Abatement Deadline. Each Development Lease shall include a similar provision, affording the lessee thereunder the right to an abatement of Base Rent during any period when there is a Cessation of Airport Operations up to the Abatement Deadline and to terminate the Development Lease within thirty (30) days following the Abatement Deadline if the Cessation of Airport Operations has not ended. The Developer's right to terminate this Agreement and the Master Lease Agreement and the lessees' right to terminate the Development Leases or to have an abatement of rent thereunder shall be the sole remedy for a breach of the Cessation of Airport Operations.

(d) Economic Incentives. Subject to compliance with the Governing Provisions and all applicable Laws, the Authority will cooperate with and use commercially reasonable efforts to assist the Developer in obtaining, economic and tax incentives that the Authority and the Developer jointly determine to be reasonable or necessary in order to attract entities to locate commercial enterprises and developments at the Park, including activation of the free trade zone which includes the Park. Without limiting the foregoing, the Authority may use any and all of the municipal powers that the Authority determines to be reasonable, in its sole discretion, to attract entities to locate commercial enterprises and developments at the Park. Notwithstanding the foregoing, in connection with such incentives and the use of such municipal powers, the Authority shall have no obligation to incur any cost or expense (unless Developer agrees to reimburse the Authority for the same), to encumber the Park Property, or to otherwise take any actions that would have a material adverse effect on the Park Property or the Airport.

(e) Permits and Approvals. Subject to satisfaction by the Developer or the applicable Vertical Developer of all ordinary and customary requirements (such as payment of fees, preparation of applications and plans), the Authority will assist, support and cooperate with the Developer and any Vertical Developer in obtaining all required permits, reviews, licenses, actions, consents, authorizations, and approvals as may be necessary for the completion of the Project, including the construction of all Horizontal Improvements to be developed by the Developer and all Vertical Improvements be developed by the Vertical Developers on the Park Property. Notwithstanding the foregoing, the Authority shall have no obligation to incur any cost or expense in connection with such assistance, support and cooperation unless Developer agrees to reimburse the Authority for the same.

(f) Easements. The Authority will grant the Developer's commercially reasonable requests for easements over portions of the Airport property necessary for the development and efficient operation of the Development Parcels (including, but not limited to, easements for utilities, access and other off-site appurtenant rights required in connection with a Development Project); provided that nothing herein will require the Authority to grant any easement if such easement would materially, adversely interfere with the Authority's use or intended use of the Airport property. In addition, the Authority will assist, support and cooperate with the Developer and any Vertical Developer in obtaining from third-parties easements and/or rights-of way on property outside of the Airport that may be necessary for the development and the efficient operation of Development Parcels; provided that the Authority shall have no obligation to incur any cost or expense in connection with obtaining such easements unless Developer agrees to reimburse the Authority for the same.

(g) Third-Party Interest. Nothing contained herein, shall preclude the Authority from marketing the Park Property; provided that the Authority shall not engage any third parties to assist with such marketing efforts and shall keep the Developer reasonably informed of the Authority's efforts. If the Authority determines that any marketing lead is a viable prospect for a Takedown, it shall refer such prospect to the Developer, which, as master developer of the Park, will negotiate the terms of a proposed Development Lease directly with such third-party. Subject at all times to FAA regulations and all other applicable Laws, (i) to the extent that such third-party is a governmental or other non-commercial entity that is proposing to conduct non-commercial activities within the Park, the Developer will use its commercially reasonable best efforts to accommodate such use, but only to the extent not inconsistent with the Master Plan or materially adverse to the Developer or the Park Property, and (ii) if such third-party proposes to conduct commercial activities within the Park and a Development Lease is entered into by the Developer (in its sole discretion) with such third-party, the Developer will pay to the Authority a fee equal to \$5,000 per transaction, for its marketing efforts with respect to the Park.

(h) Cargo Inspection Program. For so long as the Cargo Inspection Program is being operated within the Project, the Authority shall not construct or operate a competing Cargo Inspection Program without the prior written consent of the Developer, which may be given or withheld in the Developer's sole discretion.

(i) Master Lease Agreement. The Authority shall comply with the terms of the Master Lease Agreement. Without limiting the foregoing, any default under the Master Lease Agreement (after taking into consideration any applicable notice and cure or grace periods) shall constitute a default under this Agreement.

(j) Insurance. The Authority will maintain or cause to be maintained the insurance coverages described on Exhibit D in each case, consistent with the existing Developer insurance requirements.

SECTION 8. Entry Right. From and after the Effective Date, the Developer shall have the right to enter, from time to time, the Park Property for the purposes of performing any inspection, investigation, assessment or other form of due diligence (collectively the "Investigations") that the Developer determines is reasonably necessary or appropriate, in its sole discretion. That certain Right of Entry Agreement dated June 12, 2017 between the Authority and the Developer (the "Entry Agreement") shall continue in effect with respect to any Investigations conducted following the execution of this Agreement and such Investigations shall be considered "Due Diligence Activities" under the term of the Entry Agreement.

SECTION 9. Minimum Development Requirements. Following the Closing Date, the Developer will use commercially reasonable efforts to develop the Park Property and lease the Development Parcels to Vertical Developers to meet the development targets set forth in the Master Plan, taking into account market opportunities and constraints. Without limiting the foregoing, the Developer will have completed the requirements related to development of the Project set forth on Exhibit E ("Minimum Development Requirements") by the dates set forth on Exhibit E (each a "Minimum Development Deadline").

(a) Extension of Minimum Development Deadlines. Provided that no Event of Default is in effect and continuing under this Agreement or the Master Lease, the Developer shall have the right to extend Minimum Development Deadline #2, Minimum Development Deadline #3, and Minimum Development Deadline #4 as follows:

(i) Market Deterioration Extension. Upon the occurrence of a Market Deterioration Minimum Development Deadline #2, Minimum Development Deadline #3, and Minimum Development Deadline #4 each may, at the Developer's election, be extended for one (1) period of up to one hundred and eighty (180) days. If the Developer wishes to exercise its right to extend under this Section, it shall notify the Authority in writing within ninety (90) days following the occurrence of a Market Deterioration, which notice shall be accompanied by evidence of the occurrence of such Market Deterioration, in which event Minimum Development Deadline #2, Minimum Development Deadline #3, and Minimum Development Deadline #4 (to the extent still in effect) shall be extended for such 180-day period. The right to extend for a Market Deterioration is a one-time right, and once executed, the Developer may not further extend Minimum Development Deadline #2, Minimum Development Deadline #3, and Minimum Development Deadline #4 under this Section regardless of any further Market Deteriorations.

(ii) Developer Extension. The Developer shall have a one (1) time right to extend each of Minimum Development Deadline #2, Minimum Development Deadline #3, and Minimum Development Deadline #4 for a period of two (2) year upon written notice given at least one hundred eighty (180) days prior to the occurrence of such Minimum Development Deadline (each a "Developer Extension Notice"). Each Developer Extension Notice shall be accompanied by an extension fee of Five Hundred Thousand Dollars (\$500,000). If the Developer fails to timely execute its right to extend Minimum Development Deadline #2, Minimum Development Deadline #3, and Minimum Development Deadline #4 such extension shall terminate and be of no further force and effect.

(b) Failure to Satisfy Minimum Development Requirements. If the Developer does not satisfy all of the Minimum Development Requirements by the prescribed Minimum Development Deadline (as the same may be extended pursuant to Section 9(a) and/or Section 9(b)), the Authority may notify the Developer in writing of such performance default ("Minimum Development Failure Notice"). The Developer shall have twenty (20) Business Days following receipt of a Minimum Development Failure Notice to notify the Authority of which of the following two options it elects to provide the Authority as the remedy for the Developer's failure to satisfy such Minimum Development Requirements:

(i) "Exclusion of Property Option": For the failure to meet the Minimum Development Requirements to be completed prior to Minimum Development Deadline #1, Minimum Development Deadline #2, and/or Minimum Development Deadline #3, up to one third (1/3) of the Park Property that has not been Takedown shall be excluded from the Park Property (the "Relinquished Property") for each such failure, and this Agreement and the Master Lease Agreement shall terminate as to the Relinquished Property. In that regard, the Master Plan shall include a list of the Development Parcels in the order in which

they shall become Relinquished Property (the “Exclusion List”), and upon the election by Developer of the Exclusion of Property Option, the Authority will identify the Development Parcels that will be excluded in the order of the Exclusion List until (A) the acreage of the Relinquished Property equals one third (1/3) of the Park Property that has not previously been Takedown or (B) the inclusion of the next Development Parcel would cause the Relinquished Property to exceed one third (1/3) of the Park Property that has not previously been Takedown. For the failure to meet the Minimum Development Requirements to be completed prior to Minimum Development Deadline #4, the Relinquished Property shall include all of the remaining Park Property that has not been Takedown, and this Agreement and the Master Lease Agreement shall terminate. Promptly following the Developer’s election (or deemed election) of the Exclusion of Property Option and the determination of the Relinquished Property relating to the Minimum Development Requirements for Minimum Development Deadline #1, Minimum Development Deadline #2, and/or Minimum Development Deadline #3, the Parties shall execute an amendment to this Agreement, the Master Lease Agreement and the Master Lease Memorandum evidencing the exclusion of the Relinquished Property therefrom and the Developer shall update the Master Plan to reflect the exclusion of the Relinquished Property.

(ii) “Base Rent Adjustment Option”: Effective as of the Minimum Development Failure Notice, the Base Rent under the Master Lease Agreement will increase as follows:

A. Effective as of the Minimum Development Failure Notice, the Base Rent under the Master Lease Agreement will be increased to the Fair Market Value (or in the event of a Minimum Development Failure Notice relating to the last Minimum Development Deadline occurring on the thirty-fifth anniversary of the Closing Date, one hundred five percent (105%) of Fair Market Value) of the Park Property subject to the Master Lease Agreement from time to time (the “Adjusted Rent”) if such Adjusted Rent is greater than the adjusted to then current Base Rent at the time of the adjustment, and such Adjusted Rent shall continue in effect until the occurrence of one of the following: (I) the date the applicable Minimum Development Requirements are satisfied, at which time the Base Rent shall be adjusted to the Base Rent that would apply in the absence of the Base Rent Adjustment Option, or (II) the fifth anniversary of the Minimum Development Failure Notice, at which time the Base Rent shall be further adjusted as set forth in Section 9(b)(ii)(B) below;

B. If the applicable Minimum Development Requirements have not been satisfied by the fifth anniversary of the Minimum Development Failure Notice, the Base Rent under the Master Lease Agreement will increase to one hundred seven and five tenths percent (107.5%) of Fair Market Value of the Park Property subject to the Master Lease Agreement from time to time until the occurrence of one of the following: (I) the date the applicable Minimum Development Requirements are satisfied, at which time the Base Rent shall be adjusted to the Base Rent that would apply in the absence of the Base Rent Adjustment Option, or (II) the tenth anniversary of the Minimum Development

Failure Notice, at which time the Base Rent shall be further adjusted as set forth in Section 9(b)(ii)(C) below; and

C. If the Minimum Development Requirements have not been satisfied by the tenth anniversary of the Minimum Development Failure Notice, the Base Rent under the Master Lease Agreement will increase to one hundred twenty percent (120%) of Fair Market Value of the Park Property subject to the Master Lease Agreement from time to time until the applicable Minimum Development Requirements are satisfied, at which time the Base Rent shall be adjusted to the Base Rent that would apply in the absence of the Base Rent Adjustment Option.

D. A failure of the Developer to make payments reflecting the Master Lease Agreement Base Rent Adjustment Option will be considered a monetary Developer Event of Default.

E. Promptly following the Developer's election (or deemed election) of the Base Rent Adjustment Option, the Parties shall execute an amendment to the Master Lease Agreement evidencing the adjusted Base Rent, but failure to execute such amendment shall not limit the Developers' obligation to pay the adjusted Base Rent.

(c) Deemed Election. Subject to Section 9(b)(i), if the Developer fails to notify the Authority within fifteen (15) Business Days following receipt of a Minimum Development Failure Notice of its election of the Base Rent Adjustment Option as the remedy for the failure to meet the Minimum Development Requirements, the Developer will be deemed to have elected the Base Rent Adjustment Option as its remedy.

(d) Additional Remedies. If the Developer fails to satisfy the Minimum Development Requirements to be completed prior to Minimum Development Deadline #1, then, in addition to the remedies in Section 9(b) above:

(i) either the Developer or the Authority may terminate this Agreement and the Master Lease Agreement by written notice to the other Party given within thirty days following the Minimum Development Failure Notice; or

(ii) if neither Party elects to terminate, the Authority may also (i) seek specific performance of such Minimum Development Requirements or (ii) self-perform such item, in which event the Developer shall reimburse the Authority for all costs and expense incurred in connection with such performance together with interest thereon at the rate of 12% per annum and reasonable attorneys' fees and court costs.

SECTION 10. Representations and Warranties of the Developer.

(a) The Developer represents and warrants to the Authority that the following are true and accurate as of the Effective Date, will be true and accurate as of the Closing:

(i) The Developer is an Arizona limited liability company, duly organized and existing under and subject to the laws of the state of Arizona. The Developer has all

requisite power and authority to enter into and deliver this Agreement and any and all related agreements and documents to which it is a party and to comply with, and fulfill the terms and conditions of, this Agreement and any and all related agreements to which it is a party. The execution and delivery of this Agreement and any and all related agreements to which it is a party by the Developer and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary action. This Agreement constitutes, and the related agreements to which it is a party when executed will constitute, legal, valid and binding obligations of the Developer, enforceable in accordance with their respective terms and conditions except as such enforcement may be limited by applicable bankruptcy, insolvency, moratorium or similar applicable Laws from time to time in effect which affect creditors' rights generally and by legal and equitable limitations on the enforceability of specific remedies.

(ii) The Developer's execution and delivery of this Agreement and any and all related agreements to which it is a party and the consummation of the transactions herein and therein contemplated will not conflict with, or constitute a breach or default under, the Developer's articles of organization and operating agreement or the material provisions of any bond, debenture, note or any other evidence of indebtedness, loan agreement, lease or other contract to which the Developer is a party or by which it is bound, the breach of which would have a material adverse effect on the Developer or affect the Developer's ability to perform its obligations under this Agreement (and under the documents attached as exhibits hereto), or to the best of its actual knowledge, violate any applicable Law or any court order or judgment in any proceeding to which the Developer is or was a party or by which it is bound.

(iii) There is no action, suit, proceeding or investigation, at law or in equity, or by or before any U.S. court, arbitrator, administrative agency or other federal, state or local governmental authority, pending or, to the actual knowledge of the Developer, threatened against the Developer, wherein an unfavorable decision, ruling or finding could reasonably be expected to have a material adverse effect on the validity of this Agreement or a material adverse effect on the transactions contemplated hereby.

(iv) Any and all consents, authorizations and approvals required in connection with the execution, delivery and performance of this Agreement and any and all related agreements by the Developer and the consummation by the Developer of the transactions contemplated hereby or thereby have been obtained or will have been obtained prior to the Closing. The Developer has taken, or will take before the Effective Date, all actions necessary under any applicable Law, codes, rules and regulations to enter into this Agreement and to fulfill and satisfy all of its obligations hereunder.

(v) The Developer is, and shall remain, in compliance with existing laws of the state of Arizona and the Municipal Code of the City of Mesa, Arizona, regarding prohibition of discrimination in employment practices on the basis of race, color, national origin, sex, religion or handicap.

(vi) The Developer has not dealt with any broker, finder or other person with respect to this Agreement or the transactions between the Developer and the Authority contemplated hereby or thereby, and, insofar as the Developer knows, no broker, finder or other person is entitled to any commission or a finder's fee in connection herewith.

(b) In the event that any change in circumstances results in any representation and warranty of the Developer becoming untrue, the Developer will promptly notify the Authority in writing. Any such notification will not affect the Authority's right to indemnification set forth in Section 15 of this Agreement.

(c) All of the Developer's representations and warranties set forth in this Section 10 shall survive for a period ending on the Fulfillment Date. If any Developer representation or warranty set forth herein is breached in any material respect on or prior to the Fulfillment Date, then the indemnity rights set forth in this Agreement shall survive with respect to such breach until the date such material breach is cured.

(d) The Parties acknowledge that Developer makes no representations or warranties with respect to any Vertical Developer that leases any portion of the Park Property, and such representations or warranties shall be included in the Development Lease.

SECTION 11. Representations and Warranties of the Authority.

(a) The Authority represents and warrants to the Developer that the following are true and accurate as of the Effective Date, will be true and accurate as of the Closing:

(i) The Authority is a public body duly organized and existing under the laws of the state of Arizona. The Authority has all requisite power and authority to enter into and deliver this Agreement and any and all related agreements and documents to which it is a party and to comply with, and fulfill the terms and conditions of, this Agreement and any and all related agreements to which it is a party. The execution and delivery of this Agreement and any and all related agreements to which it is a party by the Authority and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary action. This Agreement constitutes, and the related agreements to which it is a party when executed will constitute, legal, valid and binding obligations of the Authority, enforceable in accordance with their respective terms and conditions except as such enforcement may be limited by applicable bankruptcy, insolvency, moratorium or similar applicable Laws from time to time in effect which affect creditors' rights generally and by legal and equitable limitations on the enforceability of specific remedies.

(ii) The Authority's execution and delivery of this Agreement and any and all related agreements to which it is a party and the consummation of the transactions herein and therein contemplated will not conflict with, or constitute a breach or default under, the Authority's organizational documents or the material provisions of any bond, debenture, note or any other evidence of indebtedness, loan agreement, lease or other contract to which the Authority is a party or by which it is bound, the breach of which would have a material adverse effect on the Park Property or on the Authority or affect the Authority's ability to

perform its obligations under this Agreement (and under the documents attached as exhibits hereto), or to the best of its actual knowledge, violate any applicable Law or any court order or judgment in any proceeding to which the Authority is or was a party or by which it is bound

(iii) There is no action, suit, proceeding or investigation, at law or in equity, or by or before any U.S. court, arbitrator, administrative agency or other federal, state or local governmental authority, pending or, to the actual knowledge of the Authority, threatened against the Authority or any portion of the Park Property, wherein an unfavorable decision, ruling or finding could reasonably be expected to have a material adverse effect on the validity of this Agreement or a material adverse effect on the Park Property, or any portion thereof, or on the transactions contemplated hereby.

(iv) Any and all consents, authorizations and approvals required in connection with the execution, delivery and performance of this Agreement and any and all related agreements by the Authority and the consummation by the Authority of the transactions contemplated hereby or thereby have been obtained or will have been obtained prior to the Closing. The Authority has taken, or will take before the Effective Date, all actions necessary under any applicable Law, codes, rules and regulations to enter into this Agreement and to fulfill and satisfy all of its obligations hereunder.

(v) The Authority has fee simple title to the Park Property, free and clear of all Liens other than those (i) shown in the Title Policy as of the Closing or (ii) to be released at or prior to the Closing.

(vi) The Authority has not dealt with any broker, finder or other person with respect to this Agreement, any other Definitive Agreement or the transactions the Developer and the Authority contemplated hereby or thereby, and, insofar as the Authority knows, no broker, finder or other person is entitled to any commission or a finder's fee in connection herewith.

(vii) To the Airport's knowledge, there are no leases, occupancy agreements, options or rights of first refusal affecting the Park Property or any portion thereof other than the Master Lease Agreement.

(b) In the event that any change in circumstances results in any representation and warranty of the Authority becoming untrue, the Authority will promptly notify the Developer in writing. Any such notification will not affect the Developer right to indemnification set forth in Section 15 of this Agreement.

(c) All of the Authority's representations and warranties set forth in this Section 11 shall survive for a period ending on the Fulfillment Date. If any Authority representation or warranty set forth herein is breached in any material respect on or prior to the Fulfillment Date, then the indemnity rights set forth in this Agreement shall survive with respect to such breach until the date such material breach is cured.

SECTION 12. Events of Default – Developer.

(a) Developer Event of Default. A “Developer Event of Default” shall exist when the Developer materially fails to observe and perform (i) any monetary obligation on its part to be observed or performed hereunder within ten (10) days after written notice to the Developer specifying such failure and requesting that it be remedied, (ii) any non-monetary obligation on its part to be observed or performed hereunder within thirty (30) days after written notice to the Developer specifying such failure and requesting that it be remedied, provided, if such non-monetary obligation is not capable of being remedied within thirty (30) days, within such further period of time as is reasonably necessary to cure such failure, but only if the Developer has, within said thirty (30) day period provided the Authority with assurances, deemed reasonably adequate by the Authority, that the Developer will cure the failure as soon as is reasonably possible (but in no event longer than one hundred eighty (180) days after written notice to the Developer), and the Developer so commences and completes such cure, or (iii) any obligation on its part to be observed or performed under the Master Lease Agreement within any applicable notice and cure or grace period.

(b) Remedies Upon a Developer Event of Default. Whenever a Developer Event of Default occurs, the Authority may (i) pursue a claim for specific performance against the Developer (it being acknowledged and understood by the Developer that monetary damages may not be an adequate remedy to the Authority for the Developer’s (or its designee’s) failure to observe its obligations hereunder), (ii) pursue a claim for money damages so as to (A) protect the rights granted to the Authority hereunder (including, without limitation, curing any Developer Event of Default for the account of the Developer), or (B) perform and/or observe of any obligation of the Developer hereunder and/or (iii) terminate this Agreement. If the Authority expends any money in the enforcement of its rights or the Developer’s obligations hereunder, the Developer shall reimburse the Authority for all such expenditures together with interest thereon at the rate of 12% per annum and reasonable attorneys’ fees and court costs. The rights under this Section 12, together with any indemnity rights specifically set forth herein and the termination right set forth herein, shall be the exclusive remedies reserved to the Authority in the event of a Developer Event of Default and in no event shall any consequential, punitive, special, incidental or indirect damages or damages solely attributable to diminution of value or lost profits be recoverable against the Developer. No delay or omission to exercise any right or power accruing upon any Developer Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient.

(c) Deposit. The Developer shall pay to the Authority (y) \$203,207.50 (the “Initial Deposit”) within five (5) Business Days following execution of this Agreement and (z) \$203,207.50 (the “Additional Deposit” and together with the Initial Deposit, the “Deposit”) within five (5) Business Days following satisfaction of the Post-Closing Contingencies, which shall serve as security for performance by the Developer of the obligations under this Agreement and the Master Lease Agreement, including, but not limited to, satisfaction of all Minimum Development Requirements.

(i) If this Agreement is terminated prior to the Closing in accordance with Section 3, the Initial Deposit shall be retained by the Authority or paid to the Developer in accordance with the terms of such Section.

(ii) In the event of any Developer Event of Default, the Authority may apply all or any part of such Deposit to cure any Developer Event of Default or to reimburse the Authority for any expenditure of any money in the enforcement of its rights or the Developer's obligations hereunder or any damages incurred by the Authority, in which event the Developer shall, on demand, pay to the Authority the sum so applied to restore the Deposit to its original amount.

(iii) Without limiting the provisions of this Section 9, if this Agreement is terminated because the Developer fails to satisfy the Minimum Development Requirements, the Authority shall be entitled to retain the Deposit in its entirety.

(iv) In the event of any Authority Event of Default, the Authority shall, on demand, pay to the Developer any portion of the Deposit paid to the Authority and not previously applied in accordance with the terms of this Agreement.

(v) Upon satisfaction of the Minimum Development Requirements and provided the Developer has complied with all of the terms, covenants and conditions of this Agreement and there is no Developer Event of Default then in effect, the Deposit shall be applied to the next installment(s) of rent due under the Master Lease Agreement.

(vi) In no event shall the Authority be required to segregate the Deposit or to pay the Developer interest thereon.

SECTION 13. Event of Default – Authority.

(a) Authority Event of Default. An “Authority Event of Default” shall exist when the Authority materially fails to observe and perform (i) any monetary obligation on its part to be observed or performed hereunder within ten (10) days after written notice to the Authority specifying such failure and requesting that it be remedied or (ii) any non-monetary obligation on its part to be observed or performed hereunder within thirty (30) days after written notice to the Authority specifying such failure and requesting that it be remedied, provided, if such non-monetary obligation is not capable of being remedied within thirty (30) days, within such further period of time as is reasonably necessary to cure such failure, but only if the Authority has, within said thirty (30) day period provided the Developer with assurances, deemed reasonably adequate by the Developer, that the Authority will cure the failure as soon as is reasonably possible (but in no event longer than one hundred eighty (180) days after written notice to the Authority) and the Authority so commences and completes such cure, or (iii) any obligation on its part to be observed or performed under the Master Lease Agreement within any applicable notice and cure or grace period.

(b) Remedies Upon an Authority Event of Default. Whenever an Authority Event of Default occurs, the Developer may (i) pursue a claim for specific performance against the Authority (it being acknowledged and understood by the Authority that monetary damages may not be an adequate remedy to the Developer for the Authority's failure to observe its obligations hereunder), (ii) pursue a claim for money damages so as to (A) protect the rights granted to the Developer hereunder (including curing any Authority Event of Default for the account of the

Authority), or (B) perform and/or observe any obligation of the Authority hereunder, and/or (iii) terminate this Agreement. If the Developer expends any money in the enforcement of its rights or the Authority's obligations hereunder, the Authority shall reimburse the Developer for all such expenditures together with interest thereon at the rate of 12% per annum and reasonable attorneys' fees and court costs. The rights under this Section 13, together with any indemnity rights specifically set forth herein shall be the exclusive remedies reserved to the Developer in the event of an Authority Event of Default and in no event shall any consequential, punitive, special, incidental or indirect damages or damages solely attributable to diminution of value or lost profits be recoverable against the Authority hereunder. No delay or omission to exercise any right or power accruing upon any Authority Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient.

SECTION 14. Term; Termination; Unavoidable Delay.

(a) Term. The term of this Agreement shall commence on the Effective Date and shall continue until the forty-ninth (49th) anniversary of the Closing Date (the "Term"), unless sooner terminated in accordance with the terms hereof.

(b) Termination. Subject to the terms of this Agreement, this Agreement:

(i) may be terminated for the failure to satisfy the Closing Conditions pursuant to Section 3;

(ii) may be terminated for the failure to satisfy the Post-Closing Conditions pursuant to Section 5;

(iii) may be terminated for the failure to satisfy the Minimum Development Requirements to be completed prior to Minimum Development Deadline #4 pursuant to Section 9(b)(i);

(iv) may be terminated by the Authority upon a Developer Event of Default pursuant to Section 12(b);

(v) may be terminated by the Developer upon an Authority Event of Default pursuant to Section 13(b);

(vi) may be terminated by either the Authority or the Developer, with immediate effect upon providing written notice to the other Party, if an Insolvency Event occurs with respect to other Party; or

(vii) shall automatically terminate upon the expiration or termination of the Master Lease Agreement;

(c) Unavoidable Delay. Notwithstanding anything herein to the contrary, in the event of an Unavoidable Delay in the performance by a Party of any non-monetary conditions or obligations under this Agreement, such Party shall not be considered in breach of this Agreement

provided that such Party gives written notice to the other Party of such Unavoidable Delay within forty five (45) days upon it being foreseen by, or becoming known to, such affected Party. Such affected Party shall undertake commercially reasonable efforts to continue to perform all of its obligations under this Agreement notwithstanding such Unavoidable Delay, but the time for performance of such conditions or obligations affected by the Unavoidable Delay shall be extended for the period necessitated by the Unavoidable Delay.

(d) Effect of Termination. In the event of a termination under Section 14(b) above, this Agreement and the Master Lease Agreement shall terminate, but any Development Leases executed prior to such termination shall continue in effect.

SECTION 15. Indemnification.

(a) Indemnity and Waiver for the Authority Indemnified Parties. To the fullest extent permitted by applicable Law, the Developer shall indemnify, defend and hold harmless the Authority Indemnified Parties from and against Claims, including, but not limited to, reasonable attorneys' fees, to the extent of any actual damage or injury to Persons or property arising out of or resulting from (A) the breach of the Developer's representations and warranties under this Agreement, (B) any fraud, gross negligence or willful misconduct of the Developer in performing its obligations under this Agreement, and/or (C) performance of any work on the Park Property (including, but not limited to, the Investigations and the construction of Horizontal Improvements) by the Developer, its contractors, consultants, employees, agents or any party acting by, under, through or on behalf of the Developer except to the extent caused by the negligence or willful misconduct of an Authority Indemnified Party. The indemnity set forth in this Section shall survive the Closing and the termination or expiration of this Agreement.

(b) Indemnity and Waiver for Developer Indemnified Parties. To the fullest extent permitted by applicable Law, the Authority shall indemnify, defend and hold harmless the Developer Indemnified Parties from and against Claims, including, but not limited to, reasonable attorneys' fees, for damage or injury to Persons or property arising out of or resulting from the breach of the Authority's representations and warranties under this Agreement. The indemnity set forth in this Section shall survive the Closing and the termination or expiration of this Agreement.

SECTION 16. Miscellaneous.

(a) Waiver of Subrogation. All insurance policies maintained by the Developer and Authority under this Agreement shall contain a clause pursuant to which the insurance carrier waives all rights of subrogation against the Authority with respect to losses payable under such policies.

(b) Notices. Except as expressly set forth herein, normal notices, demands and communications between the Parties will be sufficiently given if, and will not be deemed given unless, delivered personally, dispatched by certified mail, postage prepaid, return receipt requested, or sent by a nationally recognized express delivery or overnight courier service, to the office of the Parties shown as follows, or such other address as the Parties may designate in writing from time to time:

To the Authority:

Phoenix-Mesa Gateway Airport Authority
5835 S. Sossaman Road
Mesa, Arizona 85212
Attention: Business Development Director
Email: SJoachim@gatewayairport.com

With a copy to (which shall not constitute notice):

Snell and Wilmer L.L.P.
One Arizona Center
400 E. Van Buren
Phoenix, Arizona 85020
Attention: Jody Pokorski
Email: jpokorski@swlaw.com

To the Developer and/or Guarantor:

Mesa SkyBridge LLC
c/o Sun State Builders
1050 W. Washington Street #214
Tempe, Arizona 85281
Attention: Jose Pablo Martinez, Project Manager
Email: jose.martinez@seguritech.com

With a copy to (which shall not constitute notice):

Greenberg Traurig, LLP
2375 E. Camelback Road, Suite 700
Phoenix, Arizona 85016
Attention: Quinn P. Williams
Email: williamsq@gtlaw.com

Such written notices, demands, and communications will be effective on the date shown on the delivery record as the date delivered (or the date on which delivery was refused) or in the case of registered mail three (3) Business Days following deposit of such instrument in the United States Mail. A copy of any notice may also be given by email, but such notice shall only be effective if delivered by the means set forth above. Any notice to be given by any Party hereto may be given by legal counsel for such Party. Counsel for the Party may give simultaneous notice hereunder to the opposing Party and its counsel. Any Party hereunder may, by notice given hereunder, designate any further or different addressees to which subsequent notices, certificates, requests or other communications shall be sent.

(c) Consents and Approvals. Subject to any provision contained herein to the contrary, whenever consent or approval of a Party is required under any provision hereof, or a matter is

subject to the satisfaction, judgment, determination or designation of a Party under any provision hereof, except as expressly provided herein, such Party shall not unreasonably condition, delay, deny or withhold such consent or approval, and shall not be unreasonable in deciding whether such matter is satisfactory, or in making such judgment, determination or designation.

(d) Time is of the Essence. Except for extensions of time resulting from an Unavoidable Delay or as otherwise provided herein, the times for performance provided in this Agreement are essential as they relate to the performance of each of the obligations and deadlines contained in this Agreement. If a time is not specified, performance shall be required promptly and with due regard to the conditions of performance of other Party in reliance thereon.

(e) Binding Effect. Subject to Section 16(g), this Agreement shall inure to the benefit of, and shall be binding upon, the Authority, the Developer and their respective successors and assigns.

(f) Entire Agreement; Amendments.

(i) This Agreement, the Entry Agreement and the agreements and documents referenced herein, supersede and control all previous oral and written discussions and agreements relating to the subject matter hereof (including, without limitation, the RFP and the MOU), and constitute the entire agreement between the Parties.

(ii) No amendment or modification to, or extension or waiver of any provisions of, or consent provided under, this Agreement shall be valid unless such amendment, modification, extension, consent or waiver is in writing and signed or approved electronically by all the Parties, or, in the case of consent or waiver, by the Party granting the same.

(g) Assignment.

(i) The rights and obligations of the Developer under this Agreement and any and all other agreements referenced herein may not be assigned by the Developer without the prior written consent of the Authority, which consent may be given or withheld in the Authority's sole discretion. At the time of the Authority's lease to a third-party of a Development Parcel pursuant to a Development Lease, the Developer will be released from its obligations set forth under this Agreement that relate to such Development Parcel arising from and after the date of such Development Lease.

(ii) Notwithstanding the foregoing, following satisfaction of the Post-Closing Conditions, the Developer may assign its rights under this Agreement and the Master Lease Agreement as collateral to a lender providing financing for construction of the Horizontal Improvements, provided that if such lender acquires the Developer's interest hereunder and under the Master Lease Agreement by foreclosure, a deed in lieu thereof, or otherwise, (A) the lender may not further assign such rights without the Authority's prior written approval, which approval may be given or withheld in the Authority's sole discretion since the Authority has a vested interest in approving the master developer of the Park Property and (B) if such rights are not assigned to a replacement master developer within thirty (30)

months following the date of lender's acquisition of the Developer's interest hereunder, the Authority may terminate this Agreement and the Master Lease.

(h) Severability. If any section or provision of this Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof, made, assumed, entered into or taken under this Agreement, or any application thereof, is, for any reason, held to be illegal or invalid, or is at any time inoperable by reason of any Law, or actions thereunder, such illegality or invalidity or inoperability shall not affect the remainder thereof or any covenant, stipulation, obligation, agreement, act or action, or part thereof, made, assumed, entered into or taken under this Agreement, which shall, at the time, be construed and enforced as if such illegal or invalid or inoperable portion were not contained therein.

(i) Non-Merger Provisions. None of the provisions of this Agreement that are intended to be performed or completed after the Closing Date shall be merged by reason of leases, deeds or other conveyances, and any such leases, deeds or other conveyances shall not be deemed to affect or impair any of the provisions and covenants of this Agreement which are intended to be performed or completed after the Closing Date.

(j) Governing Law. This Agreement, and any matters relating to or arising from the subject matter hereof, shall be construed, interpreted, applied and enforced in accordance with, and shall be governed by, the laws of the state of Arizona, without regard to principles of conflicts of laws, and, to the fullest extent permitted by law, each of Developer and Guarantor hereby unconditionally and irrevocably waives any claim to assert that the law of any other jurisdiction governs this Agreement. The obligations of the Parties are performable in Maricopa County, Arizona, and venue for any dispute arising hereunder will lie exclusively in the state courts or federal district court, as applicable, located in Maricopa County, Arizona, and each Party hereby expressly and irrevocably waives its rights to any other jurisdiction that may apply by virtue of its present or future domicile or for any other reason.

(k) Alternative Dispute Resolution. In the event of a dispute between the Authority and the Developer with respect to the terms or provisions of this Agreement, any Party may make a demand for mediation of this Agreement by written notice to the other Party. Such notice shall state that a dispute exists, shall request mediation pursuant to this Section 16(j) and shall set forth a succinct statement of the matter in dispute. Within ten (10) days after the receipt of the notice as provided above, the other Party shall submit to the demanding Party (in the same manner as notices are given hereunder) a written response setting forth a succinct statement of the responding Party's position. Such mediation shall be conducted in accordance with the Commercial Rules of the American Arbitration Association then in effect by a mediator selected by the agreement of the Parties from a list of five (5) potential mediators from the Phoenix, Arizona area with experience relating to the particular matter or matters in dispute, which list shall be furnished to the Parties by the American Arbitration Association (or its successors). If the Parties fail to agree on a single mediator within fifteen (15) days after receipt of such list of potential mediators, then the Parties shall select a mediator from such list by an alternate striking process, with the Party initiating the demand for mediation striking first. The mediator selected by agreement of the Parties or the last unstricken mediator from the striking process shall serve as the mediator for purposes of this Section 16(j). If the matter in dispute has not been resolved within thirty (30) days after the

selection of a mediator or if the Parties fail to select a mediator within thirty (30) days after receipt of the list of potential mediators, either Party may thereafter initiate litigation. All negotiations pursuant to this Section 16(j) are confidential and shall be treated as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and applicable state rules of evidence. All applicable statutes of limitation and defenses based upon the passage of time shall be tolled while the procedures specified in this Section 16(j) are pending. The Parties shall take such action, if any, required to effectuate such tolling.

(l) Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

(m) Captions. The captions of the various sections herein contained are solely for the convenience of the Parties and shall not be construed to interpret or limit the content of any provision or section of this Agreement.

(n) Construction of Agreement. This Agreement has been reviewed and revised by legal counsel for both the Developer and the Authority, and no presumption or rule that ambiguities shall be construed against the drafting Party shall apply to the interpretation or enforcement of this Agreement.

(o) Relationship of Parties; No Third Party Beneficiaries. This Agreement creates an independent contractor relationship of the Developer to the Authority. The Developer and the Authority are not partners or joint venturers, nor is either the principal or agent of the other, and nothing herein will be construed to create any such relationship between the Parties, or to render either Party liable for any obligations of the other. The only beneficiaries of this Agreement are the Developer to the Authority. There are no third-party beneficiaries.

(p) Estoppel Certificates. Upon thirty (30) days' prior written notice, each Party agrees to sign and deliver to the other Party a statement certifying (a) that this Agreement is unmodified and in full force and effect (or, if that is not the case, so stating and setting forth any modifications), (b) that, to the responding Party's knowledge, the requesting Party is not in breach of this Agreement (or, if that is not the case, so stating and setting forth any alleged breaches), and (c) any other information reasonably related to the status of this Agreement. This certificate may only be relied upon by the Party requesting the certificate and any parties specifically identified by name in the request, may only be used to estop the responding Party from claiming that the facts are other than as set forth in the certificate, and may not be relied upon by any person or entity, even if named in such estoppel certificate, who knows or should know that the facts are other than as set forth in such certificate.

(q) No Recording/Filing. Neither Party will record or file this Agreement or any memorandum thereof in any public recording office.

(r) Limitation of Liability. No Affiliates, members, managers, general partners, limited partners, shareholders, directors, officers, regents, officials, employees, attorneys or agents of the Authority or the Developer shall have any liability with respect to, and each of the Authority

and the Developer hereby waives, releases, and agrees not to sue any of them upon, any Claims suffered or incurred by the Authority or the Developer, as applicable, in connection with, arising out of, or in any way related to, this Agreement or any of the transactions contemplated by this Agreement. Neither party shall be liable to the other for any indirect, special, or consequential damages whether or not foreseeable relating to Claims asserted under this Agreement. The provisions of this Section 16(q) will survive the expiration or earlier termination of this Agreement.

(s) Conflict of Interest. In accordance with A.R.S. §38-511, the Authority may terminate this Agreement upon sixty (60) days written notice to the Developer within three (3) years after the execution of this Agreement, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting, or creating this Agreement on behalf of the Authority, at any time while this Agreement or any extension thereof is in effect, becomes an employee or agent of the Developer to this Agreement in any capacity or a consultant to the Developer with respect to the subject matter of this Agreement.

(t) Further Assurance. The parties shall take such action and execute such other and further instruments and documents as are or may be reasonably necessary to effectuate and carry out this Agreement.

SECTION 17. Guaranty.

(a) This Agreement is executed by Guarantor solely to evidence its agreement to guaranty all covenants, conditions and obligations of the Developer under this Agreement and the Master Lease Agreement executed pursuant hereto up to a maximum liability of \$20,000,000 (the "Guaranteed Obligations").

(b) This Guaranty will continue unchanged by the occurrence of any event qualifying as a disaffirmance or abandonment of the Agreement by the Developer. Neither Guarantor's obligation to render performance in accordance with the terms of this Guaranty nor any remedy for the enforcement hereof shall be impaired, modified, changed, released, or limited in any manner whatsoever by an Insolvency Event of Developer or Guarantor.

(c) Guarantor hereby waives any right to require the Authority to proceed against any other person or to proceed against or exhaust any security held by it at any time or to pursue any other remedy before proceeding against Guarantor. If any right of action shall accrue to the Authority under this Agreement, the Authority may proceed against Guarantor and the Developer, jointly and severally, or the Authority may, at its option, proceed against Guarantor, without having commenced any action or having obtained any judgment, against the Developer. Guarantor hereby waives the provisions of Sections 12-1641, et seq., Arizona Revised Statutes, or any similar or successor statutes, and the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of the Guaranteed Obligations.

(d) Guarantor agrees to pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempted collection of this Guaranty or in enforcing this Guaranty against Guarantor.

(e) Guarantor hereby fully and completely waives, releases, and relinquishes notice of any demand by the Authority, any notice of default in the payment of any amounts contained or reserved in this Agreement, or any other notice of default under the Agreement. Guarantor expressly agrees that the validity of this Guaranty and the obligations of Guarantor shall in no way be terminated, affected, or impaired by reason of any waiver by the Authority or its successors or assigns, or failure to enforce any of the terms, covenants, or conditions of the Agreement or this Guaranty, or the granting of any indulgence or extension of time to the Developer, all of which may be given or done without notice to Guarantor.

(f) Until the Developer has satisfied all covenants, conditions, or obligation under the Agreement and the Master Lease Agreement, at the end of each fiscal quarter of Guarantor, commencing with the fiscal quarter ending following the Effective Date, Guarantor shall achieve:

- (i) Tangible Net Worth of not less than \$100,000,000; and
- (ii) Liquidity of not less than \$5,000,000.

The Tangible Net Worth and Liquidity amounts shall be adjusted on the fifth (5th) anniversary of the Closing Date and at five (5) year intervals thereafter by the percentage increase in the CPI as of the date of adjustment over such index as of the first day of the preceding five (5)-year period. The “CPI” shall mean the Consumer Price Index for All Urban Consumers (CPI-U) 1982-84=100 (Unadjusted), published by the Bureau of Labor Statistics of the United States Department of Labor available at www.bls.gov (or similar index selected by the Authority, if the foregoing is no longer published). All financial information provided by the Guarantor shall be kept confidential by Authority to the extent allowed by Law. If the Authority believes it is required to disclose any such financial information it shall notify the Guarantor in writing, and to the extent allowed by Law, shall allow Guarantor to challenge such disclosure if the Guarantor notifies the Authority of its intent to do so within ten (10) Business Days following receipt of such notice.

(g) For purposes of this Guaranty:

(i) “Tangible Net Worth” shall mean the current value, on a basis consistent with the statement of financial position dated September 30, 2017, of Guarantor’s assets (excluding goodwill, patents, trademarks, trade names, organization expense, treasury stock, unamortized debt discount and expense, deferred research and development costs, deferred marketing expenses, and other like intangibles), less total Debt, including but not limited to accrued and deferred income taxes, and any reserves against assets, all as determined in accordance with the methods described in Guarantor’s statement of financial position.

(ii) “Liquidity” shall mean the sum of (i) Guarantor’s unencumbered cash, cash equivalents, and marketable securities, and (ii) Guarantor’s unrestricted cash, cash equivalents, and marketable securities, all as determined on a current value basis.

(iii) “Debt” shall mean without limitation, (a) any indebtedness or liability for borrowed money, (b) all indebtedness evidenced by bonds, debentures, notes, letters of credit, drafts or similar instruments, (c) all indebtedness to pay the deferred purchase price

of property or services (including trade obligations), (d) all capitalized lease obligations, (e) all synthetic lease obligations, (f) current liabilities and respective unfunded vested benefits under plans covered by ERISA, (g) obligations secured by Liens and encumbrances whether or not the obligations have been assumed, (h) obligations under acceptance facilities, and (i) all other indebtedness that would be reported as a liability upon a balance sheet prepared in accordance with GAAP.

(iv) “GAAP” shall mean generally accepted accounting principles consistently applied.

(h) Guarantor hereby expressly acknowledges that this Guaranty is governed by the law of the state of Arizona and therefore expressly and irrevocably agrees that any rights and/or privileges that Guarantor might otherwise have under the laws of the United Mexican States (“Mexico”) shall not be applicable to this Guaranty, including, but not limited to, any benefit of *orden, excusión, división, quita, novación, espera* and *modificación* which may be available to it under articles 2813, 2814, 2815, 2816, 2817, 2818, 2820, 2821, 2822, 2823, 2827, 2836, 2840, 2842, 2845, 2846, 2847, 2848 and 2849 of the Federal Civil Code of Mexico and the corresponding articles of the Civil Codes in effect for all other states of Mexico.

(i) Guarantor hereby irrevocably designates and appoints Developer and any successor thereof to receive, accept and acknowledge for and on its behalf, and in respect of its property, service of any and all legal process, summons, notices and documents which may be served in any claim, action or suit arising out of or in connection with this Agreement.

(j) Developer may request that the Authority approve a replacement Guarantor hereunder, which approval may be given or withheld in the Authority’s sole discretion.

[Signatures to follow.]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed on or as of the day and year aforesaid.

DEVELOPER:

MESA SKYBRIDGE LLC

By: _____
Name: _____
Title: _____

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this ____ day of _____, 2017, by _____, the _____ of MESA SKYBRIDGE LLC, an Arizona limited liability company, on behalf of the company.

Notary Public

My commission expires:

GUARANTOR:

Solely with respect to Section 17 hereof:

**GRUPO SEGURITECH PRIVADA, S.A.P.I.
DE C.V.**

By: _____

Name: _____

Title: _____

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this ____ day of _____, 2017, by _____, the _____ of GRUPO SEGURITECH PRIVADA, S.A.P.I. DE C.V., a(n) _____, on behalf of the _____.

Notary Public

My commission expires:

AUTHORITY:

**PHOENIX-MESA GATEWAY AIRPORT
AUTHORITY**

By: _____
Name: _____
Title: _____

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this ____ day of _____, 2017, by _____, the _____ of PHOENIX-MESA GATEWAY AIRPORT AUTHORITY, a joint powers authority authorized under the laws of Arizona on behalf of the authority.

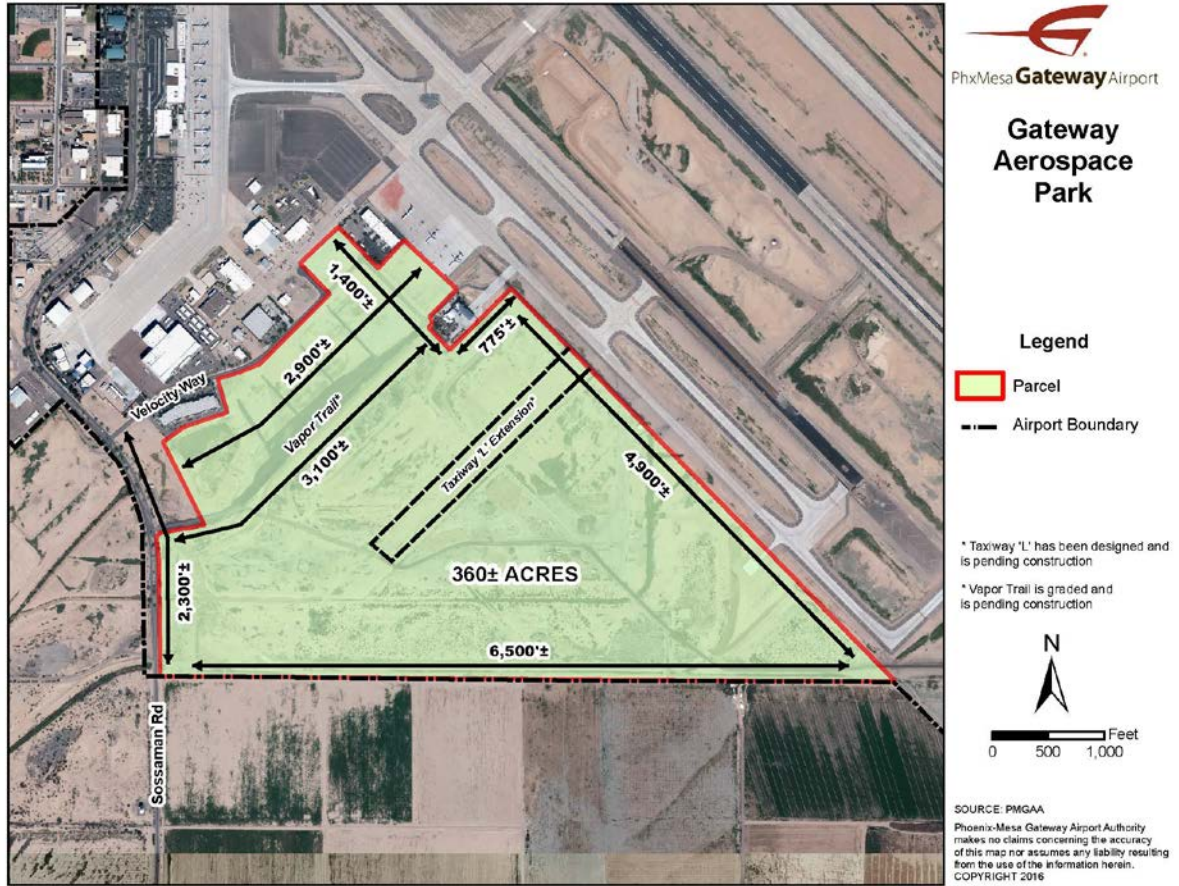
Notary Public

My commission expires:

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EXHIBIT A

Description of the Park Property



An area comprising approximately 360 acres as determined by an ALTA survey dated October 18, 2017 by Hunter Engineering, which by this reference is incorporated herein.

EXHIBIT B

Key Terms of Master Lease Agreement

(a) Lease of Park Property. The Authority will lease the Park Property (consisting of approximately 360 acres), free and clear of Liens, other than permitted Liens approved by Developer and set forth in the Master Lease Agreement, except as subordinate to, or limited by, the Governing Provisions, the FAA regulations, and/or other applicable Law, and the Park Property Governance Documents.

(b) Consideration. In consideration for granting the lease to the Developer, the Developer will (A) undertake its obligations hereunder set forth under Section 5 of this Agreement, and (B) pay the Authority such rent as will be agreed upon by the Parties.

(c) Operating Standards. The Master Lease Agreement will set forth the operating standards, specifications, policies, procedures, and processes that would apply to the operation and maintenance of the Park Property. Such operating standards shall be consistent with, and adhere to, the Governing Provisions and applicable Laws.

(d) Revenues. The Developer will at all times during the term of the Master Lease Agreement have the right, title, entitlement, and interest in and to all revenues generated from its activities on the Park Property, including all payments from lessees of Warehouse Facilities, Office Space and Commercial Space, and any fees from the Customs Facility.

(e) Reporting, Audits, Inspections, Records. The Developer will provide scheduled reports to the Authority, including in respect of lessees. The Authority will also have the right to inspect the books and records of the Developer and conduct audits.

(f) Term. The Master Lease Agreement will have a term of forty-nine (49) years, subject to any tolling periods.

(g) Encumbrance of Developer's Leasehold Interest. The Developer shall have the right to encumber its interest in the Master Lease Agreement, pursuant to one or more leasehold deeds of trust on terms to be set forth in the Master Lease Agreement, and the Developer's lender(s) shall be granted leasehold lending rights and privileges to be set forth in the Master Lease Agreement.

(h) Environmental. Neither the Authority nor the Developer will have no liability for any damages, claims, costs, or cleanup responsibilities related to the presence of Hazardous Substances, known and unknown, at, on, under or emanating from the Park Property prior to and as of the commencement date, except and only to the extent (i) with respect to the Authority, as expressly provided in this Agreement or the Master Lease Agreement, and (ii) with respect to the Developer, that such existing environmental conditions are exacerbated by the Developer due to activities that are not related to the reasonable and expected development and use of the Park Property.

(i) Development Leases. The Master Lease Agreement will contain provisions regarding the Airport and the Developer entering into Development Leases from time to time for the staged development of the Park Property. The lessee under a Development Lease shall have the right to encumber its interest in the Development Lease, pursuant to one or more leasehold deeds of trust on terms to be set forth in the Development Lease, and the Developer's lender(s) shall be granted leasehold lending rights and privileges to be set forth in the Development Lease.

(j) Granting of Development Easements; Airport Cooperation. The Master Lease Agreement will contain provisions for the granting of easements by the Airport to the Developer for the development of the Park Property, and for the Airport's cooperation with the Developer in connection with land use, zoning and other development-related permits, licenses, authorizations, and approvals.

(k) Vacancy Threshold; Rent Abatement. If the aggregate vacancy rate for the rentable area of all buildings and improvements subject to a Development Lease is 50% or greater (as certified to the Airport by the Developer), the base rent payment amount associated with such rentable buildings or improvements shall be reduced to 50% of the base rent amount then in effect under the applicable Development Leases, until such time as the tenant/subtenant/sub-subtenant vacancy rate for such building(s) or improvement(s) is less than 50%, at which time the base rent amount shall be reset to the full base rent amount then in effect under the applicable Development Lease(s), provided that the base rent abatement herein provided shall not occur more than twice for any Development Lease and no single abatement period shall extend beyond a period of twelve (12) months in each such instance.

The foregoing terms do not constitute or include all of the material terms of the Master Lease Agreement, all of which shall be negotiated and set forth in the Master Lease Agreement.

EXHIBIT C

Key Items in Master Plan

The Master Plan shall include (without limitation) the following items:

- (l) A detailed site plan for the Project, including the boundaries of the Phases and the Development Parcels,
- (m) A lot map for the Project that complements the Airport's existing lot naming conventions and clearly identifies aeronautical and non-aeronautical Development Parcels,
- (n) Any Development Parcels which may not be subjected to a Development Lease prior to other designated Development Parcels,
- (o) A land-use plan and zoning map for the Park Property,
- (p) A phased development plan that identifies expected investment, building types, types of end-users, and expected amounts of square footage to be developed,
- (q) A detailed infrastructure improvement plan showing the Horizontal Improvements to be constructed to serve each Development Parcel and the timing of construction of all Horizontal Improvements,
- (r) A detailed financing plan,
- (s) A landscape plan for the Park Property,
- (t) Drafts of the Park Property Governance Documents for the Project,
- (u) A financial analysis of the Project which specifically outlines the anticipated revenue and timing of the revenue due to the Airport based on market assumptions and on the terms in the Master Lease Agreement and Master Development Agreement,
- (v) A detailed marketing plan with associated budget,
- (w) An economic impact analysis of the Project,
- (x) Environmental reports and clearances, and
- (n) The Exclusion List per Section 9(b) of the Agreement.

EXHIBIT D

Insurance Requirements

SECTION 1: Developer Insurance. Developer shall procure and maintain, or cause to be procured and maintained, the following types and amounts of insurance with respect to the Park Property:

- (1) Commercial General Liability insurance in an amount not less than \$10,000,000 per occurrence, and \$20,000,000 annual aggregate. Such insurance shall include contractual liability insurance covering applicable leases, licenses, permits, or agreements and products/completed operations liability in the amount of at least \$10,000,000. The deductible for this policy shall not exceed \$100,000;
- (2) Commercial Operators/Automobile Liability insurance for all owned, non-owned and hired vehicles operating on the Park Property, assigned to or used in the performance of commercial activities in the amount of at least \$3,000,000 combined single limit. If any hazardous material, as defined by any local, state, or federal authority, is the subject, or transported, in the performance of this contract, an MCS 90 endorsement is required providing \$5,000,000 per occurrence limits of liability for bodily injury and property damage. The deductible for this policy shall not exceed \$30,000;
- (3) Environmental Impairment Liability/Pollution coverage for any hazardous material storage facility, tank, piping, ancillary equipment, containment system or structure used, controlled, constructed, or maintained by Developer on the Park Property in the amount of \$2,000,000 each incident, \$4,000,000 aggregate. The deductible for this policy shall not exceed \$20,000; and
- (4) Worker's Compensation insurance, as required by law, and *Employer's Liability* insurance in the amount of \$1,000,000 covering work-related injuries to employees and others permitted to operate or otherwise conduct business on the Park Property.

From time to time, but no more often than every five (5) years, the Authority may request that the insurance limits under this Section be increased to reflect typical insurance limits for similar types of projects.

If Developer shall fail to procure any insurance required hereunder, the Authority may, upon written notice to Developer, procure and maintain any or all of the insurance required of Developer under this Section. In such event, all costs of such insurance procured and maintained by the Authority on behalf of Developer shall be the responsibility of Developer and shall be fully reimbursed to the Authority within Ten (10) business days after the Authority advises Developer of the cost thereof.

SECTION 2: Authority Insurance. The Authority shall procure and maintain, or cause to be procured and maintained, the following types and amounts of insurance:

- (1) Commercial General Liability insurance in an amount not less than \$10,000,000 per occurrence, and \$20,000,000 annual aggregate for the property comprising the Airport (the "Airport Property"). Such insurance shall include contractual liability insurance covering applicable leases, licenses, permits, or agreements and products/completed operations liability in the amount of at least \$10,000,000. The deductible for this policy shall not exceed \$100,000;
- (2) Commercial Operators/Automobile Liability insurance for all owned, non-owned and hired vehicles operating on the Airport Property, assigned to or used in the performance of commercial activities in the amount of at least \$3,000,000 combined single limit. If any hazardous material, as defined by any local, state, or federal authority, is the subject, or transported, in the performance of this contract, an MCS 90 endorsement is required providing \$5,000,000 per occurrence limits of liability for bodily injury and property damage. The deductible for this policy shall not exceed \$30,000; and
- (3) Worker's Compensation insurance, as required by law, and *Employer's Liability* insurance in the amount of \$1,000,000 covering work-related injuries to employees and others permitted to operate or otherwise conduct business on the Airport Property; and
- (4) Pollution Legal Liability insurance in the amount of \$10,000,000 per occurrence and \$10,000,000 aggregate. Coverage shall include 1st and 3rd party remediation for unknown pre-existing pollution conditions on the Park Property as well as for 3rd party claims for bodily injury and property damage arising from a pollution condition on the Park Property, including associated legal defense expenses. The Authority shall consult with the Developer regarding the terms thereof prior to procuring such insurance. Developer shall reimburse Authority for fifty percent (50%) of the cost for the insurance policy required under this Section. The Authority shall deliver a report to the Developer which shall include a description of the costs incurred by the Authority and shall be accompanied by an invoice showing the amount owed. The Developer shall remit payment within thirty (30) days following receipt of such invoice.

SECTION 3: General Provisions Regarding Insurance.

Form. Each insurance policy obtained by either the Authority or Developer (each a "Procuring Party") pursuant to this Exhibit, except for *Worker's Compensation* and *Employer's Liability* policies, shall: (i) name the other party (the "Benefitted Party") as a certificate holder or additional named insured; (ii) to the extent commercially available contain a provision that written notice of cancellation or modification thereof shall be given to the Benefitted Party not less than Thirty (30) calendar days before such cancellation or modification takes effect or Ten (10) days in case of nonpayment of premium; and (iii) contain a waiver of subrogation in favor of the Benefitted Party. Each Procuring Party shall not permit any insurance policy to be canceled or modified without the written consent of the Benefitted Party unless equivalent replacement policies are issued with no lapse in coverage. All policies shall be obtained from insurance companies licensed to do business in the State of Arizona and possessing a rating of at

least A – VII or higher from the A.M. Best Company, or an equivalent rating and approved by the Benefitted Party.

Certificates of Insurance. Each Procuring Party shall deliver to the Benefitted Party a certificate of insurance for each policy required along with an endorsement naming the other as additional insured in standard Acord or equivalent form, prior to the Effective Date and shall continue to provide such certificates annually throughout the term of this Agreement.

EXHIBIT E

Minimum Development Requirements

Minimum Development Deadline	Item No.	Minimum Development Requirements
On or before the seventh (7 th) anniversary of the Closing Date (“ <u>Minimum Development Deadline #1</u> ”)	(1)	The Cargo Inspection Program is operational at the Airport.
	(2)	The Developer has completed construction of Taxiway Lima and it has been accepted by the Authority.
	(3)	The Developer has completed construction of Vapor Trail and the same has been accepted by the applicable Government Authorities.
	(4)	The Developer has completed construction and/or reconstruction of Drainage Retention Basins.
	(5)	The Developer, in coordination with the Authority, has completed the necessary environmental clearances for the Horizontal Improvements to be constructed pursuant to the Master Plan to the satisfaction of the FAA.
On or before the fifteenth (15 th) anniversary of the Closing Date (“ <u>Minimum Development Deadline #2</u> ”)	(6)	The Developer and/or Vertical Developer(s) have received certificates of occupancy for at least 400,000 SF of Office Space and/or Warehouse Facilities on non-aeronautical Development Parcels.
	(7)	The Developer and/or Vertical Developer(s) have received certificates of occupancy for at least 100,000 SF of Office Space, Warehouse Facilities and/or hangar buildings on aeronautical Development Parcels.
On or before the twenty-fifth (25 th) anniversary of the Closing Date (“ <u>Minimum</u> ”)	(8)	Office Space and/or Warehouse Facilities for at least 800,000 SF of Office Space and/or Warehouse Facilities on non-aeronautical Development Parcels.

<u>Development Deadline #3)</u>	(9)	The Developer, its Affiliate, or a Vertical Developer has received a certificate of occupancy for at least 200,000 SF of Office Space, Warehouse Facilities and/or hangar buildings on aeronautical Development Parcels.
	(10)	The Developer or its Affiliates shall complete all Horizontal Improvements, pursuant to the Master Plan.
On or before the thirty-fifth (35 th) anniversary of the Closing Date (<u>“Minimum Development Deadline #4)</u>	(11)	The Developer, its Affiliate, or a Vertical Developer has received a certificate of occupancy for at least 1,200,000 SF of Office Space and/or Warehouse Facilities on non-aeronautical Development Parcels.
	(12)	The Developer, its Affiliate, or a Vertical Developer has received a certificate of occupancy for at least 400,000 SF of Office Space, Warehouse Facilities and/or hangar buildings on aeronautical Development Parcels.

EXHIBIT F-1

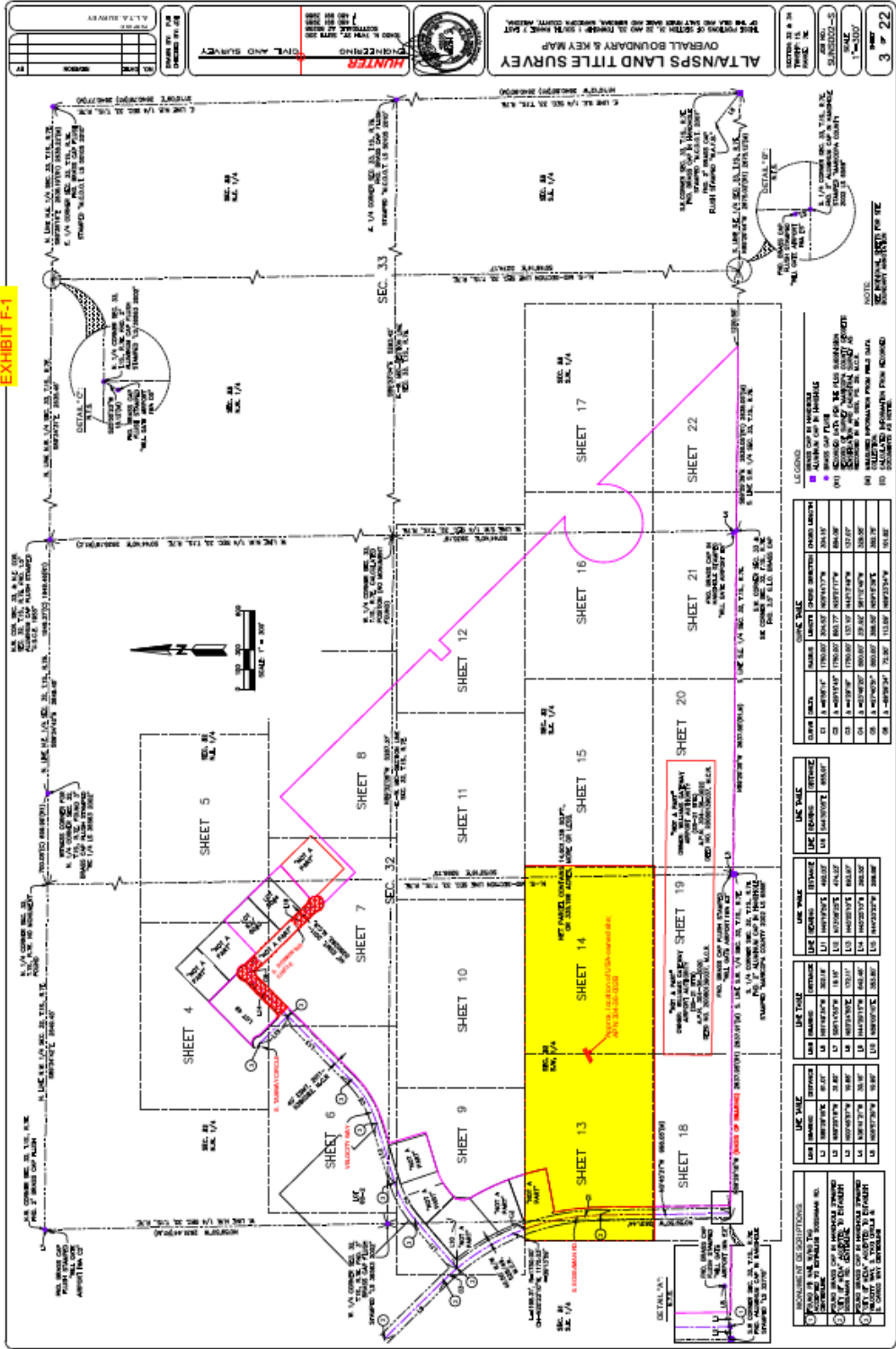
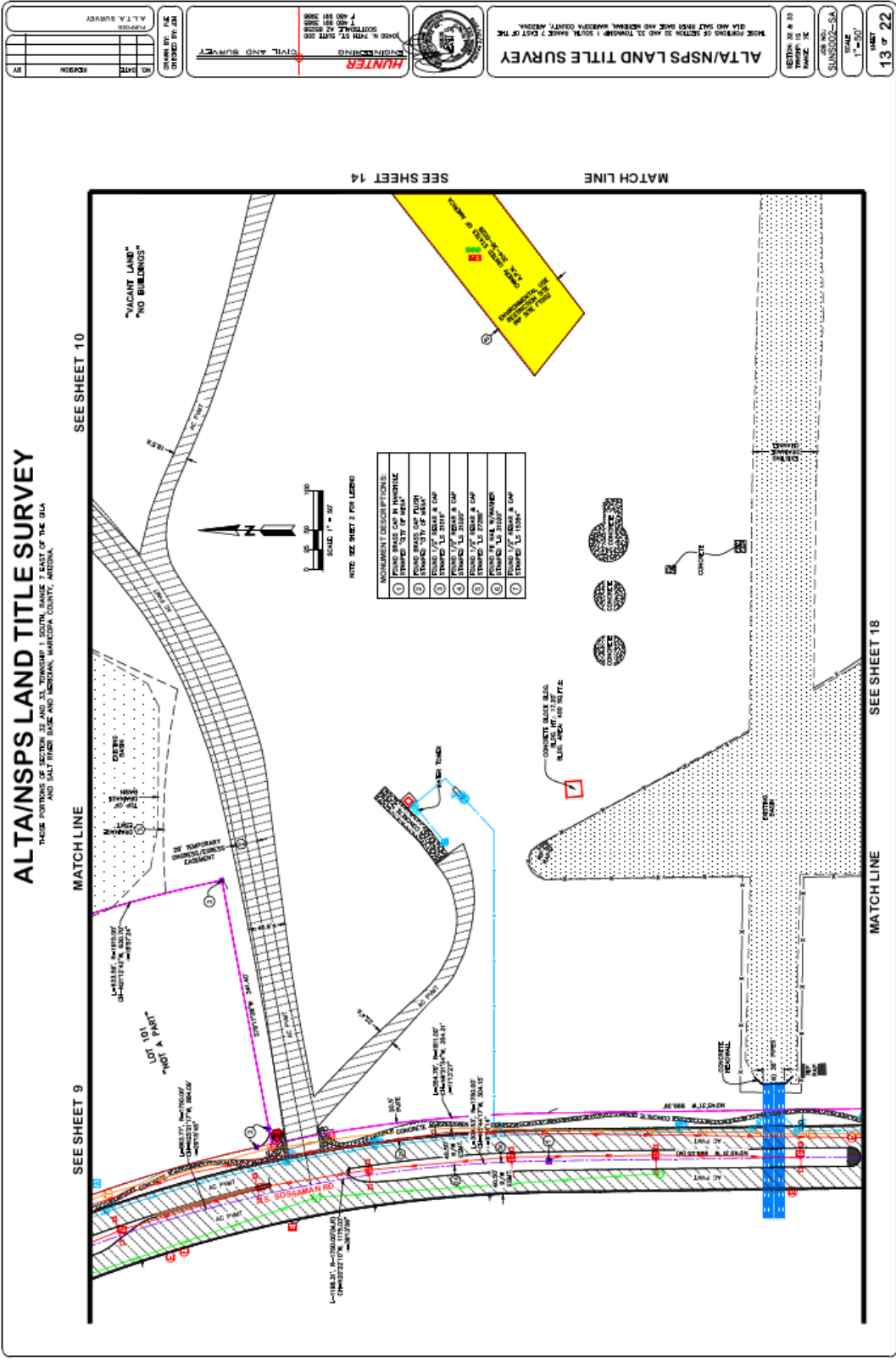


EXHIBIT F-1



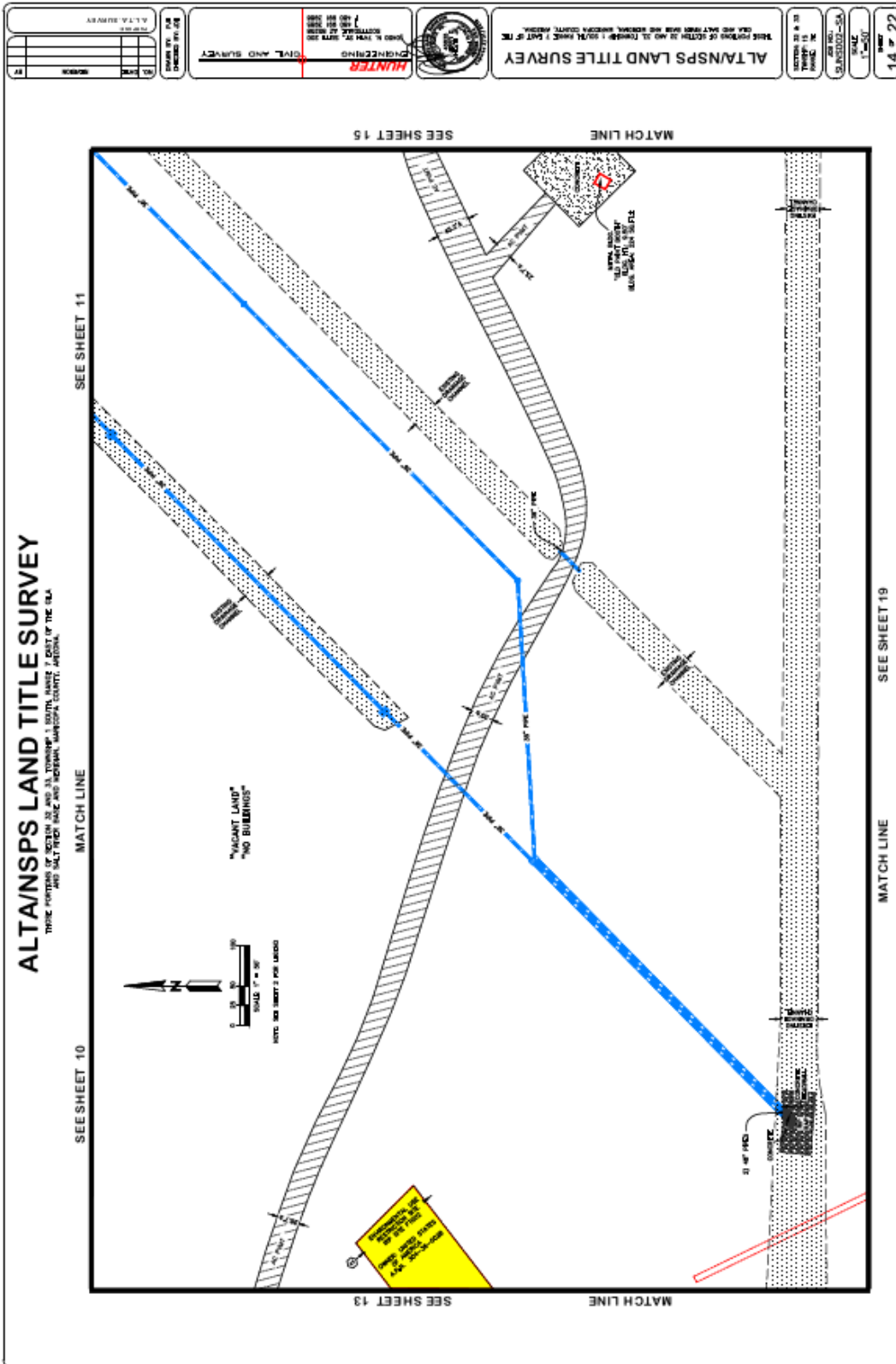


EXHIBIT F-2A

**EXHIBIT F2A
LEGAL DESCRIPTION**

THAT PORTION OF SECTION 32, TOWNSHIP 1 SOUTH, RANGE 7 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 32, MARKED BY AN ALUMINUM CAP IN HANDHOLE STAMPED "LS 32778," FROM WHICH THE SOUTH QUARTER CORNER OF SAID SECTION 32, MARKED BY A 2" ALUMINUM CAP IN HANDHOLE, STAMPED "LS 6568/ 2002," BEARS, SOUTH 89°29'18" EAST, FOR A DISTANCE OF 2637.91 FEET AS MEASURED AND RECORDED IN BOOK 609 OF MAPS, PAGE 29, OFFICIAL RECORDS OF MARICOPA COUNTY, ARIZONA;

THENCE SOUTH 89°29'18" EAST, ALONG THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 32, FOR A DISTANCE OF 1058.14 FEET;

THENCE NORTH 00°30'42" EAST, FOR A DISTANCE OF 299.65 FEET TO THE POINT OF BEGINNING;

THENCE SOUTH 88°46'51" WEST, FOR A DISTANCE OF 144.65 FEET TO A NON-TANGENT CURVE HAVING A RADIUS OF 93.94 FEET AND A CHORD BEARING OF NORTH 73°09'26" WEST, FOR A DISTANCE OF 28.90 FEET;

THENCE NORTHWESTERLY, ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 17°41'42", AN ARC LENGTH OF 29.01 FEET, TO A NON-TANGENT COMPOUND CURVE, HAVING A RADIUS OF 399.11 FEET AND A CHORD BEARING OF NORTH 54°38'00" WEST, FOR A DISTANCE OF 62.44 FEET;

THENCE NORTHWESTERLY, ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 8°58'20", AN ARC LENGTH OF 62.50 FEET, TO A NON-TANGENT COMPOUND CURVE, HAVING A RADIUS OF 1493.76 FEET; AND A CHORD BEARING OF NORTH 39°15'08" WEST, FOR A DISTANCE OF 473.98 FEET;

THENCE NORTHWESTERLY, ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 18°15'27", AN ARC LENGTH OF 475.99 FEET;

THENCE NORTH 21°26'38" EAST, FOR A DISTANCE OF 21.40 FEET;

(CONTINUED ON PAGE 2)



TITLE: **F2A**
SCALE: N.T.S.
DATE: 11/14/17
DESC: WEST RANGE
LEGAL

HUNTER
ENGINEERING CIVIL AND SURVEY
10480 N. 74TH ST., SUITE 200
SCOTTSDALE, AZ 85258
T 480 981 3885
F 480 981 3886
PROJ. NO. SUN5002

EXHIBIT F2A LEGAL DESCRIPTION

(CONTINUED FROM PAGE 1)

THENCE NORTH 78°31'23" EAST, FOR A DISTANCE OF 30.07 FEET;

THENCE SOUTH 87°02'24" EAST, FOR A DISTANCE OF 463.95 FEET;

THENCE NORTH 74°24'04" EAST, FOR A DISTANCE OF 22.57 FEET;

THENCE SOUTH 80°24'07" EAST, FOR A DISTANCE OF 86.73 FEET;

THENCE NORTH 87°00'06" EAST, FOR A DISTANCE OF 87.29 FEET;

THENCE SOUTH 43°58'41" EAST, FOR A DISTANCE OF 25.29 FEET;

THENCE SOUTH 09°46'51" EAST, FOR A DISTANCE OF 30.37 FEET TO A NON-TANGENT CURVE HAVING A RADIUS OF 481.52 FEET; AND A CHORD BEARING OF SOUTH 03°10'05" EAST, FOR A DISTANCE OF 137.03 FEET;

THENCE SOUTHERLY, ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 16°21'40", AN ARC LENGTH OF 137.50 FEET, TO A NON-TANGENT REVERSE CURVE, HAVING A RADIUS OF 108.03 AND A CHORD BEARING OF SOUTH 08°19'39" EAST, FOR A DISTANCE OF 78.57 FEET;

THENCE SOUTHEASTERLY, ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 42°38'56", AN ARC LENGTH OF 80.41 FEET, TO A NON-TANGENT REVERSE CURVE, HAVING A RADIUS OF 122.12 FEET AND A CHORD BEARING OF SOUTH 03°13'51" WEST, FOR A DISTANCE OF 104.54 FEET;

THENCE SOUTHWESTERLY, ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 50°41'06", AN ARC LENGTH OF 108.03 FEET;

THENCE SOUTH 26°59'36" WEST, FOR A DISTANCE OF 51.27 FEET TO A NON-TANGENT CURVE, HAVING A RADIUS 55.69 FEET; AND A CHORD BEARING OF SOUTH 54°51'26" WEST, FOR A DISTANCE OF 46.20 FEET;

(CONTINUED ON PAGE 3)



TITLE: F2A
SCALE: N.T.S.
DATE: 11/14/17
DESC: WEST RANGE
LEGAL

HUNTER
ENGINEERING CIVIL AND SURVEY
10480 N. 74TH ST., SUITE 200
SCOTTSDALE, AZ 85258
T 480 991 3985
F 480 991 3986
PROJ. NO. SUN5002

F2A-2

EXHIBIT F2A LEGAL DESCRIPTION

(CONTINUED FROM PAGE 2)

THENCE SOUTHWESTERLY, ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 49°00'22", AN ARC LENGTH OF 47.63 FEET;

THENCE SOUTH 85°59'33" WEST, FOR A DISTANCE OF 38.79 FEET;

THENCE NORTH 80°40'53" WEST, FOR A DISTANCE OF 27.12 FEET;

THENCE NORTH 69°03'53" WEST, FOR A DISTANCE OF 86.97 FEET TO THE POINT OF BEGINNING.

