

# SCOTTSDALE AIRPORT ADVISORY COMMISSION MEETING NOTICE AND AGENDA



Wednesday, January 13, 2016  
6:00 p.m.  
Scottsdale Airport Terminal Lobby  
15000 N. Airport Drive, Scottsdale, AZ



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## AIRPORT ADVISORY COMMISSION

Steve Ziomek, Chair  
Ken Casey, Vice Chair  
John Celigoy  
Bob Hobbi

Brad Berry  
Michael Goode  
William Schuckert

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### Call to Order

### Roll Call

### Pledge of Allegiance

### Aviation Director's Report

The public body may not propose, discuss, deliberate or take legal action on any matter in the summary unless the specific matter is properly noticed for legal action.

### Approval of Minutes

Regular Meeting: November 11, 2015

### Public Comment

Citizens may complete one Request to Speak "Public Comment" card per night and submit it to Aviation Staff. Public Comment time is reserved for citizen comment regarding non-agendized items. No official action can be taken on these items. Public Comment is limited to a total of 15 minutes at the beginning and 15 minutes at the end of the meeting. **Speakers are limited to three minutes to address the Commission during "Public Comment."**

 Persons with a disability may request a reasonable accommodation by contacting Airport Administration (480-312-2321). Requests should be made 24 hours in advance or as early as possible to allow time to arrange accommodation. For TTY Users, the Arizona Relay Service (1-800-367-8939) may contact the Aviation Department (480-312-2321).

## REGULAR AGENDA

## ITEMS 1-18

**How the Regular Agenda Works:** The Commission takes a separate action on each item on the Regular Agenda. If you wish to address the Commission regarding any or all of the items on the Regular Agenda, please complete a Comment Card for each topic you wish to address and submit it to Aviation Staff. Speakers will be given three minutes to speak per item. Additional time **may** be granted to speakers representing two or more persons. Cards for designated speakers and the persons they represent must be submitted together. **Comment cards must be submitted before public testimony has begun on any Regular Agenda or Public Hearing item.**

1. Election of Officers  
*Pursuant to By-laws of the Scottsdale Airport Advisory Commission, Section I. Organization paragraph 101. Elections. The Commission shall, in regular session following the first day of January of every year, elect from its members a Chair and Vice Chair. The term of office shall be one year and no officer shall succeed him or herself more than once.*  
Staff contact: Gary P. Mascaro, Aviation Director, 480-312-7735, [gmascaro@scottsdaleaz.gov](mailto:gmascaro@scottsdaleaz.gov)
2. Discussion and Possible Action Regarding Airport Advisory Commission By-Laws  
*Pursuant to the By-Laws of the Scottsdale Airport Advisory Commission, Section IV, Rules and Amendments, Paragraph 401. Amended Procedures.*  
Staff contact: Gary P. Mascaro, Aviation Director, 480-312-7735, [gmascaro@scottsdaleaz.gov](mailto:gmascaro@scottsdaleaz.gov)
3. Discussion and Possible Action Regarding Application for Airport Aeronautical Business for Sierra Charlie Aviation LLC to conduct Flight Training and Aircraft Leasing or Rental Services  
Staff contact: Shannon Johnson, Airport Mgmt. Analyst, 480-312-8475, [shjohnson@scottsdaleaz.gov](mailto:shjohnson@scottsdaleaz.gov)
4. Discussion and Possible Action Regarding Application for Airport Aeronautical Business for Set Jet, LLC to conduct Aircraft Charter Brokerage Services  
Staff contact: Shannon Johnson, Airport Mgmt. Analyst, 480-312-8475, [shjohnson@scottsdaleaz.gov](mailto:shjohnson@scottsdaleaz.gov)
5. City of Scottsdale's Purchasing Director will provide an overview on the City's procurement process  
Staff Contact: Jim Flanagan, Purchasing Director, 480-312-5709, [jflanagan@scottsdaleaz.gov](mailto:jflanagan@scottsdaleaz.gov)
6. Discussion and Input regarding historical flight track data comparison over the north Scottsdale Community  
Staff contact: Sarah Ferrara, Aviation Planning & Outreach Coordinator, 480-312-8482, [sferrara@scottsdaleaz.gov](mailto:sferrara@scottsdaleaz.gov)
7. Discussion and Input Regarding Quarterly Noise Complaint Summary Report  
Staff contact: Sarah Ferrara, Aviation Planning & Outreach Coordinator, 480-312-8482, [sferrara@scottsdaleaz.gov](mailto:sferrara@scottsdaleaz.gov)
8. Discussion and Possible Action to approve Airport Advisory Commission Annual Report  
Staff contact: Gary P. Mascaro, Aviation Director, 480-312-7735, [gmascaro@scottsdaleaz.gov](mailto:gmascaro@scottsdaleaz.gov)

9. Discussion and Possible Action to Adopt Resolution No. 10333 approving and authorizing contract 2016-014-COS with Cherokee Aviation Holdings, LLC a ground lease agreement located on and adjacent to Taxiway Charlie  
Staff contact: Shannon Johnson, Airport Mgmt. Analyst, 480-312-8475, [shjohnson@scottsdaleaz.gov](mailto:shjohnson@scottsdaleaz.gov)
10. Discussion and Possible Action to Recommend to City Council Adoption of Resolution No. 10303, Authorizing Construction Bid Award No. 16PB011 to Fortis Networks, Inc. the lowest responsive bidder in the amount of \$68,608.98 to construct the Airport Pull Box Replacement Project and Increase the Budget Authority for Aviation Capital Improvement Center No. AB58A from \$70,000 to \$115,000  
Staff contact: Chris Read, Airport Operations Manager, 480-312-2674, [cread@scottsdaleaz.gov](mailto:cread@scottsdaleaz.gov)
11. Discussion and Possible Action to Recommend to City Council Adoption of Resolution No. 10319, Authorizing Construction Bid Award No. 16PB014 to Rummel Construction, Inc. the lowest responsive bidder in the amount of \$392,535.00 to construct the Airport Runway 03 Erosion Protection/Wildlife Mitigation Project  
Staff contact: Chris Read, Airport Operations Manager, 480-312-2674, [cread@scottsdaleaz.gov](mailto:cread@scottsdaleaz.gov)
12. Discussion and Input Regarding the Monthly Construction Report  
Staff contact: Chris Read, Airport Operations Manager, 480-312-2674, [cread@scottsdaleaz.gov](mailto:cread@scottsdaleaz.gov)
13. Discussion and Input Regarding Monthly Operations Reports for November and December 2015  
Staff contact: Chris Read, Airport Operations Manager, 480-312-2674, [cread@scottsdaleaz.gov](mailto:cread@scottsdaleaz.gov)
14. Discussion and Input Regarding Monthly Financial Reports for October and November 2015  
Staff contact: Shannon Johnson, Airport Mgmt. Analyst, 480-312-8475, [shjohnson@scottsdaleaz.gov](mailto:shjohnson@scottsdaleaz.gov)
15. Discussion and Input Regarding Public Outreach Programs and Planning Projects  
Staff contact: Sarah Ferrara, Aviation Planning & Outreach Coordinator, 480-312-8482, [sferrara@scottsdaleaz.gov](mailto:sferrara@scottsdaleaz.gov)
16. Discussion and Input Regarding Airport and Airpark Aeronautical Business Permit Additions, Cancellations or Revocations  
Staff contact: Shannon Johnson, Airport Mgmt. Analyst, 480-312-8475, [shjohnson@scottsdaleaz.gov](mailto:shjohnson@scottsdaleaz.gov)
17. Discussion and Input Regarding Status of Aviation Items to City Council  
Staff contact: Gary P. Mascaro, Aviation Director, 480-312-7735, [gmascaro@scottsdaleaz.gov](mailto:gmascaro@scottsdaleaz.gov)
18. Discussion and Possible Action to Modify the Airport Advisory Commission Meeting Schedule and Commission Item Calendar  
Staff contact: Gary P. Mascaro, Aviation Director, 480-312-7735, [gmascaro@scottsdaleaz.gov](mailto:gmascaro@scottsdaleaz.gov)

### **Public Comment**

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### **Future Agenda Items**

Discussion and possible action to add Commissioner requested item on a future agenda.

### **Adjournment**



**Meeting Date:** 01/13/16

**Staff Contact:** Gary P. Mascaro,  
Aviation Director

**Phone:** (480) 312-7735

**ACTION**

Approval of Minutes – Regular Meeting  
November 11, 2015

Attachment(s): 1. Draft minutes of the November 11, 2015 Regular Meeting

Action taken:



**DRAFT**

**SCOTTSDALE AIRPORT ADVISORY COMMISSION  
PUBLIC MEETING  
Scottsdale Airport Terminal Lobby  
15000 N. Airport Drive, Scottsdale, AZ  
November 11, 2015**

**MINUTES**

**PRESENT:** Steve Ziomek, Chairman  
Ken Casey, Vice Chairman  
Brad Berry  
John Celigoy  
Michael Goode  
Bob Hobbi  
William Schuckert

**STAFF:** Sarah Ferrara, Aviation Planning & Outreach Coordinator  
Shannon Johnson, Management Analyst  
Gary Mascaro, Aviation Director  
Chris Read, Airport Operations Manager

**GUESTS:** Michael Braun, DWL Architects + Planners  
Doug Davies, DMD Real Estate Group  
Diane Henry  
Teri Starsiak

**CALL TO ORDER**

Chairman Ziomek called the meeting to order at 6:00 p.m.

**ROLL CALL**

A formal roll call confirmed the presence of Commissioners as noted.

## **PLEDGE OF ALLEGIANCE**

Chairman Ziomek led the meeting in the pledge of allegiance. In recognition of Veterans Day he thanked the veterans on the Commission and in the audience for their service.

## **AVIATION DIRECTOR'S REPORT**

Noting that tonight's agenda is quite full, Aviation Director Mr. Gary Mascaro stated that he was deferring his report.

## **APPROVAL OF MINUTES**

### 1. Approval of Minutes

Regular Meeting: October 14, 2015

Chairman Ziomek noted that on agenda item 7 on page 5, the minutes should say "Mr. Read told Commissioner Goode that the taxiway B rehabilitation project is expected to be completed around March 20, 2016."

Vice Chair Casey made a motion to approve the minutes of the October 14, 2015 regular meeting with the change described above. Commissioner Goode seconded the motion, which carried by a unanimous vote of seven (7) to zero (0).

## **PUBLIC COMMENT**

Ms. Diane Henry, who lives in Grayhawk and is a realtor and property manager, said she attended the meeting to understand the Airport Advisory Commission and to voice her concern about the noise from aircraft. This has gotten significantly worse over the past year. The quality of life for Grayhawk residents has deteriorated. They cannot leave their windows open or carry on a cell phone conversation outside. There are more and noisier planes, some flying very low.

Ms. Teri Starsiak, also a Grayhawk resident also expressed that airplane noise is a problem and their quality of life is not what it used to be. She monitored Public Vue and on Saturday she counted 140 planes flying over her area from 7:00 a.m. until early evening. On Sunday she counted over 100 planes. She is woken throughout the night.

Chairman Ziomek asked Ms. Starsiak a clarifying question about the type of planes she had counted. She said during the day it seemed on Public Vue there was a mix but 95 percent were flying in and out of Scottsdale. At night it seems they are coming from other airports and flying into Deer Valley.

**REGULAR AGENDA                    ITEMS 1 - 13**

1.        Annual Update from Arizona Business Aviation Association (AZBAA)

As Chair of the Arizona Business Aviation Association, Vice Chairman Casey presented the annual update. The Association is open to all aviation professionals and usually meets in the Terminal Lobby at 11:30 on the second Tuesday of the month. He encouraged everyone to attend. In October they visited Embry-Riddle University.

Their major fundraiser is a golf tournament on April 1, 2016. The proceeds are for scholarships for students pursuing careers in business aviation. He noted that the National Business Aviation Association annual convention is next week in Las Vegas.

Chairman Ziomek noted that Commissioner Hobbi had requested a presentation on Sky Kids.

Vice Chairman Casey reported that the event took place last Saturday. Physically challenged children are given their first flight. He thanked the volunteers and sponsors who made this possible, including Landmark Aviation, the City of Scottsdale, and the Airport. They were able to fly 117 children plus family members. Pilots donate their time, aircraft and gas to participate. The next event will be in Goodyear in April, and they will be at Scottsdale next November.

Commissioner Hobbi thanked Vice Chairman Casey for his efforts to make Sky Kids a reality. It is amazing to see the contribution they can make to the community. It is a very moving experience.

2.        Discussion and Possible Action to Recommend to City Council Adoption of Resolution No. 10253, Authorizing Contract No. 2015-230-COS with DMD Real Estate Group, LLC for Aviation Real Estate Brokerage Consulting Services

Management Analyst Ms. Shannon Johnson stated that staff had issued an RFP to engage the private real estate brokerage community, as they want to implement a systematic process to identify unutilized and underutilized aviation properties and find better ways to keep the space filled. The services to be provided include property analysis, market analysis, leasing services and consulting services as needed. Some key considerations are that this contract will give the Airport the ability to pay a commission for brokerage services.

Commissioner Schuckert asked how RFPs are publicized. Ms. Johnson said it is published on the City purchasing site. Staff also sends the information out on the listserv. Mr. Mascaro added that they follow the City's normal process. In this case they received two bids.

Chairman Ziomek commented that the rate of \$150 per hour for consulting services seems high and not a necessary expense. Additionally, he noted he himself is a real estate broker, as is Commissioner Schuckert. Neither of them was aware of the RFP. The contract calls for a six percent commission, which is high for commercial real estate. In the contract there is no way to show split commissions. Normally in a real estate transaction the listing broker receives a commission and the lessee's broker also receives commission. There is no mention of any ability to do that in the contract. Without the ability of split commissions between a buyer and seller or a lessor and lessee, the ability to obtain contracts is reduced.

Chairman Ziomek invited Mr. Doug Davies of DMD Real Estate Group to introduce himself. This is a local firm and he has been involved in commercial real estate for close to 20 years. He has done some airport consultation work. He is also involved with ACRP, a federally funded group based in Washington DC that is an advisory group on commercial real estate development around airports.

Vice Chairman Casey asked him how many real estate transactions he has been involved with at Scottsdale Airport and Airpark. Mr. Davies said probably four or five. He has done advisement on hangars, some industrial and some office deals.

Commissioner Schuckert asked Mr. Davies if he is doing hangar management and where those are. Mr. Davies replied they are not currently doing hangar management. They have done consulting and some sales of private hangars. They have worked at Phoenix-Mesa Gateway, Chandler and Glendale as well as Scottsdale.

Vice Chairman Casey said some concerns have arisen about the City RFP process. He has been approached by a couple of real estate professionals involved in business at the Airpark who were unaware of the RFP. He is concerned that other companies with experience at Scottsdale Airport did not have an opportunity to bid. He asked Mr. Davies how he had found out about the RFP.

Mr. Davies said he had learned from being involved with business at the City's Airport/Airpark. He clarified that the contract does provide that the six percent commission can be split with an outside broker. Six percent is a standard fee for commercial leases. In some cases brokers are negotiating higher commissions.

Commissioner Hobbi said he is concerned that aviation-related real estate is unlike any other commercial property. He feels knowledge of aviation is a prerequisite, especially for hangar leasing. He asked Mr. Davies how he plans to augment his experience.

Mr. Davies said he has some experience in hangar leasing. He outlined his family background in aviation. He worked for airlines before getting into real estate. He is a pilot, has owned planes and is well connected in the aviation community. He understands their concerns but believes his firm's experience transfers very well to the Airport's needs.

Mr. Mascaro clarified that all City-issued RFPs are evaluated by a panel. The panel voted unanimously for DMD. The other company bidding did not have the level of aviation expertise as DMD or local presence. He pointed out that the Airport will be managing the contract and it will not involve hangar leases. Airport staff needs the real estate expertise. Fees are based on comparisons with Sky Harbor and Phoenix-Mesa Gateway. The focus will be on office space and market analysis. The other company that bid had a much higher hourly rate for consulting work. Mr. Mascaro commented that it can be an advantage to have a new perspective from a firm coming into the Airport. The panel included one member from the City real estate office. Other larger airports have begun using real estate brokers and their experience has been successful.

Chairman Ziomek said his only concern is the perceived transparency. The RFP was not published in the Airpark News, which is the primary publication about properties in the Airport and Airpark. He would like wider publication through Airpark News or using the email lists staff has compiled so that other interested, qualified parties could participate.

Mr. Mascaro said the RFP followed the City process. Staff has advised the aviation community of how to know when RFPs are issued. This is a short-term contract and staff will certainly direct the aviation community going forward.

Vice Chairman Casey said Mr. Mascaro's point about having a fresh perspective is well taken. However, although Mr. Davies is well qualified, he would like to have more bids. He is nervous that only two bids were received. He recalled the difficulties they had when leasing the restaurant space. No candidates came forward. When they tried new ways to attract interest, there was a good response. He questions whether the City process is the best method when several other well qualified local brokers would have applied had they been aware of the RFP. Commissioners must look out for the Airport's best interests and get the word out. The fact that only two companies bid suggests there must be an issue with the contract. He suggested they ensure that all RFPs are well publicized to the aviation community and that they should go through the process again, consider all the qualified candidates and have the panel pick the best qualified bidder.

Commissioner Schuckert said he did not see anything in the contract about splitting brokerage commissions. He would prefer to see that in the language of the contract. He stated that although he is a real estate broker and does aviation, he would not be a candidate for this RFP. In the Scottsdale aviation community four or five people have in-depth knowledge and would be able to share an absorption study or lease rate study with staff without having to charge \$150 per hour to generate it. None of the local brokers he spoke with were aware of the RFP. The process apparently excluded the opportunity to consider some well qualified candidates.

Commissioner Goode asked what reopening the process would do to the fee structure. What specifically is the Commission hoping for? Mr. Mascaro reiterated that the panel felt that DMD Group is qualified to provide the services. Ms. Johnson elaborated that the commission structures were stated in the RFP and the candidates were bidding on the hourly consulting rate and commission rate.

Chairman Ziomek recommended that the contract be reworded to stipulate that the co-broker commission be set at three percent. Ms. Johnson explained they cannot do that because the Airport has to have a direct contract with one company. It would be up to DMD Group to work out contracts with other brokers. Otherwise the City would have to issue an RFP for each individual transaction. Chairman Ziomek countered that the contract would still be with one company, and could contain a clause whereby the company would stipulate to paying any co-broker three percent.

Mr. Mascaro said if the Commission wishes to make that recommendation, staff can evaluate that with the City Attorney's Office. At a minimum, the potential awardee would also have to agree to this material change to the contract.

Chairman Ziomek agreed that this would constitute a material change to the contract because as it is currently written, DMD Group would not have to pay any commission to a co-broker. Chairman Ziomek suggested tabling this discussion for now and have everyone make efforts to involve more brokers and let the public know that this RFP is open, in addition to the formal City process. The Airport is a special case so this would be justified. Mr. Mascaro noted that technically the Airport Advisory Commission cannot make that decision but can recommend to City Council that the RFP be cancelled and reopened for bidding. He would have to consult

with the City Attorney's Office and the Purchasing Department regarding how the process would work.

Commissioner Celigoy said they need a broker, however the important thing is to open up opportunities to the rest of the community. He recommended amending the contract.

Mr. Mascaro noted that since both Chairman Ziomek and Commissioner Schuckert may have a conflict which may not allow them to make a motion or vote. Because their companies would potentially be able to bid on the RFP if it were to be reopened, they may want to consider to recuse themselves.

Vice Chairman Casey chaired the meeting for the remainder of the deliberations on this item. He recommended that they table the discussion and recommend to City Council that a second RFP be issued following the City process, with a further recommendation to City Council that they review the RFP process as a whole.

Mr. Mascaro said the discussion cannot be tabled because the bids closed. They could recommend canceling the potential for the contract with DMD Group and request that the RFP be reissued.

Vice Chairman Casey requested canceling the current contract and reissuing the RFP with a recommendation to City Council to review the RFP process as a whole. Without doing this, the same problem will arise with the next RFP.

Commissioner Celigoy said they still need some clarification on the terms of the contract with respect to the co-brokerage commission split.

Commissioner Goode asked what will they gain by canceling the contract? To him the biggest issue is the three percent co-brokerage commission.

Chairman Ziomek said the gain is that at the next meeting they will not be facing a group of real estate brokers asking why they were not informed of the RFP.

Commissioner Hobbi asked Mr. Davies about the commission split. Mr. Davies said he is very comfortable with the way the contract is written. He is used to negotiating terms when working on deals. However he said he did not want to interfere with the Commissioners' discussion. The point of the RFP and the contract was to draw more business to the Airport and fill the space that will be vacant when construction is completed. His position is that co-brokers need a commission split in order to execute deals, plus his reputation depends on dealing fairly with others.

Commissioner Hobbi asked whether the plan is to go back to City Council to tell them that the RFP process is broken, and has this ever been done before?

Mr. Mascaro said he is not aware of this being done. The Purchasing Director can probably explain more fully, since all City contracts go through his office. He undertook to take these concerns to the City Attorney's Office and the Purchasing Director, but could not say what would happen. He added that more than ten people downloaded the RFP.

Commissioner Goode said it is up to the companies to monitor the website on a daily basis if they are serious about doing business with the Airport.

Chairman Ziomek said he does not want to be embarrassed in front of the Mayor and City Council again, recalling the restaurant lease when the Mayor asked why they had made their particular recommendation. If they recommend approval of this contract he thinks brokers will likely go to City Council to ask why they had not known about the RFP.

Commissioner Goode argued that they have done everything required by law to publish the RFP. The two bidders were evaluated and the panel chose the more qualified bidder.

Chairman Ziomek said that Mr. Davies did not receive the RFP as a result of the City process. Mr. Mascaro said that Mr. Davies had downloaded the RFP from the City website. Chairman Ziomek replied that Mr. Davies initially learned of the RFP through contacts with Mr. Mascaro and others in the Airpark. Mr. Davies agreed that was correct. His firm is making an effort to be more involved in all of the local airports and stay in touch with all the airport managers.

Commissioner Schuckert commented that although he receives all City solicitations and glances at them, that it is not where he would be looking for any kind of business related to his business. It is not appropriate to confine their outreach to the current City process.

Commissioner Hobbi clarified that his only concern was regarding Mr. Davies' experience with aviation. He is satisfied that Mr. Davies has experience in aviation real estate. This is a good discussion and the Commission is doing its job. The Commission trusts Airport staff to execute their fiduciary responsibilities to obtain the best possible proposals for any activity on the Airport. The Commission should ask questions and understand the process. At the end of the day, he feels that they must trust staff to make the best choice. He asked Mr. Mascaro point-blank if staff is recommending this contract.

Mr. Mascaro said based on the process and procedure that they followed, City staff recommends awarding this contract to the DMD Group. In that case, Commissioner Hobbi said, the Commission has done its job. He concurred with Commissioner Goode that reopening the bid would not obtain better rates and would be unfair to Mr. Davies, who put in the effort to create and submit a bid. He could understand tabling the item for further discussion but disagreed with the idea that they would reopen the bid.

Vice Chairman Casey said although Mr. Davies is qualified and does not have a concern about the commission split, the bigger picture is that the process is flawed. The Commission's role is to look at the big picture. The feedback they have heard from constituents in the area is that they did not know about the RFP. This is not free enterprise. He wants to see the greatest possible number of bidders. If Mr. Davies is the best candidate he would support him totally, but he wants to make sure the system is correct. This goes to the whole RFP process at the City.

Commissioner Celigoy pointed out that the RFP was posted on the City website on October 19 so respondents had over three weeks to submit bids. As one involved in federal aviation he opined that if you are not paying attention to your core business's website RFP process, you are missing a lot of business.

Airport Operations Manager Mr. Chris Read told the Commission that he bids out everything that needs to be done at the Airport from landscaping to taxiway projects worth \$5 million. He

regularly sees hundreds of downloads of the solicitations. This is following the same City process as was used for the contract under discussion.

Commissioner Hobbi said that if there is an issue with the process, that needs to be addressed. However they cannot do that in the middle of a game. It is absolutely unfair to punish someone who played by the established rules. He agreed that they need to revisit the process with City Council.

Commissioner Schuckert said if only ten people downloaded the RFP from the entire real estate community in Maricopa County and just two bids resulted, he does not believe the RFP was given the proper exposure. Secondly he stated that he intends to vote on the motion. If that is a conflict of interest he will be glad to resign his position on the Commission. He does not believe that holding a real estate broker's license precludes him from voting. He reiterated that he was unaware of the RFP, did not download it or submit a bid.

Commissioner Hobbi asked whether anyone on the Commission intends to bid on this RFP. Chairman Ziomek said the only two who could bid would be himself and Commissioner Schuckert. He too intends to vote on the motion.

Mr. Mascaro said he will invite the City Purchasing Director to attend the next Commission meeting and explain the RFP process. He elaborated that his comments about recusal were based on comments made during this discussion by Chairman Ziomek and Commissioner Schuckert. If an individual could potentially bid on a contract, that potentially constitutes a conflict of interest. He said they can vote but that he does not know how that will play out, with regards to legal review.

Commissioner Goode made a motion to recommend that City Council adopt Resolution No. 10253, authorizing Contract No. 2015-230-COS with DMD Real Estate Group, LLC for aviation real estate brokerage and consulting services, with the caveat that the language about the brokerage commission fees being split. Commissioner Celigoy seconded the motion. The motion carried by a vote of four (4) to three (3). Chairman Ziomek, Vice Chairman Casey and Commissioner Schuckert dissented.

Chairman Ziomek assured Mr. Davies that none of the discussion was directed at him or his company. Mr. Davies said he absolutely understands.

3. Discussion and Possible Action to Modify the Airport Rules and Regulations, Section 2-17, to Include Unmanned Aircraft Systems (UAS)

Mr. Mascaro said unmanned aircraft systems have become a hot topic nationwide. The FAA now requires any commercial UASs to register and abide by regulations. Section 2-17 of the Airport Rules and Regulations prohibit the flying of "model aircraft, rocket, kite, fireworks, balloon, parachute, etc., within two (2) miles of the Airport if such activity would create a hazard to aircraft operations, or as otherwise determined by the Air Traffic Control Tower or the Aviation Director." Safety is the paramount concern. The City Attorney's Office feels strongly that this covers UASs, but staff feels it would be appropriate to add the words "unmanned aircraft system" to this regulation, which has been in place since the inception of the Airport. The manager of the control tower told Mr. Mascaro that sometimes people request permission, but there have been instances north of the airport where people are flying UASs without permission.

There has been one report of an aircraft noticing a UAS in flight. Most complaints are from residents who do not want UASs flying over their property. However, staff wants to be proactive and clarify the current regulation by adding this language. He anticipates that the FAA will move to regulate all UASs early in 2016. The FAA has told staff they do not see any concerns with this proposed change.

Chairman Ziomek said the language "would create a hazard to aircraft operations" is nebulous to the average person. He lives within two miles of the Airport and sees children in the local park flying kites. He suggested setting a maximum height limit. Mr. Mascaro clarified that the two-mile radius is measured from the edge of each end of the runway. As long as kites and low-flying model aircraft are not creating a hazard for the Airport, as determined by staff and the tower, there is not an issue. Otherwise, the police can and do talk with the operator. Staff feels that adding this to the regulation will make it clearer and more concise.

Vice Chairman Casey made a motion to modify the Airport Rules and Regulations, Section 2-17, to include unmanned aircraft systems (UAS). Commissioner Goode seconded the motion, which carried by a unanimous vote of seven (7) to zero (0).

#### 4. Discussion and an Update Regarding the Terminal Area Redevelopment Project

Mr. Mascaro announced that the concept budget report and broker evaluation process is about 50 percent complete. He presented a conceptual site plan. City Council approved the project in the last budget. It would be financed by an MPC bond, for which voter approval is not necessary. They are looking at two hangar facilities up to around 30,000 square feet. Office space would be included and all the current tenants are enthusiastic. Dodge City Community College has a significant interest in expanding. A parking garage would also be built. Mr. Mascaro emphasized that this is a conceptual plan and subject to change. He noted that Mr. Michael Braun of DWL Architects + Planners was in attendance.

The concept includes restaurant space with a view, a banquet hall, a meeting room for use by aviation non profits and new facilities for the Customs officials. The two hangar facilities will be separated by the office building. Outside tie-downs will be provided.

Mr. Mascaro said the City has issued an RFP with the bid closing on January 6, 2016. Staff is conducting significant marketing and outreach, including at the NBAA convention. The facility will not open before 2018. There is significant demand and the FBO partners are full and have turned away people who wanted to base aircraft at Scottsdale. Mr. Mascaro said the goal is not to make money but to cover the debt service and operating expenses and provide the amenities and services needed for the Airport. The hangar facilities can be used for any aeronautical activity other than an FBO. Each hangar will have a self-service fuel island for the use of tenants. He stated that a section of the RFP protects the interests of the FBO operators. Office space leases will be finalized and rents will be comparable to space in the Scottsdale Quarter. It will have the look and feel of the Scottsdale Quarter. They are focusing on existing tenants and not planning to build any larger than that. It is expensive to build and the Airport does not want to have space that needs to be filled.

Dodge City Community College is looking for a 7,000 square foot pad. The College wants to construct its own building. The RFP would be for a college and office space to provide educational services to the City of Scottsdale. The arrangement under discussion would see

the Airport carrying out site improvements and building the parking garage and the college would put money into escrow to cover those costs.

The most important thing is to receive hangar bids. In order to build the facility, they need the hangars to support the whole development. They do not want to build without having guaranteed tenancies, or be in the business of subleasing hangar space.

Both of the FBOs are very interested in this project and may be interested in bidding on one of the hangars. If all goes according to plan the Commission should see the whole packet again in February 2016 for consideration by City Council in March of 2016. The successful bidder will have a seat at the table from start to finish on the whole design. The design process should be complete by December 2017 with a grand opening in April 2018.

Vice Chairman Casey said this is a wonderful project and a nice way to bring the Airport to the next level. He asked whether the January 6 deadline for bids is long enough given the holidays. Mr. Mascaro said a mandatory pre-bid meeting is the first step in the process. If no one attends that meeting, they may cancel the RFP. If the attendees say they need more time to bid the deadline can be extended. This is common practice in real estate deals. The pre-bid meeting is for potential lessees for the hangar building.