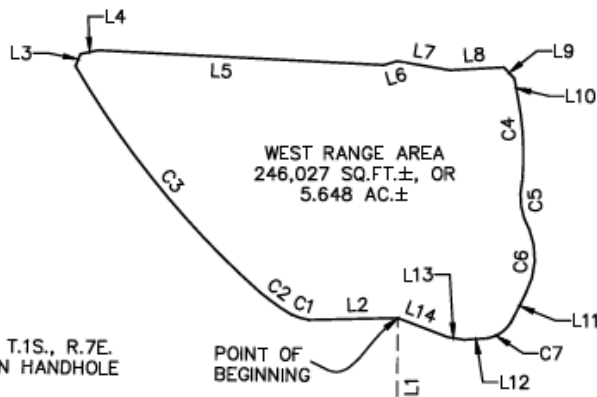
SAID AREA CONTAINS 246,027 SQUARE FEET, OR 5.648 ACRES, MORE OR LESS.



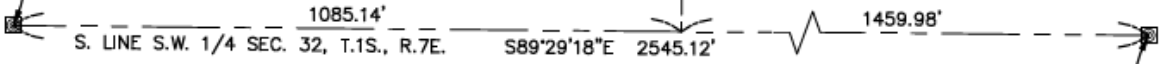
TITLE: **F2A**
SCALE: N.T.S.
DATE: 11/14/17
DESC: WEST RANGE
LEGAL

HUNTER
ENGINEERING CIVIL AND SURVEY
10480 N. 74TH ST., SUITE 300
SCOTTSDALE, AZ 85258
T 480 991 3685
F 480 991 3686
PROJ. NO. SUNS002

EXHIBIT F2A

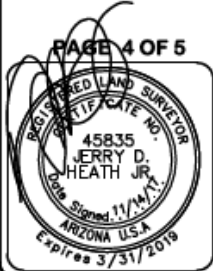


S.W. CORNER SEC. 32, T.1S., R.7E.
 FND. ALUMINUM CAP IN HANDHOLE
 STAMPED "LS 32778"
 POINT OF COMMENCEMENT



S. 1/4 CORNER SEC. 32, T.1S., R.7E.
 FND. 2" ALUMINUM CAP IN HANDHOLE
 STAMPED "MARICOPA COUNTY 2002 LS 6568"

PAGE 4 OF 5



TITLE: **F2A**
 SCALE: 1"=200'
 DATE: 11/14/17
 DESC: WEST RANGE
 LOT EXHIBIT

HUNTER	
ENGINEERING	CIVIL AND SURVEY
10450 N. 74TH ST., SUITE 200 SCOTTSDALE, AZ 85258 T 480 991 3985 F 480 991 3986	
PROJ. NO. SUNS002	

F2A-4

EXHIBIT F2A

LINE TABLE		
LINE	BEARING	DISTANCE
L1	N00°30'42"E	229.65'
L2	S88°46'51"W	144.65'
L3	N21°26'38"E	21.40'
L4	N78°31'23"E	30.07'
L5	S87°02'24"E	463.95'
L6	N74°24'04"E	22.57'
L7	S80°24'07"E	86.73'

LINE TABLE		
LINE	BEARING	DISTANCE
L8	N87°00'06"E	87.29'
L9	S43°58'41"E	25.29'
L10	S09°46'51"E	30.37'
L11	S26°59'36"W	51.27'
L12	S85°59'33"W	38.79'
L13	N80°40'53"W	27.12'
L14	N69°03'53"W	86.97'

CURVE TABLE					
CURVE	DELTA	RADIUS	LENGTH	CHORD DIRECTION	CHORD LENGTH
C1	$\Delta = 17^{\circ}41'42''$	93.94'	29.01'	N73°09'26"W	28.90'
C2	$\Delta = 8^{\circ}58'20''$	399.11'	62.50'	N54°38'00"W	62.44'
C3	$\Delta = 18^{\circ}15'27''$	1493.76'	475.99'	N39°15'08"W	473.98'
C4	$\Delta = 16^{\circ}21'40''$	481.52'	137.50'	S03°10'05"E	137.03'
C5	$\Delta = 42^{\circ}38'56''$	108.03'	80.41'	S08°19'39"E	78.57'
C6	$\Delta = 50^{\circ}41'06''$	122.12'	108.03'	S03°13'51"W	104.54'
C7	$\Delta = 49^{\circ}00'22''$	55.69'	47.63'	S54°51'26"W	46.20'



TITLE: **F2A**
 SCALE: N.T.S.
 DATE: 11/14/17
 DESC: WEST RANGE
 LOT EXHIBIT

<p>HUNTER ENGINEERING</p> <p>10450 N. 74TH ST., SUITE 200 SCOTTSDALE, AZ 85258 T 480 991 3885 F 480 991 3886</p>	<p>CIVIL AND SURVEY</p>
---	-------------------------

EXHIBIT F-2B

**EXHIBIT F2B
LEGAL DESCRIPTION**

THAT PORTION OF SECTION 32, TOWNSHIP 1 SOUTH, RANGE 7 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTH QUARTER CORNER OF SAID SECTION 32, MARKED BY A 2" ALUMINUM CAP IN HANDHOLE, STAMPED "LS 6568/ 2002," FROM WHICH THE SOUTHEAST CORNER OF SAID SECTION 32, MARKED BY A 3 1/2" G.L.O. BRASS CAP BEARS, SOUTH 89°29'39" EAST, FOR A DISTANCE OF 2637.88 FEET AS MEASURED AND RECORDED IN BOOK 609 OF MAPS, PAGE 29, OFFICIAL RECORDS OF MARICOPA COUNTY, ARIZONA;

THENCE SOUTH 89°29'39" EAST, ALONG THE SOUTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 32, FOR A DISTANCE OF 489.35 FEET;

THENCE NORTH 00°30'21" EAST, FOR A DISTANCE OF 168.84 FEET TO THE POINT OF BEGINNING;

THENCE NORTH 43°35'06" WEST, FOR A DISTANCE OF 67.04 FEET, TO A NON-TANGENT CURVE HAVING A RADIUS OF 73.75 FEET AND A CHORD BEARING OF NORTH 39°06'16" WEST, FOR A DISTANCE OF 69.09 FEET;

THENCE NORTHWESTERLY, ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 55°51'42", AN ARC LENGTH OF 71.90 FEET;

THENCE NORTH 11°45'12" WEST, FOR A DISTANCE OF 31.64 FEET;

THENCE NORTH 39°43'04" WEST, FOR A DISTANCE OF 30.04 FEET;

THENCE NORTH 20°52'01" WEST, FOR A DISTANCE OF 81.00 FEET, TO A NON-TANGENT CURVE HAVING A RADIUS OF 35.79 A CHORD BEARING OF NORTH 17°16'20" WEST, FOR A DISTANCE OF 21.82 FEET;

THENCE NORTHWESTERLY, ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 35°29'30", AN ARC LENGTH OF 22.17 FEET, TO A NON-TANGENT COMPOUND CURVE HAVING A RADIUS OF 137.10 AND A CHORD BEARING OF NORTH 25°14'38" EAST, FOR A DISTANCE OF 114.89 FEET;

PAGE 1 OF 5

(CONTINUED ON PAGE 2)



TITLE: **F2B**
SCALE: N.T.S.
DATE: 11/14/17
DESC: EAST RANGE
LEGAL

HUNTER
ENGINEERING CIVIL AND SURVEY
10480 N. 74TH ST., SUITE 200
SCOTTSDALE, AZ 85258
T 480 991 3985
F 480 991 3986
PROJ. NO. SUNS002

EXHIBIT F2B LEGAL DESCRIPTION

(CONTINUED FROM PAGE 1)

THENCE NORTHWESTERLY, ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 49°32'27", AN ARC LENGTH OF 118.55 FEET;

THENCE NORTH 51°43'53" EAST, FOR A DISTANCE OF 113.86 FEET;

THENCE NORTH 64°19'30" EAST, FOR A DISTANCE OF 33.74 FEET;

THENCE SOUTH 89°40'16" EAST, FOR A DISTANCE OF 21.43 FEET;

THENCE SOUTH 69°07'36" EAST, FOR A DISTANCE OF 64.69 FEET;

THENCE SOUTH 85°36'09" EAST, FOR A DISTANCE OF 111.95 FEET;

THENCE NORTH 81°28'12" EAST, FOR A DISTANCE OF 20.27 FEET;

THENCE NORTH 61°37'18" EAST, FOR A DISTANCE OF 35.09 FEET;

THENCE NORTH 87°08'39" EAST, FOR A DISTANCE OF 111.37 FEET;

THENCE SOUTH 79°14'24" EAST, FOR A DISTANCE OF 57.43 FEET;

THENCE SOUTH 55°17'05" EAST, FOR A DISTANCE OF 63.92 FEET;

THENCE SOUTH 41°58'23" EAST, FOR A DISTANCE OF 80.15 FEET;

THENCE SOUTH 06°07'49" EAST, FOR A DISTANCE OF 57.81 FEET;

THENCE SOUTH 08°47'32" WEST, FOR A DISTANCE OF 89.02 FEET;

THENCE SOUTH 03°33'43" WEST, FOR A DISTANCE OF 179.29 FEET;

THENCE SOUTH 71°43'26" WEST, FOR A DISTANCE OF 43.38 FEET;

(CONTINUED ON PAGE 3)



TITLE: **F2B**
SCALE: N.T.S.
DATE: 11/14/17
DESC: EAST RANGE
LEGAL

HUNTER	
ENGINEERING	CIVIL AND SURVEY
10450 N. 74TH ST., SUITE 200 SCOTTSDALE, AZ 85258 T 480 991 3985 F 480 991 3986	
PROJ. NO. SUN5002	

F2B-2

EXHIBIT F2B LEGAL DESCRIPTION

(CONTINUED FROM PAGE 2)

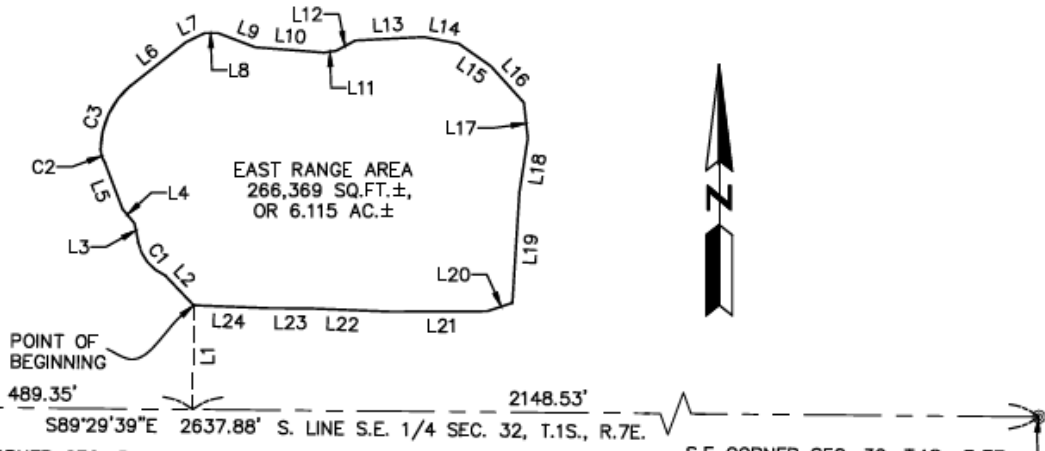
THENCE SOUTH 89°41'11" WEST, FOR A DISTANCE OF 157.09 FEET;
THENCE NORTH 87°41'24" WEST, FOR A DISTANCE OF 132.21 FEET;
THENCE NORTH 89°45'45" WEST, FOR A DISTANCE OF 65.86 FEET;
THENCE NORTH 87°48'06" WEST, FOR A DISTANCE OF 121.51 FEET;
SAID AREA CONTAINS 266,369 SQUARE FEET, OR 6.115 ACRES, MORE OR LESS.



TITLE: **F2B**
SCALE: N.T.S.
DATE: 11/14/17
DESC: EAST RANGE
LEGAL

HUNTER ENGINEERING	CIVIL AND SURVEY
10450 N. 74TH ST., SUITE 200 SCOTTSDALE, AZ 85258 T 480 991 3985 F 480 991 3986	PROJ. NO. SUNS002

EXHIBIT F2B



S. 1/4 CORNER SEC. 32, T.1S., R.7E.
 FND. 2" ALUMINUM CAP IN HANDHOLE
 STAMPED "MARICOPA COUNTY 2002 LS 6568"
 POINT OF COMMENCEMENT

S.E CORNER SEC. 32, T.1S., R.7E.
 FND. 3.5" G.L.O. BRASS CAP

PAGE 4 OF 5



TITLE: **F2B**
 SCALE: 1"=200'
 DATE: 11/14/17
 DESC: EAST RANGE
 LOT EXHIBIT

HUNTER ENGINEERING 10450 N. 74TH ST., SUITE 200 SCOTTSDALE, AZ 85258 T 480 991 3985 F 480 991 3986	CIVIL AND SURVEY
	PROJ.NO.SUN5002

EXHIBIT F2B

LINE TABLE		
LINE	BEARING	DISTANCE
L1	N00°30'21"E	168.84'
L2	N43°35'06"W	67.04'
L3	N11°45'12"W	31.64'
L4	N39°43'04"W	30.04'
L5	N20°52'01"W	81.00'
L6	N51°43'53"E	113.86'
L7	N64°19'30"E	33.74'
L8	S89°40'16"E	21.43'
L9	S69°07'36"E	64.69'
L10	S85°36'09"E	111.95'
L11	N81°28'12"E	20.27'
L12	N61°37'18"E	35.09'

LINE TABLE		
LINE	BEARING	DISTANCE
L13	N87°08'39"E	111.37'
L14	S79°14'24"E	57.43'
L15	S55°17'05"E	63.92'
L16	S41°58'23"E	80.15'
L17	S06°07'49"E	57.81'
L18	S08°47'32"W	89.02'
L19	S03°33'43"W	179.29'
L20	S71°43'26"W	43.38'
L21	S89°41'11"W	157.09'
L22	N87°41'24"W	132.21'
L23	N89°45'45"W	65.86'
L24	N87°48'06"W	121.51'

CURVE TABLE					
CURVE	DELTA	RADIUS	LENGTH	CHORD DIRECTION	CHORD LENGTH
C1	$\Delta = 55^{\circ}51'42''$	73.75'	71.90'	N39°06'16"W	69.09'
C2	$\Delta = 35^{\circ}29'30''$	35.79'	22.17'	N17°16'20"W	21.82'
C3	$\Delta = 49^{\circ}32'27''$	137.10'	118.55'	N25°14'38"E	114.89'

PAGE 3 OF 5



TITLE: **F2B**
 SCALE: N.T.S.
 DATE: 11/14/17
 DESC: EAST RANGE
 LOT EXHIBIT

<p>HUNTER ENGINEERING</p> <p>10480 N. 74TH ST., SUITE 200 SCOTTSDALE, AZ 85258 T 480 991 3985 F 480 991 3986</p>	<p>CIVIL AND SURVEY</p>
---	-------------------------

EXHIBIT F-2C

**EXHIBIT F2C
LEGAL DESCRIPTION**

THAT PORTION OF SECTION 32, TOWNSHIP 1 SOUTH, RANGE 7 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTH QUARTER CORNER OF SAID SECTION 32, MARKED BY A 2" ALUMINUM CAP IN HANDHOLE, STAMPED "LS 6568/ 2002," FROM WHICH THE SOUTHEAST CORNER OF SAID SECTION 32, MARKED BY A 3 1/2" G.L.O. BRASS CAP BEARS, SOUTH 89°29'39" EAST, FOR A DISTANCE OF 2637.88 FEET AS MEASURED AND RECORDED IN BOOK 609 OF MAPS, PAGE 29, OFFICIAL RECORDS OF MARICOPA COUNTY, ARIZONA;

THENCE SOUTH 89°29'39" EAST, ALONG THE SOUTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 32, FOR A DISTANCE OF 1199.89 FEET;

THENCE NORTH 00°30'21" EAST, FOR A DISTANCE OF 530.78 FEET TO THE POINT OF BEGINNING;

THENCE NORTH 84°41'06" WEST, FOR A DISTANCE OF 145.47 FEET;

THENCE SOUTH 84°27'01" WEST, FOR A DISTANCE OF 44.44 FEET;

THENCE NORTH 47°44'46" WEST, FOR A DISTANCE OF 52.20 FEET;

THENCE NORTH 01°26'07" WEST, FOR A DISTANCE OF 44.83 FEET;

THENCE NORTH 02°05'43" WEST, FOR A DISTANCE OF 40.67 FEET;

THENCE NORTH 26°45'20" EAST, FOR A DISTANCE OF 20.59 FEET;

THENCE NORTH 80°11'14" EAST, FOR A DISTANCE OF 23.73 FEET;

THENCE SOUTH 86°45'14" EAST, FOR A DISTANCE OF 144.00 FEET;

THENCE SOUTH 38°02'03" EAST, FOR A DISTANCE OF 151.65 FEET;

THENCE SOUTH 58°08'07" WEST, FOR A DISTANCE OF 46.54 FEET TO THE POINT OF BEGINNING.

SAID AREA CONTAINS 30,733 SQUARE FEET,
OR 0.706 ACRES, MORE OR LESS.

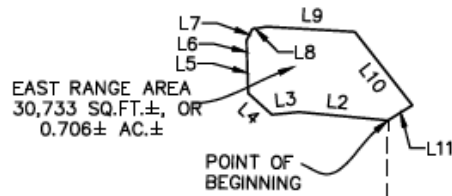
PAGE 1 OF 3



TITLE: **F2C**
SCALE: N.T.S.
DATE: 11/14/17
DESC: EAST AREA
LEGAL

HUNTER	
ENGINEERING	CIVIL AND SURVEY
10480 N. 74TH ST., SUITE 200 SCOTTSDALE, AZ 85258 T 480 991 3985 F 480 991 3986	
PROJ. NO. SUN5002	

EXHIBIT F2C



$S89^{\circ}29'39''E$ 1199.89' S. LINE S.E. 1/4 SEC. 32, T.1S., R.7E. S.E. CORNER SEC. 32, T.1S., R.7E.
 S. 1/4 CORNER SEC. 32, T.1S., R.7E. FND. 2" ALUMINUM CAP IN HANDHOLE
 STAMPED "MARICOPA COUNTY 2002 LS 6568" POINT OF COMMENCEMENT FND. 3.5" G.L.O. BRASS CAP

PAGE 2 OF 3



TITLE: **F2C**
 SCALE: 1"=200'
 DATE: 11/14/17
 DESC: EAST AREA
 LOT EXHIBIT

HUNTER	CIVIL AND SURVEY
ENGINEERING	
10450 N. 74TH ST., SUITE 200 SCOTTSDALE, AZ 85258 T 480 991 3885 F 480 991 3986	
PROJ.NO.SUNS002	

EXHIBIT F2C

LINE TABLE		
LINE	BEARING	DISTANCE
L1	N00°30'21"E	530.78'
L2	N84°41'06"W	145.47'
L3	S84°27'01"W	44.44'
L4	N47°44'46"W	52.20'
L5	N01°26'07"W	44.83'
L6	N02°05'43"W	40.67'
L7	N26°45'20"E	20.59'
L8	N80°11'14"E	23.73'
L9	S86°45'14"E	144.00'
L10	S38°02'03"E	151.65'
L11	S58°08'07"W	46.54'



TITLE: F2C
SCALE: N.T.S.
DATE: 11/14/17
DESC: EAST AREA
LOT EXHIBIT

HUNTER ENGINEERING	CIVIL AND SURVEY
10480 N. 74TH ST., SUITE 200 SCOTTSDALE, AZ 85258 T 480 991 3685 F 480 991 3686	

EXHIBIT F-2D

**EXHIBIT F2D
LEGAL DESCRIPTION**

THAT PORTION OF SECTION 32, TOWNSHIP 1 SOUTH, RANGE 7 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTH QUARTER CORNER OF SAID SECTION 32, MARKED BY A 2" ALUMINUM CAP IN HANDHOLE, STAMPED "LS 6568/ 2002," FROM WHICH THE SOUTHEAST CORNER OF SAID SECTION 32, MARKED BY A 3 1/2" G.L.O. BRASS CAP BEARS, SOUTH 89°29'39" EAST, FOR A DISTANCE OF 2637.88 FEET AS MEASURED AND RECORDED IN BOOK 609 OF MAPS, PAGE 29, OFFICIAL RECORDS OF MARICOPA COUNTY, ARIZONA;

THENCE SOUTH 89°29'39" EAST, ALONG THE SOUTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 32, FOR A DISTANCE OF 1141.45 FEET;

THENCE NORTH 00°30'21" EAST, FOR A DISTANCE OF 186.97 FEET TO THE POINT OF BEGINNING;

THENCE NORTH 42°19'52" WEST, FOR A DISTANCE OF 124.51 FEET;

THENCE NORTH 21°00'58" EAST, FOR A DISTANCE OF 36.17 FEET;

THENCE NORTH 89°34'42" EAST, FOR A DISTANCE OF 67.41 FEET;

THENCE SOUTH 79°33'13" EAST, FOR A DISTANCE OF 99.66 FEET;

THENCE SOUTH 64°10'17" EAST, FOR A DISTANCE OF 24.18 FEET;

THENCE NORTH 78°48'32" EAST, FOR A DISTANCE OF 94.02 FEET;

THENCE NORTH 55°50'14" EAST, FOR A DISTANCE OF 87.31 FEET;

THENCE NORTH 35°13'21" EAST, FOR A DISTANCE OF 69.51 FEET;

THENCE NORTH 38°46'26" EAST, FOR A DISTANCE OF 126.02 FEET;

THENCE NORTH 48°52'52" EAST, FOR A DISTANCE OF 89.49 FEET;

(CONTINUED ON PAGE 2)

PAGE 1 OF 5



TITLE: **F2D**
SCALE: N.T.S.
DATE: 11/14/17
DESC: MUNITION
LEGAL

HUNTER
ENGINEERING CIVIL AND SURVEY
10480 N. 74TH ST., SUITE 200
SCOTTSDALE, AZ 85258
T 480 991 3985
F 480 991 3988
PROJ. NO. SUN5002

EXHIBIT F2D LEGAL DESCRIPTION

(CONTINUED FROM PAGE 1)

THENCE NORTH 76°35'17" EAST, FOR A DISTANCE OF 19.43 FEET;

THENCE NORTH 89°09'26" EAST, FOR A DISTANCE OF 140.32 FEET, TO A NON-TANGENT CURVE HAVING A RADIUS OF 53.47 FEET AND A CHORD BEARING OF SOUTH 66°14'17" EAST, FOR A DISTANCE OF 32.37 FEET;

THENCE SOUTHEASTERLY, ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 35°14'16", AN ARC LENGTH OF 32.89 FEET, TO A NON-TANGENT POINT;

THENCE SOUTH 47°33'20" EAST, FOR A DISTANCE OF 142.68 FEET, TO A NON-TANGENT CURVE HAVING A RADIUS OF 46.93 FEET AND A CHORD BEARING OF SOUTH 30°54'42" EAST, FOR A DISTANCE OF 43.12 FEET;

THENCE SOUTHEASTERLY, ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 54°42'11", AN ARC LENGTH OF 44.81 FEET, TO A NON-TANGENT POINT;

THENCE SOUTH 01°42'31" EAST, FOR A DISTANCE OF 85.62 FEET;

THENCE SOUTH 03°03'50" EAST, FOR A DISTANCE OF 32.91 FEET;

THENCE SOUTH 01°50'05" EAST, FOR A DISTANCE OF 59.12 FEET;

THENCE SOUTH 02°37'58" WEST, FOR A DISTANCE OF 48.46 FEET;

THENCE SOUTH 15°57'22" WEST, FOR A DISTANCE OF 20.60 FEET;

THENCE SOUTH 87°50'57" WEST, FOR A DISTANCE OF 157.95 FEET;

THENCE NORTH 86°24'11" WEST, FOR A DISTANCE OF 197.17 FEET;

THENCE NORTH 67°04'36" WEST, FOR A DISTANCE OF 23.09 FEET;

(CONTINUED ON PAGE 3)

PAGE 2 OF 5



TITLE: F2D
SCALE: N.T.S.
DATE: 11/14/17
DESC: MUNITION
LEGAL

HUNTER
ENGINEERING CIVIL AND SURVEY
10480 N. 74TH ST., SUITE 200
SCOTTSDALE, AZ 85258
T 480 991 3985
F 480 991 3986
PROJ. NO. SUN5002

F2D-2

EXHIBIT F2D LEGAL DESCRIPTION

(CONTINUED FROM PAGE 2)

THENCE SOUTH 88°43'33" WEST, FOR A DISTANCE OF 111.30 FEET;
THENCE NORTH 82°51'30" WEST, FOR A DISTANCE OF 80.61 FEET;
THENCE SOUTH 84°08'53" WEST, FOR A DISTANCE OF 121.11 FEET;
THENCE SOUTH 87°34'51" WEST, FOR A DISTANCE OF 94.24 FEET;
SAID AREA CONTAINS 205,255 SQUARE FEET, OR 4.712 ACRES, MORE OR LESS.

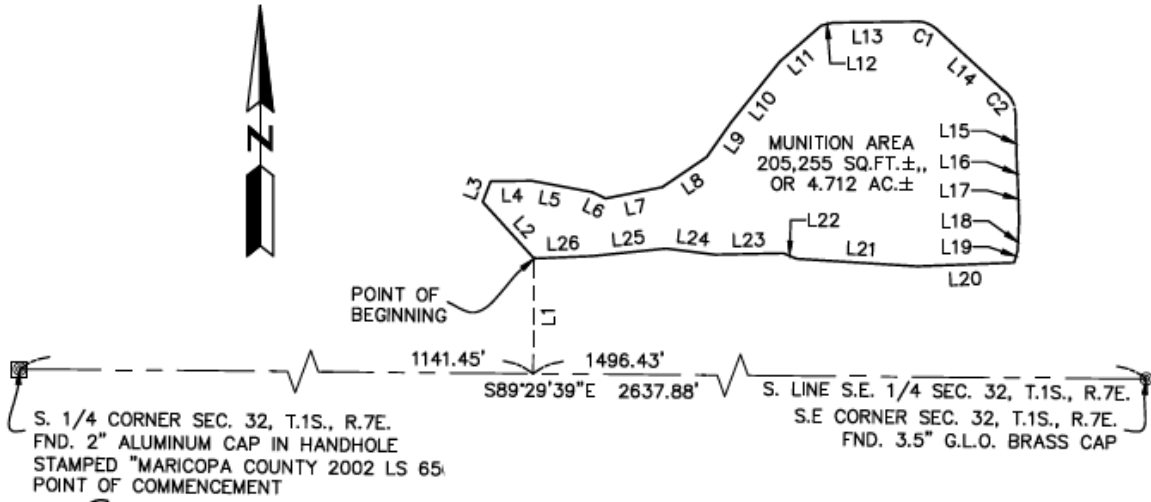
PAGE 3 OF 5



TITLE: **F2D**
SCALE: N.T.S.
DATE: 11/14/17
DESC: MUNITION
LEGAL

HUNTER
ENGINEERING | CIVIL AND SURVEY
10480 N. 74TH ST., SUITE 200
SCOTTSDALE, AZ 85258
T 480 981 3985
F 480 981 3986
PROJ. NO. SUN5002

EXHIBIT F2D



S. 1/4 CORNER SEC. 32, T.1S., R.7E.
 FND. 2" ALUMINUM CAP IN HANDHOLE
 STAMPED "MARICOPA COUNTY 2002 LS 65"
 POINT OF COMMENCEMENT

S. LINE S.E. 1/4 SEC. 32, T.1S., R.7E.
 S.E. CORNER SEC. 32, T.1S., R.7E.
 FND. 3.5" G.L.O. BRASS CAP

PAGE 4 OF 5



TITLE: **F2D**
 SCALE: 1"=200'
 DATE: 11/14/17
 DESC: MUNITION
 LOT EXHIBIT

HUNTER ENGINEERING 10450 N. 74TH ST., SUITE 200 SCOTTSDALE, AZ 85258 T 480 981 3865 F 480 981 3866	CIVIL AND SURVEY
	PROJ. NO. SUNS002

EXHIBIT F2D

LINE TABLE		
LINE	BEARING	DISTANCE
L1	N00°30'21"E	186.97'
L2	N42°19'52"W	124.51'
L3	N21°00'58"E	36.17'
L4	N89°34'42"E	67.41'
L5	S79°33'13"E	99.66'
L6	S64°10'17"E	24.18'
L7	N78°48'32"E	94.02'
L8	N55°50'14"E	87.31'
L9	N35°13'21"E	69.51'
L10	N38°46'26"E	126.02'
L11	N48°52'52"E	89.49'
L12	N76°35'17"E	19.43'
L13	N89°09'26"E	140.32'

LINE TABLE		
LINE	BEARING	DISTANCE
L14	S47°33'20"E	142.68'
L15	S01°42'31"E	85.62'
L16	S03°03'50"E	32.91'
L17	S01°50'05"E	59.12'
L18	S02°37'58"W	48.46'
L19	S15°57'22"W	20.60'
L20	S87°50'57"W	157.95'
L21	N86°24'11"W	197.17'
L22	N67°04'36"W	23.09'
L23	S88°43'33"W	111.30'
L24	N82°51'30"W	80.61'
L25	S84°08'53"W	121.11'
L26	S87°34'51"W	94.24'

CURVE TABLE					
CURVE	DELTA	RADIUS	LENGTH	CHORD DIRECTION	CHORD LENGTH
C1	$\Delta = 35^{\circ}14'16''$	53.47'	32.89'	S66°14'17"E	32.37'
C2	$\Delta = 54^{\circ}42'11''$	46.93'	44.81'	S30°54'42"E	43.12'

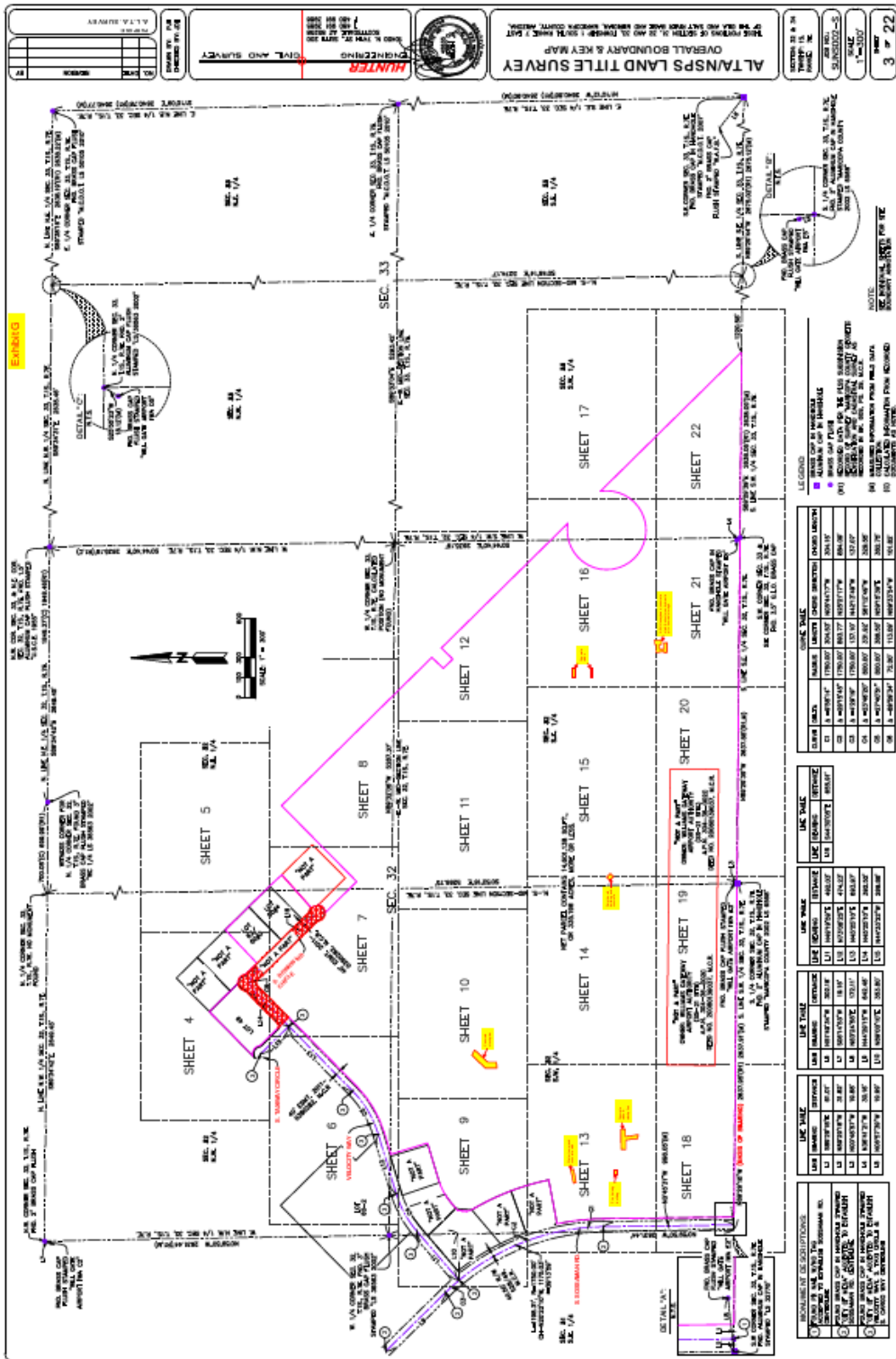
PAGE 5 OF 5



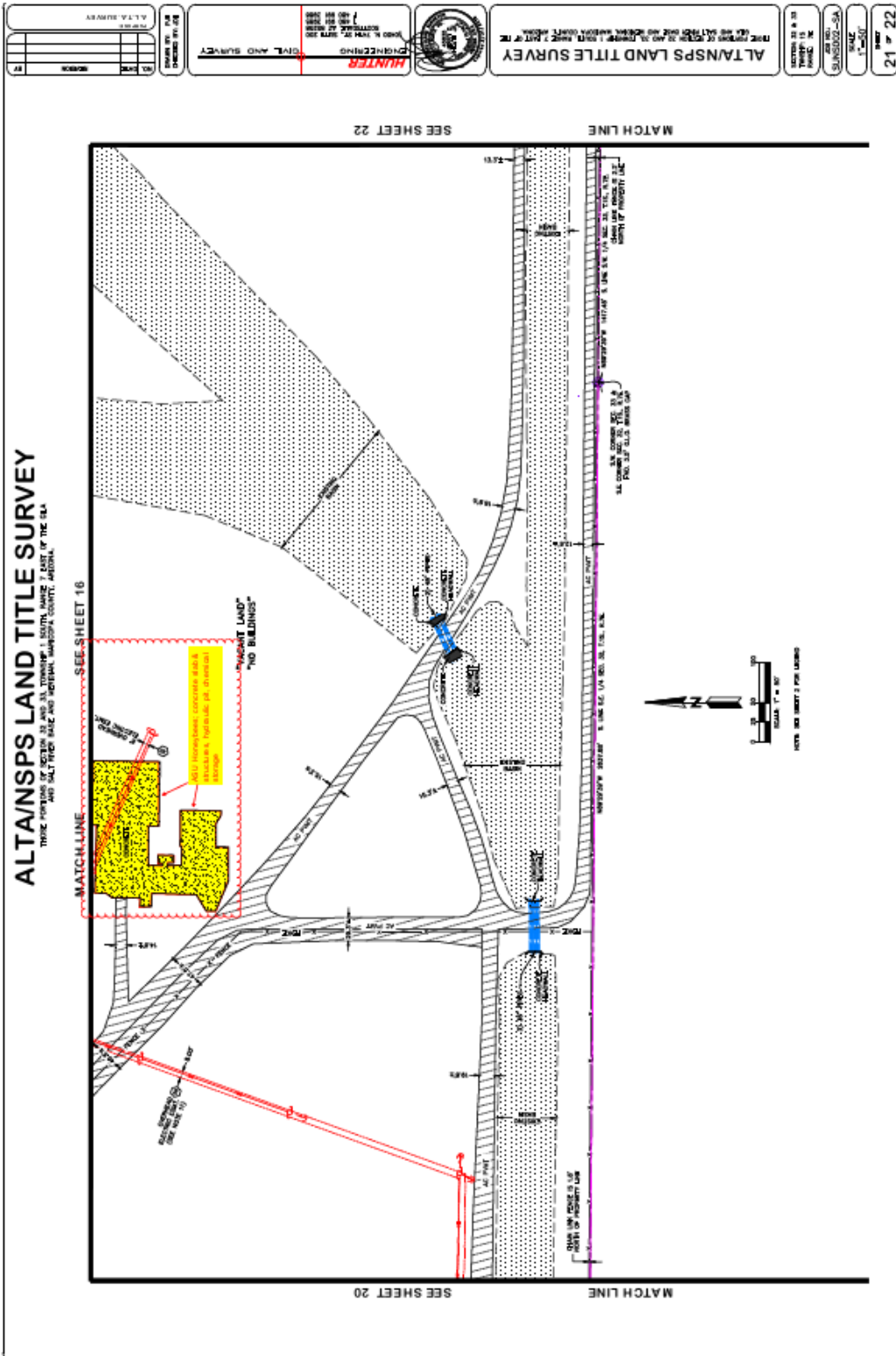
TITLE: **F2D**
 SCALE: N.T.S.
 DATE: 11/14/17
 DESC: MUNITION
 LOT EXHIBIT

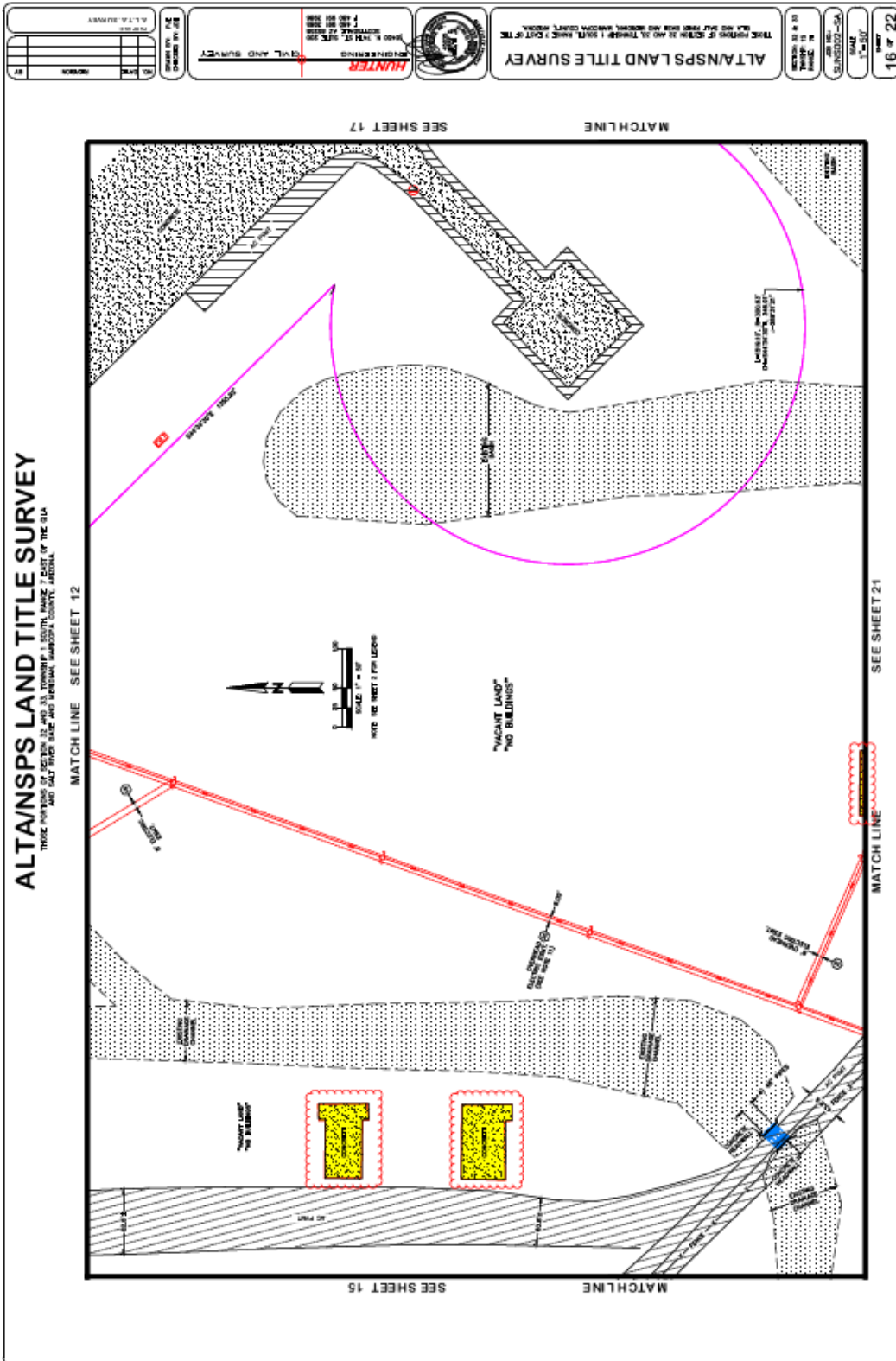
HUNTER	CIVIL AND SURVEY
ENGINEERING	
10480 N. 74TH ST., SUITE 200 SCOTTSDALE, AZ 85258 T 480 991 3985 F 480 991 3986	
	PROJ. NO. SUN5002

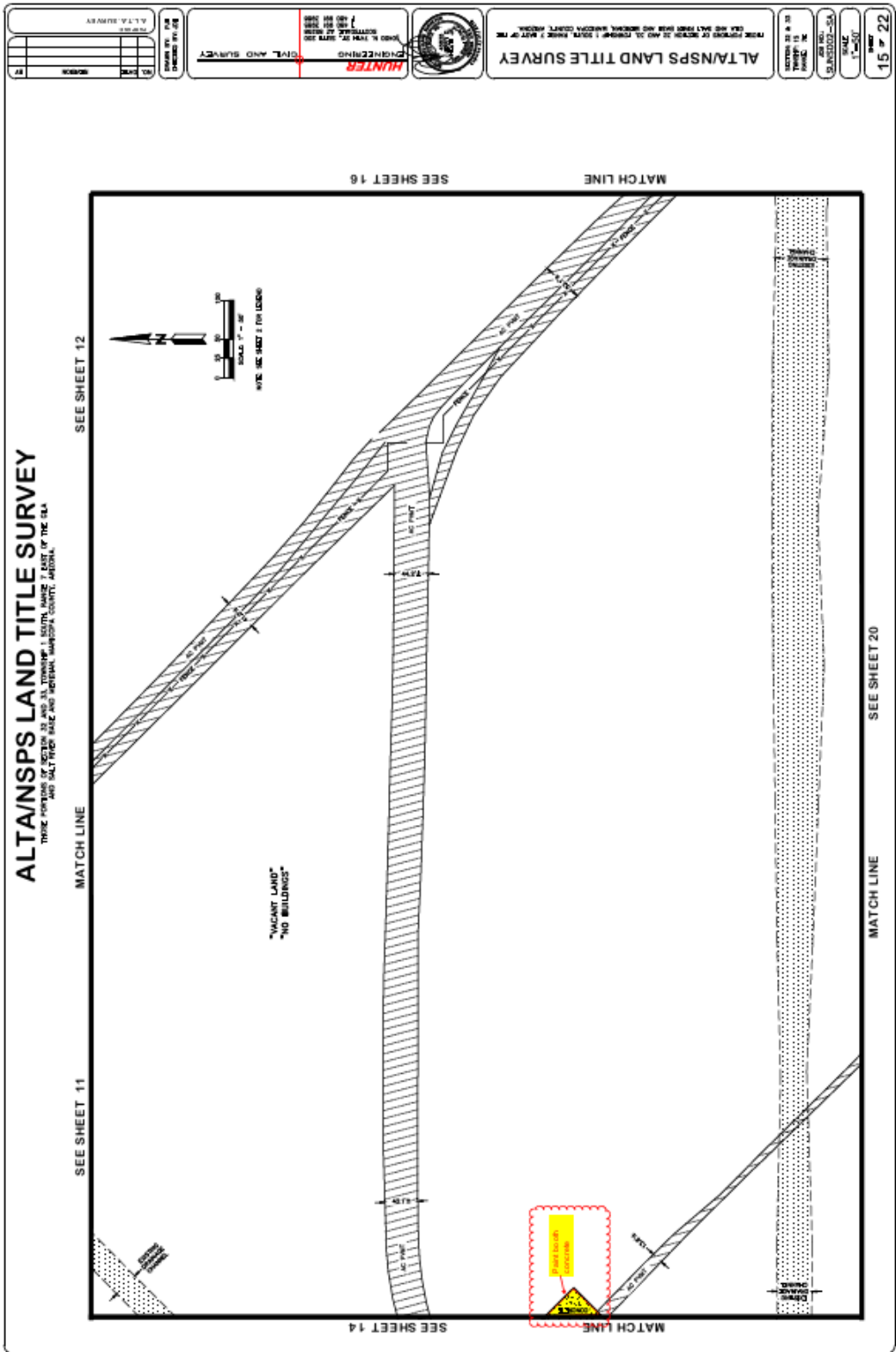
EXHIBIT G

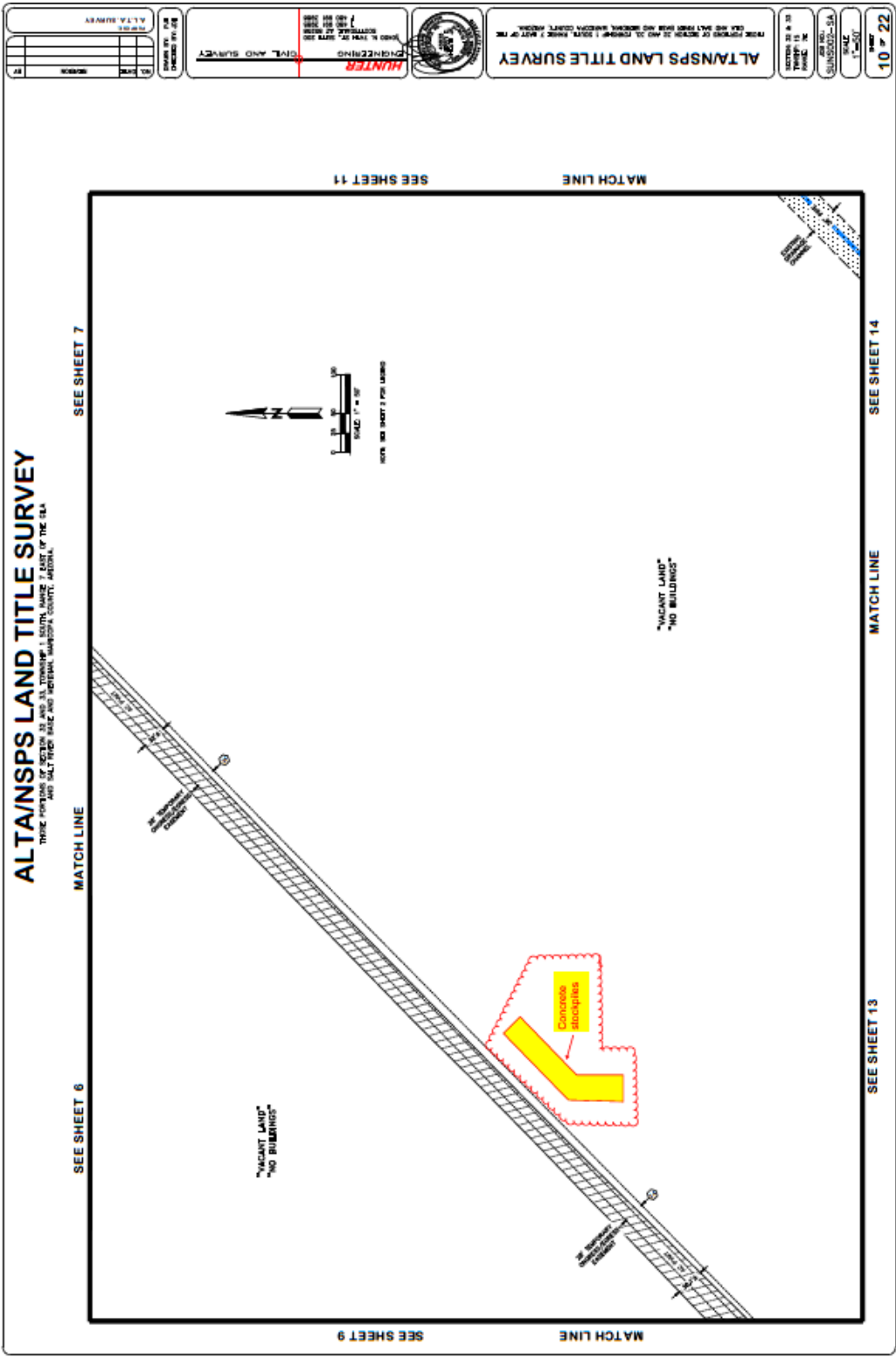


G-1











Phoenix-Mesa Gateway Airport Authority
 5835 S Sossaman Road
 Mesa, Arizona 85212-6014
www.gatewayairport.com

Management Information Report

To: Board of Directors
From: Chuck Odom, Chief Financial Officer
Through: J. Brian O'Neill, A.A.E., Executive Director/CEO
Re: Solicitation Notification
Date: October 19, 2017

This report is to provide notification of the active and upcoming solicitations to help ensure compliance with the Phoenix-Mesa Gateway Airport Authority procurement transparency clause. The active activities include the following:

Active/Pending Solicitations

Type Solicitation	Number	Title	Anticipated Contract Award (Board Action)
Request for Proposals	2018-011-RFP	Janitorial Services	December 2017
Request for Proposals	2018-004-RFP	Aircraft Rescue & Firefighting Vehicle	December 2017
Request for Qualifications	2018-009-RFQ	Airport Master Planning Services	February 2018
Request for Qualifications	2018-013-RFQ	Baggage Claim Expansion & Baggage Makeup Expansion Designs	February 2018
Request for Proposals	2018-012-RFP	Insurance Broker Services	March 2018

Future Solicitations

Type Solicitation	Number	Title	Scheduled for Release	Anticipated Contract Award (Board Action)
Invitation for Bid	2018-005-IFB	Sossaman Rd & Terminal Roadways Improvements	January 2018	March 2018

Equipment Disposals

Fiscal year totals from sales of decommissioned / nonworking equipment total \$2,586 consisting of 3 pieces.

If you have any questions about the solicitations or the procurement process, please feel free to contact me at 480-988-7613.



**NOTICE AND AGENDA OF MEETING OF THE
PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
BOARD OF DIRECTORS**

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Phoenix-Mesa Gateway Airport Authority and to the public that the Phoenix-Mesa Gateway Airport Authority will hold a meeting open to the public on **Tuesday, December 19, 2017 beginning at 9:00 a.m.** in the Board Room (Saguaro A & B) of the Gateway Administration Building, 5835 South Sossaman Road, Mesa, Arizona. The Board may vote to hold an executive session for the purpose of obtaining legal advice from the Board's attorney on any matter listed on the agenda pursuant to A.R.S. § 38-431.03 (A)(3)&(4).

The agenda for the meeting is as follows:

1. **Call to Order.** (Mayor Jenn Daniels, Chair)
Members of the Phoenix-Mesa Gateway Airport Authority will attend either in person or by telephone conference call.
2. **Call to the Public.**
Members of the Board may not discuss items that are not on the agenda. Therefore, action taken as a result of public comment will be limited to directing staff to study the matter or scheduling the matter for further consideration and decision at a later date. Maximum of three minutes per speaker.
3. **Executive Director's Report.** - J. Brian O'Neill, A.A.E., Executive Director/CEO
4. **Presentation: The Positive Impact of Allegiant in Arizona** – Eric Fletcher, Director of Governmental Affairs - Allegiant
5. **Consent Agenda.**
 - a. **Minutes** of the Board Meeting held on **November 21, 2017.**
 - b. **Resolution No. 17-58** Authorizing a contract with **CBRE, Inc.** for property brokerage services for a term of two years with a one year option to extend.
 - c. **Resolution No. 17-59** Authorizing a facility lease agreement with **Allegiant Air, LLC** for the property located at 6304 S Taxiway Circle, Mesa. The lease term is five years commencing on January 1, 2018.
 - d. **Resolution No. 17-60** Authorizing a facility lease agreement with **Jetstrip Inc.** for the property located at 7744 E Velocity Way, Mesa. The lease term is five years commencing on January 1, 2018.
 - e. **Resolution No. 17-61** Authorizing a contract with **Centimark Corporation** to complete roof repairs and replacement on facilities airport wide in an amount not to exceed \$200,000.

Consideration and Possible Approval of:

6. **Resolution No. 17-62** Approval of the **2018 Federal and State Legislative Agenda.**
7. **Resolution No. 17-63** Authorizing a contract with **Titan Facility Services, LLC** for janitorial services in an amount not to exceed \$1,663,035.48 for three years, including two (2) one-year optional extensions.
8. **Resolution No. 17-64** Authorizing the purchase of an Aircraft Rescue and Fire Fighting (ARFF) Vehicle from **Oshkosh Airport Products, LLC**, in an amount not to exceed \$657,590.
9. **Board Member Comments/Announcements.**
10. **Next Meeting:** Tuesday, February 20, 2018 at 9:00 a.m.
11. **Adjournment.**

Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting Maria Gonzalez at 480-988-7603 or mgonzalez@gatewayairport.com. Requests should be made as early as possible to allow time to arrange the accommodation.



Executive Director's Report

December, 2017

Financial Snapshot

OPERATING INCOME	October		Month Variance	FYTD Comparison		FYTD Variance
	FY17	FY18		FY17	FY18	
Revenues	\$1,450,405	\$1,765,439	\$315,034	\$5,844,659	\$6,770,377	\$925,718
Less Expenses	\$1,588,980	\$1,736,431	\$147,451	\$6,079,560	\$6,221,965	\$142,405
Operating Income <i>(before depreciation)</i>	(\$138,575)	\$29,008	\$167,583	(\$234,901)	\$548,412	\$783,313

Investment Fund Balances: As of October 31, 2017: Local Governmental Investment Pool (LGIP) 700 = \$17,895,438; Wells Fargo Collateralized Savings Account = \$12,865,971; Total \$30,761,409. This is an increase of \$920,990 over the September balance and represents interest income of \$20,990 and a transfer of \$900,000 from operating funds.

Finance and Accounting

PMGAA reported a net operating income of \$29,008 in October 2017 compared to a net operating loss of \$138,575 last October. FYTD, PMGAA is reporting a net operating income of \$548,412 compared to a net operating loss of \$234,901 during the same time period in FY17.

Grants, PFCs & Procurements

Active/Pending Solicitations

TYPE OF SOLICITATION	Number	Title	Anticipated Contract Award
Request for Proposals	2018-011-RFP	Janitorial Services	December 2017
Request for Proposals	2018-004-RFP	ARFF Vehicle	December 2017
Request for Proposals	2018-003-RFP	Property Broker Services	December 2017
Request for Qualifications	2018-009-RFQ	Airport Master Planning Services	February 2018
Request for Qualifications	2018-013-RFQ	Baggage Claim & Baggage Makeup Expansion Designs	February 2018
Request for Proposals	2018-012-RFP	Insurance Broker Services	March 2018

Future Solicitations

TYPE OF SOLICITATION	Number	Title	Schedule for Release	Anticipated Contract Award
Invitation for Bid	2018-005-IFB	Sossaman Rd & Terminal Roadways Improvements	January 2018	March 2018
Invitation for Bid	2018-015-IFB	Taxiway Charlie Phase III	April 2018	June 2018

Information Technology Services

PMGAA continues to work on Phase I of the Enterprise Resource Planning (ERP) Financial System Implementation. User training sessions are scheduled to begin in February 2018 with an implementation date scheduled for July 1, 2018. This new financial system will bring greater efficiency and accountability to PMGAA as growth continues in the future.

Airport Operations



New Gateway Airport Shuttle Busses

On November 1st, Republic Parking Systems began operating under a new parking management contract with PMGAA. Republic will operate the shuttle bus service between the terminal and the Ray Road Economy Lot. The parking operation is often a passenger's first impression of the Airport and Republic is committed to providing the *Just Plane Easy* service that our customers expect.

Aided by the four additional Allegiant flights and WestJet's early return, October 2017 represented the busiest October in the history of Gateway Airport with 107,630 passengers served.

Allegiant has notified PMGAA that starting in January they plan to upgrade the Airbus 319 aircraft (154 seats) currently in use to the larger Airbus 320 aircraft (177 seats) on select popular routes. Thank you Allegiant for your continued investment in Arizona.

Operations Statistics

PASSENGER COUNTS		October		% Change	FYTD		% Change
		FY17	FY18		FY17	FY18	
Passengers	TOTAL	100,891	107,636	7%	409,821	400,035	-2%
	Deplaned	52,296	55,507	6%	208,336	203,311	-2%
	Enplaned	48,595	52,129	7%	201,485	196,724	-2%
Allegiant	Scheduled	100,803	106,854	6%	409,733	398,889	-3%
	Charter	0	0	-	334	398	19%
WestJet	Scheduled	0	704	100%	0	704	100%
Elite	Charter	88	78	-16%	88	442	402%

OPERATIONS	October		% Change	FYTD		% Change
	FY17	FY18		FY17	FY18	
Air Carrier	923	904	-2%	3,544	3,371	-5%
Military	441	497	11%	1,521	2,064	36%
General Aviation	23,039	28,857	20%	78,185	94,200	20%
TOTAL	24,403	30,258	19%	83,250	99,635	20%

Noise Report

PMGAA received aircraft noise calls from 15 area residents in October 2017 compared to aircraft noise calls from six area residents last October. FYTD, PMGAA has received noise calls from 46 individuals compared to 22 during the same time period last fiscal year.

PMGAA has identified being a good neighbor and being an active member in local communities as an important goal. Our Community Outreach staff works hard to try and address residents' aircraft noise concerns and educate pilots about PMGAA's Fly Friendly Procedures and other noise mitigation strategies.

CALLERS	October		FYTD	
	FY17	FY18	FY17	FY18
Total	6	15	22	46

LOCATION	October		FYTD	
	2016	2017	FY17	FY18
Mesa	3	4	13	5
Gilbert	2	10	6	35
Gold Canyon	0	0	0	2
Queen Creek	0	1	1	2
Queen Valley	0	0	0	1
San Tan Valley	0	0	1	1
Florence	0	0	0	0
Apache Junction	0	0	0	0
Unknown	1	0	1	0
TOTAL	6	15	22	46

TYPE OF AIRCRAFT	October		FYTD	
	FY17	FY18	FY17	FY18
	Callers	Callers	Callers	Callers
Unknown Jet	2	1	2	5
A-319	1	2	8	8
Commercial	1	0	2	14
GA Total	0	0	2	1
Helicopter	0	6	0	6
Military	2	6	8	12

Engineering & Facilities

PMGAA is currently working on two construction projects in the passenger terminal designed to increase capacity and improve the passenger experience at Gateway Airport. The first project involves the installation of automated exit doors that only allow one-way pedestrian traffic from the sterile side of the passenger terminal to the non-secure side near baggage claim. This project will allow the exit doors to remain open at all times while maintaining a high security level on the sterile side of the terminal. This project is expected to be completed in the January/February timeframe.



Reasonable Facsimile of Gateway's Secure Exit Door



Phase One of the Security Checkpoint Project

The second construction project currently underway at Gateway Airport is the renovation and expansion of the Transportation Security Administration (TSA) Security Screening Checkpoint. Phase I, which includes expansion of the passenger queuing area, is scheduled for completion by December 17th, at which time passengers will begin to queue in the new expanded area. Phase II of the project, which includes construction of additional security screening lanes, is expected to be operational by February.

The North Apron Reconstruction Project removed and replaced one million square feet of concrete that was originally placed in 1941. The project took nearly one year to complete and cost approximately ten million dollars. PMGAA would like to acknowledge Engineering and Facilities Director Bob Draper and his dedicated staff for ensuring that this important infrastructure project was completed on time, under budget by \$402,000, and with no major disruption to airport operations. Great job Engineering and Facilities!

Planning and Zoning

On November 29th, the Federal Aviation Administration (FAA) issued a Finding of No Significant Impact (FONSI) for the Environmental Assessment (EA) completed on the site for the new Air Traffic Control Tower. This allows PMGAA to proceed with the Design Phase of the project.

PMGAA is embarking upon an Airport Master Plan Update which will serve to guide development of airport facilities and infrastructure during the next 10-20 years. PMGAA's current Airport Master Plan Update was completed 10 years ago and the Airport and the region have both experienced significant changes during the past decade. The 2018 Airport Master Plan Update will be an inclusive process with local communities and key stakeholders actively involved in every aspect of the project. A recommendation on the preferred consultant to assist with creation of this long-range planning document will be presented to the PMGAA Board of Directors for their consideration at the February 2018 Board meeting. The project is expected to take 12-18 months to complete.

Gateway Aviation Services

Gateway Aviation Services is reporting \$427,881 in fuel-related revenue for October 2017; an 18% increase compared to the \$361,592 in revenue collected during October last year. Strong flight testing and increasing commercial service activity continue to provide most of the additional revenue.

FUEL-RELATED REVENUE	October			FYTD		
	FY17	FY18	% Change	FY17	FY18	% Change
Net Retail (Jet)	\$88,292	\$110,607	25%	\$352,362	\$333,483	-5%
Net AvGas	\$51,117	\$64,285	26%	\$180,478	\$229,612	27%
Storage Fees	\$22,828	\$22,726	0%	\$92,604	\$80,529	-13%
Upload Fees	\$199,355	\$230,263	16%	\$673,695	\$918,578	36%
TOTAL	\$361,592	\$427,881	18%	\$1,299,139	\$1,562,202	20%

FUEL (Gallons)	October			FYTD		
	FY17	FY18	% Change	FY17	FY18	% Change
Retail (Jet)	46,025	53,516	16%	178,677	163,671	-8%
AvGas	46,111	55,615	21%	160,879	189,595	18%
Contract	290,371	327,578	13%	995,638	1,213,374	22%
Commercial	830,074	826,390	0%	3,369,951	2,928,251	-13%
TOTAL	1,212,581	1,263,099	4%	4,705,145	4,494,891	-4%

Gateway Aviation Services was the featured FBO in AIN Online, a prominent online news agency geared toward general aviation readers. This is the first time the FBO has been featured.

Human Resources

PMGAA launched a new Employee Rewards and Recognition Program on November 1st. This new program provides additional opportunities for all PMGAA employees to recognize and reward the hard work and dedication of their coworkers. Thank you Human Resources Department staff.

Business Development

Exciting news! At their November meeting, the PMGAA Board of Directors approved a 49-year Master Development Agreement with Mesa SkyBridge, LLC for the 360-acre site formally known as the Gateway Aerospace Park and now “rebranded” as SkyBridge Arizona. PMGAA staff continues to work with the Mesa SkyBridge, LLC team to finalize the language in the Master Lease. Once the Master Lease is executed, a Master Plan for the entire site will be developed and submitted for PMGAA Board approval. Mesa SkyBridge, LLC continues to work with Mexican and US Customs officials to bring the Unified Cargo Processing Program to Gateway Airport.



PMGAA, City of Mesa, and Mesa SkyBridge Officials



1st Annual Gateway Airport Tenant Cornhole Tournament

On November 9th, the PMGAA Business Development Office (BDO) hosted a Tenant Appreciation and Networking Event at the Barrio Brewing Co. The event included the 1st Annual Gateway Airport Tenant Corn Hole Tournament. Competition was fierce, with the Enterprise Rent-A-Car team taking home 1st place.

These tenant events are a great opportunity for the 40+ companies located at the Airport to introduce themselves, build stronger relationships, and explore new ways to work together. BDO staff will continue to create these types of networking events for our Gateway Airport tenants.

PMGAA is pleased to announce that it has entered into a new facility lease with longtime tenant Air Methods, Inc. Air Methods has been a longtime tenant at Gateway Airport. PMGAA staff also originated nine new facility or land lease opportunities during the month of November.

Communications and Government Relations

Allegiant Air has notified PMGAA of their intention to apply for a Visual Area Navigation (RNAV) approach for landings from the south of the airport with the Federal Aviation Administration (FAA). This procedure would create a more defined path for aircraft to follow when landing at the airport. Some areas south of Gateway Airport may experience less overflight aircraft activity and others may notice an increase in the number of aircraft flying over their house.

PMGAA has requested that Allegiant and the FAA undertake a public awareness campaign in certain areas of Pinal County and the Town of Queen Creek prior to making any flightpath changes to ensure any residents that may be impacted are aware of the proposed changes and have a chance to provide comment.

Celebrating Allegiant's Four New Nonstop Destinations



Constant Aviation Ribbon-Cutting





**MINUTES OF PUBLIC MEETING OF THE
PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
BOARD OF DIRECTORS | November 21, 2017**

A public meeting of the Phoenix-Mesa Gateway Airport Authority was convened on Tuesday, November 21, 2017, beginning at 8:30 a.m. in the Board Room (Saguaro A & B) of the Gateway Administration Building, 5835 S Sossaman Road, Mesa, Arizona.

Members Present

Mayor Jenn Daniels, Gilbert
Mayor Jeff Serdy, Apache Junction
Mayor Gail Barney, Queen Creek
Councilmember Thelda Williams, Phoenix
Mayor John Giles, Mesa
Governor Monica Antone, Gila River
Indian Community

**Neither present nor represented*

Airport Staff Present

J. Brian O'Neill, Executive Director/CEO
Scott Brownlee, Deputy Director/COO
Chuck Odom, CFO
Maria Gonzalez, Clerk of the Board
Ann Marie Anderson, Attorney

Members of the Public

Amy Arguilez, Town of Gilbert
Jason Barney, Circle G
Jamie Bennett, Town of Queen Creek
Luis Borbon, SkyBridge
Chris Brady, City of Mesa
Matt Busby, City of Apache Junction
Scott Butler, City of Mesa
Sergio Chávez-Moreno, Interstemic Partners
Rhonda Curtis, Wells Fargo
Kent Dibble, Dibble Engineering
Keith C. Dougherty, Sletten Construction
Monica Farrell, Sletten Construction
Bob Halbekath, Horizon Aero
Ken Halverson, Jetstrip/KMH
Fred Himovitz, HPI
Brian Howard, CEI
Mike Hutchinson, East Valley Partnership
John Kross, Town of Queen Creek

Marco Lopez, Interstemic Partners
Vice Mayor David Luna, City of Mesa
Jose Pablo Martinez, SkyBridge
Jim McCauley, Wells Fargo
Pearl Meza, City of Phoenix
Kevin Morris, SkyBridge
Lazaro Ortiz, Mesa
Dennis Osuch, CliftonLarsonAllen LLP
Chris Petroff, DPR Construction
Simon Picker, SkyBridge
Laura Pogue, Colliers International
Jody Pokorski, Snell & Wilmer
Bryant Powell, City of Apache Junction
Steve Reeder, Kimley-Horn
Richard Reese, Aeroquest USA
Ernesto Valdés, Grupo Seguritech
Michael Wilke, Horrocks Engineers
Q. P. Williams, GJ

1. **Call to Order** at 8:35 a.m. (Mayor Jenn Daniels)
2. **Motion to Convene into Executive Session.**

Pursuant to A.R.S. §38-431.03(A)(3) and (A)(7), the Board of Directors may convene into executive session for the purpose of discussion or consultation for legal advice with the attorney or attorneys of the public body, and to consider its position and instruct its representatives regarding the purchase, sale, or lease of real property as it relates to the Master Developer Agreement.

Mayor John Giles motioned to convene into Executive Session. Mayor Gail Barney seconded the motion. The motion was carried unanimously.

3. Reconvene from Executive Session to Regular Session (9:30 a.m.)

4. Call to the Public.

Comments are noted with Agenda Item No. 8.

5. Executive Director's Report.

In the interest of time, Chairwoman Daniels proposed to forego the Executive Director's Report noting that the Executive Director's report is included in the Board Packet.

6. Presentation: Audited Financials – Dennis Osuch, Principal-CliftonLarsonAllen LLP

Mr. Osuch provided a brief overview of the Fiscal Year 17 audit, resulting in an issuance of an unmodified (clean) opinion for the Phoenix-Mesa Gateway Airport Authority. No material audit adjustments made.

Mayor Daniels suggested an update to the Board regarding the recommendations provided from the audit in a six-month timeframe.

7. Consent Agenda

- a. **Minutes** of the Board Meeting held on **October 17, 2017**.
- b. **Resolution No. 17-55** Authorizing a contract with **Five Star Concrete Services Inc.** to resurface the floor in Hangar 32 at a cost not-to-exceed \$65,667.50.
- c. **Resolution No. 17-56** Authorizing an amendment to the **Executive Director/CEO's Employment Contract**, effective October 1, 2017.

Mayor Gail Barney moved to approve the Consent Agenda. Mayor Jeff Serdy seconded the motion. The motion was carried unanimously.

8. Resolution No. 17-57 Authorizing a Master Development Agreement with **Mesa SkyBridge, LLC**, an Arizona limited liability company.

Mr. Shea Joachim informed the Board that the Master Development Agreement (MDA) will close the procurement and select Mesa SkyBridge LLC as the Master Developer for the Gateway Aerospace Park. Additionally, with the submission of a security deposit, the property will be reserved for Mesa SkyBridge, LLC, and establishes deadlines for Pre/Post Closing conditions. Closing is defined as the approval and execution of a Master Lease, which will be brought forward for the Board's consideration soon. The MDA also obtains a financial guarantee from Grupo Seguritech, a Mexican-based company and partner in Mesa SkyBridge, LLC. Lastly, the MDA establishes the minimum development requirements, which are not the expectations of either the Authority or the development group; however, it is the minimum development necessary to be compliant with the MDA.

Public comment:

- Mr. Richard Reese requested a clearer understanding of the geographic scope of the developer's responsibility. Mr. Shea Joachim indicated that the information was available as an Exhibit to the MDA which is publicly available at www.gatewayairport.com.

- Mr. Michael Hutchinson representing the East Valley Partnership (EVP) expressed strong support for this project.

Mayor Giles expressed his appreciation to all involved in cultivating and nurturing such a tremendous asset. He shared his excitement for the partnership with Mesa SkyBridge, LLC and the possibility of attracting the Unified Cargo Processing Program. With cargo leaving Gateway Airport as a domestic product, it can travel to any Mexican airport, bringing faster e-commerce to the nation of Mexico and the world.

He noted the tremendous, positive press opportunities for Gateway and the region. Trade with Mexico will become a larger part of the economy. Mesa SkyBridge LLC is a partner that will invest millions of dollars to build infrastructure at Gateway, which will pay dividends and cause a ripple effect throughout the local economy. Mayor Giles expressed his comfort with the agreement and noted the various levels of review on such a complicated agreement to provide safeguards for both parties.

Councilwoman Williams acknowledged the importance and uniqueness of the opportunity the MDA creates. She complimented the staff on such forward thinking and stated it would be a treasure to have the Unified Cargo Processing Program located at Gateway Airport.

Mayor Gail Barney and Mayor Jeff Serdy echoed Councilwoman Williams' comments.

Mayor Daniels thanked the staff for their patience in working through the delicate details of the agreement. She complimented the team and acknowledged the hard-work by staff to bring this deal forward; not only for Gateway Airport, but the entire region. Chair Daniels noted her continued concerns regarding some of the language and the low minimum development requirements contained in the agreement, but she maintained her support and hoped to find opportunities to improve upon the language through the Lease Agreement.

Mayor John Giles moved to approve Resolution No. 17-57. Councilwoman Thelda Williams seconded the motion. The motion was carried unanimously.

9. Board Member Comments/Announcements

Mayor Daniels thanked Lt. Governor Antone for her contributions to the Board.

10. Next Meeting: Tuesday, December 19, 2017 at 9:00 a.m. in the Board Room (Saguaro A&B) of the Gateway Administration Building, 5835 South Sossaman Road, Mesa, Arizona.

11. Adjournment.

The meeting adjourned at 10:02a.m.

Dated this ____ day of _____, 20 ____.

Maria E. Gonzalez, Clerk of the Board



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Shea Joachim, CEcD, Business Development Director
Through: J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Property Broker Services
Date: December 19, 2017

Proposed Motion

To authorize a contract with CBRE, Inc. for property brokerage services for a term of two (2) years with two (2), one (1) year options to extend.

Narrative

Request for Proposals 2018-003-RFP for Property Broker Services was issued on August 1, 2017. The RFP was advertised in the Arizona Business Gazette on August 3rd, 10th, 17th and 24th, posted on the Phoenix-Mesa Gateway Airport (PMGAA) website as well as advertised on three websites: the Arizona Association for Economic Development, Arizona Airports Association, and the Southwest Chapter of the American Association of Airport Executives. In addition, 11 prospective respondents received a copy of the notice of solicitation directly. The Airport received three (3) proposals by the due date of September 6, 2017:

1. CBRE
2. Cushman & Wakefield
3. Jones Lang LaSalle

Staff reviewed and ranked the proposals and determined that the proposal from CBRE best satisfied the requirements for PMGAA.

Agreement Term and Rate

This agreement has a term of two (2) years, with two (2), one (1) year options to extend.

The commission structure for these services are as follows:

- Facility leases – 6% with cooperating broker, 5% without cooperating broker. Maximum term of ten (10) years.
- Facility lease renewals – 3% with cooperating broker, 2.5% without cooperating broker.
- Land leases – 6% with cooperating broker, 5% without cooperating broker. Maximum term of twenty (20) years.
- Property sale – 6% with cooperating broker, 5% without cooperating broker.

Attachment(s)

Professional Services Agreement – Contract Number C-2018003



RESOLUTION NO. 17-58

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Authority desires to enter into a contract with CBRE, Inc.;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes a contract with CBRE, Inc. for property brokerage services for a term of two (2) years with two (2), one (1) year options to extend. This resolution also authorizes the Chair or Executive Director/CEO to execute such Agreement, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 19th day of December, 2017.

Jenn Daniels, Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Attorney



PHOENIX-MESA GATEWAY AIRPORT AUTHORITY

AND

CBRE Group, Inc.

FOR

PROPERTY BROKER SERVICES

CONTRACT NUMBER C-2018003

The Phoenix-Mesa Gateway Airport is owned and operated by the Phoenix-Mesa Gateway Airport Authority (PMGAA), a joint powers airport authority authorized by the State of Arizona and consisting of the City of Mesa, City of Phoenix, City of Apache Junction, Town of Gilbert, Town of Queen Creek and the Gila River Indian Community.

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Phoenix-Mesa Gateway Airport Authority, a joint powers airport authority authorized by the State of Arizona (“PMGAA”) desires performance of the services more fully described in this **Contract Number C-2018003** (“Contract”) and the attached exhibits. CBRE Group, a Delaware corporation (“Consultant”), with its principal offices located at 2415 East Camelback Road, Phoenix, Arizona 85016, desires to perform these services.

Recitals

- A. PMGAA requires the services as described in this Contract, including any and all exhibits and amendments, and Consultant is willing to provide these and other services under this Contract; and
- B. PMGAA desires to contract with Consultant to provide services as noted herein.

Now therefore, in consideration of the recitals and the mutual set forth below, PMGAA and Consultant agree as follows.

SECTION I – CONSULTANT SERVICES

The services to be performed by Consultant are specified in this Contract. PMGAA will not pay Consultant for any services that have not been authorized under the Contract.

The anticipated services to be provided by Consultant under this Contract shall generally include, but not be limited to, the following: marketing, negotiations, advisory and leasing services of PMGAA’s owned and managed property and land, as more specifically described in Consultant’s detailed scope of work attached as **EXHIBIT A**, “Scope of Services & Fee Schedule.”

PMGAA’s authorized representative shall be the PMGAA Business Development Director, or his/her duly authorized representative, and that he/she shall be the sole contact for administering this Contract.

All services provided by Consultant under this Contract must be performed in a manner consistent with that degree of care and skill ordinarily exercised by members of the same profession currently practicing under similar circumstances in Arizona. Consultant makes no other warranty, expressed or implied.

SECTION II – PMGAA RESPONSIBILITIES

PMGAA shall furnish Consultant, at no cost to Consultant, the following information or services for this Contract:

- A. Access to copies of readily available maps, records, as-built drawings, benchmarks or other data pertinent to work assignments affiliated with this Contract. This does not, however, relieve Consultant of the responsibility of searching records for additional information, for requesting specific information or for verification of that information provided. PMGAA does not warrant the accuracy or comprehensiveness of any information or documents provided to Consultant.
- B. In PMGAA’s discretion and upon Consultant’s reasonable request, access to staff for consultation with Consultant during the performance of this contract in order to identify the problems, needs, and other functional aspects of the work.
- C. Prompt review of and feedback on Consultant’s deliverables. PMGAA will advise Consultant concerning progress of PMGAA’s review of the work, as needed.

SECTION III - PERIOD OF SERVICE

Consultant shall complete all work in accordance with the provisions of this Contract as amended.

All work initiated under this Contract must be completed on or before the expiration date of the Contract as amended.

The term of this Contract commences on January 1, 2018 and ends on December 31, 2019 (“Term”), unless terminated, canceled or extended as provided in this Contract. This Contract has two (2) optional one-year extensions. Prior to the expiration of the Term, PMGAA may, at its sole discretion, elect to extend the Contract term by exercising these options. Any extension shall require an Amendment signed by both parties.

If PMGAA exercises such right, all terms, conditions and provisions of the original Contract shall remain the same and apply during the extended period with the possible exception of price. All prices stated in the original Contract

shall apply unless a percent of increase or decrease is agreed to by PMGAA.

SECTION IV – KEY PERSONNEL

The Consultant itself shall provide all services to be performed under this Contract.

If Sub-Consultants are required by Consultant to perform any services listed under this contract, Consultant shall notify PMGAA prior to authorizing work by said Sub-Consultants. PMGAA may, at its sole discretion, accept or reject proposed Sub-Consultants.

SECTION V - PAYMENTS TO THE CONSULTANT

Consultant will be paid for work performed under this Contract plus any adjustments that have been approved in writing by PMGAA in accordance with the Phoenix-Mesa Gateway Airport Authority Procurement Policy. Payments will be made in accordance with **EXHIBIT B**, “Compensation.”

All services to be rendered by Consultant are subject to the terms of **EXHIBIT B**, “Compensation” attached hereto.

SECTION VI - ALTERATION IN SCOPE OF SERVICES

For any alteration in the Scope of Services that would materially increase or decrease the Contract fee, the parties shall negotiate an amendment to the Contract to be executed by PMGAA and Consultant. No work shall commence on any amendment or change until the amendment has been approved by PMGAA and Consultant has been notified to proceed by PMGAA. No claim for extra work done or materials furnished by Consultant will be allowed by PMGAA, except as provided herein, nor shall Consultant do any work or furnish any materials not covered by this Contract unless the work is first authorized in writing by PMGAA and the change complies with PMGAA’s Procurement Policy. Any work or materials furnished by Consultant without advance, written authorization will be at Consultant’s own risk, cost, and expense. Without written authorization, Consultant shall make no claim for compensation for such work or materials furnished.

SECTION VII - WORK ASSIGNMENT COMPLETION

If, during the Term of this Contract, situations arise which prevent work completion within the allotted time, PMGAA may grant an appropriate time extension.

SECTION VIII - OWNERSHIP OF DOCUMENTS

Items prepared by Consultant or its subcontractors or agents under or as a result of this Contract, including but not limited to, all documents, drawings, including design information, concepts, images, renderings, models, cost information, estimates, specifications and reports, including electronic copies thereof, (“Works”) are to be the property of the PMGAA.

Consultant hereby represents that it is the owner of and hereby assigns to PMGAA all rights, title and interest, including all copyrights, copyright registrations, copyright applications, renewals, extensions and all other proprietary or ownership rights, in all Works and things created by Consultant in whole or in part, or hereafter created by the Consultant in connection with this Agreement, including but not limited to, all works based upon, derived from, or incorporating any Works. Consultant shall execute any separate agreements or documents, if any, which may be necessary to implement the terms of this Section.

All of Consultant’s documents prepared under this Contract, including electronic files, are instruments of service. All of these documents become the property of PMGAA upon completion of the services and payment in full to Consultant. PMGAA may reuse or modify the documents, as it deems necessary, without Consultant’s prior written authorization. PMGAA shall indemnify and hold harmless Consultant, its officers, directors, employees and subconsultants (collectively, the “Consultant”) against any and all damages, liabilities or costs arising from PMGAA’s modification of documents produced by Consultant under this Contract unless Consultant authorizes the modification in writing.

In the event of the termination of Consultant under the provisions of this Contract or the termination, suspension, abandonment or completion of the tasks outlined herein, the Consultant shall deliver to PMGAA, within thirty (30) days, all Works created by the Consultant in connection with this Contract. PMGAA, as the holder of all rights, title

and interest, including all copyrights, in all Works created by Consultant, shall have the right to use or reuse any and all such Works for any purpose at PMGAA's sole discretion and at no additional cost to PMGAA.

SECTION IX - COMPLIANCE WITH LAWS

Consultant shall comply with all federal, state and local laws, local ordinances and regulations throughout the Term.

Consultant's signature on this Contract certifies compliance with the provisions of the I-9 requirements of the *Immigration Reform and Control Act of 1986* for all personnel that Consultant and any subconsultants employ to complete any work assignment.

PMGAA shall administer this Contract in accordance with PMGAA's Procurement Policy.

SECTION X - GENERAL CONSIDERATIONS

- A. The failure of either party to enforce any of the provisions of this Contract or require performance of the other party of any of the provisions hereof shall not be construed to be a waiver of the provisions, nor shall it affect the validity of this Contract or the right of either party to enforce each and every provision.
- B. The fact that PMGAA has accepted or approved Consultant's work shall in no way relieve Consultant of responsibility for the work under this Contract.
- C. This Contract shall be governed by the laws of the state of Arizona, both as to interpretation and performance. Any action at law, suit in equity, or judicial proceeding for the enforcement of this Contract, or any provision thereof, shall be instituted only in the courts of the state of Arizona.
- D. All exhibits to this Contract and any amendments to the Contract are incorporated into it.

SECTION XI - NO KICK-BACK CERTIFICATION

Consultant warrants that no person has been employed or retained to solicit or secure this Contract upon any agreement or understanding for a commission, percentage, brokerage, or contingent fee and that no member of the PMGAA Board of Directors or any employee of PMGAA has any interest, financially or otherwise, in Consultant's firm.

For breach or violation of this warranty, PMGAA may annul this Contract without liability.

SECTION XII – SUSPENSION OF SERVICES

Consultant shall, within five (5) business days upon receiving written notice from PMGAA, suspend, delay, or interrupt all or a part of the Scope of Services. Consultant shall resume the Scope of Services within five (5) business days of receiving written notice from PMGAA.

SECTION XIII – TIMES OF PAYMENTS

Consultant shall submit invoices for any services actually completed. PMGAA shall review, certify, and approve or reject each invoice in whole or in part. PMGAA shall pay each approved invoice within 30 calendar days of the date that PMGAA approves the invoice.

SECTION XIV – TIMELY REVIEW

PMGAA will review Consultant's studies, reports, proposals, and other related documents and render any decisions required by Consultant in a timely manner. Notwithstanding these reviews, Consultant remains solely responsible for all of its deliverables and services under this Contract. By PMGAA's reviews, PMGAA does not assume any liability for or retained control over Consultant's work or Consultant's responsibility for the safety of its employees.

SECTION XV – MEDIATION; ARBITRATION

All disputes between PMGAA and Consultant arising out of or relating to this Contract must first be submitted to nonbinding mediation unless the parties mutually agree otherwise in writing. In the event that the dispute(s) are not settled via nonbinding mediation, the parties shall proceed to and employ binding arbitration, as set forth in **EXHIBIT E**, "PMGAA Standard Terms and Conditions", attached hereto and incorporated herein by reference. PMGAA and Consultant shall include a similar mediation/arbitration provision in all agreements with other

consultants retained for the Project and shall require all other independent consultants to include a similar mediation provision in all agreements with subconsultants, suppliers or fabricators retained by them.

SECTION XVI - LIABILITY OF CONSULTANT

To the fullest extent permitted by law, Consultant shall defend, save, indemnify, and hold harmless PMGAA, its member governments, departments, officers, employees, and agents from and against damages arising out of any act, error, or omission of Consultant relating to its services under this Contract.

SECTION XVII - LAWS AND REGULATIONS

All federal, state, and local laws and regulations that relate to Consultant's services apply to Consultant's performance of this Contract throughout. These laws and regulations are deemed included in this Contract the same as though written out in full, especially the current applicable FAA rules and regulations associated with airport projects; pertinent Airport engineering standards; and local rules, regulations, and industry standards.

SECTION XVIII – ARCHAEOLOGICAL RESOURCE PROTECTION

While performing services under this Contract, Consultant may encounter a known or unknown archaeological site located at the Airport. If Consultant encounters what it believes to be an archaeological site, Consultant shall immediately notify PMGAA of the site's location and take all reasonable precautions to protect and preserve the site until PMGAA otherwise directs.

SECTION XIX – INSURANCE REQUIREMENTS FOR PROFESSIONAL SERVICES CONTRACTS

1. Consultant shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Consultant, its agents, representatives, or employees.
2. Minimum Scope and Limits of Insurance. Coverage shall be at least as broad as:
 - a. Professional Liability (Errors and Omissions): Insurance appropriate to the Consultant's profession, with limit no less than \$1,000,000 per occurrence or claim, \$2,000,000 aggregate.
 - b. Commercial General Liability: Insurance Services Office Form CG 00 01 covering Bodily Injury and Property Damage on an "occurrence" basis, including personal & advertising injury with limits no less than \$1,000,000 per occurrence, \$2,000,000 General Aggregate.
 - c. Auto Liability: ISO Form CA 00 01 covering any auto (Symbol 1), or if Consultant has no owned autos, hired, (Symbol 8) and non-owned autos (Symbol 9), with limit no less than \$5,000,000 Combined Single limit per accident for bodily injury and property damage
 - d. Workers' Compensation: Statutory Limits as required by the state of Arizona, and Employer's Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease.
3. If the Consultant maintains higher limits than the minimums shown above, the PMGAA requires and shall be entitled to coverage for the higher limits maintained by the Consultant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the PMGAA.
4. Additional insurance provisions. The insurance policies shall provide, or be endorsed to include, the following provisions:
 - a. Notice of Cancellation: Each insurance policy required above shall provide that coverage shall not be canceled, except with notice to the PMGAA.
 - b. Waiver of Subrogation: Consultant waives any right to subrogation. Consultant shall obtain an endorsement necessary to affect this waiver of subrogation from the insurer for all lines of coverage required by this Contract.
 - c. Primary Coverage: For all claims related to this Contract, all of Consultant's insurance policies will be primary and non-contributory. Any insurance or self-insurance maintained by PMGAA, its officers, officials, employees, or volunteers will be in excess of Consultant's insurance and will not contribute with it.

d. Deductibles and Self-Insured Retentions: Any deductibles or self-insured retentions must be declared to and approved by the PMGAA. The PMGAA may require the Consultant to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention.

e. Acceptability of Insurers: Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A, VII, unless otherwise acceptable to the PMGAA.

f. Claims Made Policies: No Claims Made policies (other than Professional Liability) will be accepted. For policies that provide claims-made coverage:

- 1) The Retroactive Date must be shown, and must be before the date of the contract or the beginning of contract work.
- 2) Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of the contract of work.
- 3) If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a Retroactive Date prior to the contract effective date, the Consultant must purchase "extended reporting" coverage for a minimum of five (5) years after completion of work.

g. Verification of Coverage: Consultant shall furnish the PMGAA with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by the PMGAA before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Consultant's obligation to provide the required insurance. The PMGAA reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

h. Subcontractors: Consultant shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and Consultant shall ensure that PMGAA is an additional insured on insurance required from subcontractors.

i. Special Risks or Circumstances: PMGAA reserves the right to modify these requirements, including limits, based on the nature of the risk, scope of services, prior experience, insurer, coverage, or other special circumstances.

SECTION XX – SUSPENSION & TERMINATION

Suspension. In the event that either Party is unable to perform any of its obligations under this Contract, or to enjoy any of its benefits because of natural disasters, actions or decrees of government bodies, the Party who has been so affected shall immediately give notice to the other Party and shall do everything possible to resume performance. Upon receipt of such notice, all obligations under this Contract are suspended. If the period of non-performance exceeds thirty (30) days from the receipt of notice, the Party whose ability to perform has not been so affected may, by giving written notice, terminate this Contract.

Termination.

- a. This Contract may be terminated at any time by mutual written consent or by PMGAA - with or without cause - provided the terminating party gives sixty (60) calendar days' advance written notice to the other party. PMGAA may terminate this Contract, in whole or in part, for PMGAA's convenience and on sixty (60) days' written notice. If this Contract is terminated, then PMGAA is liable only for services rendered and material received, certified, and approved by PMGAA under the Contract before the termination effective date.
- b. PMGAA reserves the right to cancel this Contract in whole or in part due to failure of Consultant to carry out any term, promise, or condition of the Contract. At least ten days before terminating the Contract, PMGAA will issue a written notice of default specifying one of the following reasons.
 - i. Consultant has provided personnel that do not meet the requirements of the Contract.
 - ii. Consultant has failed to perform adequately the stipulations, conditions or services/specifications required in this Contract.

- iii. Consultant has attempted to impose on PMGAA personnel or materials, products, or workmanship of unacceptable quality.
- iiii. Consultant has failed to furnish the required service(s) and/or product(s) within the time stipulated in the Contract.
- iv. Consultant has failed to make progress in the performance of the requirements of the Contract or Consultant fails to give PMGAA adequate assurance the Consultant will perform the Contract in full and on time.

SECTION XXI – NOTICES

All notices, demands, approvals, consents, elections or other communications permitted or required to be given hereunder shall be in writing and shall be deemed given on the date of actual receipt by the person or entity which is a party to this Contract. Notices shall be addressed as follows:

- a. If to PMGAA
Shea Joachim, Business Development Director
5835 South Sossaman Road
Mesa, Arizona 85212
- b. If to Consultant
Craig Henig, Managing Director
2415 East Camelback Road
Phoenix, Arizona 85016

Any name or address specified above may be changed by a notice given to the addressee by the other party in accordance with this Section. The inability to deliver because of a changed address of which no notice was given or rejection or other refusal to accept any notice shall be deemed to be the receipt of the notice as of the date of such inability to deliver or rejection or refusal to accept. Any notice to be given by any party hereto may be given by the counsel for such party.

SECTION XXII – PMGAA’S WARRANTIES

PMGAA warrants that it owns the subject property, has the authority to execute this Contract, and agrees to convey good and marketable leasehold rights to financially and legally qualified tenants submitted by Consultant to PMGAA that complies with PMGAA’s requirements, meets PMGAA’s business plan and is approved by PMGAA’s Board of Directors or Executive Director. PMGAA agrees that procurement by Consultant of a tenant who enters into a leasehold interest with PMGAA in accordance with the terms of this Contract and other PMGAA requirements listed hereinabove will entitle Consultant to a commission under this Contract. PMGAA agrees to cooperate with Consultant in bringing about a lease of the property. All negotiations are to be through PMGAA and PMGAA agrees to cooperate with Consultant in the offer and negotiation process of tenants proffered by Consultant. PMGAA and its counsel will be responsible for determining the legal sufficiency of a lease, and/or other documents relating to any transaction contemplated by this Contract. PMGAA hereby warrants and represents to Consultant that there are no delinquencies or defaults under any deed of trust, mortgage or other encumbrance on the property and that the property is not subject to the jurisdiction of any court in any bankruptcy, insolvency conservatorship or probate proceeding.

SECTION XXIII – DUAL AGENCY

Consultant may represent and serve as agent for any purchaser, tenant, prospective purchaser or prospective tenant the Consultant or its agents may bring to the subject property, provided that Consultant advises PMGAA in writing in advance and PMGAA consents to such dual agency relationship which might arise as a result thereof, and no other fees or consideration shall be due to Consultant by PMGAA, tenant, or related party. PMGAA acknowledges that Consultant, among other things, is required to disclose to all parties any information that materially or adversely affects the consideration to be paid by any party to the transaction.

OFFER AND ACCEPTANCE

IN WITNESS WHEREOF, the parties herein have executed this Contract.

_____	_____
(Firm Name)	Address
_____	_____
Principal (Signature)	City State Zip
_____	_____
Printed Name	Phone
_____	_____
Federal Tax Identification Number	Fax

PHOENIX-MESA GATEWAY AIRPORT AUTHORITY, a joint powers airport authority authorized by the State of Arizona

ACCEPTED AND APPROVED:

_____	_____
J. Brian O’Neill, A.A.E.	Date
Executive Director/CEO	

ATTEST:

_____	_____
Name/Clerk of the Board	Date

EXHIBIT A – SCOPE OF SERVICES AND FEE SCHEDULE

SCOPE OF SERVICES

The services to be performed by Consultant and the completion of related efforts are specified in the following Scope of Services & Fee Proposal agreed to by the parties.

To provide commercial real estate brokerage and advisory services to PMGAA in both aeronautical and non-aeronautical facility leasing and sale transactions, and aeronautical and non-aeronautical land lease transactions. Specific services may include, but are not limited to, the following:

- Prepare a comprehensive market study of available facilities/land and provide a comparative analysis for PMGAA's available facilities/land to identify current leasing/listing rates;
- Provide Broker Price Opinions on specific facilities/land;
- Prepare a comprehensive marketing plan for PMGAA's available property;
- Assist in negotiating lease renewals;
- Assist in lease compliance issues;
- Prepare annual marketing strategy reports identifying anticipated market conditions;
- Provide responsive (i.e. same-day responses to PMGAA inquiries) service for day-to-day contact on commercial real estate related questions, concerns, and issues;
- Provide legislative updates as needed regarding commercial real estate;
- Provide monthly marketing reports and updates for PMGAA's property, including market comps, active prospects, call logs, showing logs, etc.;
- Exercise professionalism, due diligence, and commercial real estate best practices;
- Perform risk analysis' to filter perspective clients based on financial strength and history prior to submission to PMGAA;
- Notify PMGAA and provide available property tours to perspective tenants;
- Assist PMGAA and legal counsel with lease and/or sale agreements;
- Assist PMGAA in the valuation, listing, sale, and lease transactions of available PMGAA properties;
- Coordinate execution of all transaction documents, evidence of insurance, etc.;
- Provide insight on market trends for PMGAA to renovate/rehabilitate properties to maximize potential revenue;
- Provide all services defined in this solicitation, for the compensation the bidder has offered. PMGAA is prepared to pay commission-based compensation rather than a fixed fee for services rendered. The stated commission shall include all costs associated with performance of the services specified, including labor, material, transportation, etc. No other charges to PMGAA shall be allowed;
- Other services as requested;
- Broker understands that it will be representing and working on behalf of PMGAA for the term of this agreement.

FEE SCHEDULE

Consultant shall be paid the commission(s) set forth below upon final execution by PMGAA of a lease agreement with the tenant(s) proposed by Consultant:



Attachment D Proposed Fee Schedule

The stated commission shall include all costs associated with performance of the services specified, including labor, material, transportation, etc.

Commission Structure & Fee for Facility Lease: _____

For new leases and expansions: 6% with cooperating broker, 5% without cooperating broker.

For lease renewals: 3% with cooperating broker, 2.5% without cooperating broker.*

*subject to increase pending market tenant rep fees

Maximum term eligible for commission payment is ten (10) years.

Commission Structure & Fee for Land Lease: _____

For land leases and expansions: 6% with cooperating broker, 5% without cooperating broker.

Maximum term eligible for commission payment is twenty (20) years.

Commission Structure & Fee for Property Sale: _____

For facility sales: 6% with cooperating broker, 5% without cooperating broker.

List all other costs the PMGAA may anticipate relating to the real estate services to be provided.

EXHIBIT B - COMPENSATION

All compensation for services rendered by Consultant shall be based upon criteria established below. All services must be billed through the Consultant.

1. Fees to be Specified in Contract

Any and all services to be performed under this Contract require approval. All compensation for services shall be identified in writing. The Contract shall describe the scope of services to be performed, the fees associated with that performance, and any applicable special provisions. Consultant's compensation for services included in this Contract is totaled and set forth in **EXHIBIT A**, Scope of Services and Fee Schedule.

2. Method of Payment

Subject to the terms of this Contract, PMGAA shall pay Consultant the appropriate rate or fixed price amount for services rendered as described in the Contract only after Consultant has certified in writing that it has performed the services and PMGAA has certified and approved each invoice.

For services rendered in accordance with the Contract, Consultant shall submit to PMGAA an invoice detailing services completed. PMGAA must certify and approve each invoice as a condition to payment.

3. PMGAA Responsibilities for Compensation

PMGAA agrees to pay Consultant's invoices for payment within 30 calendar days after the invoice is approved. PMGAA may withhold payment on any invoice if it believes that Consultant has not performed the work in a satisfactory manner. If PMGAA withholds payment to Consultant, PMGAA shall promptly notify Consultant and explain the reasons for the decision to withhold payment.

4. Billing Address

All invoices submitted to PMGAA for payment shall be submitted to:

Phoenix-Mesa Gateway Airport Authority
Attn: Shea Joachim, Business Development Director
5835 S. Sossaman Road
Mesa, Arizona 85212

EXHIBIT C – LICENSEE(S)

**Attachment E
Real Estate Licensees**

Name	License Held	License No.	Total Time Licensed
Jackie Orcutt	Salesperson	SA624632000	10 years
Pete Wentis	Salesperson	SA019716000	37 years
Kevin Cosca	Salesperson	SA504996000	20 years
Alex Wentis	Salesperson	SA632621000	8 years

Firm and all brokers assigned to the PMGAA account must be licensed and in good standing with the Arizona Department of Real Estate

****PMGAA will verify all licenses are valid***

If Consultant removes any of the above Licensee(s) or assigns additional Licensee(s) to provide any of the Scope of Services outlined in this Contract, Consultant shall give prior notice to PMGAA. PMGAA shall confirm each Licensee is licensed and in good standing with the Arizona Department of Real Estate. PMGAA may, at its sole discretion, accept or reject proposed Licensee(s).

EXHIBIT D – SPECIAL PROVISIONS

1. Civil Rights Act of 1964, Title VI – General

The contractor agrees to comply with pertinent statutes, Executive Orders and such rules as are promulgated to ensure that no person shall, on the grounds of race, creed, color or national origin, sex, age or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance.

2. Civil Rights Act of 1964, Title VI – Assurances

During the performance of this Contract, the contractor, for itself, its assignees and successors in interest agrees as follows:

- a. Compliance with Regulations – Compliance with Regulations: The contractor (hereinafter includes consultants) will comply with the Title VI List of Pertinent Nondiscrimination Acts And Authorities, as they may be amended from time to time, which are herein incorporated by reference and made a part of this contract.
- b. Nondiscrimination – The contractor, with regard to the work performed by it during the contract, will not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The contractor will not participate directly or indirectly in the discrimination prohibited by the Nondiscrimination Acts and Authorities, including employment practices when the contract covers any activity, project, or program set forth in Appendix B of 49 CFR Part 21.
- c. Solicitations for Subcontracts, including Procurements of Materials and Equipment – In all solicitations, either by competitive bidding, or negotiation made by the contractor for work to be performed under a subcontract, including procurements of materials, or leases of equipment, each potential subcontractor or supplier will be notified by the contractor of the contractor's obligations under this contract and the Nondiscrimination Acts And Authorities on the grounds of race, color, or national origin.
- d. Information and Reports – The contractor will provide all information and reports required by the Acts, the Regulations and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by PMGAA or the Federal Aviation Administration to be pertinent to ascertain compliance with such Nondiscrimination Acts And Authorities and instructions. Where any information required of a contractor is in the exclusive possession of another who fails or refuses to furnish the information, the contractor will so certify to PMGAA or the Federal Aviation Administration as appropriate, and will set forth what efforts it has made to obtain the information.
- e. Sanctions for Noncompliance – In the event of a contractor's noncompliance with the Nondiscrimination provisions of this contract, the Recipient will impose such contract sanctions as it or the Federal Aviation Administration may determine to be appropriate, including, but not limited to:
 - i) Withholding of payments to the contractor under the contract until the contractor complies, and/or;
 - ii) Cancellation, termination, or suspension of the Contract, in whole or in part.
- f. Incorporation of Provisions – The contractor will include the provisions of paragraphs one through six of this **EXHIBIT D** in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations and directives issued pursuant thereto. The contractor will take action with respect to any subcontract or procurement as PMGAA or the Federal Aviation Administration may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if the contractor becomes involved in, or is threatened with litigation by a subcontractor, or supplier because of such direction, the contractor may request PMGAA to enter into any litigation to protect the interests of PMGAA. In addition, the contractor may request the United States to enter into the litigation to protect the interests of the United States.

3. Civil Rights – Title VI List of Pertinent Nondiscrimination Acts and Authorities

During the performance of this contract, the contractor, for itself, its assignees, and successors in interest (hereinafter referred to as the “contractor”) agrees to comply with the following non-discrimination statutes and authorities; including but not limited to:

- Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d *et seq.*, 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin);
- 49 CFR part 21 (Non-discrimination In Federally-Assisted Programs of The Department of Transportation—Effectuation of Title VI of The Civil Rights Act of 1964);
- The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 U.S.C. § 4601), (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
- Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. § 794 *et seq.*), as amended, (prohibits discrimination on the basis of disability); and 49 CFR part 27;
- The Age Discrimination Act of 1975, as amended, (42 U.S.C. § 6101 *et seq.*), (prohibits discrimination on the basis of age);
- Airport and Airway Improvement Act of 1982, (49 USC § 471, Section 47123), as amended, (prohibits discrimination based on race, creed, color, national origin, or sex);
- The Civil Rights Restoration Act of 1987, (PL 100-209), (Broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms “programs or activities” to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);
- Titles II and III of the Americans with Disabilities Act of 1990, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. §§ 12131 – 12189) as implemented by Department of Transportation regulations at 49 CFR parts 37 and 38;
- The Federal Aviation Administration’s Non-discrimination statute (49 U.S.C. § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
- Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures non-discrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;
- Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 Fed. Reg. at 74087 to 74100);
- Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 U.S.C. 1681 *et seq.*).

4. Prompt Payment

- a. Prompt Payment (§26.29) – Consultant agrees to pay each subcontractor under this Contract for satisfactory performance of its contract obligations no later than thirty (30) calendar days from the receipt of each payment Consultant receives from PMGAA. Consultant agrees further to return retainage payments to each subcontractor within thirty (30) calendar days after the subcontractor’s work is satisfactorily completed. Any delay or postponement of payment from the above referenced time frame may occur only for good cause following written approval of PMGAA.

5. Federal Fair Labor Standards Act

This contract and all subcontracts that result from this contract incorporate by reference the provisions of 29 CFR part 201, the Federal Fair Labor Standards Act (FLSA), with the same force and effect as if given in full text.

The Consultant has full responsibility to monitor compliance to the referenced statute or regulation. The Consultant must address any claims or disputes that arise from this requirement directly with the U.S. Department of Labor – Wage and Hour Division.

6. Occupational Safety and Health Act of 1970

This contract and all subcontracts that result from this contract incorporate by reference the provisions of 29 CFR part 1910 with the same force and effect as if given in full text. Consultant must provide a work environment that is free from recognized hazards that may cause death or serious physical harm to the employee. The Consultant retains full responsibility to monitor its compliance and their subcontractor's compliance with the applicable requirements of the Occupational Safety and Health Act of 1970 (29CFR Part 1910). Consultant must address any claims or disputes that pertain to a referenced requirement directly with the U.S. Department of Labor – Occupational Safety and Health Administration.

7. Lobbying and Influencing Federal Employees

- a. No federal appropriated funds shall be paid, by or on behalf of Consultant, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the making of any federal grant and the amendment or modification of any federal grant.
- b. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any federal grant, the contractor shall complete and submit Standard Form-LLL, "Disclosure of Lobby Activities," in accordance with its instructions.

8. Access to Records and Reports

Consultant shall maintain an acceptable cost accounting system. Consultant further agrees to provide PMGAA, the FAA and the Comptroller General of the United States, or any of their duly authorized representatives, access to any books, documents, papers, and records of Consultant which are directly pertinent to this specific Contract for the purpose of making audit, examination, excerpts and transcriptions. Consultant agrees to maintain all books, records and reports required under this Contract for a period of not less than three (3) years after final payment is made and all pending matters are closed.

9. Breach of Contract Terms

Any violation or breach of terms of this Contract on the part of Consultant or its subconsultants or subcontractors may result in suspension or termination of this Contract, or such other action that may be necessary to enforce the rights of the parties with respect thereto. The duties and obligations imposed by the Contract and the rights and remedies available thereunder shall be in addition to, and not a limitation of, any duties, obligations, rights and remedies otherwise imposed or available by law.

10. Rights to Inventions

All rights to inventions and materials generated under this Contract are subject to regulations issued by the FAA and PMGAA of the federal grant under which this Contract is executed.

11. Trade Restriction Clause

- a. Consultant or its subconsultants/subcontractors, by submission of an offer and/or execution of a contract, certifies that it:
 - i. Is not owned or controlled by one or more citizens of a foreign country included in the list of countries that discriminate against U.S. firms published by the Office of the United States Trade Representative (USTR);

- ii. Has not knowingly entered into any contract or subcontract for this project with a person that is a citizen or national of a foreign country on the list, or is owned or controlled directly or indirectly by one or more citizens or nationals of a foreign country on the list; and
 - iii. Has not procured any product nor subcontracted for the supply of any product for use on the project that is produced in a foreign country on the list.
- b. Unless the restrictions of this clause are waived by the Secretary of Transportation in accordance with 49 CFR 30.17, no contract shall be awarded to a contractor or subcontractor who is unable to certify to the above. If the contractor knowingly procures or subcontracts for the supply of any product or service of a foreign country on the list for use on the project, the FAA may direct PMGAA cancellation of this Contract at no cost to the Government.
 - c. Further, Consultant shall incorporate this provision for certification without modification in each contract and in all lower tier subcontracts. Consultant may rely on the certification of a prospective subcontractor unless it has knowledge that the certification is erroneous.
 - d. Consultant shall provide immediate written notice to PMGAA if Consultant learns that its certification or that of a subcontractor was erroneous when submitted or has become erroneous by reason of changed circumstances. The subcontractor shall agree to provide written notice to Consultant if at any time it learns that its certification was erroneous by reason of changed circumstances.
 - e. This certification is a material representation of fact upon which reliance was placed when the Contract was awarded. If it is later determined that Consultant or its subcontractor knowingly rendered an erroneous certification, the FAA may direct PMGAA cancellation of this Contract or any subcontract for default at no cost to the Government.
 - f. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render, in good faith, the certification required by this provision. The knowledge and information of Consultant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
 - g. This certification concerns a matter within the jurisdiction of an agency of the United States of America and the making of a false, fictitious, or fraudulent certification may render the maker subject to prosecution under Title 18, United States Code, Section 1001.

12. Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion

Consultant, by accepting this Contract, certifies that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency. Consultant shall include this clause without modification in all lower tier transactions, solicitations, proposals, contracts, and subcontracts. Where the Consultant or any lower tier participant is unable to certify to this statement, it shall provide a written explanation to PMGAA.

13. Project Security

As some or all portions of work possible during the Term of this Contract may be located inside the secured area of the Airport, adherence to and familiarity with federal security regulations is essential. For these projects, Consultant shall be responsible for fulfilling the security requirements described herein.

- a. Secured Area Access – All Consultant personnel who require unescorted access to the secured area of the Airport, prior to the issuance of an Airport Identification badge, must successfully complete the Security Badge Application and Security Badge Authorization forms.
- b. Employee Security Badges – All Contractor and/or subcontractor personnel performing work functions in accordance with this Contract shall obtain and properly display an Airport security badge. Consultant shall submit a Security Badge Application form to the PMGAA security office for each employee requiring unescorted access, along with the current fee for each badge. Badge fees are identified on the current *Airport Rates and Charges Schedule* listing available via the Airport website at www.gatewayairport.com.

- i. All fees must be paid to PMGAA by cash or check.
 - ii. Airport Security Badge Application forms and instructions are available via the Airport website at www.gatewayairport.com.
 - iii. An authorized representative of Consultant must also obtain and submit a Security Media Authorization form, which is to be submitted to the PMGAA badging office. The Security Media Authorization form and instructions are available via the Airport website at www.gatewayairport.com.
 - iv. A training class on aviation security must be successfully completed before individuals are issued a badge. Fees for the security badge include attendance for the necessary training classes. Attendance at the security classes and issuance of the security badge may take two hours per person.
 - v. Additional information, including a “Frequently Asked Questions” is available via the Airport website at www.gatewayairport.com or by contacting the PMGAA Badging Office at (480) 988-7522. The Badging Office is located at 5803 S. Sossaman Road, Mesa AZ 85212.
 - vi. Consultant shall immediately notify the PMGAA Badging Office of any Consultant personnel whose employment status has changed.
 - vii. Consultant shall retrieve all security badges and keys and return them to the PMGAA Badging Office. A fee, as indicated on the most current *Airport Rates and Charges Schedule*, will be charged for each badge that is damaged, lost or not returned.
 - viii. The PMGAA Badging Office will require a completed Security Badge Application from each Consultant employee so certified by Consultant as requiring such before a Security Badge is issued.
 - ix. Under certain circumstances and out of control of PMGAA, security measures may change on short notice. No deviations from any security measure shall be allowed at any time.
 - x. At all times, aircraft shall have the right-of-way over all vehicle traffic.
- c. Fines – Due to both the safety and security precautions necessary at the Airport, any failure of the Consultant to adhere to prescribed Airport requirements/regulations has consequences that may jeopardize the health, welfare and lives of Airport customers and employees, as well as the Consultant’s own employees. Therefore, if Consultant is found to be in non-compliance with any security, airfield badging/licensing and airfield safety requirement, a Notice of Violations (NOV) may be issued. A current listing of fines is available by contacting the PMGAA Badging Office.

14. Standard Terms & Conditions

PMGAA’s Standard Terms & Conditions (in **EXHIBIT E** attached) include clauses that pertain to both construction and professional services. For such, the term “contractor” is to be considered same as “consultant.” If a clause implies construction service then it is waived for a professional services contract. PMGAA reserves the right to make that determination if there is a conflict.

15. Federal and State Guidelines and Regulations

All work performed under this Contract must satisfy FAA and applicable agency standards, and be accomplished in accordance with applicable federal, state and local guidelines and regulations, including FAA Advisory Circulars, NEPA and Arizona environmental statutes.

Consultant shall perform the services as described in approved Contract in accordance with the applicable requirements imposed by PMGAA, ADOT, FAA and any other applicable sponsoring agencies. Consultant and its subconsultants/subcontractors, if any, shall comply with any and all applicable laws, regulations, executive orders, policies, guidelines, and any other requirements for FAA Airport Improvement Program (AIP) projects. Consultant shall provide PMGAA all information, reports, documents, and/or certifications requested by PMGAA for the satisfaction of any grant requirements for the reimbursement of services, including, without limitation, identifying the specific services provided by Consultant and the billing period(s) during which services were or are to be provided. Nothing herein shall be construed as making the FAA or ADOT a party to this Contract.

16. Right to Contract With Other Firms

PMGAA shall have the right to contract with other firms and/or persons and/or to self-perform additional services, which may be the subject of this Contract. Consultant shall conduct its operations and perform any services authorized under the Contract so as not to interfere with or hinder the progress of completion of the work being

performed by PMGAA and/or other firms and/or persons. Consultants working on the same project shall cooperate with each other in the performance, scheduling, and, if applicable, the integration of their respective services.

17. Independent Contractor Status

At all relevant times, Consultant is - and shall remain - an independent contractor with regard to performance of its services. PMGAA retains no control over Consultant, the performance of its work or services, or the safety of its employees. Consultant is not authorized to enter into any contract or commitment, authorize any payment, or accept any document, services, goods or materials for, in the name of, or on behalf of PMGAA.

EXHIBIT E – PMGAA STANDARD TERMS AND CONDITIONS

1. **Certification.** By signature in the offer section of the Offer and Acceptance page, Consultant certifies:
 - a. The award of this Contract did not involve collusion or other anti-competitive practices.
 - b. It shall not discriminate against any employee or applicant for employment in violation of Federal Executive Order 11246, or A.R.S. Section 31-1461, et. seq.
 - c. It has not given, offered to give, nor intends to give at any time hereafter, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant in connection with this Contract; and Consultant hereby certifies that the individual signing this Contract is an authorized agent for Consultant and has the authority to bind the Consultant to the Contract.

2. **Records.** Internal control over all financial transactions related to this Contract shall be in accordance with sound fiscal policies. PMGAA may, at reasonable times and places, audit the books and records of Consultant or any and all of Consultant's subconsultants or subcontractors. The audit shall be limited to this Contract and its scope of services.

3. **Arbitration.** At PMGAA's sole option, disputes between the parties may be resolved through arbitration as provided in A.R.S. Section 12-1501, *et seq.* Proposer shall continue to render the services required by this Contract without interruption, notwithstanding either party has filed suit against the other or PMGAA has expressly agreed to arbitration and either party has demanded arbitration.

4. **Independent Contractor.** At all times, each party acts in its individual capacity and not as agent, employee, partner, joint venturer, or associate of the other party. An employee or agent of one party may not be deemed or construed to be the employee or agent of the other party for any purpose whatsoever.

Neither Consultant nor any of its employees are entitled to compensation from PMGAA in the form of salaries, paid vacation, or sick days.

PMGAA will not provide any insurance to Consultant, including *Workers' Compensation* coverage. PMGAA will not withhold FICA, taxes, or any similar deductions from PMGAA's payments under this Contract.

5. **Affirmative Action.** Proposer shall abide by all the federal and state of Arizona provisions for equal opportunity in the work place.

6. **Human Relations.** Proposer shall abide by all the federal and state of Arizona provisions against discrimination of disadvantaged business enterprises in applicable PMGAA contracts.

7. **Americans with Disabilities Act.** Proposer shall comply with all applicable provisions of the *Americans with Disabilities Act* (Public Law 101-336, 42 U.S.C. 12101-12213) and applicable federal regulations under the *Act*.

8. **Confidentiality of Records.** Consultant shall establish and maintain procedures and controls that are acceptable to PMGAA for the purpose of assuring that no information contained in its records or obtained from PMGAA or from others in carrying out its functions under the Contract shall be used by or disclosed by it, its agents, officers, or employees, except as required to efficiently perform duties under this Contract. Persons requesting such information should be referred to PMGAA. Consultant also agrees that any information pertaining to individual persons shall not be divulged other than to employees or officers of Consultant as needed for the performance of duties under the Contract, unless otherwise agreed to in writing by PMGAA.

9. **Gratuities.** PMGAA may, by written notice to the Consultant, cancel this Contract if it is found that gratuities, in the form of entertainment, gifts or otherwise, were offered or given by Consultant or any agent or representative of Consultant, to any officer or employee of PMGAA involved in the amending, or the making of any determinations with respect to the performing of such Contract. If this Contract is canceled

by PMGAA under this provision, PMGAA shall, in addition to any other rights and remedies, repay to the Consultant the amount of the gratuity.

10. **Applicable Law.** This Contract shall be governed by, and PMGAA and Consultant shall have, all remedies afforded each by the *Uniform Commercial Code*, as adopted in the state of Arizona, except as otherwise provided in this Contract or in laws pertaining specifically to PMGAA. This Contract shall be governed by the laws of the state of Arizona, and suits pertaining to this Contract shall be brought only in federal or state courts in the state of Arizona.
11. **Contract.** This Contract is based on and the result of a negotiated Scope of Services and Fee Proposal submitted by Consultant. The Contract contains the entire agreement between PMGAA and Consultant. No prior oral or written agreements, contracts, proposals, negotiations, purchase orders, or master agreements (in any form) are enforceable between the parties.
12. **Legal Remedies.** All claims and controversies shall be subject to the PMGAA Procurement Code.
13. **Contract Amendments.** This Contract shall be modified only by a written amendment signed by the PMGAA Executive Director or his/her designee, and persons duly authorized to enter into contracts on behalf of Proposer.
14. **Provisions Required by Law.** Each and every provision of law and any clause required by law to be in the Contract shall be read and enforced as though it were included herein, and if through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then upon the application of either party the Contract shall forthwith be physically amended to make such insertion or correction.
15. **Severability.** The provisions of this Contract are severable to the extent that any provision or application held to be invalid shall not affect any other provision or application of the Contract, which may remain in effect without the valid provision, or application.
16. **Protection of Government Property.** Proposer shall use reasonable care to avoid damaging all PMGAA property, including buildings, equipment, and vegetation (such as trees, shrubs, and grass). If Proposer damages PMGAA's property in any way, Proposer shall immediately repair or replace the damage at no cost to PMGAA, as directed by the PMGAA Executive Director. If Proposer fails or refuses to repair or replace the damage, then PMGAA may terminate the Contract, and PMGAA shall deduct the repair or replacement cost from money due Proposer under the Contract.
17. **Interpretation – Parol Evidence.** This Contract is intended by the parties as a final expression of their agreement and is intended also as a complete and exclusive statement of the terms thereof. No course of prior dealings between the parties and no usage of the trade shall be relevant to supplement or explain any term used in this Contract. Acceptance or acquiescence in a course of performance rendered under this Contract shall not be relevant to determine the meaning of this Contract even though the accepting or acquiescing party has knowledge of the nature of the performance and opportunity to object.
18. **Assignment – Delegation.** No right or interest in this Contract shall be assigned by Consultant without prior written permission of PMGAA, and no delegation of any duty of Consultant shall be made without prior written permission of PMGAA's Executive Director or his/her designee. PMGAA shall not unreasonably withhold approval and shall notify Consultant of PMGAA's position within fifteen (15) business days of receipt of written notice by Consultant.
19. **Subcontracts.** Proposer may not enter into a subcontract with any other party to furnish any of the material/service specified herein without PMGAA's advance written approval. All subcontracts shall comply with federal and state laws and regulations applicable to the services covered by the subcontract and shall include all the terms and conditions set forth herein, which shall apply with equal force to the subcontract, as if the subcontractor were the Proposer referred to herein. Proposer is responsible for Contract performance whether or not subcontractors are used. PMGAA shall not unreasonably withhold approval and shall notify Proposer of PMGAA's position within fifteen (15) business days of receipt of written notice by Proposer.

20. **Rights and Remedies.** No provision in this Contract shall be construed, expressly or by implication, to waive either party's existing or future claim, right, or remedy available by law for breach of contract. The failure of either party to insist on strict performance of any Contract term or condition; to exercise or delay exercising any right or remedy provided in the Contract or by law; or to accept materials, services, or Proposer's services under this Contract or imposed by law, shall not be deemed a waiver of any right of either party to insist upon strict performance of the Contract.
21. **Indemnification.** To the fullest extent permitted by law, Consultant shall defend, save, indemnify, and hold harmless PMGAA, its agents, representatives, officers, directors, officials, and employees (collectively the "Indemnitees"), for, from and against all claims, damages, losses and expenses, including but not limited to attorney fees, court costs, expert witness fees, and the cost of appellate proceedings, relating to, arising out of, or alleged to have resulted from the Consultant's acts, errors, omissions, or mistakes relating to Consultant's services under this Contract.
22. **Overcharges by Antitrust Violations.** PMGAA maintains that, in actual practice, overcharges resulting from antitrust violations are borne by the purchaser. Therefore, to the extent permitted by law, Consultant hereby assigns to PMGAA any and all claims for such overcharges as to the materials or services used to fulfill the Contract.
23. **Right to Assurance.** Whenever one party to this Contract in good faith has reason to question the other party's intent to perform, the former party may demand that the other party give a written assurance of this intent to perform. If a demand is made and no written assurance is given within five (5) business days, the demanding party may treat this failure as an anticipatory repudiation with this Contract.
24. **Advertising.** Proposer shall not advertise or publish information concerning this Contract without prior written consent of PMGAA.
25. **Right to Inspect.** PMGAA may, at reasonable times, and at PMGAA's expense, inspect the place of a Proposer's or subcontractor's business, which is related to the performance of this Contract or related subcontract.
26. **Force Majeure**
 - a. Neither party is liable to the other, and neither party may be deemed in default under this Contract, if and to the extent that such party's performance of this Contract is prevented by reason of Force Majeure. The term "Force Majeure" means an occurrence that is beyond the control of the party affected and occurs without its fault or negligence. Force Majeure does not include late performance by a subcontractor unless the delay arises out of a specific Force Majeure in accordance with this Force Majeure term and condition.
 - b. If either party is delayed at any time in the progress of the work by Force Majeure, the delayed party shall notify the other party in writing, as soon as practical, of the delay and shall specify the causes of delay in the notice. The notice must be hand-delivered or mailed certified-return receipt and must specifically refer to this section. The delayed party shall cause the delay to cease as soon as practicable and shall notify the other party in writing when it has done so. The date of completion will be extended by Contract modification or amendment for the period of time that the completion date is necessarily delayed. This time extension is the Consultant's exclusive remedy for delay.
27. **Inspection.** All material or service is subject to final inspection and acceptance by PMGAA. Material or service failing to conform to the specifications of this Contract will be held at Consultant's risk and may be returned to Consultant. If so returned, all costs are the responsibility of Consultant. Noncompliance shall conform to the cancellation clause set forth in this Contract.
28. **Exclusive Possession.** All services, information, computer program elements, reports, and other deliverables, which may be created under this Contract, are the sole property of PMGAA and shall not be used or released by Proposer or any other person except with prior written permission by PMGAA.

29. **Title and Risk of Loss.** The title and risk of loss of materials or services shall not pass to PMGAA until PMGAA actually receives the material or service at the Airport, unless otherwise provided within this Contract.
30. **No Replacement of Defective Tender.** Every tender of materials must fully conform to all provisions of this Contract. If Consultant tenders a material or service that does not fully conform, PMGAA may terminate this Contract.
31. **Default in One Installment to Constitute Total Breach.** Consultant shall deliver conforming materials and services in each installment or lot of this Contract. Consultant may not substitute nonconforming materials or services. Delivery of nonconforming materials or a default of any nature, at the option of PMGAA, will constitute breach of the Contract as a whole.
32. **Liens.** All materials, services, and other deliverables supplied to PMGAA under this Contract must be free of all liens and other encumbrances. Upon request of PMGAA, Consultant shall provide a formal release of all liens.
33. **Licenses.** Proposer shall maintain in current status all federal, state, and local licenses and permits required for the operation of the business conducted by Proposer as applicable to this Contract.
34. **Cost Of Proposal Preparation.** The PMGAA shall not reimburse the cost of developing, presenting, or providing any response to this solicitation. Bids/proposals submitted for consideration should be prepared simply and economically providing adequate information in a straightforward and concise manner.
35. **Public Record.** All proposals submitted in response to this request shall become the property of the PMGAA and shall become a matter of public record available for review subsequent to the award notification.
36. **Subsequent Employment.** PMGAA may cancel this Contract without penalty or further obligation in accordance with A.R.S. Section 38-511 if any person significantly involved in initiating, negotiating, securing, drafting, or creating the contract, on behalf of the PMGAA is or becomes, at any time while the Contract or any extension of the contract is in effect, an employee of, or a contractor to any other party to this Contract with respect to the subject matter of the Contract. Such cancellation shall be effective when the parties to this Contract receive written notice from PMGAA, unless the notice specifies a later time.
37. **Patents.** Proposer shall defend, indemnify, and hold harmless PMGAA, its officers and employees from all liabilities, claims, damages, costs, or expenses, including, but not limited to attorneys' fees, for any alleged infringement of any person's patent rights or copyrights in consequence of the use by PMGAA, its officers, employees, agents, and other duly authorized representatives of tangible or intellectual property supplied to PMGAA by Proposer under this Contract.
38. **Records and Audit Rights.** Consultant's and all of its approved subcontractors' books, records, correspondence, accounting procedures and practices, and any other supporting evidence relating to this Contract, including the papers of all Consultant and subcontractor employees that work on the Contract (all the foregoing collectively referred to as "Records"), must be open to inspection and subject to audit and/or reproduction during normal working hours by PMGAA. PMGAA is entitled to evaluate and verify all invoices, payments or claims based on Consultant's and its subcontractor's actual costs (including direct and indirect costs and overhead allocations) incurred or units expended directly in the performance of work under this Contract. For any audit under this Section, Consultant and its subcontractors hereby waive the right to keep such Records confidential. PMGAA is entitled to access to these Records from the effective date of this Contract for the duration of the work and until five years after the date of final payment by PMGAA to Consultant under the Contract. During normal working hours, PMGAA is entitled to access to all necessary Consultant and subcontractor facilities and shall be provided adequate and appropriate workspace, in order to conduct audits under this Section. PMGAA shall give Consultant or subcontractors reasonable advance notice of intended audits. Consultant shall require its subcontractors to comply with the provisions of this Section by including its requirements in all subcontracts related to this Contract.

39. **E-Verify Requirements.** To the extent applicable under A.R.S. § 41-4401, Offeror and its subcontractors warrant compliance with all federal immigration laws and regulations that relate to their employees, and compliance with the E-Verify requirements under A.R.S. §23-214(A). Offeror's or its subcontractors' failure to comply with such warranty shall be deemed a material breach of this Contract and may result in the termination of this Contract by PMGAA.

EXHIBIT F – PROPERTY LISTINGS & EXCLUSION LIST

Broker Property Listings		
Name	Address	Square Feet / Acres
5703	5703 S. Sossaman Rd.	21000 SF
Executive Park	N/A	17.37 Acres
Lot 21A	N/A	1.3 Acres
Lot 58	N/A	3.0 Acres
Lot 40	N/A	.65 Acres
Lot 41	N/A	.8 Acres
Lot 48	7824 E. Velocity Way	1.26 Acres
Lot 101	N/A	2.13 Acres
Lot 102	N/A	2.10 Acres
Lot 103	N/A	3.28 Acres
Hangar 37	6253 S. Sossaman Rd.	21,858 SF / 3.7 Acres
Hangar 32	6229 S. Sossaman Rd.	26,279 SF
Building 1085	6304 S. Taxiway Cir.	36,005 SF
Building 550	6350 S. Sossaman Rd.	3,834 SF
Bunker 1112	6002 S. Ellsworth Rd. #1112	1,638 SF

1. Property Listings Reservations

The Broker shall exclusively list the properties contained in the Broker Property Listings list. PMGAA may, at its sole and absolute discretion, add or remove properties from this list at any time, without prior notice to Broker:

a. Property Listing Addition – If a property is to be added to the Broker’s property listings, PMGAA shall inform the Broker with written notice of the change. Broker is to confirm receipt of the written notice. Broker shall begin its scope of services contained in Exhibit A upon notice from PMGAA of the addition of a property to the Broker Property Listings within TEN (10) days.

b. Property Listing Removal – If a property is to be removed from the Broker’s property listings, PMGAA shall inform the Broker with written notice of the change. Broker is to confirm receipt of the written notice. The broker shall remove the property from the market upon notice from PMGAA of the removal of a property from the Broker Property Listings within TEN (10) days.

2. Exclusion List

Broker understands that PMGAA has, and continues to work, with opportunities for the Broker Property Listings prior to the execution of this Contract. Broker waives all rights to commission payments from these opportunities if an opportunity executes an agreement with PMGAA within TWO (2) years from the Effective Date of this Contract (the “Exclusion List”). The Exclusion List shall be provided to Broker on the Effective Date of this Contract. The Broker is to confirm receipt.



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Shea Joachim, CEcD, Business Development Director
Through: J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Allegiant Air, LLC, Facility Lease Agreement
Date: December 19, 2017

Proposed Motion

To authorize a facility lease agreement with Allegiant Air, LLC for the property located at 6304 S. Taxiway Circle, Mesa AZ 85212. The lease term is five years commencing on January 1, 2018.

Narrative

The facility located at 6304 S Taxiway Circle is currently vacant. Allegiant Air, LLC ("Allegiant") seeks to lease approximately 10,000 SF of the 36,005 SF facility to store aircraft parts.

Agreement Term and Rate

The term of this facility lease agreement is five (5) years.

The initial lease rate is \$85,000 annually or \$7,083.33 per month for 10,000 SF.

The initial lease rate will increase by two percent (2%) on every 12-month anniversary of the Effective Date.

Attachment(s)

Facility Lease Agreement



RESOLUTION NO. 17-59

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Authority desires to enter into a lease agreement with Allegiant Air, LLC;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorize a facility lease agreement with Allegiant Air, LLC for the property located at 6304 S. Taxiway Circle, Mesa AZ 85212. The lease term is five years commencing on January 1, 2018. This resolution also authorizes the Chair or Executive Director/CEO to execute such Agreement, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 19th day of December, 2017.

Jenn Daniels, Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Attorney



Phoenix-Mesa Gateway Airport Authority

FACILITY LEASE

with

Allegiant Air, LLC

Effective Date: January 1, 2018

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Phoenix-Mesa Gateway Airport Authority
FACILITY LEASE

This Facility Lease (“Lease”) is executed to be effective the First (1st) day of January 2018 (“Effective Date”) between the PHOENIX-MESA GATEWAY AIRPORT AUTHORITY, a joint powers authority authorized by the State of Arizona (“Lessor”), and Allegiant Air, LLC, a Nevada Limited Liability Company authorized to do business in the State of Arizona (“Lessee”). Lessor and Lessee may be referred to jointly as “Parties,” and each separately may be referred to as a “Party.”

WITNESSETH:

WHEREAS, Lessor is the owner and operator of the Phoenix-Mesa Gateway Airport generally located at the intersection of Ray Road and Sossaman Road, City of Mesa, Maricopa County, Arizona (Airport”); and

WHEREAS, Lessor has the right to lease, license and grant the use of property and facilities on the Airport and has full power and authority to enter into this Lease in respect thereof; and

WHEREAS, Lessor desires to lease to Lessee, and Lessee desires to lease from Lessor, a portion of that certain real property at the Airport located at 6304 S. Taxiway Circle, and described as Building 1085, consisting of approximately 10,000 square feet within the larger 36,005 square foot building, as set forth in Exhibit A attached hereto (“Premises”); and

WHEREAS, Lessor desires to lease the Premises to Lessee on the terms and conditions set forth herein;

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements herein contained, the Parties do hereby undertake, promise and agree, each for itself and its successors and assigns, as follows:

1. LEASE

Lessor hereby leases the Premises to Lessee, subject to all easements and rights of way that may encumber the Premises, and further subject to all operational and use restrictions and other terms and conditions set forth in this Lease.

1.1 Right to Use Premises. Lessor agrees that so long as Lessee shall timely pay the Base Rent and other charges required to be paid hereunder, and perform all its other obligations under this Lease, Lessee shall peaceably have and enjoy the use of the Premises without hindrance from Lessor. Lessee specifically acknowledges that Lessee has inspected the Premises prior to entering into this Lease and agrees to accept the Premises in an “as is, where is” condition without any warranty or representation from Lessor, either express or implied, of any kind or nature whatsoever with respect to the Premises, including, but not limited to, any warranty of merchantability, habitability, or fitness for any particular or specific purpose, and all such warranties are hereby disclaimed. Should Lessee desire any inspection report, environmental assessment, survey, creation

of a legal description, drainage report, or any similar study, Lessee shall be responsible for the same at Lessee's sole expense.

1.2 Substitution of Premises. In addition to Lessor's other rights set forth in this Lease, Lessor reserves the right, upon no less than Ninety (90) calendar days prior written notice to Lessee, to substitute Comparable Areas for all or any portion of the Premises, including any additions, alterations or improvements thereon, should Lessor, in its reasonable discretion, determine that taking of the Premises, any portion thereof or any improvement thereon, is required for other Airport purposes, and there exists no appropriate alternative. In the event Lessor makes the determination to exercise its rights to substitute, all title, right and interest to the portion of the Premises taken shall immediately vest in Lessor on the date that is Ninety (90) calendar days following receipt of Lessor's notice, or such later date as specified therein. Furthermore, Lessor may require Lessee to vacate any portion or all of the Premises taken. For the purposes of this Section 1.2, the term "Comparable Areas" is defined to mean other facilities at the Airport, or any additions or extensions thereof, similar in size to the Premises, brought to the same level of improvement as the Premises and having the same or similar usefulness to Lessee as the portion taken. Lessor shall bear all expenses of bringing the substituted area to the same level of improvement as the Premises, and of moving Lessee's improvements, equipment, furniture and fixtures to the substituted area. If any of Lessee's improvements, equipment, furniture or fixtures cannot be relocated, Lessor shall replace, at Lessor's expense, such non-relocatable improvements and other property with comparable property in the Premises, and Lessor shall be deemed the owner of the non-relocated improvements and other property, free and clear of all claims of any interest or title therein by Lessee, or any other third party whomsoever. It is the specific intent of this Section 1.2 that Lessee be placed, to the extent possible, in the same position it would have been, had Lessor not substituted new premises for the Premises; provided, however, that Lessor shall not be obligated to reimburse Lessee for any damages, including lost profits or revenues, due to such substitution. Notwithstanding the foregoing, Lessor shall use reasonable efforts to avoid disruption to Lessee's business.

1.3 Access. Lessee is granted the right of reasonable access to and from the Premises via such portions of the Airport as are or may be necessary to allow Lessee to conduct its business operations permitted herein at and on the Premises and the Airport. Lessor reserves the right to designate the location of such access and to change its location from time to time, as Lessor deems reasonably necessary and appropriate; provided such changes do not materially interfere with Lessee's use of or access to the Premises.

1.4 Permitted Uses. Subject to the provisions of Section 1.5, Lessee may use the Premises for aeronautical storage of aircraft parts, general offices, and lawful aircraft maintenance of Lessee's aircraft. Lessee's use of the Premises and operation of its business at and on the Airport and the Premises is subject to all applicable laws, rules and regulations of any governmental authority, including Lessor, and to Lessee's compliance with applicable provisions of the Airport Rules and Regulations and Minimum Standards.

1.5 Prohibited Activities. Lessee shall not use or permit its agents, employees, contractors, invitees, licensees or customers to use the Premises or the Airport for any use that is in violation of the Airport Rules and Regulations, the Airport Minimum Standards, any matters of record, or applicable laws, rules, regulations and operating policies of any governmental authority, including Lessor, or for any other activity or operation not specified in Section 1.4 herein, or that does not have advance, written approval of Lessor's Executive Director.

1.6 Continuous Operation. Upon commencement of business operations at and on the Premises and the Airport, Lessee shall designate an on-site manager for the term of this Lease who shall be available to Lessor and Lessee's customers, if any, during normal business hours, and otherwise as required by the Airport Minimum Standards, as applicable.

1.7 Lessee Acknowledgement. Lessee acknowledges this Lease is a MODIFIED GROSS LEASE and agrees that its obligations to pay Base Rent and all other charges due and owing under the terms hereof

shall be absolute and unconditional, and shall not be affected by any circumstances whatsoever, including, without limitation: (i) any set-off, counterclaim, recoupment, defense or other right which Lessee may have against Lessor or the United States of America or anyone else for any reason whatsoever; (ii) any liens, encumbrances or rights of others with respect to the Premises; (iii) the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease or any lack of right, power or authority of Lessor or Lessee to enter into this Lease; (iv) any insolvency, bankruptcy, reorganization or similar proceedings by or against Lessee, or any other person; or (v) any other cause, whether similar or dissimilar to the foregoing, any future or present law notwithstanding, it being the intention of the Parties hereto that all rent being payable by Lessee hereunder shall continue to be payable in all events and in the manner and at the times provided herein.

2. TERM

2.1 Initial Term. The term of this Lease shall be for a period of Five (5) years, commencing on the Effective Date and terminating on December 31, 2022 thereafter (“Term”).

2.2 Renewal Term(s). Provided Lessee is not then in default of this Lease and subject to written approval of Lessor, the Parties shall have the option of extending the Term for Two (2) additional periods of One (1) year each (each, individually, “Extension”). Lessee may initiate an Extension by giving written notice to Lessor of its desire to do so no later than Sixty (60) calendar days prior to the expiration of the Term, as set forth in Section 2.1 herein. If Lessee has properly notified Lessor of its desire to exercise an Extension and Lessor approves such in writing, then Lessee’s Extension of the Term of this Lease shall become effective and all references herein to “Term” shall mean the initial term as extended.

2.3 Termination Clause. Either party may terminate this Lease by providing the notified party with NINETY (90) days’ advance written notice of its intent to do so.

3. NON-EXCLUSIVE RIGHTS

Lessee shall have the exclusive right to occupy and use the Premises while in compliance with the terms and conditions of this Lease. All other rights granted to Lessee under this Lease are nonexclusive. Lessor may, in its sole discretion and at any time, permit third parties to conduct any and all business activities at the Airport that Lessor deems appropriate, or conduct such activities itself, provided that such activities do not require or materially interfere with Lessee’s use of the Premises.

4. RENT

4.1 Base Rent. Lessee agrees to pay Lessor annual rent for the use of the Premises in the amount of Eighty-Five Thousand and 00/100 Dollars (\$85,000.00), payable in equal monthly installments of Seven Thousand Eighty -Three and 33/100 Dollars (\$7,083.33) (“Base Rent”). The Base Rent shall be payable in advance, without any prior demand therefor and without any abatement, deductions or set-offs whatsoever, and tendered in lawful currency of the United States, either by check or electronic transfer. All payments referenced in this Lease shall be payable exclusively in United States Dollars.

4.2 Rent Increases. The annual Base Rent paid by Lessee shall be increased (but never decreased) on every Twelve (12) month anniversary of the Effective Date of this Lease by Two percent (2%).

4.3 Reserved.

4.4 Airport Rates and Charges Schedule. Lessee or its subtenants, as applicable and including its contractors, agents, etc., shall pay all fees identified in the most current Airport Rates and Charges Schedule and Airport Fees Services & Rental Rates at the time of receipt of any covered service or use of any covered

facilities, unless specifically outlined in this Lease. The current Airport Rates and Charges Schedule and Airport Fees Services & Rental Rates is included as Exhibit B and incorporated herein by reference and is subject to change without prior notice or approval of Lessee. Lessee acknowledges and agrees that Lessor may amend the Airport Rates and Charges Schedule and Airport Fees Services & Rental Rates at any time at Lessor's sole discretion, and that no fee [referenced in the Airport Rates and Charges Schedule and Airport Fees Services & Rental Rates] shall apply to the use of the Premises or access to the Premises.

4.5 Payment.

4.5.1 Unless otherwise specified herein, the first payment of Base Rent shall be paid to Lessor upon the delivery of this Lease, for the period from the Effective Date until the end of the calendar month in which the Effective Date occurs, prorated based on the number of such days to the total number of days in said month. All payments referenced in this Lease shall be payable exclusively in United States Dollars. Thereafter, all Base Rent payments shall be paid in monthly installments, in advance, on the first day of each calendar month ("Base Rent Due Date"). On each such date, Lessee shall pay the full Base Rent payment.

4.5.2 No payment to or receipt by Lessor of a lesser amount than that which is due and payable under the provisions of this Lease at the time of such payment shall be deemed to be other than a payment on account of the earliest payment due, nor shall any endorsement or statement on any check or payment prejudice in any way Lessor's right to recover the balance of such payment or pursue any other remedy provided in this Lease or by law.

4.5.3 All payments (and reports, if any) required by this Section 4.5 shall be remitted to the following address by the due date(s) specified hereinabove:

Phoenix-Mesa Gateway Airport Authority
Attn.: Department of Finance (Accounts Receivable)
5835 S. Sossaman Road
Mesa, Arizona 85212-6014
or such other address specified in writing by Lessor to Lessee.

4.6 Finance Charges and Late Fees. If Lessee fails to pay any installment of Base Rent or any other charge due and owing to Lessor in full on or before the applicable due date, Lessee shall be responsible for interest on the unpaid installment at the rate of Eighteen Percent (18%) per annum from the due date until payment in full is made. In addition, in the event any installment of Base Rent or other charge owing to Lessor is paid more than Ten (10) days after the due date, a late penalty of Ten Percent (10%) of the amount of such delinquent Base Rent installment or other charge shall be due and payable in addition thereto.

4.7 Taxes. In the event any governmental authority shall impose a tax or imposition based upon any Base Rent payments or any other sums paid or owing hereunder, or the receipt of such payments by Lessor, Lessee shall pay such amounts to Lessor at the same time and in addition to payments hereunder, which amounts may include, but are not limited to, any or all rental, transaction privilege, sales, excise or other similar tax except income taxes.

4.8 Survival. Lessee's obligation to pay all amounts stated herein, together with any interest thereon and/or penalties therefor, shall survive the termination of this Lease.

5. PERFORMANCE GUARANTEE

5.1 Security Deposit.

5.1.1 Intentionally Deleted

5.1.2 Reserved.

5.2 Reserved.

6. AIRCRAFT OPERATIONS GUIDELINES

If and to the extent that Lessee, including its subtenants, contractors, agents, etc., operates aircraft at or on the Airport, Lessee shall be subject to the provisions of Exhibit C. If any subtenant, contractor or agent of Lessee conducting activities on or at the Premises operates aircraft at the Airport, all shall be subject to the provisions of Exhibit C, which Lessor may enforce directly against such subtenant, contractor or agent, but Lessee shall have no direct liability or responsibility with respect to such matters; except, however, Lessee shall be responsible for compliance by its subtenants, contractors and/or agents with the Airport Rules and Regulations and Minimum Standards, as appropriate.

7. IMPROVEMENTS

7.1 Reserved.

7.2 Reserved.

7.3 No Alterations. Lessee shall make no material improvements or alterations to the Premises during the Term of this Lease without the prior written permission of Lessor, which shall not be unreasonably withheld or delayed and, if and to the extent applicable, without the approval by Lessor's Design Review Committee. Lessee shall provide Lessor with electronic as-built drawings (or their equivalent) when any improvement or alteration is completed for which such drawings are reasonably required.

7.4 Title to Alterations and Improvements. Title to all Improvements and alterations on the Premises (but not personal property or trade fixtures) shall vest in Lessor upon the expiration of this Lease, and Lessee agrees to execute and deliver to Lessor, within Ten (10) business days after Lessor's request therefor, a quitclaim deed confirming that title to such improvements and alterations is vested in Lessor.

7.5 Mechanics' Liens. Lessee shall keep the Premises and all improvements constructed by Lessee thereon free of any mechanic or materialmen's liens. In the event that any such lien is filed, Lessee shall, at its sole cost, cause such lien to be removed from the Premises by bonding or otherwise within Thirty (30) calendar days of notice thereof.

7.6 Permit Required. Lessee shall be responsible for determining whether it is subject to local building/construction codes or permit requirements, and for compliance with them to the extent they are applicable. All structural, electrical, plumbing or mechanical construction or reconstruction shall conform to City of Mesa ("City") construction and technical codes. No such work shall be commenced without first submitting required plans and obtaining required permits from the City. All such work shall be permitted, inspected and approved by the City prior to concealment or use. Lessee shall provide to Lessor a contemporaneous copy of Lessee's permit application and the associated plans and specifications.

7.7 Damage or Destruction. Lessee shall maintain insurance on all of Lessee's improvements to the Premises. In the event that all or any portion of Lessee's improvements are destroyed or rendered unusable due to fire or other catastrophe, Lessee shall replace, repair, restore, modify or improve said improvements, subject to the provisions of Section 7.6, using available insurance proceeds together with any additional funds from other available sources, or, alternatively, Lessee shall pay the replacement cost of the improvements to Lessor.

8. MAINTENANCE

8.1 Responsibilities.

8.1.1 *Lessee.* Lessee shall, at its sole cost and expense, keep the Premises and all improvements therein in a neat and clean condition and in good order, condition and repair throughout the Term. Lessee is responsible for janitorial services. In the event that Lessee, knowingly and willing, grossly misuses said premises and such gross misuse is the sole and proximate cause of damages to the mechanical, electrical, plumbing, drain, piping, and/or air conditioning systems on the Premises, then Lessee shall share in the cost of the reasonable maintenance, repairs and replacements of the aforementioned systems.

8.1.2 *Lessor.* Lessor shall, at its sole cost and expense, sustain and maintain the structural integrity of the Premises and assume responsibility for all maintenance related to Lessee's reasonable and expected use of the Premises.

8.2 **Damage to Lessor Property.** Any real or personal property of Lessor damaged or destroyed by Lessee as a result of Lessee's use or occupancy of the Premises shall be promptly repaired or replaced by Lessee to the satisfaction of Lessor. In lieu of such repair or replacement, where required by Lessor, Lessee shall pay to Lessor an amount sufficient to compensate for the loss sustained by Lessor.

8.3 **Trash Removal.** Lessee shall at all times keep the Premises in a neat, clean, safe, sanitary and orderly condition and shall keep such area free of all trash and debris. Lessee shall be responsible for all trash removal from the Premises. Such trash removal shall be performed on a not less than weekly basis, and all trash shall be disposed of in trash collection locations designated by the Lessor.

8.4 **Emergency Repairs.** Within FIFTEEN (15) days of the Effective Date, Lessee shall provide Lessor with a list of names and telephone numbers for 24-hour emergency contact for the Premises. Lessee shall promptly provide Lessor with updated lists and changes as necessary.

9. ASSIGNMENT, SUBLETTING AND OTHER TRANSFERS

9.1 **Any Transfer of Lease Interest Requires Lessor Advance Written Approval.** In the event Lessee desires to transfer, assign, encumber, pledge or hypothecate any portion of its interest in this Lease or any right or interest hereunder (including, but not limited to as part of a mortgagor deed of trust or an assignment by means of a foreclosure or trustee's sale thereunder (individually and collectively, "Transfer"), Lessee must obtain the prior written consent of Lessor, with such consent to be the in sole and absolute discretion of Lessor without exception. Where Lessor approves in writing of such Transfer, Lessor shall be entitled to request and acquire written financial assurances, including, but not limited to financial statements, business plans and other information related to the financial condition and plans of any proposed transferee. Further, Lessor, may in its sole and absolute discretion require that Lessee still be liable at law and at equity, as well as financially liable, under the Lease, regardless of whether the assignee expressly assumes in writing all of Lessee's obligations under this Lease or in the case of a sublease. Lessee understands and agrees to these terms and conditions regarding any proposed Transfer, and that any violation of this Section 9, may irreparably harm Lessor as the requirements set forth herein are directly related to PMGAA's (and any Lessee's) legal and financial obligations to the Federal Aviation Administration. This section 9 shall remain valid and enforceable even in the event of amendment to or repeal of FAA regulations, so long as this section 9 does not directly conflict therewith.

9.2 **Lessee's Required Advanced Notice to Lessor of Proposed Transfer.** In order for Lessor to even consider a Transfer, Lessee must: (i) notify Lessor in writing at least Forty-five (45) days prior to such proposed transfer; (ii) deliver to Lessor, at the time of Lessee's notice, current financial statements of Lessee

and the proposed transferee (along with transferee's business plans) that are reasonably acceptable to Lessor; and (iii) the transferee assumes and agrees in writing to perform Lessee's obligations under this Lease. However, nothing herein shall be construed as Lessor providing its consent to any Transfer or relieving Lessee of any legal, financial or other obligation under the Lease, regardless of Lessor's acceptance or refusal to accept such proposed transfer of Lease. For purposes of this Section 9.2, "Affiliate" means any person or entity that, directly or indirectly, controls, is controlled by or is under common control with Lessee. For purposes of this definition, "control" shall mean possessing the power to direct or cause the direction of the management and policies of the entity by the ownership of a majority of the voting securities of the entity.

9.3 Deemed Transfers. For the purposes of this Lease, a Transfer shall be deemed to include, but not be limited to, the following: (i) if Lessee is a corporation, partnership, limited liability company or other legal entity, the transfer of any ownership interest in such entity resulting in a change in the present control of such entity by the person or persons owning a majority of the ownership interest thereof as of the date of this Lease; provided, however, if Lessee is a corporation whose stock is traded on a nationally recognized stock exchange, the transfer of Lessee's stock shall not constitute a Transfer requiring Lessor's consent; or (ii) the sale of TWENTY-FIVE PERCENT (25%) or more in value of the assets of Lessee.

9.4 Subletting. Lessee shall not sublease the Premises or any portion thereof at any time during the Term of this Lease.

9.5 Non-Disturbance. Lessor agrees, for the benefit of all subtenants of all or any part of the Premises, that if this Lease or Lessee's right to possession of the Premises is terminated for default or otherwise, all subleases of all or any part of the Premises, except any sublease to an affiliate of Lessee, shall continue in full force and effect, notwithstanding the termination, as direct leases between Lessor and the subtenants and all such subtenants shall, upon request, attorn in writing to Lessor.

9.6 This Lease and all provisions hereof are subject and subordinate to the terms and conditions of the instruments and documents under which PMGAA acquired the subject property from the United States of America and shall be given only such effect as will not conflict or be inconsistent with the terms and conditions contained in the lease of said lands from PMGAA and any existing or subsequent amendments thereto, and are subject to any ordinances, rules or regulations which have been, or may hereafter be adopted by PMGAA pertaining to the Airport.

10. IDENTIFICATION SIGNS

Lessee may install on the Premises, a sign or signs identifying its business on the exterior of the Premises; provided, however, that the general type, size, and location of such sign(s) shall conform to Lessor's Comprehensive Sign Plan, be approved in writing by Lessor in advance of installation and be subject to any signage rules, codes and/or regulations of any governmental authority.

11. DEFAULT; TERMINATION BY LESSOR

11.1 Events of Default. Each of the following shall constitute a material default of this Lease by Lessee ("Event of Default"):

11.1.1 Failure to pay any installment of Base Rent or other amount due from Lessee hereunder, or required by any other agreement between the Parties, provided that Lessee does not cure such failure within TEN (10) business days after delivery by Lessor of a written notice of such failure.

11.1.2 Failure to perform any of its other obligations under this Lease, provided that Lessee does not cure such failure within THIRTY (30) calendar days after delivery by Lessor of a written notice of such default; provided, however, if a cure of the default reasonably requires more than THIRTY (30) calendar days to complete, then the time to cure shall be extended so long as the cure is being diligently pursued.

11.1.3 The filing of any mechanic's, materialmen's or other lien of any kind against the Premises because of any act or omission of Lessee which lien is not discharged, by bonding or otherwise, within THIRTY (30) calendar days of receipt of actual notice thereof by Lessee.

11.1.4 The Transfer or attempted transfer of any interest in the Lease to any transferee without Lessor's advance written authorization, which Lessor may withhold in its sole and absolute discretion.

11.2 Lessor's Remedies. Upon the occurrence of an Event of Default under this Lease, Lessor may, without prejudice to any other rights and remedies available to a Lessor at law, in equity or by statute, but subject to the provisions of SECTIONS 9.2 and 23 herein, exercise one or more of the following remedies, all of which shall be construed and held to be cumulative and non-exclusive:

11.2.1 Terminate this Lease and re-enter and take possession of the Premises; or

11.2.2 Without terminating this Lease, re-enter and take possession of the Premises; or

11.2.3 Without such re-entry, recover possession of the Premises in the manner prescribed by any statute relating to summary process, and any demand for Base Rent, re-entry for condition broken, and any and all notices to quit, or other formalities of any nature to which Lessee may be entitled, are hereby specifically waived to the extent permitted by law; or

11.2.4 With or without terminating this Lease, Lessor may re-let the Premises or any portion thereof.

11.3 No Implied Termination. Lessor shall not be deemed to have terminated this Lease unless Lessor shall have notified Lessee in writing that it has so elected to terminate this Lease. Lessee hereby waives all claims based on Lessor's reentering and taking possession of the Premises, or removing and storing the property of Lessee, and shall save Lessor harmless from all losses, costs or damages occasioned thereby. No such reentry shall be considered or construed to be a forcible entry by Lessor.