Chairman Ziomek said that although this is water under the bridge, had staff followed this same process of alerting the Commission to the RFP for a real estate broker he believed everyone on the Commission would have been in favor.

5. Discussion and Possible Action to Recommend to City Council Adoption of Ordinance No. 4228, Amending Chapter 5, Aviation of the Scottsdale Revised Code, Article III.I, Section V(f)2 and Section 5-101 - Definitions, adding Definitions for Runway and Structure

Aviation Planning & Outreach Coordinator Ms. Sarah Ferrara explained that this item is related to agenda item 6. This first came before the Commission and was approved and adopted by City Council in 2012. Before that, Appendix A focused on height and obstructions. Chapter 5 incorporated federal law and aligned it better, providing the Airport influence area. Slight revisions were made in 2014. When staff did public outreach with a view to repealing Appendix A, the comments received prompted staff to re-evaluate Chapter 5. One citizen commented that the language regarding pilot glare was stronger in Appendix A so staff will be recommending that Chapter 5 be amended to incorporate that. The definitions for runway and structure from Appendix A are also to be added to Chapter 5.

Vice Chairman Casey made a motion to recommend that City Council adopt Ordinance No. 4228, Amending Chapter 5, Aviation of the Scottsdale Revised Code, Article III.I, Section V(f)2 and Section 5-101 - Definitions, adding definitions for runway and structure. Commissioner Goode seconded the motion, which carried by a unanimous vote of seven (7) to zero (0).

6. Discussion and Possible Action to Recommend to City Council Adoption of Case 4-TA-2015, a Text Amendment to the City of Scottsdale Zoning Ordinance (Ordinance No. 4204) for the Purpose of Repealing Appendix A- Airport Zoning

Ms. Ferrara said Appendix A is outdated and does not align with federal law. It was not repealed when Chapter 5 was introduced. Staff reviewed this with the Commission last spring. At the request of City Council staff prepared a matrix comparing Chapter 5 with Appendix A. This was a joint effort of staff in the Airport, Planning and City Attorney's Office. Staff has been using Chapter 5 to regulate development in the Airport influence area. Chapter 5 affords far more protection to the Airport than Appendix A could. She noted that despite extensive outreach, two public meetings were attended by a total of five people, including a council member with their spouse.

Chairman Ziomek thanked staff for their hard work in creating the comparison matrix. He inquired about some of the redlined comments in the matrix and Ms. Ferrara explained that some of this is input from the City Attorney's Office. Council requested the matrix to be certain that nothing in Appendix A was missed in Chapter 5. Mr. Mascaro acknowledged that really Appendix A should have been repealed at the time Chapter 5 was adopted, as this would have been less confusing.

Ms. Ferrara said staff is always open to investigating the language of Chapter 5 if there is a need to strengthen it. At this time they feel very comfortable with what they have. Chairman Ziomek recommended that when the matrix goes to City Council, the columns labels should be displayed on every single page.

Vice Chairman Casey made a motion to recommend to City Council adoption of Case 4-TA-2015, a text amendment to the City of Scottsdale Zoning Ordinance (Ordinance No. 4204) for the purpose of repealing Appendix A- Airport Zoning. Commissioner Goode seconded the motion, which carried by a unanimous vote of seven (7) to zero (0).

7. Discussion and Input Regarding the Airport and Aeronautical Business Permit Additions, Cancellations or Revocations.

Ms. Johnson had no updates to report. Some contact information has been updated.

8. Discussion and Input Regarding the Monthly Construction Report

Airport Operations Manager Mr. Chris Read reported on the various construction projects and displayed photos of the work.

- The taxiway Bravo project is about 45 percent complete. For November, 12 runway closures are planned.
- Construction continues on the Airport Operations Center Building.
- The parking apron pull box replacement project is expected to start in December.
- The runway 3 safety area wildlife mitigation project is new. At the south end of the Airport the detention basin fills with water every time it rains, causing rutting. Some areas are to be re-graded. Using crushed rock will help prevent wildlife from moving into

the area. Staff plans to complete this project while the taxiway Bravo project is underway to avoid the need for further runway closures.

#### 9. Discussion and Input Regarding Monthly Operations Report for October 2015

Mr. Read presented the monthly operations report for October.

There were 82 uses of the U.S. Customs Service in October.

Commissioner Goode inquired why noise complaints have risen so steeply over the last couple of years when nothing has changed at the Airport. Operations are down and the traffic pattern has not changed. He is baffled. Commissioner Hobbi said it is a shame the residents who spoke earlier were no longer at the meeting, as they could point out that operations have dropped.

Chairman Ziomek said residents cannot tell which flights are to or from the Airport. Many flights to and from Deer Valley fly over the Airport area. He has noticed more Deer Valley traffic over his home than ever before. Mr. Read said VFR overflights would not be counted in Scottsdale statistics. Chairman Ziomek thanked Vice Chairman Casey for mentioning the Sky Kids event on the Saturday which one of the speakers complained of.

Chairman Ziomek asked whether they could compare Deer Valley numbers to see whether this accounts for some of the noise complaints. Mr. Mascaro said probably all of the comments are true. Noise is a very sensitive issue and individuals perceive it differently. Ms. Ferrara always provides feedback to citizens who request it. Providing facts is the best they can do.

Commissioner Goode pointed out that the two speakers tonight had both said that noise levels have become far worse in the last year. He asked for a future agenda item to figure out what, if anything, has changed to cause this influx of noise complaints. Mr. Mascaro said overflight has increased. He added that everyone can access Public Vue. That tool may in fact be triggering some of the noise complaints.

Commissioner Hobbi said this issue always seems to be going downhill. He agreed with Commissioner Goode that they should consider anything that could be helpful in responding to the public. They need to be proactive to ensure that it does not get out of control. He is ready to help in any way possible. In his time on the Commission he has seen a change for the worse with noise complaints.

Commissioner Celigoy said he is convinced the two flight schools at Deer Valley are the source of the problem, by flying through the corridors below the Bravo airspace. He suggested inviting the directors of the flight schools and the Phoenix Airport Commission to understand how to deal with the problem. He reminded everyone that this is how Santa Monica's problems originated. Residents have the resources to get political support for their positions. If it is important to the public it must be important to the Commission.

Chairman Ziomek agreed that Deer Valley is probably the majority of the problem. He recalled that they wrote to the flight schools and received positive responses. Mr. Mascaro said Ms. Ferrara has had multiple conversations with the Deer Valley Director of Operations, who educated Scottsdale staff on Deer Valley's operational routes. Ms. Ferrara said everyone at

Deer Valley was very cooperative. She looks at each complaint individually, using Public Vue to track what is going on.

Mr. Read added that he lives near the hospital on Shea and sees the Deer Valley flight school doing the transition through the airspace near his home. It is clear that the planes flying into Deer Valley are low, possibly below the Bravo airspace, while the aircraft flying out of Deer Valley are much higher.

Chairman Ziomek said he lives off the end of the runway. Planes are flying from Falcon Field and as they arrive at Cactus and the Loop 101 he hears them put power on to climb to 3,000 feet, to then drop back down to land at Deer Valley. Mr. Mascaro recommended that everyone explore Public Vue, which provides plenty of information. It is a good tool for discussing specific events with residents. Mr. Mascaro added that the public can easily figure out if flight schools are causing noise problems and will be complaining directly to the schools once they do.

#### 10. Discussion and Input Regarding Financial Reports for September 2015

Ms. Johnson presented the financial reports for September 2015. Revenues are about 14 percent below projections and expenses are about 32 percent below budget. She has researched why they are below the projections. She assured the Commission that revenues are not down, but it is rather they way the revenues were projected for the year. Some accounts are paid in arrears. In July past due payments received were put on the books for the prior fiscal year. She will take this into account when preparing next year's budget projections.

The Aviation Fund balance is \$10.46 million as of September 30.

The accounts receivable aging report is in good shape.

#### 11. Discussion and Input Regarding Public Outreach Programs and Planning Projects

Ms. Ferrara provided an update as follows:

- Staff obtained media coverage from the last press release they sent out in October about the U.S. Customs Service. Commissioner Goode said he was interviewed by telephone.
- They will report on the Sky Kids event among other things on the listserv newsletter.
- Staff is ready for the NBAA convention.
- The video on the economic benefit of the Airport is ready and will shortly be available through a link on the website.
- The Airport website has relaunched and she would welcome any comments for fine-tuning.
- Seven projects in the Airport influence area came up in October.
- Staff sent three voluntary curfew letters in October.

#### 12. Discussion and Input Regarding Status of Aviation Items to City Council

Mr. Mascaro presented the report in the packet.

13. Discussion and Possible Action to Modify the Airport Advisory Commission Meeting Schedule and Commission Item Calendar

Chairman Ziomek noted that traditionally the Commission does not meet in December.

Commissioner Goode made a motion to cancel the December Commission meeting. Vice Chairman Casey seconded the motion, which carried by a unanimous vote of seven (7) to zero (0).

## **PUBLIC COMMENT**

No members of the public wished to address the Commission.

## **FUTURE AGENDA ITEMS**

Chairman Ziomek requested an update on the status of the self-service fuel farm. Mr. Mascaro shared that they are waiting for parts and the farm should be in operation within a couple of weeks.

Chairman Ziomek requested an update on the Landmark/Signature purchase. Mr. Mascaro said at this point staff has no information to share.

Mr. Mascaro undertook to have the City Purchasing Director attend the next meeting to discuss the RFP process.

Commissioner Hobbi requested that the Commission consider moving the noise report earlier in the agenda as this would demonstrate to the community that the Commission takes their complaints very seriously and is very actively involved in examining noise. When residents come to a meeting to voice their concerns, they do not see this. During public commentary, the Commissioners are not allowed to engage in discussion. He would like the Commission to at least consider this change.

Commissioner Goode pointed out that the noise report is quarterly and perhaps they should consider making it a monthly item.

Mr. Mascaro noted that the next quarterly noise report will in fact be on the January 2016 agenda. He will let the Chairman and Vice Chairman adjust the agenda for that meeting as they see fit.

Commissioner Goode asked if it would be possible to track a week's worth of overflights. Mr. Mascaro said it depends on the location. He recommended picking an area on Public Vue and watching for 20 minutes. Commissioner Goode asked if they could produce a document that could be presented and kept in the record. Mr. Mascaro said they could do a public records request for flight track data from the FAA. Mr. Mascaro said as a future item staff will obtain sample flight tracks, although he cautioned these are not always typical. Commissioner Goode suggested that they pick any given time period but collect the data for a week so people could see how the pattern varies day by day.

Commissioner Goode made a motion to obtain flight track data for a period of a week and discuss it at the January 2016 meeting. Commissioner Hobbi seconded the motion, which carried by a unanimous vote of seven (7) to zero (0).

#### ADJOURNMENT

With no further business to discuss, being duly moved and seconded, the meeting adjourned at 8:33 p.m.

***Recorded and Transcribed by AVTronics Inc., d/b/a AVTranz Transcription and Reporting Services***



## COMMISSION ACTION REPORT

Election of Officers

**Agenda Item No.:** 1

**Meeting Date:** 01/13/16

**Staff Contact:** Gary P. Mascaro,  
Aviation Director

**Phone:** (480) 312-7735

### **ACTION**

Pursuant to By-laws of the Scottsdale Airport Advisory Commission, Section 101. Elections, *"The Commission shall, in regular session following the first meeting of the calendar year, elect from its members a Chair and Vice Chair. The term of office shall be one year and no officer shall succeed him or herself more than once."*

### **PURPOSE**

To elect a new Chair and Vice Chair in accordance with the By-Laws of the Scottsdale Airport Advisory Commission

### **KEY CONSIDERATIONS**

Section 102, Chair, of the By-Laws of the Scottsdale Airport Advisory Commission states, *"The Chair shall preside at all meetings and hearings of the Commission, decide all points of order or procedure and perform all duties required by Section 5-109 of the Scottsdale Revised Code. The Chair may initiate motions, engage in protracted discussions, and vote on each issue."*

Section 103, Vice Chair, of the By-laws of the Scottsdale Airport Advisory Commission states, *"The Vice Chair shall be the Acting Chair and shall perform all duties of the office whenever the Chair is absent."*

Action Taken:



## COMMISSION ACTION REPORT

Discussion and Possible Action Regarding Airport Advisory  
Commission By-Laws

**Agenda Item No.:** 2

**Meeting Date:** 01/13/16

**Staff Contact:** Gary P. Mascaro,  
Aviation Director

**Phone:** (480) 312-7735

### ACTION

Discussion and Possible Action regarding Airport Advisory Commission By-Laws.

Pursuant to the By-Laws of the Scottsdale Airport Advisory Commission, Section IV, Rules and Amendments, Paragraph 401. Amendment Procedure *"Amendments to these by-laws may be made by the Commission upon the affirmative vote of four (4) members, provided any such amendment is proposed at a preceding meeting, or is submitted in writing at a prior regular meeting of the Commission and is noted in the minutes of such meeting. Amendments adopted as above shall become effective at the next regular meeting of the Commission."*

Attachment(s): 1. Current By-Laws of the Airport Advisory Commission  
2. Chapter Five Section 5-109

Action Taken:

## **BY-LAWS OF THE SCOTTSDALE AIRPORT ADVISORY COMMISSION**

### **I. ORGANIZATION**

#### 101. Elections

The Commission shall, in regular session following the first meeting of the calendar year, elect from its members a Chair and Vice-Chair. The term of office shall be one year and no officer shall succeed him or herself more than once.

#### 102. Chair

The Chair shall preside at all meetings and hearings of the Commission, decide all points of order or procedure and perform all duties required by Section 5-109 of the Scottsdale Revised Code. The Chair may initiate motions, engage in protracted discussions, and vote on each issue.

#### 103. Vice-Chair

The Vice-Chair shall be the Acting Chair and shall perform all duties of the office whenever the Chair is absent.

#### 104. Vacancy

Should the office of Chair be vacated, the Vice-Chair shall succeed the Chair for the remaining term of office. At the next regular Commission meeting, a new election shall be held for the Vice-Chair's office. Should the Vice-Chair office be vacated, a new election shall be held at the next regular Commission meeting to elect a Vice-Chair.

#### 105. Subcommittees

A subcommittee of the Commission may only be authorized by the City Council, in accordance with the Scottsdale Revised Code.

#### 106. Legal Counsel

The City Attorney, or the City Attorney's designated representative, shall be the legal counsel for the Commission. Advice of counsel shall be received and entered in the minutes before disposition of any question of law or matter requiring legal interpretation or advice.

### **II. MEETINGS**

#### 201. Study Sessions

Study sessions of the Commission shall be held on the second Wednesday of each month at 5:00 p.m., unless otherwise scheduled by majority vote of its members.

#### 202. Regular Meetings

Regular meetings of the Commission shall be held on the second Wednesday of each month immediately following the study session, unless otherwise scheduled by majority vote of its members. In the event the Commission desires not to hold the preceding study

session, the regular meeting shall begin at 6:00 p.m., unless otherwise scheduled by majority vote of its members.

203. Special Meetings

Special meetings may be held by the Commission on the majority vote of its members, or on the call of its Chair, which call shall be filed with the Aviation Director. The manner of the call shall be noted in the minutes of the special meeting, and at least twenty-four (24) hours notice of the meeting shall be given to each member. The Aviation Director shall receive forty-eight (48) hours notice and shall post meeting notices at least twenty-four (24) hours before any such meeting.

204. Executive Session

Executive sessions may be held before or after any regular or special meeting, or at any other time on call of the Chair, which shall be filed with the Aviation Director, or by majority vote of the members. The Aviation Director shall post meeting notices at least twenty-four (24) hours before any such meeting.

205. Quorum

A quorum necessary for the transaction of business shall consist of four (4) members of the Commission. The business of the Commission shall be transacted by the majority vote of members present, except as provided in Section 401.

206. Absence of the Chair and Vice-Chair

In the absence of the Chair and Vice-Chair, the senior Commission member present may convene the meeting.

207. Member Attendance

Commission members shall follow the attendance requirements in accordance with the Scottsdale Revised Code.

208. Public Comment, Presentations, Time Limitations

The Chair may provide additional time to members of the public, whether speaking on their own behalf or as a representative of an organization or group, over three (3) minutes on any matter.

209. Agenda Items

The Aviation Director will place items on the agenda with the concurrence of the Chair, or by a majority vote of the members of the Commission.

210. Conflict of Interest

All members of the Commission shall comply with the State Conflict of Interest Law, Title 38, Chapter 3, Article 8, Arizona Revised Statutes.

211. Abstention

Any member who may subjectively believe participating in discussion or voting on cases coming before the Commission could give the appearance to the general public of a conflict of interest may voluntarily abstain from participating in such cases.

### **III. OFFICIAL RECORDS**

#### 301. Definition

The official record shall include these by-laws, and the minutes of the Commission meetings, together with all applications, exhibits, correspondence, findings, decisions and other official actions or other items filed with or issued by the Commission.

#### 302. Recording of Vote

Minutes shall be kept for all meetings of the Commission and shall show the vote of each member on every question on which the Commission is required to act, or shall indicate absence. Minutes shall also show records of all other official actions.

#### 303. Retention of Files

All applications and other matters coming before the Commission shall be filed in the Aviation Department in accordance with that department's general file system. The Aviation Director shall keep a permanent file of all applications, exhibits, findings, correspondence, decisions and other official actions of the Commission. The tape recordings of the public hearings of the Commission, if any, shall be retained intact for not less than thirty (30) days after the City Council shall make a final decision in the specific subject on the tape. Original applications shall be retained as long as is required by standard City procedure.

#### 304. Public Record

In accordance with Arizona public record law, all of the public records of the Commission shall be open to public inspection during normal business hours.

### **IV. RULES AND AMENDMENTS**

#### 401. Amendment Procedure

Amendments to these by-laws may be made by the Commission upon the affirmative vote of four (4) members, provided any such amendment is proposed at a preceding meeting, or is submitted in writing at a prior regular meeting of the Commission and is noted in the minutes of such meeting. Amendments adopted as above shall become effective at the next regular meeting of the Commission.

#### 402. Copy of By-Laws

A certified copy of these by-laws and any amendments thereto shall be placed on record in the Aviation Department and the City Clerk within ten (10) days of the date of their adoption.

#### 403. Robert's Rules of Order

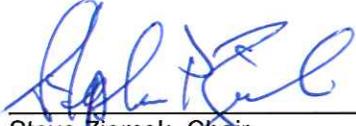
When any question of parliamentary procedure arises, it shall be decided on the basis of Robert's Rules of Parliamentary Procedure, unless otherwise specified in these by-laws of the Commission.

#### 404. Written Communications

All written communications to outside groups shall be sent out over the signature of the Chair or Vice-Chair of the Commission.

405. Interpretation and Conflict

In the event that any Commission by-law shall be at variance with any State statute or any ordinance or resolution of the City of Scottsdale, the statute, ordinance, or resolution shall prevail. These by-laws are intended only to supplement such ordinance and resolutions and may not amend, annul or abrogate any ordinance or resolution of the City of Scottsdale.



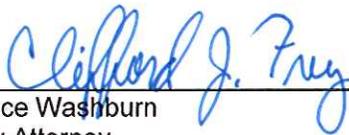
Steve Ziomek, Chair  
Airport Advisory Commission

Date 3/11/15

  
Gary P. Mascaro, C.M., C.A.E.  
Aviation Director

Date 3/11/15

APPROVED AS TO FORM:



Bruce Washburn  
City Attorney

Date 3/16/15

By Clifford J. Frey  
Senior Assistant City Attorney

**Sec. 5-109. Airport Advisory Commission.**

- a) There is created a Scottsdale Airport Advisory Commission consisting of seven (7) members.
- b) The Airport Advisory Commission shall establish bylaws to govern its affairs. The bylaws shall designate:
  - 1. Officers of the Airport Advisory Commission, the time and manner of their election, the term of office and the powers and duties of each officer.
  - 2. The time, place and manner of notice of all regular and special meetings.
  - 3. The manner of adoption, amendment and repeal of Airport Advisory Commission bylaws.
  - 4. Such other provisions as may be deemed necessary or desirable which are not contrary to the provisions of any ordinance or resolution, the charter or the laws of this state or the United States, to aid the Airport Advisory Commission in conducting its affairs.
- c) The Airport Advisory Commission shall, with the assistance of the city staff, advise the City Council as necessary on:
  - 1. The Airport capital improvement program and financial plan.
  - 2. Rules, regulations, and minimum operating standards under this chapter.
  - 3. Environmental policies affecting Airport operations and Airport projects.
  - 4. Aviation-related development proposals at and surrounding the Airport or other development proposals in conflict with 14 C.F.R. Part 150, as amended, or other aviation-related laws, ordinances, rules, regulations or planning documents. In addition to advising the City Council, the Airport Advisory Commission may take action to inform the Planning Commission of such conflicts.
  - 5. Fees imposed by the city in connection with the Airport and the Airpark.
  - 6. Lease policies regarding city-owned property at the Airport.
  - 7. Land use policies at and surrounding the Airport in conflict with 14 C.F.R. Part 150, as amended, or other aviation-related laws, ordinances, rules, regulations or planning documents. In addition to advising the City Council, the Airport Advisory Commission may take action to inform the Planning Commission of such conflicts.
  - 8. The future role of the Airport as part of the statewide air transportation system.
  - 9. Safety matters under the jurisdiction of the Airport.
  - 10. Such other matters as the City Council may direct.
- d) At the request of the City Council, the Airport Advisory Commission shall submit a written report regarding Airport activities.
- e) The Airport Advisory Commission shall perform such other duties as are imposed on the Airport Advisory Commission by this chapter.
- f) The City Council shall have the right and prerogative to initiate review of any decision of the Airport Advisory Commission and shall uphold, modify, or overrule said decision.



## COMMISSION ACTION REPORT

Ratification of Airport Aeronautical Business Permit for Sierra Charlie  
Aviation LLC

**Agenda Item No.:** 3

**Meeting Date:** 01/13/16

**Staff Contact:** Shannon Johnson,  
Management Analyst

**Phone:** (480) 312-8475

### **ACTION**

Ratification of Airport Aeronautical Business Permit for Sierra Charlie Aviation LLC to conduct flight training and aircraft leasing or rental services at the Scottsdale Airport.

### **PURPOSE**

Pursuant to Scottsdale Revised Code, Chapter 5, Article 3, commercial aeronautical activity conducted at the Airport requires a valid Airport Aeronautical Business Permit. In addition, the Airport Minimum Operating Standards outlines the process for obtaining such a permit. Sierra Charlie Aviation LLC has requested an Airport Aeronautical Business Permit to conduct flight training and aircraft leasing or rental services at the Scottsdale Airport.

### **APPLICANT(S)**

Scott Campbell  
Sierra Charlie Aviation LLC  
15041 N. Airport Dr., Suite 100  
Scottsdale, AZ 85260

### **KEY CONSIDERATIONS**

Sierra Charlie Aviation LLC has provided the appropriate documentation as required in the Airport Minimum Operating Standards.

Attachment(s): 1. Completed Airport Aeronautical Business Permit  
2. Vicinity Map

Action taken:



# SCOTTSDALE AIRPORT AERONAUTICAL BUSINESS PERMIT



(Required to conduct commercial aeronautical activity on the airport)  
Fields in RED are required fields.

Business or activity to be conducted (check all that apply):

- Aircraft Charter Services
- Aircraft Leasing or Rental Services
- Aircraft Maintenance and Repair Services
- Aircraft Management
- Aircraft Washing Services
- Aircraft Sales Services
- Aircraft Mobile Maintenance and Repair Services
- Specialized Aircraft Repair Services (list service): \_\_\_\_\_
- Specialized Commercial Flying Service (list service): \_\_\_\_\_
- Hangar/Shade Leasing Services
- Flight Training Services
- Fixed Base Operator
- On-Airport Rental Car Concession
- Other (list service): \_\_\_\_\_

These activities are limited to the airport by ordinance. Please refer to the Airport Minimum Operating Standards for further information on each type of business.

Applicant (Business Name): SIERRA CHARLIE AVIATION LLC

Authorized Representative, title: SCOTT W CAMPBELL Email Address: SCOTT@SIERRACHARLIEAVIATION.COM

Work Phone: \_\_\_\_\_ Cell Phone: [REDACTED] Fax: \_\_\_\_\_

Mailing Address: 11195 E MONUMENT DR.

City: SCOTTSDALE State: AZ Zip Code: 85262

Billing Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Billing Phone: \_\_\_\_\_ Billing Email: \_\_\_\_\_

The Applicant hereby requests the above action(s), and in consideration of this request being granted, agrees to the following:

1. FEE PAYMENT: The Applicant agrees to pay all applicable fees on time, and all required fees including late fees, interest and penalties without deduction of any kind.
2. PERMIT LIMITATIONS: This permit may not be assigned or transferred, and is limited to the approved business activity listed above
3. INFORMATION CHANGES: The Applicant shall notify Airport Administration, in writing within fifteen (15) days, of any change to the information provided.
4. RELEASE OF LIABILITY: The City assumes no liability for damage or loss to personal property while operating at Scottsdale Airport.
5. INDEMNIFICATION: The Applicant and invitees shall indemnify the City pursuant to Chapter 5 of the Scottsdale Revised Code. As required by the Airport Minimum Operating Standards, permit holder shall endorse all liability insurance policies to include the City of Scottsdale as an additional insured. Applicant further agrees to waive their insurers' subrogation rights against the City of Scottsdale, and its Officers, Directors, Commissioners, and Employees.
6. COMPLIANCE WITH THE LAW: The Applicant shall comply with all applicable laws, ordinances, rules and regulations. To view regulations, go to <http://www.scottsdaleaz.gov/airport/regulatorydocs>

Please check the box for each item attached and submitted with the application:

- |   |   |  |
|---|---|--|
| <input checked="" type="checkbox"/> Lease/License Agreement | <input checked="" type="checkbox"/> Certificates of Insurance       | <input checked="" type="checkbox"/> FAA Certificates |
| <input checked="" type="checkbox"/> Sublease Agreement      | <input checked="" type="checkbox"/> Business/ Privilege Tax License |  |

The undersigned representative certifies he/she is authorized to sign for the business and acknowledges receipt of a copy of this permit.

Applicant Signature (print name): SCOTT W CAMPBELL Date: 12/15/2015

By checking this box, I affirm that the information entered above is accurate and that the name typed above represents my official signature.

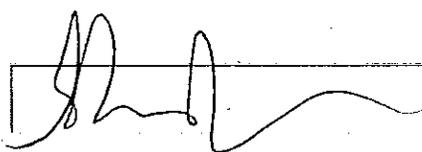
Please save the form to your documents, submit the form with an electronic signature to [shjohnson@scottsdaleaz.gov](mailto:shjohnson@scottsdaleaz.gov)  
OR print, sign and return to: 15000 N. Airport Drive, Suite 200, Scottsdale, AZ 85260.

Staff Use Only

Application, permits and insurance reviewed by:

Aviation  
Director's  
Comments/  
Stipulations:

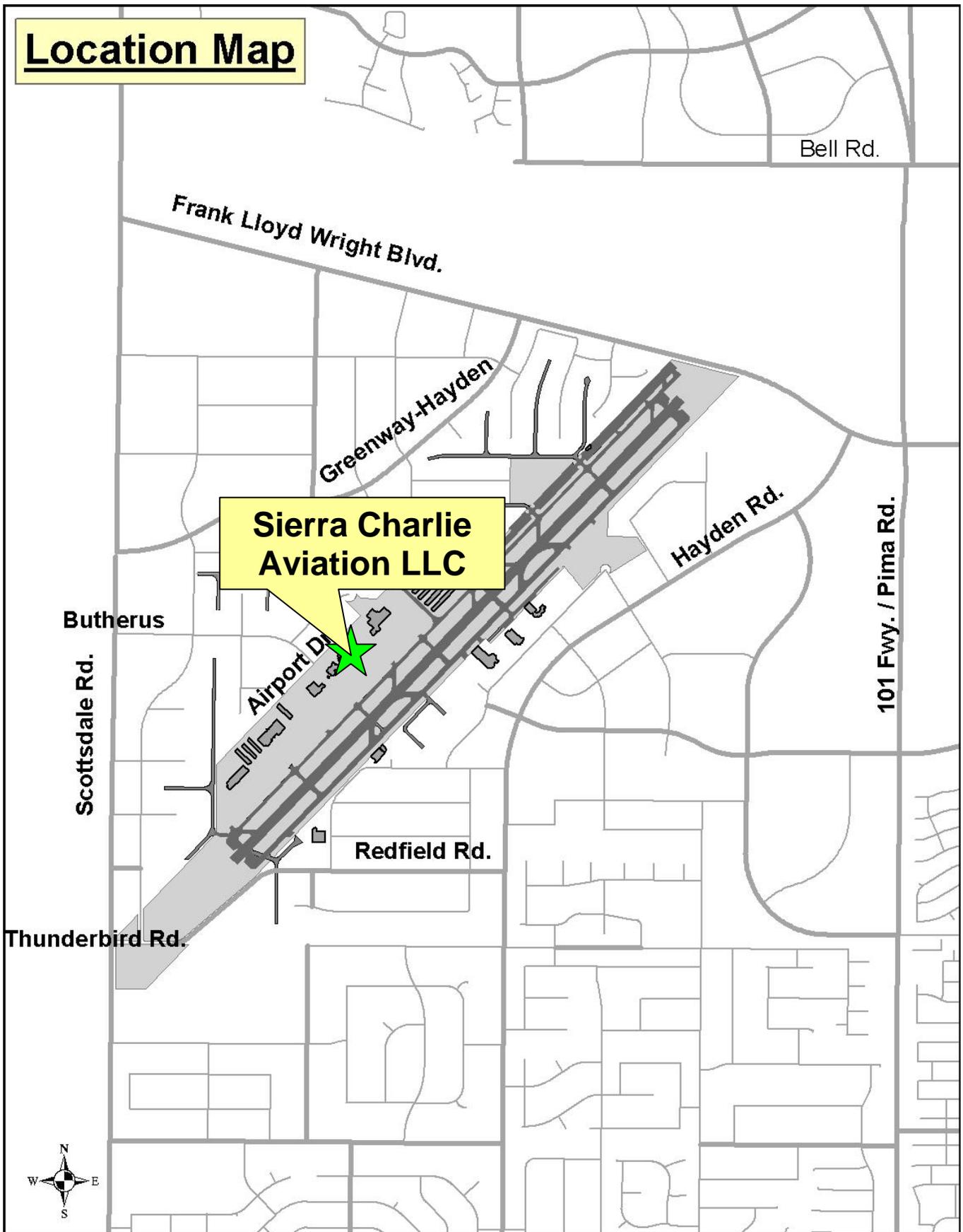
Approved by Aviation  
Director or designee:



12/17/15

Date Ratified by the Airport Advisory Commission:

# Location Map





## COMMISSION ACTION REPORT

Ratification of Airport Aeronautical Business Permit for Set Jet, LLC

**Agenda Item No.:** 4

**Meeting Date:** 01/13/16

**Staff Contact:** Shannon Johnson,  
Management Analyst

**Phone:** (480) 312-8475

### **ACTION**

Ratification of Airport Aeronautical Business Permit for Set Jet, LLC to aircraft charter brokerage services at the Scottsdale Airport.

### **PURPOSE**

Pursuant to Scottsdale Revised Code, Chapter 5, Article 3, commercial aeronautical activity conducted at the Airport requires a valid Airport Aeronautical Business Permit. In addition, the Airport Minimum Operating Standards outlines the process for obtaining such a permit Set Jet, LLC has requested an Airport Aeronautical Business Permit to aircraft charter brokerage services at the Scottsdale Airport.

### **APPLICANT(S)**

William R. Smith III  
Set Jet, LLC  
15115 N. Airport Dr.  
Scottsdale, AZ 85260

### **KEY CONSIDERATIONS**

Set Jet, LLC has provided the appropriate documentation as required in the Airport Minimum Operating Standards.

Attachment(s): 1. Completed Airport Aeronautical Business Permit  
2. Vicinity Map

Action taken:



# SCOTTSDALE AIRPORT AERONAUTICAL BUSINESS PERMIT



(Required to conduct commercial aeronautical activity on the airport)  
Fields in RED are required fields.

Business or activity to be conducted (check all that apply):

- Aircraft Charter Services
- Aircraft Leasing or Rental Services
- Aircraft Maintenance and Repair Services
- Aircraft Management
- Aircraft Washing Services
- Aircraft Sales Services
- Aircraft Mobile Maintenance and Repair Services
- Specialized Aircraft Repair Services (list service):
- Specialized Commercial Flying Service (list service):
- Hangar/Shade Leasing Services
- Flight Training Services
- Fixed Base Operator
- On-Airport Rental Car Concession
- Other (list service): Charter Brokerage

These activities are limited to the airport by ordinance. Please refer to the Airport Minimum Operating Standards for further information on each type of business.

Applicant (Business Name): Set Jet, LLC

Authorized Representative, title: William R Smith III, Manager Email Address: trey@setjet.com

Work Phone: 480.264.6500 Cell Phone: [REDACTED] Fax:

Mailing Address: 15115 N Airport Drive

City: Scottsdale State: Arizona Zip Code: 85260

Billing Address: 15115 N Airport Drive

City: [REDACTED] State: Arizona Zip Code: 85260

Billing Phone: 480.264.6500 Billing Email: cs@setjet.com

The Applicant hereby requests the above action(s), and in consideration of this request being granted, agrees to the following:

1. FEE PAYMENT: The Applicant agrees to pay all applicable fees on time, and all required fees including late fees, interest and penalties without deduction of any kind.
2. PERMIT LIMITATIONS: This permit may not be assigned or transferred, and is limited to the approved business activity listed above
3. INFORMATION CHANGES: The Applicant shall notify Airport Administration, in writing within fifteen (15) days, of any change to the information provided.
4. RELEASE OF LIABILITY: The City assumes no liability for damage or loss to personal property while operating at Scottsdale Airport.
5. INDEMNIFICATION: The Applicant and invitees shall indemnify the City pursuant to Chapter 5 of the Scottsdale Revised Code. As required by the Airport Minimum Operating Standards, permit holder shall endorse all liability insurance policies to include the City of Scottsdale as an additional insured. Applicant further agrees to waive their insurers' subrogation rights against the City of Scottsdale, and its Officers, Directors, Commissioners, and Employees.
6. COMPLIANCE WITH THE LAW: The Applicant shall comply with all applicable laws, ordinances, rules and regulations. To view regulations, go to <http://www.scottsdaleaz.gov/airport/regulatorydocs>

Please check the box for each item attached and submitted with the application:

- Lease/License Agreement                       Certificates of Insurance                       FAA Certificates  
 Sublease Agreement                               Business/ Privilege Tax License

The undersigned representative certifies he/she is authorized to sign for the business and acknowledges receipt of a copy of this permit.

Applicant Signature (print name): William R Smith III Digitally signed by William R Smith III  
Date: 2015.04.14 12:35:48 -07'00'                      Date: 12/15/2015

**By checking this box, I affirm that the information entered above is accurate and that the name typed above represents my official signature.**

*Please save the form to your documents, submit the form with an electronic signature to [shjohnson@scottsdaleaz.gov](mailto:shjohnson@scottsdaleaz.gov)  
OR print, sign and return to: 15000 N. Airport Drive, Suite 200, Scottsdale, AZ 85260.*

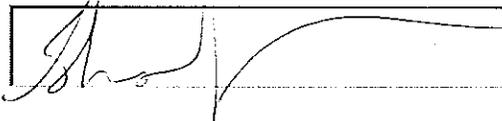
Staff Use Only

Application, permits and insurance reviewed by:

Aviation  
Director's  
Comments/  
Stipulations:

Applicant cannot conduct any operations utilizing aircraft based at Scottsdale Airport unless the aircraft operator has an aeronautical business permit with Scottsdale Airport to conduct charter services.

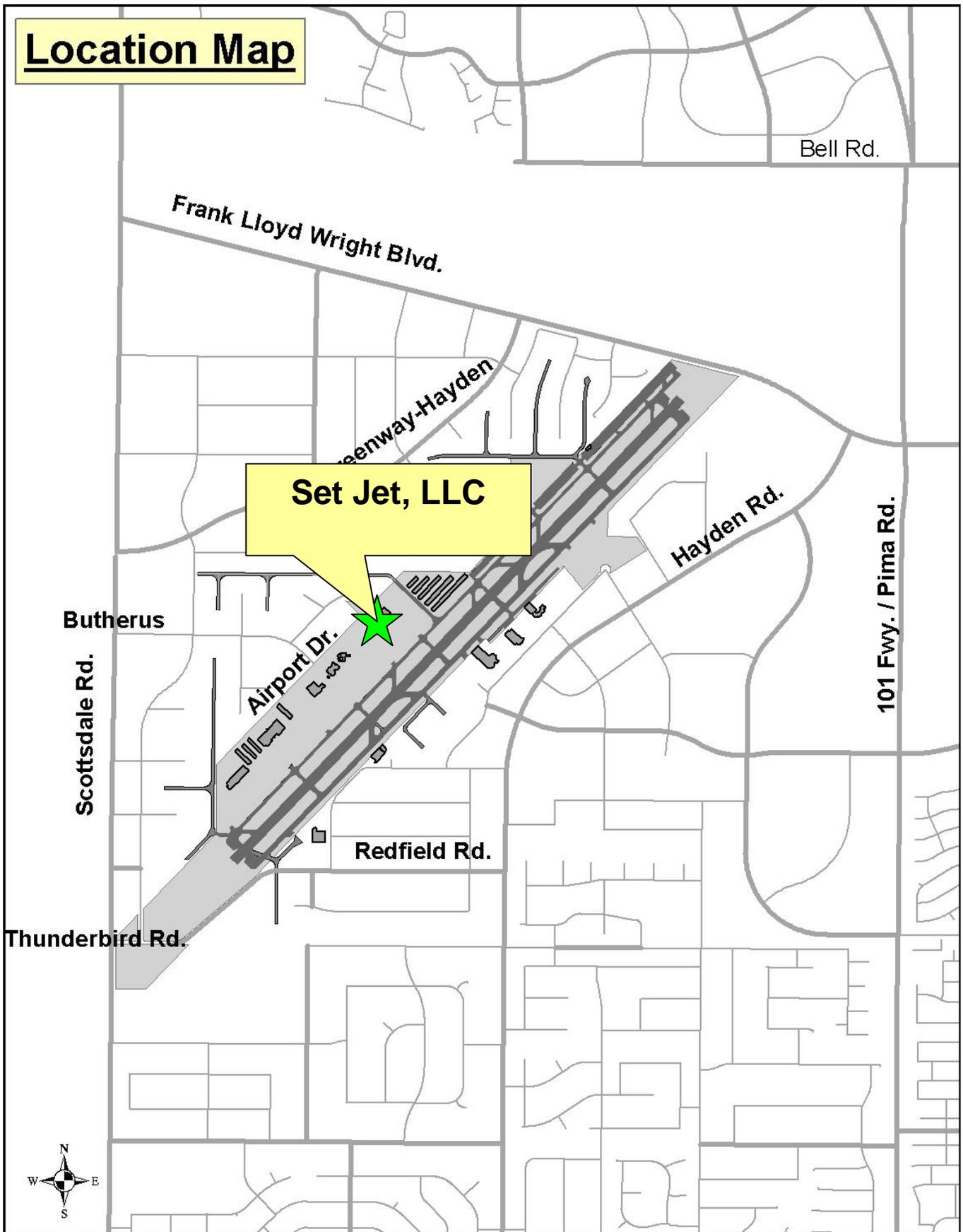
Approved by Aviation  
Director or designee:



12/30/15

Date Ratified by the Airport Advisory Commission:

# Location Map





## COMMISSION INFORMATION REPORT

City of Scottsdale Purchasing Director will provide an overview on the City's procurement process

**Agenda Item No:** 5

**Meeting Date:** 01/13/16

**Contact:** Jim Flanagan,  
Purchasing Director

**Phone:** (480) 312-5709

### INFORMATON

Jim Flanagan will provide an overview of the City's procurement process.



## COMMISSION INFORMATION REPORT

Discussion and Input regarding historical flight track data comparison  
over the north Scottsdale Community

**Agenda Item No:** 6

**Meeting Date:** 01/13/16

**Staff Contact:** Sarah Ferrara,  
Aviation Planning and Outreach  
Coordinator

**Phone:** (480) 312-8482

### INFORMATION

Aviation staff will provide flight track data, provided by the City of Phoenix Aviation Department, for both arrivals and departures for a week in 2014 and a week in 2015.



## COMMISSION INFORMATION REPORT

Discussion and Input Regarding Quarterly Noise Complaint Summary

**Agenda Item No.:** 7

**Meeting Date:** 01/13/16

**Staff Contact:** Sarah Ferrara,  
Planning & Outreach Coordinator

**Phone:** (480) 312-8482

### INFORMATION

Aviation staff will update the Airport Advisory Commission regarding aircraft noise complaints received during the fourth quarter of 2015.

### PURPOSE

Community members that wish to report their concerns pertaining to aircraft noise and over flight activity associated with Scottsdale Airport air traffic may do so anytime by calling the aircraft noise report line or by submitting their complaint(s) via the Scottsdale Airport website. Each quarter a summary report is generated to depict the number of noise complaints that were received, along with the number of people who submitted complaints and a map depicting the location of where the complaints were generated.

### KEY CONSIDERATIONS

- The quarterly noise complaint summary is used to identify and evaluate trends. It is not used to change flight procedures or restrict aircraft operating activity.
- It is normal to see increases and decreases in aircraft noise complaints associated with changes in weather and seasonal conditions.
- Aviation staff will respond to noise complaints within the Airport Noise Influence Area only when there is a specific request for a callback, or if the complainant is new.

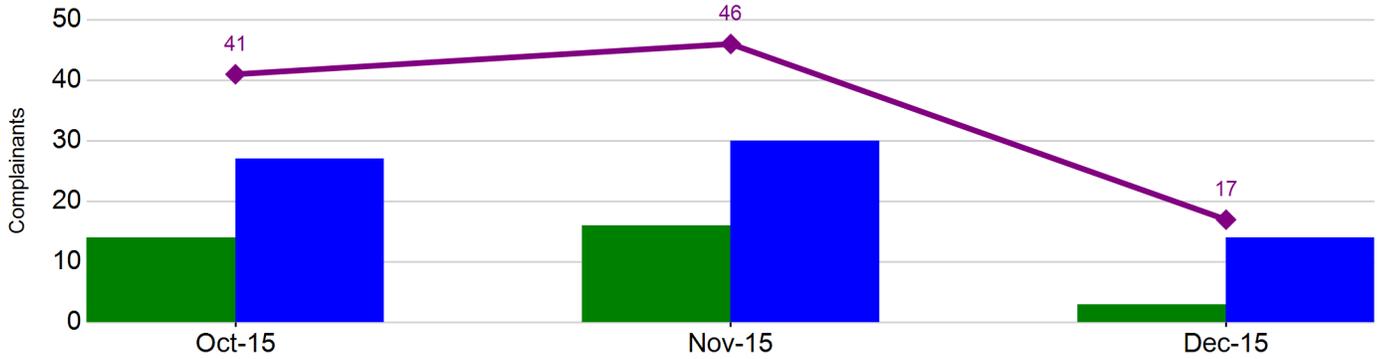
Attachment: Noise Complaint Summary for Oct. 1 – Dec. 31, 2015.



# Noise Complaint Summary

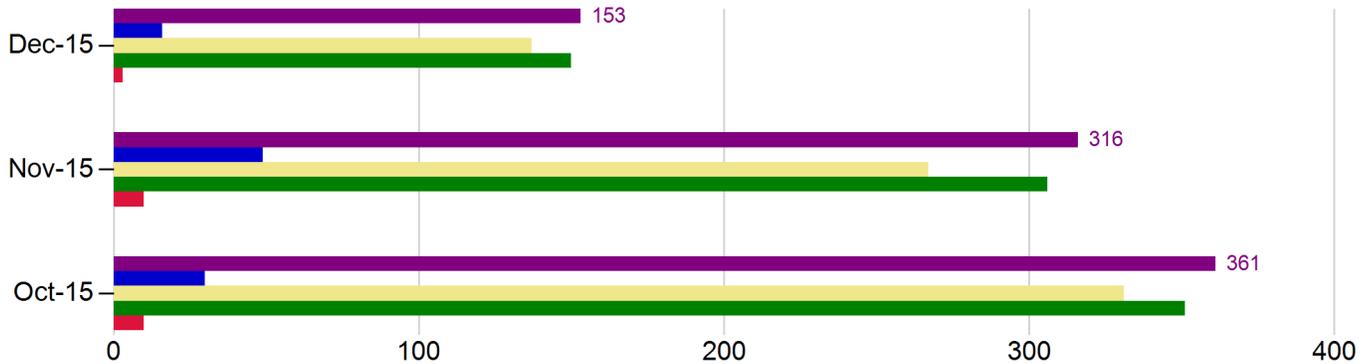
for October 1, 2015 through December 31, 2015

## Complainant Summary



Month-Year	Complainants (New)	Complainants (Not New)	Total
Oct-15	14	27	41
Nov-15	16	30	46
Dec-15	3	14	17

## Total Complaints Comparison



Month-Year	Night	Day	Local	Regional	Complaints	Call Backs
Oct-15	30	331	351	10	361	43
Nov-15	49	267	306	10	316	37
Dec-15	16	137	150	3	153	5
TOTAL	95	735	807	23	830	85

The callbacks field represents complaints requesting a callback from staff and completed.

The Airport Influence Area is mapped on page two of this report. Complaints received from location inside the Airport Influence Area are defined as "local", and complaints from locations outside the Airport Influence Area are defined as "regional".

Night = 10 p.m. to 6 a.m.  
Day = 6 a.m. to 10 p.m.

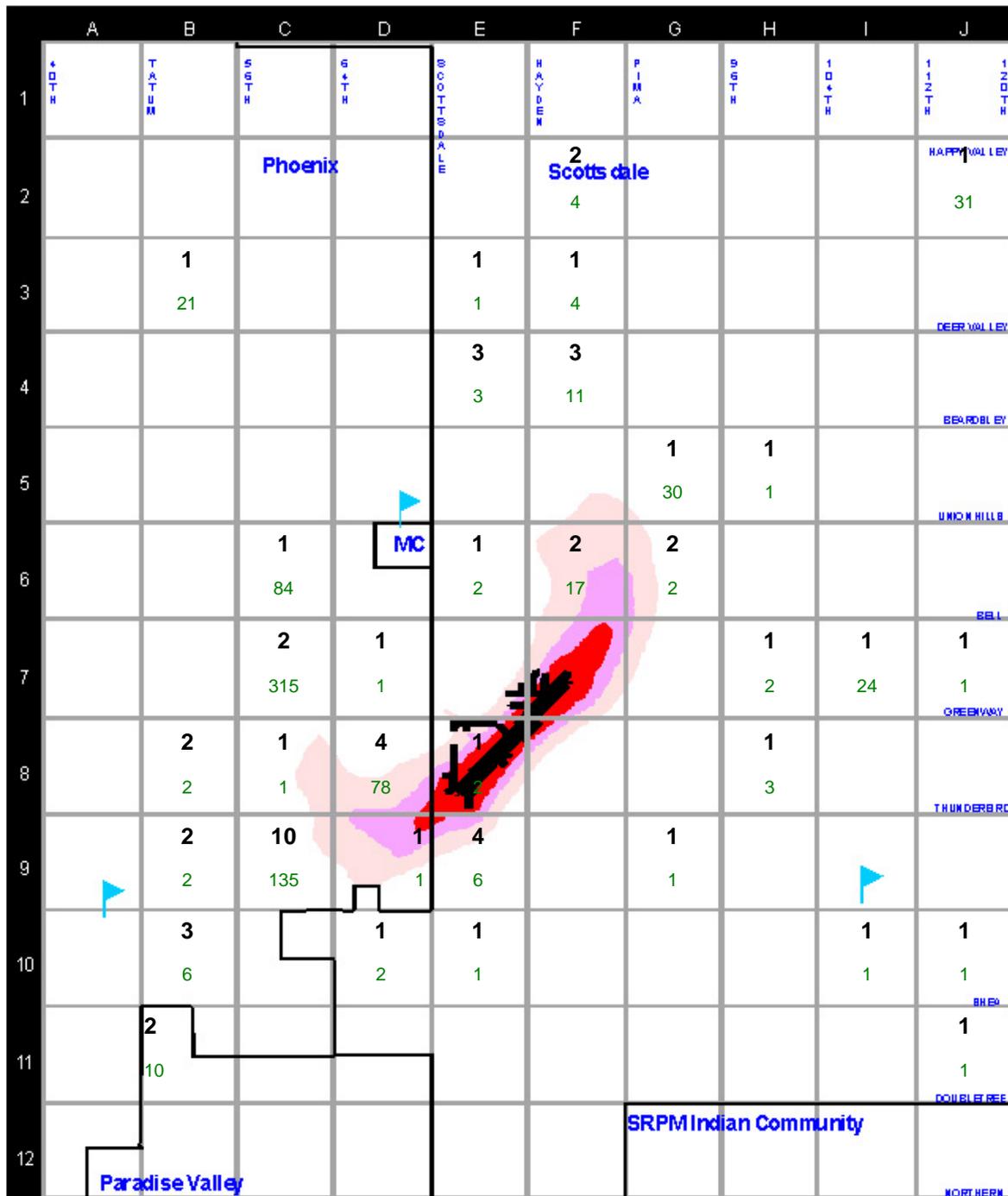
Local = complaints within the Airport Influence Area  
Regional = complaints outside the Airport Influence Area

# SDL AIRCRAFT NOISE COMPLAINT MAP

Complaints and Complainants Per Square Mile

October 1, 2015 Through December 31, 2015

The map below represents the Scottsdale Airport Influence Area. Each grid block indicates the total number of complaints (green- on bottom) received per square mile for the summary period, and the number of complainants or people (black- on top) who filed them. Please refer to the Map Legend for a description of the other map features.



GRIDS NOT SHOWN: UNKNOWN=2/1, BEYOND GRID=2/8

**LEGEND**

- 55 DNL Contour
- 60 DNL Contour
- 65 DNL Contour
- Reporting Point
- City Limits

**Complainants**

**Grid Key:**

Complaints

## AIRCRAFT OPERATIONS and "LOCAL" NOISE COMPLAINT HISTORY

Through December 31, 2015

To remain consistent with historic data, only "Local" aircraft noise complaints that emanate within the boundaries of the Airport Influence Area grid are included in the chart below. The Airport influence Area grid is depicted on page two of this report. "Regional" complaints emanating from outside of the Airport Influence Area grid are tracked and reflected on page one of this report.

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual Total
1998 Complainants	0	0	0	0	0	0	2	19	32	53	25	13	144
1998 Complaints	0	0	0	0	0	0	4	24	49	71	38	16	202
1999 Complainants	15	17	26	10	18	26	16	16	18	16	30	8	216
1999 Complaints	27	23	33	15	22	33	25	26	23	21	48	14	310
2000 Complainants	24	32	39	25	11	16	6	13	14	79	23	14	296
2000 Complaints	35	62	60	32	15	30	6	25	25	97	35	21	443
2001 Complainants	36	35	35	24	15	6	17	14	12	18	50	21	283
2001 Complaints	42	48	56	32	36	12	29	17	19	30	70	24	415
2002 Complainants	16	25	29	51	26	36	46	48	41	72	64	60	514
2002 Complaints	22	44	58	113	89	137	110	477	955	569	393	242	3,209
2003 Complainants	104	57	49	31	47	19	46	25	73	64	97	46	658
2003 Complaints	417	310	319	179	170	132	216	226	378	338	408	231	3,324
2004 Complainants	66	76	89	58	28	32	33	32	26	52	69	31	592
2004 Complaints	810	1,105	953	1,145	515	384	477	670	622	1,142	1,423	821	10,067
2005 Complainants	33	59	44	26	25	14	42	19	17	46	33	14	372
2005 Complaints	1,083	1,016	853	709	721	664	1,232	1,270	1,269	2,437	2,195	2,140	15,589
2006 Complainants	18	18	42	29	19	23	19	20	24	33	30	22	297
2006 Complaints	3,101	2,932	2,117	840	478	353	333	474	502	619	551	470	12,770
2007 Complainants	19	26	23	39	15	9	11	21	16	28	89	24	320
2007 Complaints	537	535	405	534	457	169	502	533	599	602	556	541	5,970
2008 Complainants	23	70	70	14	20	8	7	8	8	18	23	16	285
2008 Complaints	476	609	452	31	26	16	11	29	15	55	54	34	1,808
2009 Complainants	11	14	25	10	7	10	13	12	14	29	20	13	178
2009 Complaints	85	72	39	15	23	28	117	38	53	158	85	45	758
2010 Complainants	13	22	19	25	15	7	6	7	10	18	24	22	188
2010 Complaints	63	136	191	125	57	27	19	35	35	77	94	145	1,004
2011 Complainants	16	16	15	15	9	7	12	9	11	16	39	10	175
2011 Complaints	141	190	140	34	24	32	55	53	79	87	77	36	948
2012 Complainants	10	14	14	13	9	20	4	7	7	17	27	17	159
2012 Complaints	65	63	39	35	24	26	7	13	31	62	63	40	468
2013 Complainants	34	21	21	15	8	13	9	10	17	10	34	18	210
2013 Complaints	80	78	67	63	100	127	100	148	164	168	186	147	1,428
2014 Complainants	16	45	23	13	14	11	12	14	6	26	37	23	240
2014 Complaints	173	247	171	144	114	110	123	86	99	165	219	127	1,778
2015 Complainants	37	69	78	35	33	21	19	21	21	33	39	15	421
2015 Complaints	262	239	287	162	199	129	124	117	171	351	306	150	2,497



## **COMMISSION ACTION REPORT**

Discussion and Possible Action to approve Airport  
Advisory Commission Annual Report

**Agenda Item No.:** 8

**Meeting Date:** 01/13/16

**Staff Contact:** Gary P. Mascaro,  
Aviation Director

**Phone:** (480) 312-7735

### **ACTION**

Discussion and Possible Action to approve Airport Advisory Commission Annual Report.

### **PURPOSE**

The City Council desires to be better informed of the actions and operations of each Board and Commission, and has asked staff to prepare an annual report on a prepared template that will be forwarded to City Council in February 2016.

Attachment(s): 1. Airport Advisory Commission Annual Report 2015.

Action Taken:



## Airport Advisory Commission Annual Report

Prepared by Gary Mascaro, Aviation Director, December 2015

Approved by the Airport Advisory Commission on January 13, 2016

Web Site Address: <http://www.scottsdaleaz.gov/boards>

**Number of Meetings Held:** 8

**Public Comments:** 8

### Major Topics of Discussion / Action Taken:

- Review and Approval of Aeronautical Business Permits
- Discussion and input regarding Super Bowl 2015
- Discussion of air traffic and noise complaints
- Authorized a one month credit to customers impacted by Super Bowl ramp use
- Approved regulated garbage contract
- Recommended adoption of engineering/architectural service contract
- Approved Aviation Enterprise Fund five-year financial plan
- Adoption of Airport Master Plan
- Recommend approval of Text Amendment changes
- Recommend adoption resolution for the rehabilitation of Taxiway B
- Approved modification of airport rules and regulations and operating standards
- Discussion about airport construction
- Repeal of Appendix A – Airport Zoning and update of Chapter 5 – Aviation Code

### Current Member Attendance:

Member Name, Title	Present	Absent	Service Dates
Steve Ziomek, Chair	7	1	From January to December
Ken Casey, Vice Chair	7	1	From January to December
Brad Berry, Commissioner	8	0	From January to December
John Celigoy, Commissioner	8	0	From January to December
Michael Goode, Commissioner	8	0	From January to December
Bob Hobbi, Commissioner	7	1	From January to December
William Schuckert, Commissioner	7	1	From January to December

\*Add note(s), if applicable, stating if they resigned, were term limited, etc. and who they were replaced by

**Subcommittees:** None

**Ethics Training:** Yes, January 2015

**Selected Officers:** Yes, January 14, 2015. Maintained the current officers.

**Reviewed Bylaws/City Code:** Yes, January 14, 2015

**Anticipated Key Issues:** None at this time.

**Future Significant Work Products:** Development of the new executive hangars, office complex and parking structure.

**Upcoming Opportunities, Challenges, or Outcomes:** Establishment of a new FBO operator due to the pending sale of Landmark Aviation.

**Additional Comments/Recommendations:** If the Board/Commission wishes to add additional comments or recommendation(s) to the City Council, it can go in this section.

Report Approved on: January 13, 2015



## COMMISSION ACTION REPORT

Discussion and Possible Action to Recommend adoption of Resolution No. 10333, approving and authorizing contract No. 2016-014-COS with Cherokee Aviation Holdings, LLC

**Agenda Item No.:** 9

**Meeting Date:** 01/13/16

**Staff Contact:** Shannon Johnson ,  
Management Analyst

**Phone:** (480) 312-8475

### ACTION

Airport Advisory Commission consider recommending that the City Council ADOPT Resolution No. 10333 approving and authorizing contract No. 2016-014-COS with Cherokee Aviation Holdings, LLC, a ground lease agreement located on and adjacent to Taxiway Charlie.

### PURPOSE

The approval and authorization of the ground lease agreement allows Cherokee Aviation Holdings, LLC to construct improvements and use the premises as a widened Taxiway Charlie and Charlie 10 connector connecting taxiways Bravo and Charlie.

### KEY CONSIDERATIONS

- The improved Taxiway Charlie and Charlie 10 connector connecting taxiways Bravo and Charlie will provide enhanced aircraft access.
- The term of the lease agreement is 20 (twenty) years, with the option for two additional 10 (ten) year periods.

Attachment(s): 1. Resolution No. 10333  
2. Contract No. 2016-014-COS

Action Taken:

RESOLUTION NO. 10333

A RESOLUTION OF THE CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA, AUTHORIZING LEASE AGREEMENT NO. 2016-014-COS AT THE AIRPORT BETWEEN THE CITY OF SCOTTSDALE AND CHEROKEE AVIATION HOLDINGS, L.L.C.

Cherokee Aviation Holdings, LLC, a Delaware limited liability company, desires to provide better access to its hangar facilities by entering into a ground lease with the City to provide additional access to Taxiway Charlie; and

The ground lease will provide additional revenue for the airport and benefit the public by providing better access to Taxiway Charlie; and

The ground lease will preserve a safe operating environment for aircraft on the airport, maintain compliance with FAA Grant Agreements, and allow for additional private development of airport hangar space.

BE IT RESOLVED by the Council of the City of Scottsdale as follows:

Section 1: The Mayor is authorized and directed to sign Lease Agreement No. 2016-014-COS between the City of Scottsdale and Cherokee Aviation Holdings, L.L.C., a Delaware limited liability company.

PASSED AND ADOPTED by the Council of the City of Scottsdale this \_\_\_\_ day of \_\_\_\_\_, 2016.

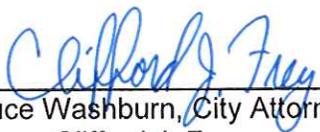
CITY OF SCOTTSDALE, an  
Arizona municipal corporation

By: \_\_\_\_\_  
W. J. "Jim" Lane, Mayor

ATTEST:

By: \_\_\_\_\_  
Carolyn Jagger, City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Bruce Washburn, City Attorney  
By: Clifford J. Frey  
Senior Assistant City Attorney

When Recorded Return to:  
(Gary Mascaro)  
ONE STOP SHOP  
CITY OF SCOTTSDALE  
7447 East Indian School Road, Suite 100  
Scottsdale, AZ 85251

City of Scottsdale Contract No. 2016--014-COS  
*Resolution No. 10333*

### LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Agreement") is made and entered into this 9<sup>th</sup> day of February, 2016, by and between the City of Scottsdale, an Arizona municipal corporation ("Lessor"), and Cherokee Aviation Holdings, LLC, a Delaware limited liability company ("Lessee").

### RECITALS

A. Lessor is the owner of the Scottsdale Airport (the "Airport") located northeast of the intersection of Scottsdale Road and Thunderbird Road in Maricopa County, Arizona.

B. Lessor holds fee title and various other interests in the Airport pursuant to various documents (the "Site Documents").

C. Lessee has the right to access and use the Airport pursuant to and in accordance with that certain Scottsdale Airpark Access Permit dated January 20, 2016, Chapter 5 of the Scottsdale Revised Code, and the Scottsdale Airpark Rules and Regulations.