11.4 Lessor's Current Damages. Lessor is authorized to make such repairs, refurbishments or improvements to the Premises as may be necessary for the purpose of attempting to re-let the Premises, and the costs and expenses incurred in respect of such repairs, redecorating, refurbishments and improvements shall be paid by Lessee to Lessor within FIVE (5) business days after receipt of Lessor's statement. If Lessor exercises any of the remedies stated above, Lessor shall be entitled to recover from Lessee all damages incurred by Lessor by reason of the Event of Default, which shall include, without limitation, (i) the equivalent of the amount of the Base Rent and all other payments which would be payable under this Lease by Lessee for the remainder of the Term as if this Lease were still in effect, less (ii) the net proceeds of any re-letting by Lessor after deducting all of Lessor's expenses in connection with such re-letting, which shall include, without limitation, repossession costs, repairs, redecorating, refurbishments or improvements to the Premises, brokerage commissions, attorneys' fees, and legal expenses. Lessee shall pay such current damages to Lessor, in the amount set forth in the preceding sentence (hereinafter called "Deficiency"), in monthly installments on the days on which the Base Rent would have been payable under this Lease as if this Lease were still in effect. All amounts collected by Lessor from subtenants shall be credited against Lessor's damages.

11.5 Lessor's Final Damages. At any time after an Event of Default, whether or not Lessor shall have collected any monthly Deficiency as set forth above, Lessor shall be entitled to recover from Lessee, and

Lessee shall pay to Lessor, on demand, as final damages for the applicable Event of Default, the sum of (a) the then present worth (at a discount at the rate of Six Percent (6%) per annum) of (i) the aggregate of the Base Rent and all other amounts to be paid by Lessee hereunder for the unexpired portion of the term of this Lease (assuming this Lease had not been terminated), less (ii) the amount of such loss that could have been reasonably avoided, plus (b) repossession costs, Lessor's expenses in connection with any attempts it may have made to re-let the Premises (which shall include, without limitation, repairs, refurbishments or improvements to the Premises and brokerage commissions), attorneys' fees, legal expenses, and all other damages incurred by Lessor as a result of such Event of Default. In determining the amount of loss that could reasonably be provided, rents to be paid by subtenants pursuant to Section 9.4, if applicable, and other reasonably projected rental income from leasing the Premises shall be taken into account.

11.6 No Waiver by Lessor. No waiver by Lessor of any breach or default by Lessee in the performance of its obligations under this Lease shall be deemed to be a waiver of any subsequent default by Lessee in the performance of any of such obligations, and no express waiver shall affect an Event of Default in a manner other than as specified in said waiver. The consent or approval by Lessor to or of any act by Lessee requiring Lessor's consent or approval shall not be deemed to waive or render unnecessary Lessor's consent or approval to or of any subsequent similar acts by Lessee.

11.7 Content of Default Notice. Any default notice tendered to Lessee hereunder shall be deemed to be sufficient if it is reasonably calculated to put Lessee on inquiry as to the nature and extent of such default, and is made in accordance with Section 20 herein.

11.8 Limitation on Exercise of Termination Remedy by Lessor. Notwithstanding anything to the contrary in Section 11.2 hereinabove, if an Event of Default occurs, Lessor shall not have the remedy of terminating this Lease or of taking possession of the Premises unless: (i) the Event of Default consists of a failure to pay off Base Rent or other amounts owed to Lessor; or (ii) Lessor has no other remedy that is adequate to protect Lessor's interests. Other remedies that are available to Lessor include self-help and recovery of damages, and nothing in this Section 11 shall limit the exercise of any such other remedy.

11.9 Waiver of Landlord's Lien. Lessor hereby waives all statutory or common law landlord's lien rights with respect to personal property located on the Premises.

12. ASSUMPTION OF CRITICAL OPERATIONS

In the event that Lessee voluntarily abandons or is prevented from furnishing any of its required commercial services which have been deemed by Lessor in advance and in writing to be critical to the operation of the Airport, and Lessee has received and is in agreement with said notification, Lessor shall have the immediate right or, if time permits, upon Twenty-Four (24) hours advance written notice to Lessee, to assume responsibility for providing such critical services until such time as Lessee or another entity acceptable to Lessor assumes responsibility for providing those services. In exercising such right, Lessor may take temporary control of the Premises, or any portion thereof involved in providing such commercial services, together with whatever improvements, fixtures and equipment on the Premises as are necessary to provide the critical services without waiving any of Lessor's rights hereunder. In the event Lessor takes temporary control of the Premises or any portion thereof, Lessor shall pay to Lessee such rent or fees reasonably commensurate with Lessor's assumption and use of that portion of the Premises to provide those critical, commercial services.

13. INDEMNIFICATION

To the fullest extent permitted by law, Lessee hereby agrees to defend, indemnify and hold harmless Lessor and its members, elected or appointed officials, agents, contractors, subcontractors, boards, commissions and employees (hereinafter referred to collectively as "Lessor" for purposes of this Section 13) for, from and against any and all claims, causes of action, liability, suits, litigation (including reasonable

attorney's fees and other costs of investigation and litigation), actions, losses, damages or claims of any nature whatsoever which arise out of or in connection with (i) any accident, injury or damages occurring within the Premises, or (ii) any negligent act or omission of Lessee or its agents, employees, contractors, or subcontractors (hereinafter referred to collectively as "Lessee" for purposes of this Section 13) in connection with Lessee's operations hereunder and which result directly or indirectly in the injury to or death of any persons or the damage to or loss of any property, or (iii) the failure of Lessee to comply with any provisions of this Lease. This indemnification shall exclude responsibility for any consequential damages and for claims arising by reason of the negligent or wrongful act of Lessor or its employees, contractors or agents.

14. ENVIRONMENTAL PROTECTION

14.1 Definitions. Unless the context shall clearly require otherwise, the terms defined in this Section 14 shall, for all purposes of this Lease and of any agreement amendatory hereof or supplemental hereto, have the meanings herein specified, with the following definitions to be equally applicable to both the single and plural forms of any of the following:

14.1.1 Environmental Laws. The term "Environmental Laws" shall mean any one or all of the following, as the same are amended from time to time: the Comprehensive Environmental Response, Compensation, and Liability Act, 42 USC Section 9601 et seq.; the Resource Conservation and Recovery Act, 42 USC Section 6901, et seq.; the Toxic Substances Control Act, 15 USC Section 2601 et seq.; the Safe Drinking Water Act, 42 USC Section 300f et seq.; the Clean Water Act, 33 USC Section 1251 et seq.; the Clean Air Act, 42 USC Section 7401 et seq.; the Arizona Hazardous Waste Management Act, A.R.S. Section 49-921 et seq. the Arizona Environmental Quality Act, A.R.S. Title 49, as amended; and all regulations thereunder and any other laws, regulations and ordinances (whether enacted by the local, state or federal government) now in effect or hereafter enacted that deal with the regulation or protection of the environment, including the ambient air, ground water, surface water, and land use, including substrata land, or that govern the use of hazardous materials, solid and hazardous waste, hazardous substances and petroleum products.

14.1.2 Hazardous Material. The term "Hazardous Material" shall mean any toxic or hazardous material, substance or waste, or any pollutant or contaminant as defined or regulated pursuant to any Environmental Law and petroleum products. For purposes of this definition, petroleum includes petroleum-based substances comprised of a complex blend of hydrocarbons derived from crude oil through processes of separation, conversion, upgrading and finishing (e.g., distillate fuel oils, petroleum solvents and used oils).

14.2 Release by Lessor. Lessor shall indemnify Lessee to the fullest extent permitted by law for any and all environmental damage of any kind, or for the effects of Hazardous Material on the environment, or on any person or property, if any, which have been caused by the use of, or releases from, the Premises and the Airport prior to Lessee's occupancy of any part thereof. Lessee is not liable for any claims or damages arising from environmental damage resulting from or that are the result of contamination of any kind existing on the Premises or surrounding sites prior to Lessee's occupancy of thereof.

14.3 Lessee Compliance.

14.3.1 Lessee shall, at the Lessee's own expense, comply with all present and hereafter enacted Environmental Laws, including any amendments thereto, affecting Lessee's activities on and property interest in the Premises during the period of Lessee's occupancy thereof under this Lease.

14.3.2 Lessee shall not cause or permit any Hazardous Material to be brought upon, kept or used in or about the Premises or the Airport by Lessee's agents, employees, contractors or invitees in violation or threatened or suspected violation of any Environmental Law. The Parties recognize and agree that Lessee may bring on the Premises and Airport and use Hazardous Materials that are ordinarily and customarily used

in the conduct of Lessee's permitted activities under this Lease, provided that such use shall comply fully with all applicable Environmental Laws.

14.3.3 If Lessee desires and receives written authorization from Lessor to install any above ground storage tank ("AST") on the Premises or elsewhere on the Airport, Lessee shall submit the plans for such ASTs to Lessor for prior written approval and shall comply with all applicable Environmental Laws related thereto, including Title 40, Code of Federal Regulations, Part 112, as applicable. Lessee shall be the owner of such ASTs for statutory purposes and shall be solely responsible for the design, construction, installation, operation, monitoring, inspection, repair and maintenance of any and all ASTs, including any connected piping and/or dispensing apparatus. All ASTs shall comply with the Office of the State Fire Marshall as well as the Authority Having Jurisdiction (AHJ). Any AST that stores flammable and combustible liquids shall meet the provisions of NFPA 30, Flammable and Combustible Liquids Code. Records demonstrating compliance with release detection requirements, including product inventories, calibration and maintenance, sampling, tightness testing and any other records, fees and taxes required by the state or federal governments shall be the responsibility of Lessee. Upon the expiration of this Lease, Lessee shall remove all ASTs in compliance with all applicable Environmental Laws in effect at that time unless otherwise allowed by Lessor.

14.4 Indemnification. To the fullest extent permitted by law, Lessee shall indemnify, defend (with counsel reasonably acceptable to Lessor), protect and hold harmless Lessor and its employees and agents for, from and against any and all liability, loss, damage, expense, penalties and legal and investigation fees or costs, arising from or related to any claim or action for injury, liability, or damage to persons or property and any and all claims or actions brought by any person, entity or governmental body, alleging or arising in connection with contamination of the environment or violation of any Environmental Law or other statute, ordinance, rule, regulation, judgment or order of any government or judicial entity which are incurred or assessed as a result of any of Lessee's activities or operations on the Premises or Airport. This obligation includes, but is not limited to, all costs and expenses related to cleaning up the property, land, soil and underground or surface water as required under the law. Lessee's obligations and liabilities under this Section 14.4 shall survive the termination of this Lease. The indemnification of Lessor by Lessee as described above includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision. Lessor reserves the right to seek injunctive relief as may be permitted under law and equity.

14.5 Remediation. Without limiting the foregoing, if the presence of any Hazardous Material during the Term of this Lease caused or permitted by Lessee results in any Release on the Airport in violation or potential violation of any Environmental Law, Lessee shall promptly take action to remediate the affected property at its sole expense as necessary to return the Airport to the condition existing prior to the introduction of any such Hazardous Material to the Airport; provided that Lessor's approval of such actions shall first be obtained, which approval shall not, except in an emergency, be unreasonably withheld so long as such actions would not potentially have any material adverse long-term effect on the Airport and Lessee is not under administrative or court order related to such remediation action. Notwithstanding Lessor's approval pursuant to this Section 14.5, Lessor is not responsible for directing or managing any remediation action. For purposes of this Section 14.5, the term "Release" means any releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing, or dumping.

14.6 Governmental Submittals. Lessee shall, at Lessee's own expense, make all submissions to, provide all information to, and comply with all requirements of the appropriate governmental authority ("Government") under the Environmental Laws. Should the Government determine that a site characterization, site assessment and/or cleanup plan should be prepared and/or that a cleanup should be undertaken because of any spills or discharges of Hazardous Materials by reasons of Lessee's activities or actions at the Airport which occur during the term of this Lease, then Lessee shall, at the Lessee's own expense, prepare and submit the required plans and financial assurances, and carry out the approved plans. The Lessee shall provide a copy of said plans to the Lessor within thirty (30) days of development.

14.7 Information Sharing.

14.7.1 Lessee shall immediately notify Lessor of any of the following: (i) Lessee's receipt of any notification from any governmental entity either charging or informing Lessee that it will be charged with a significant (as defined below) violation of Environmental Laws, and (ii) any change in Lessee's activities on the Premises or Airport that is reasonably likely to adversely change Lessee's or Lessor's obligations or liabilities under the Environmental Laws. In addition, Lessee agrees to provide Lessor with copies of documents reflecting the physical condition of the Premises, including but not limited to, environmental testing of soils and groundwater, and information reasonably requested by Lessor to determine the applicability of the Environmental Laws to the Premises, or to respond to any governmental investigation or claim of liability by third parties which is related to environmental contamination of the Premises or Airport, including Lessee's activities thereon. A "significant violation of Environmental Law" shall be any violation that requires more than Thirty (30) calendar days to resolve.

14.7.2 Lessee shall immediately notify Lessor's Operations and Maintenance Department upon discovering a Release or Suspected Release of any amount of material that is stored inside an AST, approved pursuant to SECTION 14.3.3. For purposes of this Section, a "Suspected Release" is any discovery of released Hazardous Material at the AST site or surrounding area, erratic behavior of Hazardous Material dispensing equipment, the sudden loss of a Hazardous Material, or when monitoring indicates that a Release has occurred.

14.8 Reserved.

14.9 Actions of Lessee. The activities or actions of Lessee under this Section 14 shall include the activities or actions of Lessee's officers, directors, employees, agents, contractors, invitees and successors.

14.10 Clean Water Act; NPDES Permits and SWPPPs. Without in any way limiting the foregoing, Lessee shall comply with all Environmental Laws regarding discharges to water and land, including, without limitation, obtaining and complying with an individual National Pollutant Discharge Elimination System ("NPDES") permit, or requesting coverage under and complying with any applicable Multi-Sector General Permit (MSGP) obtained by Lessor. If applicable, Lessee shall also prepare and comply with a site-specific MSGP with an individual Storm Water Pollution Prevention Plan ("SWPPP") or any revisions to a SWPPP, with respect to Lessee's operations or activities on the Premises or Airport. At Lessee's discretion and if applicable, Lessee may choose to be added to Lessor's Storm Water Permit. Proof of individual compliance or compliance by being added to the Lessor's permit shall be provided in the form of both the Lessee's Notice of Intent (NOI) that has been received by the Arizona Department of Environmental Quality (ADEQ) and the individual Arizona Multi-Sector General Permit (AZMSGP) number associated with the NOI, within 30 days.

14.11 Protective Devices and Plans. If Lessee is required by the City to estimate the possible constituents of sanitary sewer discharges in order that the City may define certain discharge limitations for the Premises, Lessee shall complete and return an Industrial Wastewater Discharge Questionnaire ("Questionnaire") to the City and promptly provide Lessor with a copy and updates to the Questionnaire as they arise. Also, if the City so requires, Lessee shall install and maintain appropriate protective devices to prevent accidental discharge of any Hazardous Materials into domestic or industrial drains on or near the Premises and elsewhere on the Airport, as appropriate, and for any other material for which a slug load discharge could pollute the Airport's storm water discharge or disrupt operations at the sewage treatment plant serving the Premises. Lessee shall post a notice in a prominent place on the Premises advising employees on what actions to take and whom to call in the event of said discharge, and shall ensure that all employees of Lessee are trained with regard to the spill protection plan hereinafter referenced. Lessee also shall provide Lessor with immediate notice of any spill.

14.12 Right to Enter Premises. Lessor's rights under this Lease specifically include the right of Lessor, the United States Government, the Environmental Protection Agency (the EPA), the Arizona Department of Environmental Quality (ADEQ) and the Arizona Department of Occupational Safety and Health (ADOSH) to enter the Premises upon reasonable notice to Lessee for purposes of: (i) inspecting Lessee's compliance with environmental, occupational safety and health laws and regulations, whether or not such party is responsible for enforcing such laws; (ii) conducting environmental investigation or remediation, including, without limitation, performing tests and surveys, drillings, test-pitting, borings, compiling data and/or records, and other activities related to environmental investigation; and (iii) carrying out remedial or removal actions as required or necessary under applicable laws, including, without limitation, installing monitoring wells, pumping wells and/or treatment facilities. Lessor shall give Lessee Twenty-Four (24) hour's prior notice of its intention to enter the Premises unless it determines the entry is required for safety, environmental, operations, or security purposes. Lessee shall have no claim against Lessor for any entries by the United States, EPA, ADEQ, Arizona ADOSH, or any officer, agent, employee or contractor thereof.

14.13 U.S. Air Force Use and Remedial Action.

14.13.1 The Parties assume no liability or responsibility for environmental impacts and damage caused by the U.S. Air Force's use of Hazardous Materials on any portion of the Airport, including the Premises, prior to the Effective Date, and have no obligation under this Lease to undertake the defense of any claim or action, whether in existence now or brought in the future, solely arising out of the use of or release of any Hazardous Materials or deposits of solid waste on or from any part of the Airport, including, but not limited to, the Premises. Further, the Parties have no obligation under this Lease to undertake environmental response, remediation, or cleanup relating to such use or release. For purposes of this SECTION 14.13, "defense" or "environmental response, remediation, or cleanup" shall include liability and responsibility for the costs of damage, penalties, legal and investigative services relating to such use or release. The terms, "Occupation" or "Use" shall mean any activity or presence (in or upon) such portion of, or such building, facility or other improvement on the Premises.

14.13.2 Pursuant to Section VII.E.3 of the Deed (as defined herein), the U.S. Air Force warrants and covenants that all remedial action necessary to protect human health and the environment with respect to hazardous substances remaining on the Airport has been completed prior to the date of the Deed and, further, any remedial action found to be necessary after the date of the Deed shall be conducted by the U.S. Air Force; provided, however, that the foregoing covenant does not apply where Lessor or Lessee is a potentially responsible party with respect to any portion of the Premises or the Airport.

14.14 Cleanup Requirements. Lessee agrees that Lessor assumes no liability to Lessee should Hazardous Materials cleanup or related requirements, whether imposed by law, regulatory agencies, the U.S. Air Force or Department of Defense interfere with Lessee's use of the Premises. Lessee shall have no claim against Lessor or the United States or any officer, agent, employee or contractor thereof on account of any such interference whether due to entry, performance of remedial or removal investigations, or exercise of any right with respect to the Federal Facilities Agreement (FFA) or the Installation Restoration Program (IRP) or under this Lease or otherwise. Lessee agrees to comply with the provisions of any health or safety plan in effect under the IRP or any hazardous substance remediation or response agreement with environmental regulatory authorities during the course of any of the above described response or remedial actions. Any inspection, survey, investigation, or other response or remedial action shall, to the extent practicable, be coordinated with representatives designated by Lessee. Lessee shall have no claim on account of such entries against the United States or any officer, agent, employee, contractor, or subcontractor thereof.

14.15 Spill Protection Plan. In the event Lessee undertakes any type of manufacturing, maintenance or other activities on the Premises involving the use or generation of any Hazardous Materials regulated by

Hazardous Materials Laws, Lessee shall have an approved plan for responding to Hazardous Materials, fuel, and other chemical spills prior to commencement of activities on the Premises and other approved Airport locations. Such plan shall comply with all applicable requirements of said plan which shall be updated from time to time or as may be required to comply with changes in site conditions or applicable requirements, and shall be approved by all agencies having regulatory jurisdiction over such plan. Such plan shall be independent of Lessor's spill prevention and response plans, if any. Lessee shall not rely on use of Lessor or Lessor personnel or equipment in execution of its plan. Lessee shall file a copy of the approved plan and approved amendments thereto with Lessor's Environmental and Archeological Coordinator within THIRTY (30) calendar days of receipt of a Certificate of Occupancy from the City. Notwithstanding the foregoing, should Lessor provide any personnel or equipment, whether for initial fire response and/or spill containment, on the request of Lessee, or because Lessee was not, in the opinion of Lessor, conducting fire-fighting, containment or timely cleanup actions, Lessee agrees to reimburse Lessor for its actual costs in accordance with all applicable laws and regulations.

14.16 Wells. Lessee shall not install any drinking water or other wells in any location on the Premises without the prior written approval of Lessor.

14.17 Construction Activities and Surface Disturbances.

14.17.1 Should Lessee be permitted to construct improvements on the Premises, Lessee agrees that in the event any hazardous substances, pollutants, contaminants, petroleum or petroleum derivatives are discovered, Lessee shall promptly notify Lessor of such discovery and shall immediately cease said construction pending investigation and remedial action, if necessary, by Lessor or the appropriate regulatory agency.

14.17.2 After construction of Lessee's improvements on the Premises, if any, either in the future or as otherwise provided herein, Lessee shall not conduct any subsurface excavation, digging, drilling or other disturbance of the surface without the prior written approval of Lessor, which shall not be unreasonably withheld.

15. PROTECTION OF WETLANDS

Lessee shall minimize the destruction, loss, or degradation of any wetlands located on the Premises. Lessor believes there are no wetlands existing on the Premises as of the Effective Date. However, before locating new construction in wetlands, if any exist, Lessee shall contact Lessor and the United States Army Corps of Engineers and obtain a permit or waivers under Section 404 of the *Clean Water Act*. For purposes of this SECTION 15, the term, "new construction," includes structures, facilities, draining, dredging, channeling, filling, diking, impounding, and related activities.

16. SPECIAL PROVISIONS

16.1 Lessee shall comply with all applicable Federal, State, and local occupational safety and health regulations.

16.2 Lessee shall be responsible for determining whether it is subject to State and local sanitation, licensing, building code or building permit requirements and whether or not it requires a permit to do business and for compliance with them to the extent they are applicable.

16.3 Lessee agrees to and shall at all times comply with the Lessor's *Standard Terms and Conditions*, as attached hereto as **EXHIBIT E**.

17. INSURANCE

17.1 Coverage Required. Lessee shall procure and maintain, or cause to be procured and maintained, the following types and amounts of insurance with respect to the Premises:

17.1.1 *Aircraft Liability* insurance covering third party bodily injury and property damage, and passenger and contractual liabilities which shall protect and indemnify PMGAA from any and all claims arising in connection with aircraft movement on the airport in the amounts as are customarily carried by a Lessee of like kind and size, but in no event less than \$250,000,000 per occurrence. Such insurance shall also insure against third party liabilities arising from War Risk perils.

17.1.2 *Airport Premises Liability* insurance third party bodily injury and property damage, including coverage for “premises/operations,” “products and completed operations,” “host liquor” and “blanket contractual” liabilities in an amount not less than \$250,000,000 per occurrence.

17.1.3 *Comprehensive Automobile Liability* insurance for all owned, non-owned and hired vehicles operated airside on the Airport that are assigned to or used in the performance of commercial activities in the amount of \$5,000,000 per occurrence or combined single limit. If any hazardous materials are transported in conjunction with Lessee’s business operations at or on the Airport, an MSC 90 endorsement shall be required in addition thereto.

17.1.4 *Worker’s Compensation* insurance, as required by law, and *Employer’s Liability* insurance in the amount of \$1,000,000 covering work-related injuries to employees and others permitted to operate or otherwise conduct business on the Premises.

17.1.5 *Environmental Impairment Liability/Pollution* insurance coverage in the amount of \$1,000,000 per occurrence and \$2,000,000 aggregate, covering third party bodily injury and property damage associated with hazardous materials, storage facilities, tanks, piping, ancillary equipment and containment structures, or structures that are used, controlled, constructed or maintained on the Airport, and including expenses for defense, release mitigation and on and off-site remediation

17.2 Form. Each insurance policy obtained pursuant to this SECTION, except for *Worker’s Compensation* and *Employer’s Liability* policies, shall: (i) name Lessor as a certificate holder or additional named insured; (ii) contain a provision that written notice of cancellation or modification thereof shall be given to Lessor not less than THIRTY (30) calendar days before such cancellation or modification takes effect (TEN (10) days in case of nonpayment of premium); and (iii) contain a waiver of subrogation in favor of Lessor. Lessee shall not permit any insurance policy to be canceled or modified without Lessor’s written consent unless equivalent replacement policies are issued with no lapse in coverage. All policies shall be obtained from insurance companies licensed to do business in the State of Arizona and possessing a rating of at least A – VII or higher from the A.M. Best Company, or an equivalent rating and approved by Lessor.

17.3 Certificates of Insurance. Lessee shall deliver a certificate of insurance along with an endorsement naming Phoenix-Mesa Gateway Airport Authority as additional insured for each policy required herein to Lessor, in standard Acord or equivalent form, prior to the Effective Date and shall continue to provide such certificates throughout the term of this Lease.

17.4 Additional Insurance. At any time during the term of this Lease, Lessor may, if in its reasonable determination, the insurance coverage required by this SECTION 17 is no longer adequate, require Lessee to increase its coverage to commercially reasonable amounts.

17.5 Blanket Insurance. Lessee's insurance obligations under this Lease may be satisfied by means of "blanket" or excess policies.

17.6 Insurance by Lessor. In the event Lessee shall fail to procure any insurance required hereunder, Lessor may, upon written notice to Lessee, procure and maintain any or all of the insurance required of Lessee under this SECTION. In such event, all costs of such insurance procured and maintained by Lessor on behalf of Lessee shall be the responsibility of Lessee and shall be fully reimbursed to Lessor within TEN (10) business days after Lessor advises Lessee of the cost thereof.

18. SURRENDER OF POSSESSION.

18.1 Condition of Property.

18.1.1 Upon the expiration or earlier termination of this Lease, Lessee's right to occupy the Premises and exercise the privileges and rights granted thereunder shall cease, and Lessee shall peaceably surrender the same and leave the Premises broom clean and in good condition except for normal wear and tear. All trade fixtures, equipment, and other personal property, to include all hazardous material, installed or placed by Lessee on the Premises which are not permanently affixed thereto shall remain the property of Lessee, and Lessee shall have the right at any time during the term of this Lease, to remove the same from the Airport and Lessee shall repair, at its sole cost, any damage caused by such removal. Any property not removed by Lessee within FIFTEEN (15) calendar days of the expiration or earlier termination of this Lease, or revocation of Lessee's right to occupy the Premises, shall become a part of the Premises, and ownership thereof shall vest in Lessor. Lessee shall, however, remain financially liable to Lessor for removal and disposal of any hazardous materials and the cost of repairs to the Premises incurred as a result of Lessor's removal and/or relocation of property formerly belonging to Lessee and not otherwise removed from the Premises, as provided herein, and shall remit to Lessor payment for such costs within TEN (10) business days of Lessee's receipt of Lessor's invoice therefor.

18.1.2 Any trade fixtures, equipment or other property affixed to the Premises by Lessee shall, if required by Lessor, be permanently removed from the Premises by Lessee, at Lessee's expense, within FIVE (5) business days of Lease termination. Should Lessee fail to remove such trade fixtures, equipment or other property within said time, Lessor may remove and dispose of such trade fixtures, equipment or other property at Lessee's expense, and Lessee shall reimburse Lessor for the costs thereof within TEN (10) business days of receipt of Lessor's invoice therefor.

18.2 Holding Over. Lessee shall not remain in possession of the Premises after the expiration or earlier termination of the Term without the express written consent of Lessor. Should Lessee hold over without the express written consent of Lessor, such tenancy shall be at the sufferance of Lessor and not a renewal of the Term. In such case, the Base Rent and all other charges due pursuant to this Lease shall be payable at ONE HUNDRED FIFTY PERCENT (150%) of the amount payable during the last year of the Term, and such tenancy at sufferance shall be subject to every other term, covenant and provision of this Lease. In the event Lessee holds over, Lessee shall be liable for all of Lessor's direct and consequential damages, which shall include, without limitation, costs, fees, expenses, damages and attorneys' fees incurred by Lessor as a result of Lessee's holding over, and damages and expenses incurred by Lessor for its inability to deliver possession of the Premises to a new lessee.

19. INSPECTION BY LESSOR

Lessor may enter upon the Premises at reasonable times and upon reasonable notice for any reasonable purpose, including, but not limited to, compliance with the terms and conditions of this Lease and the exercise of its governmental functions for such activities as fire protection or security.

20. NOTICES

20.1 All notices required or permitted under this Lease shall not be effective unless personally delivered or mailed by certified mail, return receipt requested, postage prepaid, or by reputable commercial overnight courier service, to the following addresses:

TO LESSOR: Phoenix-Mesa Gateway Airport Authority
Attn: Business Development Department
5835 South Sossaman Road
Mesa, Arizona 85212

TO LESSEE: Allegiant Air, LLC
Attn.: Thayne Klinger, Director - Airports
1201 N. Town Center Drive
Las Vegas, NV 89144

20.2 Any notice shall be deemed to have been received TWO (2) business days after the date of mailing, if given by certified mail, or upon actual receipt if personally delivered or if given by reputable commercial overnight courier service. Any Party may designate in writing a different address for notice purposes pursuant to this SECTION.

21. SEVERABILITY

The provisions of this Contract are severable to the extent that any provision or application held to be invalid shall not affect any other provision or application of the Contract, which may remain in effect without the valid provision, or application.

22. SALES AND PROPERTY TAXES

Lessee shall pay any leasehold tax, sales tax, personal property tax, transaction privilege tax, license or permit fee, or any other tax assessed as the result of its occupancy of Premises or conduct of any activity at the Airport under authority of this Lease, including any such tax assessable on Lessor. In the event that laws or judicial decisions result in the imposition of a real property tax or any other form of tax or imposition on the interest of Lessor, such tax shall also be paid by Lessee for the period this Lease is in effect, to the extent such taxes are reasonably attributable to the Premises or a portion thereof or the operation of Lessee's business.

23. APPROVALS, CONSENTS AND NOTICES

All approvals, consents and notices called for in this Lease shall be in writing, signed by the appropriate Party, and may not be established solely by oral testimony.

24. LIENS AND MORTGAGES

24.1 General Provisions.

24.1.1 Except as provided in this SECTION 24, Lessee shall not engage in any financing or other transaction creating any mortgage or deed of trust upon the Premises, place or suffer to be placed upon the Premises any lien or other encumbrance, or suffer any levy or attachment to be made on Lessee's interest in the Premises. Any such mortgage or deed of trust, encumbrance or lien shall be deemed a violation of this SECTION, constituting a failure by Lessee to comply with the terms of the Lease, on the date of its execution or filing of record regardless of whether or when it is foreclosed or otherwise enforced.

24.1.2 Notwithstanding anything to the contrary in SECTION 9 herein, Lessee shall, during the Term, be permitted to mortgage, collaterally assign, or otherwise encumber its leasehold interest under this Lease to secure indebtedness, including, without limitation, a loan to finance construction of improvements and other development on the Premises, and including refinancing's thereof, subject to the restrictions of SECTION 24.1.3, and provided that the language of such mortgage or deed of trust and of all related documents that require the execution, approval, or consent of Lessor shall be subject to the prior review and approval of legal counsel for Lessor, and that all legal fees incurred by Lessor in connection with such legal counsel review and approval shall be paid by Lessee. Any such encumbrance is referred to as "Mortgage" and the holder thereof, "Mortgagee." The Mortgagee, upon taking possession or upon foreclosure or taking an assignment in lieu thereof, shall be liable for all future rents and obligations hereunder and shall attorn to Lessor. No Mortgage shall encumber Lessor's interest in the Premises or the improvements thereon. Further and promptly after Lessee assigns or encumbers any portion of the Premises or the improvements thereon, Lessee shall furnish Lessor with a written notice setting forth the name and address of such Mortgagee or trustee.

24.1.3 No Mortgage or deed of trust shall extend to or affect the fee, the reversionary interest or the estate of Lessor in the Premises. No Mortgage or deed of trust shall be binding upon Lessor in the enforcement of its rights and remedies under this Lease and by law provided, unless and until a copy thereof shall have been delivered to Lessor and such Mortgage or deed of trust is authorized in accordance with provisions of this SECTION 24.

24.2 Lessor Agreement. With respect to Mortgagees of the Premises, Lessor agrees that:

24.2.1 If requested by a Mortgagee which shall have duly registered in writing with Lessor its name and address, and if Lessor shall give any notice, demand, election or other communication required hereunder (hereafter, collectively, "Notices") to Lessee, Lessor shall concurrently give a copy of each such Notice to the Mortgagee at the address designated by it. Notices shall be sent by registered or certified mail, return receipt requested, and shall be deemed given SEVENTY-TWO (72) hours after the time they are deposited in a United States Post Office with postage charges prepaid, addressed to the Mortgagee. No Notice given by Lessor to Lessee shall be binding upon or affect Lessee or the Mortgagee unless a copy of the Notice shall be given to the Mortgagee pursuant to this SECTION 24.2.1.

24.2.2 Such Mortgagee entitled to such Notices, as specified above, shall have any and all rights of Lessee with respect to the curing of any default hereunder by Lessee.

24.2.3 If Lessor shall elect to terminate this Lease by reason of any default by Lessee with respect to the Premises, the Mortgagee that shall have become entitled to Notice as provided in this SECTION 24.2 shall have any and all rights of Lessee with respect to curing of any default with respect to the Premises.

24.2.4 Nothing herein contained shall be deemed to impose any obligation on the part of Lessor to deliver physical possession of the Premises to such holder of a Mortgage. To the extent, the physical possession of the Premises by a secured creditor is not inconsistent with the terms of this Lease, or is incompatible with the Lessor's selection of available remedies in the Event of Default, Lessor shall not prevent such physical possession.

24.2.5 If more than one Mortgagee shall seek to exercise any of the rights provided for in this SECTION 24, the holder of the Mortgage having priority of lien over the other Mortgagees shall be entitled, as against the others, to exercise such rights. Should a dispute arise among Mortgagees regarding the priority of lien, the Mortgagees shall prove to the satisfaction of Lessor that they have settled that dispute.

24.3 Protection of Mortgagee(s). Until the time, if any, that an approved Mortgage shall be satisfied and released of record:

24.3.1 A Mortgagee shall have the right, for a period equal to the period afforded Lessee to perform any term, covenant, or condition and to remedy any default by Lessee hereunder, and Lessor shall accept such performance with the same force and effect as if furnished by Lessee, and the Mortgagee shall thereby and hereby be subrogated to the rights of Lessor. Such Mortgagee cure period shall begin on the later of: (i) the date Mortgagee receives notice pursuant to Section 24.2, or (ii) the date that Lessee's cure period expires under the Lease. During such Mortgagee cure period, Lessor will not disturb possession, interest or quiet enjoyment by the Lessee or Mortgagee in the real property for any reason, subject to the terms of the Lease, until such Mortgagee cure period has expired. The Mortgagee shall have the right to enter upon the Premises to give such performance.

24.3.2 In case of a default by Lessee in the performance or observance of any non-monetary term, covenant or condition to be performed by it hereunder, if such default cannot practicably be cured by the Mortgagee without taking possession of the Premises, in such Mortgagee's reasonable opinion, or if such default is not susceptible of being cured by the Mortgagee, then Lessor shall not serve a notice of lease termination if and so long as:

a. The Mortgagee shall proceed diligently to obtain possession of the Premises (including possession by a receiver), and, upon obtaining such possession, shall proceed diligently to cure such defaults as are reasonably susceptible of cure (subject to any order by a court of competent jurisdiction staying or otherwise precluding such Mortgagee from obtaining such possession); or

b. The Mortgagee shall institute foreclosure proceedings and diligently prosecute the same to completion (unless in the meantime it shall acquire Lessee's estate hereunder, either in its own name or through a nominee, by assignment in lieu of foreclosure), subject to any order by a court of competent jurisdiction staying or otherwise precluding such Mortgagee from obtaining such possession.

c. The Mortgagee shall not be required to obtain possession or to continue in possession of the Premises pursuant to SECTION 24.3.2a, or to continue to prosecute foreclosure proceedings pursuant to SECTION 24.3.2b, if and when such default shall be cured. If a Mortgagee, its nominee, or a purchaser at a foreclosure sale shall acquire title to Lessee's leasehold estate hereunder, a default that is not reasonably susceptible to cure by the person succeeding to the leasehold interest shall no longer be deemed a default under this Lease.

d. If any Mortgagee is prohibited from commencing or prosecuting foreclosure or other appropriate proceedings in the nature thereof by any process or injunction issued by any court, or by reason of any action by any court having jurisdiction of any bankruptcy or insolvency proceeding involving Lessee, the times for commencing or prosecuting foreclosure or other proceedings, including proceedings to obtain possession, shall be extended for the period of the prohibition.

24.4 New Lease

24.4.1 Subject to FAA regulations, Lessor agrees that, in the event of early termination of this Lease for any reason (including but not limited to any default by Lessee), Lessor, if requested by any Mortgagee, will enter into a new lease of the Premises with the most senior Mortgagee requesting a new lease, which new lease shall commence as of the date of termination of this Lease and shall run for the remainder of the original term of this Lease, at the rent and upon the terms, covenants and conditions herein contained, provided that:

a. Such Mortgagee shall make written request upon Lessor for the new lease within SIXTY (60) calendar days after the date such Mortgagee receives written notice from Lessor that this Lease has been terminated;

b. Such Mortgagee shall pay to Lessor, at the time of the execution and delivery of the new lease, any and all sums which would, at that time, be due and unpaid pursuant to this Lease but for its termination, and in addition thereto all reasonable expenses, including reasonable attorneys' fees, which Lessor shall have incurred by reason of such termination;

c. Such Mortgagee shall perform and observe all covenants in this Lease to be performed and observed by Lessee, and shall further remedy any other conditions which Lessee under the Lease was obligated to perform under its terms, to the extent the same are reasonably susceptible of being cured by the Mortgagee; and

d. The Lessee under the new lease shall have the same right of occupancy to the buildings and improvements on the Premises and elsewhere on the Airport as Lessee had under this Lease immediately prior to its termination.

Notwithstanding anything to the contrary expressed or implied in this Lease, any new lease made pursuant to this SECTION 24 shall have the same priority as this Lease with respect to any mortgage, deed of trust, or other lien, charge, or encumbrance on the fee of the Premises, and any sublease under this Lease shall be a sublease under the new Lease and shall not be deemed to have been terminated by the termination of this Lease.

24.4.2 Nothing herein contained shall require any Mortgagee to enter into a new lease pursuant to this SECTION 24.4, or to cure any default of Lessee referred to above.

24.4.3 If any Mortgagee shall request a new lease as provided in this SECTION 24.4, Lessor agrees, at the request of, on behalf of and at the expense of the Mortgagee, upon a guaranty from it reasonably satisfactory to Lessor, to institute and pursue diligently to conclusion the appropriate legal remedy or remedies to oust or remove the original Lessee from the Premises, but not any authorized subtenants actually occupying the Premises or any part thereof.

24.4.4 Unless and until Lessor has received notice from each Mortgagee that the Mortgagee elects not to demand a new lease as provided herein, or until the period therefor has expired, Lessor shall not cancel or agree to the termination or surrender of any existing subleases nor enter into any new leases or subleases with respect to the Premises without the prior written consent of each Mortgagee.

24.5 Effect of Transfer. Neither the foreclosure of any Mortgage (whether by judicial proceedings or by virtue of any power of sale contained in the Mortgage), nor any conveyance of the leasehold estate created by this Lease by Lessee to any Mortgagee or its designee by an assignment or deed in lieu of foreclosure or other similar instrument, shall require the consent of Lessor or constitute a default under this Lease, and upon such foreclosure, sale or conveyance, Lessor shall recognize the purchaser or other transferee in connection therewith as the Lessee under this Lease, subject only to an assumption in writing by such purchaser or transferee of all obligations of Lessee under this Lease.

25. GOVERNING LAW

The laws of the State of Arizona shall govern the matters set forth in this Lease. Venue of any action brought under this Lease shall, at the option of Lessor, lie in Maricopa County, Arizona.

26. RULES AND REGULATIONS

Lessee shall at all times comply with all Federal, state and local laws, ordinances, rules, and regulations which are applicable to its activities on the Airport, the Premises itself (including but not limited to the *Americans with Disabilities Act, Public Law 101-336, 42 U.S.C. 12101-12213*), or the operation, management, maintenance, or administration of the Airport, including all laws, ordinances, rules and regulations adopted after the Effective Date. Lessee shall at all times comply with the Airport *Minimum Standards* and *Airport Rules and Regulations*, as the same may be amended from time to time. Copies of the current Airport *Minimum Standards* and *Airport Rules and Regulations* are attached hereto as **EXHIBIT D**. Lessee acknowledges and agrees that Lessor may amend the Airport *Minimum Standards* and *Airport Rules and Regulations* at any time in Lessor's sole discretion. Lessee shall be responsible for controlling and preventing disruptive pedestrian and vehicle traffic associated with its activities on the Premises and at the Airport. Lessee also shall display to Lessor any permits, licenses, or other evidence of compliance with laws upon request.

27. CORPORATE AUTHORIZATION

In executing this Agreement, Lessee represents and warrants to Lessor that if Lessee is a corporation, Lessee has obtained and been granted the full right, power and authority to enter into this Lease.

28. UTILITY LINES AND SERVICE CHARGES

28.1 Lessee shall pay for any and all telecommunication services necessary for their operation at the Premises.

28.2 Lessor shall pay for all water usage, electrical usage, and trash collection services in connection with Lessee's operation at the Premises. The charges and method of payment for each utility or service shall be determined by the appropriate supplier of the utility or service in accordance with applicable laws and regulations, on such basis as the appropriate supplier of the utility or service may establish.

28.3 Notwithstanding the execution of this Lease, Lessor retains the right to the continued use of such utility lines and services as are presently on the Premises and the right to repair the same when necessary in Lessor's sole discretion, including but not limited to, any utility easements on the Premises. Lessor shall conduct such repairs in such a manner and at such times as to not unreasonably interfere with Lessee's activities thereon.

29. RESERVATIONS TO LESSOR

The Premises are accepted "as is, where is" by Lessee, subject to any and all existing easements or other encumbrances, and Lessor shall have the right to install, lay, construct, maintain, repair and operate such sanitary sewers, drains, storm water sewers, pipelines, manholes, connections; water, oil and gas pipelines; telephone and telegraph power lines; and such other appliances and appurtenances necessary or convenient to use in connection therewith, over, on, across or in proximity to the Premises, or any part thereof, as will not unreasonably interfere with Lessee's or any subtenant's operations hereunder, and to enter upon the Premises for such purposes. Lessor also reserves the right to grant franchises, easements, rights-of-way, and permits, over, on, across or in proximity to any portions of the Premises for the same purposes; provided, that Lessor or the grantee, as applicable, shall not exercise such rights so as to interfere unreasonably with Lessee's or any subtenant's activities on the Premises and all such interference shall be minimized. Lessor agrees that any rights granted to any parties by reason of this clause shall contain provisions that the surface of the Premises shall be restored to its original condition, at no cost to Lessee, upon the completion of any construction.

29.1 Lessee recognizes that from time to time during the term of this Agreement it may be necessary for PMGAA to engage in construction, expansion, relocation, maintenance and repair in order that the Airport and its facility may be suitable for the then existing volume and character of air traffic and flight activity. Such activity may temporarily inconvenience or interrupt Lessee's use and occupancy of and operation on the Leased Premises and will require accommodation on the part of the Lessee, including, without limitation Lessee's vacation of the Leased Premises for a period of time. Lessee agrees that no liability shall attach to PMGAA, its officers, agents, employees, contractors, subcontractors, and representatives by reason of such inconvenience, interruption, or vacation.

29.2 In the event Lessor and/or PMGAA require Lessee to vacate the premises for the reasons listed in Section 29.1 of this Agreement, then Lessor shall provide and/or make available the space and resources necessary for Lessee to continue to operate in a safe and appropriate manner. Indeed, Lessor agrees that it will make every reasonable accommodation to ensure that Lessee will be permitted to operate its desired flight schedule and related business activities with the least amount of modifications as is reasonably possible.

30. FEDERAL AVIATION ADMINISTRATION (FAA) PROVISIONS

30.1 Lessor reserves the right to further develop or improve the landing area of the Airport as it sees fit, regardless of the desires or view of Lessee, and without interference or hindrance therefrom.

30.2 Lessor reserves the right, but shall not be obligated to Lessee, to maintain and keep in repair the landing area of the Airport and all publicly owned facilities of the Airport, together with the right to direct and control all activities of Lessee in this regard. Lessor and Lessee agree that Lessee has no responsibility whatsoever with respect to maintenance and repair of the landing area of the Airport, or any publicly owned facilities of the Airport.

30.3 This Lease shall be subordinate to the provisions and requirements of any existing or future agreement between Lessor and the United States relative to the development, operation or maintenance of the Airport.

30.4 There is reserved unto Lessor, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Premises, which shall include the right to cause in the airspace any noise inherent in the operation of aircraft, now known or hereafter used for navigation of or flight in or through the airspace, and for the use of such airspace for landing on, taking off from, or operation on the Airport.

30.5 Lessee agrees to comply with the notification and review requirements covered in 14 CFR Part 77 in the event future construction of a building is planned for the Premises or in the event of any planned modification or alteration of any present or future building or structure situated on the Premises.

30.6 Lessee shall not erect or permit the erection of any structure or building, nor permit the growth of any tree on the Premises, or any other obstruction that exceeds height requirements contained in 14 CFR Part 77 or amendments thereto, or interferes with the runway and/or taxiway "line of sight" of the control tower. In the event these covenants are breached, Lessor reserves the right to enter upon the Premises and to remove the offending structure or object at the expense of Lessee.

30.7 Lessee shall not make use of the Premises in any manner that might interfere with the landing and taking off of aircraft from the Airport or otherwise constitute a hazard. In the event this covenant is

breached, Lessor reserves the right to enter upon the Premises and cause the abatement of such interference at the expense of Lessee.

30.8 Nothing contained in this Lease shall be construed to grant or authorize the granting of an exclusive right within the meaning 49 U.S.C. §40103(e) and 47107 (a)(4).

30.9 This Lease and all of the provisions hereof shall be subject to whatever right the United States government now has, or in the future may have or acquire, affecting the control, operation, regulation and taking over of the Airport, or the exclusive or non-exclusive use of the Airport by the United States during the time of war or national emergency.

30.10 To the extent that Lessee conducts or engages in any aeronautical activity for furnishing services to the public at the Airport, Lessee shall furnish its services on a reasonable and not unjustly discriminatory basis to all users and charge reasonable and not unjustly discriminatory prices for each unit or service; except, however, that Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar type of price reductions to volume purchasers.

30.11 Lessee shall conform to Lessor and FAA safety and security rules and regulations regarding use of the Airport air operations area including runways, taxiways, taxilanes and aircraft aprons by vehicles, employees, customers, visitors, etc., in order to prevent security breaches and avoid aircraft incursions and vehicle/pedestrian deviations; complete and pass an airfield safe driving instruction program when offered or required by Lessor; and be subject to penalties as prescribed by Lessor for violations of Airport safety and security requirements.

31. TITLE VI

31.1 The tenant/Lessee and its transferee agree to comply with pertinent statutes, Executive Orders and such rules as are promulgated to ensure that no person shall, on the grounds of race, creed, color or national origin, sex, age or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance. Lessee understands and acknowledges that the FAA requires inclusion of and adherence to the terms and conditions of Title VI in all airport/aviation lease agreements where Lessor receives federal funding, including, Lessor in this instance.

31.2 During the performance of this contract, the tenant/lessee, for itself, its assignees, and successors in interest agrees as follows:

1. Compliance with Regulations: The tenant/lessee (hereinafter includes consultants) will comply with the Title VI List of Pertinent Nondiscrimination Acts and Authorities, as they may be amended from time to time, which are herein incorporated by reference and made a part of this contract.

2. Non-discrimination: The tenant/lessee, with regard to the work performed by it during the contract, will not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The tenant/lessee will not participate directly or indirectly in the discrimination prohibited by the Nondiscrimination Acts and Authorities, including employment practices when the contract covers any activity, project, or program set forth in Appendix B of 49 CFR Part 21.

3. Solicitations for Subcontracts, Including Procurements of Materials and Equipment: In all solicitations, either by competitive bidding, or negotiation made by the tenant/lessee for work to be performed under a subcontract, including procurements of materials, or leases of equipment, each potential subcontractor or

supplier will be notified by the tenant/lessee of the tenant/lessee's obligations under this contract and the Non-discrimination Acts And Authorities on the grounds of race, color, or national origin.

4. Information and Reports: The tenant/lessee will provide all information and reports required by the Acts, the Regulations and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the sponsor or the Federal Aviation Administration to be pertinent to ascertain compliance with such Nondiscrimination Acts and Authorities and instructions. Where any information required of a tenant/lessee is in the exclusive possession of another who fails or refuses to furnish the information, the tenant/lessee will so certify to the sponsor or the Federal Aviation Administration as appropriate, and will set forth what efforts it has made to obtain the information.

5. Sanctions for Noncompliance: In the event of a tenant/lessee's noncompliance with the Nondiscrimination provisions of this contract, the Recipient will impose such contract sanctions as it or the Federal Aviation Administration may determine to be appropriate, including, but not limited to:

- a. withholding payments to the tenant/lessee under the contract until the tenant/lessee complies; and/or
- b. cancelling, terminating, or suspending a contract, in whole or in part.

6. Incorporation of Provisions: The tenant/lessee will include the provisions of paragraphs one through six in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations and directives issued pursuant thereto. The tenant/lessee will take action with respect to any subcontract or procurement as the sponsor or the Federal Aviation Administration may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if the tenant/lessee becomes involved in, or is threatened with litigation by a subcontractor, or supplier because of such direction, the tenant/lessee may request the sponsor to enter into any litigation to protect the interests of the sponsor. In addition, the tenant/lessee may request the United States to enter into the litigation to protect the interests of the United States.

31.3 The Lessee for himself/herself, his/her heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree that (1) no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land, and the furnishing of services thereon, no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the lessee will use the premises in compliance with all other requirements imposed by or pursuant to the List of discrimination Acts And Authorities.

31.4 During the performance of this Lease, the tenant/Lessee, for itself, its assignees, and successors in interest agrees to comply with the following non-discrimination statutes and authorities; including but not limited to the following (which Lessor is required to disclose and include in such Lease and other agreements, pursuant to FAA regulation):

- Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d *et seq.*, 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin);
- 49 CFR part 21 (Non-discrimination In Federally-Assisted Programs of The Department of Transportation—Effectuation of Title VI of The Civil Rights Act of 1964);
- The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 U.S.C. § 4601), (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);

- Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. § 794 *et seq.*), as amended, (prohibits discrimination on the basis of disability); and 49 CFR part 27;
- The Age Discrimination Act of 1975, as amended, (42 U.S.C. § 6101 *et seq.*), (prohibits discrimination on the basis of age);
- Airport and Airway Improvement Act of 1982, (49 USC § 471, Section 47123), as amended, (prohibits discrimination based on race, creed, color, national origin, or sex);
- The Civil Rights Restoration Act of 1987, (PL 100-209), (Broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms “programs or activities” to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);
- Titles II and III of the Americans with Disabilities Act of 1990, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. §§ 12131 – 12189) as implemented by Department of Transportation regulations at 49 CFR parts 37 and 38;
- The Federal Aviation Administration’s Non-discrimination statute (49 U.S.C. § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
- Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures non-discrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;
- Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 Fed. Reg. at 74087 to 74100);
- Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 U.S.C. 1681 *et seq.*).

31.5 Lessee agrees that in the event improvements are constructed, maintained, or otherwise operated on the Premises for a purpose for which a Department of Transportation (DOT) program or activity is intended, or for another purpose involving the providing of similar services or benefits, Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, *Nondiscrimination in Federally Assisted Programs of the Department of Transportation*, as it may be amended.

32. FEDERAL FAIR LABOR STANDARDS ACT

This contract and all subcontracts that result from this contract incorporate by reference the provisions of 29 CFR part 201, the Federal Fair Labor Standards Act (FLSA), with the same force and effect as if given in full text.

The Lessee has full responsibility to monitor compliance to the referenced statute or regulation. The Lessee must address any claims or disputes that arise from this requirement directly with the U.S. Department of Labor – Wage and Hour Division.

33. OCCUPATIONAL SAFETY AND HEALTH ACT OF 1970

This contract and all subcontracts that result from this contract incorporate by reference the provisions of 29 CFR part 1910 with the same force and effect as if given in full text. Lessee must provide a work environment that is free from recognized hazards that may cause death or serious physical harm to the employee. The Lessee retains full responsibility to monitor its compliance and their subcontractor's compliance with the applicable requirements of the Occupational Safety and Health Act of 1970 (20CFR Part 1910). Lessee must address any claims or disputes that pertain to a referenced requirement directly with the U.S. Department of Labor – Occupational Safety and Health Administration

34. INCORPORATION OF QUITCLAIM DEED

Lessor owns the Airport pursuant to a Quitclaim Deed from the United States Government (“Deed”), a copy of which is available to Lessee upon request and is hereby incorporated in its entirety. To the extent the Deed has terms, conditions, obligations, requirements or restrictions that apply to this Lease, Lessor, Lessee or any matter in connection herewith, Lessee agrees to be bound by all the terms, covenants and conditions of the Deed, including the following:

- 34.1 That this Lease is subject to all terms and conditions of the Deed; and
- 34.2 That in case of any conflict between the Deed and this Lease, the Deed shall control.

35. REQUIRED PROVISIONS OF QUITCLAIM DEED

35.1 Section VI (A)(5)(c) of the Deed requires that the following provisions be included in this Lease:
35.1.1 In furnishing services to the public, Lessee shall not discriminate against any person or class of persons by reason of race, color, creed, or national origin, and Lessee shall otherwise provide such services on a fair, equal, and not unjustly discriminatory basis to all users thereof.

35.1.2 Lessee shall charge fair, reasonable, and not unjustly discriminatory prices for each unit for service; except, however, that the Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

35.2 If the Premises are within any of the archaeological sites identified in Section VIII.A of the Deed, then, the provisions of Section VIII of the Deed shall be deemed incorporated in this Lease by this express reference to Section VIII of the Deed.

35.3 To the extent the Deed requires that other specific provisions thereof be inserted in this Lease by express reference to the Deed, this sentence shall constitute an express reference to all such applicable provisions of the Deed.

36. ARCHEOLOGICAL OR CULTURAL RESOURCES

In the event any archeological or cultural resources are discovered during any construction contemplated or permitted by this Lease, Lessor shall use its best efforts to expedite any necessary actions with respect thereto, at Lessor's sole cost and expense; provided, however, that in the event the necessary actions with respect to any archeological or cultural resources exceeds or is estimated to exceed \$10,000.00, Lessee shall be entitled to terminate this Lease upon TEN (10) business days' prior written notice to Lessor.

37. AIRPORT SECURITY

37.1 PMGAA Operations Department maintains an approved Airport Security Plan (the "Security Plan") pursuant to 49 CFR Parts 1540 and 1542, and 14 CFR Part 139. Lessee shall at all times comply with PMGAA Operations Department security directives, security bulletins, or verbal notifications existing now or in the future.

37.1.1 Lessee is responsible for maintaining security practices, facilities, and perimeter boundaries on their leasehold that meet the security standards set forth by PMGAA Operations Department.

37.1.2 Lessee shall immediately correct physical or procedural deficiencies which are contrary to PMGAA Operations Department, security directives, security bulletins, or verbal notifications existing now or in the future.

37.1.3 Lessee shall, to the fullest extent permitted by law, indemnify, defend and hold PMGAA harmless for, from and against any security violation committed by any agents, employees, invitees, subcontractors, sub-lessees or independent contractors of Lessee.

37.1.4 Lessee shall conduct and document all self-audits and self-inspections as required by TSA or Airport Operations and make such audits available for inspection.

37.1.5 Lessee shall designate a primary security coordinator to receive security related briefings, bulletins and sensitive security information.

37.1.6 PMGAA reserves the right to modify the Security Plan from time to time, as necessary or as directed by TSA. PMGAA Airport Operations shall notify the Lessee security coordinator regarding modifications that effect Lessee.

37.2 Airport Security Badge.

37.2.1 Lessee employees/contractors that require a Badge shall be obligated to complete all training and comply with all security requirements and directives issued by PMGAA Airport Operations, Transportation Security Administration or other entity having security jurisdiction at PMGAA. Lessee, employees, and contractors will surrender security badges upon request by Airport Operations; physical security media (badges and keys) remain the property of PMGAA.

37.2.2 Lessee, employees and contractors shall comply with all security related audits, inspections, and screenings conducted by the PMGAA Airport Operations Department

37.2.3 Lessee will immediately return badges to the Airport Badging office when badge holders employment is terminated, the badge is no longer needed or the employee/contractor is on extended leave.

37.2.4 Misuse of a Badge or security procedures will bring about punitive action including suspension or revocation of one or all badges.

38. DEFAULT BY LESSOR

In the event of any alleged breach by Lessor of its covenants contained in this Lease, Lessee shall have available all rights and remedies provided at law or in equity, subject to the terms and conditions of this Lease; provided, however, Lessee may not exercise any such right or remedy unless Lessee has notified Lessor by

written notice of such alleged default, and Lessor has not cured such default within the THIRTY (30) calendar day period subsequent to receipt of such notice or, in the event such alleged default is of such a nature that it cannot reasonably be cured within such THIRTY (30) calendar day period, Lessor has failed to cure such alleged default with all due diligence. Notwithstanding anything to the contrary contained in this Lease, in no event shall Lessee be entitled to terminate this Lease or abate or offset any installment of Base Rent, or any other payments to be made by Lessee hereunder.

39. BROKERS

Lessee represents and warrants that it has not had any dealings with any real estate brokers, finders or agents in connection with this Lease. Lessee further agrees to indemnify, defend (with counsel selected by Lessor) and hold Lessor and Lessor's nominees, successors and assigns harmless from any and all claims, costs, commissions, fees or damages by any person or firm whom Lessee authorized or employed, or acted by implication to authorize or employ, to act for Lessee in connection with this Lease.

40. SALE BY LESSOR

Lessee agrees to look solely to Lessor's interest in the Premises for the recovery of any judgment from Lessor, it being agreed that neither Lessor nor the holders of the equity interests of Lessor, nor the members, partners, officers, directors or shareholders of Lessor shall be personally liable for any such judgment. In the event of any sale or other conveyance by Lessor of its interest in the Premises, Lessor shall be automatically freed and released from all personal liability accruing from and after the date of such sale or conveyance as respects the performance of any covenant or obligation on the part of Lessor contained in this Lease to be performed, it being intended hereby that the covenants and obligations contained in this Lease on the part of Lessor shall be binding on the Lessor and its successors and assigns only during and in respect to the respective successive periods of ownership of the Premises.

41. ESTOPPEL CERTIFICATE

Lessee shall, without charge, at any time and from time to time hereafter, within TEN (10) business days after written request of Lessor to do so, certify, by written instrument duly executed and acknowledged by Lessee and certified to Lessor and to any prospective lender or purchaser: (i) as to whether this Lease has been supplemented or amended, and if so, the substance and manner of such supplement or amendment; (ii) as to the existence of any default hereunder to the best of Lessee's knowledge; (iii) as to the date on which Lessee was obligated to commence paying Base Rent and all other charges hereunder and the expiration date of the Term; (iv) as to whether the Lessee has assigned or transferred its interests or any portion thereof in this Lease; and (v) as to any other matters as may be reasonably requested. Lessor and any prospective purchaser or lender to whom the same was certified may rely upon any such certificate.

42. MISCELLANEOUS

42.1 Personal Liability. No member of or employee of either Party shall be charged personally or held contractually liable by or to the other Party under any term or provision of this Lease because of any breach thereof, or because of its execution or attempted execution.

42.2 No Waiver. No provision of this Lease may be waived or modified except by a writing signed by the Party against whom such waiver or modification is sought.

42.3 Non-Waiver of Rights. No waiver or default by Lessor of any of the terms, conditions, covenants or agreements hereof to be performed, kept or observed by Lessee shall be construed or act as a waiver of any subsequent default of any of the terms, covenants, conditions or agreements herein contained to be performed, kept or observed by Lessee, and Lessor shall not be restricted from later enforcing any of the terms and conditions of this Lease.

42.4 Amendment. This Contract shall be modified only by a written amendment mutually agreed to and signed by both Parties, by persons duly authorized to enter into contracts on behalf of each Party.

42.5 Invalid Provisions. Should any provision of this Lease or any application thereof be held invalid by a court of competent jurisdiction, the remainder of this Lease shall not be affected thereby, unless one or both Parties would be substantially and materially prejudiced.

42.6 Litigation Expenses. In the event of litigation between Lessor and Lessee, the prevailing Party shall be entitled to recover its attorneys' fees and all costs and expenses of litigation, including witness fees, expert witness fees, and court costs.

42.7 Headings. The headings contained herein are for convenience in reference only and are not intended to define or limit the scope of this Lease or any term thereof.

42.8 Entire Agreement. This Lease, including exhibits attached hereto at the time of its execution, constitutes the entire agreement between the Parties hereto and supersedes all prior negotiations, understandings and agreements between the Parties concerning such matters.

43. INCORPORATION OF RECITALS

The recitals set forth herein are acknowledged by the Parties to be true and correct and are incorporated herein by this reference.

IN WITNESS WHEREOF, the Parties have executed this Lease the day and year first above written.

EXECUTED to be effective on the date specified above.

LESSOR:

**PHOENIX-MESA GATEWAY AIRPORT
AUTHORITY**, a joint powers authority authorized
by the State of Arizona

By: _____
J. Brian O'Neill, A.A.E.
Executive Director/CEO

STATE OF ARIZONA)
) ss.
County of Maricopa)

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me this ____ day of _____, 2017, by J. Brian O'Neill, A.A.E., in his capacity as the Executive Director/CEO of the Phoenix-Mesa Gateway Airport Authority, a joint powers authority authorized by the State of Arizona.

Notary Public

LESSEE:

Allegiant Air, LLC, a Nevada Limited Liability Company authorized to do business in the State of Arizona

By: _____
Thayne Klingler
Director of Airports

STATE OF _____)
) ss.
County of _____)

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me this ___ day of _____, 2017, by Thayne Klingler, in his capacity as Director of Airports, Allegiant Air, LLC, a Nevada Limited Liability Company

Notary Public

Exhibit A

DEPICTION OF THE PREMISES (SHADED AREA)

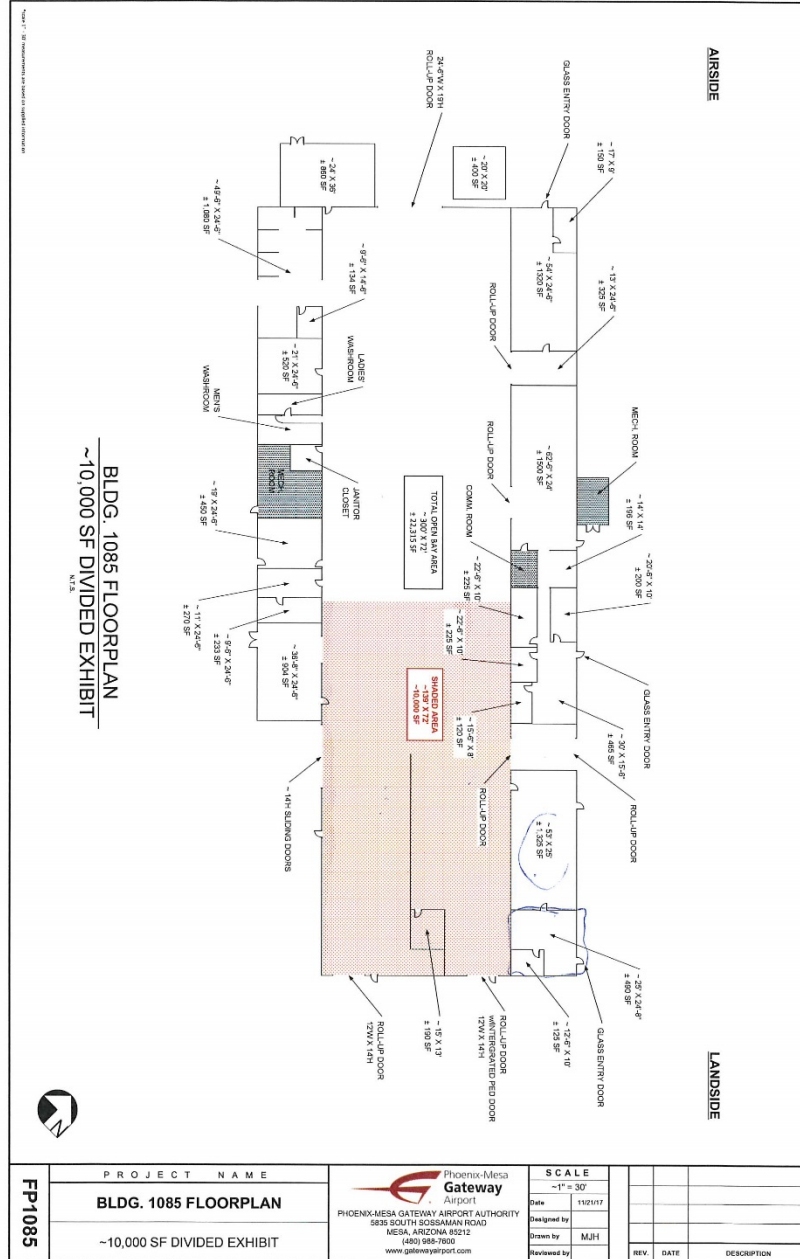


Exhibit B

AIRPORT RATES & CHARGES SCHEDULE

(SEE LINK)

http://www.gatewayairport.com/Documents/DocumentLibrary/Board%20Policies/Rates%20&%20Charges_20160701.pdf

AIRPORT FEES SERVICES & RENTAL RATES

(SEE LINK)

<http://www.gatewayairport.com/Documents/DocumentLibrary/ExecDirSect/Airport%20Fees%20Services%20and%20Rental%20Rates%20-%20Effective%20August%201,%202017.pdf?Uniqueifier=W5h3D5JXA8>

Exhibit C

AIRCRAFT OPERATIONS GUIDELINES

C1. Use of Airport. Lessee, Lessee's assigns, sub-lessees, or transferees who operate aircraft at the Airport and are engaged in a private, government, or commercial aeronautical business or service and desire to use the Airport landing facilities for certain types of operations including, but not limited to: 1) taxiing and maneuvering on Airport runways, taxiways, ramps and aprons; 2) landings and approaches ("touch and go", "stop and go"); and 3) low approaches shall be subject to the provisions of this **EXHIBIT C**.

C2. Fees. As appropriate, Lessee shall pay Lessor fees as outlined below:

C2.1 *Landing Fee.* Lessee shall pay a landing fee at a rate equal to the amount reflected on the most current *Airport Rates and Charges Schedule* at the time of the aircraft operation, for each flight subject to a landing fee operated by or in conjunction with Lessee. The weight of any particular aircraft shall be its maximum certificated gross landing weight (MGLW). The amount owed to Lessor for each chargeable aircraft landing for each preceding calendar month shall be due and payable no later than the TWENTIETH (20th) day of the month succeeding the calendar month in which said aircraft landings took place. Lessee's written listing of all aircraft landings subject to such fee shall accompany said payment. Each entry in such listing shall include the date of the landing, the aircraft registration number, the type and model aircraft, the aircraft MGLW and the amount of the fee due.

C2.2 *Aircraft Ramp Space.* Lessee shall pay Lessor monthly, an aircraft-parking fee in an amount equal to that specified in the most current *Airport Rates and Charges Schedule* at the time of use, for each overnight aircraft parking position used by Lessee that is situated on Airport ramp outside Lessee's Premises. Such fees, if any, shall be payable to Lessor no later than the TWENTIETH (20th) day of the month following that in which Lessee occupied or used such space, and such payment shall be accompanied by a written listing of the aircraft (including registration number, make and model), dates and times of usage.

C2.3 *Other Space.* When available and specifically assigned to Lessee, Lessee shall pay Lessor monthly, in advance, a fee for Lessee's non-exclusive use of other space not situated on or part of the Premises. The location and cost of such other space shall be determined by Lessor at its sole discretion, and both may be subject to change from time to time by Lessor, as necessary.

C2.4 *Additional Space/Services.* In the event that Lessee requires space or special services such as, but not limited to, aircraft line services, out-of-station ARFF standby, operations safety officers, ground service equipment, or fuel spills response teams, Lessee shall pay Lessor's standard fees for such services at the time the service is rendered, unless a secured account or agreement is established prior to requesting additional services.

C3. Books and Records. Lessee shall maintain permanent books, records and ledgers accurately reflecting the total number of monthly Aircraft landings for each aircraft subject to a landing fee and any other aforementioned fee indicating the make, type (including model designation), registration, maximum certificated gross landing weight, and arrival and departure time of each aircraft involved. These records shall be made available to Lessor upon request. In addition to monthly payment as set forth in SECTION C2 herein and together therewith, Lessee shall provide Lessor with a written report, indicating all aircraft operations and related information for the preceding calendar month.

C4. Disabled or Abandoned Aircraft. Should any aircraft owned or operated by Lessee through accident or for any other reason, become disabled or be abandoned in any area which could interfere with the continuous, normal operations of any of the runways, taxiways and airfield facilities at the Airport, Lessee shall:

C4.1 Immediately remove said aircraft to such location as may be designated by Lessor, unless such aircraft is required to remain in place pending investigation by the appropriate regulatory agency or agencies of the federal government; and

C4.2 In the event of any accident where federal investigation in place is required, immediately upon receiving clearance to do so from the appropriate federal agency, remove said aircraft and any wreckage or debris resulting therefrom to the area(s) designated by said federal agency authorizing such removal; otherwise, such aircraft wreckage and debris shall be immediately removed from the Airport or stored at a location approved by Lessor.

C4.3 Should Lessee fail to proceed immediately to remove disabled aircraft, or should aircraft owned or operated by Lessee be abandoned on the Airport, Lessor shall have the right to remove such aircraft by any means Lessor deems necessary under the circumstances, and Lessee shall indemnify, defend, keep and hold Lessor, its members, board of directors, officers, agents, officials, servants, employees and contractors harmless from and against any and all claims, costs, loss, liability, actions, suits, proceedings, damage or expense (including costs of suit and attorneys' fees and expenses) incurred by Lessor or claimed by anyone by reason of removal of said aircraft, injury to persons or property or damages to such aircraft caused by such removal, as well as storage costs therefor. Lessee shall reimburse Lessor for any costs incurred by Lessor in removing and storing any aircraft, any property damage to the airport caused by such aircraft or removal within TEN (10) business days of demand therefor.

C5. Aviation Fuel. Lessee, at Lessee's sole cost and expense, shall procure aviation fuel delivered to its aircraft on the Airport. If fueling or defueling aircraft owned or operated by Lessee, or under Lessee's direct control, Lessee shall comply fully with Lessor's *Aviation Fuel Storage, Dispensing and Handling Guidelines* and applicable federal regulations.

C6. Fly Friendly Procedures. Lessee acknowledges that Lessor maintains *Fly Friendly* noise abatement procedures, and shall provide such information to flight crews, post the information in the Lessee's flight planning area, and use the procedures to the extent possible, when consistent with safety and Air Traffic Control directives.

Exhibit D

(SEE LINKS)

AIRPORT MINIMUM STANDARDS

<http://www.gatewayairport.com/Documents/DocumentLibrary/Board%20Policies/Airport%20Minimum%20Standards.pdf>

&

AIRPORT RULES AND REGULATIONS

http://www.gatewayairport.com/Documents/DocumentLibrary/Board%20Policies/Rules%20&%20Regulations_16-53.pdf

Exhibit E
STANDARD TERMS AND CONDITIONS

1. **Certification.** By executing this Contract, Lessee certifies:
 - a. The award of this Contract did not involve collusion or other anti-competitive practices.
 - b. It shall not discriminate against any employee or applicant for employment in violation of Federal Executive Order 11246, or A.R.S. Section 31-1461, et. seq.
 - c. It has not given, offered to give, nor intends to give at any time hereafter, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant in connection with this Contract; and Lessee hereby certifies that the individual signing this Contract is an authorized agent for Lessee and has the authority to bind the Lessee to the Contract.
2. **Arbitration.** At PMGAA's sole option, disputes between the parties may be resolved through arbitration as provided in A.R.S. Section 12-1501, *et seq.* Lessee shall continue to render the services required by this Contract without interruption, notwithstanding either party has filed suit against the other or PMGAA has expressly agreed to arbitration and either party has demanded arbitration.
3. **Affirmative Action.** Lessee shall abide by all the federal and state of Arizona provisions for equal opportunity in the work place.
4. **Human Relations.** Lessee shall abide by all the federal and state of Arizona provisions against discrimination of disadvantaged business enterprises in applicable PMGAA contracts.
5. **Gratuities.** PMGAA may, by written notice to the Lessee, cancel this Contract if it is found that gratuities, in the form of entertainment, gifts or otherwise, were offered or given by Lessee or any agent or representative of Lessee, to any officer or employee of PMGAA amending, or the making of any determinations with respect to the performing of such Contract. If this Contract is canceled by PMGAA under this provision, PMGAA shall be entitled, in addition to any other rights and remedies, to recover or withhold from the Lessee the amount of the gratuity.
6. **Provisions Required by Law.** Each and every provision of law and any clause required by law to be in the Contract shall be read and enforced as though it were included herein, and if through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then upon the application of either party the Contract shall forthwith be physically amended to make such insertion or correction.
7. **Rights and Remedies.** No provision in this Contract shall be construed, expressly or by implication, to waive either party's existing or future claim, right, or remedy available by law for breach of contract. The failure of either party to insist on strict performance of any Contract term or condition; to exercise or delay exercising any right or remedy provided in the Contract or by law; or to accept materials, services, or Lessee's services under this Contract or imposed by law, shall not be deemed a waiver of any right of either party to insist upon strict performance of the Contract.
8. **Right to Assurance.** Whenever one party to this Contract in good faith has reason to question the other party's intent to perform, the former party may demand that the other party give a written assurance of this intent to perform. If a demand is made and no written assurance is given within five (5) business days, the demanding party may treat this failure as an anticipatory repudiation with this Contract.
9. **Advertising.** Lessee shall not advertise or publish information concerning this Contract without prior written consent of PMGAA.
10. **Force Majeure**

- a. Neither party is liable to the other, and neither party may be deemed in default under this Contract, if and to the extent that such party's performance of this Contract is prevented by reason of Force Majeure. The term "Force Majeure" means an occurrence that is beyond the control of the party affected and occurs without its fault or negligence. Force Majeure does not include late performance by a subcontractor unless the delay arises out of a specific Force Majeure in accordance with this Force Majeure term and condition.
- b. If either party is delayed at any time in the progress of the work by Force Majeure, the delayed party shall notify the other party in writing, as soon as practical, of the delay and shall specify the causes of delay in the notice. The notice must be hand-delivered or mailed certified-return receipt and must specifically refer to this section. The delayed party shall cause the delay to cease as soon as practicable and shall notify the other party in writing when it has done so. The date of completion will be extended by Contract modification or amendment for the period of time that the completion date is necessarily delayed. This time extension is the Consultant's exclusive remedy for delay.
11. **Exclusive Possession.** All services, information, computer program elements, reports, and other deliverables, which may be created under this Contract, are the sole property of PMGAA and shall not be used or released by Lessee or any other person except with prior written permission by PMGAA.
12. **Licenses.** Lessee shall maintain in current status all federal, state, and local licenses and permits required for the operation of the business conducted by Lessee as applicable to this Contract.
13. **Subsequent Employment.** PMGAA may cancel this Contract without penalty or further obligation in accordance with A.R.S. Section 38-511 if any person significantly involved in initiating, negotiating, securing, drafting, or creating the contract, on behalf of the PMGAA is or becomes, at any time while the Contract or any extension of the contract is in effect, an employee of, or a contractor to any other party to this Contract with respect to the subject matter of the Contract. Such cancellation shall be effective when the parties to this Contract receive written notice from PMGAA, unless the notice specifies a later time.
14. **Patents.** Lessee shall defend, indemnify, and hold harmless PMGAA, its officers and employees from all liabilities, claims, damages, costs, or expenses, including, but not limited to attorneys' fees, for any alleged infringement of any person's patent rights or copyrights in consequence of the use by PMGAA, its officers, employees, agents, and other duly authorized representatives of tangible or intellectual property supplied to PMGAA by Lessee under this Contract.
15. **E-Verify Requirements.** To the extent applicable under A.R.S. § 41-4401, Offeror and its subcontractors warrant compliance with all federal immigration laws and regulations that relate to their employees, and compliance with the E-Verify requirements under A.R.S. §23-214(A). Offeror's or its subcontractors' failure to comply with such warranty shall be deemed a material breach of this Contract and may result in the termination of this Contract by PMGAA.



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Shea Joachim, CEcD, Business Development Director
Through: J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Jetstrip Inc., Facility Lease Agreement
Date: December 19, 2017

Proposed Motion

To authorize a facility lease agreement with Jetstrip Inc. for the property located at 7744 E Velocity Way, Mesa, AZ 85212. The lease term is five years commencing on January 1, 2018.