D. The Airport includes a certain parcel of real property (the "Premises") comprising approximately .506 acres located on and adjacent to taxiway Charlie, and more particularly described on Exhibit "A" attached hereto.

E. Lessee warrants and represents to be the owner of that certain parcel of real property being Lot 12 of Scottsdale Industrial Airpark No. 7 according to Book 234 of Maps, page 27 of the public records of Maricopa County, Arizona.

F. As of the date of this Agreement, the leased Premises consist of an aircraft taxiway and safety area.

G. Lessee desires to construct and operate certain improvements for Lessee's use of the Premises as a widened taxiway Charlie and Charlie 10 connector connecting taxiways Bravo and Charlie (collectively the "Project"), upon the Premises as depicted on the drawing (the "Site Plan") attached hereto as Exhibit "B", subject to the requirements of this Agreement. Lessee shall operate the Premises in conjunction with an off airport corporate hangar adjacent to the Premises.

H. Subject to the terms and conditions of this Agreement, Lessee shall construct the various improvements comprising the Project upon and adjacent to the Premises as depicted on the Site Plan.

I. Lessee shall complete the Project no later than June 30, 2017 (the "Completion Deadline").

NOW, THEREFORE, for and in consideration of the foregoing, the amounts hereinafter to be paid by Lessee, and the covenants and agreements contained herein to be kept and performed by Lessee, and other good and valuable consideration, Lessor and Lessee agree as follows:

I. RECITALS

1 Recitals. The foregoing recitals are incorporated into this Agreement.

II. PREMISES

2 Premises. Lessee's rights to use the Premises are limited as follows:

2.1 Public Agency Access. Lessor reserves the right for other public agencies and Lessor to enter the Premises or any part thereof at all reasonable times, for the purposes of construction, reconstruction, maintenance, repair or service of any public improvements or public facilities located within or without the Premises. Any such entry shall be made only after reasonable notice to Lessee, and after Lessor or the other public agency has agreed to be responsible for any claims or liabilities pertaining to any entry. Any damage or injury to the Premises or to any part thereof resulting from such entry shall be promptly repaired at the sole expense of the public agency responsible for the entry. Such reserved rights do not include the interior space of any buildings that Lessee may construct adjacent to the Premises. Lessor shall take commercially reasonable steps to minimize any disruption of the conduct of business on the Premises caused by the repair, operation, maintenance and replacement of such improvements and facilities.

2.2 Rights in Adjacent Premises. Subject to the right to use and access the Airport as stated in the Recitals, Lessee's rights are expressly limited to the real property defined as the "Premises" in this Agreement. Without limitation, in the event any public right-of-way or other public or private property adjacent to the Premises is owned by, dedicated to, abandoned by or to, or otherwise acquired, used, improved or disposed of by Lessor, such property shall not accrue to this Agreement but shall be Lessor's only. In addition, and severable from the preceding sentence, upon any such event, Lessee shall execute and deliver to Lessor without compensation a quit-claim deed of such right-of-way or other property.

2.3 Variation in Area. In the event the Premises consist of more or less than any stated acreage, this Agreement shall nevertheless continue and Lessee's obligations hereunder shall not be increased or diminished.

2.4 Condition of Title. Lessee's rights hereunder are subject to all covenants, conditions, restrictions, easements, agreements, liens, reservations and encumbrances upon, and all other recorded conditions of title to, the Premises. Lessee has obtained any title insurance or information Lessee deems appropriate. Lessor does not warrant its own or Lessee's title to the Premises. Lessee's rights hereunder are further subject to all present and future building restrictions, regulations, zoning laws, ordinances, resolutions, and orders of all bureaus,

commissions and bodies of any municipal, county, state, or federal authority, now or hereafter having jurisdiction over the Premises or Lessee's use thereof, subject to the limits of applicable law.

2.5 Site Documents. Lessee shall do nothing at the Premises that the Site Documents would not allow Lessor to do. The Site Documents are such documents affecting the Premises as may be recorded in the office of the Maricopa County Recorder as of the date of this Agreement. Lessee shall timely, fully and faithfully perform all obligations of Lessor and Lessee under the Site Documents with respect to the Premises. Lessee shall not have power to amend, modify, terminate or otherwise change the Site Documents. Lessee shall pay, indemnify, defend and hold harmless the Lessor and its agents and representatives of, from and against any and all claims, demands, damages, expenses, interest or penalties of any kind or nature whatsoever, including attorneys', arbitrators' and experts' fees and court costs, which arise from or relate to violations of the Site Documents by Lessee or those claiming through Lessee. In the event the Site Documents impose affirmative duties to be performed on land outside the Premises, Lessee is not obligated to perform such duties unless the Site Documents specifically impose such duties upon the land included within the Premises and Lessee can reasonably perform such duties.

2.6 Condition of Premises. Lessee has examined, studied and inspected the Premises, the Airport, and all other property associated with this Agreement and its environs. Except as expressly stated herein, all of such property is being made available in an "as is" condition without any express or implied warranties of any kind, including without limitation any warranties or representations as to their condition or fitness for any use. Lessee has obtained such information and professional advice as Lessee has determined to be necessary related to this Agreement or this transaction.

2.7 Other reservations. Lessor reserves the following rights and interests:

2.7.1 Nonexclusive use of the portion of the Premises described as a Site Plan on Exhibit "B."

2.7.2 The right for all manner of aviation in the airspace above Premises and for related noise, vibration, air disturbance and other incidents of aviation use occurring above the Premises and within the general vicinity of the Premises.

2.7.3 The right for free passage of aircraft and all manner of service, emergency and Lessor vehicles in performance of their duties over and across the portion of the Premises depicted as a Site Plan on Exhibit "B" for access to taxiways Bravo and Charlie.

2.8 Lessor's Fixtures and Personalty. No fixtures or personal property owned by Lessor upon or within the Premises are included in this Agreement. Any and all of Lessor's property as may come into the possession of Lessee or be used by Lessee, shall be returned to Lessor by Lessee at termination of this Agreement and shall be maintained in good working condition by Lessee from time to time at Lessee's expense and replaced by Lessee at Lessee's expense when worn out and shall be owned at all times by Lessor with Lessee being solely responsible for the condition thereof. All such personal property is provided "as is" and Lessee accepts all responsibility for its condition and shall thoroughly inspect the same before use.

2.9 Relationship to Lot 12. Lot 12 is not part of the Premises. This Agreement affects Lot 12 only to the extent certain provisions of this Agreement specifically mention said lot. The plans approval processes of this Agreement does not apply to said lot.

### III. TERM OF AGREEMENT

3 Term of Agreement. Lessor hereby leases the Premises to Lessee subject to and conditioned upon Lessee's full, timely, complete and faithful performance of all performances and things to be performed or done hereunder by Lessee, and Lessee hereby accepts the Premises and this Agreement.

3.1 Term. The term of this Agreement shall be for a period of twenty (20) years commencing on the date of this Agreement unless sooner terminated as set forth in this Agreement.

3.2 Extension. In the event of Lessee's continuously full, complete and timely performance of this Agreement throughout the initial term set forth above and any extension (disregarding nonperformance cured within any cure period specified by this Agreement), this Agreement may be extended at Lessee's option for two (2) additional ten (10) year periods as follows:

3.2.1 In order to exercise its options to extend, Lessee must give to Lessor written notice of Lessee's intent to extend no earlier than twelve (12) months and no later than six (6) months prior to expiration of the initial term (or, in the case of the second extension, the first extension).

3.2.2 In the event of extension, Lessee shall obtain from Lessor and record a notice of extension in form reasonably acceptable to Lessor.

3.3 Holding Over. In any circumstance whereby Lessee would remain in possession of the Premises after the expiration of this Agreement, such holding over shall not be considered to operate as a renewal or extension of this Agreement, but shall only create a tenancy from month to month which may be terminated at any time by Lessor upon thirty (30) days notice to Lessee, or by Lessee upon sixty (60) days notice to Lessor.

3.4 Airport Closure. Lessor does not warrant that the Airport will remain open during the entire term of this Agreement, but Lessor does not presently have intentions to close the Airport. If the Airport is closed for more than a six (6) month period, Lessee shall have a six (6) month period (the "Decision Period") to give Lessor notice that Lessee elects to terminate this Agreement without penalty. The Decision Period shall commence on the date (the "Determination Date") which is the end of the said first six (6) month period of Airport closure. If Lessee does not so elect to terminate this Agreement by giving such notice then the following shall apply:

3.4.1 The Permitted Uses shall be expanded to include all uses then allowed under applicable zoning and other laws.

3.4.2 Lessee may elect by notice to Lessor during the Decision Period to extend this Agreement for an additional ten (10) year period.

### IV. LEASE PAYMENTS

4 Lease Payments. Lessee shall pay to Lessor all of the following payments together with all other payments required by this Agreement (all payments by Lessee to Lessor required by this Agreement for any reason are collectively the "Rent"):

4.1 Rent Payment Date. All Rent shall be payable one month in advance on the twenty-fifth day of the preceding month. In the event an amount is not known in advance, Lessor shall have the right to estimate the amount, with an adjustment to be made after the actual amount becomes known to Lessor and within sixty (60) days after Lessee's receipt of an invoice for such adjustment from Lessor. For example, the Rent for September shall be payable on or before August 25. Rent is deemed paid only when good payment is actually received by Lessor.

4.2 Base Rent. The rental amount (the "Base Rent") Lessee shall pay to Lessor at the beginning of each month of this Agreement shall be Seven Hundred Thirty-Five Dollars and No/100 (\$735.00).

4.3 Biannual Base Rent Adjustment. The Base Rent shall be automatically adjusted upward on each annual anniversary of this Agreement occurring in an even numbered calendar year. The adjustment shall be made on the basis of changes in the United States Consumer Price Index for all Urban Consumers (CPI-U), U.S. City Average, all items, published by the United States Bureau of Labor Statistics (the "Cost of Living Index"). The amount of each adjusted monthly installment of Base Rent (represented by the letter "R" in the formula set forth below) shall be equal to the Cost of Living Index number on the adjustment date (represented by the letter "C" in the formula set forth below) divided by the Cost of Living Index number for the month during which this Agreement commences (represented by the letter "M" in the formula set forth below), and multiplied by the original monthly Base Rent amount (represented by the "B" symbol in the formula set forth below). This computation is expressed by the following formula:

$$R = \frac{C \times B}{M}$$

provided, that in no event shall any Rent be adjusted downward from any previous period. If the Cost of Living Index has not been published on any adjustment date, Lessor shall have the right to estimate the Cost of Living Index and to make the adjustments based on such estimate. Any correction due to an error in Lessor's estimate shall be paid by Lessee to Lessor (or by Lessor to Lessee, as the case may be) within thirty (30) days after notice by either party to the other that the Cost of Living Index has been published. If such Cost of Living Index shall, for any reason whatsoever, not be published or readily identifiable at the adjustment date, then an index published by any state or federal agency or an index, formula or table accepted generally by the real estate profession shall be used as chosen by Lessor in Lessor's reasonable discretion. Any delayed adjustment shall be effective retroactively. In the event of a holdover, all Rent and every element thereof shall be increased by an additional fifty percent (50%) over the amount of Rent that would otherwise be payable under this Agreement.

4.4 Security Deposit. Upon execution of this Agreement, Lessee shall provide to Lessor, and maintain with Lessor at all times during the term of this Agreement, a cash security deposit in the amount equal to Five Thousand Dollars (\$5,000) guaranteeing the faithful performance of this Agreement. Lessor acknowledges having received said original security deposit. Any funds or property of Lessee held by or available to Lessor or any issuer of a letter of credit receiver, escrow agent or other third party under or related to this Agreement shall also stand as a security deposit guaranteeing Lessee's faithful performance of this Agreement. Any portion of any security deposit to which Lessee may then be entitled, net of any setoff or other obligation of Lessee, shall be paid to Lessee by the then owner of the fee title to the Premises within sixty (60) days after the later of termination of this Agreement or complete satisfaction of all of Lessee's obligations.

4.5 Late Fees. Should any Rent not be paid on or before the date due, a late fee shall be added to the amount due in the amount of the greater of ten percent (10%) of the amount due. Furthermore, any Rent that is not timely paid shall accrue interest at the rate of .25 percent (.0025%) per month from the date the amount first came due until paid. Lessee expressly agrees that the foregoing represent fair and reasonable estimates by Lessor and Lessee of Lessor's costs (such as accounting and processing costs, administrative costs, etc.) in the event of a delay in payment of Rent. Lessor shall have the right to allocate payments received from Lessee among Lessee's obligations.

4.6 Rent Amounts Cumulative. All amounts payable by Lessee under any provision of this Agreement or under any tax, assessment or other existing or future ordinance or other law of the City of Scottsdale or the State of Arizona shall be cumulative and payable in addition to each other payment required hereunder, and such amounts shall not be credited toward, substituted for, or setoff against each other in any manner.

4.7 No Setoffs. Lessee shall pay all Rent directly to Lessor without setoff or deduction of any description. Lessee expressly waives any right of setoff.

## V. USE RESTRICTIONS

5 Use Restrictions. Lessee's use and occupation of the Premises shall in all respects conform to all and each of the following cumulative provisions:

5.1 Permitted Uses. Lessee and those claiming through Lessee shall use the Premises solely for aircraft parking and staging, limited aircraft fueling, and minor aircraft maintenance such as washing (collectively the "Permitted Uses"). Lessee shall conduct no other activity at or from the Premises.

5.2 Aircraft Fueling. No fuel facilities of any description shall be installed at the Premises. No aircraft fueling shall occur at the Premises except in accordance with all applicable laws and regulations and only from fueling facilities located off the Premises. The only fueling permitted upon the Premises is aircraft fueling from a fuel truck authorized to dispense fuel at the Airport.

5.3 Height Limitation. Lessee shall not direct, permit, or maintain upon the Premises any structure, tree, or other stationary or attached object (except an aircraft) which penetrates the Federal Aviation Regulation Part 77 surface without consent of the Federal Aviation Administration.

5.4 Lot 12 Ownership. Lessee shall operate the Premises as a unit with Lot 12. At all times during this Agreement, Lessee shall cause ownership, possession, operation and control of Lot 12 to remain in the same hands as Lessee's leasehold interests under this Agreement.

5.5 Prohibited Names. Lessee shall not allow use in connection with any operations on the Premises any name that directly or indirectly refers to or contains any part of Lessor's name or the Airport's name or otherwise suggests a connection between Lessor and Lessee or Lessee's activities. Lessee shall also not use in connection with its operations at the Premises any name associated with products or purveyors of any sort of alcohol, tobacco, adult entertainment or gambling related products or services.

5.6 Nonexclusive Uses. Lessee understands and agrees that Lessor, Lessor's other tenants, and other persons within and without the Airport and the surrounding vicinity will conduct from time to time business activities in direct competition with Lessee. Lessee has no exclusive

rights to conduct any activity anywhere at the Airport. Nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308(a) of the Federal Aviation Act of 1958(49 U.S.C. 1349).

5.7 Communications Operations Restriction. Lessee shall not install, operate, or allow the use of equipment, methodology or technology that may or would interfere with the optimum effective use or operation of Lessor's existing or future fire, emergency or other communication equipment, methodology or technology (i.e., voice or other data carrying, receiving or transmitting equipment). If such interference should occur, Lessee shall immediately discontinue using the equipment, methodology or technology that causes the interference until Lessee takes corrective measures. Any such corrective measures shall be made at no cost to Lessor.

5.8 Outdoor Uses. Except to the extent, if any, approved by Lessor in writing in advance from time to time, all uses other than aircraft parking, aircraft fueling, pedestrian, aircraft and vehicular access, and similar incidental uses are confined to Lot 12. The preceding sentence does not prohibit minor aircraft servicing outside the Premises on other portions of the Airport as may be allowed from time to time. Under no circumstances may Lessee construct a building upon the Premises.

5.9 Coordination Meetings. Lessee shall meet with Lessor and other Airport users from time to time as requested by Lessor to coordinate and plan construction and operation of the Premises and the requirements of this Agreement.

5.10 Governmental Relations. Lessee shall conduct its activities in coordination with Lessor as necessary to maintain good relations with all governmental and other entities having jurisdiction over the Premises. The preceding sentence does not prohibit Lessee from asserting its legal rights against such entities. Lessee shall immediately give to Lessor notice of any actual or threatened dispute, violation or other disagreement relating to the Premises. Lessee is not an agent for Lessor. Without limitation, such entities (who are not third party beneficiaries to this Agreement) include (to the extent that such entities have jurisdiction over the Premises):

5.10.1 State of Arizona

5.10.2 Maricopa County

5.10.3 Arizona Department of Environmental Quality

5.10.4 Arizona Department of Transportation

5.10.5 Federal Aviation Administration

5.11 Conduct at Premises. In entering into this Agreement, Lessor and Lessee have foremost in mind providing a professional atmosphere devoid of any unruly, inebriated, disorderly, or sexually oriented behavior. Lessee shall cause persons exhibiting such behavior to leave the Premises. No alcohol is permitted on the Premises. The preceding sentence does not apply to small quantities of alcohol provided by building or aircraft occupants for their own use (and guests).

5.12 Quality Service. Lessee shall operate the Premises in a first-class manner; shall furnish prompt, clean and courteous service; and shall keep the Premises attractively maintained, orderly, clean, sanitary and in an inviting condition at all times, all to Lessor's reasonable satisfaction.

5.13 Lessee's Agent. Lessee shall at all times when the Premises or Lot 12 are occupied, retain on call, available to Lessor upon Lot 12 an active, qualified, competent and experienced manager to supervise all activities upon and operation of the Premises and who shall be authorized to represent and act for Lessee in matters pertaining to all emergencies and the day-to-day operation of the Premises and other matters affecting this Agreement. Lessee shall also provide notice to Lessor of the name, street address, electronic mail address, and regular and after hours telephone and telefax numbers of a person to handle Lessee's affairs and emergencies at the Premises.

5.14 Operations and Staff Qualifications and Requirements. Lessee shall provide to the Premises adequate qualified personnel to conveniently conduct all operations at the Premises.

5.15 Hazardous Materials. Lessee's use upon or about the Premises shall be subject to the following provisions regarding any hazardous waste or materials or toxic substance or any substance now or hereafter subject to regulation under the Arizona Hazardous Waste Management Act, A.R.S. § 49-901, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq., or the Toxic Substances Control Act, 15 U.S.C. 2601, et seq., or any other federal, state, county, or local law pertaining to hazardous waste or toxic substances (collectively "Toxic Substances"):

5.15.1 Lessee shall not produce, dispose, transport, treat, use or store any Toxic Substances upon or about the Premises.

5.15.2 Lessee shall dispose of any Toxic Materials away from the Premises as required by law and as reasonably required by Lessor.

5.15.3 Lessee shall not use the Premises in a manner inconsistent with regulations issued by the Arizona Department of Health Services, or in a manner that would require a permit or approval relating to Toxic Substances from the Arizona Department of Health Services or any other governmental agency.

5.15.4 In addition to any other indemnities or obligations, Lessee shall pay, indemnify, defend and hold Lessor harmless against any loss or liability incurred by reason of any Toxic Substance on or affecting the Premises attributable to or caused by Lessee or anyone using the Premises or acting or claiming under Lessee or this Agreement or otherwise relating to this Agreement. Lessee shall immediately notify Lessor of any prohibited Toxic Substance at any time discovered or existing upon the Premises.

5.15.5 Lessee understands the hazards presented to persons, property and the environment by dealing with Toxic Substances. Lessee acknowledges that Lessor gives no assurance as to the possibility that the Premises may contain actual or presumed asbestos containing materials.

5.16 Parking off the Premises. Lessor is not required to provide any parking. Vehicle loading, unloading, parking and standing is not allowed on any other area of the Airport or upon adjacent streets or lands (except for Lot 12). The preceding sentence does not prohibit use of motor vehicles upon the Airport ramp or other areas as may be permitted from time to time. Lessee shall take such measures as Lessor may reasonably request (including but not limited to installing, maintaining and operating card controlled access gates) to control non-aircraft access to areas accessible to aircraft.

5.17 Airport Operations. Lessee acknowledges that Lessee's use of the Premises shall be subject and subordinate to Lessor's operation of the Airport which will necessarily directly and indirectly affect Lessee and the Premises. Lessee shall not use the Premises in a way that in Lessor's reasonable discretion adversely affects Lessor's use or operation of the Airport. Cumulatively and without limitation:

5.17.1 This Agreement does not give Lessee any rights to park aircraft at any location at the Airport other than the Premises or to use any other portion of the Airport except as stated in the Recitals. Any use of any portion of the Airport other than the Premises by Lessee shall be only as a member of the public and subject to all rules and regulations affecting the Airport from time to time.

5.17.2 Lessor reserves the right to further develop, diminish, close, remove or otherwise change the landing area and other areas of the Airport. Lessor reserves the right, but shall not be obligated to Lessee to maintain, operate or repair the landing or other areas of the Airport and all publicly-owned facilities of the Airport.

5.17.3 There is hereby reserved to Lessor, its successors and assigns, and for the use and benefit of Lessor and the public, a right of flight for the passage of aircraft in the airspace above the surface of the Premises. This right of flight shall include the right to cause within or without said airspace any noise, vibrations or other effects relating to the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from, or operating at, the Airport.

5.17.4 Lessee shall not interfere with or endanger or obstruct the flight, taxiing, landing or taking off of aircraft, the loading or unloading of passengers or cargo, or other Airport operations.

5.18 Actions by Others. Lessee shall be responsible to ensure compliance with this Agreement by all persons using the Premises or claiming through or under Lessee or this Agreement. Lessee shall prevent all such persons from doing anything which this Agreement prohibits Lessee from doing.

## VI. IMPROVEMENTS BY LESSOR

6 Improvements by Lessor. Lessor has not promised to and is not obligated in any manner to make any improvements to the Premises or the Airport.

## VII. LESSEE'S IMPROVEMENTS GENERALLY

7 Lessee's Improvements Generally. Lessee shall not perform any improvements, repairs, installation, construction, grading, structural alterations, utility alterations, parking or traffic alterations, removal, demolition or other cumulatively significant construction or similar work of any description whether or not specifically described herein upon the Premises (collectively "Lessee's Improvements") except in compliance with the following:

7.1 Cost of Lessee Improvements. All Lessee's Improvements shall be designed and constructed by Lessee at Lessee's sole cost and expense. In no event, including without limitation termination of this Agreement for any reason, shall Lessor be obligated to compensate Lessee in any manner for any of Lessee's Improvements or other work provided by Lessee during or related to this Agreement. Lessee shall timely pay for all labor, materials, work done for Lessee at or for the Premises and all professional and other services related thereto and shall pay, indemnify,

defend and hold harmless Lessor and Lessor's employees, officer's, contractors and agents against all claims related thereto. Lessee shall bear the cost of all work required from time to time to cause the Premises to comply with local zoning rules, the Americans with Disabilities Act, building codes and similar rules. Lessee shall also bear the cost of all work required from time to time to cause any other property owned by Lessor to comply with all such rules implicated by work performed by Lessee, by Lessee's use of the Premises, or by any exercise of the rights granted to Lessee under this Agreement.

7.2 Improvement Quality. Any and all work performed on the Premises by Lessee shall be performed in a workman-like manner as reasonably determined by Lessor and shall be diligently pursued to completion and in conformance with all building codes and similar rules. All of Lessee's Improvements shall be high quality, safe, fire resistant, modern in design, and attractive in appearance, all as approved by Lessor through the plans approval processes described in this Agreement in addition to any zoning, building code or other regulatory processes that may apply.

7.3 Ownership of Lessee's Improvements. All Lessee's Improvements shall be and become part of the real property of Lessor as constructed or installed. Notwithstanding Lessor's ownership of the land and improvements, during the term of this Agreement Lessee and its permitted sublessees and other permitted successors and assignees shall have the right to occupy and use the land and improvements as set forth in this Agreement, including the right to impose liens upon Lessee's leasehold interest to the extent permitted by this Agreement.

7.4 Time for Completion. Lessee shall diligently and expeditiously pursue to completion the construction of all approved Lessee's Improvements and shall, subject to any force majeure delays, complete construction of all of Lessee's Improvements no later than the earlier of i) six (6) months after commencement of such construction, or ii) any earlier date required by this Agreement or by Lessor's approval of the plans. The preceding sentence does not require Lessee to complete initial construction of the Project prior to the Completion Deadline.

7.5 Construction Coordination. Lessee shall conduct all of its construction activities at and about the Premises so as not to materially interfere with activities, operation, and other construction upon the Airport or surrounding properties.

7.6 Approval Required. Lessee shall not commence construction of any Lessee's Improvements (including work on adjacent public lands, if applicable) without having first received the written consent of Lessor. Such consent requirement shall apply to all improvements, equipment, fixtures, paint, wall treatments, utilities of every description, communications cabling, decorations and other construction work of any description as described in all plans heretofore or hereafter delivered by Lessee to Lessor. All such plans and construction are subject to inspection and final approval by Lessor as to design, aesthetics, functionality, land use, materials, site plan, and all other factors reasonably determined by Lessor to be relevant to the successful development of the Premises and the Airport.

7.7 Effect of Approval. Lessor's approval of plans submitted shall be irrevocable for purposes of this Agreement and shall constitute approval (but only at the level of detail of the applicable stage of the review process) of the matters plainly shown on the plans approved. Lessor shall not reject subsequent plans to the extent the matter to which Lessor objects was clearly included in plans previously approved by Lessor and plainly shown on plans previously approved by Lessor. However, Lessor is not precluded from objecting to refinements or implementation of matters previously approved or treatment of matters previously not approved.

7.8 Utility Modifications. Any changes to utility facilities at the Premises shall be strictly limited to the Premises and shall be undertaken by Lessee at its sole cost and expense. No provider or other third party shall install, repair, operate, or maintain telecommunications or other utilities within the Premises without first executing a non-exclusive license agreement specified by Lessor. Such license may regulate, among other things, access fees, facilities routes and locations, work scheduling, relocation, indemnification, ownership of cables and other equipment, insurance, and other matters as determined by Lessor. Regardless of any such license, the third party's rights shall be derived from and a subset of Lessee's rights under this Agreement, all such work shall be Lessee Improvements, and Lessee shall continue to be responsible according to this Agreement for all work performed.

7.9 Design Requirements. All Lessee's Improvements shall comply with the following design requirements:

7.9.1 All Lessee's Improvements shall be contained entirely within the Premises and without any encroachment or dependence upon any other property, except that:

7.9.1.1 Lessee's Improvements shall include construction of curbs, taxiway connectors, lighting, gutters, pavement, landscaping, and other improvements Lessor determines to be appropriate as shown on the approved plans or otherwise agreed to by Lessor and Lessee prior to commencement of construction.

7.9.2 All Lessee Improvements shall be designed so as to present uniformity of design, function, appearance and quality throughout and functional consistency with other buildings, taxiways, and improvements located at the Airport.

7.9.3 All Lessee's Improvements shall comply with all requirements of law, any applicable insurance contracts, all Site Documents and this Agreement.

7.9.4 Lessee shall be responsible to directly obtain all necessary permits and approvals from any and all governmental or other entities having standing or jurisdiction over the Premises.

7.9.5 To the extent requested by Lessor, Lessee's plans shall include a description of construction methods employed to address environmental issues affecting or affected by the Premises and protect other facilities at the Airport and surrounding properties.

7.10 Disturbance of Toxic Substances. Before undertaking any construction or maintenance work, Lessee shall cause the Premises to be inspected to prevent disturbance of potential asbestos or other Toxic Substances. Before starting any work of any description that bears a material risk of disturbing potential asbestos or other Toxic Substances, Lessee shall cause the contractor or other person performing such work to give to Lessor notice by the method described in this Agreement to the effect that the person will inspect for such materials, will not disturb such materials and will indemnify, defend and hold Lessor harmless against any disturbance of such materials in the course of the work. Lessee shall cause any on-site or off-site storage, inspection, treatment, transportation, disposal, handling, or other work involving Toxic Substances by Lessee in connection with the Premises to be performed by persons, equipment, facilities and other resources who are at all times properly and lawfully trained, authorized, licensed, permitted and otherwise qualified to perform such services.

7.11 Plans Required. Lessee's design of all Lessee's Improvements shall occur in three stages culminating in final working construction documents for the Lessee's Improvements (the

"Final Plans"). The three stages are, in order of submission and in increasing order of detail, as follows:

7.11.1 Conceptual plans showing the general layout, locations, elevations, configuration, and capacities of all significant improvements, topographical features, pedestrian and vehicular ways, buildings, utilities, water systems, and other features significantly affecting the appearance, design, function and operation of each element of Lessee's Improvements. The conceptual plans must also show general locations and dimensions of all rooms, hallways and other areas together with the number of square feet of building and other area that all significant uses and facilities will respectively occupy.

7.11.2 Preliminary plans showing all building finishes and treatments, finished elevations, general internal and external building design and decoration schemes (including without limitation colors, textures and materials), mechanical, communications, electrical, plumbing and other utility systems, building materials, landscaping and all other elements necessary prior to preparation of final working construction documents and showing compliance with all requirements of this Agreement. The preliminary plans shall show all detail necessary before preparation of Final Plans.

#### 7.11.3 Final Plans.

7.12 Buildings. Lessee is not permitted to construct a building on the Premises and Lessor is at no time obligated to approve any building. Nevertheless, if Lessor does approve a building in the future, the plans approval process of this Agreement shall apply to the building.

7.13 Approval Process. The following procedure shall govern Lessee's submission to Lessor of all plans for Lessee's Improvements, including any proposed changes by Lessee to previously approved plans:

7.13.1 Upon execution of this Agreement, Lessor and Lessee shall each designate a construction manager to coordinate the respective party's participation in designing and constructing the Lessee's Improvements. Each construction manager shall devote such time and effort to the Lessee's Improvements as may be necessary for timely, good faith, and convenient coordination among the parties and their representatives involved with the Lessee's Improvements and compliance with this Agreement. Lessor's construction manager will not be exclusively assigned to this Agreement or the Lessee's Improvements.

7.13.2 All plans submitted under this Agreement shall show design, appearance, style, landscaping, mechanical, utility, communication and electrical systems, building materials, layout, colors, streets, sidewalks, transportation elements, views, and other information reasonably deemed necessary by Lessor for a complete understanding of the work proposed, all in detail reasonably deemed appropriate by Lessor for the level of plans required by this Agreement.

7.13.3 All submissions by Lessee under this Agreement shall be delivered directly to Lessor's construction manager and shall be clearly labeled to indicate that they are submitted pursuant to this Agreement and not for building permits, zoning or other approvals. Each submittal of plans by Lessee for Lessor's review shall include five (5) complete sets of the plans on paper together with two (2) copies of Autocad release 12 or 13 computer files on three and one-half inch high density floppy disks containing vector line drawings of the improvements or such other form of then reasonably widely used computer data as Lessor may require.

7.13.4 Lessee shall coordinate with Lessor as necessary on significant design issues prior to preparing plans to be submitted hereunder.

7.13.5 In addition to other submissions required under this Agreement, Lessee shall simultaneously deliver to Lessor's construction manager copies of all applications and supplemental, supporting and related materials for all zoning, development review and similar processes for the Lessee's Improvements (excluding building permits).

7.13.6 No plans shall be deemed approved by Lessor until stamped "APPROVED PER PARAGRAPH 7.6 OF LEASE AGREEMENT" (or other words clearly evidencing Lessor's approval pursuant to this Agreement as distinguished from any regulatory or other approval) and dated and initialed, by Lessor's construction manager (collectively "Stamped").

7.13.7 Construction shall not commence until Lessee delivers to Lessor a formal certification in favor of Lessor by a qualified registered engineer acceptable to Lessor to the effect that the Lessee's Improvements are properly designed to be safe and functional and comply with this Agreement. Such certification shall be accompanied by and refer to such supporting information and analysis as Lessor may require. Such certification shall be on the face of the plans themselves.

7.13.8 Lessee acknowledges that Lessor's construction manager's authority with respect to the Premises is limited to the administration of the requirements of this Agreement. No oral approval, consent or direction by Lessor's construction manager or other persons affiliated with Lessor inconsistent with this Agreement shall be binding upon Lessor. Lessee shall be responsible for securing all zoning approvals, development review, and other governmental approvals and for satisfying all governmental requirements pertaining to the Lessee's Improvements and shall not rely on Lessor or Lessor's construction manager for any of the same.

7.13.9 Lessor's issuance of building permits or zoning clearances, or any other governmental reviews or actions shall not constitute approval of any plans for purposes of this Agreement. Lessee's submission of plans under this Agreement, Lessor's approval of plans for purposes of this Agreement, and the plans approval process under this Agreement, shall be separate and independent of all zoning, design review and other regulatory or similar plans submittal and approval processes, all of which shall continue to apply in addition to the requirements of this Agreement and its approvals.

7.13.10 Lessor has the right to require Lessee to obtain approval for any Lessee Improvements from the City of Scottsdale Development Review Board and any similar body.

7.13.11 Lessee shall hand deliver all plans to Lessor no later than each submission date. Submission dates shall be such dates as are necessary for Lessee to timely obtain the approvals required by this Agreement. Lessee is responsible to allow adequate time for all communications and plans revisions necessary to obtain approvals and shall schedule its performances hereunder and revise its plans as necessary to timely obtain all approvals.

7.13.12 Within thirty (30) days after Lessor's receipt of plans from Lessee, Lessor shall make available to Lessee one (1) copy of the plans Lessee submitted either Stamped or marked to indicate the reasons that Lessor does not approve the plans.

7.13.13 If changes are required, Lessee shall revise the plans incorporating the changes requested by Lessor and shall within thirty (30) days after Lessor returns the marked up plans to Lessee submit revised plans to Lessor. Within twenty (20) days after Lessor's receipt of

the revised plans, Lessor shall make available to Lessee one (1) copy of the revised plans either Stamped or marked to indicate the reasons that Lessor does not approve the plans.

7.13.14 Lessee shall provide to Lessor copies of any and all designs or plans for improvements upon the Premises for Lessor's unrestricted use at the Premises or elsewhere.

7.14 Minor Changes. Lessor's consent shall not be required for minor changes discovered by Lessee during the course of initial Project construction to be necessary to complete construction as contemplated by the latest plans approved by Lessor. For purposes of the preceding sentence, "minor changes" are those that do not materially alter the structure, size, layout, location, quality, appearance, functionality or other aspects of any room, area, feature, structure, or other aspects of any improvements. Lessee shall give to Lessor as much advance notice of any minor changes as is reasonably possible. In the event advance notice to Lessor is not possible, Lessee shall as soon as possible, and in no event later than three (3) days after the change, give Lessor notice of any such minor change. Such notice shall refer specifically to this paragraph.

7.15 Funding Assurances. In addition to the security deposit and any other payment or performance required under this Agreement, Lessee shall at least two weeks prior to the commencement of any construction work by Lessee under this Agreement having an estimated cost of more than Ten Thousand Dollars (\$10,000) provide to Lessor the following assurances that Lessee will timely pay for the work to be completed (the "Funding Assurances") as follows:

7.15.1 Funding Assurances Amount. The Funding Assurance shall be in an amount (the "Funding Assurances Amount") equal to eighty percent (80%) of the full contract amounts payable directly or indirectly to all persons for the construction work. In the event the contract amounts increase by more than ten percent (10%) above the prior amount, the Funding Assurances Amount shall increase by the same proportion.

7.15.2 Funding Assurances Alternatives. All Funding Assurances shall consist of one of the following:

7.15.2.1 A fully executed construction loan commitment or agreement legally obligating a reputable federally insured financial institution to fund construction.

7.15.2.2 A letter of credit meeting the requirements listed on Exhibit "C" attached hereto.

7.15.2.3 Written confirmation from a federally insured financial institution chosen by Lessor having offices in Maricopa County, Arizona to the effect that said institution is holding for Lessor funds (the "Construction Account") in the Funding Assurances Amount. Such funds shall be held in an interest bearing account in Lessor's name only. All interest shall remain in the Construction Account. All funds shall be owned by Lessor upon deposit in the Construction Account. Funds shall be disbursed to anyone other than Lessor only upon Lessor's notice to the institution that Lessor has received unrelated third party invoices for actual hard costs of construction labor or materials together with notice from Lessee that such funds may be disbursed. The invoices must be accompanied by a certificate from the third party that the third party has actually supplied the labor or materials to the Premises and by such additional information and things as Lessor may reasonably consider necessary to determine compliance with this Agreement. All distributions from the Construction Account shall be by check payable to Lessor or jointly payable to Lessee and the third party. Lessee shall provide to Lessor no later than the tenth day of each month a detailed statement of Construction Account activity during the preceding

month. All funds will be immediately available to Lessor upon demand. At no time is Lessor required to pay or advance any funds not previously deposited by Lessee.

7.16 Contractor Assurances. In addition to the Funding Assurances, the security deposit and any other payment or performance required under this Agreement, Lessee shall at least two weeks before the commencement of any construction work by Lessee under this Agreement having an estimated cost of more than Thirty Thousand Dollars (\$30,000) provide to Lessor evidence of the following assurances in favor of Lessee that Lessee's contractors will timely and properly complete and pay all suppliers and subcontractors for the work completed (the "Contractor Assurances") as follows:

7.16.1 Contractor Assurance Amount. Each Contractor Assurance shall be in an amount (the "Contractor Assurance Amount") equal to one hundred percent (100%) of the full contract amount payable directly or indirectly to all persons for the construction work.

7.16.2 Contractor Assurances Required. Lessee's obligation to cause its contractors to provide Contractor Assurances includes both of the following:

7.16.2.1 A payment bond in favor of Lessee covering all of the contracted work.

7.16.2.2 A performance bond in favor of Lessee covering all of the contracted work.

7.16.3 Contractor Assurance Qualifications. The issuer of each Contractor Assurance must be qualified to do business and in good standing in the State of Arizona and in its home state and must have a net worth of at least three times the Contractor Assurance amount. Each Contractor Assurance shall be issued by a person acceptable to Lessor and shall also at a minimum meet the requirements of A.R.S. § 34-222 and A.R.S. § 34-223, and other applicable laws.

7.17 Rules Applicable to Both Funding Assurances and Contractor Assurances. The following rules shall be applicable to both all Funding Assurances and all Contractor Assurances (collectively "Improvement Assurances"):

7.17.1 Amount Adjustment. In the event the required amount of an Improvement Assurance increases from time to time by more than ten percent (10%) above the prior amount, Lessee shall, from time to time, on or before the date of the increase, deliver to Lessor an additional Improvement Assurance in the amount of such increase, or cause the existing Improvement Assurance held by Lessor to be amended to increase its amount.

7.17.2 Improvement Assurance Form. Each Improvement Assurance must be in form and substance acceptable to Lessor. The scope of Lessor's approval is to assure that the Improvement Assurance complies with this Agreement. Lessee shall deliver directly to Lessor's legal department (together with a copy to Lessor as provided for notices under this Agreement) a full and complete draft form of each Improvement Assurance and all related and supporting documentation at least thirty (30) days before the date the actual Improvement Assurance is required. All Improvement Assurances shall contain provisions specifically recognizing and authorizing Lessor's rights provided by this Agreement. All Improvement Assurances shall be accompanied by or shall include a statement by the issuer to Lessor to the effect that the Improvement Assurance is intended by the issuer to provide to Lessor at a minimum the protection described in this Agreement as follows:

This \_\_\_\_\_ is intended to conform to the requirements for Improvement Assurance set forth in article \_\_\_\_ of the \_\_\_\_\_ Agreement between \_\_\_\_\_ and the City of Scottsdale dated \_\_\_\_\_, 20\_\_\_\_ and to provide to the City of Scottsdale the protections described therein. Issuer warrants that it meets the requirements thereof for issuing of this \_\_\_\_\_.

Lessor shall give its comments concerning the draft form of Improvement Assurance no later than fifteen (15) days after receiving the draft form.

7.17.3 Improvement Assurance Claims. Lessor shall not make demand on an Improvement Assurance contrary to the provisions of this Agreement; but in the event of a dispute over Lessor's obtaining and using the benefits of an Improvement Assurance, neither Lessee, the Improvement Assurance issuer, nor any third party shall be entitled to interfere in any way (including without limitation, restraining order, injunctions or other judicial remedies, all of which are hereby unconditional and irrevocably waived) with Lessor's obtaining or using the funds or other benefits of the Improvement Assurance.

7.17.4 Lessor's Improvement Assurance Claim. In the event Lessee is in default or the construction is not completed or timely progressing for any reason, Lessor shall have the right to set-off, deduct and withhold an amount or otherwise make claim upon any Improvement Assurance sufficient to complete the construction and to pay all other costs and expenses related to such construction. Additionally, in such event, Lessor shall have the right to claim an amount sufficient to pay all costs of litigation, attorneys fees and costs required by a judgment or decision relating to any contingent liability that, in the opinion of Lessor, may be outstanding at the time of termination. Further, Lessor may, subject to the express provisions hereof, including the notice and cure provisions of Section 10.1 hereof, draw on any Improvement Assurance at any time Lessee is in default to satisfy Lessee's obligations under this Agreement.

7.17.5 Improvement Assurance Term. Each Improvement Assurance shall require the issuer to give Lessor not less than thirty (30) days nor more than sixty (60) days advance notice of expiration or other termination. Any replacement Improvement Assurance must be delivered to Lessor at least thirty (30) days before expiration of the Improvement Assurance being replaced. Any replacement Improvement Assurance must meet all requirements of this Agreement. No Improvement Assurance may be modified without Lessor's consent.

7.18 Release of Improvement Assurance. Within thirty (30) days after the last to occur of the following, Lessor shall give to Lessee notice that the Improvement Assurance is released: i) Lessee's completion of the Lessee Improvements, ii) Lessee's payment of all design, construction, and all other amounts to be paid in connection with construction of the Lessee Improvements, iii) Lessee's performance and payment of all other obligations related to the Improvement Assurance and the construction, payment and other obligations thereto, and iv) Lessee's giving to Lessor notice requesting the release stating that the preceding conditions have been satisfied along with such supporting documentation as Lessor may reasonably require.

## VIII. LESSEE'S INITIAL PROJECT CONSTRUCTION

8 Lessee's Initial Project Construction. No later than the Completion Deadline, Lessee shall complete construction of the Project in accordance with all requirements of this Agreement, including without limitation those relating to Lessee's Improvements, and the following:

8.1 Initial Plans Approved. By entering into this Agreement, Lessor approves for purposes of this Agreement only, the design of the Lessee's Improvements comprising the Project

to the extent their design is set forth in the Site Plan and other exhibits to this Agreement that show compliance with Lessor's design requirements for Lessee's Improvements. For purposes of Lessee's initial Project construction, said approval satisfies the requirement under this Agreement that Lessee obtain Lessor's approval of plans to the extent of matters shown in the Site Plan and other exhibits. However, Lessee must still submit to Lessor and obtain Lessor's approval of matters not shown on the Site Plan and other exhibits, and changes, modifications, refinements and particular implementations of matters that are shown on the Site Plan and other exhibits.

8.2 Project Definition. As of the date of this Agreement, the Project is only designed to the extent depicted in the Site Plan. Unless otherwise agreed by the parties, the Project shall conform to the Site Plan and the following (which listing of requirements is not intended to be exhaustive of the improvements required to construct the improvements this Agreement requires Lessee to construct):

8.2.1 Main Components. Lessee's Improvements include all improvements shown on the Site Plan or required by applicable law.

8.2.2 Infrastructure. Lessee's Improvements include all related work upon the apron, safety area, drainage and other facilities upon the Premises and upon other real property near the Premises.

8.2.3 Other Design Requirements. The Project shall include all such other improvements and other facilities as may be necessary to operate the Premises in the manner contemplated by this Agreement.

8.3 Design and Construction Professionals. All construction and plans preparation for the Project from initial proposals through final construction documents and completion of construction shall be performed by professionals selected and paid by Lessee. All of Lessee's design and construction contractors shall have substantial experience in timely and successfully constructing projects similar to the Project.

8.3.1 Lessee shall reimburse to Lessor all of Lessor's costs for plan review and inspections by Lessor's employees and contractors.

8.4 Project Design and Construction Schedule. Lessee shall design and construct the Project according to the following schedule:

8.4.1 Lessee shall obtain Lessor's approval of Final Plans for the Project no later than December 31, 2016 prior to the Completion Deadline.

8.4.2 Lessee shall commence constructing the Project no later than December 31, 2016 prior to the Completion Deadline.

8.4.3 Lessee shall complete construction of the entire Project, obtain certificates of occupancy for the entire Project, and commence operating the Project in the manner contemplated by this Agreement, no later than the Completion Deadline.

## IX. MAINTENANCE AND UTILITIES

9 Maintenance and Utilities. Except as expressly provided below, Lessee shall be solely responsible for all maintenance, repair and utilities for the Premises during the term of this Agreement.

9.1 Maintenance by Lessor. Lessor shall maintain that portion of Lessee's Improvements which are located outside of and adjacent to the Premises at the Airport depicted as a Site Plan on Exhibit "B" attached hereto (the "Additional Improvements") at Lessor's sole expense in a first-class, sound, clean and attractive manner, meeting or exceeding the manner of maintenance at first class comparable facilities in the western United States as determined in Lessor's reasonable discretion.

9.2 Utility Interruptions. Lessor is not responsible for any interruption of utilities to or upon the Premises or other difficulties related to utilities at the Premises. Without limitation:

9.2.1 Lessor is not responsible for utility interruptions caused outside the Premises.

9.2.2 Lessor is not responsible for utility interruptions not caused directly by Lessor's negligence.

9.2.3 Lessor is not responsible for the acts, breach, errors or omissions of any provider or consumer of electrical service or other utilities to the Premises.

9.3 Maintenance by Lessee. Lessee shall at all times repair, and maintain and replace the Premises and all of Lessee's facilities thereat at Lessee's sole expense in a first-class, sound, clean and attractive manner, meeting or exceeding the manner of maintenance at first class comparable facilities in the western United States as determined in Lessor's reasonable discretion.

## X. BREACH BY LESSEE

10 Breach by Lessee. Lessee shall comply with, perform and do each performance and thing required of Lessee herein and Lessee's failure to do so shall be a breach by Lessee of this Agreement.

10.1 Events of Default. This entire Agreement is made upon the condition that each and every one of the following events shall be deemed an "Event of Default" and a material breach by Lessee of Lessee's material obligations under this Agreement:

10.1.1 If Lessee shall be in arrears in the payment of Rent and shall not cure such arrearage within ten (10) days after Lessor has notified Lessee in writing of such arrearage.

10.1.2 The occurrence of any default or other failure by Lessee to perform all obligations under any of the Site Documents.

10.1.3 If Lessee shall abandon the Premises or this Agreement.

10.1.4 If Lessee shall be the subject of a voluntary or involuntary bankruptcy, insolvency or similar Proceeding or if any general assignment of any of Lessee's property shall be made for the benefit of creditors (collectively a "Lessee Insolvency").

10.1.5 If any representation or warranty made by Lessee in connection with this Agreement or the negotiations leading to this Agreement shall prove to have been false in any material respect when made.

10.1.6 If Lessee shall fail to obtain or maintain any licenses, permits, or other governmental approvals pertaining to the Premises or timely pay any taxes pertaining to the Premises and shall not cure such failure within thirty (30) days.

10.1.7 If Lessee shall fail to or neglect to do or perform or observe any other provisions contained herein on its part to be kept or performed and such failure or neglect to do or perform or observe any of such other provisions shall continue for a period of thirty (30) days after Lessor has notified Lessee in writing of Lessee's default hereunder. In the event of a cure which cannot be completed within thirty (30) days, Lessee shall have an extended cure period as follows:

10.1.7.1 Lessee shall complete the cure within the shortest period that may be possible, but in no event later than ninety (90) days after Lessor's initial notice.

10.1.7.2 As soon as reasonably possible, but in no event later than the end of the initial thirty (30) day period, Lessee shall give to Lessor notice describing the non-performance, Lessee's proposed cure, the time required for the proposed cure and the reason the cure cannot be effected within the initial thirty (30) day period. Lessee shall thereafter give to Lessor such notices as are necessary to keep Lessor thoroughly apprised of the status of the cure.

10.1.8 If Lessee shall repeatedly fail to perform any requirement of this Agreement.

10.2 Lessor's Remedies. Upon the occurrence of any Event of Default or at any time thereafter, Lessor may, at its option and from time to time, exercise any or all or any combination of the following remedies in any order and repetitively at Lessor's option:

10.2.1 Lessor's right to terminate this Agreement for nonpayment of Rent or for any other Event of Default is hereby specifically provided for and agreed to.

10.2.2 Without demand or notice, enter into and upon the Premises or any part thereof, and repossess the same of its former estate, and expel Lessee and those claiming by, through or under it, and remove their effects, if any, forcibly if necessary, without being deemed guilty of trespass and without prejudice to any other remedy.

10.2.3 Claim and enforce a lien upon Lessee's property at the Premises securing all of Lessee's obligations hereunder.

10.2.4 Cause a receiver to be appointed for the Premises and for the continuing operation of Lessee's business thereon.

10.2.5 Pay or perform, for Lessee's account and at Lessee's expense, any or all payments or performances required hereunder to be paid or performed by Lessee.

10.2.6 Abate at Lessee's expense any violation of this Agreement.

10.2.7 Pursue at Lessee's expense any and all other remedies, legal or equitable, to which Lessor may be entitled.

10.2.8 Refuse without any liability to Lessee therefore to perform any obligation imposed on Lessor by this Agreement.

10.2.9 Be excused from further performance under this Agreement.

10.2.10 Insist upon Lessee's full and faithful performance under this Agreement and upon Lessee's full and timely payment of all Rent during the entire remaining term of this Agreement.

10.2.11 Assert or exercise any other right or remedy permitted by law.

10.3 Non-waiver. Lessee acknowledges Lessee's unconditional obligation to comply with this Agreement. No failure by Lessor to demand any performance required of Lessee under this Agreement, and no acceptance by Lessor of any imperfect or partial performance under this Agreement, shall excuse such performance or impair in any way Lessor's ability to insist, prospectively and retroactively, upon full compliance with this Agreement. No acceptance by Lessor of Rent or other performances hereunder shall be deemed a compromise or settlement of any claim Lessor may have for additional or further payments or performances. Any waiver by Lessor of any breach of condition or covenant herein contained to be kept and performed by Lessee shall not be deemed or considered as a continuing waiver and shall not operate to bar or prevent Lessor from declaring a default for any succeeding breach either of the same condition or covenant or otherwise. No statement, bill or notice by Lessor concerning payments or other performances due hereunder shall excuse Lessee from compliance with this Agreement nor estop Lessor (or otherwise impair Lessor's ability) to at any time correct such notice and/or insist prospectively and retroactively upon full compliance with this Agreement. No waiver of any description (including any waiver of this sentence or paragraph) shall be effective against Lessor unless made in writing by a duly authorized representative of Lessor specifically identifying the particular provision being waived and specifically stating the scope of the waiver. LESSEE EXPRESSLY DISCLAIMS AND SHALL NOT HAVE THE RIGHT TO RELY ON ANY SUPPOSED WAIVER OR OTHER CHANGE OR MODIFICATION, WHETHER BY WORD OR CONDUCT OR OTHERWISE, NOT CONFORMING TO THIS PARAGRAPH.

10.4 Reimbursement of Remedies Lessor's Expenses. Lessee shall pay to Lessor upon demand any and all amounts expended or incurred by Lessor in performing Lessee's obligations.

10.5 Inspection. Lessor shall have access to the Premises at all times and upon reasonable notice (except, in the event of an emergency without notice) for the purpose of examining, inspecting, evaluating, planning, repairing, designing, maintaining or showing the Premises or exercising Lessor's other rights hereunder. Lessee shall promptly undertake appropriate action to rectify any deficiency (identified by Lessor during such inspections or otherwise) in Lessee's compliance with this Agreement.

## XI. TERMINATION

11 Rights at Termination. Termination of this Agreement due to Lessee's breach or for any other reason does not terminate Lessee's obligations existing or arising prior to or simultaneous with, or attributable to, the termination or in any way terminate any of Lessee's liability related to this Agreement.

11.1 Delivery of Possession. At the expiration of the term hereof or upon any sooner termination thereof, Lessee shall without demand, peaceably and quietly quit and deliver up the Premises to Lessor thoroughly cleaned, in good repair, and with all utilities operating, with the Premises maintained and repaired and in as good order and condition, reasonable use and wear excepted, with the Premises as the same now are or in such better condition as the Premises may hereafter be placed by Lessee or Lessor. Upon termination, Lessee shall deliver to Lessor any

security deposits, prepaid rents, or other amounts for which Lessor deems a claim may be made respecting the Premises.

11.2 Confirmation of Termination. Upon expiration or termination of this Agreement for any reason, Lessee shall provide to Lessor upon demand quit claim deeds covering the Premises executed by Lessee and by all persons claiming through this Agreement or Lessee any interest in or right to use the Premises.

11.4 Fixtures and Improvements. Upon termination of this Agreement through expiration, default or otherwise, if the same has not occurred earlier, title to any and all attached items shall automatically vest in Lessor without any payment by Lessor or any compensation to Lessee and without requirement of any deed, conveyance, or bill of sale. However, if Lessor shall request any documents in confirmation thereof, Lessee shall promptly execute, acknowledge and deliver the same. Unattached items owned by Lessee shall continue to be owned by Lessee.

## XII. INDEMNITY AND INSURANCE

12 Indemnity and Insurance. Lessee shall insure the Premises and its property and activities at and about the Premises and shall provide insurance and indemnification as follows:

12.1 Insurance Required. Prior to entering, occupying or using the Premises in any way all times thereafter, and in any event not later than the date thirty (30) days after the date of this Agreement, and at all times thereafter Lessee shall obtain and cause to be in force and effect the following insurance:

12.1.1 Commercial General Liability. Commercial general liability insurance with an unimpaired limit of Five Million Dollars (\$5,000,000) for each occurrence and a Five Million Dollar (\$5,000,000) general aggregate limit per policy year. The policy shall cover liability arising from premises, operations, independent contractors, products, completed operations, personal injury, bodily injury, advertising injury, any medical professionals based on the Premises, and liability assumed under an "insured contract" including this Agreement. The policy will cover Lessee's liability under the indemnity provisions of this Agreement. The protection under the policy shall at a minimum meet or exceed Insurance Service Office, Inc. form CG0001093 or an equivalent thereof as determined by Lessor from time to time. The policy shall contain a "separation of insureds" clause.

12.1.2 Automobile Liability. Commercial business automobile liability insurance with limit of Five Million Dollars (\$5,000,000) for each occurrence covering any and all owned, hired, and non-owned vehicles assigned to or used in any way in connection with Lessee's use of the Premises. Coverage must be at least as broad as coverage code 1, "any auto", Insurance Service Office, Inc. policy form CA 00011293 or an equivalent thereof as determined by Lessor. If applicable, an MCS 90 endorsement covering Toxic Substances is required providing Five Million Dollars (\$5,000,000) per occurrence limits of liability for bodily injury and property damage. Without limitation, all of such insurance shall cover hazards of motor vehicle use for loading and off loading.

12.1.3 Workers' Compensation. Such workers' compensation and similar insurance as is required by law and employer's liability insurance with a minimum limit of Five Hundred Thousand Dollars (\$500,000) for each accident, Five Hundred Thousand Dollars (\$500,000) disease for each employee, One Million Dollars (\$1,000,000) policy limit for disease.

12.1.4 Special Form (All Risk) Property Insurance. Lessee shall maintain Special Risk Causes of Loss Property coverage, as defined by Insurance Services Office, Inc., in an amount per occurrence equal to the full replacement cost of the Premises and all personal property used in connection with the Premises. Property coverage shall include Pollutant Clean Up and Removal with minimum limits of coverage of \$50,000.

12.1.5 Contractor's Protective. With respect to any construction involving the Premises, Lessor's and contractor's protective insurance covering the interests of contractors, Lessor and Lessee, with a minimum limit of One Million Dollars (\$1,000,000) for each occurrence and a Two Million Dollars (\$2,000,000) general aggregate limit per policy year. This coverage may be included with the commercial general liability coverage.

12.1.6 Builders' Risk Property Insurance. Builders' risk insurance in the amount of the entire cost of the Project or other construction work at or related to the Premises as well as subsequent modifications thereto. Such builder's risk insurance shall be maintained until final payment for the construction work and materials has been made and until no person or entity other than Lessee and Lessor has an insurable interest in the Premises, whichever is later. This insurance shall include interests of Lessor, Lessee and all subcontractors and sub-subcontractors involved in any Lessee's Improvements or other construction work at or related to the Premises during the course of any construction, and shall continue until all work is completed and accepted by Lessee and Lessor. Lessee bears full responsibility for loss or damage to all work being performed and to works under construction. Builders' risk insurance shall be on special form (all-risk) policy form and shall also cover false work and temporary buildings and shall insure against risks of direct physical loss or damage from external causes including debris removal and demolition occasioned by enforcement of any applicable legal requirements, and shall cover reasonable compensation for architect's service and expenses required as a result of such insured loss and other "soft costs". Builders' risk insurance must provide coverage from the time any covered property comes under Lessee's control and/or responsibility, and continue without interruption during construction or renovation or installation, including any time during which the covered property is being transported to the construction installation site, and while on the construction or installation site awaiting installation. The policy will continue to provide coverage when the covered Premises or any part thereof are occupied. Builders' risk insurance shall be primary and not contributory.

12.1.7 Environmental Impairment Liability. Lessee shall maintain Environmental Impairment Liability coverage for any fuel storage facility, tank, underground or aboveground piping, ancillary equipment, containment system or structure used, controlled, constructed or maintained by Lessee in the amount of \$1,000,000 Each Incident, \$2,000,000 Aggregate. The policy shall cover on-site and off-site third party bodily injury and property damage including expenses for defense, corrective action for storage tank releases and clean-up for storage tank releases. The environmental insurance coverage described in this paragraph is not required for aircraft fueling from a fuel truck owned and operated by an unrelated third party based at a different location at the Airport and licensed to operate at the Airport.

12.1.8 Other Insurance. Any other insurance Lessor may reasonably require for the protection of Lessor and Lessor's employees, officials, representatives, officers, directors, and agents (collectively "Additional Insureds"), the Premises, surrounding property, Lessee, or the activities carried on or about the Premises. Likewise, Lessor may elect by notice to Lessee to increase the amount of any insurance to account for inflation, changes in risk, or any other factor that Lessor reasonably determines to affect the prudent amount of insurance to be provided.

12.2 Form of Insurance. All insurance policies shall meet the following requirements:

12.2.1 All policies except workers' compensation must name Lessor and the other Additional Insureds as additional insureds. Lessee shall cause coverage for Additional Insureds to be incorporated into each insurance policy by endorsement. Lessor may give Lessee notice of Lessor's election from time to time that any or all the Additional Insureds not be named as Additional Insureds with respect to specific insurance coverages.

12.2.2 All property policies must name Lessor as a loss payee as respects any proceeds relating to the Premises.

12.2.3 All policies must provide Lessor with at least thirty (30) days prior notice of any cancellation, reduction or other material change in coverage.

12.2.4 All policies shall require that notices be given to Lessor in the manner specified for notices to Lessor under this Agreement.

12.2.5 "Occurrence" coverage is required. "Claims made" insurance is not permitted.

12.2.6 Policies must also cover and insure Lessee's activities relating to the business operations and activities conducted from the Premises.

12.2.7 The insurer's duty to notify Lessor of changes in coverage shall not include phrases such as "endeavor to" or "but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives".

12.2.8 Lessee must clearly show by providing copies of insurance policies, certificates, formal endorsements or other documentation acceptable to Lessor that all insurance coverage required by this Agreement is provided.

12.2.9 All insurance policies shall contain a waiver of any transfer rights of recovery (subrogation) against Lessor and all other Additional Insureds.

12.2.10 No deductibles, retentions, or "self-insured" amounts shall exceed One Hundred Thousand Dollars (\$100,000) in the aggregate per year. If Lessee desires higher deductibles, retentions, or "self-insured" amounts, Lessee shall notify Lessor in writing not more often than once per year requesting a change in the amount. Lessor shall have the right to accept, modify, limit or reject Lessee's request. Lessee shall be solely responsible for any self-insurance amount or deductible. Lessor may require Lessee from time to time to secure payment of such deductible or self-insured retention by a surety bond or irrevocable and unconditional letter of credit.