Narrative

Jetstrip is the current tenant in the facility located at 7744 E Velocity Way. The current lease agreement expires on December 31, 2017. With this new lease agreement Jetstrip will continue to utilize the building as a bead blast facility.

Agreement Term and Rate

The term of this lease agreement is five (5) years.

The initial lease rate is \$43,660.56 annually or \$3,638.38 per month, for 6,032 SF, located on 1.46-acre lot.

The initial lease rate will increase by 2% on every 12-month anniversary of the Effective Date.

Attachment(s)

Facility Lease Agreement



RESOLUTION NO. 17-60

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute § 28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS, the Authority desired to enter into a facility lease with Jetstrip Inc.;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes a facility lease agreement with Jetstrip Inc. for the property located at 7744 E Velocity Way, Mesa, AZ 85212. The lease term is five years commencing on January 1, 2018. This resolution also authorizes the Chair or Executive Director/CEO to execute such Agreement, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 19th day of December, 2017.

Jenn Daniels, Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Attorney



Phoenix-Mesa Gateway Airport Authority

FACILITY LEASE

with

JETSTRIP INC.

Effective Date: January 1, 2018

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Phoenix-Mesa Gateway Airport Authority FACILITY LEASE

This Facility Lease (“Lease”) is executed to be effective the First (1st) day of January 2018 (“Effective Date”) between the PHOENIX-MESA GATEWAY AIRPORT AUTHORITY, a joint powers authority authorized by the State of Arizona (“Lessor”), and JETSTRIP INC., an Arizona corporation (“Lessee”). Lessor and Lessee may be referred to jointly as “Parties,” and each separately may be referred to as a “Party.”

WITNESSETH:

WHEREAS, Lessor is the owner and operator of the Phoenix-Mesa Gateway Airport generally located at the intersection of Ray Road and Sossaman Road, City of Mesa, Maricopa County, Arizona (Airport”); and

WHEREAS, Lessor has the right to lease, license and grant the use of property and facilities on the Airport and has full power and authority to enter into this Lease in respect thereof; and

WHEREAS, Lessor desires to lease to Lessee, and Lessee desires to lease from Lessor, that certain real property at the Airport located at 7744 E. Velocity Way, Mesa, AZ 85212, and described as Building 1541, consisting approximately Six Thousand Thirty-Two (6,032) square feet, located on a 1.46-acre lot, as set forth in Exhibit A attached hereto (“Premises”); and

WHEREAS, Lessor desires to lease the Premises to Lessee on the terms and conditions set forth herein;

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements herein contained, the Parties do hereby undertake, promise and agree, each for itself and its successors and assigns, as follows:

1. LEASE

Lessor hereby leases the Premises to Lessee, subject to all easements and rights of way that may encumber the Premises, and further subject to all operational and use restrictions and other terms and conditions set forth in this Lease.

1.1 Right to Use Premises. Lessor agrees that so long as Lessee shall timely pay the Base Rent and other charges required to be paid hereunder, and perform all of its other obligations under this Lease, Lessee shall peaceably have and enjoy the use of the Premises without hindrance from Lessor. Lessee specifically acknowledges that Lessee has inspected the Premises prior to entering into this Lease and agrees to accept the Premises in an “as is, where is” condition without any warranty or representation from Lessor, either express or implied, of any kind or nature whatsoever with respect to the Premises, including, but not limited to, any warranty of merchantability, habitability, or fitness for any particular or specific purpose, and all such warranties are hereby disclaimed. Should Lessee desire any inspection report, environmental assessment, survey, creation of a legal description, drainage report, or any similar study, Lessee shall be responsible for the same at Lessee’s sole expense.

1.2 Substitution of Premises. In addition to Lessor's other rights set forth in this Lease, Lessor reserves the right, upon no less than Ninety (90) calendar days prior written notice to Lessee, to substitute Comparable Areas for all or any portion of the Premises, including any additions, alterations or improvements thereon, should Lessor, in its reasonable discretion, determine that taking of the Premises, any portion thereof or any improvement thereon, is required for other Airport purposes, and there exists no appropriate alternative. In the event Lessor makes the determination to exercise its rights to substitute, all title, right and interest to the portion of the Premises taken shall immediately vest in Lessor on the date that is Ninety (90) calendar days following receipt of Lessor's notice, or such later date as specified therein. Furthermore, Lessor may require Lessee to vacate any portion or all of the Premises taken. For the purposes of this Section 1.2, the term "Comparable Areas" is defined to mean other facilities at the Airport, or any additions or extensions thereof, similar in size to the Premises, brought to the same level of improvement as the Premises and having the same or similar usefulness to Lessee as the portion taken. Lessor shall bear all expenses of bringing the substituted area to the same level of improvement as the Premises, and of moving Lessee's improvements, equipment, furniture and fixtures to the substituted area. If any of Lessee's improvements, equipment, furniture or fixtures cannot be relocated, Lessor shall replace, at Lessor's expense, such non-relocatable improvements and other property with comparable property in the Premises, and Lessor shall be deemed the owner of the non-relocated improvements and other property, free and clear of all claims of any interest or title therein by Lessee, or any other third party whomsoever. It is the specific intent of this Section 1.2 that Lessee be placed, to the extent possible, in the same position it would have been, had Lessor not substituted new premises for the Premises; provided, however, that Lessor shall not be obligated to reimburse Lessee for any damages, including lost profits or revenues, due to such substitution. Notwithstanding the foregoing, Lessor shall use reasonable efforts to avoid disruption to Lessee's business.

1.3 Access. Lessee is granted the right of reasonable access to and from the Premises via such portions of the Airport as are or may be necessary to allow Lessee to conduct its business operations permitted herein at and on the Premises and the Airport. Lessor reserves the right to designate the location of such access and to change its location from time to time, as Lessor deems reasonably necessary and appropriate; provided such changes do not materially interfere with Lessee's use of or access to the Premises.

1.4 Permitted Uses. Subject to the provisions of Section 1.5, Lessee may use the Premises for bead-blast, paint and primer removal shop, an administrative office, meeting and storage space. Lessee's use of the Premises and operation of its business at and on the Airport and the Premises is subject to all applicable laws, rules and regulations of any governmental authority, including Lessor, and to Lessee's compliance with applicable provisions of the Airport Rules and Regulations and Minimum Standards.

1.5 Prohibited Activities. Lessee shall not use or permit its agents, employees, contractors, invitees, licensees or customers to use the Premises or the Airport for any use that is in violation of the Airport Rules and Regulations, the Airport Minimum Standards, any matters of record, or applicable laws, rules, regulations and operating policies of any governmental authority, including Lessor, or for any other activity or operation not specified in Section 1.4 herein, or that does not have advance, written approval of Lessor's Executive Director.

1.6 Continuous Operation. Upon commencement of business operations at and on the Premises and the Airport, Lessee shall designate an on-site manager for the term of this Lease who shall be available to Lessor and Lessee's customers, if any, during normal business hours, and otherwise as required by the Airport Minimum Standards, as applicable.

1.7 Lessee Acknowledgement. Lessee acknowledges this Lease is a MODIFIED GROSS LEASE and agrees that its obligations to pay Base Rent and all other charges due and owing under the terms hereof shall be absolute and unconditional, and shall not be affected by any circumstances whatsoever, including, without limitation: (i) any set-off, counterclaim, recoupment, defense or other right which Lessee may have

against Lessor or the United States of America or anyone else for any reason whatsoever; (ii) any liens, encumbrances or rights of others with respect to the Premises; (iii) the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease or any lack of right, power or authority of Lessor or Lessee to enter into this Lease; (iv) any insolvency, bankruptcy, reorganization or similar proceedings by or against Lessee, or any other person; or (v) any other cause, whether similar or dissimilar to the foregoing, any future or present law notwithstanding, it being the intention of the Parties hereto that all rent being payable by Lessee hereunder shall continue to be payable in all events and in the manner and at the times provided herein.

2. TERM

Initial Term. The term of this Lease shall be for a period of Five (5) years, commencing on the Effective Date and terminating on December 31, 2022 thereafter ("Term").

3. NON-EXCLUSIVE RIGHTS

Lessee shall have the exclusive right to occupy and use the Premises while in compliance with the terms and conditions of this Lease. All other rights granted to Lessee under this Lease are nonexclusive. Lessor may, in its sole discretion and at any time, permit third parties to conduct any and all business activities at the Airport that Lessor deems appropriate, or conduct such activities itself, provided that such activities do not require or materially interfere with Lessee's use of the Premises.

4. RENT

4.1 Base Rent. Lessee agrees to pay Lessor annual rental fee for the use of the Premises in the amount of Forty-Three Thousand Six Hundred Sixty and 56/100 Dollars (USD\$43,660.56), payable in equal monthly installments of Three Thousand Six Hundred Thirty-Eight and 38/100 Dollars (\$3,638.38) ("Base Rent"). The Base Rent shall be payable in advance, without any prior demand therefor and without any abatement, deductions or set-offs whatsoever, and tendered in lawful currency of the United States, either by check or electronic transfer. All payments referenced in this Lease shall be payable exclusively in United States Dollars.

4.2 Rent Increases. The annual Base Rent paid by Lessee shall be increased on every Twelve (12) month anniversary of the Effective Date of this Lease by a percentage equal to Two percent (2%).

4.3 Internet Services. Lessee shall pay the most current, published monthly internet connection fee in the Airport Fees, Services and Rental Rates (currently \$85.00/month) for Internet Service provided by Lessor. The Airport Fees, Services and Rental Rates are subject to change. Lessee may, at any time during this agreement, cancel service from Lessor and obtain internet service at Lessee's own cost from a third-party vendor. At a time that a third-party internet service is available to Lessee, Lessor may, at Lessor's sole discretion, choose to discontinue providing STS to Lessee.

4.4 Airport Rates and Charges Schedule and Airport Fees, Services & Rental Rates. Lessee or its subtenants, as applicable and including its contractors, agents, etc., shall pay all fees identified in the most current Airport Rates and Charges Schedule and Airport Fees, Services & Rental Rates at the time of receipt of any covered service or use of any covered facilities, unless specifically outlined in this Lease. The current Airport Rates and Charges Schedule and Airport Fees, Services & Rental Rates is included as Exhibit B and incorporated herein by reference and is subject to change without prior notice or approval of Lessee. Lessee acknowledges and agrees that Lessor may amend the Airport Rates and Charges Schedule and Airport Fees, Services & Rental Rates at any time at Lessor's sole discretion, and that no fee [referenced in the Airport Rates and Charges Schedule and Airport Fees, Services & Rental Rates] shall apply to the use of the Premises or access to the Premises.

4.5 Payment.

4.5.1 Unless otherwise specified herein, the first payment of Base Rent shall be paid to Lessor upon the delivery of this Lease, for the period from the Effective Date until the end of the calendar month in which the Effective Date occurs, prorated based on the number of such days to the total number of days in said month. All payments referenced in this Lease shall be payable exclusively in United States Dollars. Thereafter, all Base Rent payments shall be paid in monthly installments, in advance, on the first day of each calendar month ("Base Rent Due Date"). On each such date, Lessee shall pay the full Base Rent payment.

4.5.2 No payment to or receipt by Lessor of a lesser amount than that which is due and payable under the provisions of this Lease at the time of such payment shall be deemed to be other than a payment on account of the earliest payment due, nor shall any endorsement or statement on any check or payment prejudice in any way Lessor's right to recover the balance of such payment or pursue any other remedy provided in this Lease or by law.

4.5.3 All payments (and reports, if any) required by this Section 4.5 shall be remitted to the following address by the due date(s) specified hereinabove:

Phoenix-Mesa Gateway Airport Authority
Attn.: Department of Finance (Accounts Receivable)
5835 S. Sossaman Road
Mesa, Arizona 85212-6014
or such other address specified in writing by Lessor to Lessee.

4.6 Finance Charges and Late Fees. If Lessee fails to pay any installment of Base Rent or any other charge due and owing to Lessor in full on or before the applicable due date, Lessee shall be responsible for interest on the unpaid installment at the rate of Eighteen Percent (18%) per annum from the due date until payment in full is made. In addition, in the event any installment of Base Rent or other charge owing to Lessor is paid more than Ten (10) days after the due date, a late penalty of Ten Percent (10%) of the amount of such delinquent Base Rent installment or other charge shall be due and payable in addition thereto.

4.7 Taxes. In the event any governmental authority shall impose a tax or imposition based upon any Base Rent payments or any other sums paid or owing hereunder, or the receipt of such payments by Lessor, Lessee shall pay such amounts to Lessor at the same time and in addition to payments hereunder, which amounts may include, but are not limited to, any or all rental, transaction privilege, sales, excise or other similar tax except income taxes.

4.8 Survival. Lessee's obligation to pay all amounts stated herein, together with any interest thereon and/or penalties therefor, shall survive the termination of this Lease.

5. PERFORMANCE GUARANTEE

5.1 Security Deposit.

5.1.1 So long as the Base Rent and STS Fee shall be paid on time and in full by the Base Rent and STS Fee Due Date each month, no security deposit is required. Otherwise and upon Ten (10) days written notice from Lessor, Lessee shall pay to Lessor an amount equal to Two (2) months Base Rent as a security deposit (the "Security Deposit") to insure the faithful performance of all of Lessee's obligations hereunder.

5.1.2 The Security Deposit, at the election of Lessor, may be applied in reduction of any loss and/or damage sustained by Lessor by reason of the occurrence of any breach, nonperformance or default by Lessee under this Lease without the waiver of any other right or remedy available to Lessor at law, in equity

or under the terms of this Lease. If any portion of the Security Deposit is so used or applied, Lessee shall, within five (5) business days after written notice from Lessor, deposit with Lessor immediately available funds in an amount sufficient to restore the Security Deposit to its original amount. In the event of a sale or other transfer of the Premises by Lessor, Lessor shall transfer the remaining balance (if any) of the Security Deposit to Lessor's successor in interest, whereupon the transferor Lessor shall be released from liability to Lessee for the return of such Security Deposit. Unless this Lease is terminated as a result of Lessee's default whereupon Lessee shall immediately forfeit its Security Deposit to Lessor, upon termination, Lessor shall return to Lessee all portions of the Security Deposit which were not otherwise applied by Lessor as permitted above. Lessor shall have no obligation to maintain a separate account for such security deposit and shall have no obligation to pay interest thereon.

5.2 Reserved.

6. AIRCRAFT OPERATIONS GUIDELINES

If and to the extent that Lessee, including its subtenants, contractors, agents, etc., operates aircraft at or on the Airport, Lessee shall be subject to the provisions of Exhibit C. If any subtenant, contractor or agent of Lessee conducting activities on or at the Premises operates aircraft at the Airport, all shall be subject to the provisions of Exhibit C, which Lessor may enforce directly against such subtenant, contractor or agent, but Lessee shall have no direct liability or responsibility with respect to such matters; except, however, Lessee shall be responsible for compliance by its subtenants, contractors and/or agents with the Airport Rules and Regulations and Minimum Standards, as appropriate.

7. IMPROVEMENTS

7.1 Lessor shall, at its sole cost and expense, construct improvements on the Premises that generally shall consist of installation of new LED lights within the hangar portion of the Premises ("LED Light Improvements"), replacement of the exterior roof surface ("Roof Improvements") and exterior paint of the Facility (Paint Improvement). Lessee may install LED Light Improvements and shall be reimbursed by Lessor through a rent credit. If Lessee chooses to perform the LED Light Improvements Lessee shall submit a written request pursuant to Section 7.3, provide at least two cost estimates from reputable contractors for LED Light Improvements, and receive written approval from Lessor for LED Light Improvements. Lessee shall provide Lessor proof of payment for the LED Light Improvements. Lessor shall establish a monthly rent credit that amortizes the cost of the LED Light improvements over a twelve (12) month period. However, the monthly rent credit shall never exceed the monthly base rent amount.

7.2 Construction Milestones. Lessor shall construct the LED Light Improvements and the Roof Improvements pursuant to the following schedule (each of which events are herein called a "Construction Milestone"):

7.2.1 LED Light Improvements shall be completed no later than December 31, 2018

7.2.2 Roof Improvement shall be completed no later than July 31, 2018.

7.2.3 Paint Improvement shall be completed no later than December 31, 2019

7.3 No Alterations. Lessee shall make no material improvements or alterations to the Premises during the Term of this Lease without the prior written permission of Lessor, which shall not be unreasonably withheld or delayed and, if and to the extent applicable, without the approval by Lessor's Design Review Committee. Lessee shall provide Lessor with electronic as-built drawings (or their equivalent) when any improvement or alteration is completed for which such drawings are reasonably required.

7.4 Title to Alterations and Improvements. Title to all Improvements and alterations on the Premises (but not personal property or trade fixtures) shall vest in Lessor upon the expiration of this Lease, and Lessee agrees to execute and deliver to Lessor, within Ten (10) business days after Lessor's request therefor, a quitclaim deed confirming that title to such improvements and alterations is vested in Lessor.

7.5 Mechanics' Liens. Lessee shall keep the Premises and all improvements constructed by Lessee thereon free of any mechanic or materialmen's liens. In the event that any such lien is filed, Lessee shall, at its sole cost, cause such lien to be removed from the Premises by bonding or otherwise within Thirty (30) calendar days of notice thereof.

7.6 Permit Required. Lessee shall be responsible for determining whether it is subject to local building/construction codes or permit requirements, and for compliance with them to the extent they are applicable. All structural, electrical, plumbing or mechanical construction or reconstruction shall conform to City of Mesa ("City") construction and technical codes. No such work shall be commenced without first submitting required plans and obtaining required permits from the City. All such work shall be permitted, inspected and approved by the City prior to concealment or use. Lessee shall provide to Lessor a contemporaneous copy of Lessee's permit application and the associated plans and specifications.

7.7 Damage or Destruction. Lessee shall maintain insurance on all of Lessee's improvements to the Premises. In the event that all or any portion Lessee's improvements are destroyed or rendered unusable due to fire or other catastrophe, Lessee shall replace, repair, restore, modify or improve said improvements, subject to the provisions of Section 7.6, using available insurance proceeds together with any additional funds from other available sources, or, alternatively, Lessee shall pay the replacement cost of the improvements to Lessor.

8. MAINTENANCE

8.1 Responsibilities.

8.1.1 *Lessee.* Lessee shall, at its sole cost and expense, keep the Premises and all improvements therein in a neat and clean condition and in good order, condition and repair throughout the Term. Lessee shall provide premises custodial, landscaping and grounds maintenance. Lessee shall be responsible for all maintenance and repair of the bead blast system and any operating components thereof.

8.1.2 *Lessor.* Lessor shall maintain all mechanical, electrical, plumbing, drain, piping and air conditioning systems on the Premises, sustain and maintain the structural integrity of the Premises, including the exterior roof, fire suppression system and all utility connections where they enter the Premises throughout the Term.

8.2 Damage to Lessor Property. Any real or personal property of Lessor damaged or destroyed by Lessee as a result of Lessee's use or occupancy of the Premises shall be promptly repaired or replaced by Lessee to the satisfaction of Lessor. In lieu of such repair or replacement, where required by Lessor, Lessee shall pay to Lessor an amount sufficient to compensate for the loss sustained by Lessor.

8.3 Trash Removal. Lessee shall at all times keep the Premises in a neat, clean, safe, sanitary and orderly condition and shall keep such area free of all trash and debris. Lessee shall, at Lessee's expense, be responsible for all trash removal from the Premises. Such trash removal shall be performed on a not less than weekly basis, and all trash shall be disposed of off the Airport. Prior to its removal from the Airport, Lessee shall deposit all trash and debris only at collection stations located on the Premises, in accordance with City code.

8.4 Emergency Repairs. Within FIFTEEN (15) days of the Effective Date, Lessee shall provide Lessor with a list of names and telephone numbers for 24-hour emergency contact for the Premises. Lessee shall promptly provide Lessor with updated lists and changes as necessary.

9. ASSIGNMENT, SUBLETTING AND OTHER TRANSFERS

9.1 Any Transfer of Lease Interest Requires Lessor Advance Written Approval. In the event Lessee desires to transfer, assign, encumber, pledge or hypothecate any portion of its interest in this Lease or any right or interest hereunder (including, but not limited to as part of a mortgagor deed of trust or an assignment by means of a foreclosure or trustee's sale thereunder)(individually and collectively, "Transfer"), or sublet the Premises or any part thereof, Lessee must obtain the prior written consent of Lessor, with such consent to be in the sole and absolute discretion of Lessor without exception. Where Lessor approves in writing of such Transfer, Lessor shall be entitled to request and acquire written financial assurances, including, but not limited to financial statements, business plans and other information related to the financial condition and plans of any proposed transferee. Further, Lessor, may in its sole and absolute discretion require that Lessee still be liable at law and at equity, as well as financially liable, under the Lease, regardless of whether the assignee expressly assumes in writing all of Lessee's obligations under this Lease or in the case of a sublease. Lessee understands and agrees to these terms and conditions regarding any proposed Transfer, and that any violation of this Section 9, may irreparably harm Lessor as the requirements set forth herein are directly related to PMGAA's (and any Lessee's) legal and financial obligations to the Federal Aviation Administration. This section 9 shall remain valid and enforceable even in the event of amendment to or repeal of FAA regulations, so long as this section 9 does not directly conflict therewith.

9.2 Lessee's Required Advanced Notice to Lessor of Proposed Transfer. In order for Lessor to even consider a Transfer, Lessee must: (i) notify Lessor in writing at least Forty-five (45) days prior to such proposed transfer; (ii) deliver to Lessor, at the time of Lessee's notice, current financial statements of Lessee and the proposed transferee (along with transferee's business plans) that are reasonably acceptable to Lessor; and (iii) the transferee assumes and agrees in writing to perform Lessee's obligations under this Lease. However, nothing herein shall be construed as Lessor providing its consent to any Transfer or relieving Lessee of any legal, financial or other obligation under the Lease, regardless of Lessor's acceptance or refusal to accept such proposed transfer of Lease. For purposes of this Section 9.2, "Affiliate" means any person or entity that, directly or indirectly, controls, is controlled by or is under common control with Lessee. For purposes of this definition, "control" shall mean possessing the power to direct or cause the direction of the management and policies of the entity by the ownership of a majority of the voting securities of the entity.

9.3 Deemed Transfers. For the purposes of this Lease, a Transfer shall be deemed to include, but not be limited to, the following: (i) if Lessee is a corporation, partnership, limited liability company or other legal entity, the transfer of any ownership interest in such entity resulting in a change in the present control of such entity by the person or persons owning a majority of the ownership interest thereof as of the date of this Lease; provided, however, if Lessee is a corporation whose stock is traded on a nationally recognized stock exchange, the transfer of Lessee's stock shall not constitute a Transfer requiring Lessor's consent; or (ii) the sale of TWENTY-FIVE PERCENT (25%) or more in value of the assets of Lessee.

9.4 Subletting.

9.4.1 Lessee may sublease all or portions of the Premises if the following conditions are met:

- a. The sublease and any amendments or modifications thereto are approved in advance and in writing by Lessor with such approval being in the sole and absolute discretion of Lessor, or are in a form which shall have been previously approved in

writing (except for changes that do not materially impact Lessor's rights and interests) by Lessor. If a pre-approved form is used, Lessor's advance approval of the actual sublease and any amendments or modifications thereto is not required.

- b. Rent for subleased premises shall not be less than fair market value.
- c. Sub-lessee(s) shall not pay, and Lessee shall not accept, prepayment of rent in excess of One (1) month's rent.
- d. The sublease(s) and sub-lessee(s) shall at all times be subject to the terms and conditions of this Lease.
- e. The permitted uses of the Premises under any sublease shall be the same as that permitted under this Lease.
- f. The term of any sublease shall not extend beyond the stated expiration of this Lease.
- g. Lessee shall still be financially and legally responsible pursuant to the terms of the Lease.

9.4.2 Upon request from Lessee, Lessor shall enter into a Non-Disturbance and Attornment Agreement; provided, however, that: (i) the conditions of Section 9.4.1 have been met; (ii) the sub-lessee is not then in default beyond an applicable cure period under the sublease or this Lease; (iii) the sub-lessee does not have a history of noncompliance with the Airport Rules and Regulations or Minimum Standards; and (iv) any such agreement must be in compliance with applicable federal laws and regulations, including, but not limited to including a clear statement that that the Lease is, and will be at all times, subordinate to PMGAA's and the Airports federal obligations, and that all parties acknowledge and agree that PMGAA shall at all times have the ability to remediate any conditions, circumstances, agreements or the like associated with the Premises or the Lease, where such conditions, circumstances, agreements may in PMGAA's reasonable determination place PMGAA or the Airport in violation of its federal obligations. All legal fees incurred by Lessor in connection with any reasonably necessary legal counsel review and approval of a Non-Disturbance and Attornment Agreement shall be paid by Lessee.

9.4.3 Lessee shall not allow any sub-lessee unescorted access to the secured areas of the Airport unless and until the sub-lessee has obtained its own valid Airport security clearance and media from Lessor. Lessee acknowledges that it may take Thirty (30) calendar days or more to process sub-lessee for security clearance and media.

9.4.4 Lessee shall submit a copy of each fully executed sublease to Lessor as soon as possible, but no later than Five (5) business days after execution.

9.5 Non-Disturbance. Lessor agrees, for the benefit of all subtenants of all or any part of the Premises, that if this Lease or Lessee's right to possession of the Premises is terminated for default or otherwise, all subleases of all or any part of the Premises, except any sublease to an affiliate of Lessee, shall continue in full force and effect, notwithstanding the termination, as direct leases between Lessor and the subtenants and all such subtenants shall, upon request, attorn in writing to Lessor.

9.6 This Lease and all provisions hereof are subject and subordinate to the terms and conditions of the instruments and documents under which PMGAA acquired the subject property from the United States

of America and shall be given only such effect as will not conflict or be inconsistent with the terms and conditions contained in the lease of said lands from PMGAA and any existing or subsequent amendments thereto, and are subject to any ordinances, rules or regulations which have been, or may hereafter be adopted by PMGAA pertaining to the Airport.

10. IDENTIFICATION SIGNS

Lessee may install on the Premises, a sign or signs identifying its business on the exterior of the Premises; provided, however, that the general type, size, and location of such sign(s) shall conform to Lessor's Comprehensive Sign Plan, be approved in writing by Lessor in advance of installation and be subject to any signage rules, codes and/or regulations of any governmental authority.

11. DEFAULT; TERMINATION BY LESSOR

11.1 Events of Default. Each of the following shall constitute a material default of this Lease by Lessee ("Event of Default"):

11.1.1 Failure to pay any installment of Base Rent or other amount due from Lessee hereunder, or required by any other agreement between the Parties, provided that Lessee does not cure such failure within TEN (10) business days after delivery by Lessor of a written notice of such failure.

11.1.2 Failure to perform any of its other obligations under this Lease, provided that Lessee does not cure such failure within THIRTY (30) calendar days after delivery by Lessor of a written notice of such default; provided, however, if a cure of the default reasonably requires more than THIRTY (30) calendar days to complete, then the time to cure shall be extended so long as the cure is being diligently pursued.

11.1.3 The filing of any mechanic's, materialmen's or other lien of any kind against the Premises because of any act or omission of Lessee which lien is not discharged, by bonding or otherwise, within THIRTY (30) calendar days of receipt of actual notice thereof by Lessee.

11.1.4 The Transfer or attempted transfer of any interest in the Lease to any transferee without Lessor's advance written authorization, which Lessor may withhold in its sole and absolute discretion.

11.2 Lessor's Remedies. Upon the occurrence of an Event of Default under this Lease, Lessor may, without prejudice to any other rights and remedies available to a Lessor at law, in equity or by statute, but subject to the provisions of SECTIONS 9.2 and 23 herein, exercise one or more of the following remedies, all of which shall be construed and held to be cumulative and non-exclusive:

11.2.1 Terminate this Lease and re-enter and take possession of the Premises; or

11.2.2 Without terminating this Lease, re-enter and take possession of the Premises; or

11.2.3 Without such re-entry, recover possession of the Premises in the manner prescribed by any statute relating to summary process, and any demand for Base Rent, re-entry for condition broken, and any and all notices to quit, or other formalities of any nature to which Lessee may be entitled, are hereby specifically waived to the extent permitted by law; or

11.2.4 With or without terminating this Lease, Lessor may re-let the Premises or any portion thereof.

11.3 No Implied Termination. Lessor shall not be deemed to have terminated this Lease unless Lessor shall have notified Lessee in writing that it has so elected to terminate this Lease. Lessee hereby waives all claims based on Lessor's reentering and taking possession of the Premises, or removing and storing the property of Lessee, and shall save Lessor harmless from all losses, costs or damages occasioned thereby. No such reentry shall be considered or construed to be a forcible entry by Lessor.

11.4 Lessor's Current Damages. Lessor is authorized to make such repairs, refurbishments or improvements to the Premises as may be necessary for the purpose of attempting to re-let the Premises, and the costs and expenses incurred in respect of such repairs, redecorating, refurbishments and improvements shall be paid by Lessee to Lessor within FIVE (5) business days after receipt of Lessor's statement. If Lessor exercises any of the remedies stated above, Lessor shall be entitled to recover from Lessee all damages incurred by Lessor by reason of the Event of Default, which shall include, without limitation, (i) the equivalent of the amount of the Base Rent and all other payments which would be payable under this Lease by Lessee for the remainder of the Term as if this Lease were still in effect, less (ii) the net proceeds of any re-letting by Lessor after deducting all of Lessor's expenses in connection with such re-letting, which shall include, without limitation, repossession costs, repairs, redecorating, refurbishments or improvements to the Premises, brokerage commissions, attorneys' fees, and legal expenses. Lessee shall pay such current damages to Lessor, in the amount set forth in the preceding sentence (hereinafter called "Deficiency"), in monthly installments on the days on which the Base Rent would have been payable under this Lease as if this Lease were still in effect. All amounts collected by Lessor from subtenants shall be credited against Lessor's damages.

11.5 Lessor's Final Damages. At any time after an Event of Default, whether or not Lessor shall have collected any monthly Deficiency as set forth above, Lessor shall be entitled to recover from Lessee, and Lessee shall pay to Lessor, on demand, as final damages for the applicable Event of Default, the sum of (a) the then present worth (at a discount at the rate of Six Percent (6%) per annum) of (i) the aggregate of the Base Rent and all other amounts to be paid by Lessee hereunder for the unexpired portion of the term of this Lease (assuming this Lease had not been terminated), less (ii) the amount of such loss that could have been reasonably avoided, plus (b) repossession costs, Lessor's expenses in connection with any attempts it may have made to re-let the Premises (which shall include, without limitation, repairs, refurbishments or improvements to the Premises and brokerage commissions), attorneys' fees, legal expenses, and all other damages incurred by Lessor as a result of such Event of Default. In determining the amount of loss that could reasonably be provided, rents to be paid by subtenants pursuant to Section 9.4, if applicable, and other reasonably projected rental income from leasing the Premises shall be taken into account.

11.6 No Waiver by Lessor. No waiver by Lessor of any breach or default by Lessee in the performance of its obligations under this Lease shall be deemed to be a waiver of any subsequent default by Lessee in the performance of any of such obligations, and no express waiver shall affect an Event of Default in a manner other than as specified in said waiver. The consent or approval by Lessor to or of any act by Lessee requiring Lessor's consent or approval shall not be deemed to waive or render unnecessary Lessor's consent or approval to or of any subsequent similar acts by Lessee.

11.7 Content of Default Notice. Any default notice tendered to Lessee hereunder shall be deemed to be sufficient if it is reasonably calculated to put Lessee on inquiry as to the nature and extent of such default, and is made in accordance with Section 20 herein.

11.8 Limitation on Exercise of Termination Remedy by Lessor. Notwithstanding anything to the contrary in Section 11.2 hereinabove, if an Event of Default occurs, Lessor shall not have the remedy of terminating this Lease or of taking possession of the Premises unless: (i) the Event of Default consists of a failure to pay off Base Rent or other amounts owed to Lessor; or (ii) Lessor has no other remedy that is adequate to protect Lessor's interests. Other remedies that are available to Lessor include self-help and recovery of damages, and nothing in this Section 11 shall limit the exercise of any such other remedy.

11.9 Waiver of Landlord's Lien. Lessor hereby waives all statutory or common law landlord's lien rights with respect to personal property located on the Premises.

12. RESERVED.

13. INDEMNIFICATION

To the fullest extent permitted by law, Lessee hereby agrees to defend, indemnify and hold harmless Lessor and its members, elected or appointed officials, agents, contractors, subcontractors, boards, commissions and employees (hereinafter referred to collectively as "Lessor" for purposes of this Section 13) for, from and against any and all claims, causes of action, liability, suits, litigation (including reasonable attorney's fees and other costs of investigation and litigation), actions, losses, damages or claims of any nature whatsoever which arise out of or in connection with (i) any accident, injury or damages occurring within the Premises, or (ii) any negligent act or omission of Lessee or its agents, employees, contractors, or subcontractors (hereinafter referred to collectively as "Lessee" for purposes of this Section 13) in connection with Lessee's operations hereunder and which result directly or indirectly in the injury to or death of any persons or the damage to or loss of any property, or (iii) the failure of Lessee to comply with any provisions of this Lease. This indemnification shall exclude responsibility for any consequential damages and for claims arising by reason of the negligent or wrongful act of Lessor or its employees, contractors or agents.

14. ENVIRONMENTAL PROTECTION

14.1 Definitions. Unless the context shall clearly require otherwise, the terms defined in this Section 14 shall, for all purposes of this Lease and of any agreement amendatory hereof or supplemental hereto, have the meanings herein specified, with the following definitions to be equally applicable to both the single and plural forms of any of the following:

14.1.1 Environmental Laws. The term "Environmental Laws" shall mean any one or all of the following, as the same are amended from time to time: the Comprehensive Environmental Response, Compensation, and Liability Act, 42 USC Section 9601 et seq.; the Resource Conservation and Recovery Act, 42 USC Section 6901, et seq.; the Toxic Substances Control Act, 15 USC Section 2601 et seq.; the Safe Drinking Water Act, 42 USC Section 300f et seq.; the Clean Water Act, 33 USC Section 1251 et seq.; the Clean Air Act, 42 USC Section 7401 et seq.; the Arizona Hazardous Waste Management Act, A.R.S. Section 49-921 et seq. the Arizona Environmental Quality Act, A.R.S. Title 49, as amended; and all regulations thereunder and any other laws, regulations and ordinances (whether enacted by the local, state or federal government) now in effect or hereafter enacted that deal with the regulation or protection of the environment, including the ambient air, ground water, surface water, and land use, including substrata land, or that govern the use of hazardous materials, solid and hazardous waste, hazardous substances and petroleum products.

14.1.2 Hazardous Material. The term "Hazardous Material" shall mean any toxic or hazardous material, substance or waste, or any pollutant or contaminant as defined or regulated pursuant to any Environmental Law and petroleum products. For purposes of this definition, petroleum includes petroleum-based substances comprised of a complex blend of hydrocarbons derived from crude oil through processes of separation, conversion, upgrading and finishing (e.g., distillate fuel oils, petroleum solvents and used oils).

14.2 Release by Lessor. Lessor shall indemnify Lessee to the fullest extent permitted by law for any and all environmental damage of any kind, or for the effects of Hazardous Material on the environment, or on any person or property, if any, which have been caused by the use of, or releases from, the Premises and the Airport prior to Lessee's occupancy of any part thereof. Lessee is not liable for any claims or damages arising from environmental damage resulting from or that are the result of contamination of any kind existing on the Premises or surrounding sites prior to Lessee's occupancy of thereof.

14.3 Lessee Compliance.

14.3.1 Lessee shall, at the Lessee's own expense, comply with all present and hereafter enacted Environmental Laws, including any amendments thereto, affecting Lessee's activities on and property interest in the Premises during the period of Lessee's occupancy thereof under this Lease.

14.3.2 Lessee shall not cause or permit any Hazardous Material to be brought upon, kept or used in or about the Premises or the Airport by Lessee's agents, employees, contractors or invitees in violation or threatened or suspected violation of any Environmental Law. The Parties recognize and agree that Lessee may bring on the Premises and Airport and use Hazardous Materials that are ordinarily and customarily used in the conduct of Lessee's permitted activities under this Lease, provided that such use shall comply fully with all applicable Environmental Laws.

14.3.3 If Lessee desires and receives written authorization from Lessor to install any above ground storage tank ("AST") on the Premises or elsewhere on the Airport, Lessee shall submit the plans for such ASTs to Lessor for prior written approval and shall comply with all applicable Environmental Laws related thereto, including Title 40, Code of Federal Regulations, Part 112, as applicable. Lessee shall be the owner of such ASTs for statutory purposes and shall be solely responsible for the design, construction, installation, operation, monitoring, inspection, repair and maintenance of any and all ASTs, including any connected piping and/or dispensing apparatus. All ASTs shall comply with the Office of the State Fire Marshall as well as the Authority Having Jurisdiction (AHJ). Any AST that stores flammable and combustible liquids shall meet the provisions of NFPA 30, Flammable and Combustible Liquids Code. Records demonstrating compliance with release detection requirements, including product inventories, calibration and maintenance, sampling, tightness testing and any other records, fees and taxes required by the state or federal governments shall be the responsibility of Lessee. Upon the expiration of this Lease, Lessee shall remove all ASTs in compliance with all applicable Environmental Laws in effect at that time unless otherwise allowed by Lessor.

14.4 Indemnification. To the fullest extent permitted by law, Lessee shall indemnify, defend (with counsel reasonably acceptable to Lessor), protect and hold harmless Lessor and its employees and agents for, from and against any and all liability, loss, damage, expense, penalties and legal and investigation fees or costs, arising from or related to any claim or action for injury, liability, or damage to persons or property and any and all claims or actions brought by any person, entity or governmental body, alleging or arising in connection with contamination of the environment or violation of any Environmental Law or other statute, ordinance, rule, regulation, judgment or order of any government or judicial entity which are incurred or assessed as a result of any of Lessee's activities or operations on the Premises or Airport. This obligation includes, but is not limited to, all costs and expenses related to cleaning up the property, land, soil and underground or surface water as required under the law. Lessee's obligations and liabilities under this Section 14.4 shall survive the termination of this Lease. The indemnification of Lessor by Lessee as described above includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision. Lessor reserves the right to seek injunctive relief as may be permitted under law and equity.

14.5 Remediation. Without limiting the foregoing, if the presence of any Hazardous Material during the Term of this Lease caused or permitted by Lessee results in any Release on the Airport in violation or potential violation of any Environmental Law, Lessee shall promptly take action to remediate the affected property at its sole expense as necessary to return the Airport to the condition existing prior to the introduction of any such Hazardous Material to the Airport; provided that Lessor's approval of such actions shall first be obtained, which approval shall not, except in an emergency, be unreasonably withheld so long as such actions would not potentially have any material adverse long-term effect on the Airport and Lessee is not under administrative or court order related to such remediation action. Notwithstanding Lessor's approval pursuant to this Section 14.5, Lessor is not responsible for directing or managing any remediation action. For purposes

of this Section 14.5, the term “Release” means any releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing, or dumping.

14.6 Governmental Submittals. Lessee shall, at Lessee’s own expense, make all submissions to, provide all information to, and comply with all requirements of the appropriate governmental authority (“Government”) under the Environmental Laws. Should the Government determine that a site characterization, site assessment and/or cleanup plan should be prepared and/or that a cleanup should be undertaken because of any spills or discharges of Hazardous Materials by reasons of Lessee’s activities or actions at the Airport which occur during the term of this Lease, then Lessee shall, at the Lessee’s own expense, prepare and submit the required plans and financial assurances, and carry out the approved plans. The Lessee shall provide a copy of said plans to the Lessor within thirty (30) days of development.

14.7 Information Sharing.

14.7.1 Lessee shall immediately notify Lessor of any of the following: (i) Lessee’s receipt of any notification from any governmental entity either charging or informing Lessee that it will be charged with a significant (as defined below) violation of Environmental Laws, and (ii) any change in Lessee’s activities on the Premises or Airport that is reasonably likely to adversely change Lessee’s or Lessor’s obligations or liabilities under the Environmental Laws. In addition, Lessee agrees to provide Lessor with copies of documents reflecting the physical condition of the Premises, including but not limited to, environmental testing of soils and groundwater, and information reasonably requested by Lessor to determine the applicability of the Environmental Laws to the Premises, or to respond to any governmental investigation or claim of liability by third parties which is related to environmental contamination of the Premises or Airport, including Lessee’s activities thereon. A “significant violation of Environmental Law” shall be any violation that requires more than Thirty (30) calendar days to resolve.

14.7.2 Lessee shall immediately notify Lessor’s Operations and Maintenance Department upon discovering a Release or Suspected Release of any amount of material that is stored inside an AST, approved pursuant to SECTION 14.3.3. For purposes of this Section, a “Suspected Release” is any discovery of released Hazardous Material at the AST site or surrounding area, erratic behavior of Hazardous Material dispensing equipment, the sudden loss of a Hazardous Material, or when monitoring indicates that a Release has occurred.

14.8 Sublease. Lessee shall insert provisions substantially identical to the provisions of this Section 14 in any Airport approved sublease agreement or contract by which it grants a right or privilege to any person, firm, corporation or other entity under this Lease.

14.9 Actions of Lessee. The activities or actions of Lessee under this Section 14 shall include the activities or actions of Lessee’s officers, directors, employees, agents, contractors, invitees and successors.

14.10 Clean Water Act; NPDES Permits and SWPPPs. Without in any way limiting the foregoing, Lessee shall comply with all Environmental Laws regarding discharges to water and land, including, without limitation, obtaining and complying with an individual National Pollutant Discharge Elimination System (“NPDES”) permit, or requesting coverage under and complying with any applicable Multi-Sector General Permit (MSGP) obtained by Lessor. If applicable, Lessee shall also prepare and comply with a site-specific MSGP with an individual Storm Water Pollution Prevention Plan (“SWPPP”) or any revisions to a SWPPP, with respect to Lessee’s operations or activities on the Premises or Airport. At Lessee’s discretion and if applicable, Lessee may choose to be added to Lessor’s Storm Water Permit. Proof of individual compliance or compliance by being added to the Lessor’s permit shall be provided in the form of both the Lessee’s Notice of Intent (NOI) that has been received by the Arizona Department of Environmental Quality (ADEQ) and the individual Arizona Multi-Sector General Permit (AZMSGP) number associated with the NOI, within 30 days.

14.11 Protective Devices and Plans. If Lessee is required by the City to estimate the possible constituents of sanitary sewer discharges in order that the City may define certain discharge limitations for the Premises, Lessee shall complete and return an Industrial Wastewater Discharge Questionnaire (“Questionnaire”) to the City and promptly provide Lessor with a copy and updates to the Questionnaire as they arise. Also, if the City so requires, Lessee shall install and maintain appropriate protective devices to prevent accidental discharge of any Hazardous Materials into domestic or industrial drains on or near the Premises and elsewhere on the Airport, as appropriate, and for any other material for which a slug load discharge could pollute the Airport’s storm water discharge or disrupt operations at the sewage treatment plant serving the Premises. Lessee shall post a notice in a prominent place on the Premises advising employees on what actions to take and whom to call in the event of said discharge, and shall ensure that all employees of Lessee are trained with regard to the spill protection plan hereinafter referenced. Lessee also shall provide Lessor with immediate notice of any spill.

14.12 Right to Enter Premises. Lessor’s rights under this Lease specifically include the right of Lessor, the United States Government, the Environmental Protection Agency (the EPA), the Arizona Department of Environmental Quality (ADEQ) and the Arizona Department of Occupational Safety and Health (ADOSH) to enter the Premises upon reasonable notice to Lessee for purposes of: (i) inspecting Lessee’s compliance with environmental, occupational safety and health laws and regulations, whether or not such party is responsible for enforcing such laws; (ii) conducting environmental investigation or remediation, including, without limitation, performing tests and surveys, drillings, test-pitting, borings, compiling data and/or records, and other activities related to environmental investigation; and (iii) carrying out remedial or removal actions as required or necessary under applicable laws, including, without limitation, installing monitoring wells, pumping wells and/or treatment facilities. Lessor shall give Lessee Twenty-Four (24) hour’s prior notice of its intention to enter the Premises unless it determines the entry is required for safety, environmental, operations, or security purposes. Lessee shall have no claim against Lessor for any entries by the United States, EPA, ADEQ, Arizona ADOSH, or any officer, agent, employee or contractor thereof.

14.13 U.S. Air Force Use and Remedial Action.

14.13.1 The Parties assume no liability or responsibility for environmental impacts and damage caused by the U.S. Air Force’s use of Hazardous Materials on any portion of the Airport, including the Premises, prior to the Effective Date, and have no obligation under this Lease to undertake the defense of any claim or action, whether in existence now or brought in the future, solely arising out of the use of or release of any Hazardous Materials or deposits of solid waste on or from any part of the Airport, including, but not limited to, the Premises. Further, the Parties have no obligation under this Lease to undertake environmental response, remediation, or cleanup relating to such use or release. For purposes of this SECTION 14.13, “defense” or “environmental response, remediation, or cleanup” shall include liability and responsibility for the costs of damage, penalties, legal and investigative services relating to such use or release. The terms, “Occupation” or “Use” shall mean any activity or presence (in or upon) such portion of, or such building, facility or other improvement on the Premises.

14.13.2 Pursuant to Section VII.E.3 of the Deed (as defined herein), the U.S. Air Force warrants and covenants that all remedial action necessary to protect human health and the environment with respect to hazardous substances remaining on the Airport has been completed prior to the date of the Deed and, further, any remedial action found to be necessary after the date of the Deed shall be conducted by the U.S. Air Force; provided, however, that the foregoing covenant does not apply where Lessor or Lessee is a potentially responsible party with respect to any portion of the Premises or the Airport.

14.14 Cleanup Requirements. Lessee agrees that Lessor assumes no liability to Lessee should Hazardous Materials cleanup or related requirements, whether imposed by law, regulatory agencies, the U.S. Air Force or Department of Defense interfere with Lessee’s use of the Premises. Lessee shall have no claim

against Lessor or the United States or any officer, agent, employee or contractor thereof on account of any such interference whether due to entry, performance of remedial or removal investigations, or exercise of any right with respect to the Federal Facilities Agreement (FFA) or the Installation Restoration Program (IRP) or under this Lease or otherwise. Lessee agrees to comply with the provisions of any health or safety plan in effect under the IRP or any hazardous substance remediation or response agreement with environmental regulatory authorities during the course of any of the above described response or remedial actions. Any inspection, survey, investigation, or other response or remedial action shall, to the extent practicable, be coordinated with representatives designated by Lessee. Lessee shall have no claim on account of such entries against the United States or any officer, agent, employee, contractor, or subcontractor thereof.

14.15 Spill Protection Plan. In the event Lessee undertakes any type of manufacturing, maintenance or other activities on the Premises involving the use or generation of any Hazardous Materials regulated by Hazardous Materials Laws, Lessee shall have an approved plan for responding to Hazardous Materials, fuel, and other chemical spills prior to commencement of activities on the Premises and other approved Airport locations. Such plan shall comply with all applicable requirements of said plan which shall be updated from time to time or as may be required to comply with changes in site conditions or applicable requirements, and shall be approved by all agencies having regulatory jurisdiction over such plan. Such plan shall be independent of Lessor's spill prevention and response plans, if any. Lessee shall not rely on use of Lessor or Lessor personnel or equipment in execution of its plan. Lessee shall file a copy of the approved plan and approved amendments thereto with Lessor's Environmental and Archeological Coordinator within THIRTY (30) calendar days of receipt of a Certificate of Occupancy from the City. Notwithstanding the foregoing, should Lessor provide any personnel or equipment, whether for initial fire response and/or spill containment, on the request of Lessee, or because Lessee was not, in the opinion of Lessor, conducting fire-fighting, containment or timely cleanup actions, Lessee agrees to reimburse Lessor for its actual costs in accordance with all applicable laws and regulations.

14.16 Wells. Lessee shall not install any drinking water or other wells in any location on the Premises without the prior written approval of Lessor.

14.17 Construction Activities and Surface Disturbances.

14.17.1 Should Lessee be permitted to construct improvements on the Premises, Lessee agrees that in the event any hazardous substances, pollutants, contaminants, petroleum or petroleum derivatives are discovered, Lessee shall promptly notify Lessor of such discovery and shall immediately cease said construction pending investigation and remedial action, if necessary, by Lessor or the appropriate regulatory agency.

14.17.2 After construction of Lessee's improvements on the Premises, if any, either in the future or as otherwise provided herein, Lessee shall not conduct any subsurface excavation, digging, drilling or other disturbance of the surface without the prior written approval of Lessor, which shall not be unreasonably withheld.

15. PROTECTION OF WETLANDS

Lessee shall minimize the destruction, loss, or degradation of any wetlands located on the Premises. Lessor believes there are no wetlands existing on the Premises as of the Effective Date. However, before locating new construction in wetlands, if any exist, Lessee shall contact Lessor and the United States Army Corps of Engineers and obtain a permit or waivers under Section 404 of the *Clean Water Act*. For purposes of this SECTION 15, the term, "new construction," includes structures, facilities, draining, dredging, channeling, filling, diking, impounding, and related activities.

16. SPECIAL PROVISIONS

16.1 Lessee shall comply with all applicable Federal, State, and local occupational safety and health regulations.

16.2 Lessee shall be responsible for determining whether it is subject to State and local sanitation, licensing, building code or building permit requirements and whether or not it requires a permit to do business and for compliance with them to the extent they are applicable.

16.3 Lessee agrees to and shall at all times comply with the Lessor's *Standard Terms and Conditions*, as attached hereto as **EXHIBIT E**.

17. INSURANCE

17.1 Coverage Required. Lessee shall procure and maintain, or cause to be procured and maintained, the following types and amounts of insurance with respect to the Premises:

17.1.1 *Comprehensive General Liability* insurance in the amount of \$2,000,000 per occurrence, covering third party bodily injury and property damage including coverage for "premises/operations," "products and completed operations," "host liquor" and "blanket contractual responsibilities."

17.1.2 *Property* insurance for the full insurable value (All Risks) on a replacement cost basis of all of Lessee's essential personal property and any improvements completed by Lessee at or on the Premises after the Effective Date, including all replacements and/or additions thereto, as specified on an ISO Special Causes of Loss form.

17.1.3 *Worker's Compensation* insurance, as required by law, and *Employer's Liability* insurance in the amount of \$1,000,000 covering work-related injuries to employees and others permitted to operate or otherwise conduct business on the Premises.

17.2 Form. Each insurance policy obtained pursuant to this SECTION, except for *Worker's Compensation* and *Employer's Liability* policies, shall: (i) name Lessor as a certificate holder or additional named insured; (ii) contain a provision that written notice of cancellation or modification thereof shall be given to Lessor not less than THIRTY (30) calendar days before such cancellation or modification takes effect (TEN (10) days in case of nonpayment of premium); and (iii) contain a waiver of subrogation in favor of Lessor. Lessee shall not permit any insurance policy to be canceled or modified without Lessor's written consent unless equivalent replacement policies are issued with no lapse in coverage. All policies shall be obtained from insurance companies licensed to do business in the State of Arizona and possessing a rating of at least A – VII or higher from the A.M. Best Company, or an equivalent rating and approved by Lessor.

17.3 Certificates of Insurance. Lessee shall deliver a certificate of insurance and endorsement naming Phoenix-Mesa Gateway Airport Authority as additional insured for each policy required herein to Lessor, in standard Acord or equivalent form, prior to the Effective Date and shall continue to provide such certificates throughout the term of this Lease.

17.4 Additional Insurance. At any time during the term of this Lease, Lessor may, if in its reasonable determination the insurance coverage required by this SECTION 17 is no longer adequate, require Lessee to increase its coverage to commercially reasonable amounts.

17.5 Blanket Insurance. Lessee's insurance obligations under this Lease may be satisfied by means of "blanket" or excess policies.

17.6 Insurance by Lessor. In the event Lessee shall fail to procure any insurance required hereunder, Lessor may, upon written notice to Lessee, procure and maintain any or all of the insurance required of Lessee under this SECTION. In such event, all costs of such insurance procured and maintained by Lessor on behalf of Lessee shall be the responsibility of Lessee and shall be fully reimbursed to Lessor within TEN (10) business days after Lessor advises Lessee of the cost thereof.

18. SURRENDER OF POSSESSION.

18.1 Condition of Property.

18.1.1 Upon the expiration or earlier termination of this Lease, Lessee's right to occupy the Premises and exercise the privileges and rights granted thereunder shall cease, and Lessee shall peaceably surrender the same and leave the Premises broom clean and in good condition except for normal wear and tear. All trade fixtures, equipment, and other personal property, to include all hazardous material, installed or placed by Lessee on the Premises which are not permanently affixed thereto shall remain the property of Lessee, and Lessee shall have the right at any time during the term of this Lease, to remove the same from the Airport and Lessee shall repair, at its sole cost, any damage caused by such removal. Any property not removed by Lessee within FIFTEEN (15) calendar days of the expiration or earlier termination of this Lease, or revocation of Lessee's right to occupy the Premises, shall become a part of the Premises, and ownership thereof shall vest in Lessor. Lessee shall, however, remain financially liable to Lessor for removal and disposal of any hazardous materials and the cost of repairs to the Premises incurred as a result of Lessor's removal and/or relocation of property formerly belonging to Lessee and not otherwise removed from the Premises, as provided herein, and shall remit to Lessor payment for such costs within TEN (10) business days of Lessee's receipt of Lessor's invoice therefor.

18.1.2 Any trade fixtures, equipment or other property affixed to the Premises by Lessee shall, if required by Lessor, be permanently removed from the Premises by Lessee, at Lessee's expense, within FIVE (5) business days of Lease termination. Should Lessee fail to remove such trade fixtures, equipment or other property within said time, Lessor may remove and dispose of such trade fixtures, equipment or other property at Lessee's expense, and Lessee shall reimburse Lessor for the costs thereof within TEN (10) business days of receipt of Lessor's invoice therefor.

18.2 Holding Over. Lessee shall not remain in possession of the Premises after the expiration or earlier termination of the Term without the express written consent of Lessor. Should Lessee hold over without the express written consent of Lessor, such tenancy shall be at the sufferance of Lessor and not a renewal of the Term. In such case, the Base Rent and all other charges due pursuant to this Lease shall be payable at ONE HUNDRED FIFTY PERCENT (150%) of the amount payable during the last year of the Term, and such tenancy at sufferance shall be subject to every other term, covenant and provision of this Lease. In the event Lessee holds over, Lessee shall be liable for all of Lessor's direct and consequential damages, which shall include, without limitation, costs, fees, expenses, damages and attorneys' fees incurred by Lessor as a result of Lessee's holding over, and damages and expenses incurred by Lessor for its inability to deliver possession of the Premises to a new lessee.

19. INSPECTION BY LESSOR

Lessor may enter upon the Premises at reasonable times and upon reasonable notice for any reasonable purpose, including, but not limited to, compliance with the terms and conditions of this Lease and the exercise of its governmental functions for such activities as fire protection or security.

20. NOTICES

20.1 All notices required or permitted under this Lease shall not be effective unless personally delivered or mailed by certified mail, return receipt requested, postage prepaid, or by reputable commercial overnight courier service, to the following addresses:

TO LESSOR: Phoenix-Mesa Gateway Airport Authority
Attn: Business Development Department
5835 South Sossaman Road
Mesa, Arizona 85212

TO LESSEE: Jetstrip, Inc.
Attn.: Mr. Ken Halverson
7744 E. Velocity Way
Mesa, AZ 85212

COPY TO: Mr. Ken Van Winkle
Lewis and Roca
40 N. Central Avenue, Suite 1900
Phoenix, AZ 85004

20.2 Any notice shall be deemed to have been received TWO (2) business days after the date of mailing, if given by certified mail, or upon actual receipt if personally delivered or if given by reputable commercial overnight courier service. Any Party may designate in writing a different address for notice purposes pursuant to this SECTION.

21. SEVERABILITY

The provisions of this Contract are severable to the extent that any provision or application held to be invalid shall not affect any other provision or application of the Contract, which may remain in effect without the valid provision, or application.

22. SALES AND PROPERTY TAXES

Lessee shall pay any leasehold tax, sales tax, personal property tax, transaction privilege tax, license or permit fee, or any other tax assessed as the result of its occupancy of Premises or conduct of any activity at the Airport under authority of this Lease, including any such tax assessable on Lessor. In the event that laws or judicial decisions result in the imposition of a real property tax or any other form of tax or imposition on the interest of Lessor, such tax shall also be paid by Lessee for the period this Lease is in effect, to the extent such taxes are reasonably attributable to the Premises or a portion thereof or the operation of Lessee's business.

23. APPROVALS, CONSENTS AND NOTICES

All approvals, consents and notices called for in this Lease shall be in writing, signed by the appropriate Party, and may not be established solely by oral testimony.

24. LIENS AND MORTGAGES

24.1 General Provisions.

24.1.1 Except as provided in this SECTION 24, Lessee shall not engage in any financing or other transaction creating any mortgage or deed of trust upon the Premises, place or suffer to be placed upon the Premises any lien or other encumbrance, or suffer any levy or attachment to be made on Lessee's interest in the Premises. Any such mortgage or deed of trust, encumbrance or lien shall be deemed a violation of this SECTION, constituting a failure by Lessee to comply with the terms of the Lease, on the date of its execution or filing of record regardless of whether or when it is foreclosed or otherwise enforced.

24.1.2 Notwithstanding anything to the contrary in SECTION 9 herein, Lessee shall, during the Term, be permitted to mortgage, collaterally assign, or otherwise encumber its leasehold interest under this Lease to secure indebtedness, including, without limitation, a loan to finance construction of improvements and other development on the Premises, and including refinancing's thereof, subject to the restrictions of SECTION 24.1.3, and provided that the language of such mortgage or deed of trust and of all related documents that require the execution, approval, or consent of Lessor shall be subject to the prior review and approval of legal counsel for Lessor, and that all legal fees incurred by Lessor in connection with such legal counsel review and approval shall be paid by Lessee. Any such encumbrance is referred to as "Mortgage" and the holder thereof, "Mortgagee." The Mortgagee, upon taking possession or upon foreclosure or taking an assignment in lieu thereof, shall be liable for all future rents and obligations hereunder and shall attorn to Lessor. No Mortgage shall encumber Lessor's interest in the Premises or the improvements thereon. Further and promptly after Lessee assigns or encumbers any portion of the Premises or the improvements thereon, Lessee shall furnish Lessor with a written notice setting forth the name and address of such Mortgagee or trustee.

24.1.3 No Mortgage or deed of trust shall extend to or affect the fee, the reversionary interest or the estate of Lessor in the Premises. No Mortgage or deed of trust shall be binding upon Lessor in the enforcement of its rights and remedies under this Lease and by law provided, unless and until a copy thereof shall have been delivered to Lessor and such Mortgage or deed of trust is authorized in accordance with provisions of this SECTION 24.

24.2 Lessor Agreement. With respect to Mortgagees of the Premises, Lessor agrees that:

24.2.1 If requested by a Mortgagee which shall have duly registered in writing with Lessor its name and address, and if Lessor shall give any notice, demand, election or other communication required hereunder (hereafter, collectively, "Notices") to Lessee, Lessor shall concurrently give a copy of each such Notice to the Mortgagee at the address designated by it. Notices shall be sent by registered or certified mail, return receipt requested, and shall be deemed given SEVENTY-TWO (72) hours after the time they are deposited in a United States Post Office with postage charges prepaid, addressed to the Mortgagee. No Notice given by Lessor to Lessee shall be binding upon or affect Lessee or the Mortgagee unless a copy of the Notice shall be given to the Mortgagee pursuant to this SECTION 24.2.1.

24.2.2 Such Mortgagee entitled to such Notices, as specified above, shall have any and all rights of Lessee with respect to the curing of any default hereunder by Lessee.

24.2.3 If Lessor shall elect to terminate this Lease by reason of any default by Lessee with respect to the Premises, the Mortgagee that shall have become entitled to Notice as provided in this SECTION 24.2 shall have any and all rights of Lessee with respect to curing of any default with respect to the Premises.

24.2.4 Nothing herein contained shall be deemed to impose any obligation on the part of Lessor to deliver physical possession of the Premises to such holder of a Mortgage. To the extent the physical possession of the Premises by a secured creditor is not inconsistent with the terms of this Lease, or is incompatible with the Lessor's selection of available remedies in the Event of Default, Lessor shall not prevent such physical possession.

24.2.5 If more than one Mortgagee shall seek to exercise any of the rights provided for in this SECTION 24, the holder of the Mortgage having priority of lien over the other Mortgagees shall be entitled, as against the others, to exercise such rights. Should a dispute arise among Mortgagees regarding the priority of lien, the Mortgagees shall prove to the satisfaction of Lessor that they have settled that dispute.

24.3 Protection of Mortgagee(s). Until the time, if any, that an approved Mortgage shall be satisfied and released of record:

24.3.1 A Mortgagee shall have the right, for a period equal to the period afforded Lessee to perform any term, covenant, or condition and to remedy any default by Lessee hereunder, and Lessor shall accept such performance with the same force and effect as if furnished by Lessee, and the Mortgagee shall thereby and hereby be subrogated to the rights of Lessor. Such Mortgagee cure period shall begin on the later of: (i) the date Mortgagee receives notice pursuant to Section 24.2, or (ii) the date that Lessee's cure period expires under the Lease. During such Mortgagee cure period, Lessor will not disturb possession, interest or quiet enjoyment by the Lessee or Mortgagee in the real property for any reason, subject to the terms of the Lease, until such Mortgagee cure period has expired. The Mortgagee shall have the right to enter upon the Premises to give such performance.

24.3.2 In case of a default by Lessee in the performance or observance of any non-monetary term, covenant or condition to be performed by it hereunder, if such default cannot practicably be cured by the Mortgagee without taking possession of the Premises, in such Mortgagee's reasonable opinion, or if such default is not susceptible of being cured by the Mortgagee, then Lessor shall not serve a notice of lease termination if and so long as:

a. The Mortgagee shall proceed diligently to obtain possession of the Premises (including possession by a receiver), and, upon obtaining such possession, shall proceed diligently to cure such defaults as are reasonably susceptible of cure (subject to any order by a court of competent jurisdiction staying or otherwise precluding such Mortgagee from obtaining such possession); or

b. The Mortgagee shall institute foreclosure proceedings and diligently prosecute the same to completion (unless in the meantime it shall acquire Lessee's estate hereunder, either in its own name or through a nominee, by assignment in lieu of foreclosure), subject to any order by a court of competent jurisdiction staying or otherwise precluding such Mortgagee from obtaining such possession.

c. The Mortgagee shall not be required to obtain possession or to continue in possession of the Premises pursuant to SECTION 24.3.2a, or to continue to prosecute foreclosure proceedings pursuant to SECTION 24.3.2b, if and when such default shall be cured. If a Mortgagee, its nominee, or a purchaser at a foreclosure sale shall acquire title to Lessee's leasehold estate hereunder, a default that is not reasonably susceptible to cure by the person succeeding to the leasehold interest shall no longer be deemed a default under this Lease.

d. If any Mortgagee is prohibited from commencing or prosecuting foreclosure or other appropriate proceedings in the nature thereof by any process or injunction issued by any court, or by reason of any action by any court having jurisdiction of any bankruptcy or insolvency proceeding involving Lessee, the times for commencing or prosecuting foreclosure or other proceedings, including proceedings to obtain possession, shall be extended for the period of the prohibition.

24.4 New Lease

24.4.1 Subject to FAA regulations, Lessor agrees that, in the event of early termination of this Lease for any reason (including but not limited to any default by Lessee), Lessor, if requested by any Mortgagee, will enter into a new lease of the Premises with the most senior Mortgagee requesting a new lease,

which new lease shall commence as of the date of termination of this Lease and shall run for the remainder of the original term of this Lease, at the rent and upon the terms, covenants and conditions herein contained, provided that:

a. Such Mortgagee shall make written request upon Lessor for the new lease within SIXTY (60) calendar days after the date such Mortgagee receives written notice from Lessor that this Lease has been terminated;

b. Such Mortgagee shall pay to Lessor, at the time of the execution and delivery of the new lease, any and all sums which would, at that time, be due and unpaid pursuant to this Lease but for its termination, and in addition thereto all reasonable expenses, including reasonable attorneys' fees, which Lessor shall have incurred by reason of such termination;

c. Such Mortgagee shall perform and observe all covenants in this Lease to be performed and observed by Lessee, and shall further remedy any other conditions which Lessee under the Lease was obligated to perform under its terms, to the extent the same are reasonably susceptible of being cured by the Mortgagee; and

d. The Lessee under the new lease shall have the same right of occupancy to the buildings and improvements on the Premises and elsewhere on the Airport as Lessee had under this Lease immediately prior to its termination.

Notwithstanding anything to the contrary expressed or implied in this Lease, any new lease made pursuant to this SECTION 24 shall have the same priority as this Lease with respect to any mortgage, deed of trust, or other lien, charge, or encumbrance on the fee of the Premises, and any sublease under this Lease shall be a sublease under the new Lease and shall not be deemed to have been terminated by the termination of this Lease.

24.4.2 Nothing herein contained shall require any Mortgagee to enter into a new lease pursuant to this SECTION 24.4, or to cure any default of Lessee referred to above.

24.4.3 If any Mortgagee shall request a new lease as provided in this SECTION 24.4, Lessor agrees, at the request of, on behalf of and at the expense of the Mortgagee, upon a guaranty from it reasonably satisfactory to Lessor, to institute and pursue diligently to conclusion the appropriate legal remedy or remedies to oust or remove the original Lessee from the Premises, but not any authorized subtenants actually occupying the Premises or any part thereof.

24.4.4 Unless and until Lessor has received notice from each Mortgagee that the Mortgagee elects not to demand a new lease as provided herein, or until the period therefor has expired, Lessor shall not cancel or agree to the termination or surrender of any existing subleases nor enter into any new leases or subleases with respect to the Premises without the prior written consent of each Mortgagee.

24.5 Effect of Transfer. Neither the foreclosure of any Mortgage (whether by judicial proceedings or by virtue of any power of sale contained in the Mortgage), nor any conveyance of the leasehold estate created by this Lease by Lessee to any Mortgagee or its designee by an assignment or deed in lieu of foreclosure or other similar instrument, shall require the consent of Lessor or constitute a default under this Lease, and upon such foreclosure, sale or conveyance, Lessor shall recognize the purchaser or other transferee in connection therewith as the Lessee under this Lease, subject only to an assumption in writing by such purchaser or transferee of all obligations of Lessee under this Lease.

25. GOVERNING LAW

The laws of the State of Arizona shall govern the matters set forth in this Lease. Venue of any action brought under this Lease shall, at the option of Lessor, lie in Maricopa County, Arizona.

26. RULES AND REGULATIONS

Lessee shall at all times comply with all Federal, state and local laws, ordinances, rules, and regulations which are applicable to its activities on the Airport, the Premises itself (including but not limited to the *Americans with Disabilities Act, Public Law 101-336, 42 U.S.C. 12101-12213*), or the operation, management, maintenance, or administration of the Airport, including all laws, ordinances, rules and regulations adopted after the Effective Date. Lessee shall at all times comply with the Airport *Minimum Standards* and *Airport Rules and Regulations*, as the same may be amended from time to time. Copies of the current Airport *Minimum Standards* and *Airport Rules and Regulations* are attached hereto as **EXHIBIT D**. Lessee acknowledges and agrees that Lessor may amend the Airport *Minimum Standards* and *Airport Rules and Regulations* at any time in Lessor's sole discretion. Lessee shall be responsible for controlling and preventing disruptive pedestrian and vehicle traffic associated with its activities on the Premises and at the Airport. Lessee also shall display to Lessor any permits, licenses, or other evidence of compliance with laws upon request.

27. CORPORATE AUTHORIZATION

In executing this Agreement, Lessee represents and warrants to Lessor that if Lessee is a corporation, Lessee has obtained and been granted the full right, power and authority to enter into this Lease.

28. UTILITY LINES AND SERVICE CHARGES

28.1 Lessee shall, at no cost or expense to Lessor, provide or arrange for any public utility, water and sewage lines, connections and services that are needed in connection with any building(s), structure(s) or other improvement(s) placed on the Premises by Lessee, or required for Lessee's activities thereon, and shall be responsible for the maintenance of such lines and connections from where they enter the Premises. If requested in advance to do so by Lessee, Lessor will grant reasonable rights-of-way on or across the Airport to suppliers of public utility services for the purpose of supplying Lessee with such services, but Lessor reserves the right to designate the lands along which such rights-of-way shall be granted so as to cause the least inconvenience in the operation of the Airport and other Airport tenants.

28.2 Lessee shall pay for all utilities used in its operations at the Airport and the Premises. The charges and method of payment for each utility or service shall be determined by the appropriate supplier of the utility or service in accordance with applicable laws and regulations, on such basis as the appropriate supplier of the utility or service may establish.

28.3 Notwithstanding the execution of this Lease, Lessor retains the right to the continued use of such utility lines and services as are presently on the Premises and the right to repair the same when necessary in Lessor's sole discretion, including but not limited to, any utility easements on the Premises. Lessor shall conduct such repairs in such a manner and at such times as to not unreasonably interfere with Lessee's activities thereon.

29. RESERVATIONS TO LESSOR

The Premises are accepted "as is, where is" by Lessee, subject to any and all existing easements or other encumbrances, and Lessor shall have the right to install, lay, construct, maintain, repair and operate such sanitary sewers, drains, storm water sewers, pipelines, manholes, connections; water, oil and gas pipelines; telephone and telegraph power lines; and such other appliances and appurtenances necessary or convenient to use in connection therewith, over, on, across or in proximity to the Premises, or any part thereof, as will not

unreasonably interfere with Lessee's or any subtenant's operations hereunder, and to enter upon the Premises for such purposes. Lessor also reserves the right to grant franchises, easements, rights-of-way, and permits, over, on, across or in proximity to any portions of the Premises for the same purposes; provided, that Lessor or the grantee, as applicable, shall not exercise such rights so as to interfere unreasonably with Lessee's or any subtenant's activities on the Premises and all such interference shall be minimized. Lessor agrees that any rights granted to any parties by reason of this clause shall contain provisions that the surface of the Premises shall be restored to its original condition, at no cost to Lessee, upon the completion of any construction.

29.1 Lessee recognizes that from time to time during the term of this Agreement it may be necessary for PMGAA to engage in construction, expansion, relocation, maintenance and repair in order that the Airport and its facility may be suitable for the then existing volume and character of air traffic and flight activity. Such activity may temporarily inconvenience or interrupt Lessee's use and occupancy of and operation on the Leased Premises and will require accommodation on the part of the Lessee, including, without limitation Lessee's vacation of the Leased Premises for a period of time. Lessee agrees that no liability shall attach to PMGAA, its officers, agents, employees, contractors, subcontractors, and representatives by reason of such inconvenience, interruption, or vacation.

29.2 In the event Lessor and/or PMGAA require Lessee to vacate the premises for the reasons listed in Section 29.1 of this Agreement, then Lessor shall provide and/or make available the space and resources necessary for Lessee to continue to operate in a safe and appropriate manner. Indeed, Lessor agrees that it will make every reasonable accommodation to ensure that Lessee will be permitted to operate its desired flight schedule and related business activities with the least amount of modifications as is reasonably possible.

30. FEDERAL AVIATION ADMINISTRATION (FAA) PROVISIONS

30.1 Lessor reserves the right to further develop or improve the landing area of the Airport as it sees fit, regardless of the desires or view of Lessee, and without interference or hindrance therefrom.

30.2 Lessor reserves the right, but shall not be obligated to Lessee, to maintain and keep in repair the landing area of the Airport and all publicly owned facilities of the Airport, together with the right to direct and control all activities of Lessee in this regard. Lessor and Lessee agree that Lessee has no responsibility whatsoever with respect to maintenance and repair of the landing area of the Airport, or any publicly owned facilities of the Airport.

30.3 This Lease shall be subordinate to the provisions and requirements of any existing or future agreement between Lessor and the United States relative to the development, operation or maintenance of the Airport.

30.4 There is reserved unto Lessor, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Premises, which shall include the right to cause in the airspace any noise inherent in the operation of aircraft, now known or hereafter used for navigation of or flight in or through the airspace, and for the use of such airspace for landing on, taking off from, or operation on the Airport.

30.5 Lessee agrees to comply with the notification and review requirements covered in 14 CFR Part 77 in the event future construction of a building is planned for the Premises or in the event of any planned modification or alteration of any present or future building or structure situated on the Premises.

30.6 Lessee shall not erect or permit the erection of any structure or building, nor permit the growth of any tree on the Premises, or any other obstruction that exceeds height requirements contained in 14 CFR Part 77 or amendments thereto, or interferes with the runway and/or taxiway "line of sight" of the control

tower. In the event these covenants are breached, Lessor reserves the right to enter upon the Premises and to remove the offending structure or object at the expense of Lessee.

30.7 Lessee shall not make use of the Premises in any manner that might interfere with the landing and taking off of aircraft from the Airport or otherwise constitute a hazard. In the event this covenant is breached, Lessor reserves the right to enter upon the Premises and cause the abatement of such interference at the expense of Lessee.

30.8 Nothing contained in this Lease shall be construed to grant or authorize the granting of an exclusive right within the meaning 49 U.S.C. §40103(e) and 47107 (a)(4).

30.9 This Lease and all of the provisions hereof shall be subject to whatever right the United States government now has, or in the future may have or acquire, affecting the control, operation, regulation and taking over of the Airport, or the exclusive or non-exclusive use of the Airport by the United States during the time of war or national emergency.

30.10 To the extent that Lessee conducts or engages in any aeronautical activity for furnishing services to the public at the Airport, Lessee shall furnish its services on a reasonable and not unjustly discriminatory basis to all users and charge reasonable and not unjustly discriminatory prices for each unit or service; except, however, that Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar type of price reductions to volume purchasers.

30.11 Lessee shall conform to Lessor and FAA safety and security rules and regulations regarding use of the Airport air operations area including runways, taxiways, taxilanes and aircraft aprons by vehicles, employees, customers, visitors, etc., in order to prevent security breaches and avoid aircraft incursions and vehicle/pedestrian deviations; complete and pass an airfield safe driving instruction program when offered or required by Lessor; and be subject to penalties as prescribed by Lessor for violations of Airport safety and security requirements.

31. TITLE VI

31.1 The tenant/Lessee and its transferee agree to comply with pertinent statutes, Executive Orders and such rules as are promulgated to ensure that no person shall, on the grounds of race, creed, color or national origin, sex, age or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance. Lessee understands and acknowledges that the FAA requires inclusion of and adherence to the terms and conditions of Title VI in all airport/aviation lease agreements where Lessor receives federal funding, including, Lessor in this instance.

31.2 During the performance of this contract, the tenant/lessee, for itself, its assignees, and successors in interest agrees as follows:

1. Compliance with Regulations: The tenant/lessee (hereinafter includes consultants) will comply with the Title VI List of Pertinent Nondiscrimination Acts and Authorities, as they may be amended from time to time, which are herein incorporated by reference and made a part of this contract.

2. Non-discrimination: The tenant/lessee, with regard to the work performed by it during the contract, will not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The tenant/lessee will not participate directly or indirectly in the discrimination prohibited by the Nondiscrimination Acts and Authorities, including employment practices when the contract covers any activity, project, or program set forth in Appendix B of 49 CFR Part 21.

3. Solicitations for Subcontracts, Including Procurements of Materials and Equipment: In all solicitations, either by competitive bidding, or negotiation made by the tenant/lessee for work to be performed under a subcontract, including procurements of materials, or leases of equipment, each potential subcontractor or supplier will be notified by the tenant/lessee of the tenant/lessee's obligations under this contract and the Non-discrimination Acts And Authorities on the grounds of race, color, or national origin.

4. Information and Reports: The tenant/lessee will provide all information and reports required by the Acts, the Regulations and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the sponsor or the Federal Aviation Administration to be pertinent to ascertain compliance with such Nondiscrimination Acts and Authorities and instructions. Where any information required of a tenant/lessee is in the exclusive possession of another who fails or refuses to furnish the information, the tenant/lessee will so certify to the sponsor or the Federal Aviation Administration as appropriate, and will set forth what efforts it has made to obtain the information.

5. Sanctions for Noncompliance: In the event of a tenant/lessee's noncompliance with the Nondiscrimination provisions of this contract, the Recipient will impose such contract sanctions as it or the Federal Aviation Administration may determine to be appropriate, including, but not limited to:

- a. withholding payments to the tenant/lessee under the contract until the tenant/lessee complies; and/or
- b. cancelling, terminating, or suspending a contract, in whole or in part.

6. Incorporation of Provisions: The tenant/lessee will include the provisions of paragraphs one through six in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations and directives issued pursuant thereto. The tenant/lessee will take action with respect to any subcontract or procurement as the sponsor or the Federal Aviation Administration may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if the tenant/lessee becomes involved in, or is threatened with litigation by a subcontractor, or supplier because of such direction, the tenant/lessee may request the sponsor to enter into any litigation to protect the interests of the sponsor. In addition, the tenant/lessee may request the United States to enter into the litigation to protect the interests of the United States.