12.3 Insurance Certificates. Lessee shall evidence all insurance by furnishing to Lessor certificates of insurance annually and with each change in insurance. Certificates must evidence that the policy referenced by the certificate is in full force and effect and that the policy satisfies each requirement of this Agreement applicable to the policy. For example, certificates must evidence that Lessor and the other Additional Insureds are additional insureds and that insurance proceeds will be paid as required by this Agreement. Certificates must be in a form acceptable to Lessor. All certificates are in addition to the actual policies and endorsements required. Lessee shall provide updated certificates at Lessor's request.

12.4 Acceptable Insurers. All insurance policies shall be issued by insurers acceptable to Lessor. At a minimum, all insurers shall be duly licensed (or qualified unlicensed non-admitted insurer) by the State of Arizona, Department of Insurance. At a minimum, all insurers shall have and maintain an A.M. Best, Inc. rating of B++ 6.

12.5 Primary Insurance. Lessee's insurance shall be primary insurance. Any insurance or self-insurance maintained by Lessor shall not contribute to Lessee's insurance.

12.6 Indemnity. In addition to all other obligations hereunder, to the fullest extent permitted by law, throughout the term of this Agreement and until all obligations and performances under or related to this Agreement are satisfied and all matters described in this paragraph are completely resolved, Lessee (and all other persons using, acting, working or claiming through or for Lessee or this Agreement if they participated in causing the claim in question) shall jointly and severally pay, indemnify, defend and hold harmless Lessor and all other Additional Insureds for, from and against any and all claims or harm related to the Premises and this Agreement (the "Indemnity"), to the extent caused by Lessee (or any other persons using, acting, working or claiming through or for Lessee or this Agreement). Without limitation, the Indemnity shall include and apply to any and all allegations, demands, judgments, assessments, taxes, impositions, expenses, proceedings, liabilities, obligations, suits, actions, claims (including without limitation claims of personal injury, bodily injury, sickness, disease, death, property damage, destruction, loss of use or other impairment), damages, losses, expenses, penalties, fines or other matters (together with all attorney fees, court costs, and the cost of appellate proceedings) which may arise in any manner out of any use of the Premises or Lessor's property related to this Agreement or any actions, acts, errors, mistakes or omissions relating to work or services in the performance of or related to this Agreement, including any injury or damages or cause of action claimed or caused by any employees, contractors, subcontractors, tenants, subtenants, agents or other persons upon or using the Premises or surrounding areas related to this Agreement, including without limitation, claims, liability, harm or damages caused in part by Lessor or any other Additional Insured or anyone for whose mistakes, errors, omissions or negligence Lessee or Lessor may be liable. The Indemnity shall also include and apply to any environmental, personal injury or other liability relating to Lessee's acquisition, ownership or use of real property developed, operated, owned, used, controlled or possessed by Lessee under this Agreement. Notwithstanding the foregoing, the Indemnity does not apply to:

12.6.1 Claims arising only from the sole negligence of Lessor.

12.6.2 Claims which the law prohibits from being imposed upon Lessee.

12.7 Risk of Loss. Lessor is not required to carry any insurance covering or affecting the Premises or use of Lessor's property related to this Agreement. Lessee assumes the risk of any and all loss, damage or claims to the Premises or related to Lessee's use of the Premises or other property of Lessor, Lessee or third parties throughout the term hereof. Lessor expressly disclaims any representation that required insurance is adequate to protect any person or property against any risks related to the Premises or any activities, uses or improvements related to the Premises. Lessee's obligations to indemnify do not diminish in any way Lessee's obligations to insure; and Lessee's obligations to insure do not diminish in any way Lessee's obligations to indemnify. Lessee's obligations to indemnify and provide insurance are in addition to, and do not limit, any and all other liabilities or obligations of Lessee under or connected with this Agreement. Lessee shall be responsible for any and all damages to its property and equipment related to this Agreement and shall hold harmless and indemnify regardless of the cause of such damages. In the event Lessee secures other insurance related to the Premises or any improvements, property or uses

related thereto, Lessee shall effect an endorsement under such policy waiving any and all insurer's rights of subrogation against Lessor and the other Additional Insureds.

12.8 Insurance to be Provided by Lessees, Sublessees and Others. Any sublessees, contractors or other persons occupying, working on or about, or using the Premises pursuant to this Agreement must also provide for the protection of Lessor and all other Additional Insureds all of the insurance and indemnification required by this Agreement. The preceding sentence does not require such persons to provide insurance which merely duplicates insurance Lessee provides. Lessee shall cause any persons storing aircraft at the Premises to name Lessee and the Additional Insureds as additional insureds under their aircraft liability policies. Such policies shall contain waivers of subrogation as to Lessee and Lessor and the other Additional Insureds.

### XIII. CONDEMNATION

13 Condemnation. The following shall govern any condemnation of any part of or interest in the Premises (the "Part Taken") and any conveyance to a condemnor in avoidance or settlement of condemnation or a threat of condemnation:

13.1 Termination as to Part Taken. This Agreement shall terminate as to the Part Taken on the date (the "Condemnation Date") which is the earlier of the date title to the Part Taken vests in the condemnor or the date upon which the condemnor is let into possession of the Part Taken. Lessee shall execute and deliver to Lessor deeds or other instruments reasonably requested by Lessor conveying and assigning to Lessor Lessee's entire interest in the Part Taken. In the event of a partial condemnation, this Agreement shall continue in full force and effect as to the part of the Premises not taken.

13.2 Determining Partial or Total Condemnation. A condemnation of the Premises which renders the Premises unsuitable for use of the Project (an "Interfering Condemnation"), or which takes the entire Premises, shall be deemed to be a total condemnation. Any other condemnation shall be a partial condemnation. Within fifteen (15) days after the commencement of any condemnation, Lessee and Lessor shall each give to the other a notice stating its respective opinion as to whether the condemnation is total or partial and the reasons for the opinion. Within fifteen (15) days thereafter, Lessor shall determine in Lessor's reasonable discretion whether the condemnation is total or partial.

13.3 Rent Adjustment. In the event of a partial condemnation, Base Rent shall be reduced by a percentage equal to the percentage of the Premises land area taken. The effective date of the Base Rent adjustment shall be the Condemnation Date.

13.4 Condemnation Proceeds. Lessee hereby assigns and transfers to Lessor Lessee's entire interest in all condemnation damages, interest, severance damages, and any other payments or proceeds of any kind relating to the condemnation (collectively the "Condemnation Proceeds"). Lessee shall execute and deliver to Lessor assignments or other instruments reasonably requested by Lessor confirming such assignment and transfer. Lessee shall immediately pay to Lessor any Condemnation Proceeds Lessee may receive. The Condemnation Proceeds shall not include relocation benefits awarded specifically to Lessee to cover expenses of relocating Lessee's business located at the Premises at the time of the condemnation and shall not include any severance damages awarded to Lessee as the owner of Lot 12 with respect to the severance of Lessee's leasehold interest under this Agreement from Lot 12. Such relocation benefits and severance damages with respect to the severance of Lessee's leasehold interest under this Agreement from Lot 12 shall be owned by and paid directly to Lessee only.

13.5 Proceeds Account Deposit. Separate and apart from any condemnation action, Lessor shall deposit into the Proceeds Account (the "Condemnation Deposit") a portion of the Condemnation Proceeds (the "Condemnation Deposit Amount") received by Lessor as follows:

13.5.1 The Condemnation Deposit Amount shall be calculated as follows:

13.5.1.1 First, begin with the actual original capital cost paid by Lessee to construct the Lessee's Improvements condemned.

13.5.1.2 Second, adjust such actual cost based on the Cost of Living Index in the same manner provided for adjustment of Base Rent.

13.5.1.3 Third, reduce said adjusted actual cost by five percent (5%) for each year or portion of a year having passed from the time of construction.

13.5.1.4 Fourth, subtract any amount necessary to insure that the Condemnation Deposit Amount does not exceed the net amount of Condemnation proceeds actually received by Lessor with respect to such Lessee's Improvements.

13.5.2 Lessor shall make the Condemnation Deposit within ten (10) days after Lessor receives the condemnation proceeds.

13.6 Lessee's Condemnation Work. In the event of a partial condemnation, Lessee shall restore the remainder of the Premises to its condition at the time of condemnation less the Part Taken. In the event of an Interfering Condemnation, Lessee shall perform such demolition or restorative work upon the remaining Premises as Lessor may direct, except that the cost of such work shall not exceed the cost of demolishing the improvements then existing upon the remaining Premises. Disbursements from the Proceeds Account shall be subject to the rules applicable to the Proceeds Account. Notwithstanding the preceding sentence, any portion of the Condemnation Deposit remaining in the Proceeds Account after the work is completely paid for and any claims by Lessor against Lessee are satisfied shall be disbursed to Lessee.

13.7 Power to Condemn. Lessee acknowledges that Lessor has not relinquished any right of condemnation or eminent domain over the Premises. Lessor does not warrant that Lessor will not condemn the Premises during the term of this Agreement, but Lessor does not presently have intentions to condemn the Premises.

#### XIV. DAMAGE TO OR DESTRUCTION OF PREMISES

14 Damage to or Destruction of Premises. The following provisions shall govern damage to the Premises:

14.1 Damage to Entire Premises. If the Premises are partially damaged by fire, explosion, the elements, the public enemy, or other casualty, and the cost of restoring the damage would exceed fifty percent (50%) of the then estimated cost of constructing all improvements upon the Premises, Lessee shall have a ninety (90) day period following such damage to notify Lessor that Lessee elects to terminate this Agreement. Lessee's failure to give such notice shall constitute Lessee's election not to terminate this Agreement. In the event of damage to the Premises to a lesser degree or extent this Agreement shall not terminate.

14.2 Restoration Work. Whether or not this Agreement is terminated, Lessee shall perform certain construction work at Lessee's expense ("the Restoration Work"). If this Agreement

is terminated, the Restoration Work shall be all engineering, design and construction work necessary to demolish, clear and clean the Premises to the extent and as directed by Lessor. If this Agreement is not terminated, then the Restoration Work shall be all engineering, design and construction work necessary to restore the Premises to the condition existing prior to the damage.

14.3 Restoration Process. Lessee's performance of the Restoration Work shall be subject to the approval process and other requirements for Lessee's improvements. Lessee shall perform the Restoration Work with due diligence and at Lessee's sole cost and expense.

14.3.1 Insurance Proceeds. All property insurance proceeds for improvements attached to the Premises (whether actually paid before or after termination of this Agreement) shall be paid directly to Lessor and owned by Lessor. Lessor shall deposit said proceeds in an account (the "Proceeds Account") with a federally insured financial institution having offices in Maricopa County, Arizona. The Proceeds Account shall be an interest bearing account in Lessor's name only. All interest shall remain in the Proceeds Account. All funds will be immediately available to Lessor upon demand. At no time is Lessor required to pay or advance any funds not in the Proceeds Account.

14.4 Proceeds Account Use Priorities. The Proceeds Account funds shall be used for the following purposes:

14.4.1 Funds in the Proceeds Account shall be used only for paying for the Restoration Work until the cost of the Restoration Work has been disbursed. Inadequacy of funds in the Proceeds Account does not excuse Lessee from Lessee's obligation to perform the Restoration Work.

14.4.2 Funds in the Proceeds Account shall next be used for compensating Lessor for the loss of the Premises and use of the Premises, protecting Lessor, the Premises and Lessor's property from every other loss or exposure suffered by Lessor due to the damage, and satisfying any of Lessee's obligations then due hereunder.

14.4.3 Any remaining funds in the Proceeds Account shall be distributed as follows:

14.4.3.1 If this Agreement is not terminated, then any remaining funds in the Proceeds Account shall be distributed to Lessee and any other interested parties as their interests may appear.

14.4.3.2 If this Agreement is terminated, then any remaining funds in the Proceeds Account shall be distributed to Lessor.

14.5 Use of Proceeds Account for Restoration Work. The following shall govern disbursement of funds from the Proceeds Account for the Restoration Work:

14.5.1 All distributions from the Proceeds Account shall be by check payable to Lessor or jointly payable to Lessee and the third party.

14.5.2 Lessee's applications for payment shall be prepared according to a schedule of values for the work prepared by Lessee's architect, subject to Lessor's reasonable approval.

14.5.3 Funds shall be disbursed within fourteen (14) days after Lessor has received notice from Lessee requesting that such funds be disbursed. Such notice shall be accompanied by the following:

14.5.3.1 A description of the work completed.

14.5.3.2 Unrelated third party invoices for design, engineering or related professional services rendered or actual hard costs of demolition or construction labor or materials.

14.5.3.3 Certificates from the third party payee that the third party has actually supplied the labor or materials to the Premises.

14.5.3.4 Appropriate mechanics and materialmen's lien waivers.

14.5.3.5 Such additional documentation and confirmations as Lessor may reasonably deem necessary to confirm compliance with this Agreement.

14.5.4 The Proceeds account shall qualify as a satisfactory Funding Assurance.

14.6 Accelerated Funding. In order to avoid delay in completing the Restoration Work due to time constraints of the Proceeds Account, Lessee may do either or both of the following:

14.6.1.1 Advance its own funds (the "Reimbursable Funds") for the Restoration Work from time to time and subsequently obtain reimbursement from the Proceeds Account subject to compliance with the requirements for disbursements from the Proceeds Account. If Lessee provides receipts showing Lessee has already paid the third party payee, then checks reimbursing Reimbursable Funds to Lessee shall name only Lessee as payee.

14.6.1.2 Unilaterally request that Lessor make a one-time single disbursement to Lessee (the "Working Funds"). Lessee shall hold the Working Funds in a separate bank account and shall use the Working Funds only during the course of the Restoration Work to make progress payments to third parties for the Restoration Work. The amount of the Working Funds shall not exceed the greater of Twenty Thousand Dollars (\$20,000) or ten percent (10%) of the estimated cost of the Restoration Work. Upon completion of the Restoration Work, Lessee shall return any excess Working Funds to the Proceeds Account.

14.7 Monthly Restoration Work Report. Lessee shall provide to Lessor no later than the tenth day of each month a written report of the progress of the Restoration Work along with detailed statement of Proceeds Account, Reimbursable Funds and Working Funds activity during the preceding month.

## XV. LESSEE'S RECORDS

15. Lessee's Records. Lessee will maintain in a secure place within Maricopa County, Arizona proper and accurate books, records, ledgers, correspondence, and other papers and repositories of information, relating in any manner to this Agreement and to all of Lessee's obligations hereunder.

15.1 Standards for Records. Lessee shall keep and maintain all books and records relating to the Premises in accordance with generally accepted accounting principles applied on a

consistent basis. Lessee shall retain all records related to this Agreement or Lessee's performances hereunder for a period of seven (7) years after the period reported in the record.

15.2 Reporting. Lessee will furnish or cause to be furnished to Lessor, as soon as the same are available, and in any event within one hundred twenty (120) days after the end of each calendar year a certificate signed by the chief financial officer or managing general partner, as the case may be, of Lessee stating that there exists no Event of Default and no condition, event or act, which with notice or lapse of time or both, would become an Event of Default or, if any such Event of Default or any such condition, event or act exists, specifying the nature and period of existence thereof and what action Lessee proposes to take with respect thereto. Lessee shall furnish, from time to time, such financial and other information as Lessor may reasonably request pertaining to Lessee's and Lessor's respective rights and obligations with respect to this Agreement as reasonably determined by Lessor. Lessee need not disclose information that does not directly concern the Premises or Lessor's or Lessee's rights and obligations related to the Premises in Lessor's reasonable judgment.

15.3 Right of Inspection. Until the date three (3) years after termination of this Agreement, Lessee will (i) permit and assist Lessor and its representatives at all reasonable times to inspect, audit, copy and examine, as applicable, Lessee's facilities, activities and records, (ii) cause its employees, agents and, if reasonably necessary, accountants to give their full cooperation and assistance in connection with any such visits or inspections, (iii) make available such further information concerning Lessee's business and affairs relating to the Premises as Lessor may from time to time reasonably request, and (iv) make available to Lessor at the Premises (or at the offices of Lessor within the corporate limits of the City of Scottsdale) any and all records and reasonable accommodations for Lessor's audit and inspection. The preceding sentence does not require Lessee to pay for copies Lessor requests or Lessor's employees' or other agents' time or travel expenses. Such inspection shall be limited to matters relevant to Lessor's and Lessee's rights and obligations under this Agreement and activities related to the Premises as reasonably determined by Lessor.

15.4 Records Included. Lessee's records subject to this Agreement include, but are not limited to, any and all information, materials and data of every kind and character, including without limitation, records, books, papers, documents, subscriptions, recordings, agreements, purchase orders, computer data, invoices, cash register tapes and similar records, contracts, logs, accounts, commitments, arrangements, notes, diaries, ledgers, correspondence, reports, drawings, receipts, vouchers, memoranda and any and all other agreements, sources and repositories of information and matters that may in Lessor's reasonable judgment bear on any matters, rights, duties or obligations under or covered by this Agreement or any performance hereunder. Lessee need not disclose information that does not directly concern the Premises or Lessor's or Lessee's rights and obligations related to the Premises in Lessor's reasonable judgment.

15.5 Costs of Audit. If an audit, inspection or examination of Lessee's performance discloses underpayments (or other adjustments in favor of Lessor) of any nature in excess of three percent (3%) of any payments or single payment, Lessee shall pay to Lessor Lessor's actual cost (based on the amount paid by Lessor, or based on reasonable charges charged by private auditors and other service providers for comparable work if the audit is performed by Lessor's employees) of the audit, inspection or examination, together with late fees, interest, and other amount payable in connection with such adjustments or payments. Any adjustments and/or payments which must be made as a result of any such audit, inspection or examination (whether or not performed in-house by Lessor), shall be made within a reasonable amount of time (not to exceed 30 days) after Lessor gives to Lessee notice of Lessor's findings.

15.6 Applicable to Sublessees. By claiming under this Agreement, sublessees and others conducting a business based at the Premises shall also be deemed to have agreed to

provide to Lessor upon request information relevant to compliance with this Agreement by Lessee or others.

XVI. COMPLIANCE WITH LAW

16. Compliance with Law. Lessee shall conduct only lawful operations and activities at the Premises and at the Airport in accordance with all federal, state, county and local laws, ordinances, regulations or other rules or policies as are now in effect or as may hereafter be adopted or amended and shall use and occupy the Premises in conformance with all of the same. The provisions of this Agreement obligating Lessee to comply with applicable law do not deny Lessee such right, if any, as Lessee may have under applicable law to continue a use which was lawful (and permitted by this Agreement) when commenced. Lessee acknowledges that this Agreement does not constitute, and Lessor has not promised or offered, any type of waiver of, or agreement to waive (or show any type of forbearance or favoritism to Lessee with regard to), any law, ordinance, power, regulation, tax, assessment or other legal requirement now or hereafter imposed by the City of Scottsdale or any other governmental body upon or affecting Lessee, the Premises, the Airport or Lessee's use of the Premises or Airport. Lessee acknowledges that all of Lessee's obligations hereunder are in addition to, and cumulative upon (and not to any extent in substitution or satisfaction of), all laws and regulations applicable to Lessee. Lessee further agrees that this Agreement is not intended to diminish any performances to the City of Scottsdale that would be required of Lessee by law if this Agreement had been made between Lessee and a private citizen. Lessor has not relinquished any right of condemnation or eminent domain over the Premises. This Agreement does not impair the City of Scottsdale power to enact, apply or enforce any laws or regulations, or exercise any governmental powers, affecting in any way Lessee or the Premises. Without limiting in any way the generality of the foregoing, Lessee shall comply with all and each of the following:

16.1 Government Property Lease Excise Tax. Lessee shall be responsible for any and all property taxes and all government property lease excise taxes described in A.R.S. § 42-6201 *et seq.* or similar laws in force from time to time which are lawfully assessed against the Premises or against Lessor or Lessee with respect to the Premises. Pursuant to A.R.S. § 42-6206, failure by Lessee to pay the taxes after notice and an opportunity to cure is an event of default that could result in divesting Lessee of any interest in or right of occupancy of the Premises.

16.2 Taxes, Liens and Assessments. In addition to all other amounts herein provided, Lessee shall pay, when the same become due and payable, all taxes and general and special fees, charges and assessments of every description which during the term of this Agreement may be lawfully levied upon or assessed against Lessee, the Premises, the operations conducted therein, any amounts paid or other performances under this Agreement by either party, and all possessory interest in the Premises and improvements and other property thereon, whether belonging to Lessor or Lessee. The preceding sentence does not apply to obligations of Lessee not related to the Premises. Lessee shall have the right to contest, but not the right to refuse to timely pay, any taxes and assessments. Lessee shall pay all sales, transaction privilege, and similar taxes which it is legally obligated to pay.

16.3 Special Supplemental Indemnity. Without limitation, the indemnities of this Agreement require Lessee to pay, indemnify, defend and hold Lessor harmless against fines or penalties for any breach of security arising from the unauthorized entry of any persons using Lot 12 or the Premises (or their vehicles or aircraft) onto the passenger loading areas, taxiways, runways, aircraft movement areas and any other restricted portion of the Airport. The preceding sentence does not apply to persons who are not authorized by Lessee to use Lot 12 or the Premises.

16.4 Federal Agreements. This Agreement shall be subordinate to the provisions and requirements of any existing or future grant assurances and other agreements between the Lessor and the United States, relative to the development, operation or maintenance of the Airport.

16.5 Based Aircraft. Lessee shall not allow to be based at Lot 12 or the Premises any aircraft which has not been registered with the Airport to the extent as required by applicable laws and regulations.

## XVII. ASSIGNABILITY

17. Assignability. Except as provided herein, this Agreement is not assignable by Lessee and any assignment shall be void and create in the assignee no rights except in strict compliance with the following:

17.1 Assignments Prohibited. Every assignment of Lessee's interest in the Premises or this Agreement or any of Lessee's rights or interests hereunder is prohibited unless Lessor's consent to the assignment is contained in this Agreement or Lessee first receives from Lessor a separate notice of Lessor's consent to the assignment. References in this Agreement to assignments by Lessee shall be considered also to apply to all of the following transactions, circumstances and conditions:

17.1.1 Any voluntary or involuntary assignment, conveyance, transfer or sublease of the Premises or any interest therein or any rights under this Agreement.

17.1.2 Any voluntary or involuntary pledge, lien, mortgage, security interest, judgment, deed of trust, claim or demand, whether arising from any contract, any agreement, any work of construction, repair, restoration, maintenance or removal, or otherwise (collectively "Liens").

17.1.3 The use, occupation, management, control or operation of the Premises or any part thereof by others.

17.1.4 Any transfer of membership interests, corporate stock or any other direct or indirect transfer of the majority of the ownership, management or control of Lessee except transfers caused by the death of a shareholder or other owner.

17.1.5 Any assignment by Lessee for the benefit of creditors, voluntary or involuntary.

17.1.6 Any bankruptcy or reorganization of Lessee not completely resolved in Lessee's favor within one hundred twenty (120) days after it is initiated.

17.1.7 The occurrence of any of the foregoing by operation of law or otherwise.

17.1.8 The occurrence of any of the foregoing with respect to any assignee or other successor to Lessee except for sublessees.

17.2 Effect of Assignment. No action or inaction by Lessor shall be considered a waiver of the prohibition on assignments or any other provision of this Agreement, or the acceptance of the assignee, sublessee or occupant as Lessee, or a release of Lessee from the further performance by Lessee of the provisions of this Agreement. The consent by Lessor to an assignment shall not relieve Lessee from obtaining Lessor's consent to any further assignment.

No assignment shall release Lessee from any liability hereunder except that Lessee shall be released from future obligations under this Agreement in the event of a complete assignment of Lessee's entire interest made with Lessor's consent. This Agreement shall also run with the land and continue to be a burden upon the Premises and every interest therein in favor of Lessor.

17.3 Sale of Lot 12. Lessee shall assign all of its rights and obligations under this Agreement to the purchaser or other assignee of Lot 12. Lessor shall have the right to unilaterally terminate this Agreement if Lessee's rights and obligations under this Agreement are not assigned to and assumed by any purchaser or other acquirer of fee title to Lot 12, even if the assignment is prevented by Lessor's failure to consent to such an assignment. Lessor shall not unreasonably refuse to consent to an assignment of this Agreement to any purchaser of fee title to Lot 12. Lessee shall give Lessor thirty (30) days advance notice of any transfer of fee title to Lot 12.

17.4 Enforceability after Assignment. This Agreement shall control any conflict between this Agreement and the terms of any assignment. Upon execution of this Agreement, and upon each subsequent assignment, Lessee shall provide a complete copy of this Agreement and any amendments to each sublessee or other assignee.

17.5 Grounds for Refusal. No assignments of this Agreement are contemplated or bargained for except for those to which Lessor has given consent in this Agreement. Except as provided above with respect to Lessee's assignment of the Agreement to a purchaser of Lot 12, Lessor has the absolute right for any reason or for no reason in its sole discretion to give or withhold consent to any assignment or to impose any conditions upon any assignment. Lessee shall pay to Lessor the sum of One Thousand Five Hundred Dollars (\$1,500) as a fee for legal and administrative expenses related to any assignment or any request for consent to an assignment. Lessor's aviation director shall have authority in his sole and absolute authority to decrease the amount of said fee.

17.6 Form of Assignment. Any permitted assignment or subletting shall be by agreement in form and content acceptable to Lessor. Without limitation, any sublease or assignment shall specify and require that each sublessee or assignee acquiring any interest under this Agreement shall assume and be bound by, and be obligated to perform the terms and conditions of this Agreement, and that in the event Lessor terminates this Agreement because of default by Lessee, Lessor at Lessor's sole option may succeed to the position of Lessee as to any sublessee or assignee of Lessee without liability for any prior breaches or performances.

17.7 Employees. Lessee's hiring and discharging of employees shall not constitute a change of management amounting to an assignment of this Agreement by Lessee.

17.8 Liens Prohibited. Notwithstanding the prohibition on Liens, Lessee is permitted with Lessor's consent to impose a single mortgage or deed of trust (the "Primary Lien") upon Lessee's leasehold interest in the Premises under this Agreement to secure a loan obtained by Lessee to obtain funds for Lessee to use to (a) acquire Lessee's interest under this Agreement along with ownership of Lot 12, and/or (b) construct the Project.

17.9 Lien Payment. Lessee shall pay all Liens as the same become due, and in any event before any action is brought to enforce the Lien. Lessee agrees to pay, indemnify, defend and hold Lessor and the Premises free and harmless from all liability and against any and all Liens arising from work done for Lessee, together with all costs and expenses in connection therewith, including attorney's fees. Lessor shall have the right at any time to post and maintain on the Premises such notices, pay such amounts, file or record such notices, or take such other actions

as Lessor may consider necessary to protect Lessor and its property interests against all Liens. Every Lien shall cover Lessee's entire leasehold interest in this Agreement and the Premises.

17.10 Lien Priorities. In no event shall any Lien (whether arising before, concurrent with, or after the date of this Agreement) cover, affect or have any priority higher than or equal to any of Lessor's rights in the Premises or under this Agreement at any time.

17.11 Lessor's Rights to Pay Lienholder. Prior to foreclosure, deed in lieu, or the conclusion of other enforcement of a Lien, Lessor shall have the right at any time to purchase any Lien, by payment to the holder of the Lien the amount of the unpaid debt, plus any accrued and unpaid interest.

17.12 Primary Permitted Lien. The Primary Lien is subject to the following provisions:

17.12.1 Until the Project is completed, the Primary Lien shall not be cross collateralized or cross defaulted with any debt or lien related to property other than the Premises. Until the Project is completed, the Primary Lien shall cover no interests in any real property other than Lessee's interests in the Premises and the rents and profits under any permitted subleases.

17.12.2 The holder of the Primary Lien (the "Primary Lienholder") shall promptly give notice to Lessor of the creation of the Primary Lien and any modification, renewal, termination, default or enforcement of the Primary Lien, and any notices to Lessee related thereto. Such notices shall be accompanied by true copies of the Primary Lien or other correspondence or instruments pertaining to the notice. Primary Lienholder shall notify Lessor of the address to which notices to Primary Lienholder shall be sent.

17.12.3 The Primary Lien shall contain no provisions inconsistent with or purporting to alter in any way the provisions of this Agreement. This Agreement shall control any inconsistent terms or provisions in the Primary Lien or in any document of any description related to the Primary Lien.

17.12.4 Primary Lienholder shall have a limited right to cure deficiencies in Lessee's performance under this Agreement (the "Cure Right") as follows:

17.12.4.1 The Cure Right is that, in the event of an Event of Default:

17.12.4.1.1 Lessor shall not terminate this Agreement without first giving Primary Lienholder notice of the Event of Default; and

17.12.4.1.2 Upon Lessor's giving such notice, Primary Lienholder shall have a opportunity to cure the Event of Default as specifically described herein.

17.12.4.2 The Cure Right only applies to Events of Default that are capable of cure by Primary Lienholder within one hundred eighty (180) days after Lessor's notice to Primary Lienholder. In the event of an Event of Default that cannot be cured within that time period, Primary Lienholder and/or Lessee shall have the right to call for a meeting to consult with Lessor's city manager or aviation director shall each have authority to consider such a plan and give notice on behalf of Lessor extending the time period for curing the particular Event of Default in accordance with the plan.

17.12.4.3 If an event or circumstance occurs which will become an Event of Default with the passage of time or giving of notice or both, Lessor may elect to provide Primary

Lienholder's notice of the Event of Default prior to, after, or simultaneously with any notice Lessor may give to Lessee, and prior to, after, or simultaneously with the expiration of any applicable cure or grace period.

17.12.4.4 Primary Lienholder may elect to exercise the Cure Right by giving Lessor notice (a "Cure Notice") of such election not later than twenty-one (21) days after Lessor's notice to Primary Lienholder. Primary Lienholder's failure to timely give a Cure Notice shall be Primary Lienholder's rejection and waiver of the Cure Right. Primary Lienholder's giving of a Cure Notice shall constitute Primary Lienholder's promise to Lessor that Primary Lienholder shall immediately undertake and diligently pursue to completion on Lessee's behalf all payments and performances necessary to cure an Event of Default and otherwise cause Lessee's performance to comply in all respects with the requirements of this Agreement. Each Cure Notice shall include payment of any and all amounts then payable to Lessor under this Agreement.