31.3 The Lessee for himself/herself, his/her heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree that (1) no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land, and the furnishing of services thereon, no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the lessee will use the premises in compliance with all other requirements imposed by or pursuant to the List of discrimination Acts And Authorities.

31.4 During the performance of this Lease, the tenant/Lessee, for itself, its assignees, and successors in interest agrees to comply with the following non-discrimination statutes and authorities; including but not limited to the following (which Lessor is required to disclose and include in such Lease and other agreements, pursuant to FAA regulation):

- Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d *et seq.*, 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin);
- 49 CFR part 21 (Non-discrimination In Federally-Assisted Programs of The Department of Transportation—Effectuation of Title VI of The Civil Rights Act of 1964);

- The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 U.S.C. § 4601), (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
- Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. § 794 *et seq.*), as amended, (prohibits discrimination on the basis of disability); and 49 CFR part 27;
- The Age Discrimination Act of 1975, as amended, (42 U.S.C. § 6101 *et seq.*), (prohibits discrimination on the basis of age);
- Airport and Airway Improvement Act of 1982, (49 USC § 471, Section 47123), as amended, (prohibits discrimination based on race, creed, color, national origin, or sex);
- The Civil Rights Restoration Act of 1987, (PL 100-209), (Broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms “programs or activities” to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);
- Titles II and III of the Americans with Disabilities Act of 1990, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. §§ 12131 – 12189) as implemented by Department of Transportation regulations at 49 CFR parts 37 and 38;
- The Federal Aviation Administration’s Non-discrimination statute (49 U.S.C. § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
- Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures non-discrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;
- Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 Fed. Reg. at 74087 to 74100);
- Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 U.S.C. 1681 *et seq.*).

31.5 Lessee agrees that in the event improvements are constructed, maintained, or otherwise operated on the Premises for a purpose for which a Department of Transportation (DOT) program or activity is intended, or for another purpose involving the providing of similar services or benefits, Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, *Nondiscrimination in Federally Assisted Programs of the Department of Transportation*, as it may be amended.

32. FEDERAL FAIR LABOR STANDARDS ACT

This contract and all subcontracts that result from this contract incorporate by reference the provisions of 29 CFR part 201, the Federal Fair Labor Standards Act (FLSA), with the same force and effect as if given in full text.

The Lessee has full responsibility to monitor compliance to the referenced statute or regulation. The Lessee must address any claims or disputes that arise from this requirement directly with the U.S. Department of Labor – Wage and Hour Division.

33. OCCUPATIONAL SAFETY AND HEALTH ACT OF 1970

This contract and all subcontracts that result from this contract incorporate by reference the provisions of 29 CFR part 1910 with the same force and effect as if given in full text. Lessee must provide a work environment that is free from recognized hazards that may cause death or serious physical harm to the employee. The Lessee retains full responsibility to monitor its compliance and their subcontractor's compliance with the applicable requirements of the Occupational Safety and Health Act of 1970 (29CFR Part 1910). Lessee must address any claims or disputes that pertain to a referenced requirement directly with the U.S. Department of Labor – Occupational Safety and Health Administration

34. INCORPORATION OF QUITCLAIM DEED

Lessor owns the Airport pursuant to a Quitclaim Deed from the United States Government (“Deed”), a copy of which is available to Lessee upon request and is hereby incorporated in its entirety. To the extent the Deed has terms, conditions, obligations, requirements or restrictions that apply to this Lease, Lessor, Lessee or any matter in connection herewith, Lessee agrees to be bound by all the terms, covenants and conditions of the Deed, including the following:

- 34.1 That this Lease is subject to all terms and conditions of the Deed; and
- 34.2 That in case of any conflict between the Deed and this Lease, the Deed shall control.

35. REQUIRED PROVISIONS OF QUITCLAIM DEED

35.1 Section VI (A)(5)(c) of the Deed requires that the following provisions be included in this Lease:
35.1.1 In furnishing services to the public, Lessee shall not discriminate against any person or class of persons by reason of race, color, creed, or national origin, and Lessee shall otherwise provide such services on a fair, equal, and not unjustly discriminatory basis to all users thereof.

35.1.2 Lessee shall charge fair, reasonable, and not unjustly discriminatory prices for each unit for service; except, however, that the Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

35.2 If the Premises are within any of the archaeological sites identified in Section VIII.A of the Deed, then, the provisions of Section VIII of the Deed shall be deemed incorporated in this Lease by this express reference to Section VIII of the Deed.

35.3 To the extent the Deed requires that other specific provisions thereof be inserted in this Lease by express reference to the Deed, this sentence shall constitute an express reference to all such applicable provisions of the Deed.

36. ARCHEOLOGICAL OR CULTURAL RESOURCES

In the event any archeological or cultural resources are discovered during any construction contemplated or permitted by this Lease, Lessor shall use its best efforts to expedite any necessary actions with respect thereto, at Lessor's sole cost and expense; provided, however, that in the event the necessary actions with respect to any archeological or cultural resources exceeds or is estimated to exceed \$10,000.00, Lessee shall be entitled to terminate this Lease upon TEN (10) business days' prior written notice to Lessor.

37. AIRPORT SECURITY

37.1 PMGAA Operations Department maintains an approved Airport Security Plan (the "Security Plan") pursuant to 49 CFR Parts 1540 and 1542, and 14 CFR Part 139. Lessee shall at all times comply with PMGAA Operations Department security directives, security bulletins, or verbal notifications existing now or in the future.

37.1.1 Lessee is responsible for maintaining security practices, facilities, and perimeter boundaries on their leasehold that meet the security standards set forth by PMGAA Operations Department.

37.1.2 Lessee shall immediately correct physical or procedural deficiencies which are contrary to PMGAA Operations Department, security directives, security bulletins, or verbal notifications existing now or in the future.

37.1.3 Lessee shall, to the fullest extent permitted by law, indemnify, defend and hold PMGAA harmless for, from and against any security violation committed by any agents, employees, invitees, subcontractors, sub-lessees or independent contractors of Lessee.

37.1.4 Lessee shall conduct and document all self-audits and self-inspections as required by TSA or Airport Operations and make such audits available for inspection.

37.1.5 Lessee shall designate a primary security coordinator to receive security related briefings, bulletins and sensitive security information.

37.1.6 PMGAA reserves the right to modify the Security Plan from time to time, as necessary or as directed by TSA. PMGAA Airport Operations shall notify the Lessee security coordinator regarding modifications that effect Lessee.

37.2 Airport Security Badge.

37.2.1 Lessee employees/contractors that require a Badge shall be obligated to complete all training and comply with all security requirements and directives issued by PMGAA Airport Operations, Transportation Security Administration or other entity having security jurisdiction at PMGAA. Lessee, employees, and contractors will surrender security badges upon request by Airport Operations; physical security media (badges and keys) remain the property of PMGAA.

37.2.2 Lessee, employees and contractors shall comply with all security related audits, inspections, and screenings conducted by the PMGAA Airport Operations Department

37.2.3 Lessee will immediately return badges to the Airport Badging office when badge holders employment is terminated, the badge is no longer needed or the employee/contractor is on extended leave.

37.2.4 Misuse of a Badge or security procedures will bring about punitive action including suspension or revocation of one or all badges.

38. DEFAULT BY LESSOR

In the event of any alleged breach by Lessor of its covenants contained in this Lease, Lessee shall have available all rights and remedies provided at law or in equity, subject to the terms and conditions of this Lease; provided, however, Lessee may not exercise any such right or remedy unless Lessee has notified Lessor by

written notice of such alleged default, and Lessor has not cured such default within the THIRTY (30) calendar day period subsequent to receipt of such notice or, in the event such alleged default is of such a nature that it cannot reasonably be cured within such THIRTY (30) calendar day period, Lessor has failed to cure such alleged default with all due diligence. Notwithstanding anything to the contrary contained in this Lease, in no event shall Lessee be entitled to terminate this Lease or abate or offset any installment of Base Rent, or any other payments to be made by Lessee hereunder.

39. BROKERS

Lessee represents and warrants that it has not had any dealings with any real estate brokers, finders or agents in connection with this Lease. Lessee further agrees to indemnify, defend (with counsel selected by Lessor) and hold Lessor and Lessor's nominees, successors and assigns harmless from any and all claims, costs, commissions, fees or damages by any person or firm whom Lessee authorized or employed, or acted by implication to authorize or employ, to act for Lessee in connection with this Lease.

40. SALE BY LESSOR

Lessee agrees to look solely to Lessor's interest in the Premises for the recovery of any judgment from Lessor, it being agreed that neither Lessor nor the holders of the equity interests of Lessor, nor the members, partners, officers, directors or shareholders of Lessor shall be personally liable for any such judgment. In the event of any sale or other conveyance by Lessor of its interest in the Premises, Lessor shall be automatically freed and released from all personal liability accruing from and after the date of such sale or conveyance as respects the performance of any covenant or obligation on the part of Lessor contained in this Lease to be performed, it being intended hereby that the covenants and obligations contained in this Lease on the part of Lessor shall be binding on the Lessor and its successors and assigns only during and in respect to the respective successive periods of ownership of the Premises.

41. ESTOPPEL CERTIFICATE

Lessee shall, without charge, at any time and from time to time hereafter, within TEN (10) business days after written request of Lessor to do so, certify, by written instrument duly executed and acknowledged by Lessee and certified to Lessor and to any prospective lender or purchaser: (i) as to whether this Lease has been supplemented or amended, and if so, the substance and manner of such supplement or amendment; (ii) as to the existence of any default hereunder to the best of Lessee's knowledge; (iii) as to the date on which Lessee was obligated to commence paying Base Rent and all other charges hereunder and the expiration date of the Term; (iv) as to whether the Lessee has assigned or transferred its interests or any portion thereof in this Lease; and (v) as to any other matters as may be reasonably requested. Lessor and any prospective purchaser or lender to whom the same was certified may rely upon any such certificate.

42. MISCELLANEOUS

42.1 Personal Liability. No member of or employee of either Party shall be charged personally or held contractually liable by or to the other Party under any term or provision of this Lease because of any breach thereof, or because of its execution or attempted execution.

42.2 No Waiver. No provision of this Lease may be waived or modified except by a writing signed by the Party against whom such waiver or modification is sought.

42.3 Non-Waiver of Rights. No waiver or default by Lessor of any of the terms, conditions, covenants or agreements hereof to be performed, kept or observed by Lessee shall be construed or act as a waiver of any subsequent default of any of the terms, covenants, conditions or agreements herein contained to

be performed, kept or observed by Lessee, and Lessor shall not be restricted from later enforcing any of the terms and conditions of this Lease.

42.4 Amendment. This Contract shall be modified only by a written amendment mutually agreed to and signed by both Parties, by persons duly authorized to enter into contracts on behalf of each Party.

42.5 Invalid Provisions. Should any provision of this Lease or any application thereof be held invalid by a court of competent jurisdiction, the remainder of this Lease shall not be affected thereby, unless one or both Parties would be substantially and materially prejudiced.

42.6 Litigation Expenses. In the event of litigation between Lessor and Lessee, the prevailing Party shall be entitled to recover its attorneys' fees and all costs and expenses of litigation, including witness fees, expert witness fees, and court costs.

42.7 Headings. The headings contained herein are for convenience in reference only and are not intended to define or limit the scope of this Lease or any term thereof.

42.8 Entire Agreement. This Lease, including exhibits attached hereto at the time of its execution, constitutes the entire agreement between the Parties hereto and supersedes all prior negotiations, understandings and agreements between the Parties concerning such matters.

43. INCORPORATION OF RECITALS

The recitals set forth herein are acknowledged by the Parties to be true and correct and are incorporated herein by this reference.

IN WITNESS WHEREOF, the Parties have executed this Lease the day and year first above written.

EXECUTED to be effective on the date specified above.

LESSOR:

**PHOENIX-MESA GATEWAY AIRPORT
AUTHORITY**, a joint powers authority authorized
by the State of Arizona

By: _____
J. Brian O’Neill, A.A.E.
Executive Director/CEO

STATE OF ARIZONA)
) ss.
County of Maricopa)

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me this ____ day of _____, 2017, by J. Brian O’Neill, A.A.E., in his capacity as the Executive Director/CEO of the Phoenix-Mesa Gateway Airport Authority, a joint powers authority authorized by the State of Arizona.

Notary Public

Exhibit A

DEPICTION OF THE PREMISES

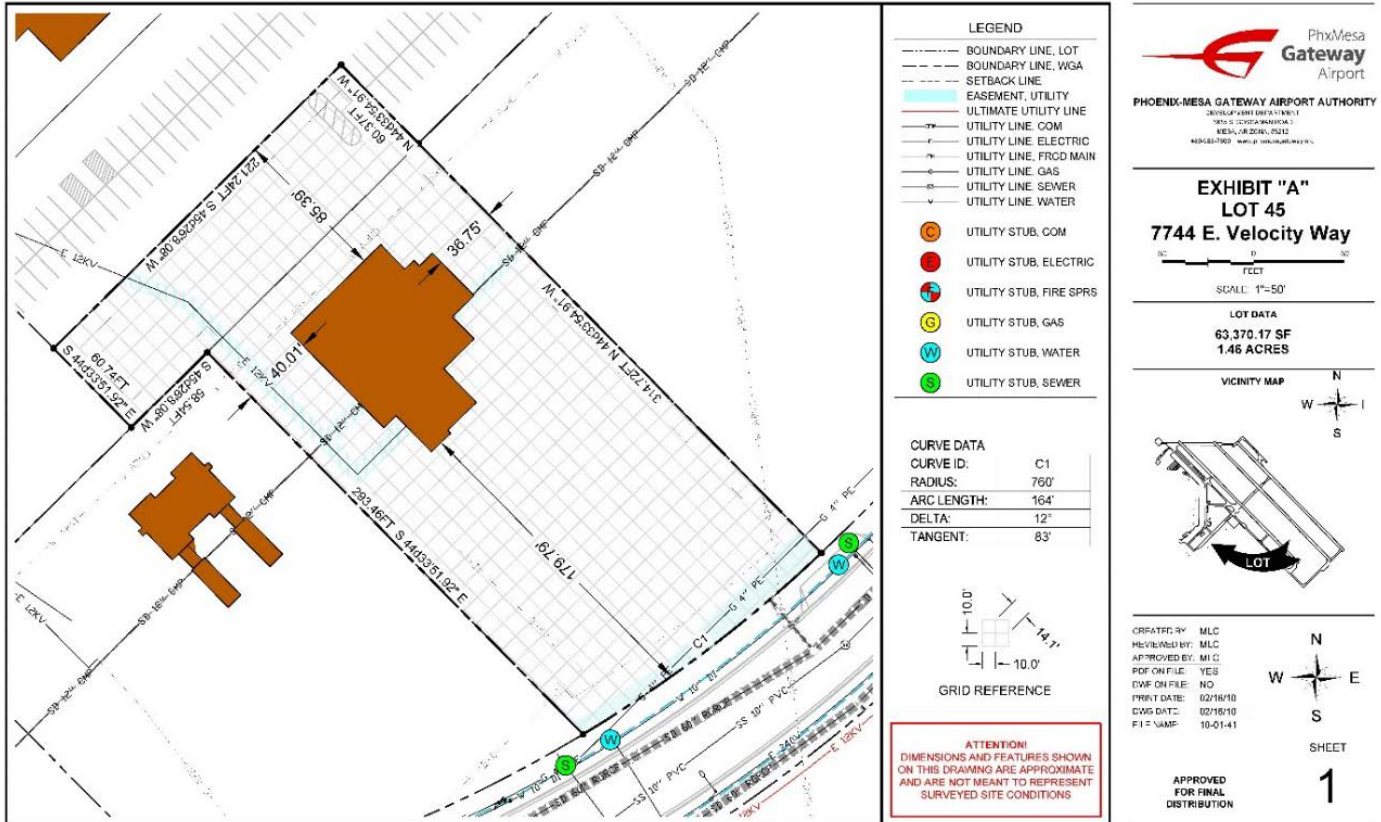


Exhibit B

AIRPORT RATES & CHARGES SCHEDULE

(SEE LINK)

http://www.gatewayairport.com/Documents/DocumentLibrary/Board%20Policies/Rates%20&%20Charges_20160701.pdf

AIRPORT FEES, SERVICES & RENTAL RATES

(SEE LINK)

<http://www.gatewayairport.com/Documents/DocumentLibrary/ExecDirSect/Airport%20Fees%20Services%20and%20Rental%20Rates%20-%20Effective%20August%201,%202017.pdf?Uniqueifier=qprqNSxyf6>

Exhibit C

AIRCRAFT OPERATIONS GUIDELINES

C1. Use of Airport. Lessee, Lessee's assigns, sub-lessees, or transferees who operate aircraft at the Airport and are engaged in a private, government, or commercial aeronautical business or service and desire to use the Airport landing facilities for certain types of operations including, but not limited to: 1) taxiing and maneuvering on Airport runways, taxiways, ramps and aprons; 2) landings and approaches (“touch and go”, “stop and go”); and 3) low approaches shall be subject to the provisions of this **EXHIBIT C**.

C2. Fees. As appropriate, Lessee shall pay Lessor fees as outlined below:

C2.1 *Landing Fee.* Lessee shall pay a landing fee at a rate equal to the amount reflected on the most current *Airport Rates and Charges Schedule* at the time of the aircraft operation, for each flight subject to a landing fee operated by or in conjunction with Lessee. The weight of any particular aircraft shall be its maximum certificated gross landing weight (MGLW). The amount owed to Lessor for each chargeable aircraft landing for each preceding calendar month shall be due and payable no later than the TWENTIETH (20th) day of the month succeeding the calendar month in which said aircraft landings took place. Lessee’s written listing of all aircraft landings subject to such fee shall accompany said payment. Each entry in such listing shall include the date of the landing, the aircraft registration number, the type and model aircraft, the aircraft MGLW and the amount of the fee due.

C2.2 *Aircraft Ramp Space.* Lessee shall pay Lessor monthly, an aircraft-parking fee in an amount equal to that specified in the most current *Airport Rates and Charges Schedule* at the time of use, for each overnight aircraft parking position used by Lessee that is situated on Airport ramp outside Lessee’s Premises. Such fees, if any, shall be payable to Lessor no later than the TWENTIETH (20th) day of the month following that in which Lessee occupied or used such space, and such payment shall be accompanied by a written listing of the aircraft (including registration number, make and model), dates and times of usage.

C2.3 *Other Space.* When available and specifically assigned to Lessee, Lessee shall pay Lessor monthly, in advance, a fee for Lessee’s non-exclusive use of other space not situated on or part of the Premises. The location and cost of such other space shall be determined by Lessor at its sole discretion, and both may be subject to change from time to time by Lessor, as necessary.

C2.4 *Additional Space/Services.* In the event that Lessee requires space or special services such as, but not limited to, aircraft line services, out-of-station ARFF standby, operations safety officers, ground service equipment, or fuel spills response teams, Lessee shall pay Lessor’s standard fees for such services at the time the service is rendered, unless a secured account or agreement is established prior to requesting additional services.

C3. Books and Records. Lessee shall maintain permanent books, records and ledgers accurately reflecting the total number of monthly Aircraft landings for each aircraft subject to a landing fee and any other aforementioned fee indicating the make, type (including model designation), registration, maximum certificated gross landing weight, and arrival and departure time of each aircraft involved. These records shall be made available to Lessor upon request. In addition to monthly payment as set forth in SECTION C2 herein and together therewith, Lessee shall provide Lessor with a written report, indicating all aircraft operations and related information for the preceding calendar month.

C4. Disabled or Abandoned Aircraft. Should any aircraft owned or operated by Lessee through accident or for any other reason, become disabled or be abandoned in any area which could interfere with the continuous, normal operations of any of the runways, taxiways and airfield facilities at the Airport, Lessee shall:

C4.1 Immediately remove said aircraft to such location as may be designated by Lessor, unless such aircraft is required to remain in place pending investigation by the appropriate regulatory agency or agencies of the federal government; and

C4.2 In the event of any accident where federal investigation in place is required, immediately upon receiving clearance to do so from the appropriate federal agency, remove said aircraft and any wreckage or debris resulting therefrom to the area(s) designated by said federal agency authorizing such removal; otherwise, such aircraft wreckage and debris shall be immediately removed from the Airport or stored at a location approved by Lessor.

C4.3 Should Lessee fail to proceed immediately to remove disabled aircraft, or should aircraft owned or operated by Lessee be abandoned on the Airport, Lessor shall have the right to remove such aircraft by any means Lessor deems necessary under the circumstances, and Lessee shall indemnify, defend, keep and hold Lessor, its members, board of directors, officers, agents, officials, servants, employees and contractors harmless from and against any and all claims, costs, loss, liability, actions, suits, proceedings, damage or expense (including costs of suit and attorneys' fees and expenses) incurred by Lessor or claimed by anyone by reason of removal of said aircraft, injury to persons or property or damages to such aircraft caused by such removal, as well as storage costs therefor. Lessee shall reimburse Lessor for any costs incurred by Lessor in removing and storing any aircraft, any property damage to the airport caused by such aircraft or removal within TEN (10) business days of demand therefor.

C5. Aviation Fuel. Lessee, at Lessee's sole cost and expense, shall procure aviation fuel delivered to its aircraft on the Airport. If fueling or defueling aircraft owned or operated by Lessee, or under Lessee's direct control, Lessee shall comply fully with Lessor's *Aviation Fuel Storage, Dispensing and Handling Guidelines* and applicable federal regulations.

C6. Fly Friendly Procedures. Lessee acknowledges that Lessor maintains *Fly Friendly* noise abatement procedures, and shall provide such information to flight crews, post the information in the Lessee's flight planning area, and use the procedures to the extent possible, when consistent with safety and Air Traffic Control directives.

Exhibit D

(SEE LINKS)

AIRPORT MINIMUM STANDARDS

<http://www.gatewayairport.com/Documents/DocumentLibrary/Board%20Policies/Airport%20Minimum%20Standards.pdf>

&

AIRPORT RULES AND REGULATIONS

http://www.gatewayairport.com/Documents/DocumentLibrary/Board%20Policies/Rules%20&%20Regulations_16-53.pdf

Exhibit E
STANDARD TERMS AND CONDITIONS

1. **Certification.** By executing this Contract, Lessee certifies:
 - a. The award of this Contract did not involve collusion or other anti-competitive practices.
 - b. It shall not discriminate against any employee or applicant for employment in violation of Federal Executive Order 11246, or A.R.S. Section 31-1461, et. seq.
 - c. It has not given, offered to give, nor intends to give at any time hereafter, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant in connection with this Contract; and Lessee hereby certifies that the individual signing this Contract is an authorized agent for Lessee and has the authority to bind the Lessee to the Contract.
2. **Arbitration.** At PMGAA's sole option, disputes between the parties may be resolved through arbitration as provided in A.R.S. Section 12-1501, *et seq.* Lessee shall continue to render the services required by this Contract without interruption, notwithstanding either party has filed suit against the other or PMGAA has expressly agreed to arbitration and either party has demanded arbitration.
3. **Affirmative Action.** Lessee shall abide by all the federal and state of Arizona provisions for equal opportunity in the work place.
4. **Human Relations.** Lessee shall abide by all the federal and state of Arizona provisions against discrimination of disadvantaged business enterprises in applicable PMGAA contracts.
5. **Gratuities.** PMGAA may, by written notice to the Lessee, cancel this Contract if it is found that gratuities, in the form of entertainment, gifts or otherwise, were offered or given by Lessee or any agent or representative of Lessee, to any officer or employee of PMGAA amending, or the making of any determinations with respect to the performing of such Contract. If this Contract is canceled by PMGAA under this provision, PMGAA shall be entitled, in addition to any other rights and remedies, to recover or withhold from the Lessee the amount of the gratuity.
6. **Provisions Required by Law.** Each and every provision of law and any clause required by law to be in the Contract shall be read and enforced as though it were included herein, and if through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then upon the application of either party the Contract shall forthwith be physically amended to make such insertion or correction.
7. **Rights and Remedies.** No provision in this Contract shall be construed, expressly or by implication, to waive either party's existing or future claim, right, or remedy available by law for breach of contract. The failure of either party to insist on strict performance of any Contract term or condition; to exercise or delay exercising any right or remedy provided in the Contract or by law; or to accept materials, services, or Lessee's services under this Contract or imposed by law, shall not be deemed a waiver of any right of either party to insist upon strict performance of the Contract.
8. **Right to Assurance.** Whenever one party to this Contract in good faith has reason to question the other party's intent to perform, the former party may demand that the other party give a written assurance of this intent to perform. If a demand is made and no written assurance is given within five (5) business days, the demanding party may treat this failure as an anticipatory repudiation with this Contract.
9. **Advertising.** Lessee shall not advertise or publish information concerning this Contract without prior written consent of PMGAA.

10. **Force Majeure**
 - a. Neither party is liable to the other, and neither party may be deemed in default under this Contract, if and to the extent that such party's performance of this Contract is prevented by reason of Force Majeure. The term "Force Majeure" means an occurrence that is beyond the control of the party affected and occurs without its fault or negligence. Force Majeure does not include late performance by a subcontractor unless the delay arises out of a specific Force Majeure in accordance with this Force Majeure term and condition.
 - b. If either party is delayed at any time in the progress of the work by Force Majeure, the delayed party shall notify the other party in writing, as soon as practical, of the delay and shall specify the causes of delay in the notice. The notice must be hand-delivered or mailed certified-return receipt and must specifically refer to this section. The delayed party shall cause the delay to cease as soon as practicable and shall notify the other party in writing when it has done so. The date of completion will be extended by Contract modification or amendment for the period of time that the completion date is necessarily delayed. This time extension is the Consultant's exclusive remedy for delay.
11. **Exclusive Possession.** All services, information, computer program elements, reports, and other deliverables, which may be created under this Contract, are the sole property of PMGAA and shall not be used or released by Lessee or any other person except with prior written permission by PMGAA.
12. **Licenses.** Lessee shall maintain in current status all federal, state, and local licenses and permits required for the operation of the business conducted by Lessee as applicable to this Contract.
13. **Subsequent Employment.** PMGAA may cancel this Contract without penalty or further obligation in accordance with A.R.S. Section 38-511 if any person significantly involved in initiating, negotiating, securing, drafting, or creating the contract, on behalf of the PMGAA is or becomes, at any time while the Contract or any extension of the contract is in effect, an employee of, or a contractor to any other party to this Contract with respect to the subject matter of the Contract. Such cancellation shall be effective when the parties to this Contract receive written notice from PMGAA, unless the notice specifies a later time.
14. **Patents.** Lessee shall defend, indemnify, and hold harmless PMGAA, its officers and employees from all liabilities, claims, damages, costs, or expenses, including, but not limited to attorneys' fees, for any alleged infringement of any person's patent rights or copyrights in consequence of the use by PMGAA, its officers, employees, agents, and other duly authorized representatives of tangible or intellectual property supplied to PMGAA by Lessee under this Contract.
15. **E-Verify Requirements.** To the extent applicable under A.R.S. § 41-4401, Offeror and its subcontractors warrant compliance with all federal immigration laws and regulations that relate to their employees, and compliance with the E-Verify requirements under A.R.S. §23-214(A). Offeror's or its subcontractors' failure to comply with such warranty shall be deemed a material breach of this Contract and may result in the termination of this Contract by PMGAA.



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Bob Draper, P.E., LEED AP, Engineering & Facilities Director
Through: Scott Brownlee, Deputy Director/COO
J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Roofing Repair and Replacement Airport Wide
Date: December 19, 2017

Proposed Motion

To authorize a contract with Centimark Corporation to complete roof repairs and replacements on PMGAA facilities airport wide, in an amount not-to-exceed \$200,000.

Narrative

Phoenix-Mesa Gateway Airport Authority's (PMGAA) Engineering and Facilities Department is responsible for the maintenance and repair of the Airport's facilities. Many of the roofing systems on PMGAA buildings are original and have reached the end of their useful life.

PMGAA Facilities Staff have identified several buildings in need of roof repair or replacement. This project will complete the five (5) year airport wide roofing program.

PMGAA and Centimark Corporation are both participants of the Mohave Educational Services Cooperative (MESC) Purchasing Group Intergovernmental Agreement. Under MESC, Centimark Corporation was awarded Roofing Contract #13X-CTMK-0417, and it is through this competitive selection that PMGAA will utilize Centimark Corporation for these roofing services.

Fiscal Impact

These projects are included in the FY18 capital budget under Capital Improvement Project #925.

Attachment(s)

Quotes, Job Scopes; Mohave Contract and Pricing



RESOLUTION NO. 17-61

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute §28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS the Authority desires to enter into a contract with Centimark Corporation;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes To authorize a contract with Centimark Corporation to complete roof repairs and replacements on PMGAA facilities airport wide, in an amount not-to-exceed \$200,000.. This resolution also authorizes the Chair or Executive Director/CEO to execute such Contract, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 19th day of December, 2017.

Jenn Daniels, Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Attorney



District: Phoenix Mesa Gateway
6263 S Taxiway Circle
Mesa, AZ 85212

DATE: 12/4/2017

Attn: David Swenson, 480 988 7545

Project: **Phx Mesa Gateway 2018 Roof Projects**
Air 46, Jet Strip, 568, 533, WFS Line Shack, Car Wash, 31 Line Shack

Scope of Work: See Attached CentiMark Proposal

<u>App #</u>	<u>Work Description</u>	<u>Qty</u>	<u>Unit</u>	<u>Mohave Price</u>	<u>Extended Price</u>
Air 46 TPO					
1.29f	Install F-10 fire barrier slip sheet for single-ply overlay	18660	SF	\$0.16	\$2,985.60
1.78a	Single-ply roof, TPO 60 mils reinforced, mechanically fastened	18660	SF	\$3.95	\$73,707.00
1.87b	Metal edge flashing, coated with single-ply material	550	SF	\$6.10	\$3,355.00
1.121qq	Equipment Rental - Fork truck	2	DAY	\$512.75	\$1,025.50
1.121l	Prime contractor twenty-year manufacturer warranty on re-roof services	18660	SF	\$0.23	\$4,291.80
Air 46 Shingles					
1.30a	Shingles, fiberglass, Class A, 30-year, premium laminated	3250	SF	\$1.79	\$5,817.50
1.121d	Prime contractor five-year manufacturer warranty on restoration services	3250	SF	\$0.04	\$130.00
Subtotal:					\$91,312.40
Jet Strip					
1.2a	Water Resistant Roofing – Pressure cleaning	6152	SF	\$0.28	\$1,722.56
1.34e	Prime substrate	6152	SF	\$0.23	\$1,414.96
1.88d	Acrylic/elastomeric, UL listed, Class A, 30 DFT	6152	SF	\$1.13	\$6,951.76
1.88i	Add white elastomeric coating	6152	SF	\$0.36	\$2,214.72
1.121f	Prime contractor ten-year warranty on restoration services	6152	SF	\$0.06	\$369.12
Subtotal:					\$12,673.12
568					
1.2a	Water Resistant Roofing – Pressure cleaning	9715	SF	\$0.28	\$2,720.20
1.34e	Prime substrate	9715	SF	\$0.23	\$2,234.45
1.88d	Acrylic/elastomeric, UL listed, Class A, 30 DFT	9715	SF	\$1.13	\$10,977.95
1.88i	Add white elastomeric coating	9715	SF	\$0.36	\$3,497.40
1.121c	Prime contractor five-year manufacturer warranty on restoration services	9715	EA	\$0.04	\$388.60
Subtotal:					\$19,818.60
533					
1.2a	Water Resistant Roofing – Pressure cleaning	15201	SF	\$0.28	\$4,256.28
1.34e	Prime substrate	15201	SF	\$0.23	\$3,496.23
1.88d	Acrylic/elastomeric, UL listed, Class A, 30 DFT	15201	SF	\$1.13	\$17,177.13
1.88i	Add white elastomeric coating	15201	SF	\$0.36	\$5,472.36
1.116q	Molded Closure Strips	233	EA	\$4.10	\$955.30
1.121f	Prime contractor ten-year warranty on restoration services	15201	SF	\$0.06	\$912.06
Subtotal:					\$32,269.36
WFS Line Shack					
1.19b	Roof deck insulation, Isocyanurate 4' x 8', 1-1/2" fastened	642	SF	\$2.00	\$1,284.00
1.78a	Single-ply roof, TPO 60 mils reinforced, mechanically fastened	642	SF	\$3.95	\$2,535.90
1.87b	Metal edge flashing, coated with single-ply material	115	SF	\$6.10	\$701.50
1.121v	Surcharge - Roofs less than 2000 square feet	642	EA	\$2.56	\$1,643.52
1.121l	Prime contractor twenty-year manufacturer warranty on re-roof services	642	SF	\$0.23	\$147.66
Subtotal:					\$6,312.58
31 Line Shack					
1.19b	Roof deck insulation, Isocyanurate 4' x 8', 1-1/2" fastened	1249	SF	\$2.00	\$2,498.00
1.78a	Single-ply roof, TPO 60 mils reinforced, mechanically fastened	1249	SF	\$3.95	\$4,933.55
1.87b	Metal edge flashing, coated with single-ply material	145	SF	\$6.10	\$884.50
1.121v	Surcharge - Roofs less than 2000 square feet	1249	EA	\$2.56	\$3,197.44
1.121l	Prime contractor twenty-year manufacturer warranty on re-roof services	1249	SF	\$0.23	\$287.27
Subtotal:					\$11,800.76
Car Wash					
1.34c	Sweep loose aggregate from roof membrane	2835	SF	\$0.28	\$793.80
1.24c	Gypsum, 1/2" x 4 x 8' unprimed, mechanically attached	2835	SF	\$1.75	\$4,961.25
1.78a	Single-ply roof, TPO 60 mils reinforced, mechanically fastened	2835	SF	\$3.95	\$11,198.25
1.87b	Metal edge flashing, coated with single-ply material	300	SF	\$6.10	\$1,830.00
1.117o	Pitch pocket, 24 Gauge, GI, 6" X 6", with storm collar	21	EA	\$61.53	\$1,292.13
1.121qq	Equipment Rental - Fork truck	2	DAY	\$512.75	\$1,025.50
1.121l	Prime contractor twenty-year manufacturer warranty on re-roof services	2835	SF	\$0.23	\$652.05
Subtotal:					\$21,752.98
Subtotal:					\$195,939.80
Bond N/A:				2.00%	\$3,918.80
Total:					\$199,858.60

Above pricing INCLUDES applicable taxes and Mohave's administrative fees

Mohave Contract Number: 13X-CTMK-0417 - Arizona License Numbers: ROC172001, ROC139890

Chad Anderson
Sr. Project Manager

Office: 602-333-6645
Mobile: 602-332-0089



NOTIFICATION OF AWARD LETTER

3/28/14

Sent this day via email to chad.anderson@centimark.com

Chad Anderson, Project Manager
CentiMark Corporation
1956 W. Cheryl Dr
Phoenix, AZ 85021

3/28/14

Congratulations, CentiMark Corporation's response has been awarded a contract under IFB 13X-0131. Attached is a copy of the contract signature page. Important notes and action items regarding the award are listed on the following pages. **Some action items contain important deadlines noted in bold font. Be sure to meet the requests and/or requirements on or before the deadlines noted.**

Your organization is bound by the terms of this contract; **only items specifically requested in this solicitation and awarded in your response to this solicitation will be authorized/allowed.**

Advise your Mohave customers to make purchase orders out to CentiMark Corporation. In the event you receive a purchase order from a member that does not contain the "MESC REVIEWED" stamp, it should be faxed to (928-718-3232), or emailed (orders@mesc.org) to Mohave for review.

Do not perform any work or provide any products until you receive a "MESC Reviewed" purchase order.

We highly recommend having your staff review our vendor information pages at (www.mesc.org/about-us/board-of-trustees-2/faqs-vendors) to learn more about working with Mohave. Especially helpful is the Vendor Handbook.

Please check all the entries on the contract record attached. You may make additions or revisions to the description (40 words or less), contact persons, etc. Email back any changes as soon as possible to michael@mesc.org.

Your contract number is 13X-CTMK-0417 and will take effect on April 17, 2014.

If you have any questions regarding your new contract, please call me at (928) 718-3222. We look forward to working with you and your company in the future.

Michael S. Carter, CPPB
Contracts Specialist I

NOTES ON AWARD FOR: CentiMark Corporation

- Please remind the member of their responsibility to independently verify that quotations and purchase orders comply with the terms of the award of a contract or procurement. This responsibility is set by rule and statute, and cannot be changed by Mohave. Members can go to (service.mesc.org/PVF/plist.php) to assist in meeting this due diligence responsibility.
- Financial information included under Tab 2 of your response will be kept confidential.
- All products and services must be priced using contract pricing approved by Mohave.
- All quotes shall include your contract #13X-CTMK-0417.
- Send requests for pricing updates to **Nancy Colbaugh - nancy@mesc.org**.
- Do not provide any goods/services until you receive a Mohave reviewed purchase order.
- Quick payment discounts must be approved by Mohave before being offered to members, and must be available equally.
- Order cycle overview:
 1. Member forwards purchase orders to Mohave. Vendor is CentiMark Corporation.
 2. Mohave emails member order to CentiMark Corporation.
 3. CentiMark Corporation provides product/services.
 4. CentiMark Corporation invoices member.
 5. Member pays CentiMark Corporation.
 6. CentiMark Corporation sends Usage and Reconciliation Report to Mohave.
 7. CentiMark Corporation remits administration fee monthly, based on invoices paid.
 8. Mohave audits selected purchases.

REQUIREMENTS/ACTION ITEMS FOR THE AWARD:

- You agreed to provide a Reconciliation Report detailing activity under the contract, and payment for Mohave administration fees for invoices paid in the previous month. Your report is due on the 10th of each month. **Mohave's Accounting Specialist will contact you and provide you with a sample report, based on reports provided under contract #09A-CTMK-0416.**
- If no invoices were paid under the contract in the previous month, you may send an email to adminreport@mesc.org advising of no sales to report for the month.
- Because you have an existing Mohave contract, we want to address how to properly report invoices on your monthly reconciliation reports because it may be necessary to submit two separate reports until all old contract purchases are closed:
 - Line item purchase orders that remain open under 09A-CTMK-0416 should be reported on 09A-CTMK-0416 reconciliation reports.
 - Blanket purchase order invoices with a ship date prior to, or on April 16, 2014 should be reported on the 09A-CTMK-0416 reconciliation report.
 - New purchase orders issued under the 13X-CTMK-0417 should be reported under 13X-CTMK-0417 reconciliation reports.
 - Blanket purchase order invoices with a ship date after April 16, 2014 should be reported on the 13X-CTMK-0417 reconciliation reports.
- Administration fee payments should be mailed to:

Mohave Educational Services
625 E. Beale St.
Kingman, AZ 86401
- Your Procurement Specialist will be contacting you once orders have been processed under your contract. They will discuss the Open Order Report and Status Report requirements with you at that time.

NOTES ON AWARD FOR: CentiMark Corporation

- In order to assist members with new contract award notices, Mohave will be releasing your contract award information to the members prior to April 17, 2014. Information regarding your contract award will be posted to our website and will be made available in our product vendor finder. Pricing from your awarded contract will also be made available to our members. All of this information will be accessible by our members before April 17, 2014. You may provide quotes to members for this contract. However, it will be your responsibility to inform members the contract is not effective until April 17, 2014, and members should not be processing purchase orders until that date. Acting on purchase orders (delivering products or services) prior to April 17, 2014 **is a violation of the contract**. Please ensure that your staff is aware of the effective date April 17, 2014, in order to avoid contract confusion.
- All future pricing updates must be electronic. Updates on the original Excel workbooks are preferred. Similar formats in Word or PDF are acceptable.
- We feature marketing information about your current contract in our newly re-designed product vendor finder on our website. Please visit our website (www.mesc.org) and go to the "All Products/Vendors" under the "Contracts & Solicitations" menu. Find your company from the list and click on your name. Once on your company information, review the "About Vendor" section of the "Overview." Confirm in writing if that information is still accurate, or if changes need to be made. Mohave reserves the right to edit information for content or length. **Email this information to michael@mesc.org no later than April 11, 2014.**
- Review the Mohave website to determine we have a current logo for your firm. If not, provide an electronic copy of your company logo that we will include on our website, in our product vendor finder. Mohave will insert a clickable link from your logo that will take members directly to your contract information. Vector point files are highly recommended (.ai or .eps files). However, a large hi-resolution (150-300 dpi) JPEG, TIFF, BITMAP, GIF or PNG file will suffice. Please provide any necessary agreement that may apply for our use of your logo on our website. **Email this information to michael@mesc.org no later than April 11, 2014.**
- **Pricing:**
 - A copy of your approved contract pricing file is attached, titled "ctmk initial pricing 041714.xlsx". This file includes requested additional products added to the Installed Roofing Products worksheet and are highlighted in yellow. Any action items are identified in red highlighting and require corrections, revisions, and/or clarifications as indicated. Make any corrections to this file and resend to Mohave for review. Maintain a copy of the final revised file and use this for future pricing updates.
 - Your mobilization charges are for projects over 60 miles from CentiMark office, depending upon highway/freeway accessibility to the project site. How are mobilization charges accessed to member sites that are accessible only from city/county-paved roads and may be some distance from a highway or freeway? Are there additional charges for access only by dirt roads?
 - Your response to Travel/Drive Rates includes the statement, "*Travel/ drive rate is only charged on projects are too close and too small to justify lodging/meals/mileage. For example, service work that is 1.5 hours or more away.*" Tab 3b Mobilization/Travel Description includes the statement, "*...and are charged to the customer upfront.*" Your current contract 09A-CTMK-0416 includes the following statement regarding travel and mobilization:

"Centimark will include all travel costs to any roofing project that is outside of the 25 mile radius of Phoenix. These cost's would be included if a Mohave Member is to Re-roof, Re-coat or Re-shingle any existing building that has a square footage larger than 10,000sqft."

"Mobilization Charges: Centimark will not charge for mobilization on projects where the project can be completed from start to finish in one operation, with no interruptions in project scheduling. Mobilization will apply to subsequent trips, due to rescheduling or project interruptions, caused or requested by the member."

Provide clarification regarding projects that are deemed too small to justify and that are no more than 1.5 hours away. Confirm that members shall not be required to pay for mobilization and/or travels charges as a prepayment of services. Additionally, CentiMark may, at their option, revise the travel and mobilization to mirror the previous contract's travel methodology.
 - **Email the requested pricing clarifications or information to michael@mesc.org no later than April 11, 2014.**

Offer and Acceptance Form

Place after Tab 1a

IFB 13X-0131 Roof and Roofing Systems - Installation, Products, and Services

To Mohave Educational Services Cooperative, Inc.:

The undersigned hereby certifies understanding and compliance with the requirements in all terms, conditions, specifications and addenda. Bidder further agrees to furnish materials and/or services in compliance with all terms, conditions, specifications and addenda in the solicitation and any written exceptions in the offer.

Federal Employer Identification Number 25-1194990

Company Name CentiMark Corporation

Address 1956 W Cheryl Dr City Phoenix State AZ Zip 85021

Telephone Number 602 333 6633 Fax 602 333 6652

Printed Name SHERI L. OLENAK Title ASSISTANT SECRETARY

Primary Email chad.anderson@centimark.com Alternate email gail.gustafson@centimark.com

Note: The primary email address will be used for all communication from Mohave regarding your response to this solicitation. Provide an alternate email address that will be used **only** if the primary email address is not valid.

Authorized Signature 

The offer and acceptance form should be submitted with a signature by the person authorized to sign the bid. The person signing the bid shall initial erasures, interlineations, or other modifications in bid. Failure to sign the bid and contract award document, or to make other notations as indicated, may result in rejection of bid.

The contract vendor shall not commence any billable work or provide any material or service under this contract unless and until contract vendor receives a purchase order with Mohave's review noted.

Acceptance of Offer and Contract Award (Mohave Only)

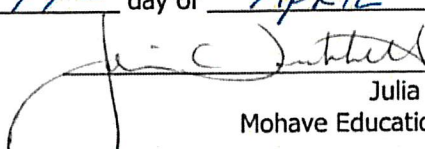
Your Bid is Hereby Accepted:

As contract vendor, you are now bound to sell the materials and/or services offered to and accepted by Mohave in accordance with the solicitation, including all terms, conditions, specifications, addenda, etc.

This Contract shall be referred to as Contract Number 13X-CTMK-0417

Awarded this 28th day of March 2014.

This contract shall be effective this 17th day of APRIL 2014.


Julia E. Tribbett, Executive Director
Mohave Educational Services Cooperative, Inc.



Date: 3/28/14

To: Julia E. Tribbett, Executive Director

Through: Mark DiBlasi, CPPB, Contracts Manager

From: Michael Carter, CPPB, Contract Specialist I

Subject: Award Recommendation for IFB 13X-0131, Roof and Roofing Systems - Installation, Products, and Services

On January 31, 2014 Mohave received eight responses to IFB 13X-0131. One bid was determined to be non-responsive. In accordance with the procurement rules and the solicitation, the basis of award was lowest responsible and responsive bidder(s). Mohave created five sample jobs from past member procurements completed under the contracts awarded under IFB 09A-0319. Sample job pricing was used to develop a ranking from lowest to highest price for the bids determined to be responsive and responsible. The sample job pricing was created from the submitted price lists for all bidders.

Centimark Corporation, Progressive Services, Inc. dba Progressive Roofing, Reliable Roofing Co, Inc., Roofing Southwest, Star Roofing, Inc., Traditional Roofing Inc., and Weatherproofing Technologies, Inc. were determined to be responsive and responsible. They provided the following required information:

- Bid security of \$100,000
- Evidence of required liability insurance
- Evidence of required licenses
- Evidence of required bonding capacity
- Provided the majority of the products and services requested in solicitation
- Demonstrated necessary experience
- Demonstrated ability to adequately service members statewide for all products and services offered

The evaluation committee determined a single award is not advantageous to Mohave's members. The solicitation authorized multiple awards to meet the needs of Mohave's large number of various types of members located throughout Arizona. This is a statewide contract aimed at roofing and roofing system installations, products, and services. No single offer demonstrated the ability to effectively, and efficiently meet all our members' needs for roofing and roofing system projects.

Award is recommended to least number of bidders determined necessary to meet the members' requirements. The decision was based upon considerations for existing roofing and roofing system installations, products, and services, future expansion, contractor's ability to provide for our large, diverse membership, bonding capacity, geographic area(s) served, and Mohave's past experience with contracts for similar product/services.

Vendor:	Centimark Corporation	Progressive Roofing	Reliable Roofing Co	Roofing Southwest	Star Roofing Inc.	Traditional Roofing, Inc.	Weather-proofing Technologies, Inc.	Lowest Price
Sample Job 1	\$82,834.33 (2)	\$85,933.93 (3)	n/a	\$70,671.04	\$145,642.78	\$88,659.45	\$119,380.63	\$70,671.04
Sample Job 2	\$27,801.60 (2)	\$28,632.50 (3)	n/a	\$21,952.60	\$89,604.00	\$62,341.16	\$34,925.05	\$21,952.60
Sample Job 3	\$6,302.16	\$6,647.92 (2)	\$9,861.59	\$8,809.70	\$15,240.68	\$27,876.78	\$9,115.42	\$6,302.16
Sample Job 4	\$260,564.10	\$291,397.37	\$314,348.11	\$157,663.54	\$892,386.90	\$207,009.18	\$177,116.96 (2)	\$157,663.54
Sample Job 5	\$104,692.60	\$77,690.00	\$76,747.55	\$45,689.42	\$158,829.84	\$74,321.22	\$73,588.91 (2)	\$45,689.42

Rev. 1/15/14 MSC

IFB 13X-0131 Award Recommendation

Awards are recommended to the responsible and responsive bidders with the lowest cost, based upon the sample jobs referenced above. Sample job pricing from the responsible and responsive bidders follows:

Details for the recommended awards are as follows:

- Roofing Southwest was the lowest bidder for sample jobs 1, 2, 4, and 5. They have a large installed base of products in Arizona. They offered installed roofing systems from BASF, Carlisle, Firestone, GAF, IB Roof Systems, Johns Manville, Owens Corning, ProTech, and Quest.
- Centimark Corporation was the lowest bidder for sample job 3, and second lowest for sample jobs 1 and 2. They have a large installed base of products in Arizona. They offered installed roofing systems from Carlisle, GAF, Johns Manville, and Quest. They were the only bidder recommended for award to offer roofing systems from Versico.
- Weatherproofing Technologies, Inc. was the second lowest bidder for sample jobs 3 and 4. They have a large installed base of products in Arizona. They are the manufacturer for Tremco roofing systems and products.
- Progressive Roofing was the second lowest bidder for sample job 3, and the third lowest for sample jobs 1 and 2. They have a large installed base of products in Arizona. They offered installed roofing systems from BASF, GAF, Johns Manville, and Quest. They were the only bidder recommended for award to offer roofing systems from Atlas Roofing, Cetco, The Garland Company, Jones-Blair, RMP Rollfab, and Siplast. They are the only bidder holding a BE-asbestos license with the Arizona Registrar of Contractors that can self-perform asbestos abatements.

None of the bidders recommended for award are on the United States General Services Administration's Excluded Parties List, or on the Arizona Department of Administration Excluded Parties List.

The current contracts under IFB 09A-0319 expire on April 16, 2014. It is recommended the awards under IFB 13X-0131 take effect on April 17, 2014.

It is the recommendation of the evaluation committee that contracts be awarded to Centimark Corporation, Progressive Roofing, Roofing Southwest, and Weatherproofing Technologies, Inc. for Roof and Roofing Systems - Installation, Products, and Services.

Not recommended for award (Below the cutoff for least number of vendors determined necessary to meet the members' requirements.)

**Reliable Roofing Co. Inc.
Star Roofing Inc.
Traditional Roofing, Inc.**

Not recommended for award (Non-Responsive)

Jim Brown and Sons Roofing Co. Inc.

- Did not meet minimum insurance requirements. Certificate of insurance only included an aggregate general liability amount of \$2,000,000. No additional umbrella or excess liability amounts were included. Special Term and Condition 5.1 states the minimum requirement is not less than \$5,000,000 comprehensive public liability insurance.

Approve the award of #13X-0131 as recommended:



Signature: _____

Mark DiBlasi, CPPB
Contracts Manager

Date: 3/28/14



Signature: _____

Julia E. Tribbett
Executive Director

Date: 3/28/14



3/22/2017

Extension of Contract (Page 1 of 3)

Chad Anderson
Centimark Corporation
1956 W Cheryl Dr
Phoenix, AZ 85021

RE: Contract # 13X-CTMK-0417 Extension of contract Agreement made by, and between, Centimark Corporation and Mohave Educational Services Cooperative (Mohave).

In accordance with its terms and conditions, Mohave desires to extend contract 13X-CTMK-0417 for a period of one (1) year, beginning 4/17/2017. The extension shall be under the same terms and conditions contained therein.

Please indicate your desire to extend by completing the appropriate information below and on the following pages. If the contract is extended, Centimark Corporation agrees to provide products or prices as per 13X-0131.

We desire to **extend** the contract as specified above, and agree to abide by the current terms and conditions, and any attached clarifications.

Signature  Title Sr. Project Manager

Typed/Printed Name Chad Anderson Date 3/27/17

Please verify that the following information is correct and accurate:

POs Attn: Order Desk
Centimark Corporation
1956 W Cheryl Dr
Phoenix, AZ 85021

Remit to: Centimark Corporation
Accounts Receivable
1956 W Cheryl Dr
Phoenix, AZ 85021

Member Contact: Chad Anderson
Contract Administrator: Chad Anderson
Phone Number: 602-333-6645
Fax Number: 602-333-6652

If both pages of this notice are not received at Mohave's Kingman office on, or before, 4/17/2017, orders shall be held without processing. Email or fax completed extension to contracts@mesc.org or (928) 718-3232.

To terminate the contract effective 4/17/2014, email or fax a notice of your request to cancel the contract to contracts@mesc.org or (928) 718-3232. You agree to complete any authorized work or orders received prior to that date. Renewals not received within 14 days following 4/17/2014 shall result in cancellation of the contract. However, any authorized orders received prior to this date, shall be completed under this contracts terms and conditions.

Extension of Contract

(Page 2 of 3)

Pricing Update

We list your contract as utilizing Fixed. Please confirm the following regarding pricing under your contract:

Our contract utilized firm-fixed pricing. We agree to hold the current prices until the next contract renewal date of 04/17/2018.

Our contract utilized percentage off MSRP/Retail pricing. The current price lists/catalogs are still applicable.

We are requesting a price adjustment. A price list/catalog will be submitted by _____. (Insert Date)

We will provide new price list(s)/catalog(s) by _____. (Insert Date)

Remember that your firm cannot quote any new products contained in pricing submitted with your contract renewal until it has been reviewed and approved by your Contract Specialist. Current contract pricing will remain in effect until new pricing has been reviewed and approved.

Vendor Logo

Currently, we have the following logo on file for use on our website in our product/vendor finder:



If you wish to revise or update the logo we have on file, keep the following requirements in mind:

- *What file types are acceptable?* Vector point files are highly recommended (such as .ai or .eps files). If you don't have access to a vector point file, a large hi-resolution (approximately 150-300 dpi) JPEG, TIFF, BITMAP, GIF or PNG file will work. Having a file with a high dpi will help keep images looking sharp if we need to resize the logo.
- *What file size is recommended?* There is no limitation to the logo file size.

Vendor Benefits Description

Currently, we have the following information on our website detailing the benefits of your contract for our members to view:

Extension of Contract

(Page 3 of 3)

Vendor Benefits Description (continued)

CentiMark is North America's largest full service commercial roofing and flooring contractor with over 44 years under the same leadership and management. CentiMark is the first and only roofing contractor to achieve a 5A1 financial rating from Dun & Bradstreet.

CentiMark provides prompt, local service and quality workmanship. We specialize in a solution-based approach to re-roofing: TPO, EPDM, BUR, foam, coatings. We offer a full complement of roofing services featuring: roof repairs, 24/7 emergency leak service, severe weather response, preventative maintenance, energy efficient/green options, on-line roof asset management, Single Source warranties on workmanship and materials and flooring solutions.

CentiMark has specially trained crews for re-roofing installations and for Service work. We make roof safety a priority and our Safety Incidence Rate is lower than the national average for the roofing industry.

At CentiMark, we offer solutions to help you extend the life of your roof. CentiMark has over 70 offices in the United States and Canada. Call CentiMark at 800-558-4100 or visit our www.CentiMark.com

If you wish to revise or update the vendors benefits information we have on file, keep the following requirements in mind:

- The description should be 150-200 words that explain the benefits that your company can provide to our members through your Mohave contract.
- The description should give a brief overview for members who may be accessing information about your contract from our product vendor finder on Mohave's website.
- Please note that Mohave reserves the right to revise or modify the information provided either for content or length.

Email or fax request for information revisions or additional information to contracts@mesc.org or 928-718-3232. If you have any questions, contact your Contract Specialist either via email at mike@mesc.org or phone 928-718-3203.



3/10/2016

Extension of Contract (Page 1 of 3)

Chad Anderson
Centimark Corporation
1956 W Cheryl Dr
Phoenix, AZ 85021

RE: Contract # 13X-CTMK-0417 Extension Agreement made by and between Centimark Corporation and Mohave Educational Services Cooperative (Mohave).

In accordance with its terms, Mohave desires to extend contract 13X-CTMK-0417 for a period of one (1) year, beginning 4/17/2016. The extension shall be under the same terms and conditions contained therein.

Please indicate your desire to extend by completing the appropriate information below and on the following pages. If the contract is extended, Centimark Corporation agrees to provide products or prices as per 13X-0131.

We desire to **extend** the contract as specified above, and agree to abide by the original terms & conditions, and any attached clarifications.

Signature  Title Project Manager

Typed/Printed Name Chad Anderson Date 3/15/16

Please check the information below.

POs Att: Order Desk
Centimark Corporation
1956 W Cheryl Dr
Phoenix, AZ 85021

Remit to: Centimark Corporation
Accounts Receivable
1956 W Cheryl Dr
Phoenix, AZ 85021

Member Contact: Chad Anderson
Contract Administrator: Chad Anderson
Phone Number: 602-333-6645
Fax Number: 602-333-6652

If both pages of this notice are not received at Mohave's Kingman office on or before 4/17/2016, orders may be held without processing. Email or Fax completed extension to contracts@mesc.org or (928) 718-3238

To terminate contract 13X-CTMK-0417 effective 4/17/2016, send a notice of such to (928) 718-3238 or email contracts@mesc.org. You agree to complete any authorized work or orders received prior to that date.

Extension of Contract

(Page 2 of 3)

Pricing Update

We list your contract as utilizing fixed. Please confirm the following regarding pricing under your contract:

Our contract utilized firm-fixed pricing. We agree to hold the current prices until the next contract renewal date of 04/17/2017.

Our contract utilized percentage off MSRP/Retail pricing. The current price lists/catalogs are still applicable.

We will provide new price lists/catalog by _____. (Insert Date)

Remember that your firm cannot quote any new products contained in pricing submitted with your contract renewal until it has been reviewed and approved by your Contract Specialist. Current contract pricing will remain in effect until new pricing has been reviewed and approved.

Vendor Logo

Currently, we have the following logo on our website for our members to view:



If you wish to revise or update the information, keep the following key points in mind:

- *What file types are acceptable?* Vector point files are highly recommended (such as .ai or .eps files). If you don't have access to a vector file, a large hi-resolution (approx. 150-300 dpi) JPEG, TIFF, BITMAP, GIF or PNG file will work. Having a high dpi will help keep images looking sharp if we need to resize the logo.
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Vendor Benefits Description

Currently, we have the following information on our website detailing the benefits of your contract for our members to view:

Vendor Benefits Description (continued)

If you wish to revise or update the information, keep the following key points in mind:

- The description should be 150-200 words that explain the benefits that your company can provide to our members through your Mohave contract.
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- Please note that Mohave reserves the right to revise or modify the information provided either for content or length.

Email any information corrections, or additional information to contracts@mesc.org. If you have any questions, contact your Contract Specialist either via email mike@mesc.org or phone <<csInfo::csphone>>.



3/10/2015

Extension of Contract (Page 1 of 3)

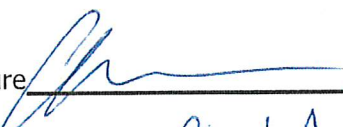
Chad Anderson
Centimark Corporation
1956 W Cheryl Dr
Phoenix, AZ 85021

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In accordance with its terms, Mohave desires to extend contract 13X-CTMK-0417 for a period of one (1) year, beginning 4/17/2015. The extension shall be under the same terms and conditions contained therein.

Please indicate your desire to extend by completing the appropriate information below and on the following pages. If the contract is extended, Centimark Corporation agrees to provide products or prices as per 13X-0131.

We desire to **extend** the contract as specified above, and agree to abide by the original terms & conditions, and any attached clarifications.

Signature  Title Project Manager
Typed/Printed Name Chad Anderson Date 3/10/15

Please check the information below.

POs Att: Order Desk
Centimark Corporation
1956 W Cheryl Dr
Phoenix, AZ 85021

Remit to: Centimark Corporation
Accounts Receivable
1956 W Cheryl Dr
Phoenix, AZ 85021

Member Contact: Chad Anderson
Contract Administrator: Chad Anderson
Phone Number: 602-333-6645
Fax Number: 602-333-6652

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Extension of Contract

(Page 2 of 3)

Pricing Update

We list your contract as utilizing fixed. Please confirm the following regarding pricing under your contract:

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We will provide new price lists/catalog by _____. (Insert Date)

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Vendor Benefits Description

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Extension of Contract

(Page 3 of 3)

Vendor Benefits Description (continued)

CentiMark is North America's largest full service commercial roofing and flooring contractor with over ⁴⁶~~44~~ years under the same leadership and management. CentiMark is the first and only roofing contractor to achieve a 5A1 financial rating from Dun & Bradstreet.

CentiMark provides prompt, local service and quality workmanship. We specialize in a solution-based approach to re-roofing: TPO, EPDM, BUR, foam, coatings. We offer a full complement of roofing services featuring: roof repairs, 24/7 emergency leak service, severe weather response, preventative maintenance, energy efficient/green options, on-line roof asset management, Single Source warranties on workmanship and materials and flooring solutions.

CentiMark has specially trained crews for re-roofing installations and for Service work. We make roof safety a priority and our Safety Incidence Rate is lower than the national average for the roofing industry.

At CentiMark, we offer solutions to help you extend the life of your roof. CentiMark has over 70 offices in the United States and Canada. Call CentiMark at 800-558-4100 or visit our www.CentiMark.com

If you wish to revise or update the information, keep the following key points in mind:

- The description should be 150-200 words that explain the benefits that your company can provide to our members through your Mohave contract.
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- Please note that Mohave reserves the right to revise or modify the information provided either for content or length.

Email any information corrections, or additional information to contracts@mesc.org. If you have any questions, contact your Contract Specialist either via email mike@mesc.org or phone 928-718-3203.



Mohave Contract
13X-CTMK-0417

Centimark Corporation
Via Email

May 16, 2017

Agreement To Amend the Terms and Conditions of the Existing Contract

In order for Mohave Educational Services Cooperative, Inc.'s (Mohave's) contracts to comply with Federal Education Department General Administration Regulations (EDGAR) requirements, Mohave is amending its existing contracts. Please review, initial next to each requirement, sign the bottom of the amendment and return to Mohave no later than June 16, 2017.

The Terms and Conditions of your contract have been modified as follows:

A. Anti-Lobbying Certification: In accordance with the Federal Acquisition Regulation, 52.203-11:

- (a) The definitions and prohibitions contained in the clause, at FAR 52.203-12, Limitation on Payments to Influence Certain Federal Transactions, included in this solicitation, are hereby incorporated by reference in paragraph (b) of this certification.
- (b) The bidder, by signing this amendment, hereby certifies to the best of his or her knowledge and belief that on or after December 23, 1989–
 - (1) No Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress on his or her behalf in connection with the awarding of this contract;
 - (2) If any funds other than Federal appropriated funds (including profit or fee received under a covered Federal transaction) have been paid, or will be paid, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress on his or her behalf in connection with this solicitation, the bidder shall complete and submit, with its bid, OMB standard form LLL, Disclosure of Lobbying Activities, to the Contracting Officer; and
 - (3) He or she will include the language of this certification in all subcontract awards at any tier and require that all recipients of subcontract awards in excess of \$100,000 shall certify and disclose accordingly.
- (c) Submission of this certification and disclosure is a prerequisite for making or entering into this contract imposed by section 1352, Title 31, United States Code. Any person who makes expenditure prohibited under this provision or who fails to file or amend the disclosure form to be filed or amended by this provision shall be subject to a civil penalty of not less than \$10,000, and not more than \$100,000, for each such failure.



Initial Agreement as the Authorized Representative of the Contract Vendor

- B. Clean Air Act, Clean Water Act and Environmental Protection Agency Regulations:** Contract vendor and its subcontractors shall comply with all applicable standards, orders or requirements issued under section 306 of the Clean Air Act, section 508 of the Clean Water Act, Executive Order 11738 and Environmental Protection Agency regulations (7 CFR 3016.36 (i) (12)). This shall only apply to federally funded projects subject to the Clean Air Act, Clean Water Act and current applicable EPA regulations.



Initial Agreement as the Authorized Representative of the Contract Vendor



C. **Energy Policy and Conservation Act:** Contract vendor and its subcontractors shall comply with mandatory standards and policies relating to energy efficiency (7 CFR 3016.36 (i) (13)). This shall only apply to federally funded projects subject to current applicable energy policies and the Energy Conservation Act.

CA **Initial Agreement as the Authorized Representative of the Contract Vendor**

D. **Procurement of recovered material:** Contract vendor and its subcontractors shall comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act, as stated in 2 CFR 200.321.

CA **Initial Agreement as the Authorized Representative of the Contract Vendor**

E. **Rights to inventions:** Rights to inventions made under a contract or agreement as specified under Appendix II to 2 CFR shall apply for federally funded projects.

CA **Initial Agreement as the Authorized Representative of the Contract Vendor**

F. **Subcontracts:** Prime Contractor, if subcontracts are to be let, will allow all business to have an equal opportunity to sign up as a prospective bidder for work assigned under this contract.

CA **Initial Agreement as the Authorized Representative of the Contract Vendor**

Failure to sign and return EDGAR amendment by close of business on June 16, 2017 may result in your contract being placed on hold or canceled.

Amendment will take effect July 1, 2017.

A handwritten signature in black ink, appearing to read "Chad Anderson", is written over a horizontal line.

Chad Anderson
Centimark Corporation

Dated 5/31/17

A handwritten signature in black ink, appearing to read "Anita McLemore", is written over a horizontal line.

Dated May 16, 2017
Anita McLemore, Executive Director
Mohave Educational Services Cooperative, Inc.



Mohave Contract
13X-CTMK-0417

Centimark Corporation
Via Email

September 6, 2016

Agreement To Amend the Terms and Conditions for Certification


In order for Mohave Educational Services Cooperative, Inc.'s (Mohave's) contracts to comply with new legislation that went into effect August 6, 2016, Mohave is amending its existing contracts. This law "*prohibits public entities from entering into contract with a company to acquire or dispose of services, supplies from information technology or construction, unless the contract includes a written certification that the company is not currently engaged in, and agrees for the duration of the contract to not engage in, a boycott of Israel.*"

The Terms and Conditions of your contract have been modified as follows:

2. CERTIFICATION

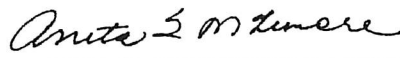
By signing the amendment below, offeror certifies the following:

- Offeror shall comply with ARS §35-393.01 and certify that they are not currently engaged in, and agree that for the duration of the contract to not engage in, a boycott of Israel.



Chad Anderson
Centimark Corporation

Dated 9/9/16



Dated September 6, 2016
Anita McLemore, Interim Executive Director
Mohave Educational Services Cooperative, Inc.



Mohave Contract
13X-CTMK-0417

Centimark Corporation
Via Email

June 14, 2016

Agreement To Amend The Standard Terms And Conditions for Construction; Performance And Payment Bonds

Mohave Educational Services Cooperative, Inc.'s (Mohave) previous contract requirements for payment and performance bonding included reference to statute, title, and/or rules, and specific vendor actions, and acknowledgment from the member when waiving performance and payment bonding. However, these requirements may not be applicable to all members. This amendment replaces the previous requirements in the Special Terms and Conditions regarding issuing performance and payment bonds. The Special Terms and Conditions have been modified as follows:

11 . PERFORMANCE AND PAYMENT BONDS


11.1. Issuing performance and payment bonds: It shall be the sole responsibility of the member to determine if any applicable performance and payment bonding requirements apply to the procurement under an awarded contract. Member must request that the contract vendor provide the performance and payment bonds that meets the requirements prior to project implementation.

The contract vendor shall supply Mohave with a copy of the procured bonds upon request. If the contract vendor fails to deliver any required performance or payment bonds requested by the member, the contract with Mohave may be canceled.

11.2. Payment bond requirement: An irrevocable payment bond shall be executed in an amount equal to 100% of the price specified in the contract between the member and the contract vendor by a surety company authorized to do business in Arizona. This bond will protect all persons supplying labor and material to the contract vendor for the performance of the work provided in the contract.

11.3. Performance bond requirement: An irrevocable performance bond shall be executed in an amount equal to 100% of the price specified in the contract between the member and the contract vendor by a surety company authorized to do business in Arizona.

This agreement shall be effective July 1, 2016. Signature below indicates agreement to modifications as listed above.


Chad Anderson
Centimark Corporation

Dated 6/21/16


Anita McLemore, Interim Executive Director
Mohave Educational Services Cooperative, Inc. Dated June 14, 2016



Mohave Contract
13X-CTMK-0417

Centimark Corporation
Via Email

September 8, 2015

Agreement to amend the special terms and conditions to allow a one-time price adjustment

Mohave Educational Services Cooperative, Inc. (Mohave) desires to allow a one-time price adjustment due to recent changes in the transaction privilege tax process for contractors. In order to do so, it is necessary to modify the special terms and conditions of contract 13X-CTMK-0417. It is understood that the following terms and conditions found in IFB 13X-0131 are temporarily suspended to allow a one-time price adjustment. Once the price files and supporting documentation are reviewed and accepted by Mohave, it is understood that the terms and conditions below will revert to their original intent regarding the modification of pricing under your contract.

Special Terms and Conditions (suspended portions highlighted in italics for emphasis):


10.6 Discounts: Discounts must clearly identify the percent of discount to apply to the price list. If multiple discounts apply, bidder shall clearly indicate the discounts and applicable materials or services. *Bidder shall agree that there will be no reduction in discount(s) during the term of contract.*

10.8 New price lists: *New price lists, and/or workbooks may be submitted for review throughout the term of the contract. Mohave will review new price lists, and/or workbooks to determine if the new prices or an alternative option is in the members' best interests.* New price lists, and/or workbooks shall apply to the contract only upon approval from Mohave. New price lists, and/or workbooks found to be non-competitive at any time during the contract will be grounds for terminating the contract.

10.12 Pricing increases and adjustment: Bids shall include prices for any and all items. *Prices shall be firm until each anniversary date of contract, unless there is an occurrence of one or more allowable economic price adjustment contingencies outlined in bid. If allowable price adjustment contingencies occur, contract vendor may submit a fully documented request for price adjustment to Mohave. The documentation must substantiate that any requested price increase was clearly unpredictable at the time of bid submittal and results from an increased cost to contract vendor that was out of contract vendor's control.*

10.15 Price review: Mohave will review requests for price adjustments to determine if the new prices or another option is in the members' best interests. New prices shall apply to the contract upon approval from Mohave. *Price changes shall be a factor in contract renewal.*

This agreement shall be effective September 8, 2015. Signature below indicates agreement to modifications as listed above.


Chad Anderson
Centimark Corporation

Dated 9/8/15


Julia Tribbett, Executive Director
Mohave Educational Services Cooperative, Inc.

Dated 9/14/15



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Ryan Smith, Communications & Government Relations
Through: J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: 2018 Legislative Agenda
Date: December 19, 2017

Proposed Motion

To approve the 2018 Federal and State Legislative Agenda.

Narrative

Phoenix-Mesa Gateway Airport Authority (PMGAA), in coordination with our Federal and State contracted lobbyists and associations monitor and advocate for policies and legislation that may impact the Authority.

The 2018 Legislative Agenda focuses on proposed legislative actions at the Federal and State level. This action include the replacement of the PMGAA Air Traffic Control Tower, Federal funding of airport operations which may include reimbursement for mandated law enforcement officials, state policy related to land use around airports, and aviation funding on the state level.

PMGAA will coordinate advocacy efforts with Member Government Affairs Representatives, PMGAA contracted representatives including Squire Patton Boggs and Triadvocates, and associations including the Airport Council International, the American Association of Airport Executives, and the Arizona Airports Association.

Fiscal Impact

No fiscal impact

Attachment(s)

N/A



RESOLUTION NO. 17-62

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute §28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS the Authority desires to establish a 2018 Federal and State Legislative Agenda;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby approves To approve the 2018 Federal and State Legislative Agenda.. This resolution also authorizes the Chair or Executive Director/CEO to execute such Contract, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 19th day of December, 2017.

Jenn Daniels, Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Attorney



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

To: Board of Directors
From: Margi EvanSon, Operations & Maintenance Director
Through: Scott Brownlee, Deputy Director/COO
J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Airport Janitorial Cleaning Services
Date: December 19, 2017

Proposed Motion

To authorize a contract with Titan Facility Services, LLC. for janitorial services, in an amount not to exceed \$1,663,035.48 for three years, including two (2) one-year optional extensions.

Narrative

The current janitorial services contract will be terminated as of January 31, 2018 due to a change in scope. The area in need of janitorial services has expanded and additional locations, tasks and frequency are needed for janitorial services.

Authorization of the contract will provide janitorial cleaning services to maintain a clean, sanitary, and safe environment in a cost-effective manner. The janitorial service will provide a high level of customer service in a timely and professional manner using industry standards for janitorial cleaning services.

Request for Proposals 2018-011-RFP for janitorial services for the Airport was issued on September 21, 2017 and advertised in the Arizona Business Gazette on October 5th, 12th and 19th. In addition, the solicitation was posted on Arizona Airports Association (AzAA), Southwest American Association of Airport Executives (SWAAAE) and our website. There were 21 prospective respondents that received copies of the notice as well as eight Disadvantaged Business Enterprise (DBE) / Small Business Concern (SBC) organizations. The bid opening was held on October 24, 2017 and five bids were received: 1) ABM Aviation, 2) FlagShip Airport Services, Inc., 3) Marsden West, 4) Titan Facility Services, LLC, and 5) Varsity Facility Services.

After Airport staff reviewed and evaluated the proposals, interviewed two Offerors and requested a Best and Final Offer, the recommendation by staff is to award the contract to Titan Facility Services, LLC. Titan provides for the best staffing plan to address the scope of work at the level required, offers staff that is certified in industry standards and policies, has experience in high traffic environments, and offers lower hourly rates for additional services required by the Airport outside of the normal scope.

Fiscal Impact

This contract was included in the FY18 operating budget and is funded under Contractual Services: Janitorial.

Attachment(s)

Contract



RESOLUTION NO. 17-63

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute §28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS the Authority desires to enter into a janitorial services contract with Titan Facility Services, LLC;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes To authorize a contract with Titan Facility Services, LLC. for janitorial services, in an amount not to exceed \$1,663,035.48 for three years, including two (2) one-year optional extensions.. This resolution also authorizes the Chair or Executive Director/CEO to execute such Contract, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 19th day of December, 2017.

Jenn Daniels, Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Attorney



PHOENIX-MESA GATEWAY AIRPORT AUTHORITY

AND

Titan Facility Services, LLC

FOR

JANITORIAL SERVICES

CONTRACT NUMBER C-2018011

The Phoenix-Mesa Gateway Airport is owned and operated by the Phoenix-Mesa Gateway Airport Authority (PMGAA), a joint powers airport authority authorized by the State of Arizona and consisting of the City of Mesa, City of Phoenix, City of Apache Junction, Town of Gilbert, Town of Queen Creek and the Gila River Indian Community.

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Phoenix-Mesa Gateway Airport Authority, a joint powers airport authority authorized by the State of Arizona (“PMGAA”) desires performance of the services more fully described in this **Contract Number C-2018011** (“Contract”) and the attached exhibits. Titan Facility Services, LLC an Arizona Limited Liability Corporation (“Consultant”), with its principal offices located at 953 East Juanita Avenue, Mesa, Arizona, 85204, desires to perform these services.

Recitals

- A. PMGAA requires the services as described in this Contract, including any and all exhibits and amendments, and Consultant is willing to provide these and other services under this Contract; and
- B. PMGAA desires to contract with Consultant to provide services as noted herein.

Now therefore, in consideration of the recitals and the mutual covenants set forth below, PMGAA and Consultant agree as follows.

SECTION I – CONSULTANT SERVICES

The services to be performed by Consultant are specified in this Contract. PMGAA will not pay Consultant for any services that have not been authorized under the Contract.

The anticipated services to be provided by Consultant under this Contract shall generally include, but not be limited to, the following: to clean and maintain buildings for the Phoenix-Mesa Gateway Airport, as more specifically described in the detailed scope of services attached as **EXHIBIT B**.

PMGAA’s authorized representative shall be the PMGAA Operations and Maintenance Director, or his/her duly authorized representative, and that he/she shall be the sole contact for administering this Contract.

All services provided by Consultant under this Contract must be performed in a manner consistent with that degree of care and skill ordinarily exercised by members of the same profession currently practicing under similar circumstances in Arizona. Consultant makes no other warranty, expressed or implied.

SECTION II – PMGAA RESPONSIBILITIES

PMGAA shall furnish Consultant, at no cost to Consultant, the following information or services for this Contract:

- A. Access to copies of readily available maps, records, as-built drawings, benchmarks or other data pertinent to work assignments affiliated with this Contract. This does not, however, relieve Consultant of the responsibility of searching records for additional information, for requesting specific information or for verification of that information provided. PMGAA does not warrant the accuracy or comprehensiveness of any information or documents provided to Consultant.
- B. In PMGAA’s discretion and upon Consultant’s reasonable request, access to staff for consultation with Consultant during the performance of this contract in order to identify the problems, needs, and other functional aspects of the work.
- C. Prompt review of and feedback on Consultant’s deliverables. PMGAA will advise Consultant concerning progress of PMGAA’s review of the work, as needed.

SECTION III - PERIOD OF SERVICE

Consultant shall complete all work in accordance with the provisions of this Contract as amended.

All work initiated under this Contract must be completed on or before the expiration date of the Contract as amended.