17.12.4.5 In the event Primary Lienholder exercises the Cure Right, Primary Lienholder shall immediately commence and thereafter diligently prosecute the cure to completion no later than thirty (30) days after Primary Lienholder's Cure Notice to Lessor. In the event of a cure which cannot be completed within thirty (30) days, Primary Lienholder shall complete the cure within the shortest period that may be possible, but in no event later than one hundred eighty (180) days after Primary Lienholder's Cure Notice exercising the Cure Right (or such longer period as Lessor's city manager or aviation director may allow). In the case of a Lessee Insolvency, if the Premises are operating as required by this Agreement and all payments by Lessee are current and all other defaults are cured, then the one hundred eighty (180) day period specified in the preceding sentence shall be extended to eighteen (18) months to cure the Lessee Insolvency. Such extension applies only to the Lessee Insolvency.

17.12.5 Until completion of the Project, the Primary Lien must be held by an FDIC insured financial institution having offices in Maricopa County, Arizona, a pension fund or insurance company authorized to do business in Arizona, or sophisticated investors qualified under federal securities law to purchase unregistered securities in private placements.

17.12.6 This Agreement's provisions relating to the Primary Lien are for the sole benefit of Lessor and Primary Lienholder, and are not for the benefit of Lessee.

17.12.7 Lessee shall immediately give notice to Lessor and Primary Lienholder of any notice Lessee may receive relating to this Agreement or to the Primary Lien.

17.12.8 Primary Lienholder shall immediately give notice to Lessor and Lessee of any notice Primary Lienholder may receive relating to this Agreement or to the Primary Lien.

17.12.9 The provisions of this Agreement permitting the Primary Lien shall apply to any subsequent refinancing of the Primary Lien so long as the following requirements are satisfied:

17.12.9.1 Any replacement Primary Lien must satisfy all requirements of this Agreement.

17.12.9.2 No new Primary Lien may be created while a Primary Lien exists or is of record.

17.12.9.3 Only one Primary Lien may exist or be of record at a time.

17.12.10 Primary Lienholder shall become personally liable to perform Lessee's obligations hereunder only if and when Primary Lienholder gives a Cure Notice, becomes the owner of all or part of the leasehold estate pursuant to judicial or non-judicial foreclosure, assignment or transfer in lieu of foreclosure or otherwise, or takes possession of all or part of the Premises. The occurrence or existence of any of the foregoing shall constitute an assumption by Primary Lienholder of Lessee's obligations under this Agreement.

17.13 Confirmation of Status. By notice to the other (a "Confirmation Request Notice"), either Lessor or Lessee (the "Requesting Party") may request that the other provide to the Requesting Party written confirmation of certain matters (an "Estoppel Certificate") as follows:

17.13.1 Lessee may give a Confirmation Request Notice only when a Primary Lien is being created or assigned, or when Lessee's entire interest in the Premises is being assigned. Any Confirmation Notice by Lessee must meet the following additional requirements:

17.13.1.1 The Confirmation Request Notice shall be executed and joined in by the prospective Primary Lienholder, assignee of a Primary Lien, or assignee of Lessee's entire interest in the Premises (the "Confirmation Assignee").

17.13.1.2 The Confirmation Request Notice shall describe the proposed transaction between Lessee and the Confirmation Assignee.

17.13.1.3 The Confirmation Request Notice must include warranties and representations by the Confirmation Assignee that the matters to be confirmed are true to the best of its knowledge.

17.13.1.4 The Confirmation Request Notice must include warranties and representations by Lessee that the matters to be confirmed are true and that the information contained in the Confirmation Request Notice is complete and true.

17.13.1.5 If a Primary Lien is being created or assigned, the Confirmation Request Notice must warrant and represent that the proposed Primary Lienholder and its Lien qualify in every way for Primary Lien status under this Agreement.

17.13.2 The Confirmation Request Notice must specify the matters the other party is requested to confirm. The Confirmation Request Notice shall request only that the other party confirm whether or not one or more of the following matters are true, to the best of such other party's knowledge:

17.13.2.1 That this Agreement is in effect and has not been amended except as stated in the Confirmation Request Notice.

17.13.2.2 If Lessee is the Requesting Party, that an Event of Default by Lessee does not exist (except that Estoppel Certificates by Lessor shall exclude matters of zoning or other regulatory compliance). If Lessor is the Requesting Party, that Lessor has performed its obligations and is in compliance with this Agreement.

17.13.2.3 If a Primary Lien is being created, that upon Primary Lienholder's providing to Lessor copies of the recorded instrument creating Primary Lienholder's Primary Lien and a recorded instrument releasing any prior Primary Lien, Lessor will acknowledge Primary Lienholder as the Primary Lienholder under this Agreement.

17.13.2.4 If Lessee is the Requesting Party, that Lessor consents to the proposed transaction between Lessee and the Confirmation Assignee.

17.13.3 The other party shall provide the Estoppel Certificate to the Requesting Party not less than thirty (30) days after a proper Confirmation Request Notice.

17.14 Assignment Payment. In addition to all other Rent payable hereunder, in the event of any assignment (including without limitation a Lien enforcement) which transfers possession of more than 30% of the Premises or has a duration of five (5) or more years, Lessee shall pay to Lessor the amount of Five Thousand Dollars (\$5,000). Lessee shall pay to Lessor the sum of One Thousand Five Hundred Dollars (\$1,500) as a fee for legal and administrative expenses related to creation of a Primary Lien or any assignment or request for consent to an assignment. Lessee shall pay to Lessor the sum of Seven Hundred Fifty Dollars (\$750) as a fee for legal and administrative expenses related to any request for an Estoppel Certificate.

17.15 Airpark Access Permit. If an aircraft is to be stored or based at the Premises or Lot 12 for more than ten (10) days, then Lessor's consent to an assignment is not effective until an Airpark Access Permit is in effect between the City of Scottsdale and the aircraft owner.

17.16 Approved Assignments. Lessee shall attach to each assignment not described in this paragraph, a copy of Lessor's notice to Lessee of Lessor's consent to the assignment. No consent by Lessor to an assignment shall be effective unless and until Lessee receives notice of Lessor's consent pursuant to this Agreement. This Agreement shall continue to be enforceable according to its terms in spite of any provisions of any Estoppel Certificate or other documents relating to an Assignment. Lessor hereby consents to the creation of a Primary Lien which meets all of the requirements of this Agreement.

17.17 Assignment by Lessor. Lessor's interests in this Agreement shall be automatically deemed to be assigned to and assumed by any person who acquires fee title to the Premises. Upon any such assignment, Lessor's liability with regard to this Agreement shall terminate.

## XVIII. MISCELLANEOUS

### 18. Miscellaneous.

18.1 Severability. If any provision of this Agreement is declared void or defective, that declaration shall not affect the validity nor any other provision of this Agreement.

18.2 Amendments. This Agreement may not be amended except by a formal writing executed by all of the parties. An amendment shall not be binding against a Primary Lienholder unless the Primary Lienholder consents to the amendment which consent shall not be unreasonably withheld or delayed.

18.3 Conflicts of Interest. No member, official or employee of Lessor shall have any direct or indirect interest in this Agreement, nor participate in any decision relating to the Agreement which is prohibited by law.

18.4 No Partnership. This Agreement and the transactions and performances contemplated hereby shall not create any sort of partnership, joint venture or similar relationship between the parties.

18.5 Nonliability of Lessor Officials and Employees. No member, official, representative or employee of Lessor shall be personally liable to any party, or to any successor in interest to any party, in the event of any default or breach by Lessor or for any amount which may become due to any party or successor, or with respect to any obligation of Lessor or otherwise under the terms of this Agreement or related to this Agreement. The inclusion of the preceding sentence in this Agreement does not suggest that Lessee has waived any protections that laws applicable to Lessee's legal formation (such as limited liability pursuant to limited liability company laws or limited partnership laws) may provide for Lessee's members, officials, representatives or employees.

18.6 Notices. Notices hereunder shall be given in writing delivered to the other party or mailed by registered or certified mail, return receipt requested, postage prepaid addressed to:

If to Lessor: Scottsdale Aviation Director  
15000 N. Airport Dr.  
Suite 200  
Scottsdale, AZ 85260

City of Scottsdale  
3939 N. Drinkwater Blvd.  
Scottsdale, AZ 85251  
Attn: City Attorney

If to Lessee: Dr. Michael W. Gregory  
Attn: James A. Craft  
c/o Apogee Physicians  
15059 North Scottsdale Road  
Suite 600  
Scottsdale, AZ 85254

Copies to: Holder of Primary Lien only if specifically required by this Agreement.

Notices to Lessee may also be hand-delivered to Lessee's management office at the Premises. Notices given or served by personal delivery shall be deemed to have been received upon tender to the respective party. Notices given or served by mail or commercial courier shall be deemed to have been given or served as of the date of delivery (whether accepted or refused) established by the United States Postal Service return-receipt or the overnight courier's proof of delivery, as the case may be.

18.7 Time of Essence. Time is of the essence of each and every provision of this Agreement.

18.8 Integration. This Agreement (including the exhibits attached hereto) constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes any prior agreement, understanding, negotiation, draft agreements, discussion outlines, correspondence and memoranda or representation regarding the Premises.

18.9 Construction. Whenever the context of this Agreement requires, the singular shall include the plural, and the masculine shall include the feminine. This Agreement was negotiated on the basis that it shall be construed according to its plain meaning and neither for nor against any party, regardless of their respective roles in preparing this Agreement. The terms of this Agreement were established in light of the plain meaning of this Agreement and this Agreement shall therefore

be interpreted according to its plain meaning and without regard to rules of interpretation, if any, which might otherwise favor Lessee.

18.10 Lessee Payments Cumulative. All amounts payable by Lessee to Lessor hereunder or under any tax, assessment or other existing or future ordinance or other law of City of Scottsdale or the State of Arizona shall be cumulative and payable in addition to each other payment required hereunder, and such amounts shall not be credited toward, substituted for, or setoff against each other by Lessee in any manner.

18.11 Paragraph Headings. The paragraph headings contained herein are for convenience in reference and not intended to define or limit the scope of any provision of this Agreement.

18.12 No Third Party Beneficiaries. Except for the limited provisions expressly stated to be for the benefit of a Primary Lienholder, no person or entity shall be a third party beneficiary to this Agreement or shall have any right or cause of action hereunder. Lessor shall have no liability to third parties for any approval of plans, Lessee's construction of improvements, Lessee's negligence, Lessee's failure to comply with the provisions of this Agreement (including any absence or inadequacy of insurance required to be carried by Lessee), or otherwise as a result of the existence of this Agreement.

18.13 Exhibits. All attached exhibits which are specifically referenced in this Agreement are hereby incorporated into and made an integral part of this Agreement for all purposes.

18.14 Attorneys' Fees. In the event any action or suit or proceeding is brought by Lessor to collect the Rent due or to become due hereunder or any portion hereof or to take possession of the Premises or to enforce compliance with this Agreement or for Lessee's failure to observe any of the covenants of this Agreement or to vindicate or exercise any of Lessor's rights or remedies hereunder, Lessee agrees to pay all costs of such action or suit and all expenses of such action or suit together with such sum as the court may adjudge reasonable as attorneys' fees to be allowed in said suit, action or proceeding.

18.15 Choice of Law. This Agreement shall be governed by the internal laws of the State of Arizona without regard to choice of law rules. Exclusive proper venue for any action regarding this Agreement shall be Maricopa County.

18.16 Approvals and Inspections. All approvals, reviews and inspections by Lessor under this Agreement or otherwise are for Lessor's sole benefit and not for the benefit of Lessee, its contractors, engineers or other consultants or agents, or any other person.

18.17 Recording. Within ten (10) days after the date of this Agreement, Lessee shall cause this Agreement to be recorded in the office of the Maricopa County Recorder.

18.18 Statutory Cancellation Right. In addition to its other rights hereunder, Lessor shall have the rights specified in A.R.S. § 38-511.

[Signature page follows.]





## TABLE OF EXHIBITS

<u>Exhibit</u>	<u>Paragraph</u>	<u>Description</u>
A		Legal description for lease land
B		Site Plan
C		Standards for letter of credit

**NOTE:** All Exhibits must be labeled, formatted for recording, and leave at least one half inch clear space along all margins.

*[Note: this table is not part of the document.]*

**EXHIBIT A  
LEGAL DESCRIPTION  
LEX CAPITAL LEASE PARCEL  
SCOTTSDALE MUNICIPAL AIRPORT TRACT**

A Tract of land in the Northwest Quarter of the Northwest Quarter of Section 12, Township 3 North, Range 4 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, lying over the parcels described in Instrument No. 860142543 and 063130103, records of Maricopa County, Arizona, more particularly described as follows:

BEGINNING at the Northeast corner of Lot 12 of Scottsdale Industrial Airpark No. 7, according to Book 234 of Maps, Page 27, Records of Maricopa County, Arizona, said point marked by a 1/2" rebar with cap #19857;  
Thence South 43° 55' 22" West along the Northerly line of said Lot 12, a distance of 220.00 feet to the Northwest corner of said Lot 12;  
Thence North 46° 04' 38" West leaving said Northerly line a distance of 100.00 feet;  
Thence North 43° 55' 22" East a distance of 220.00 feet;  
Thence South 46° 04' 38" East a distance of 100.00 feet to the POINT OF BEGINNING.

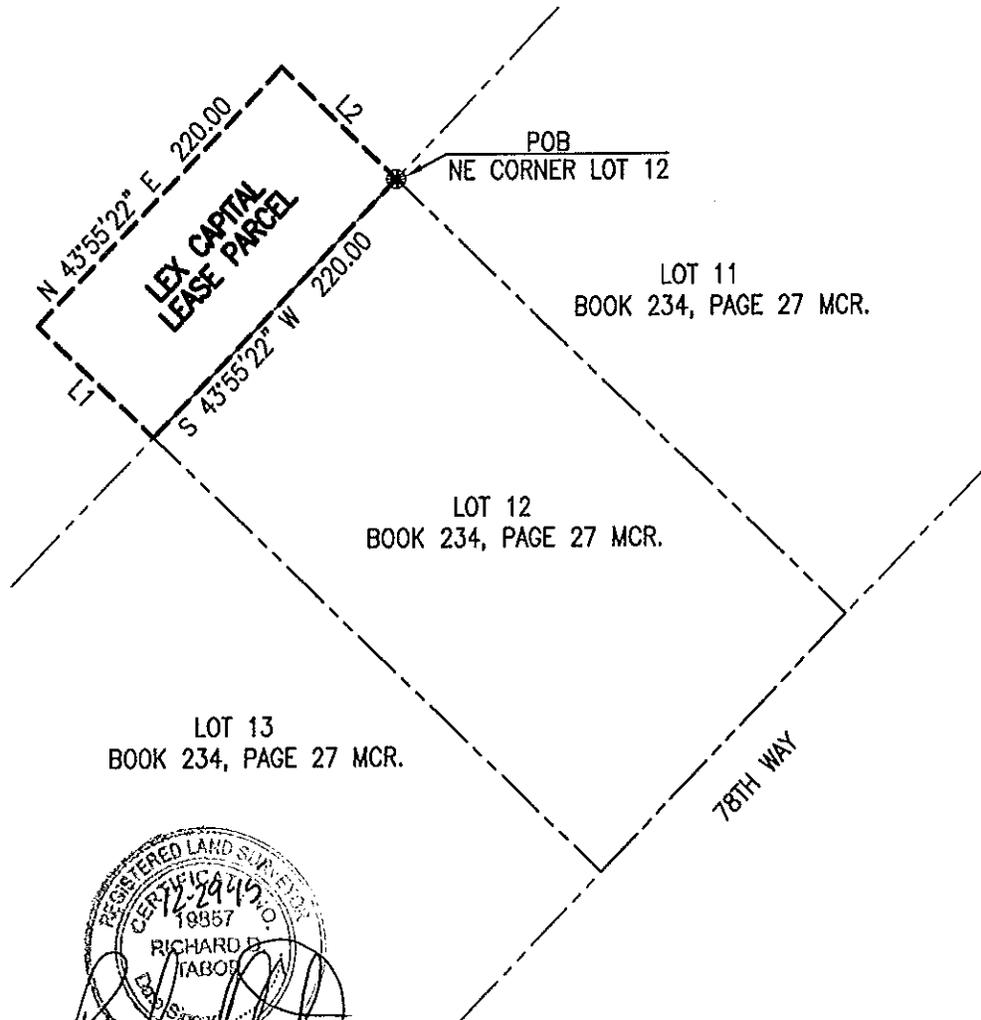
Said described parcel contains 22,000 square feet, more or less.



RS Team Land Surveyors  
1721 W. Rose Garden Lane, Suite 4  
Phoenix, AZ. 85027  
623-445-2003  
12-29-15 #155-2

**EXHIBIT ■**  
**LEX CAPITAL LEASE PARCEL**  
**SCOTTSDALE MUNICIPAL AIRPORT TRACT**

LINE	BEARING	DISTANCE
L1	N 46°04'38" W	100.00
L2	S 46°04'38" E	100.00



REGISTERED LAND SURVEYOR  
 CERTIFICATE NO. 19857  
 RICHARD E. TABORS  
 EXPIRES 9/30/16

NOTE: ALL DATA IS CALCULATED  
 BASED ON RECORD INFO FROM  
 BOOK 234 OF MAPS, PAGE 27, MCR.

RS TEAM LAND SURVEYORS  
 1721 W. ROSE GARDEN LANE #4  
 PHOENIX, AZ. 85027  
 602-445-2003  
 12-29-15 #155-2



**EXHIBIT "C"**

**Standards for Letters of Credit**

In addition to any other requirements imposed upon a letter of credit (the "Letter of Credit") issued pursuant to this Agreement, each Letter of Credit shall meet and be governed by the following additional standards and requirements;

1. General Requirements. The Letter of Credit must:
  - 1.1 Be clean, unconditional, and irrevocable.
  - 1.2 Be payable to Lessor upon demand.
  - 1.3 Be subject to the International Standby Practices 1998, International Chamber of Commerce Publication No. 190.
  - 1.4 Be conditioned for payment solely upon presentation of the Letter of Credit and a sight draft.
  - 1.5 Be transferable one or more times by Lessor without the consent of Lessee or the Issuer.
  
2. Letter of Credit Fees. Lessee shall pay upon Lessor's demand, as additional Rent, any and all costs or fees charged in connection with the Construction Letter of Credit, including without limitation, those that arise due to:
  - 2.1 Landlord's sale or transfer of all or a portion of the Premises [or the Airport Site].
  - 2.2 The addition, deletion, or modification of any beneficiaries under the Letter of Credit.
  
3. Issuing Bank. The Letter of Credit shall meet all of the following requirements:
  - 3.1 The issuer shall be a federally insured financial institution with offices in Maricopa County, Arizona.
  - 3.2 The issuer shall be a member of the New York Clearing House Association or a commercial bank or trust company satisfactory to Lessor.
  - 3.3 The issuer shall have banking offices at which the Letter of Credit may be drawn upon in Maricopa County, Arizona.
  - 3.4 The issuer shall have a net worth of not less than \$1 billion.
  
4. Expiration of Letter of Credit. The Letter of Credit shall expire not earlier than 12 months after the date it is delivered to Lessor. The Letter of Credit shall provide that it shall be automatically renewed for successive 12 month periods through a date which is not earlier than 60 days after the time provided herein for completion of construction, or any renewal or extension thereof, unless written notice of nonrenewal has been given by the issuing bank to Landlord not less than 60 days prior to the expiration of the current period. If the

issuing bank does not renew the Letter of Credit, and if Lessee does not deliver a substitute Letter of Credit at least 30 days prior to the expiration of the current period, then, in addition to its other rights under this Agreement, Lessor shall have the right to draw on the existing Letter of Credit.

- 5 Draws. Lessor may draw upon the Letter of Credit as follows:
- 5.1 Lessor may use, apply, or retain the proceeds of the Letter of Credit to the same extent that Lessor may use, apply, or retain any other Lessee funds or property to which Lessor may have access.
  - 5.2 Lessor may draw on the Letter of Credit, in whole or in part, from time to time, at Lessor's election.
  - 5.3 Within thirty (30) days after Lessor gives Lessee notice that Lessor has drawn down the Letter of Credit, Lessee shall restore all amounts drawn by Lessor, or substitute cash security instead.
  - 5.4 In the event the required amount of the Letter of Credit increases from time to time, Lessee shall, from time to time, on or before the date of the increase, deliver to Lessor an additional letter of credit in the amount of such increase, or cause the existing Letter of Credit held by Lessor to be amended to increase its amount.
  - 5.5 Lessor may draw upon the Letter of Credit as otherwise permitted by this Agreement.
- 6 Cooperation by Lessee. Lessee shall promptly execute and deliver to Lessor any and all modifications, amendments, and replacements of the Letter of Credit, as Lessor may reasonably request.



## COMMISSION ACTION REPORT

Discussion and Possible Action to Adopt Resolution No. 10303 Authorizing Construction Bid Award No. 16PB011 in the amount of \$68,608.98 to Fortis Networks, Inc. for the Construction of the Airport Pull Box Replacement Project and Increase Budget Authority for Aviation Capital Improvement Program Center No. AB58A from \$70,000 to \$115,000.

**Agenda Item No.:** 10

**Meeting Date:** 01/13/16

**Staff Contact:** Chris Read,  
Airport Operations Manager

**Phone:** (480) 312-2674

### ACTION

Airport Advisory Commission considers recommending that the City Council ADOPT Resolution No. 10303 Authorizing Construction Bid Award No. 16PB011 in the amount of \$68,608.98 to Fortis Networks, Inc. for the construction of the Airport Pull Box Replacement Project and Increase Budget Authority for Aviation Capital Improvement Program Center No. AB58A from \$70,000 to \$115,000.

### PURPOSE

This project involves replacing 8 existing electrical pull boxes located along the west side aircraft parking aprons.

### KEY CONSIDERATIONS

- The current pull boxes were installed in 2003 and are made of a polymer concrete. Those boxes are not holding up to the intense sun and are starting to show signs of failure.
- One pull box lid failed in 2013 and had to be replaced.
- The new boxes will have steel lids that will support loads up to 100,000 lbs.
- It will take approximately 22 days to complete the project. Each pull box location will take approximately two days to complete. No more than two pull box locations can be worked on at a given time.
- The areas where the boxes are located will be closed to taxiing aircraft, but aircraft operators have access to and from their hangars/parking locations at all times.
- The pull box near the Air Commerce Center will be replaced during the overnight hours in order to reduce the possibility of blocking access to their hangars and fuel farm. The Landmark Aviation area pull box will also be completed at night because of its proximity to their vehicle gates.
- The project will be funded with 100% Aviation Enterprise funds. The project is included in the Aviation Department's Capital Improvement Program which was approved by the Commission and City Council during last year's budget process.

- The budget authority increase of \$45,000 is being requested to account for higher than anticipated bid costs and to fund all aspects of the building including; design, construction administration and a construction contingency of 15%.

Attachment(s): Draft Resolution No. 10303

Action Taken:

RESOLUTION NO. 10303

A RESOLUTION OF THE COUNCIL OF THE CITY OF SCOTTSDALE, ARIZONA, AUTHORIZING THE MAYOR TO EXECUTE CONSTRUCTION BID AWARD NO. 16PB011 WITH FORTIS NETWORKS, INC., FOR THE CONSTRUCTION OF THE AIRPORT PULL BOX REPLACEMENT PROJECT AND AUTHORIZING A FY2015/16 AIRPORT FUTURE GRANTS CONTINGENCY BUDGET APPROPRIATION TRANSFER IN THE AMOUNT OF \$45,000 TO CAPITAL PROJECT NO. AB58A (REPLACE ELECTRICAL PULL BOXES – MAIN APRON) TO BE FUNDED BY THE AVIATION FUNDS FUNDING SOURCE.

WHEREAS, the City of Scottsdale desires to replace existing electrical pull boxes at the Scottsdale Airport; and

WHEREAS, Fortis Networks, Inc. has offered to provide to the City the requisite construction services necessary to construct the airport pull box replacement project; and

WHEREAS, the City of Scottsdale desires to increase the budget and spending authority in Aviation Capital Improvement Project No. AB58A from \$70,000 to \$115,000; therefore

BE IT RESOLVED by the Council of the City of Scottsdale as follows:

Section 1. That the Mayor of the City of Scottsdale is hereby authorized and directed to execute construction bid award No. 16PB011, in the amount of \$68,608.98 between the City and Fortis Networks, Inc., for the construction of the Airport Pull Box Replacement Project.

Section 2. That a FY 2015/16 Airport-Future Grants Contingency Budget Appropriation transfer in the amount of \$45,000 is authorized to capital project no. AB58A (Replace Electrical Pull Boxes – Main Apron) to be funded by the Aviation Funds funding source.

PASSED AND ADOPTED by the Council of the City of Scottsdale, Arizona, this 9<sup>th</sup> day of February, 2016.

ATTEST:

CITY OF SCOTTSDALE,  
an Arizona municipal corporation

\_\_\_\_\_  
Carolyn Jagger, City Clerk

\_\_\_\_\_  
W. J. "Jim" Lane, Mayor

APPROVED AS TO FORM:

\_\_\_\_\_  
Bruce Washburn, City Attorney  
By: Cliff Frey  
Senior Assistant City Attorney



## COMMISSION ACTION REPORT

Discussion and Possible Action to Adopt Resolution No. 10319 Authorizing Construction Bid Award No. 16PB014 in the amount of \$392,535.00 to Rummel Construction, Inc. for the Construction of the Runway 03 Erosion Protection/Wildlife Mitigation Project.

**Agenda Item No.:** 11

**Meeting Date:** 01/13/16

**Staff Contact:** Chris Read,  
Airport Operations Manager

**Phone:** (480) 312-2674

### ACTION

Airport Advisory Commission considers recommending that the City Council ADOPT Resolution No. 10319 Authorizing Construction Bid Award No. 16PB014 in the amount of \$392,535.00 to Rummel Construction, Inc. for the construction of the Runway 03 Erosion Protection/Wildlife Mitigation Project.

### PURPOSE

This project will take place in the area adjacent to the approach end of runway 03 known as the "detention basin". It will involve regrading and placing approximately 46,000 square yards of 2-4" crushed rock material. The improvements will stop erosion that takes place after rain events and it will also help prevent certain animals from establishing a permanent presence at the airport.

### KEY CONSIDERATIONS

- The Federal Aviation Administration requires airports to keep the areas surrounding runway and taxiways (safety areas) free from ruts, bumps, humps etc. in excess of three inches. A majority of the detention basin at Scottsdale Airport is considered part of the runway safety area.
- Heavier rain events force Airport Operations staff to NOTAM and regrade the area because of the rutting. The Aviation Department has also been forced to secure a dust control permit from Maricopa County because of the need to grade that dirt area after it rains.
- The rock that will be placed is identical to what has been placed in the other areas of the airport in previous years.
- It will take approximately 28 nights to complete the project. The project will be completed during the overnight hours of 9 P.M. to 6 A.M.
- The project is included in the Aviation Department's Capital Improvement Program which was approved by the Commission and City Council during last year's budget process. The project will be paid for by a 90% grant from the State of Arizona Aeronautics Division and 10% from the Aviation Enterprise Fund.

Attachment(s): Resolution No. 10319

Action Taken:

RESOLUTION NO. 10319

A RESOLUTION OF THE COUNCIL OF THE CITY OF SCOTTSDALE, ARIZONA, AUTHORIZING THE AWARD OF CONSTRUCTION BID NO. 16PB014 WITH RUMMEL CONSTRUCTION, INC., FOR THE CONSTRUCTION OF THE AIRPORT EROSION PROTECTION AND WILDLIFE MITIGATION PROJECT

WHEREAS, the City of Scottsdale desires to construct erosion protection and wildlife mitigation improvements at the Scottsdale Airport; and

WHEREAS, Rummel Construction, Inc. has offered to provide to the City the requisite construction services necessary to construct erosion protection and wildlife mitigation Improvements ; now, therefore

BE IT RESOLVED by the Council of the City of Scottsdale as follows:

Section 1. That the Mayor of the City of Scottsdale is hereby authorized and directed to execute construction bid award No. 16PB014, in the amount of \$392,535.00 between the City and Rummel Construction, Inc., for the construction of the erosion protection and wildlife mitigation project at Scottsdale Airport.

PASSED AND ADOPTED by the Council of the City of Scottsdale, Arizona, this 9<sup>th</sup> day of February, 2016.

ATTEST:

CITY OF SCOTTSDALE,  
an Arizona municipal corporation

\_\_\_\_\_  
Carolyn Jagger, City Clerk

\_\_\_\_\_  
W. J. "Jim" Lane, Mayor

APPROVED AS TO FORM:

\_\_\_\_\_  
Bruce Washburn, City Attorney  
By: Cliff Frey  
Senior Assistant City Attorney



**COMMISSION INFORMATION REPORT**

Discussion and Input Regarding the Monthly Airport Construction Report for December 2015

**Agenda Item No.:** 12

**Meeting Date:** 01/13/16

**Staff Contact:** Chris Read,  
Airport Operations Manager

**Phone:** (480) 312-2674

**INFORMATION**

Airport Construction Update for December 2015.

**PURPOSE**

The purpose of this item is to keep the Airport Advisory Commission informed as to the status of all construction activity at the City's airport.

**PROJECTS UNDER CONSTRUCTION**

**Taxiway B Rehabilitation - (\$5,366,927.20)**  
July 6<sup>th</sup> 2015 to March 20<sup>th</sup> 2016

<u>% Complete</u>	<u>Completed Work - December</u>	<u>Anticipated Work - January</u>	<u>Operational Impacts</u>
65	Phase 4 Demolition, electrical pull box installation, new electrical conductor installation, drain pipe installation.	Phase 4, light fixture installation, drain pipe insulation, paving and striping. Phase 5 demolition.	<b>January</b> - 10 runway closures, Taxiway B closed from B7 to B3.





**Airport Operations Center Building - (\$3,968,000.00)**  
 January 26<sup>th</sup> 2015 to January 30<sup>th</sup> 2016

<u>% Complete</u>	<u>Completed Work - December</u>	<u>Anticipated Work - January</u>	<u>Operational Impacts</u>
80	HVAC duct and installation, fire sprinkler installation, interior framing, exterior wall framing, roof installation.	Window installation, drywall and painting,, computer network installation, door installation, plumbing fixtures installation, final details and address punch list items.	Northernmost part of Landmark North ramp closed, North Airport Drive vehicle gate closed.