The term of this Contract shall commence on February 1, 2018 and ends on April 30, 2020 (“Base Term”), unless terminated, canceled or extended as provided in this Contract. This Contract has two (2) optional one-year extensions that PMGAA may exercise as its sole discretion. Prior to the expiration of the Contract Base Term, PMGAA may elect to extend the Contract. If PMGAA exercises such right, all terms, conditions and provisions of the original Contract shall remain the same and apply during the extended period with the possible exception of price. All fees for the optional renewal terms are provided for in **EXHIBIT B**. Any extension of this Contract shall require an Amendment signed by both parties.

Consultant shall commence its services within seven (7) days of the written authorization by PMGAA. Consultant shall perform its services in a diligent manner and in accordance with this Contract.

SECTION IV – KEY PERSONNEL

The Consultant itself shall provide all services to be performed under this Contract. If Sub-Consultants are required by Consultant to perform any services listed under this contract, Consultant shall notify PMGAA prior to authorizing work by said Sub-Consultants. PMGAA may, at its sole discretion, accept or reject proposed Sub-Consultants.

SECTION V - PAYMENTS TO THE CONSULTANT

Consultant will be paid for work performed under this Contract plus any adjustments that have been approved in writing by PMGAA in accordance with the Phoenix-Mesa Gateway Airport Authority Procurement Policy. Payments will be made in accordance with **EXHIBIT D**, “Compensation.”

All services to be rendered by Consultant are subject to the terms of **EXHIBIT D**, “Compensation” attached hereto.

SECTION VI - ALTERATION IN SCOPE OF SERVICES

For any alteration in the Scope of Services that would materially increase or decrease the Contract fee, the parties shall negotiate an amendment to the Contract to be executed by PMGAA and Consultant. No work shall commence on any amendment or change until the amendment has been approved by PMGAA and Consultant has been notified to proceed by PMGAA. No claim for extra work done or materials furnished by Consultant will be allowed by PMGAA, except as provided herein, nor shall Consultant do any work or furnish any materials not covered by this Contract unless the work is first authorized in writing by PMGAA and the change complies with PMGAA’s Procurement Policy. Any work or materials furnished by Consultant without advance, written authorization will be at Consultant’s own risk, cost, and expense. Without written authorization, Consultant shall make no claim for compensation for such work or materials furnished.

SECTION VII - WORK ASSIGNMENT COMPLETION

If, during the Term of this Contract, situations arise which prevent work completion within the allotted time, PMGAA may grant an appropriate time extension.

SECTION VIII - OWNERSHIP OF DOCUMENTS

Any documents, including all electronic copies thereof, prepared under or as a result of this Contract, shall be the property of PMGAA. To the extent necessary to effectuate such ownership, Consultant hereby assigns all right, title and interests to such documents to PMGAA. Consultant shall execute any separate agreements or documents, if any, which may be necessary to implement the terms of this Section.

All of Consultant’s documents prepared under this Contract, including electronic files, are instruments of service. All of these documents become the property of PMGAA upon completion of the services and payment in full to Consultant. PMGAA may reuse or modify the documents, as it deems necessary, without Consultant’s prior written authorization. PMGAA shall indemnify and hold harmless Consultant, its officers, directors, employees and subconsultants (collectively, the “Consultant”) against any and all damages, liabilities or costs arising from PMGAA’s modification of documents produced by Consultant under this Contract unless Consultant authorizes the modification in writing.

SECTION IX - COMPLIANCE WITH LAWS

Consultant shall comply with all federal, state and local laws, local ordinances and regulations throughout the Term.

Consultant’s signature on this Contract certifies compliance with the provisions of the I-9 requirements of the *Immigration Reform and Control Act of 1986* for all personnel that Consultant and any subconsultants employ to complete any work assignment.

PMGAA shall administer this Contract in accordance with PMGAA's Procurement Policy.

SECTION X - GENERAL CONSIDERATIONS

- A. The failure of either party to enforce any of the provisions of this Contract or require performance of the other party of any of the provisions hereof shall not be construed to be a waiver of the provisions, nor shall it affect the validity of this Contract or the right of either party to enforce each and every provision.
- B. The fact that PMGAA has accepted or approved Consultant's work shall in no way relieve Consultant of responsibility for the work under this Contract.
- C. This Contract shall be governed by the laws of the state of Arizona, both as to interpretation and performance. Any action at law, suit in equity, or judicial proceeding for the enforcement of this Contract, or any provision thereof, shall be instituted only in the courts of the state of Arizona.
- D. All exhibits to this Contract and any amendments to the Contract are incorporated into it.

SECTION XI - NO KICK-BACK CERTIFICATION

Consultant warrants that no person has been employed or retained to solicit or secure this Contract upon any agreement or understanding for a commission, percentage, brokerage, or contingent fee and that no member of the PMGAA Board of Directors or any employee of PMGAA has any interest, financially or otherwise, in Consultant's firm.

For breach or violation of this warranty, PMGAA may annul this Contract without liability.

SECTION XII – SUSPENSION OF SERVICES

Consultant shall, within five (5) business days upon receiving written notice from PMGAA, suspend, delay, or interrupt all or a part of the Scope of Services. Consultant shall resume the Scope of Services within five (5) business days of receiving written notice from PMGAA.

SECTION XIII – TIMES OF PAYMENTS

Consultant shall submit monthly invoices for services actually completed. PMGAA shall review, certify, and approve or reject each invoice in whole or in part. PMGAA shall pay each approved invoice within 30 calendar days of the date that PMGAA approves the invoice.

SECTION XIV – TIMELY REVIEW

PMGAA will review Consultant's studies, reports, proposals, and other related documents and render any decisions required by Consultant in a timely manner. Notwithstanding these reviews, Consultant remains solely responsible for all of its deliverables and services under this Contract. By PMGAA's reviews, PMGAA does not assume any liability for or retained control over Consultant's work or Consultant's responsibility for the safety of its employees.

SECTION XV – MEDIATION; ARBITRATION

All disputes between PMGAA and Consultant arising out of or relating to this Contract must first be submitted to nonbinding mediation unless the parties mutually agree otherwise in writing. In the event that the dispute(s) are not settled via nonbinding mediation, the parties shall proceed to and employ binding arbitration, as set forth in **EXHIBIT F**, "PMGAA Standard Terms and Conditions", attached hereto and incorporated herein by reference.

PMGAA and Consultant shall include a similar mediation/arbitration provision in all agreements with other contractors and consultants retained for the Project and shall require all other independent contractors and consultants to include a similar mediation provision in all agreements with subcontractors, subconsultants, suppliers or fabricators retained by them.

SECTION XVI - LIABILITY OF CONSULTANT

To the fullest extent permitted by law, Consultant shall defend, save, indemnify, and hold harmless PMGAA, its member governments, departments, officers, employees, and agents from and against damages arising out of any act, error, or omission of Consultant relating to its services under this Contract.

SECTION XVII - LAWS AND REGULATIONS

All federal, state, and local laws and regulations that relate to Consultant's services apply to Consultant's performance of this Contract throughout. These laws and regulations are deemed included in this Contract the same as though written out in full, especially the current applicable Federal Aviation Administration (FAA) rules and regulations associated with airport projects; pertinent Airport engineering standards; and local rules, regulations, and industry standards.

SECTION XVIII INSURANCE REQUIREMENTS

1. Consultant shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Consultant, its agents, representatives, or employees.
2. Minimum Scope and Limits of Insurance. Coverage shall be at least as broad as:
 - a. Commercial General Liability: Insurance Services Office Form CG 00 01 covering Bodily Injury and Property Damage on an "occurrence" basis, including personal & advertising injury with limits no less than \$1,000,000 per occurrence, \$2,000,000 General Aggregate.
 - b. Auto Liability: ISO Form CA 00 01 covering any auto (Symbol 1), or if Consultant has no owned autos, hired, (Symbol 8) and non-owned autos (Symbol 9), with limit no less than \$1,000,000 Combined Single limit per accident for bodily injury and property damage (\$5,000,000 if operating in the Air Operations Area of the Airport).
 - c. Workers' Compensation: Statutory Limits as required by the state of Arizona, and Employer's Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease.
 - d. Excess Liability (Umbrella). No less than \$5,000,000 per occurrence, \$5,000,000 policy aggregate extending coverage over the CGL, Auto Liability and Employers Liability policies.
3. If the Consultant maintains higher limits than the minimums shown above, the PMGAA requires and shall be entitled to coverage for the higher limits maintained by the Consultant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the PMGAA.
4. Additional insurance provisions. The insurance policies shall provide, or be endorsed to include, the following provisions:
 - a. Notice of Cancellation: Each insurance policy required above shall provide that coverage shall not be canceled, except with notice to the PMGAA.
 - b. Waiver of Subrogation: Consultant waives any right to subrogation. Consultant shall obtain an endorsement necessary to affect this waiver of subrogation from the insurer for all lines of coverage required by this Contract.
 - c. Primary Coverage: For all claims related to this Contract, all of Consultant's insurance policies will be primary and non-contributory. Any insurance or self-insurance maintained by PMGAA, its officers, officials, employees, or volunteers will be in excess of Consultant's insurance and will not contribute with it.
 - d. Deductibles and Self-Insured Retentions: Any deductibles or self-insured retentions must be declared to and approved by the PMGAA. The PMGAA may require the Consultant to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention.
 - e. Acceptability of Insurers: Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A, VII, unless otherwise acceptable to the PMGAA.
 - f. Claims Made Policies: No Claims Made policies (other than Professional Liability) will be accepted. For policies that provide claims-made coverage:
 - 1) The Retroactive Date must be shown, and must be before the date of the contract or the beginning of contract work.

2) Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of the contract of work.

3) If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a Retroactive Date prior to the contract effective date, the Consultant must purchase “extended reporting” coverage for a minimum of five (5) years after completion of work.

g. Verification of Coverage: Consultant shall furnish the PMGAA with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by the PMGAA before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Consultant’s obligation to provide the required insurance. The PMGAA reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

h. Subcontractors: Consultant shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and Consultant shall ensure that PMGAA is an additional insured on insurance required from subcontractors.

i. Special Risks or Circumstances: PMGAA reserves the right to modify these requirements, including limits, based on the nature of the risk, scope of services, prior experience, insurer, coverage, or other special circumstances.

SECTION XIX – LIQUIDATED DAMAGES

PMGAA reserves the right, at its sole and absolute discretion, to temporarily suspend, deny or permanently revoke Consultant’s operating privileges under this Agreement in the event of extended failure to meet the requirements of this Agreement or failure to correct deficiencies in performance. Further, PMGAA reserves the right to enforce such deficiencies with the following sums, which Consultant agrees to pay, on a per occurrence basis until such deficiencies are corrected:

Failure to perform any services as listed in Exhibit B & Exhibit C - \$50.00 per day

Failure to perform services as listed in Exhibit B & Exhibit C adequately - \$50 per day

Safety Violations - \$50.00 per day

The above list may be adjusted/added to/deleted to by PMGAA at any time with written notice to Consultant.

The above amounts will be deducted from Consultant’s monthly invoices by PMGAA.

Consultant agrees all of the deficiencies listed in this section shall result in PMGAA incurring damages that are impractical or impossible to determine. Consultant agrees the monetary assessments set forth in this section are reasonable approximations of such damages. The parties intend that Consultant’s payment of the Liquidated Damages amount would serve to compensate PMGAA for any breach by Consultant of its obligations under this section, and they do not intend for it to serve as punishment for any such breach by Consultant, but rather a reasonable measure of damages.

PMGAA will notify Consultant, in writing, of the time, place and nature of a deficiency, as well as any facts PMGAA has to substantiate the deficiency (Deficiency Notice). Consultant shall respond within ten (10) calendar days of the date PMGAA mailed the Deficiency Notice to Consultant, and Consultant’s response shall be reviewed by the PMGAA Director of Operations and Maintenance who may, at his or her sole discretion, uphold or reverse the deficiency. Consultant’s failure to respond in the time specified hereinabove shall be deemed an admission that the deficiency occurred.

OFFER AND ACCEPTANCE

IN WITNESS WHEREOF, the parties herein have executed this Contract.

(Firm Name)

Address

Principal (Signature)

City

State

Zip

Printed Name

Phone

Federal Tax Identification Number

Fax

PHOENIX-MESA GATEWAY AIRPORT AUTHORITY, a joint powers airport authority authorized by the State of Arizona

ACCEPTED AND APPROVED:

J. Brian O'Neil, A.A.E.

Date

Executive Director/CEO

ATTEST:

Name/Clerk of the Board

Date

EXHIBIT A - CERTIFICATE OF PERFORMANCE AND PAYMENT OF ALL CLAIMS

The requirement to submit a *Certificate of Performance and Payment of all Claims* as part of this agreement is hereby waived.

EXHIBIT B - SCOPE OF SERVICES & FEE SCHEDULE

The services to be performed by Consultant and the completion of related efforts are specified in the following Scope of Services & Fee Proposal agreed to by the parties.

SCOPE OF SERVICES

1. **Building Locations**

The selected Offeror shall provide the labor, supervision, materials, equipment (except as provided in paragraph 11 of this Section C), cleaning supplies, and incidentals for complete janitorial cleaning services required to maintain a clean, sanitary, and safe environment in the following locations on Airport property. Additional details about the frequency and type of services and building maps are found in **Exhibit C**:

- a. General Aviation Center – 5803 S. Sossaman Road, Mesa AZ 85212
- b. Charles L. Williams Terminal & Annex – 6033 S. Sossaman Road, Mesa AZ 85212
- c. GAC – US Customs Office – 5803 S. Sossaman Road, Mesa AZ 85212
- d. GAC – Badging Office – 5803 S. Sossaman Road, Mesa AZ 85212
- e. Airport Administration Building PUBLIC – 5835 S. Sossaman Road, Mesa AZ 85212
- f. Airport Administration Building SECURE – 5835 S. Sossaman Road, Mesa AZ 85212
- g. ATCT – 6260 S. Taxiway Circle, Mesa AZ 85212
- h. Maintenance Building – 6263 S. Taxiway Circle, Mesa AZ 85212
- i. Fuel Storage Facility – 7630 E. Velocity Way, Mesa AZ 85212
- j. Hangar 46 – 5755 S. Sossaman Way, Mesa AZ 85212
- k. Car Care Facility – 6450 S. Sossaman Road, Mesa AZ 85212

2. **Tasks and Frequency**

The tasks descriptions, locations and frequencies listed in **Exhibit C** are meant to serve as the minimum criteria for services provided, and may or may not be sufficient to present a consistent clean appearance. As the intent is to ensure a clean working environment, appearances and functions as set forth in **Exhibit C** will be used as part of the evaluation process and to evaluate contractor performance. It is not represented that the list of services required is a complete list of the tasks to be performed, but it is understood that all items not listed, but required to properly clean and maintain the subject facilities at a high standard of cleanliness, shall be included as though enumerated in detail.

3. **Staffing Requirements**

- a. Offeror shall provide sufficient number of qualified staff to perform the janitorial cleaning services set for in this Contract. The Offeror shall be solely responsible for selecting, hiring, employing, paying, supervising, training and discharging its personnel.
- b. Offeror agrees to provide available backup personnel for emergency calls and to perform project work as required by the Airport. Backup personnel need to respond in a reasonable amount of time, but in no event, more than two hours following notification.
- c. Offeror shall select and hire only persons who are well qualified to perform the job duties for which they are being hired. The individuals shall be neat, well-groomed, and courteous, and act in the utmost professional manner when acting with Airport customers, tenants, visitors, and the general public.
- d. Offeror's employees who will or may interact with the aforementioned persons in the performance of the duties must be able to communicate fluently in the English language.

- e. The use, consumption, or storage of alcohol or controlled substances on Airport property is not allowed. Offeror shall have a written drug and alcohol testing policy in place for all staff assigned to the Airport. One copy shall be provided to the Airport within ten (10) days upon contract award.
- f. It is understood that the Executive Director or designee shall have the authority to require removal of personnel for failure to comply with the foregoing requirements or such other conduct by personnel which Executive Director or designee deems detrimental to the operation and reputation of the Airport. All decisions of the Executive Director are final.
- g. A direction by the Executive Director to remove an individual from assignment to the Airport shall not constitute an order to discipline or discharge them. All actions taken by the Offeror in regard to employee discipline shall be at the sole discretion of the Offeror. The Airport Authority shall be held harmless in any disputes the Offeror may have with the Offeror's employees. This shall include, but is not limited to, charges of discrimination, harassment, and discharge without cause.

4. **Proposed Staffing Plan**

- a. Offeror shall develop and propose a written staffing plan outlining the base number of employees, including Supervisors, which Offeror will use to provide the janitorial cleaning services at the Airport. The staffing plan shall indicate the number of employees, including Supervisors, to be assigned. The proposed staffing plan shall be based upon generally anticipated normal conditions at the Airport, specifically the subject facilities, as well as staffing needs for peak travel seasons. Refer to **Exhibit C** for passenger historical activity.
- b. The staffing plan shall include the classification of employee positions and the duties of each position. Classification may include, but are not limited to:
 - i. **Manager**
 - Manager shall meet the requirements to become a Company Authorized Signer
 - Manager shall be able to respond onsite within the next business day or sooner
 - Manager shall be knowledgeable of the current contract and act as the point of contact for the Airport in regard to meeting contract obligations.
 - ii. **Supervisor:**
 - Responsible for the day-to-day management and supervision of Offeror's employees
 - Performs staff scheduling
 - Act as primary point of contact for day-to-day issues.
 - Supervisor shall be knowledgeable with providing cleaning and janitorial services at facilities similar to the subject facilities.
 - Supervisor shall provide documented self-inspection of all completed work as determined acceptable to the Airport Representative.
 - A resume for the proposed Supervisor shall be included in the RFP response.
 - iii. **Janitorial staff:**
 - Perform one or more of the janitorial/cleaning tasks as required under the Contract.
 - iv. **Day Porter staff:**
 - Continuous monitoring of the Terminal complex to identify and perform needed custodial services

5. **Uniforms and Appearance**

Offeror shall establish and enforce dress code policies as approved by the Executive Director or designee. All Offeror's personnel shall at all times while on duty at the Airport:

- a. Be clean, well-groomed and neatly dressed
- b. Wear an ID badge issued by the Airport
- c. Wear a distinct uniform identifying such persons as employees of the Offeror
- d. Offeror's employees' hair and beards must be clean and neatly trimmed. Extreme hairstyles and colors are not appropriate. Excessive or offensive tattoos must be covered while working. Extreme piercings are not appropriate and must be covered while working.

6. Professional Behavior

- a. Offeror shall be responsible for the conduct, demeanor, and appearance of its employees while on or about the Airport/subject facilities and while acting in the course and scope of employment.
- b. Offeror employees are to be attentive, alert, and responsive to all customer issues, needs, comments, or complaints. At no time shall a Offeror employee make a customer feel threatened, insecure, or ignored on and around the subject facilities. Issues should be reported to a Supervisor whenever an employee needs support and guidance.
- c. Offeror employees are prohibited from receiving and soliciting tips under any circumstances.
- d. Not use profanity, engage in any loud, boisterous or otherwise offensive or disturbing behavior, nor display rudeness to any person at the Airport

7. Supervisor Responsibilities

The on-site Supervisor assigned to the Airport shall ensure that:

- a. Offeror's employees wear the approved uniform. All uniforms shall be the same for all employees and must be different in both design and color, from those worn by Airport employees.
- b. Offeror's employees that appear to be under the influence of alcohol or drugs shall not be permitted into the subject facilities.
- c. Loud or boisterous conduct is prohibited.
- d. Offeror's employees will not use or tamper with office machines, equipment, or Airport employee's personal property at any time.
- e. Offeror's employees will not open desk drawers, cabinets, or refrigerators at any time with the exception that refrigerators may be opened when cleaned.
- f. Offeror's employees will not use personal cell phones or other such personal electronic devices while performing janitorial duties.
- g. Offeror's employees will be provided with communication devices and shall have such device on their person while performing work duties.
- h. Offeror's employees must always wear Airport issued ID badge/access card at all times during work hours, the same to be worn on the outermost garment and above the waist.
- i. Sufficient staff and resources to complete janitorial scope of work are allocated to PMGAA.

- j. Hallway access doors, to secured areas, offices, office suites, or AOA gates, and trash enclosure gates, will, unless otherwise specified by the Executive Director or designee, be kept locked at all times, for security reasons, even when Offeror's employees are in these areas cleaning.
- k. Assure that Offeror's staff does not bring guests, family members, children or others into secure areas.

8. Items Requiring Repair

Offeror's employees shall report daily, through the Supervisor, all conditions requiring attention of the Airport, such as broken fixtures, broken dispensers, leaking pipes, defective equipment, etc. Unusual conditions shall also be reported to Airport staff, such as unlocked doors, non-routine occupancy, etc.

9. Reporting Damage to Airport Property

The Offeror shall report to the Executive Director or designee, without delay, any and all damage to the Airport buildings, equipment, furnishings, or property caused by an act or omission of the Offeror, its employees and/or subcontractor's employees. The Airport will repair/replace or contract for the repair/replacement services and all costs will be borne by the Offeror. If replacement is required, Offeror will reimburse the Airport for all replacement costs with no deductions.

10. Supplies and Equipment

- a. Unless otherwise noted, all supplies and equipment required to carry out the janitorial/cleaning operations within the scope of the Contract shall be provided by the Offeror, and shall meet the standards of the Federal Occupational Safety and Health Act and the State of Arizona safety codes.
- b. Offeror shall comply with OSHA Hazard Community Standards, 29 CFR 1910.1200. Offeror's staff must follow all aspects of the OSHA Right to Know Program on Hazardous Materials. Material Safety Data Sheets (MSDS) shall be made readily available to the Airport.
- c. Offeror shall submit a written list of all supplies with attached MSDS intended for use at/within the subject facilities. This list shall be submitted no later than one week prior to start of the Contract unless otherwise mutually agreed.
- d. Adequate quantities and properly labeled supplies (minimum of two weeks inventory) must be on hand to perform janitorial/cleaning duties at all times.

11. Expendable Supplies

- a. Expendable supplies such as toilet tissue, paper towels, soap for dispensers, scented urinal screens, trash liners, and bathroom air fresheners shall be furnished by the Airport. The Offeror shall be responsible for transporting expendable supplies from the PMGAA warehouse to the subject facilities and for servicing all dispensers of such supplies per the established cleaning schedule using the Airport furnished supplies.
- b. Expendable supplies shall be utilized exclusively for Airport locations and facilities.
- c. The Offeror will be responsible for the inventory of expendable supplies in each subject facility and for restocking supplies as needed. Offeror shall immediately notify PMGAA personnel of a shortage of warehouse supplies, or other supply issues.

12. Storage Areas

The Executive Director or designee shall indicate to the Offeror which areas or rooms may be used for storage of materials and equipment. The Offeror shall keep such storage places neat, clean, and sanitary. Offeror shall not utilize storage areas for non-operating equipment, expired or unusable materials or supplies.

13. Performance Monitoring/Inspection Reports

- a. The Offeror shall supply a performance log to be used by Airport staff to designate areas that are not being cleaned per the Contract, or any other problems noted by staff and/or reported to staff during normal business hours. Offeror's staff is to check this log each time they arrive for cleaning, correct any problems listed, and note on the performance log the date/time corrected.
- b. Offeror's Supervisor is to review these logs daily to assure that cleaning staff are promptly correcting any problems noted.

14. Security

- a. The Offeror will be required to establish no more than two Authorized Signers who have the authority to request badging on behalf of the Offeror. Authorized Signers shall comply with Airport Authority Badge Application rules.
- b. The Offeror will be required to submit to Airport Badging Office a complete list of employees that will be assigned to the subject facilities no later than one (1) month prior to the start of the Contract unless otherwise mutually agreed. The Airport Badging Office must be notified throughout the term of the Contract of any personnel changes in advance (minimum of one day).
- c. Offeror's employees will have access to the Security Identification Display Area (SIDA) at the Airport. Such access requires issuance of an identification badge and pursuant to the rules and requirements of the Transportation Security Administration; the Airport must conduct a background check on each Offeror employees. The background check, for SIDA identification badging, includes an individual FBI Criminal History Check. Further, all persons requesting unescorted access to secure areas of the Airport must independently complete an Airport sponsored security class prior to obtaining an identification badge.
- d. The cost of the background checks, identification badges, and Offeror employee's attendance at the security class as required shall be paid by the Offeror. This responsibility for payment includes the initial background check and security class as well as subsequent periodic background checks and subsequent security classes as may be conducted from time to time. Any unpaid balances of Offeror will result in payment due at time of services.
- e. If an Offeror employee's background check is unsatisfactory, whether an initial or subsequent periodic background check, such employee shall not be permitted to work at or from the Airport and such employee shall immediately deliver his/her SIDA identification badge to the Airport Badging Office.
- f. Neither Offeror nor Offeror's staff shall permit any other individual to have access to secure areas of buildings, rooms, nor grounds as the same may be designated by the Airport, without prior approval from Airport Management. Anyone not employed by Offeror will not be provided access to such secure areas. Permitting or allowing unauthorized persons, such as friends, visitors, children or any other family members, access to such secure areas shall be cause for termination of the Contract.
- g. The Offeror shall ensure a sufficient number of badged personnel to carry out the scope of work as detailed in this Contract.
- h. The Offeror shall comply with the Airport's Security Plan, and actions directed by PMGAA to comply with security directives issued by the Transportation Security Administration, and any amendments hereto.

- i. Offeror shall comply with and if necessary assist the Airport with the Airport Emergency Plan as approved by the Federal Aviation Administration (FAA).

15. Training

- a. Offeror shall provide adequate personnel training in accordance with all applicable federal and State of Arizona requirements as well as Offeror's own curriculum and standards pertinent to the janitorial/cleaning services. In addition to training by the Offeror, Offeror employees shall attend such training sessions as may be required by the Airport from time to time.
- b. Offeror shall be solely responsible for all costs incurred as a result of the employee's initial and recurrent training.
- c. Offeror shall maintain records of training in its employees' files. The training records shall be available for review by Airport Administration staff upon request.

16. OSHA Standards and Exposure Control Plan

- a. Offeror shall comply with the OSHA blood borne pathogens standards, 29 CFR 1910.1030. Per OSHA, the Offeror will have an Exposure Control Plan to protect its employees from exposure to blood borne pathogens. A copy of the document will be provided to the Airport within ten (10) days upon contract award.
- b. Offeror shall comply with all OSHA standards related to cleaning products used in performance of the janitorial services.

17. Offeror's Vehicles

Offeror shall provide its employees, agents and representatives with vehicles that are clearly marked with Offeror's name on them while on airport property and conducting business. Markings shall be large enough and easily identifiable from a distance.

FEE SCHEDULE



Attachment C
Price Proposal

Pursuant to all the specifications enumerated and described in this solicitation, we agree to furnish Airport Janitorial Cleaning Services to the Phoenix-Mesa Gateway Airport Authority at the price(s) stated below.

Complete pages 49 thru 54 for each facility and page 55 for annual and hourly prices.

***SUBJECT AREA = Area subject to janitorial services**

Facility Name	Charles L. Williams Terminal Complex	Facility Address	6033 S. Sossaman Road Mesa, AZ 85212
Approx SF Building Space	TOTAL = 105,082 SF *SUBJECT AREA = ~ 87,000 SF	Environment	High-traffic Public Use
This facility shall be cleaned 7 days per week		Mo Tu We Th Fr Sa Su	
Task/Services	Frequency/ Number of times Annually	Year 1 Annual Cost \$	
Day Porter Services 1. Restrooms 2. General Seating Areas 3. Walkways and Corridors 4. Trash 5. Courtyard/Curbside	70 hours weekly (not to be combined with daily cleaning below)		
Daily General Cleaning	Daily/365		
Emptying Trash Receptacles	Daily/365		
Emptying Paper Recycling Containers	Daily/365		
Restroom Maintenance	Daily/365		
Floor Maintenance	Daily/365		
Cleaning and Burnishing Hard Surface Floors	Twice Weekly/104		
Restock Supplies	Twice Weekly/104		
Weekly General Cleaning	Weekly/52		
Exterior Pressure Wash	Twice Monthly/24		
Monthly General Cleaning	Monthly/12		
Scrub and Re-wax Hard Surface Floors	Bi-Monthly (every 2 months)/6		
Carpet Extraction Cleaning	Quarterly (every 3 months)/4		
High-Reach Cleaning	Semi-Annual (every 6 months)/2		
Strip and Wax Hard Surface Floors	Annually/1		
CHARLES L. WILLIAMS TERMINAL COMPLEX - TOTAL COST			\$363,119.89

Facility Name	General Aviation Center Public Areas and FBO	Facility Address	5803 S. Sossaman Road Mesa, AZ 85212
Approx SF Building Space	TOTAL = 22,726 SF *SUBJECT AREA = ~ 9,593 SF	Environment	Low-traffic Public Use
This facility shall be cleaned 7 days per week		Mo Tu We Th Fr Sa Su	
Task/Services	Frequency/ Number of times Annually	Year 1 Annual Cost \$	
Daily General Cleaning	Daily/365		
Emptying Trash Receptacles	Daily/365		
Emptying Paper Recycling Containers	Daily/365		
Restroom Maintenance	Daily/365		
Floor Maintenance	Daily/365		
Cleaning and Burnishing Hard Surface Floors	Twice Weekly/104		
Restock Supplies	Twice Weekly/104		
Weekly General Cleaning	Weekly/52		
Exterior Pressure Wash	Monthly/12		
Monthly General Cleaning	Monthly/12		
Scrub and Re-wax Hard Surface Floors	Bi-Monthly (every 2 months)/6		
Carpet Extraction Cleaning	Quarterly (every 3 months)/4		
High-Reach Cleaning	Semi-Annual (every 6 months)/2		
Strip and Wax Hard Surface Floors	Annually/1		
GENERAL AVIATION CENTER - TOTAL COST			\$25,782.70

Facility Name	General Aviation Center – US Customs Office	Facility Address	5803 S. Sossaman Road, Ste 109 Mesa, AZ 85212
Approx SF Building Space	TOTAL = 22,726 SF *SUBJECT AREA = ~ 660 SF	Environment	Low-traffic Public Use
This facility shall be cleaned 1 days per week		Su	
Task/Services	Frequency/ Number of times Annually	Year 1 Annual Cost \$	
Daily General Cleaning	Weekly/52		
Emptying Trash Receptacles	Weekly/52		
Emptying Paper Recycling Containers	Weekly/52		
Restroom Maintenance	Weekly/52		
Floor Maintenance	Weekly/52		
Restock Supplies	Weekly/52		
Weekly General Cleaning	Weekly/40		
Monthly General Cleaning	Monthly/12		
Scrub and Re-wax Hard Surface Floors	Annual (12 months)/1		
Strip and Wax Hard Surface Floors	Annually (Alternating with scrub/re-wax)/1		
High-Reach Cleaning	Semi-Annual (every 6 months)/2		
US CUSTOMS OFFICE - TOTAL COST			\$ 332 . 19

Facility Name	General Aviation Center – Badging and Service Center	Facility Address	5803 S. Sossaman Road, Ste 107 Mesa, AZ 85212
Approx SF Building Space	TOTAL = 22,726 SF *SUBJECT AREA = ~ 600 SF	Environment	Low-traffic Public Use
This facility shall be cleaned 1 days per week		Mo Tu We Th Fr Sa Su	
Task/Services	Frequency/ Number of times Annually	Year 1 Annual Cost \$	
Daily General Cleaning	Weekly/52		
Emptying Trash Receptacles	Weekly/52		
Emptying Paper Recycling Containers	Weekly/52		
Floor Maintenance	Weekly/52		
Restock Supplies	Weekly/52		
Weekly General Cleaning	Weekly/52		
Monthly General Cleaning	Monthly/12		
Carpet Extraction Cleaning	Quarterly (every 3 months)/4		
High-Reach Cleaning	Semi-Annual (every 6 months)/2		
BADGING AND SERVICE CENTER - TOTAL COST			\$ 316 . 58

Facility Name	Airport Administration PUBLIC	Facility Address	5835 S. Sossaman Road Mesa, AZ 85212
Approx SF Building Space	TOTAL BLDG = 13,830 SF *SUBJECT AREA = ~ 3,243 SF	Environment	Low-traffic Public Use
This facility shall be cleaned 4 days per week		Mo Tu We Th Fr Sa Su	
Task/Services	Frequency/ Number of times Annually	Year 1 Annual Cost \$	
Daily General Cleaning	Sun, Mon, Tue, Wed/208		
Emptying Trash Receptacles	Sun, Mon, Tue, Wed/208		
Emptying Paper Recycling Containers	Sun, Mon, Tue, Wed/208		
Restroom Maintenance	Sun, Mon, Tue, Wed/208		
Floor Maintenance	Sun, Mon, Tue, Wed/208		
Restock Supplies	Twice Weekly/104		
Weekly General Cleaning	Weekly/52		
Exterior Pressure Wash	Monthly/12		
Monthly General Cleaning	Monthly/12		
Carpet Extraction Cleaning	Quarterly (every 3 months)/4		
High-Reach Cleaning	Semi-Annual (every 6 months)/2		
AIRPORT ADMINISTRATION - TOTAL COST			\$3,387.37

Facility Name	Airport Administration – SECURE	Facility Address	5835 S. Sossaman Road Mesa, AZ 85212
Approx SF Building Space	TOTAL BLDG = 13,830 SF *SUBJECT AREA = 10,000 SF	Environment	Low-traffic Private Use
This facility shall be cleaned 1 days per week		Mo Tu We Th Fr Sa Su	
Task/Services	Frequency/ Number of times Annually	Year 1 Annual Cost \$	
Daily General Cleaning	Weekly/52		
Emptying Trash Receptacles	Weekly/52		
Emptying Paper Recycling Containers	Weekly/52		
Floor Maintenance	Weekly/52		
Restock Supplies	Weekly/52		
Weekly General Cleaning	Weekly/40		
Monthly General Cleaning	Monthly/12		
Carpet Extraction Cleaning	Quarterly (every 3 months)/4		
High-Reach Cleaning	Semi-Annual (every 6 months)/2		
AIRPORT ADMINISTRATION - TOTAL COST			\$3,657.12

Facility Name	Air Traffic Control Tower	Facility Address	6309 S. Traffic Way Circle Mesa, AZ 85212
Approx SF Building Space	TOTAL = *SUBJECT AREA = 1300 SF	Environment	Low-traffic Private Use
This facility shall be cleaned 7 days per week		Mo Tu We Th Fr Sa Su	
Task/Services	Frequency/ Number of times Annually	Year 1 Annual Cost \$	
Daily General Cleaning	Daily/365		
Emptying Trash Receptacles	Daily/365		
Emptying Paper Recycling Containers	Daily/365		
Restroom Maintenance	Daily/365		
Floor Maintenance	Daily/365		
Restock Supplies	Twice Weekly/104		
Weekly General Cleaning	Weekly/52		
Monthly General Cleaning	Monthly/12		
Carpet Extraction Cleaning	Quarterly (every 3 months)/4		
High-Reach Cleaning	Semi-Annual (every 6 months)/2		
AIR TRAFFIC CONTROL TOWER - TOTAL COST			\$3,265.80

Facility Name	Maintenance Building	Facility Address	6263 S. Taxiway Circle Mesa, AZ 85212
Approx SF Building Space	TOTAL = 23,456 *SUBJECT AREA = 3400 SF	Environment	Low-traffic Public Use
This facility shall be cleaned 1 days per week		Mo Tu We Th Fr Sa Su	
Task/Services	Frequency/ Number of times Annually	Year 1 Annual Cost \$	
Daily General Cleaning	Weekly/52		
Emptying Trash Receptacles	Weekly/52		
Emptying Paper Recycling Containers	Weekly/52		
Restroom Maintenance	Weekly/52		
Floor Maintenance	Weekly/52		
Restock Supplies	Weekly/52		
Weekly General Cleaning	Weekly/52		
Monthly General Cleaning	Monthly/12		
Carpet Extraction Cleaning	Quarterly (every 3 months)/4		
High-Reach Cleaning	Semi-Annual (every 6 months)/2		
BUILDING 1080 - TOTAL COST			\$1,354.47

Facility Name	Fuel Storage Facility	Facility Address	7630 E. Velocity Way Mesa, AZ 85212
Approx SF Building Space	TOTAL = 502 *SUBJECT AREA = 400 SF	Environment	Low-traffic Private Use
This facility shall be cleaned 1 days per week		Mo Tu We Th Fr Sa Su	
Task/Services	Frequency/ Number of times Annually	Year 1 Annual Cost \$	
Daily General Cleaning	Weekly/52		
Emptying Trash Receptacles	Weekly/52		
Emptying Paper Recycling Containers	Weekly/52		
Restroom Maintenance	Weekly/52		
Floor Maintenance	Weekly/52		
Restock Supplies	Weekly/52		
Weekly General Cleaning	Weekly/52		
Monthly General Cleaning	Monthly/12		
High-Reach Cleaning	Semi-Annual (every 6 months)/2		
FUEL STORAGE FACILITY - TOTAL COST			\$237.54

Facility Name	Hangar 46	Facility Address	5755 S. Sossaman Rd. Mesa, AZ 85212
Approx SF Building Space	TOTAL = 22,430 *SUBJECT AREA = 432 SF	Environment	Low-traffic Private
This facility shall be cleaned 1 days per week		Mo Tu We Th Fr Sa Su	
Task/Services	Frequency/ Number of times Annually	Year 1 Annual Cost \$	
Restroom Maintenance	Weekly/ 52		
Restock Supplies	Weekly/ 52		
HANGAR 46 - TOTAL COST			\$487.43

Facility Name	Car Care Facility	Facility Address	6450 S. Sossaman Road Mesa, AZ 85212
Approx SF Building Space	TOTAL = 2660 *SUBJECT AREA = 60 SF	Environment	Low-traffic Private Use
This facility shall be cleaned 1 days per week		Mo Tu We Th Fr Sa Su	
Task/Services	Frequency/ Number of times Annually	Year 1 Annual Cost \$	
Restroom Maintenance	Weekly/ 52		
Restock Supplies	Weekly/ 52		
CAR CARE FACILITY - TOTAL COST			\$67.70



Airport Administration
5835 South Sossaman Road
Mesa, Arizona 85212
Telephone 480.988.7600
FAX 480.988.2315
www.gatewayairport.com

Attachment C – Price Proposal

Facility Name	Lynn Kusy Park	Facility Address	5835 S. Sossaman Rd. Mesa, AZ 85212
Approx SF Building Space	TOTAL = N/A *SUBJECT AREA = N/A	Environment	Public Use
This facility shall be cleaned <u>2</u> days per week		Mo Tu We Th Fr Sa Su	
Task/Services	Frequency/ Number of times Annually	Year 1 Annual Cost \$	
Emptying Trash Receptacles (2 receptacles in Gazebo)	Daily/365		
LYNN KUSY PARK - TOTAL COST			\$3,529.55

1. Annual Cost for All Subject Facilities

Year One (2/1/18 – 1/31/19)	\$ <u>405,538.34</u>	
Year Two (2/1/19 – 1/31/20)	\$ <u>386,922.21</u>	
Year Three, (2/1/20 – 4/30/20)	\$ <u>96,730.51</u>	note year 3 is a partial year
Year Four (5/1/20 – 4/30/21)	\$ <u>386,922.21</u>	(Optional Extension)
Year Five (5/1/21 – 4/30/22)	\$ <u>386,922.21</u>	(Optional Extension)
GRAND TOTAL	\$ <u>1,663,035.48</u>	(All subject facilities, years 1-5)

2. Hourly Rates for Staff for Additional Services:

Supervisor: \$ 12.00
 Day Porter: \$ 11.10
 Janitorial Staff: \$ 11.10

Prompt Payment Discount

As stated in Section Two, paragraph "Discounts", the price(s) quoted herein can be discounted by 1.00 % if payment is made within 30 days.

Exceptions / Clarifications:

Proposal Certification

By my signature, I certify that I am authorized to bind this firm/individual to provide the services accepted herein, in compliance with the scope of work, technical specifications and other terms and conditions in this Request for Proposal at the price provided in this Price Proposal.

David Beaver

Printed Name



Signature

EXHIBIT C – TASK DESCRIPTIONS & FREQUENCY, FACILITY LAYOUTS AND PASSENGER HISTORICAL ACTIVITY

A. DAY PORTER SERVICES

1. Description

Unless otherwise noted, accomplish the following tasks as needed during passenger activity. Day porter personnel will continuously monitor the Terminal Complex to identify needed custodial activities to maintain a clean and orderly facility, including the following tasks:

- a. Restrooms
 - i. Wipe down sinks and mirrors
 - ii. Restock paper supplies and soap
 - iii. Spot clean floors
 - iv. Empty trash
 - v. Wipe down toilets and stalls

- b. General Seating Areas
 - i. Clear trash and debris from seats, floors, and tables
 - ii. Spot vacuum/sweep crumbs and debris
 - iii. Wet wipe/spot clean surfaces

- c. Walkways and Corridors
 - i. Clean spills
 - ii. Spot vacuum/sweep crumbs

- d. Trash
 - i. Empty receptacles when full
 - ii. Damp wipe/clean spills

- e. Courtyard/Curbside
 - i. Sweep sidewalk/gutter
 - ii. Empty cigarette urns
 - iii. Pick up cigarette butts
 - iv. Empty trash when full
 - v. Clean spills

2. Location/Frequency

- a. Charles L. Williams Terminal Complex – seven days weekly, 70 hours total weekly

B. DAILY GENERAL CLEANING

1. Description

Unless noted otherwise, for each and every contract facility, general cleaning shall be performed daily that basic cleaning tasks are scheduled to be performed. The proper performance of this basic task requires the following:

- a. Dusting and/or wet washing/wiping shall be performed using appropriate hand tools and cleaning chemicals for the type of surface being dusted or washed. The following building surfaces shall be checked and dusted or wet washed/wiped every cleaning day to remove accumulated dust particles, dirt, debris, lint, cobwebs, grime, fingerprints, smudges, streaks, stains, smears, sticky substances,

gum, graffiti, film or other deposits and residues. No streaking or chemical residues shall be left on any surface.

- i. Stainless surfaces
 - ii. Doors
 - iii. Door frames
 - iv. Partitions
 - v. Light switches
 - vi. Ticket counters
 - vii. Podiums
 - viii. Display monitors/boards
 - ix. Furniture (including ticket counters, seating, tables, chairs)
- b. Cigarette urns shall be cleaned of butts, ash and other trash and debris. The sand in sand filled urns shall be screened each cleaning. The exterior surfaces of all urns shall be kept clean by washing or other means as necessary to keep them looking clean and as sanitary as reasonable.
 - c. All tub and sink fixtures, drinking water fountains and other plated, natural and stainless metal surfaces shall be wiped, scrubbed, polished and cleaned/ sanitized with the appropriate cleansers, polishes, acid based and other chemicals to remove hard water stains and buildup, streaks, rust and other surface deposits. Rinsing and buffing shall be included in this cleaning process, as necessary, to bring out the original finish on each of these surfaces. No chemical residue shall be left when the task is completed.
 - d. Glass cleaning with appropriate tools and glass cleaning chemicals is required for the following glass surfaces to remove all dirt, streaks, film, glue, unwanted stickers and other substances: Door glass, sidelights, glass display cases, partition glass & Plexiglas, information display monitors and mirrors. Floors and ledges below cleaned glass shall be dried after the glass cleaning is completed. Cleaning of information display monitors shall be accomplished by first spraying cleaner into a clean soft rag and then wiping the surface. Cleaner shall not be sprayed directly onto information displays.
 - e. The concrete, brick, tile and other horizontal hard surfaces on the exterior of each contract site shall be swept and/or washed, as needed, to remove dust, dirt, trash and debris of all types. The unwanted materials cleaned up shall be picked up and disposed of in a large Airport trash receptacle. In addition, trash, debris, and cigarette butts found in planter areas shall also be picked up and disposed of in the same manner. When washing is necessary, standing water shall not be left in the area.
 - f. All difficult cleaning situations that cannot be taken care of by the custodial crew, using standard methods and effort shall be reported to the Airport representative.

2. Location/Frequency

- a. Charles L. Williams Terminal Complex – daily
- b. General Aviation Center – daily
- c. GAC – US Customs Office - once weekly (Saturday or Sunday)
- d. GAC – Badging Office - once weekly (Monday – Thursday 1700-1800 hrs. only)
- e. Airport Administration Building PUBLIC – Sunday, Monday, Tuesday, Wednesday only
- f. Airport Administration Building SECURE – once weekly (Friday or Saturday or Sunday)
- g. ATCT – daily
- h. Maintenance Building - once weekly (Saturday or Sunday)
- i. Fuel Storage Facility – once weekly (any day)
- j. GAC – Computer Lab – once weekly (Friday or Saturday or Sunday)

C. EMPTYING TRASH RECEPTACLES

1. Description

Unless noted otherwise, for each and every contract facility, all trash receptacles larger than 10 gallons shall be emptied not less than once each day that basic cleaning tasks are scheduled to be performed. The proper performance of this basic task requires the following:

- a. The Airport Authority shall provide all plastic liners for trash receptacles.
- b. Liners that are torn, wet or dirty, after being emptied, shall be replaced and secured around receptacles.
- c. All spills created during the emptying, transfer, or disposal of trash shall be cleaned up promptly, leaving no evidence that a spill ever occurred.
- d. The task of emptying trash receptacles is not complete until all trash is removed from the interior of the building and from exterior receptacles (including parking lots). In addition, all trash collected must be disposed of by placing it into the nearest trash dumpster belonging to the Airport. The trash disposal area will be maintained in an orderly condition including the collection of loose trash and bags in the trash enclosure. Trash bins will be utilized and the lid closed after use.
- e. Wipe down of dumpsters and transport cart exterior and sanitize as needed.

2. Location/Frequency

- a. Charles L. Williams Terminal Complex – daily
- b. General Aviation Center – daily
- c. GAC – US Customs Office - once weekly (Saturday or Sunday)
- d. GAC – Badging Office - once weekly (Monday – Thursday 1700-1800 hrs. only)
- e. Airport Administration Building PUBLIC – Sunday, Monday, Tuesday, Wednesday only
- f. Airport Administration Building SECURE – once weekly (Friday or Saturday or Sunday)
- g. ATCT – daily
- h. Maintenance Building - once weekly (Saturday or Sunday)
- i. Fuel Storage Facility – once weekly (any day)
- j. Lynn Kusy Park - daily

D. EMPTYING PAPER RECYCLING CONTAINERS

1. Description

Unless noted otherwise, for buildings participating in the paper recycling program, each paper recycling container, that is at least one-third full, shall be emptied on days that basic cleaning tasks are scheduled to be performed. The proper performance of this basic task requires the following:

- a. Paper recycling containers, larger than 10 gallons and located at central drop off points within a building, are to be emptied into the larger recycling barrels or bins located outside of the building. The custodians shall make sure that interior containers are emptied into the proper exterior recycling container.
- b. Small paper recycling containers of 10 gallons or less, usually found in individual offices, are not to be emptied by the custodial Offeror.
- c. The contents of recycle containers shall not be co-mingled unless specifically labeled as such.

2. Location/Frequency

- a. Charles L. Williams Terminal Complex – daily
- b. General Aviation Center – daily
- c. GAC – US Customs Office - once weekly (Saturday or Sunday)

- d. GAC – Badging Office - once weekly (Monday – Thursday 1700-1800 hrs. only)
- e. Airport Administration Building PUBLIC – Sunday, Monday, Tuesday, Wednesday only
- f. Airport Administration Building SECURE – once weekly (Friday or Saturday or Sunday)
- g. ATCT – daily
- h. Maintenance Building - once weekly (Saturday or Sunday)
- i. Fuel Storage Facility – once weekly (any day)

E. RESTROOM MAINTENANCE

1. Description

Unless noted otherwise, restroom maintenance shall be performed each day that basic cleaning tasks are scheduled to be performed. The proper performance of this basic task requires the following:

- a. Use a disinfectant cleaning solution to clean and wipe down the following surfaces every cleaning day. All surfaces shall be wiped dry. Cleaning cloths used for toilets and urinals shall not be used for any other purpose.
 - i. Toilets (all surfaces and handles)
 - ii. Urinals (all surfaces and handles)
 - iii. Wash basins and counters
 - iv. Divider and stall partitions
 - v. Doors and kick plates
 - vi. Light switches and switch covers
 - vii. Handles, doorknobs, chrome fixtures
 - viii. Dispensers and hand dryers
 - ix. Sanitary napkin/tampon receptacles
 - x. Trash receptacle exterior surfaces
 - xi. Baby changing stations
 - xii. Tile wainscot
- b. Use appropriate chemicals, brushes and pumice stone to remove stains, streaks, film, mildew and other deposits from toilet, urinal, wash basin and partition surfaces. This shall be done to continuously maintain a very clean appearance and a sanitary, odor-free condition. All surfaces shall be wiped dry to help avoid streaks and spotting from hard water deposits.
- c. Empty trash receptacles and install new plastic liners.
- d. Empty sanitary napkin/tampon receptacles and install new plastic liners.
- e. Clean mirrors with glass cleaner until free of streaks and spots.
- f. Sweep and wet mop all floors and baseboards with a solution of clean water and a disinfectant. 'Wet floor' signs are required while the floors dry. Rinse mops often and again after the job is complete. Mops shall be wrung out and hung in the air to dry between cleanings. Dirty or stinking mops are not permitted. Mops and buckets will be frequently inspected to determine their suitability for cleaning in restrooms and all other areas.
- g. The Offeror shall maintain all new and existing dispensers for these products at a quantity level that will ensure facility users have a constant supply. The Offeror shall respond within 30 minutes to correct outages of any paper products.
 - i. Lotion soap packaged to fit dispensers
 - ii. Air freshener fillers
 - iii. Sanitary napkins and tampons
 - iv. Urinal screens

- v. Facial quality toilet tissue
- vi. Paper toilet seat covers
- vii. Paper towels to fit dispensers
- viii. Baby changing station liners

2. Location/Frequency

- a. Charles L. Williams Terminal Complex – daily
- b. General Aviation Center – daily
- c. GAC – US Customs Office - once weekly (Saturday or Sunday)
- d. Airport Administration Building PUBLIC – Sunday, Monday, Tuesday, Wednesday only
- e. ATCT – daily
- f. Maintenance Building - once weekly (Saturday or Sunday)
- g. Fuel Storage Facility – once weekly (any day)
- h. Hangar 46 - once weekly (Saturday or Sunday)
- i. Car Care Facility- once weekly (any day)

F. FLOOR MAINTENANCE

1. Description

Unless noted otherwise, for each and every contract facility, all floors shall be checked and maintained for cleanliness and appearance each day that basic cleaning tasks are scheduled to be performed. The proper performance of this basic task requires the following:

- a. Locate and remove by sweeping, all loose debris from all hard floor areas.
- b. Perform wet mopping or auto scrubbing of the entire hard surfaced floor in order to remove all dust, dirt, liquids or any other substances from all hard floor areas.
- c. Locate and scrub off by hand or machine methods, all stains, marks, sticky residue and other deposits which were not removed by sweeping or mopping.
- d. Locate and vacuum clean to remove all visible dirt and debris from all carpeted areas.
- e. Locate and spot clean all removable stains and spills from all carpeted areas.

2. Location/Frequency

- a. Charles L. Williams Terminal Complex – daily
- b. General Aviation Center – daily
- c. GAC – US Customs Office - once weekly (Saturday or Sunday)
- d. GAC – Badging Office - once weekly (Monday – Thursday 1700-1800 hrs. only)
- e. Airport Administration Building PUBLIC – Sunday, Monday, Tuesday, Wednesday only
- f. Airport Administration Building SECURE – once weekly (Friday or Saturday or Sunday)
- g. ATCT – daily
- h. Maintenance Building - once weekly (Saturday or Sunday)
- i. Fuel Storage Facility – once weekly (any day)
- j. GAC – Computer Lab – once weekly (Friday or Saturday or Sunday)

G. CLEANING AND BURNISHING HARD SURFACE FLOORS

1. Description

Unless noted otherwise, for each and every contract facility, the task of cleaning and burnishing one-hundred percent (100%) of the hard surface floors including restroom floors, within each contract facility shall be performed according to the frequency listed for each site, without exception. The performance of this task requires the following:

- a. All loose and embedded dirt, stains, streaks, marks, film, sticky substances, gum, debris, cleaning solutions, other unwanted deposits and standing water shall be removed by whatever means are necessary to prepare the floor surface for machine burnishing.
- b. Burnishing of all types of hard floor surfaces shall be scheduled and completed within the scheduled contract site on the same day that the floor is cleaned in preparation for burnishing. The Offeror shall be prepared with sufficient equipment and manpower to complete this task at each contract site prior to the start of the next business day. Failure to complete the entire hard floor area within a site during the same work shift that the work was started may result in an assessment of liquidated damages for the inconvenience to the building users.
- c. The Offeror is responsible for setting up all warning signs and barriers to prevent slipping accidents while this task is being accomplished. These signs and barriers shall be placed at all points within the contract site where individuals might walk onto a wet or otherwise slippery floor. The warning devices shall be maintained and moved when necessary to other locations as areas are completed and shall not be completely removed until all the floors are completely buffed and dry.
- d. The end result of the burnishing shall be a floor that is clean and uniform in color and luster. The completed floor shall have no streaks, swirls, burn marks, lint or other debris as a result of the machine burnishing.

2. Location/Frequency

- a. Charles L. Williams Terminal Complex – twice weekly
- b. General Aviation Center – twice weekly

H. RESTOCK SUPPLIES

1. Description

Offeror shall be responsible for transporting expendable supplies from the PMGAA warehouse to the subject facilities, and restocking all dispensers of such supplies.

2. Location/Frequency

- a. Charles L. Williams Terminal Complex – minimum twice weekly
- b. General Aviation Center – minimum twice weekly
- c. GAC – US Customs Office - once weekly (Saturday or Sunday)
- d. GAC – Badging Office - once weekly (Monday – Thursday 1700-1800 hrs. only)
- e. Airport Administration Building PUBLIC – minimum twice weekly
- f. Airport Administration Building SECURE – once weekly (Friday or Saturday or Sunday)
- g. ATCT – minimum twice weekly
- h. Maintenance Building - once weekly (Saturday or Sunday)
- i. Fuel Storage Facility – once weekly (any day)
- j. Hangar 46 - once weekly (Saturday or Sunday)
- k. Car Care Facility – once weekly (any day)

I. WEEKLY GENERAL CLEANING

1. Description

Dusting and/or wet washing/wiping shall be performed using appropriate hand tools and cleaning chemicals for the type of surface being dusted or washed. The following building surfaces shall be checked and dusted or wet washed/wiped weekly to remove accumulated dust particles, dirt, debris, lint, cobwebs, grime, fingerprints, smudges, streaks, stains, smears, sticky substances, gum, graffiti, film or other deposits and residues. No streaking or chemical residues shall be left on any surface.

- a. Window sills
- b. Furniture ledges
- c. Ventilation louvers

- d. Vending machines
- e. Wall signs
- f. Standing signs
- g. Doors and hardware
- h. Push plates/kick plates

Floors that are not waxed, buffed or auto-scrubbed nightly (such as some restroom floors) shall be scrubbed weekly to remove all dirt, debris, marks or other unwanted deposits and cleaned to a uniform color and luster.

2. Location/Frequency

- a. Charles L. Williams Terminal Complex –weekly
- b. General Aviation Center – weekly
- c. GAC – US Customs Office – weekly
- d. GAC – Badging Office – weekly
- e. Airport Administration Building PUBLIC – weekly
- f. Airport Administration Building SECURE – weekly
- g. ATCT – weekly
- h. Maintenance Building – weekly
- i. Fuel Storage Facility – weekly

J. EXTERIOR PRESSURE WASH

1. Exterior Pressure Wash

The performance of this supplemental task requires the following:

- a. All loose and embedded dirt, stains, streaks, marks, film, sticky substances, gum, debris, cleaning solutions, other unwanted deposits and standing water shall be removed from sidewalks, entrances, benches, courtyard tables, and seats.
- b. Exterior trash receptacles shall be cleaned to remove residue, film, dirt, sticky substance, and debris.
- c. Debris resulting from the pressure washing of exterior surfaces shall be collected and disposed of in a trash bin.

2. Location/Frequency

- a. Charles L. Williams Terminal Complex –twice monthly
- b. General Aviation Center – monthly
- c. Airport Administration Building – monthly

K. MONTHLY GENERAL CLEANING

1. Description

Dusting and/or wet washing/wiping shall be performed using appropriate hand tools and cleaning chemicals for the type of surface being dusted or washed. The following building surfaces shall be checked and dusted or wet washed/wiped monthly to remove accumulated dust particles, dirt, debris, lint, cobwebs, grime, fingerprints, smudges, streaks, stains, smears, sticky substances, gum, graffiti, film or other deposits and residues. No streaking or chemical residues shall be left on any surface.

- i. Heating/air condition vents
- ii. High reach areas (beyond 6' reach) including signs, fire alarm devices, ceiling corners

2. Location/Frequency

- a. Charles L. Williams Terminal Complex –monthly
- b. General Aviation Center – monthly
- c. GAC – US Customs Office - monthly

- d. GAC – Badging Office - monthly
- e. Airport Administration Building PUBLIC – monthly
- f. Airport Administration Building SECURE – monthly
- g. ATCT – monthly
- h. Maintenance Building - monthly
- i. Fuel Storage Facility – monthly

L. SCRUB AND RE-WAX HARD SURFACE FLOORS

1. Description

Unless noted otherwise, for each and every contract facility, the task of scrubbing and re-waxing one-hundred percent (100%) of the hard surface floors including restroom floors, within each contract facility shall be performed according to the frequency listed for each site, without exception. The performance of this task requires the following:

- a. All loose and embedded dirt, stains, streaks, marks, film, sticky substances, gum, debris, cleaning solutions, other unwanted deposits and standing water shall be removed by whatever means are necessary to prepare the floor surface for re-waxing.
- b. The wax shall be high quality, non-skid type wax that resists yellowing. The first coat shall be placed evenly over the entire floor area. Subsequent coats shall be placed to within four to six inches of baseboards, partition walls, files and other permanently fixed objects. A minimum of two coats shall always be applied. A sufficient number of wax coats shall be applied in high traffic areas to ensure continuous protection of the flooring and the ability to get an even shine after every twice weekly cleaning and burnishing.

2. Location/Frequency

- a. Charles L. Williams Terminal Complex –bi-monthly (every two months)
- b. General Aviation Center – bi-monthly (every two months)
- c. GAC – US Customs Office – Annual (12months) / 1

M. CARPET EXTRACTION CLEANING

1. Description

Unless noted otherwise, for each and every contract facility that has carpeted floor areas, the task of carpet extraction cleaning of these floors shall be performed at the frequency established by the Airport. The performance of this supplemental task requires the following:

- a. All loose dirt, sticky substances, trash, debris and other unwanted deposits shall be vacuumed from the carpet in preparation for carpet extraction cleaning.
- b. The carpet shall be inspected for stains, gum and other discolorations before the extraction cleaning begins and an effort shall be made to remove all of the blemishes that are located.
- c. The carpets shall be cleaned using truck-mounted, hot water extraction equipment capable of operating with two suction hoses up to 600 feet in combined length. Cleaning chemicals, approved by the equipment and carpet manufacturer, shall always be utilized. The chemical cleaning solution shall be mixed at the weakest strength recommended to minimize foaming and residue problems.
- d. The extraction procedure, once started, shall continue until 100 percent of the exposed carpet at that contract site is cleaned and until the solution being extracted appears to be clean and mostly clear, having a color close to that of clean water.
- e. Only the minimum amount of water necessary for cleaning shall be used to ensure that the carpet can dry as rapidly as possible. When it is necessary to speed the drying of cleaned carpet areas, so that users may have access to areas without walking on wet carpet, the Offeror shall supply a sufficient number of carpet drying blowers so that carpet is dry before the building opens at regular

hours. With this requirement in mind, carpeting shall not be cleaned late into the morning of a day the building will be open for business.

2. Location/Frequency

- a. Charles L. Williams Terminal Complex –quarterly (every three months)
- b. General Aviation Center – quarterly (every three months)
- c. GAC – Badging Office - quarterly (every three months)
- d. Airport Administration Building PUBLIC – quarterly (every three months)
- e. Airport Administration Building SECURE – quarterly (every three months)
- f. ATCT – quarterly (every three months)
- g. Maintenance Building - quarterly (every three months)

N. HIGH-REACH CLEANING

1. Description

Dusting and/or wet washing/wiping of high-reach area items beyond 20' height requiring a mechanical lift shall be performed using appropriate hand tools and cleaning chemicals for the type of surface being dusted or washed. No streaking or chemical residues shall be left on any surface. The following high-reach/ceiling building surfaces shall be checked and dusted or wet washed/wiped to remove accumulated dust particles, dirt, debris, lint, cobwebs, grime, stains, smears, film or other deposits and residues:

- a. Fire alarms
- b. Smoke detectors
- c. HVAC ventilation louvers/registers
- d. Ceiling mounted lights
- e. Window ledges

2. Location/Frequency

- a. Charles L. Williams Terminal Complex – semi-annual (every six months)
- b. General Aviation Center – semi-annual (every six months)
- c. GAC – US Customs Office – semi-annual (every six months)
- d. GAC – Badging Office – semi-annual (every six months)
- e. Airport Administration Building PUBLIC – semi-annual (every six months)
- f. Airport Administration Building SECURE – semi-annual (every six months)
- g. ATCT – semi-annual (every six months)
- h. Maintenance Building – semi-annual (every six months)
- i. Fuel Storage Facility – semi-annual (every six months)
- j. GAC – Computer Lab – semi-annual (every six months)

O. STRIP AND WAX HARD SURFACED FLOORS

1. Description

Unless noted otherwise, for each and every contract facility that has hard surfaced floor areas, the task of stripping and waxing these floors shall be performed at the frequency established by PMGAA and on a specific schedule approved by PMGAA. The performance of this supplemental task requires the following:

- a. The Offeror is responsible for setting up all warning signs and barriers to prevent slipping accidents while this task is being accomplished. These signs and barriers shall be placed at all points within the contract site where individuals might walk onto a wet or otherwise slippery floor. The warning devices shall be maintained and moved when necessary to other locations as areas are completed and shall not be completely removed until all the floors are dry and safe.

- b. Stripping chemicals shall be mixed with hot water in a solution to be placed onto the area to be stripped away from adjacent carpeted areas to avoid getting the solution on carpet. The stripping solution and wax shall both be worked from the center of the floor to the edges.
- c. The old wax shall be removed using acceptable industry methods down to bare flooring. The appearance of the flooring prior to placing the new wax layer shall be uniform in color with no traces of the old wax remaining. The floor shall be dry with no stripping solution residue remaining prior to application of new wax.
- d. The wax shall be high quality, non-skid type wax that resists yellowing. The first coat shall be placed evenly over the entire floor area. Subsequent coats shall be placed to within four to six inches of baseboards, partition walls, files and other permanently fixed objects. A minimum of four coats shall always be applied. A sufficient number of wax coats shall be applied in high traffic areas to ensure continuous protection of the flooring and the ability to get an even shine after every weekly cleaning and burnishing.
- e. Baseboards shall be cleaned during the stripping and waxing process at a time within the sequence that will result in a clean and wax free appearance after the last coat of wax has been applied.

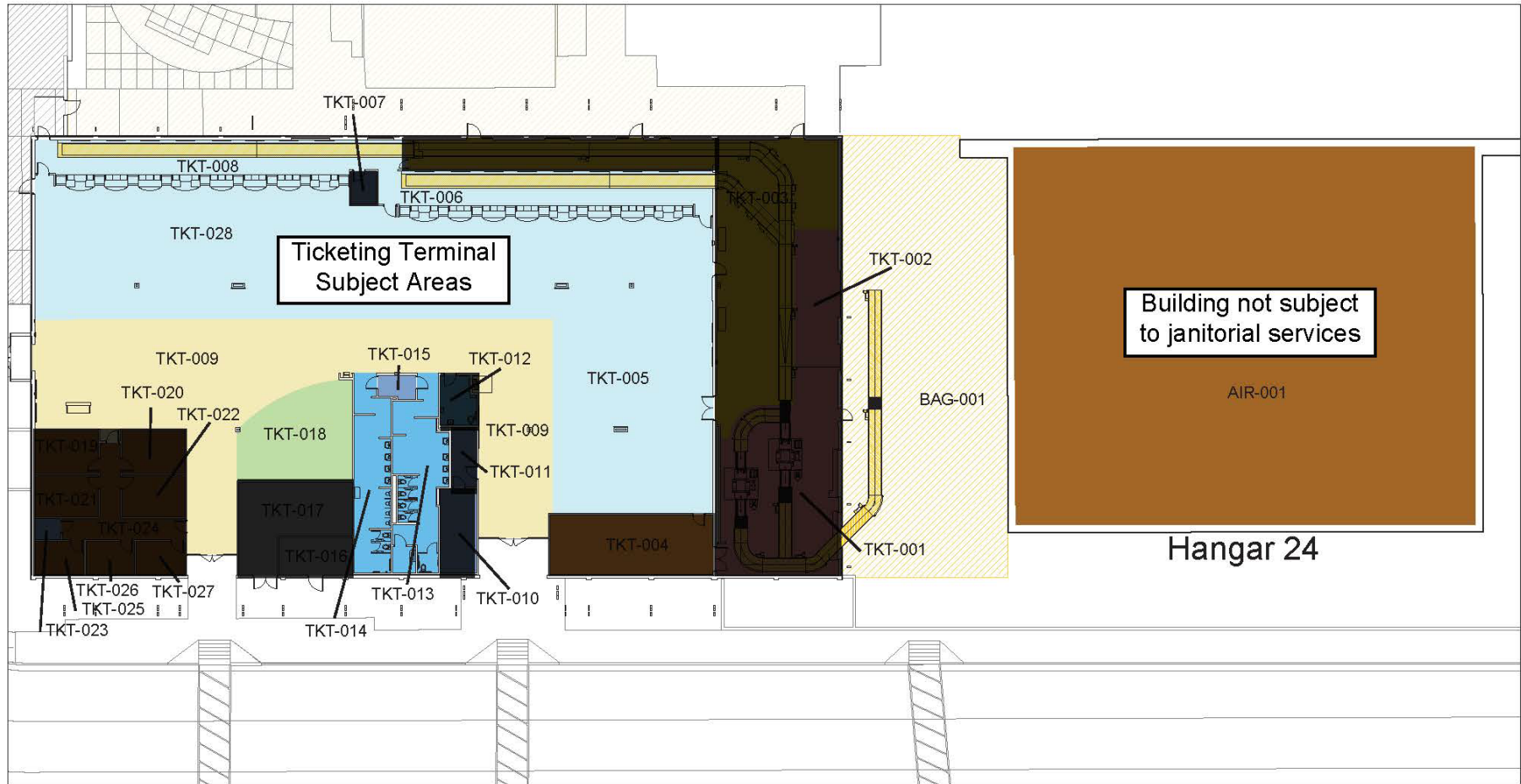
2. Location/Frequency

- a. Charles L. Williams Terminal Complex –annually
- b. General Aviation Center – annually
- c. GAC – US Customs Office - annually

FACILITY LAYOUTS



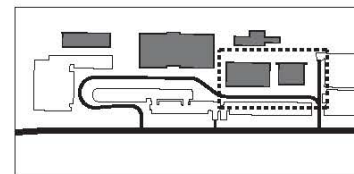




Ticketing Terminal & Hangar 24

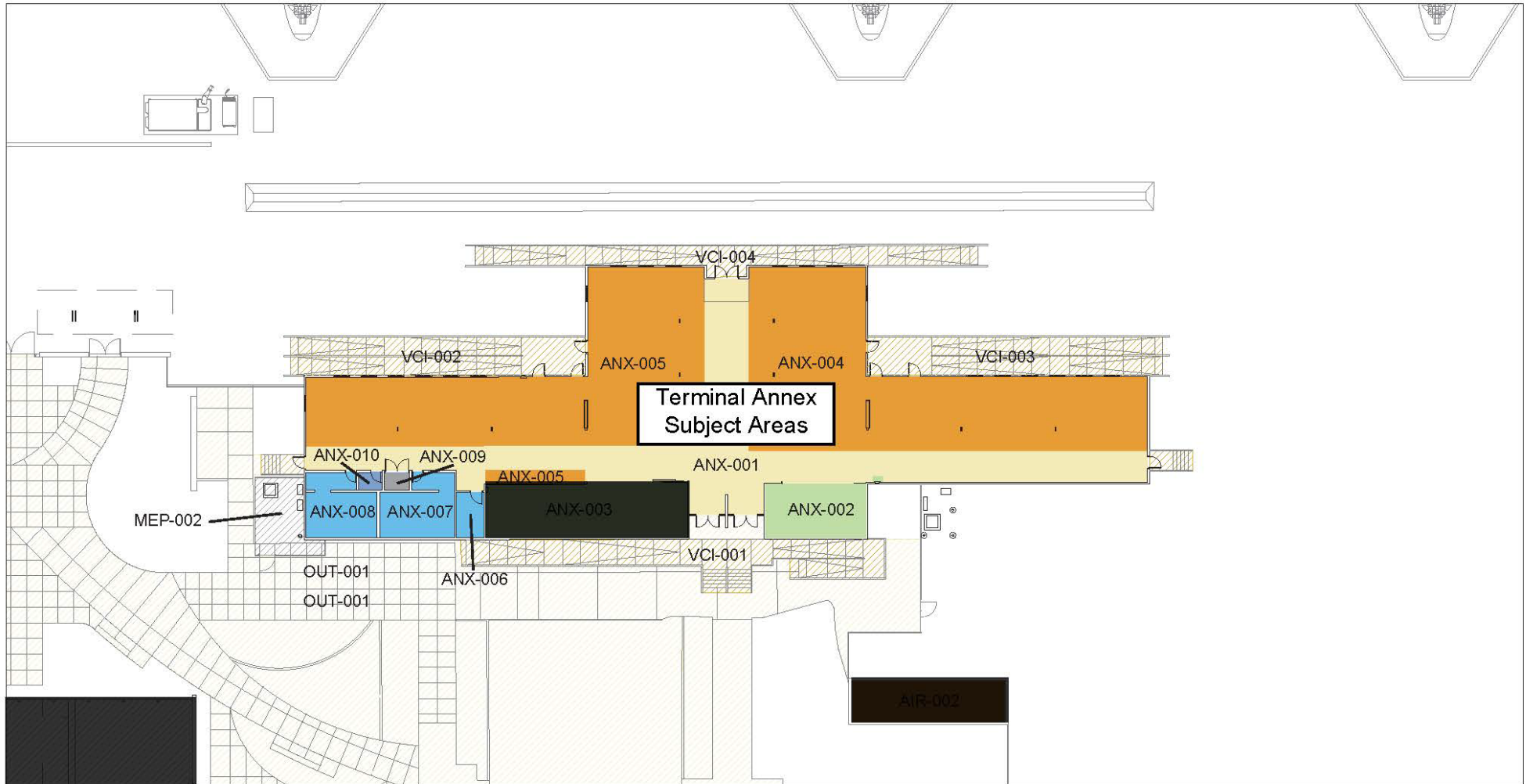
Figure 1-2

 Areas not subject to janitorial services



Legend	
Baggage	Airport Operations
Airline Operations	Miscellaneous
Ticketing	Restrooms
Hold Room	Circulation
SSCPTSA	Private Circulation
Rental Car	Vertical Circulation
Concessions	Utilities/MEP



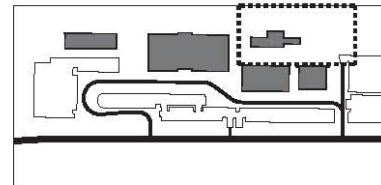


Source: HNTB, July 2014

Terminal Annex

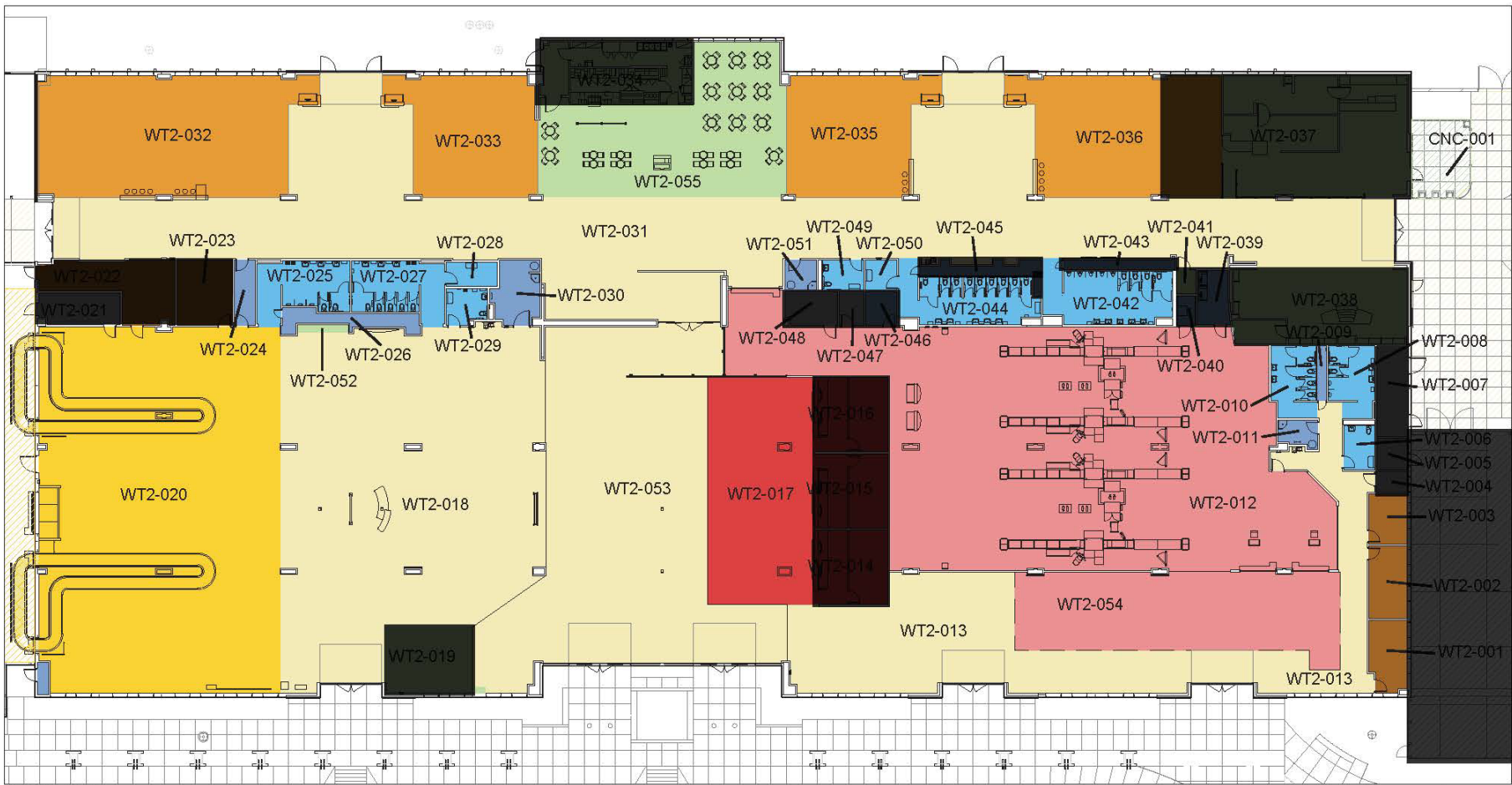
Figure 1-3

 Areas not subject to janitorial services



Legend			
	Baggage		Airport Operations
	Airline Operations		Miscellaneous
	Ticketing		Restrooms
	Hold Room		Circulation
	SSCPTSA		Private Circulation
	Rental Car		Vertical Circulation
	Concessions		Utilities/MEP



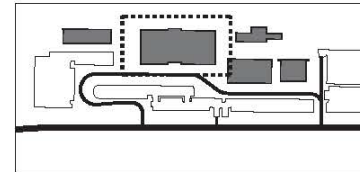


Source: HNTB, July 2014

West Terminal Phase 1 & 2

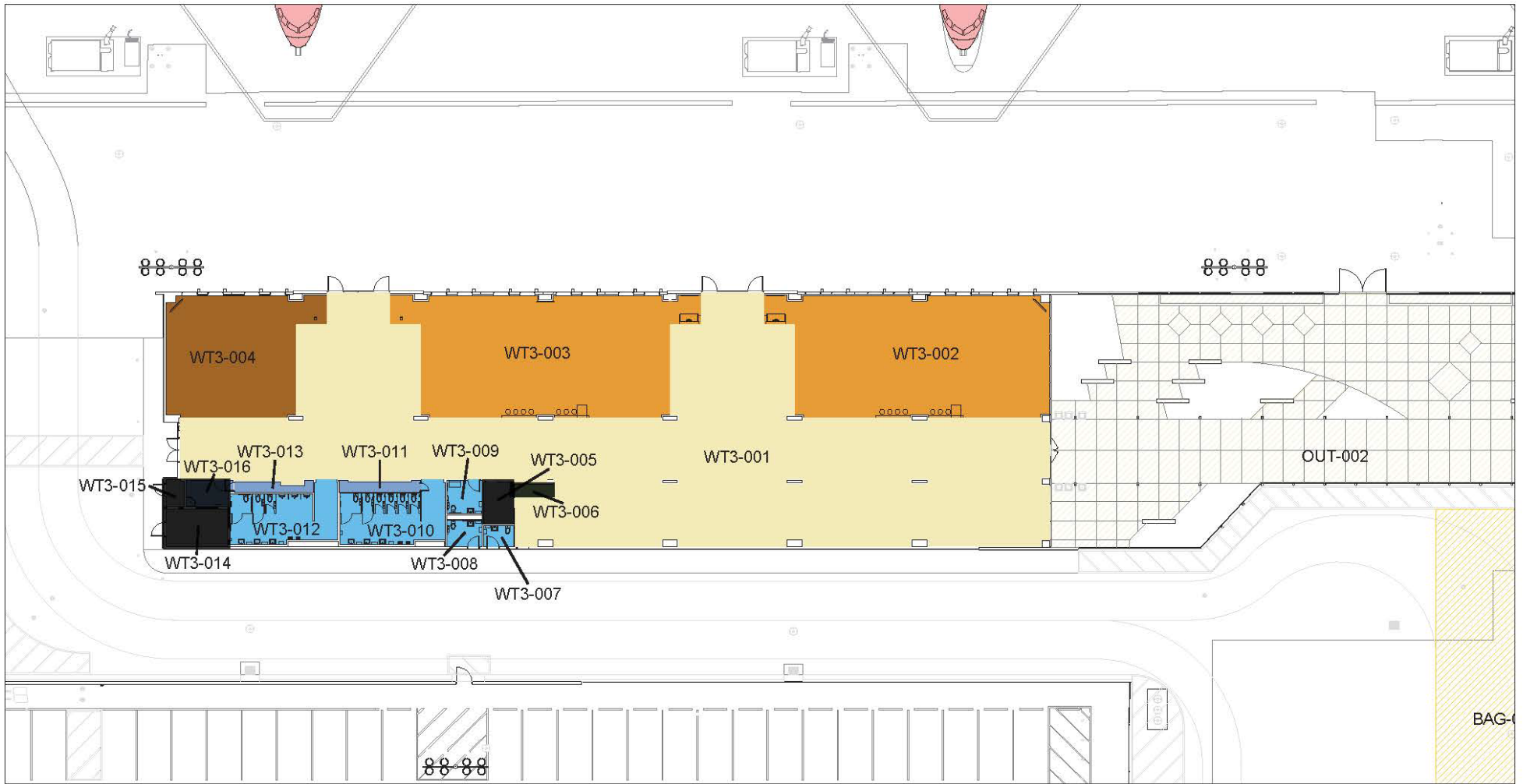
Figure 1-4

Areas not subject to janitorial services



Legend	
Baggage	Airport Operations
Airline Operations	Miscellaneous
Ticketing	Restrooms
Hold Room	Circulation
SSCPTSA	Private Circulation
Rental Car	Vertical Circulation
Concessions	Utilities/MEP



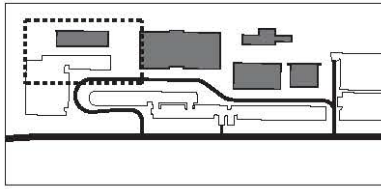


Source: HNTB, July 2014

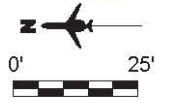
West Terminal Phase 3

Figure 1-5

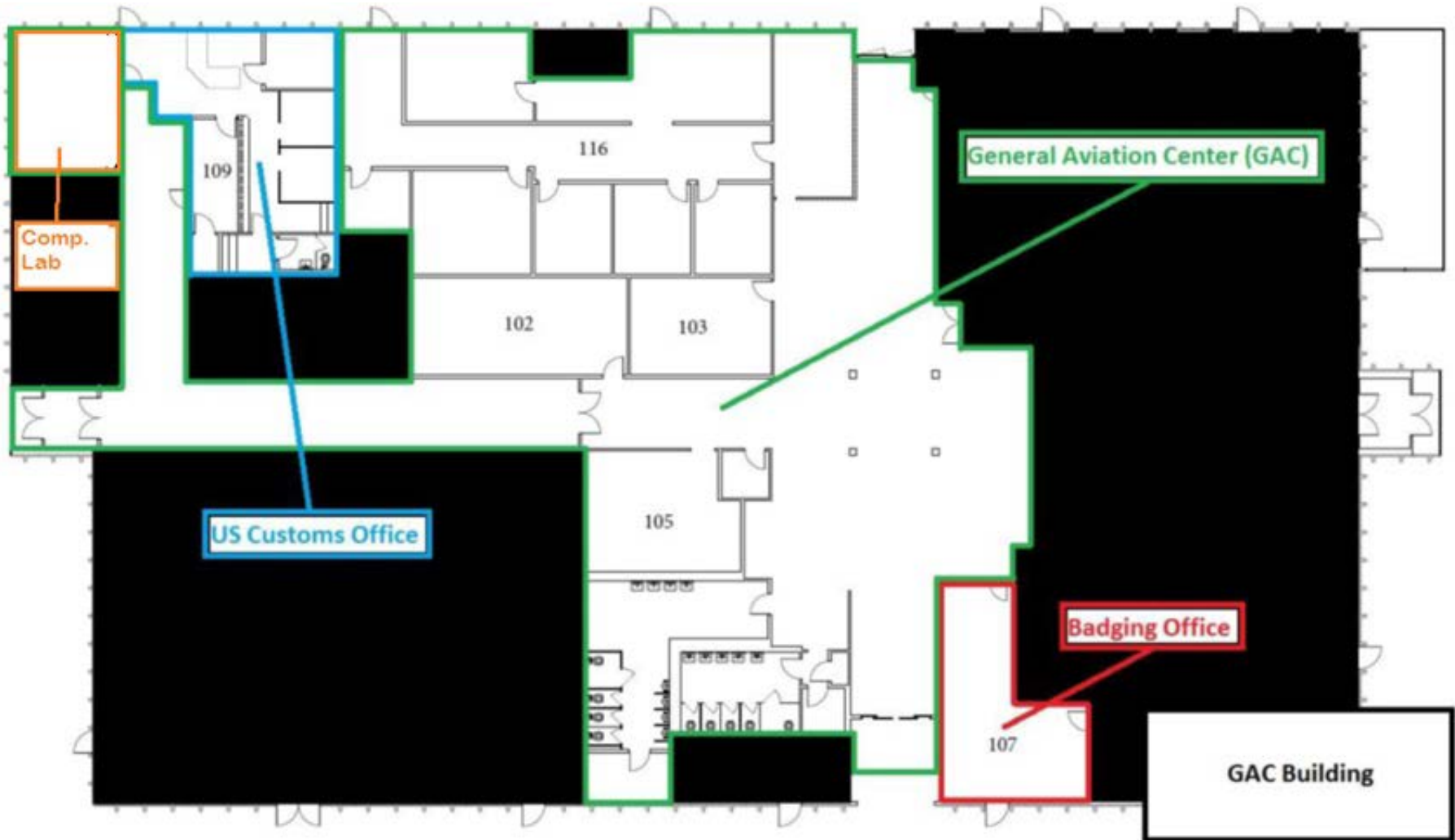
Areas not subject to janitorial services

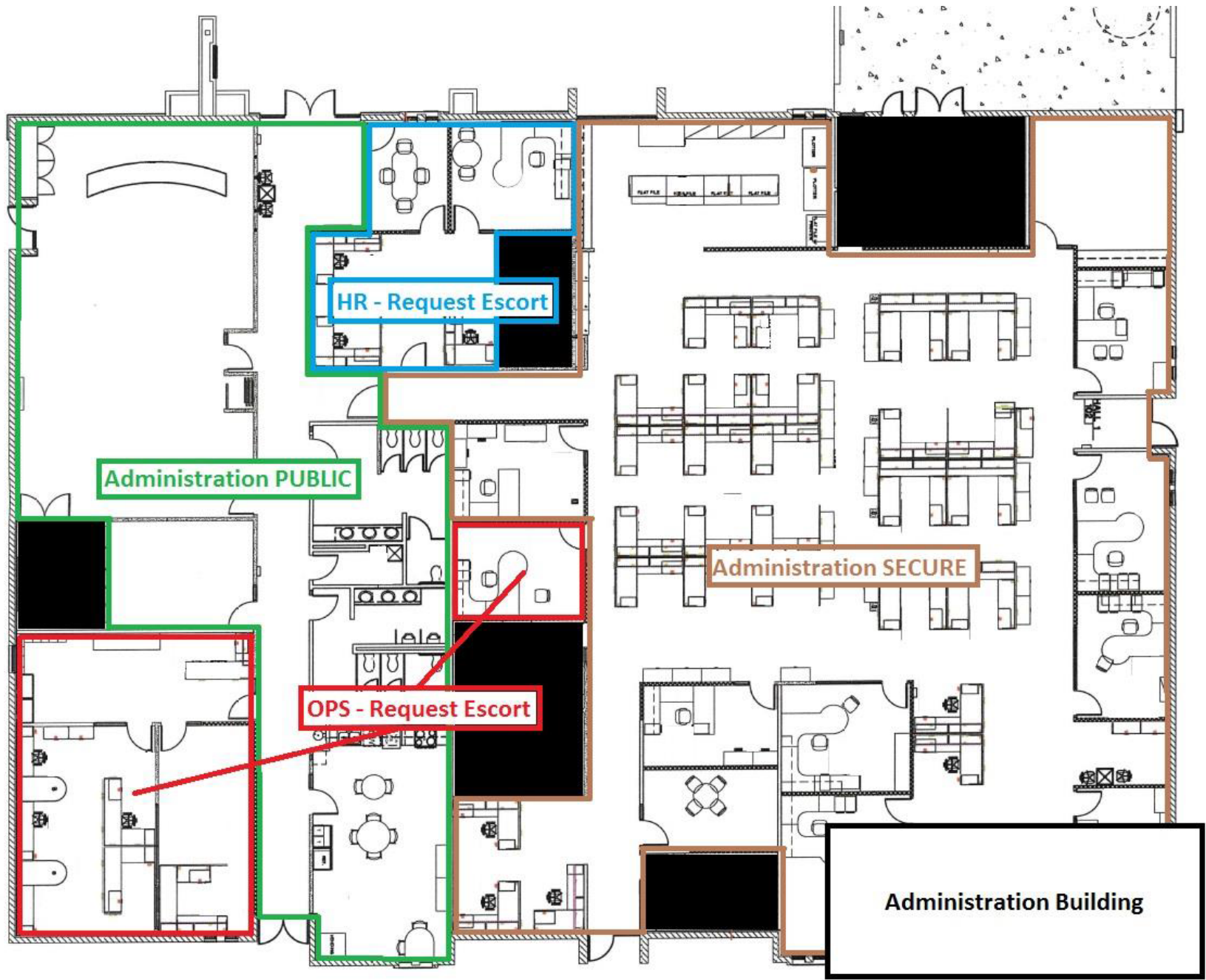


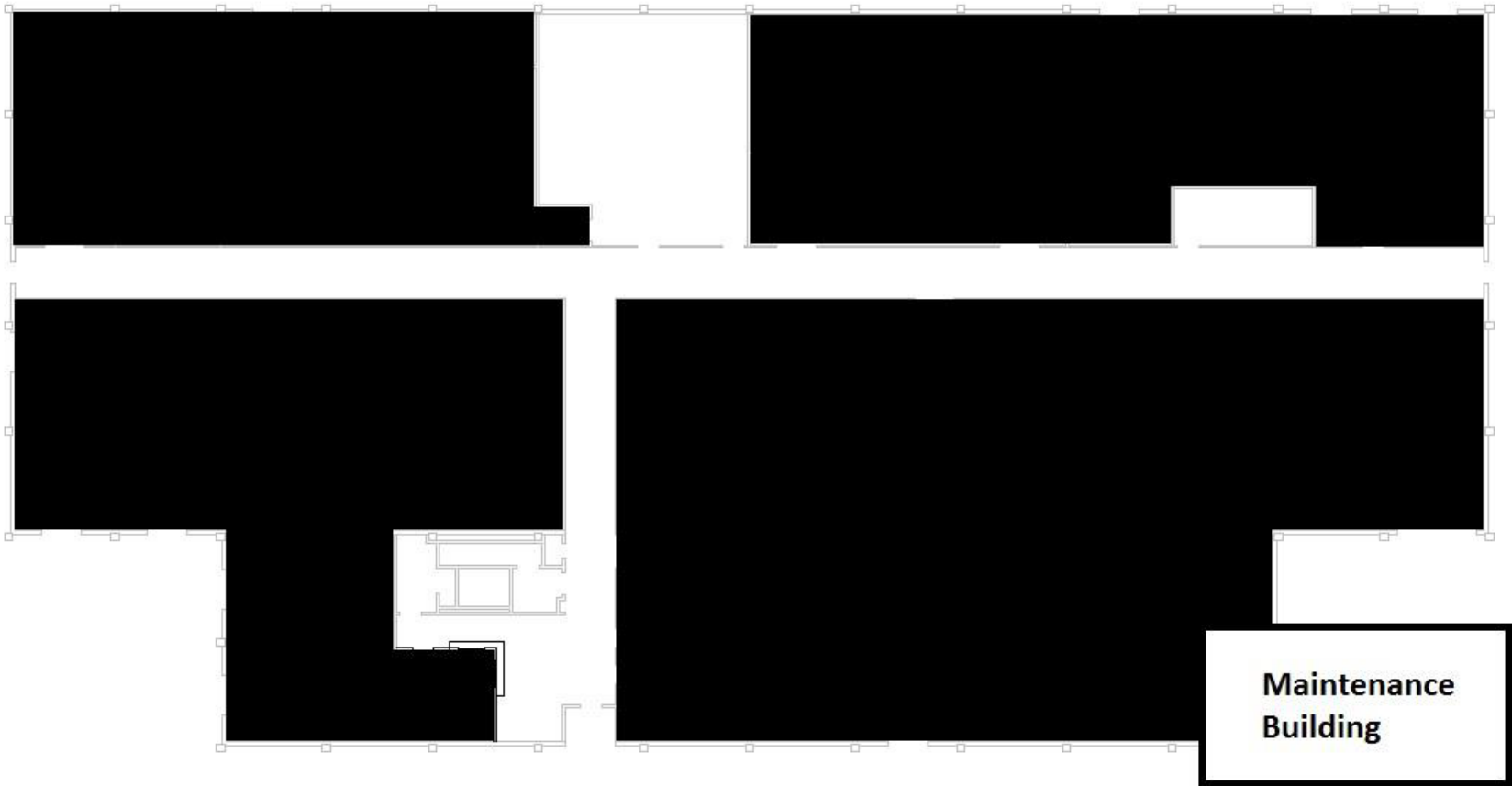
Legend	
	Baggage
	Airline Operations
	Ticketing
	Hold Room
	SSCPTSA
	Rental Car
	Concessions
	Airport Operations
	Miscellaneous
	Restrooms
	Circulation
	Private Circulation
	Vertical Circulation
	Utilities/MEP

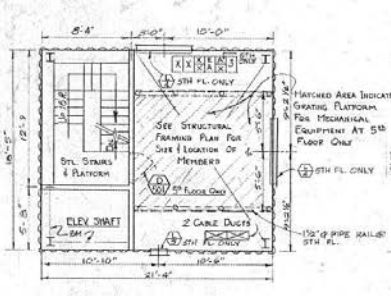




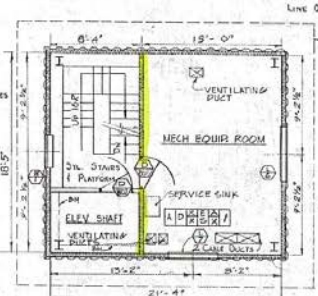




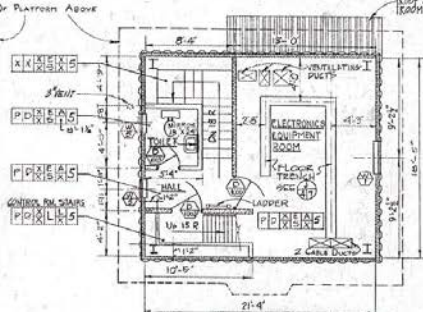




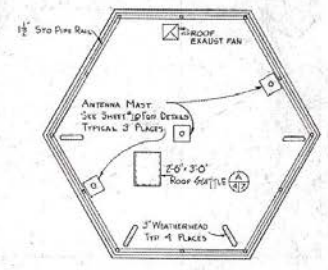
TYPICAL INTERMEDIATE FLOOR (1ST FL ONLY)



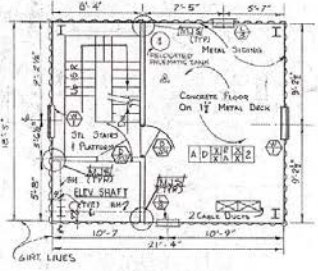
MECHANICAL EQUIPMENT ROOM (10th)



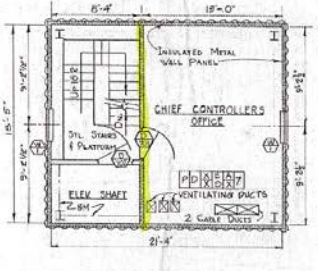
ELECTRONICS EQUIPMENT ROOM (10th)



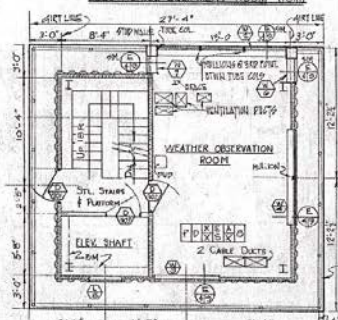
ROOF PLAN



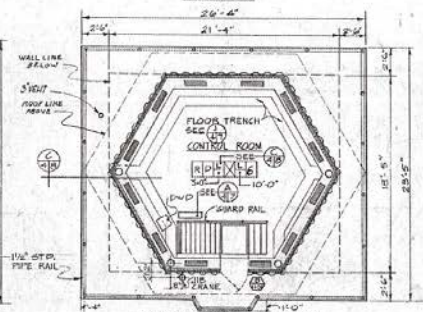
SECOND FLOOR



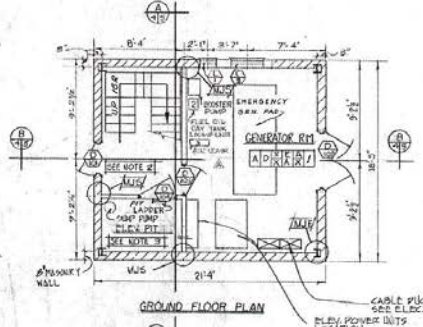
CHIEF CONTROLLERS OFFICE (7th)



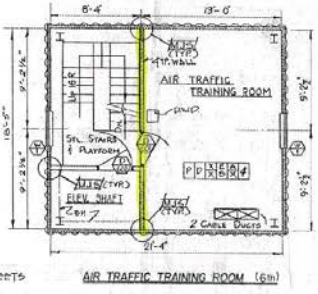
WEATHER OBSERVATION ROOM (10th)



CONTROL ROOM PLAN (11TH)



GROUND FLOOR PLAN



AIR TRAFFIC TRAINING ROOM (6th)

NOTES:
 1. PNEUMATIC TANK-MOVED GROUND TO 2ND FLOOR.
 2. FUEL OIL DAY TANK & PUMP UNIT (SIMPLEX PACKAGE UNIT)
 3. AIR COMPRESSOR-WATER BOOSTER SYSTEM.

SEE SHEET 21 FOR SCHEMATIC & ELECTRICAL DRAWINGS.

GRAPHIC SCALE
 1" = 1'-0"

LINE OR PLATFORM ABOVE

ROOF OVER WEATHER ROOM EXTENDING

SYMBOLS

MASSIVE HATCH	MASONRY
CONCRETE HATCH	CONCRETE
STIPPLE HATCH	STEEL
DOTTED HATCH	INSULATION
CROSS-HATCH	ALUMINUM
CIRCULAR HATCH	ACOUSTIC MATERIAL
DASHED HATCH	CARPETING
DIAGONAL HATCH	NEOPRENE CHANNEL AROUND INSULATING GLASS
WAVE HATCH	INSULATED METAL WALL PANEL METAL SIGN

ABBREVIATIONS

AL.	ALUMINUM	FIN.	FINISH	PL.	PLATE
AUX.	AUXILIARY	FL.	FLOOR	R.	RULER
B.L.C.	BLOCK	FLG.	FLASHING	REGR.	RUBBER
B.M.	BEAM	GA.	GABE	REGR.	REQUIRED
C.B.	CELLAR	GEN.	GENERATOR	RFD.	ROOFING
COL.	COLUMN	I.D.	INSIDE DIAMETER	RM.	ROOM
CONC.	CONCRETE	INS.	INSULATION	SECT.	SECTION
CONN.	CONNECTION	JO.	JOINT	SH.	SHEET
CONT.	CONTINUOUS	L.R.	LOADING	SQ.	SQUARE
PET.	PETAL	MAX.	MAXIMUM	STE.	STEEL
DI.A.	DIAMETER	MTE.	METAL	STR.	STANDARD
DI.A.	DIAGONAL	MIN.	MINIMUM	TRD.	TRIM
D.N.	DOWN	N.O.	NUMBER	W.P.	WIDE FLANGE
ELEV.	ELEVATOR	O.C.	ON CENTER	CH.	CHANNEL
EQUIP.	EQUIPMENT	OD.	OUTSIDE DIAMETER	T.	TUBE
EXP.	EXPANSION	OPR.	OPPOSITE	A.	ANGLE
WTH.	WITH	OPN.	OPENING	UN.G.	UNLESS NOTED OTHERWISE

KEY TO FINISHES

⬢	DOOR SYMBOL	DOOR NUMBER
⬢	WINDOW SYMBOL	WINDOW NUMBER
⬢	LOUVER SYMBOL	LOUVER NUMBER
⬢	LOUVER SYMBOL	LOUVER NUMBER
⬢	CALKING SYMBOL	

KEY TO FINISHES

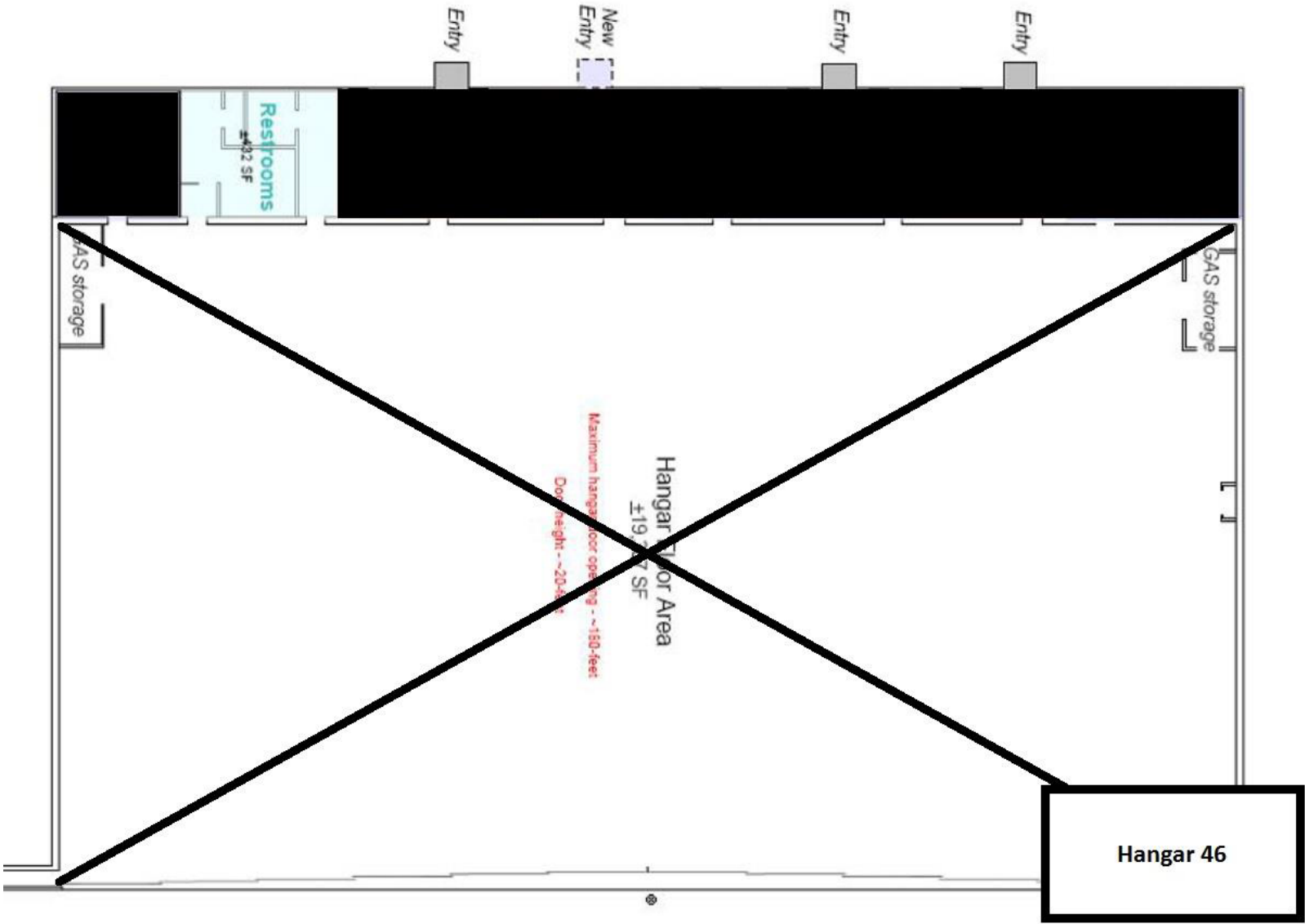
1. ENVELOPE	2. CERAMIC TILE	3. RUBBER TILE
4. IMPERIAL TILE	5. QUARRY TILE	6. CARPETING
7. LIVING AREA TILE	8. ALUMINUM FINISH	9. METAL
10. LINOLEUM	11. LACQUER	12. FLOOR BOARDING
13. FLOOR BOARDING	14. WOOD	15. FLOOR BOARDING
16. FLOOR BOARDING	17. FLOOR BOARDING	18. FLOOR BOARDING
19. FLOOR BOARDING	20. FLOOR BOARDING	21. FLOOR BOARDING
22. FLOOR BOARDING	23. FLOOR BOARDING	24. FLOOR BOARDING
25. FLOOR BOARDING	26. FLOOR BOARDING	27. FLOOR BOARDING
28. FLOOR BOARDING	29. FLOOR BOARDING	30. FLOOR BOARDING

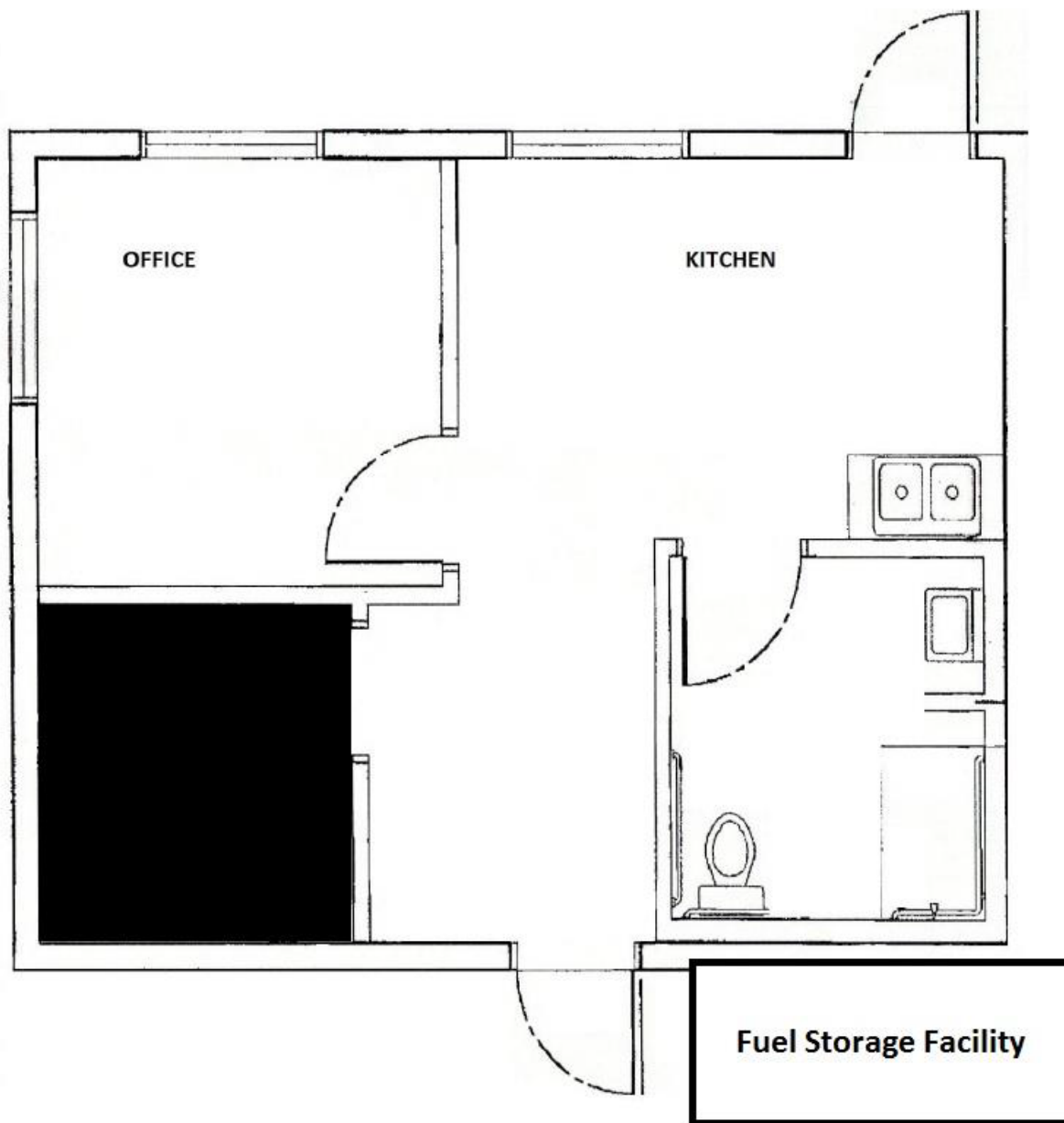
NOTES: RELOCATED POWER UNITS AS BUILT RCK
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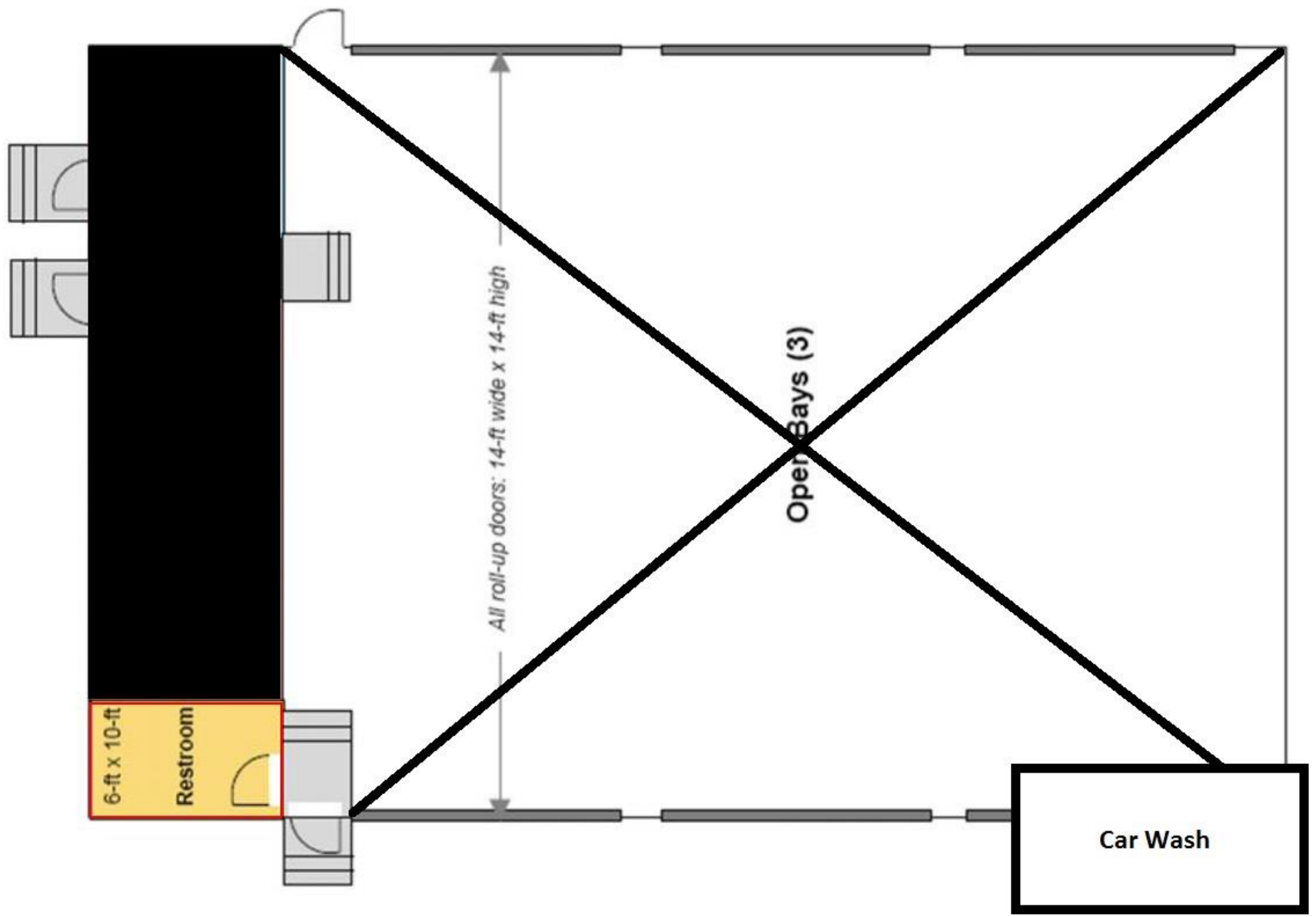
JOHANNESSEN & GRAND CONSULTING ENGINEERS, INC.
 ARIZONA
 DESIGNED BY: AMS
 DRAWN BY: E. G. S.S.
 CHECKED BY:
 APPROVED BY:

**WILLIAMS AIR FORCE BASE
 CHANDLER, ARIZONA
 CONTROL TOWER-
 FLOOR PLANS**

| | | | |
|---------------|---------------|---------------|---------------|
| NO. OF SHEETS | NO. OF SHEETS | NO. OF SHEETS | NO. OF SHEETS |
| 52 | 53 | 54 | 55 |
| 56-06-02 | 56-06-03 | 56-06-04 | 56-06-05 |
| DATED | DATED | DATED | DATED |
| OCT 1968 | APR 68 | APR 68 | APR 68 |







Lynn Kusy Park



Passenger Historical Activity – Calendar Years 2013-2016

| CY | 2013 | 2014 | 2015 | 2016 |
|--------------|------------------|------------------|------------------|------------------|
| Jan | 128,326 | 106,378 | 105,984 | 107,696 |
| Feb | 133,944 | 109,459 | 108,579 | 118,465 |
| Mar | 187,802 | 152,963 | 155,102 | 161,111 |
| Apr | 127,238 | 94,672 | 102,656 | 109,319 |
| May | 105,308 | 97,605 | 99,863 | 107,621 |
| Jun | 110,728 | 108,662 | 110,482 | 126,798 |
| Jul | 118,635 | 114,405 | 123,355 | 132,334 |
| Aug | 93,190 | 90,496 | 94,142 | 95,605 |
| Sep | 77,280 | 70,903 | 70,102 | 80,991 |
| Oct | 78,301 | 94,358 | 93,616 | 100,891 |
| Nov | 91,638 | 96,141 | 100,174 | 100,029 |
| Dec | 109,144 | 106,195 | 119,502 | 114,383 |
| TOTAL | 1,361,534 | 1,242,237 | 1,283,557 | 1,355,243 |

EXHIBIT D - COMPENSATION

All compensation for services rendered by Consultant shall be based upon criteria established below. All services must be billed through the Consultant.

1. Fees to be Specified in Contract

Any and all services to be performed under this Contract require approval. All compensation for services shall be identified in writing. The Contract shall describe the scope of services to be performed (by tasks and subtasks, where appropriate), the fees associated with that performance, and any applicable special provisions. Consultant's compensation for services included in this Contract is totaled and set forth in **EXHIBIT B**.

2. Method of Payment

Subject to the terms of this Contract, PMGAA shall pay Consultant the appropriate rate or fixed price amount for services rendered as described in the Contract only after Consultant has submitted an invoice for services performed and PMGAA has certified and approved each invoice.

For services rendered in accordance with the Contract, Consultant shall submit to PMGAA an invoice depicting tasks performed and/or hours spent for services performed. Invoices must be based on the actual hours and/or expenses incurred for the services completed during the billing period. Consultant's invoices or must specify that Consultant has performed the services, and PMGAA must certify and approve each invoice as a condition to payment.

3. Consultant Responsibilities for Compensation

Consultant shall prepare monthly invoices in accordance with terms specified in the Contract. All invoices for payment shall be for work completed unless otherwise agreed to by PMGAA.

4. PMGAA Responsibilities for Compensation

PMGAA agrees to pay Consultant's invoices for payment within 30 calendar days after the invoice is approved. PMGAA may withhold payment on any invoice if it believes that Consultant has not performed the work in a satisfactory manner. If PMGAA withholds payment to Consultant, PMGAA shall promptly notify Consultant and explain the reasons for the decision to withhold payment.

5. Billing Address

All invoices submitted to PMGAA for payment shall be submitted to:

Phoenix-Mesa Gateway Airport Authority
Attn: Operations & Maintenance Director
5835 S. Sossaman Road
Mesa, Arizona 85212

EXHIBIT E - SPECIAL PROVISIONS

1. Civil Rights Act of 1964, Title VI – General

The contractor agrees to comply with pertinent statutes, Executive Orders and such rules as are promulgated to ensure that no person shall, on the grounds of race, creed, color or national origin, sex, age or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance.

2. Civil Rights Act of 1964, Title VI – Assurances

During the performance of this Contract, the contractor, for itself, its assignees and successors in interest agrees as follows:

- a. Compliance with Regulations – Compliance with Regulations: The contractor (hereinafter includes consultants) will comply with the Title VI List of Pertinent Nondiscrimination Acts And Authorities, as they may be amended from time to time, which are herein incorporated by reference and made a part of this contract.
- b. Nondiscrimination – The contractor, with regard to the work performed by it during the contract, will not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The contractor will not participate directly or indirectly in the discrimination prohibited by the Nondiscrimination Acts and Authorities, including employment practices when the contract covers any activity, project, or program set forth in Appendix B of 49 CFR Part 21.
- c. Solicitations for Subcontracts, including Procurements of Materials and Equipment – In all solicitations, either by competitive bidding, or negotiation made by the contractor for work to be performed under a subcontract, including procurements of materials, or leases of equipment, each potential subcontractor or supplier will be notified by the contractor of the contractor's obligations under this contract and the Non-discrimination Acts And Authorities on the grounds of race, color, or national origin.
- d. Information and Reports – The contractor will provide all information and reports required by the Acts, the Regulations and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by PMGAA or the FAA to be pertinent to ascertain compliance with such Nondiscrimination Acts And Authorities and instructions. Where any information required of a contractor is in the exclusive possession of another who fails or refuses to furnish the information, the contractor will so certify to PMGAA or the FAA as appropriate, and will set forth what efforts it has made to obtain the information.
- e. Sanctions for Noncompliance – In the event of a contractor's noncompliance with the Nondiscrimination provisions of this contract, the Recipient will impose such contract sanctions as it or the FAA determine to be appropriate, including, but not limited to:
 - i) Withholding of payments to the contractor under the contract until the contractor complies, and/or;
 - ii) Cancellation, termination, or suspension of the Contract, in whole or in part.
- f. Incorporation of Provisions – The contractor will include the provisions of paragraphs one through six of this **EXHIBIT E** in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations and directives issued pursuant thereto. The contractor will take action with respect to any subcontract or procurement as PMGAA or the FAA may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if the contractor becomes involved in, or is threatened with litigation by a subcontractor, or supplier because of such direction, the contractor may request PMGAA to enter into any litigation to protect the interests of PMGAA. In addition, the contractor may request the United States to enter into the litigation to protect the interests of the United States.

3. Civil Rights – Title VI List of Pertinent Nondiscrimination Acts and Authorities

During the performance of this contract, the contractor, for itself, its assignees, and successors in interest (hereinafter referred to as the “contractor”) agrees to comply with the following non-discrimination statutes and authorities; including but not limited to:

- Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d *et seq.*, 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin);
- 49 CFR part 21 (Non-discrimination In Federally-Assisted Programs of The Department of Transportation—Effectuation of Title VI of The Civil Rights Act of 1964);
- The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 U.S.C. § 4601), (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
- Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. § 794 *et seq.*), as amended, (prohibits discrimination on the basis of disability); and 49 CFR part 27;
- The Age Discrimination Act of 1975, as amended, (42 U.S.C. § 6101 *et seq.*), (prohibits discrimination on the basis of age);
- Airport and Airway Improvement Act of 1982, (49 USC § 471, Section 47123), as amended, (prohibits discrimination based on race, creed, color, national origin, or sex);
- The Civil Rights Restoration Act of 1987, (PL 100-209), (Broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms “programs or activities” to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);
- Titles II and III of the Americans with Disabilities Act of 1990, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. §§ 12131 – 12189) as implemented by Department of Transportation regulations at 49 CFR parts 37 and 38;
- The FAA’s Non-discrimination statute (49 U.S.C. § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
- Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures non-discrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;
- Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 Fed. Reg. at 74087 to 74100);
- Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 U.S.C. 1681 *et seq.*).

4. Federal Fair Labor Standards Act

This contract and all subcontracts that result from this contract incorporate by reference the provisions of 29 CFR part 201, the Federal Fair Labor Standards Act (FLSA), with the same force and effect as if given in full text.

The Consultant has full responsibility to monitor compliance to the referenced statute or regulation. The Consultant must address any claims or disputes that arise from this requirement directly with the U.S. Department of Labor – Wage and Hour Division.

5. Occupational Safety and Health Act of 1970

This contract and all subcontracts that result from this contract incorporate by reference the provisions of 29 CFR part 1910 with the same force and effect as if given in full text. Consultant must provide a work environment that is free from recognized hazards that may cause death or serious physical harm to the employee. The Consultant

retains full responsibility to monitor its compliance and their subcontractor's compliance with the applicable requirements of the Occupational Safety and Health Act of 1970 (20CFR Part 1910). Consultant must address any claims or disputes that pertain to a referenced requirement directly with the U.S. Department of Labor – Occupational Safety and Health Administration.

6. Lobbying and Influencing Federal Employees

- a. No federal appropriated funds shall be paid, by or on behalf of Consultant, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the making of any federal grant and the amendment or modification of any federal grant.
- b. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any federal grant, the contractor shall complete and submit Standard Form-LLL, "Disclosure of Lobby Activities," in accordance with its instructions.

7. Access to Records and Reports

Consultant shall maintain an acceptable cost accounting system. Consultant further agrees to provide PMGAA, the FAA and the Comptroller General of the United States, or any of their duly authorized representatives, access to any books, documents, papers, and records of Consultant which are directly pertinent to this specific Contract for the purpose of making audit, examination, excerpts and transcriptions. Consultant agrees to maintain all books, records and reports required under this Contract for a period of not less than three (3) years after final payment is made and all pending matters are closed.

8. Breach of Contract Terms

Any violation or breach of terms of this Contract on the part of Consultant or its subconsultants or subcontractors may result in suspension or termination of this Contract, or such other action that may be necessary to enforce the rights of the parties with respect thereto. The duties and obligations imposed by the Contract and the rights and remedies available thereunder shall be in addition to, and not a limitation of, any duties, obligations, rights and remedies otherwise imposed or available by law.

9. Rights to Inventions

All rights to inventions and materials generated under this Contract are subject to regulations issued by the FAA and PMGAA of the federal grant under which this Contract is executed.

10. Trade Restriction Clause

- a. Consultant or its subconsultants/subcontractors, by submission of an offer and/or execution of a contract, certifies that it:
 - i. Is not owned or controlled by one or more citizens of a foreign country included in the list of countries that discriminate against U.S. firms published by the Office of the United States Trade Representative (USTR);
 - ii. Has not knowingly entered into any contract or subcontract for this project with a person that is a citizen or national of a foreign country on the list, or is owned or controlled directly or indirectly by one or more citizens or nationals of a foreign country on the list; and
 - iii. Has not procured any product nor subcontracted for the supply of any product for use on the project that is produced in a foreign country on the list.
- b. Unless the restrictions of this clause are waived by the Secretary of Transportation in accordance with 49 CFR 30.17, no contract shall be awarded to a contractor or subcontractor who is unable to certify to the above. If the contractor knowingly procures or subcontracts for the supply of any product or service of a foreign country on the list for use on the project, the FAA may direct PMGAA cancellation of this Contract at no cost to the Government.

- c. Further, Consultant shall incorporate this provision for certification without modification in each contract and in all lower tier subcontracts. Consultant may rely on the certification of a prospective subcontractor unless it has knowledge that the certification is erroneous.
- d. Consultant shall provide immediate written notice to PMGAA if Consultant learns that its certification or that of a subcontractor was erroneous when submitted or has become erroneous by reason of changed circumstances. The subcontractor shall agree to provide written notice to Consultant if at any time it learns that its certification was erroneous by reason of changed circumstances.
- e. This certification is a material representation of fact upon which reliance was placed when the Contract was awarded. If it is later determined that Consultant or its subcontractor knowingly rendered an erroneous certification, the FAA may direct PMGAA cancellation of this Contract or any subcontract for default at no cost to the Government.
- f. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render, in good faith, the certification required by this provision. The knowledge and information of Consultant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
- g. This certification concerns a matter within the jurisdiction of an agency of the United States of America and the making of a false, fictitious, or fraudulent certification may render the maker subject to prosecution under Title 18, United States Code, Section 1001.

11. Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion

Consultant, by accepting this Contract, certifies that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency. Consultant shall include this clause without modification in all lower tier transactions, solicitations, proposals, contracts, and subcontracts. Where the Consultant or any lower tier participant is unable to certify to this statement, it shall provide a written explanation to PMGAA.

12. Project Security

As some or all portions of work possible during the Term of this Contract may be located inside the secured area of the Airport, adherence to and familiarity with federal security regulations is essential. For these projects, Consultant shall be responsible for fulfilling the security requirements described herein.

- a. Secured Area Access – All Consultant personnel who require unescorted access to the secured area of the Airport, prior to the issuance of an Airport Identification badge, must successfully complete the Security Badge Application and Security Badge Authorization forms.
- b. Employee Security Badges – All Consultant and/or subcontractor personnel performing work functions in accordance with this Contract shall obtain and properly display an Airport security badge. Consultant shall submit a Security Badge Application form to the PMGAA security office for each employee requiring unescorted access, along with the current fee for each badge. Badge fees are identified on the current *Airport Fees, Services and Rental Rates* available via the Airport website at www.gatewayairport.com and are subject to change.
 - i. All fees must be paid to PMGAA by cash or check.
 - ii. Airport Security Badge Application forms and instructions are available via the Airport website at www.gatewayairport.com.
 - iii. An authorized representative of Consultant must also obtain and submit a Security Media Authorization form, which is to be submitted to the PMGAA badging office. The Security Media Authorization form and instructions are available via the Airport website at www.gatewayairport.com.
 - iv. A training class on aviation security must be successfully completed before individuals are issued a badge. Fees for the security badge include attendance for the necessary training classes. Attendance at the security classes and issuance of the security badge may take two hours per person.

- v. Additional information, including a “Frequently Asked Questions” is available via the Airport website at www.gateairport.com or by contacting the PMGAA Badging Office at (480) 988-7522. The Badging Office is located at 5803 S. Sossaman Road, Mesa AZ 85212.
 - vi. Consultant shall immediately notify the PMGAA Badging Office of any Consultant personnel whose employment status has changed.
 - vii. Consultant shall retrieve all security badges and keys and return them to the PMGAA Badging Office. A fee, as indicated on the most current *Airport Rates and Charges Schedule*, will be charged for each badge that is damaged, lost or not returned.
 - viii. The PMGAA Badging Office will require a completed Security Badge Application from each Consultant employee so certified by Consultant as requiring such before a Security Badge is issued.
 - ix. Under certain circumstances and out of control of PMGAA, security measures may change on short notice. No deviations from any security measure shall be allowed at any time.
 - x. At all times, aircraft shall have the right-of-way over all vehicle traffic.
- c. Fines – Due to both the safety and security precautions necessary at the Airport, any failure of the Consultant to adhere to prescribed Airport requirements/regulations has consequences that may jeopardize the health, welfare and lives of Airport customers and employees, as well as the Consultant’s own employees. Therefore, if Consultant is found to be in non-compliance with any security, airfield badging/licensing and airfield safety requirement, a Notice of Violations (NOV) may be issued. A current listing of fines is available by contacting the PMGAA Badging Office.

13. Standard Terms & Conditions

PMGAA’s Standard Terms & Conditions (in **EXHIBIT F** attached) include clauses that pertain to both construction and professional services. For such, the term “contractor” is to be considered same as “consultant.” If a clause implies construction service then it is waived for a professional services contract. PMGAA reserves the right to make that determination if there is a conflict.

14. Federal and State Guidelines and Regulations

All work performed under this Contract must satisfy FAA and applicable agency standards, and be accomplished in accordance with applicable federal, state and local guidelines and regulations, including FAA Advisory Circulars, NEPA and Arizona environmental statutes.

Consultant shall perform the services as described in approved Contract in accordance with the applicable requirements imposed by PMGAA, ADOT, FAA and any other applicable sponsoring agencies. Consultant and its subconsultants/subcontractors, if any, shall comply with any and all applicable laws, regulations, executive orders, policies, guidelines, and any other requirements for FAA Airport Improvement Program (AIP) projects. Consultant shall provide PMGAA all information, reports, documents, and/or certifications requested by PMGAA for the satisfaction of any grant requirements for the reimbursement of services, including, without limitation, identifying the specific services provided by Consultant and the billing period(s) during which services were or are to be provided. Nothing herein shall be construed as making the FAA or ADOT a party to this Contract.

15. Right to Contract With Other Firms

PMGAA shall have the right to contract with other firms and/or persons and/or to self-perform additional services, which may be the subject of this Contract. Consultant shall conduct its operations and perform any services authorized under the Contract so as not to interfere with or hinder the progress of completion of the work being performed by PMGAA and/or other firms and/or persons. Consultants working on the same project shall cooperate with each other in the performance, scheduling, and, if applicable, the integration of their respective services.

16. Independent Offeror Status

At all relevant times, Consultant is - and shall remain - an independent contractor with regard to performance of its services. PMGAA retains no control over Consultant, the performance of its work or services, or the safety of its employees. Consultant is not authorized to enter into any contract or commitment, authorize any payment, or accept any document, services, goods or materials for, in the name of, or on behalf of PMGAA.

EXHIBIT F – PMGAA STANDARD TERMS & CONDITIONS

1. Certification

By signature in the offer section of the Offer and Acceptance page, Consultant certifies:

- a. The award of this Contract did not involve collusion or other anti-competitive practices.
- b. It shall not discriminate against any employee or applicant for employment in violation of Federal Executive Order 11246, or A.R.S. Section 31-1461, et. seq.
- c. It has not given, offered to give, nor intends to give at any time hereafter, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant in connection with this Contract; and Consultant hereby certifies that the individual signing this Contract is an authorized agent for Consultant and has the authority to bind the Consultant to the Contract.

2. Termination of Contract

- a. This Contract may be terminated at any time by mutual written consent or by PMGAA - with or without cause - provided the terminating party gives 30 calendar days' advance written notice to the other party. PMGAA may terminate this Contract, in whole or in part, for PMGAA's convenience and on 30 days' written notice. If this Contract is terminated, then PMGAA is liable only for services rendered and material received, certified, and approved by PMGAA under the Contract before the termination effective date.
- b. PMGAA reserves the right to cancel this Contract in whole or in part due to failure of Consultant to carry out any term, promise, or condition of the Contract. At least ten days before terminating the Contract, PMGAA will issue a written notice of default specifying one of the following reasons.
 - i. Consultant has provided personnel that do not meet the requirements of the Contract.
 - ii. Consultant has failed to perform adequately the stipulations, conditions or services/specifications required in this Contract.
 - iii. Consultant has attempted to impose on PMGAA personnel or materials, products, or workmanship of unacceptable quality.
 - iiii. Consultant has failed to furnish the required service(s) and/or product(s) within the time stipulated in the Contract or associated Authorization of Services.
 - iv. Consultant has failed to make progress in the performance of the requirements of the Contract or Authorization of Services, or Consultant fails to give PMGAA adequate assurance the Consultant will perform the Contract in full and on time.
 - vi. Each payment obligation of PMGAA created hereby is conditioned on the availability of PMGAA, state, or federal funds appropriated for payment of the obligation. If funds are not available or allocated by PMGAA for continuance of service under this Contract, then PMGAA may terminate the Contract. PMGAA shall promptly notify Consultant regarding the service that may be affected by a shortage of funds. No penalty accrues to PMGAA if this provision is exercised, and PMGAA shall not be liable for any future payments due or for any damages as a result of termination under this paragraph.

3. Records

Internal control over all financial transactions related to this Contract shall be in accordance with sound fiscal policies. PMGAA may, at reasonable times and places, audit the books and records of Consultant or any and all of Consultant's subconsultants or subcontractors. The audit shall be limited to this Contract and its scope of services.

4. Arbitration

At PMGAA's sole option, disputes between the parties may be resolved through arbitration as provided in A.R.S. Section 12-1501, *et seq.* Consultant shall continue to render the services required by this Contract without interruption, notwithstanding either party has filed suit against the other or PMGAA has expressly agreed to arbitration and either party has demanded arbitration.

5. Independent Offeror

At all times, each party acts in its individual capacity and not as agent, employee, partner, joint venturer, or associate of the other party. An employee or agent of one party may not be deemed or construed to be the employee or agent of the other party for any purpose whatsoever. Neither Consultant nor any of its employees are entitled to compensation from PMGAA in the form of salaries, paid vacation, or sick days.

PMGAA will not provide any insurance to Consultant, including *Workers' Compensation* coverage. PMGAA will not withhold FICA, taxes, or any similar deductions from PMGAA's payments under this Contract.

6. Affirmative Action

Consultant shall abide by all the federal and state of Arizona provisions for equal opportunity in the work place.

7. Human Relations

Consultant shall abide by all the federal and state of Arizona provisions against discrimination of disadvantaged business enterprises in applicable PMGAA contracts.

8. Non-Exclusive Contract

This Contract is for the sole convenience of PMGAA. PMGAA reserves the right in its discretion to obtain the same or similar goods or services from any other source.

9. Patent Infringement

The procuring agency should advise Consultant of any impending patent suit and provide all information available. Consultant shall defend any suit or proceeding brought against the procurement agency based on a claim that any equipment, or any part thereof, furnished under this contract constitutes an infringement of any patent, and the Contract shall pay all damages and costs awarded therein, excluding incidental and consequential damages, against the procuring agency. In case the equipment, or any part thereof, is in such suit held to constitute infringement and use of the equipment or part is enjoined, Consultant shall, at its own expense and at its option, either procure for the procuring agency the right to continue using the equipment or part, or replace same with non-infringing equipment, or modify it so it becomes non-infringing.

10. Americans with Disabilities Act

Consultant shall comply with all applicable provisions of the *Americans with Disabilities Act* (Public Law 101-336, 42 U.S.C. 12101-12213) and applicable federal regulations under the *Act*.

11. Confidentiality of Records

Consultant shall establish and maintain procedures and controls that are acceptable to PMGAA for the purpose of assuring that no information contained in its records or obtained from PMGAA or from others in carrying out its functions under the Contract shall be used by or disclosed by it, its agents, officers, or employees, except as required to efficiently perform duties under this Contract. Persons requesting such information should be referred to PMGAA. Consultant also agrees that any information pertaining to individual persons shall not be divulged other than to employees or officers of Consultant as needed for the performance of duties under the Contract, unless otherwise agreed to in writing by PMGAA.

12. Shipment under Reservation Prohibited

Consultant is not authorized to ship materials under reservation and no tender of a bill of lading shall operate as a tender of the materials. Non-compliance shall conform to the cancellation clause set forth within this Contract.

13. Gratuities

PMGAA may, by written notice to the Consultant, cancel this Contract if it is found that gratuities, in the form of entertainment, gifts or otherwise, were offered or given by Consultant or any agent or representative of Consultant, to any officer or employee of PMGAA amending, or the making of any determinations with respect to the performing of such Contract. If this Contract is canceled by PMGAA under this provision, PMGAA shall be entitled, in addition to any other rights and remedies, to recover or withhold from the Consultant the amount of the gratuity.

14. Applicable Law

This Contract shall be governed by, and PMGAA and Consultant shall have, all remedies afforded each by the *Uniform Commercial Code*, as adopted in the state of Arizona, except as otherwise provided in this Contract or in laws pertaining specifically to PMGAA. This Contract shall be governed by the laws of the state of Arizona, and suits pertaining to this Contract shall be brought only in federal or state courts in the state of Arizona.

15. Contract

This Contract is based on and the result of a negotiated Scope of Services and Fee Proposal submitted by Consultant. The Contract contains the entire agreement between PMGAA and Consultant. No prior oral or written agreements, contracts, proposals, negotiations, purchase orders, or master agreements (in any form) are enforceable between the parties.

16. Legal Remedies

All claims and controversies shall be subject to the PMGAA Procurement Code.

17. Contract Amendments

This Contract shall be modified only by a written amendment signed by the PMGAA Executive Director or his/her designee, and persons duly authorized to enter into contracts on behalf of Consultant.

18. Provisions Required by Law

Each and every provision of law and any clause required by law to be in the Contract shall be read and enforced as though it were included herein, and if through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then upon the application of either party the Contract shall forthwith be physically amended to make such insertion or correction.

19. Severability

The provisions of this Contract are severable to the extent that any provision or application held to be invalid shall not affect any other provision or application of the Contract, which may remain in effect without the valid provision, or application.

19. Protection of Government Property

Consultant shall use reasonable care to avoid damaging all PMGAA property, including buildings, equipment, and vegetation (such as trees, shrubs, and grass). If Consultant damages PMGAA's property in any way, Consultant shall immediately repair or replace the damage at no cost to PMGAA, as directed by the PMGAA Executive Director. If Consultant fails or refuses to repair or replace the damage, then PMGAA may terminate the Contract, and PMGAA shall deduct the repair or replacement cost from money due Consultant under the Contract.

21. Interpretation – Parol Evidence

This Contract is intended by the parties as a final expression of their agreement and is intended also as a complete and exclusive statement of the terms thereof. No course of prior dealings between the parties and no usage of the trade shall be relevant to supplement or explain any term used in this Contract. Acceptance or acquiescence in a course of performance rendered under this Contract shall not be relevant to determine the meaning of this Contract even though the accepting or acquiescing party has knowledge of the nature of the performance and opportunity to object.

22. Assignment – Delegation

No right or interest in this Contract shall be assigned by Consultant without prior written permission of PMGAA, and no delegation of any duty of Consultant shall be made without prior written permission of PMGAA's Executive Director or his/her designee. PMGAA shall not unreasonably withhold approval and shall notify Consultant of PMGAA's position within fifteen (15) business days of receipt of written notice by Consultant.

23. Subcontracts

Consultant may not enter into a subcontract with any other party to furnish any of the material/service specified herein without PMGAA's advance written approval. All subcontracts shall comply with federal and state laws and

regulations applicable to the services covered by the subcontract and shall include all the terms and conditions set forth herein, which shall apply with equal force to the subcontract, as if the subcontractor were the Consultant referred to herein. Consultant is responsible for Contract performance whether or not subcontractors are used. PMGAA shall not unreasonably withhold approval and shall notify Consultant of PMGAA's position within fifteen (15) business days of receipt of written notice by Consultant.

24. Rights and Remedies

No provision in this Contract shall be construed, expressly or by implication, to waive either party's existing or future claim, right, or remedy available by law for breach of contract. The failure of either party to insist on strict performance of any Contract term or condition; to exercise or delay exercising any right or remedy provided in the Contract or by law; or to accept materials, services, or Consultant's services under this Contract or imposed by law, shall not be deemed a waiver of any right of either party to insist upon strict performance of the Contract.

25. Warranties

Consultant warrants that all materials and services delivered under this Contract shall conform to the specifications thereof. Mere receipt of shipment of the material or service specified and any inspection incidental thereto by PMGAA, shall not alter or affect the obligations of Consultant or the rights of PMGAA under the foregoing warranties. Additional warranty requirements may be set forth in this Contract.

26. Indemnification

To the fullest extent permitted by law, Consultant shall defend, save, indemnify, and hold harmless PMGAA, its agents, representatives, officers, directors, officials, and employees (collectively the "Indemnitees"), for, from and against all claims, damages, losses and expenses, including but not limited to attorney fees, court costs, expert witness fees, and the cost of appellate proceedings, relating to, arising out of, or alleged to have resulted from the Consultant's acts, errors, omissions, or mistakes relating to Consultant's services under this Contract.

27. Overcharges by Antitrust Violations

PMGAA maintains that, in actual practice, overcharges resulting from antitrust violations are borne by the purchaser. Therefore, to the extent permitted by law, Consultant hereby assigns to PMGAA any and all claims for such overcharges as to the materials or services used to fulfill the Contract.

28. Right to Assurance

Whenever one party to this Contract in good faith has reason to question the other party's intent to perform, the former party may demand that the other party give a written assurance of this intent to perform. If a demand is made and no written assurance is given within five (5) business days, the demanding party may treat this failure as an anticipatory repudiation with this Contract.

29. Advertising

Consultant shall not advertise or publish information concerning this Contract without prior written consent of PMGAA.

30. Right to Inspect

PMGAA may, at reasonable times, and at PMGAA's expense, inspect the place of a Consultant's or subcontractor's business, which is related to the performance of this Contract or related subcontract.

31. Force Majeure

- a. Neither party is liable to the other, and neither party may be deemed in default under this Contract, if and to the extent that such party's performance of this Contract is prevented by reason of Force Majeure. The term "Force Majeure" means an occurrence that is beyond the control of the party affected and occurs without its fault or negligence. Force Majeure does not include late performance by a subcontractor unless the delay arises out of a specific Force Majeure in accordance with this Force Majeure term and condition.
- b. If either party is delayed at any time in the progress of the work by Force Majeure, the delayed party shall notify the other party in writing, as soon as practical, of the delay and shall specify the causes of

delay in the notice. The notice must be hand-delivered or mailed certified-return receipt and must specifically refer to this section. The delayed party shall cause the delay to cease as soon as practicable and shall notify the other party in writing when it has done so. The date of completion will be extended by Contract modification or amendment for the period of time that the completion date is necessarily delayed. This time extension is the Consultant's exclusive remedy for delay.

32. Inspection

All material or service is subject to final inspection and acceptance by PMGAA. Material or service failing to conform to the specifications of this Contract will be held at Consultant's risk and may be returned to Consultant. If so returned, all costs are the responsibility of Consultant. Noncompliance shall conform to the cancellation clause set forth in this Contract.

33. Exclusive Possession

All services, information, computer program elements, reports, and other deliverables, which may be created under this Contract, are the sole property of PMGAA and shall not be used or released by Consultant or any other person except with prior written permission by PMGAA.

34. Title and Risk of Loss

The title and risk of loss of materials or services shall not pass to PMGAA until PMGAA actually receives the material or service at the Airport, unless otherwise provided within this Contract.

35. No Replacement of Defective Tender

Every tender of materials must fully conform to all provisions of this Contract. If Consultant tenders a material or service that does not fully conform, PMGAA may terminate this Contract.

36. Default in One Installment to Constitute Total Breach

Consultant shall deliver conforming materials and services in each installment or lot of this Contract. Consultant may not substitute nonconforming materials or services. Delivery of nonconforming materials or a default of any nature, at the option of PMGAA, will constitute breach of the Contract as a whole.

37. Liens

All materials, services, and other deliverables supplied to PMGAA under this Contract must be free of all liens and other encumbrances. Upon request of PMGAA, Consultant shall provide a formal release of all liens.

38. Licenses

Consultant shall maintain in current status all federal, state, and local licenses and permits required for the operation of the business conducted by Consultant as applicable to this Contract.

39. Cost Of Proposal Preparation

The PMGAA shall not reimburse the cost of developing, presenting, or providing any response to this solicitation. Bids/proposals submitted for consideration should be prepared simply and economically providing adequate information in a straightforward and concise manner.

40. Public Record

All proposals submitted in response to this request shall become the property of the PMGAA and shall become a matter of public record available for review subsequent to the award notification.

41. Subsequent Employment

PMGAA may cancel this Contract without penalty or further obligation in accordance with A.R.S. Section 38-511 if any person significantly involved in initiating, negotiating, securing, drafting, or creating the contract, on behalf of the PMGAA is or becomes, at any time while the Contract or any extension of the contract is in effect, an employee of, or a contractor to any other party to this Contract with respect to the subject matter of the Contract. Such cancellation shall be effective when the parties to this Contract receive written notice from PMGAA, unless the notice specifies a later time.

42. Clean Up

Consultant shall at all times keep Contract performance areas, including storage areas used by the Consultant, free from accumulation of waste material or rubbish and, prior to completion of the work, remove any rubbish from the premises and all tools, scaffolding, equipment and materials not property of PMGAA. Upon completion of any repair, Consultant shall leave the work and premises in clean, neat, and workmanlike condition.

43. Patents

Consultant shall defend, indemnify, and hold harmless PMGAA, its officers and employees from all liabilities, claims, damages, costs, or expenses, including, but not limited to attorneys' fees, for any alleged infringement of any person's patent rights or copyrights in consequence of the use by PMGAA, its officers, employees, agents, and other duly authorized representatives of tangible or intellectual property supplied to PMGAA by Consultant under this Contract.

44. Availability of Project Funding

This Contract's approval and continuation is conditioned on the availability of funds appropriated by PMGAA for this purpose. If funds are not available or appropriated for the Contract's requirements, PMGAA may terminate the Contract. Possible sources of funding for this Contract include FAA and ADOT, and this Contract is contingent on the availability of those funds to PMGAA.

45. Records and Audit Rights

Consultant's and all of its approved subcontractors' books, records, correspondence, accounting procedures and practices, and any other supporting evidence relating to this Contract, including the papers of all Consultant and subcontractor employees that work on the Contract (all the foregoing collectively referred to as "Records"), must be open to inspection and subject to audit and/or reproduction during normal working hours by PMGAA. PMGAA is entitled to evaluate and verify all invoices, payments or claims based on Consultant's and its subcontractor's actual costs (including direct and indirect costs and overhead allocations) incurred or units expended directly in the performance of work under this Contract. For any audit under this Section, Consultant and its subcontractors hereby waive the right to keep such Records confidential. PMGAA is entitled to access to these Records from the effective date of this Contract for the duration of the work and until five years after the date of final payment by PMGAA to Consultant under the Contract. During normal working hours, PMGAA is entitled to access to all necessary Consultant and subcontractor facilities and shall be provided adequate and appropriate workspace, in order to conduct audits under this Section. PMGAA shall give Consultant or subcontractors reasonable advance notice of intended audits. Consultant shall require its subcontractors to comply with the provisions of this Section by including its requirements in all subcontracts related to this Contract.

46. E-Verify Requirements

To the extent applicable under A.R.S. § 41-4401, Offeror and its subcontractors warrant compliance with all federal immigration laws and regulations that relate to their employees, and compliance with the E-Verify requirements under A.R.S. §23-214(A). Offeror's or its subcontractors' failure to comply with such warranty shall be deemed a material breach of this Contract and may result in the termination of this Contract by PMGAA.

Board Action Item

To: Board of Directors
From: Margi EvanSon, Operations & Maintenance Director
Through: Scott Brownlee, Deputy Director/COO
J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Aircraft Rescue and Fire Fighting Vehicle – CIP 699
Date: December 19, 2017

Proposed Motion

To authorize the purchase of an Aircraft Rescue and Fire Fighting (ARFF) Vehicle and optional lifetime warranty from Oshkosh Airport Products, LLC, in an amount not to exceed \$657,590.

Narrative

ARFF apparatus have a typical service life of 15-20 years. In FY18 the Airport's 2000 T-1500 vehicle will be approaching 19 years and this purchase will serve as a replacement. The intended use of the ARFF vehicle is to provide fire containment and suppression, passenger and crew rescue, and maintenance of the site to aid in after-incident investigations. The ARFF vehicle serves as a medium to deliver firefighters, specialized tools and equipment, and firefighting agents to the scene of an aircraft incident. This is a required vehicle for the Airport to maintain a Federal Aviation Administration ARFF index of C.

Request for Proposal No. 2018-004-RFP for the purchase of an ARFF vehicle to be used by ARFF trained personnel in responding to emergencies on the Airport was issued on October 5, 2017 and advertised in the Arizona Business Gazette on October 5th, 12th, 19th, and 26th. The solicitation notice was also posted on Southwest American Association of Airport Executives and the Airport's website. Three prospective respondents received copies of the solicitation. The proposals were opened on November 6, 2017, and three bids were received:

1. E One at \$695,820.83
2. Oshkosh at \$656,376.63
3. Rosenbauer at \$651,513.77

The evaluation panel reviewed the three proposals and determined Oshkosh best satisfied the detailed requirements for PMGAA based on all award criteria. Oshkosh offered the advantages of stainless steel plumbing, a more durable pump, an engine cooling rating up to 120 degrees, and a parts discount, all of which were not offered with the lowest proposal. The evaluation panel believes the more durable plumbing, pump and higher engine rating of the Oshkosh vehicle outweighs the small price differential between Oshkosh and Rosenbauer. Oshkosh also has a better lead time for delivering the vehicle. The not to exceed amount includes an optional lifetime warranty on the tank.

Fiscal Impact

This purchase was included in the FY18 Capital Improvement Project and is funded with CIP 699, non-grant.

Attachment(s): Purchasing Contract and Quote



RESOLUTION NO. 17-64

WHEREAS, the Phoenix-Mesa Gateway Airport Authority (“Authority”), a joint powers airport authority formed pursuant to Arizona Revised Statute §28-8521 *et seq.* owns and operates the Phoenix-Mesa Gateway Airport (“Airport”); and

WHEREAS the Authority desires to purchase an Aircraft Rescue and Fire Fighting Vehicle and optional lifetime warranty;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes the purchase of an Aircraft Rescue and Fire Fighting (ARFF) Vehicle from Oshkosh Airport Products, LLC and optional lifetime warranty on the tank in an amount not to exceed \$657,590. This resolution also authorizes the Chair or Executive Director/CEO to execute such Contract, with such insertions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 19th day of December, 2017.

Jenn Daniels, Chair

ATTEST:

APPROVED AS TO FORM:

Maria Gonzalez, Clerk of the Board

Attorney

Attachment B
Offer and Acceptance

OFFER TO PHOENIX-MESA GATEWAY AIRPORT AUTHORITY:

The Undersigned hereby offers and agrees to furnish the material or service in compliance with all terms, conditions, specifications, and amendments in the Request for Proposal including Attachment D – Price Page.

For clarification of this offer, contact:

Oshkosh Airport Products, LLC

Company Name

Rich Voakes, Regional Sales Manager

Name

1515 County Road O

Address

Office: (920) 215-5129, Mobile: (920) 410-4158

Telephone

Neenah WI 54956

City State Zip Code

(920) 215-5144

Fax



Signature of Person Authorized to Sign

39-0520270

Federal Tax Identification Number

Robert W. Schulz

Printed Name

Sales Tax License Number

Director of Finance

Title

The Offer is hereby accepted.

The Offeror is now bound to sell the equipment, materials or services listed by the attached contract and based upon the Request for Proposal, including all terms, conditions, specification, amendments, scope of work, addenda, the Offeror's Price Offer and any best and final offers, as accepted by PMGAA.

This Contract shall henceforth be referred to as Contract Number **C-2018004**. The Offeror has been cautioned not to commence any billable work or to provide any equipment, materials or services under this contract until Offeror receives a purchase order, or is otherwise directed to do so in writing by the undersigned.

Phoenix-Mesa Gateway Airport Authority, a joint powers airport authority authorized and existing under the laws of the State of Arizona,

Awarded this _____ day of _____, 2017.

J. Brian O'Neill, A.A.E.
Executive Director/CEO

Attachment D
Price Page

Grand Total for each item is to be shown on this page.

| Item | Price |
|---|--|
| New Aircraft Rescue & Fire Fighting Vehicle | \$ <u>601,071.00</u> |
| Manuals | \$ <u>475.00</u> |
| Standard Warranty (as stated in Attachment E) | \$ <u>Included in Base Price</u> |
| ADD ALTERNATE, Extended Warranty | \$ <u>See Attachment E for Options</u> |
| ADD ALTERNATE, Ancillary Equipment | \$ <u>32,159.00</u> |
| Shipping / Delivery | \$ <u>10,617.00</u> |
| Sales Tax | \$ <u>49,279.12 (8.05%)</u> |
| Total WITHOUT ADD ALTERNATES | \$ <u>661,442.12</u> |

Correct rate is 7.35% (\$44,213.63)

Prompt Payment Discount

The price(s) quoted herein can be discounted by Net % if payment is made within 30 days.

Parts Discount

PMGAA price for purchasing parts direct from the Offeror shall be discounted by 33.0 % of the current list price for parts published by Offeror.

Exceptions / Clarifications of Bidder/Offeror

Delivery Time Estimate of ARFF vehicle to PMGAA:

330 Days After Receipt of Order

Proposal Certification

By my signature, I certify that I am authorized to bind this firm/individual to provide the services accepted herein, in compliance with the scope of work, technical specifications and other terms and conditions in this Invitation for Bid at the price provided on this Price Page.

Robert W. Schulz, Director of Finance
Printed Name


Signature

Attachment E
Warranty

New Aircraft Rescue & Fire Fighting Vehicle

Extended Warranty Option

| Area / Category | Length (months) | Comments |
|-------------------------------|-----------------|----------|
| Oshkosh Vehicle Warranty | 12 | |
| Scania Engine Warranty | 60 | |
| Allison Transmission Warranty | 60 | |
| Waterous Pump Warranty | 60 | |
| UPF Agent Tank Warranty | 12 | |
| Onan Generator Warranty | 60 | |
| | | |
| | | |
| | | |
| | | |
| | | |

| Length (months) | Total Cost |
|-----------------|-------------|
| 24 Months | \$11,993.00 |
| 60 Months | \$50,129.00 |
| | |
| | |
| Lifetime | \$1,211.00 |
| | |
| | |
| | |
| | |
| | |



MANAGEMENT INFORMATION REPORT(S)



Phoenix-Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Management Information Report

To: Board of Directors
From: Chuck Odom, Chief Financial Officer
Through: J. Brian O'Neill, A.A.E., Executive Director/CEO
Re: Solicitation Notification
Date: November 20, 2017

This report is to provide notification of the active and upcoming solicitations to help ensure compliance with the Phoenix-Mesa Gateway Airport Authority procurement transparency clause. The active activities include the following:

Active/Pending Solicitations

| Type Solicitation | Number | Title | Anticipated Contract Award (Board Action) |
|----------------------------|--------------|--|---|
| Request for Proposals | 2018-011-RFP | Janitorial Services | December 2017 |
| Request for Proposals | 2018-004-RFP | Aircraft Rescue & Firefighting Vehicle | December 2017 |
| Request for Proposals | 2018-003-RFP | Property Broker Services | December 2017 |
| Request for Qualifications | 2018-009-RFQ | Airport Master Planning Services | February 2018 |
| Request for Qualifications | 2018-013-RFQ | Baggage Claim Expansion & Baggage Makeup Expansion Designs | February 2018 |
| Request for Proposals | 2018-012-RFP | Insurance Broker Services | March 2018 |

Future Solicitations

| Type Solicitation | Number | Title | Scheduled for Release | Anticipated Contract Award (Board Action) |
|--------------------|--------------|--|-----------------------|---|
| Invitation for Bid | 2018-005-IFB | Sossaman Rd & Terminal Roadways Improvements | January 2018 | March 2018 |
| Invitation for Bid | 2018-015-IFB | Taxiway Charlie Phase III | April 2018 | June 2018 |

Equipment Disposals

Fiscal year totals from sales of decommissioned / nonworking equipment total \$2,586 consisting of 3 pieces.

If you have any questions about the solicitations or the procurement process, please feel free to contract me at 480-988-7613.