**PLANNED PROJECTS**

**Parking Apron Pull Box Replacement Project**

<b>Description</b>	<b>Estimated Cost</b>	<b><u>Status</u></b>	<b><u>Estimated Start Date</u></b>	<b><u>Estimated Completion Date</u></b>
Replace 8 old pull cement cover pull boxes with new steel covered boxes along the west side aircraft parking aprons.	\$55,000	Award Phase	February 20, 2016	March 12, 2016

**Runway 03 Erosion Control/Wildlife Mitigation Project**

<b>Description</b>	<b>Estimated Cost</b>	<b><u>Status</u></b>	<b><u>Estimated Start Date</u></b>	<b><u>Estimated Completion Date</u></b>
Regrade and place rock in the area adjacent to the runway 03 approach.	\$500,000	Award Phase	February 20, 2016	March 18, 2016



## COMMISSION INFORMATION REPORT

Discussion and Input Regarding Operations Report for November and December 2015

**Agenda Item No.:** 13

**Meeting Date:** 01/13/16

**Staff Contact:** Chris Read,  
Airport Operations Manager

**Phone:** (480) 312-2674

### INFORMATION

Airport Monthly Operations Update for November and December 2015.

### PURPOSE

The purpose of this item is to keep the Airport Advisory Commission informed as to the operational status of the Airport.

#### BASED AIRCRAFT

	<u>Helicopter</u>	<u>Single Engine</u>	<u>Twin Engine</u>	<u>Jet</u>	<u>Total</u>
Current Month	17	208	45	128	398
December 2014	17	197	47	124	385

#### OPERATIONS

	<u>December 2014</u>	<u>December 2015</u>	<u>% Δ</u>	<u>2014 YTD</u>	<u>2015 YTD</u>	<u>% Δ</u>
Total	10,918	12,182	11.5	152,568	157,449	3.1
IFR	3,457	3,566	3.1	41,836	42,926	2.6

#### ALERTS

<u>Date</u>	<u>Type</u>	<u>Description</u>
11/07/15	3	Piper 22-135, runway excursion after landing
11/15/15	1	Cirrus SR-22, high engine temperature in flight
11/25/15	1	Falcon 20, landing gear would not retract after take off
12/04/15	1	Hawker 800, faulty gear indication light

#### INCIDENTS

<u>Date</u>	<u>Description</u>
11/04/15	Cirrus SR22, flat nose tire after landing
11/05/15	Lav cart spill, Landmark Aviation ramp
11/05/15	Small fuel spill, Landmark Aviation ramp

**Commission Information Report****Agenda Item No.: 13**

Airport Monthly Operations Update for November and December 2015

**INCIDENTS - Cont.**

<u>Date</u>	<u>Description</u>
11/10/15	Citation 525, brake problems after landing
11/12/15	Small fuel spill, Landmark Aviation ramp
11/13/15	Cessna 182, flat main tire during taxi
11/28/15	Fuel leak, Citation X on Signature ramp
12/04/15	Cessna 172, flat main tire during taxi
12/13/15	Fuel leak, Lear 31 on Landmark ramp,
12/23/15	Fuel leak, Merlin on Landmark ramp
12/29/15	Small fuel spill, Landmark Aviation ramp

**ENFORCEMENT ACTIONS**

<u>Date</u>	<u>Violation</u>	<u>Enforcement Method Used</u>	<u>Comments</u>
11/06/15	Vehicle parking permit not displayed - 2	N.O.V.	1 <sup>st</sup> Violation
11/18/15	Fuel sample dumped on ramp	Verbal	1 <sup>st</sup> Violation
12/04/15	Vehicle parking permit not displayed	Verbal	1 <sup>st</sup> Violation
12/19/15	Vehicle speeding on airside ramp	Verbal	1 <sup>st</sup> Violation
12/19/15	Aiding and abetting-unauthorized access	N.O.V.	2 <sup>nd</sup> Violation
12/23/15	Vehicle driving on airpark taxi lane	Verbal	1 <sup>st</sup> Violation
12/27/15	Vehicle parking permit not displayed	N.O.V.	1 <sup>st</sup> Violation
12/28/15	Vehicle speeding on airside ramp	Verbal	1 <sup>st</sup> Violation

**U.S. CUSTOMS UPDATE**

<u>*Revenue (FYTD)</u>	<u>**Anticipated/Actual Expense</u>	<u>Total Uses Month</u>	<u>Total Uses (FYTD)</u>	<u>U.S. Visit Uses (flights/current month)</u>	<u>Comments</u>
\$196,900	\$128,092	92	353	27	<b>U.S. Visit Summary</b> 42 Mexican 2 British

<u>*Revenue (FYTD)</u>	<u>Total Uses Month</u>	<u>Total Uses (FYTD)</u>
<b>2015/16</b> (\$196,900)	<b>DEC 2015</b> (92)	<b>2015/16</b> (353)
<b>2014/15</b> (\$180,525)	<b>DEC 2014</b> (84)	<b>2014/15</b> (328)

*\*Revenue = User Fees and Overtime Fees Charged to Users*

*\*\*Anticipated/Actual Expense = Includes Average Monthly Cost for US Customs Agent, Overtime Charges, Agent Training, Technology Equipment Upgrades, Maintenance/Connectivity Charges, Regulated Garbage, Value of Lost Rent, Staff Time and Utilities*

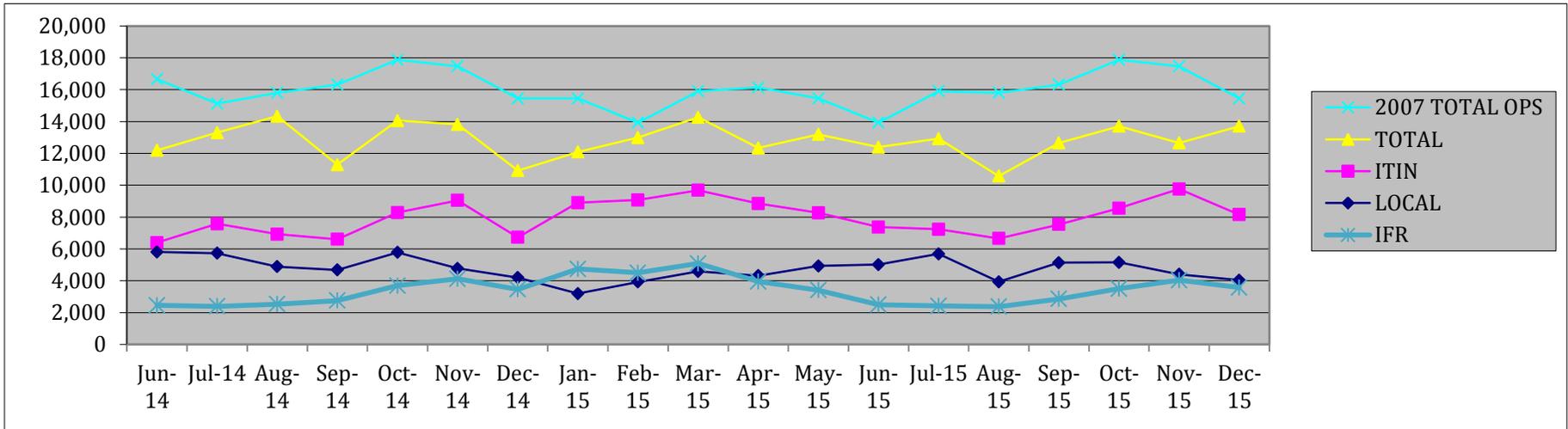
75,000 lbs. + PPR = 32 (calendar year 2015)

Attachment(s): 1. Scottsdale Airport Operations Counts 2014–2015

# SCOTTSDALE AIRPORT OPERATIONS 2014-2015



	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
<b>ITIN</b>	6,391	7,580	6,921	6,607	8,279	9,046	6,722	8,899	9,074	9,682	8,849	8,263	7,373	7,233	6,652	7,530	8,560	9,764	8,149
<b>LOCAL</b>	5,806	5,724	4,881	4,683	5,781	4,771	4,196	3,191	3,918	4,586	4,318	4,926	5,015	5,689	3,928	5,131	5,149	4,401	4,033
<b>IFR</b>	2,455	2,390	2,531	2,755	3,689	4,122	3,457	4,743	4,498	5,084	3,946	3,403	2,496	2,421	2,371	2,860	3,500	4,038	3,566
<b>TOTAL</b>	12,197	13,304	14,333	11,290	14,060	13,817	10,918	12,090	12,992	14,268	12,338	13,189	12,388	12,922	10,580	12,661	13,709	12,661	13,709



## PRE-RECESSION COMPARISON

	Dec-07	Dec-15	% change
<b>ITIN</b>	10,132	8,149	-19.6%
<b>LOCAL</b>	5,319	4,033	-24.2%
<b>IFR</b>	3,651	3,566	-2.3%
<b>TOTAL</b>	15,451	13,709	-11.3%



## COMMISSION INFORMATION REPORT

Discussion and Input Regarding Monthly  
Financial Reports for October 2015

**Agenda Item No:** 14a

**Meeting Date:** 01/13/16

**Staff Contact:** Shannon Johnson,  
Management Analyst

**Phone:** (480) 312-8475

### AVIATION OPERATING BUDGET FISCAL YEAR 2015/16

	FY 2015/16			FY 2015/16 Year to Date (through October 2015)			
	Adopted Budget	Approved Budget		Approved Budget	Actual	Dollar Variance	% Variance
Revenue	\$3,904,685	\$3,904,685	Revenue	\$1,058,582	\$958,950	-\$99,632	-9%
Expenses	\$2,107,032	\$2,133,475	Expenses	\$806,220	\$569,111	-\$237,109	-29%
Net	\$1,797,653	\$1,771,210	Net	\$252,362	\$389,839	\$137,477	54%

### AVIATION FUND CASH BALANCE

	Operating	CIP Funds	Total
As of 10/31/15	\$5,813,445	\$2,914,274	\$8,727,719
As of 9/30/15	\$5,724,934	\$4,502,624	\$10,227,558

### MONTHLY REVENUE AND EXPENDITURE COMPARISON (ACTUALS)

	October 2014	October 2015	Dollar Variance	% Variance
	Revenue	\$275,571	\$281,443	\$5,872
Expenses	\$160,750	\$167,108	\$6,358	4%
Net	\$114,821	\$114,335	-\$486	0%

### ACCOUNTS RECEIVABLE AGING REPORT

Oct-15

	Current	1-30 Days	31-60 Days	61-90 Days	91-120 Days	>120 Days	Total Amt Due
All Accounts Total	<b>39,502.97</b>	<b>2,339.94</b>	<b>-425.24</b>	<b>-412.67</b>	<b>58.97</b>	<b>657.71</b>	<b>41,721.68</b>

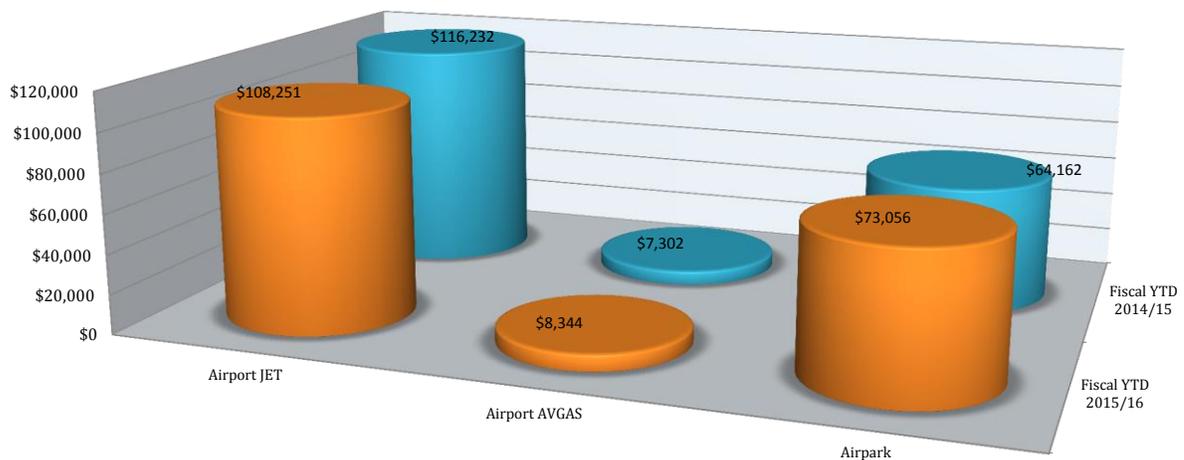
### Fuel Flowage (@ \$0.08 per gallon)

	October 2014			October 2015			% Change From Last Yr
	Revenue	Gallons	% Total	Revenue	Gallons	% Total	
Airport JET	\$40,751	509,393	66.9%	\$39,151	489,386	63.5%	-3.9%
Airport AVGAS	\$2,357	29,459	3.9%	\$2,159	26,985	3.5%	-8.4%
Airpark	\$17,769	222,108	29.2%	\$20,326	254,079	33.0%	14.4%
<b>Total</b>	<b>\$60,877</b>	<b>760,960</b>	<b>100.0%</b>	<b>\$61,636</b>	<b>770,450</b>	<b>100.0%</b>	<b>1.2%</b>

	Fiscal YTD 2014/15			Fiscal YTD 2015/16			% Change From Last Yr
	Revenue	Gallons	% Total	Revenue	Gallons	% Total	
Airport JET	\$116,232	1,452,896	61.9%	\$108,251	1,353,136	57.1%	-6.9%
Airport AVGAS	\$7,302	91,280	3.9%	\$8,344	104,304	4.4%	14.3%
Airpark	\$64,162	802,026	34.2%	\$73,056	913,204	38.5%	13.9%
<b>Total</b>	<b>\$187,696</b>	<b>2,346,202</b>	<b>100.0%</b>	<b>\$189,652</b>	<b>2,370,644</b>	<b>100.0%</b>	<b>1.0%</b>

Scottsdale Airport Fuel Flowage (@ \$0.08 per gallon) - Fiscal Year-to-Date





## COMMISSION INFORMATION REPORT

Discussion and Input Regarding Monthly  
Financial Reports for November 2015

**Agenda Item No:** 14b

**Meeting Date:** 01/13/16

**Staff Contact:** Shannon Johnson,  
Management Analyst

**Phone:** (480) 312-8475

### AVIATION OPERATING BUDGET FISCAL YEAR 2015/16

	FY 2015/16		FY 2015/16		FY 2015/16 Year to Date (through November 2015)			
	Adopted Budget		Approved Budget		Approved Budget	Actual	Dollar Variance	% Variance
Revenue	\$3,904,685		\$3,904,685		\$1,382,262	\$1,311,366	-\$70,896	-5%
Expenses	\$2,107,032		\$2,133,475		\$936,851	\$691,565	-\$245,286	-26%
Net	\$1,797,653		\$1,771,210		\$445,411	\$619,801	\$174,390	39%

### AVIATION FUND CASH BALANCE

	Operating	CIP Funds	Total
As of 11/30/15	\$5,991,040	\$3,217,644	\$9,208,685
As of 10/31/15	\$5,813,445	\$2,914,274	\$8,727,719

### MONTHLY REVENUE AND EXPENDITURE COMPARISON (ACTUALS)

	November		Dollar Variance	% Variance
	November 2014	November 2015		
Revenue	\$274,349	\$352,417	\$78,068	28%
Expenses	\$112,756	\$122,454	\$9,698	9%
Net	\$161,593	\$229,963	\$68,370	42%

### ACCOUNTS RECEIVABLE AGING REPORT

Nov-15

	Current	1-30 Days	31-60 Days	61-90 Days	91-120 Days	>120 Days	Total Amt Due
All Accounts Total	<b>44,480.60</b>	<b>1,176.89</b>	<b>598.37</b>	<b>-103.31</b>	<b>-339.26</b>	<b>688.62</b>	<b>46,501.91</b>

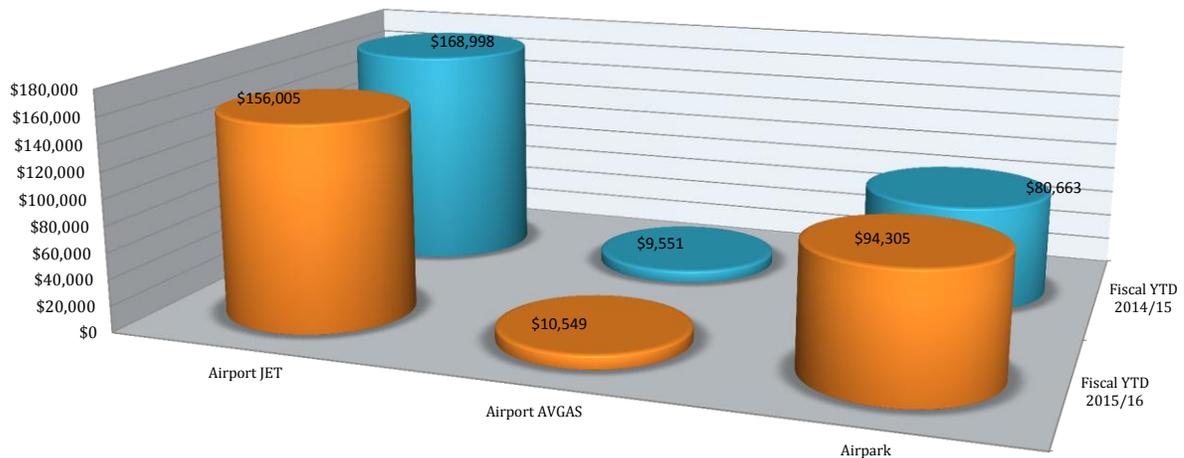
### Fuel Flowage (@ \$0.08 per gallon)

	November 2014			November 2015			% Change From Last Yr
	Revenue	Gallons	% Total	Revenue	Gallons	% Total	
Airport JET	\$52,766	659,573	73.8%	\$47,754	596,927	67.1%	-9.5%
Airport AVGAS	\$2,249	28,109	3.1%	\$2,204	27,555	3.1%	-2.0%
Airpark	\$16,501	206,266	23.1%	\$21,249	265,614	29.8%	28.8%
<b>Total</b>	<b>\$71,516</b>	<b>893,948</b>	<b>100.0%</b>	<b>\$71,208</b>	<b>890,096</b>	<b>100.0%</b>	<b>-0.4%</b>

	Fiscal YTD 2014/15			Fiscal YTD 2015/16			% Change From Last Yr
	Revenue	Gallons	% Total	Revenue	Gallons	% Total	
Airport JET	\$168,998	2,112,469	65.2%	\$156,005	1,950,063	59.8%	-7.7%
Airport AVGAS	\$9,551	119,389	3.7%	\$10,549	131,859	4.0%	10.4%
Airpark	\$80,663	1,008,291	31.1%	\$94,305	1,178,818	36.2%	16.9%
<b>Total</b>	<b>\$259,212</b>	<b>3,240,149</b>	<b>100.0%</b>	<b>\$260,859</b>	<b>3,260,740</b>	<b>100.0%</b>	<b>0.6%</b>

Scottsdale Airport Fuel Flowage (@ \$0.08 per gallon) - Fiscal Year-to-Date





**COMMISSION INFORMATION REPORT**

Discussion and Input Regarding  
Public Outreach Programs and Planning Projects

**Agenda Item No:** 15

**Meeting Date:** 01/13/16

**Staff Contact:** Sarah Ferrara,  
Aviation Planning and Outreach  
Coordinator

**Phone:** (480) 312-8482

**INFORMATION**

Monthly update of the marketing, community, planning and pilot outreach programs at Scottsdale Airport.

**PURPOSE**

The purpose of this item is to keep the Airport Advisory Commission informed of the airport's marketing, outreach and planning projects efforts.

FAA Flight Path Changes			
#	Description	Purpose	Status
1	Next Gen RNAV	In November, Valley mayors signed letter asking Senate to support McCain-Flake amendment. In December, Omnibus Spending Bill approved; included noise mitigation language. Upon passage of this legislation, Senator McCain sent a letter to FAA Administrator Michael P. Huerta asking for the agency's prompt compliance in working closely with communities affected by flight path noise.	In progress
2	Phoenix MetroPlex	The FAA is conducting a study on the impacts of aviation noise on the community. It is anticipated to be completed in late 2016.	In progress
Marketing Program			
#	Description	Purpose	Status
1	Media and Social Media	Articles on the executive hangars for lease appeared in the Scottsdale Independent and Airpark News; also articles on Taxiway B project and customs numbers appeared in Airpark News.	Completed
2	List serves	List serve newsletters continue to be sent out with the latest construction information. Also sent several newsletters promoting hangars for lease.	Completed
3	Tradeshows	Another successful show at the 2015 NBAA Annual Convention; staff spoke to over 500 booth visitors; partnered with the Scottsdale Convention and Visitors Bureau, FBOs, Barrett-Jackson, Waste Management Open, Go Rentals, Ciao Baby and Hertz. The focus for the show was to promote the executive hangars for lease. Getting ready to exhibit at the 2016 Schedulers and Dispatchers Convention in Tampa Bay, Florida in mid-January.	In progress
Community Outreach			
#	Description	Purpose	Status
1	Brochures, flyers, other print materials &	Worked in partnership with the city's Economic Vitality office on producing a passport-type brochure promoting Scottsdale as a destination and the airport.	In process

	<b>videos</b>		
2	<b>Website Updates</b>	Continuing refinements to the airport website.	In process
3	<b>Realtor/ Homeowner Assoc. Outreach</b>	Available to present to homeowner associations and realtor groups as needed.	As needed
4	<b>Community Outreach</b>	The next Run the Runway event is scheduled for Saturday, April 2, 2016. More information to come.	In process
<b>Planning Projects</b>			
<b>#</b>	<b>Description</b>	<b>Purpose</b>	<b>Status</b>
1	<b>Monitor property development through the Planning Department</b>	Working with the Planning Department to protect the airspace and development uses near Scottsdale Airport. There were four projects within the Airport Influence Area listed in the Planning and Zoning reports for November and December.	In progress
<b>Pilot Outreach</b>			
<b>#</b>	<b>Description</b>	<b>Purpose</b>	<b>Status</b>
1	<b>Pilot Briefing &amp; Outreach</b>	FAA ATCT and Aviation staff host Pilot Briefing at airport terminal generally twice a year.	Completed
2	<b>Voluntary Curfew Outreach (10:00 p.m. - 6:00 a.m.)</b>	Communicate with aircraft operators and remind pilots that noise sensitive communities surround Scottsdale Airport. Promote the voluntary curfew of 10:00 p.m. - 6:00 a.m. If noise complaints during the voluntary curfew hours are received, aviation staff will work to make contact with the pilot to remind them of the voluntary curfew procedures. There were three voluntary curfew letters sent in November and December.	As needed



## COMMISSION INFORMATION REPORT

Discussion and Input Regarding Airport and Airpark Aeronautical Business Permit Additions, Cancellations, and Revocations

**Agenda Item No.:** 16

**Meeting Date:** 01/13/16

**Staff Contact:** Shannon Johnson,  
Management Analyst

**Phone:** (480) 312-8475

### INFORMATION

Review of Airport and Airpark permittees and major tenant Aeronautical Business Permit additions, cancellations, and revocations.

### PURPOSE

Per the request of the Airport Advisory Commission, a report will be provided as needed indicating additions, cancellations, and revocations of Aeronautical Business Permits.

### KEY CONSIDERATIONS

- Attached are the current lists of Airport and Airpark permittees.
- List provides what type of aeronautical activity the business is conducting and the contact information.
- Any additions, cancellations, suspensions, and revocations will be highlighted on the tenant list.

Attachments(s): 1. Current Airport Permittee List by Category  
2. Current Airpark Permittee List by Category

**Airport Aeronautical Business Permittees & Major Tenants  
January 2016**

**Aircraft Charter /  
Management & Sales**

<b>BUSINESS NAME</b>	<b>ACTIVITY</b>	<b>LOCATED</b>	<b>CONTACT</b>	<b>PHONE</b>	<b>FAX</b>
ALANTE AIR CHARTER	A/C CHARTER / MGMT	LMSC	KEVIN LIPPERT	605-593-8960	605-593-8964
ALL ACCESS MOTORSPORTS DBA ALL ACCESS JETS	A/C CHARTER BROKERAGE	SFS	BRADLEY CRAIG	480-483-7867	480-483-7866
AVIATION RESOURCE GROUP (AERODYNE)	A/C SALES	ACC	LAWRENCE BARNA	480-359-7979	N/A
AVIATION WEST CHARTERS	A/C CHARTER / MGMT	SFS	BRANDON KEARNS	480-559-6901	888-941-4823
BUSINESS AIRCRAFT MGMT	A/C SALES, MGMT, CHARTER	SFS	GORDON JOHNSON	480-905-8659	480-905-9365
CRITICAL AIR RESPONSE DBA AIRCARE1	A/C CHARTER	LM	DENISE WAYE	505-242-7760	505-796-8999
EMPIRE AVIATION	A/C SALES	ACC	GARY WRIGHT	480-659-0808	480-659-0363
FALCON EXECUTIVE AVIATION	A/C CHARTER / MGMT	SFS	PAUL LESSAONGANG	800-237-2359	480-830-8688
G.G.R. AVIATION	A/C MGMT	SFS	GUY MILANOVITS	480-614-1166	N/A
GLOBALJET NA	A/C MGMT	LMSC	TYLER HORN	480-350-7927	480-719-8869
HOBO JET	A/C CHARTER BROKERAGE	SFS	JOSH ALLEN	480-773-0952	N/A
J & S AVIATION	A/C MGMT	MOBILE	SEAN FOWLER	480-241-9437	623-780-8484
JET PROS, LLC	A/C CHARTER BROKERAGE, MGMT & CHARTER	MOBILE	MARGARET PIONTEK	480-444-2452	480-575-9920
JOHN HOPKINSON & ASSOCIATES	A/C SALES	SFS	CHRISTINA HOPKINSON	403-637-2250	N/A
LANDMARK AVIATION – CHARTER	A/C CHARTER	LM	RICK WIELEBSKI	480-948-2400	480-948-3874
MEMLEY AVIATION	A/C CHARTER / MGMT	SFS	ALAN MEMLEY	559-233-5165	N/A
PACIFIC AIR CENTER	A/C SALES	LM	RICH MANOR	562-513-5222	562-513-5230
SAWYER CHARTER SERVICE	A/C SALES & CHARTER	LMNC	CHAD & MARY VERDAGLIO	480-922-2723	480-922-5653
SCOTT AIR - ISLAND AIR EXPRESS	A/C CHARTER	LMNC	SCOTT CURRIER	602-274-4370	602-285-9295
SET JET	A/C CHARTER BROKERAGE	LMNC	WILLIAM SMITH	480-264-6500	N/A
SOJOURN AVIATION	A/C SALES	ACC	EDWARD MCDONALD	216-797-8523	216-797-3323
SOLAIRUS AVIATION	A/C MGMT	LMSC	JOHN KING	707-775-2760	N/A
TEMPUS JETS	A/C CHARTER BROKERAGE & CHARTER	SFS	JOSHUA ALLEN	480-304-5093	602-325-4031

**Aircraft Rental / Leasing &  
Flight Training**

AVIATION RESOURCE GROUP (AERODYNE)	FLIGHT TRAINING/ A/C RENTAL	ACC	LAWRENCE BARNA	480-359-7979	N/A
ALLIANCE AIRCRAFT SERVICES	A/C RENTAL / TRAINING	ABC	GUY MILANOVITS	480-614-1166	480-048-1230
BONESTEEL, JUNE	GROUND SCHOOL TRAINING	LMSC	JUNE BONESTEEL	602-569-0200	602-569-1296
ELITE FLIGHT TRAINING	FLIGHT TRAINING	LMSC	CHARLES LAPMARDO	480-305-0911	N/A

Green indicates new permittee

Yellow indicates cancellation

Orange indicates suspension pending revocation

Red indicates revocation

G.G.R. AVIATION	FLIGHT TRAINING / A/C RENTAL	SFS	GUY MILANOVITS	480-614-1166	N/A
LEGACY FLIGHT TRAINING	FLIGHT TRAINING	ACC	WILLIAM INGLIS	772-539-0420	N/A
PLUS 5 SPORT AERO	FLIGHT TRAINING	LMNC	BUD DAVISON	602-971-3991	602-971-3896
SAWYER AVIATION, LLC	A/C RENTAL / TRAINING	LMNC	CHAD & MARY VERDAGLIO	480-922-5221	480-922-5653
SCOTTSDALE EXECUTIVE FLIGHT TRAINING	FLIGHT TRAINING / A/C RENTAL	SFS	GUY MILANOVITS	480-614-1166	N/A
SDL HOLDINGS	FLIGHT TRAINING	LMSC	JIM KOZIARSKI	904-273-3018	904-273-1511
SIERRA CHARLIE AVIATION	A/C RENTAL / TRAINING	ABC	SCOTT CAMPBELL	480-390-2346	N/A
SOUTHWEST FLIGHT CENTER	A/C RENTAL / TRAINING	ABC	GARY LEWIN	480-991-2880	480-991-2968
UNIVERSAL HELICOPTERS INC.	TRAINING, LEASING/PHOTO	LMSC	GORDON JIROUX	480-951-6283	480-951-6285
VERTICAL WORKS	FLIGHT TRAINING	LMNC	CHARLES CHADWICK	732-865-1610	N/A
<b>Aircraft Maintenance &amp; Repair</b>					
AERO JET SERVICES LLC	A/C MAINTENANCE	SFS	MIKE AABY	480-922-7441	480-922-8297
ARIZONA AIRCRAFT INTERIOR DESIGN	SPECIALIZED A/C REPAIR	SFS	MICHAEL BRYANT	480-832-1330	480-832-1186
CENTERLINE AIRCRAFT	A/C MAINTENANCE	SFS	LARRY AFANA	480-243-9001	N/A
CESSNA AIRCRAFT COMPANY	A/C MAINTENANCE	MOBILE	RANDALL SOUTIERE	480-840-9430	N/A
DALLAS AIRMOTIVE	A/C MAINTENANCE	SFS	KEVIN BANG	623-824-7961	N/A
DUNCAN AVIONICS	AVIONICS REPAIR	SFS	JIM DAVIS	480-922-3575	480-951-9234
EXECUTIVE AIRCRAFT MTC.	A/C MAINTENANCE	SFS	GORDON JOHNSON	480-991-0900	480-991-3067
FRUECHTNICHT, WILLIAM	A/C MAINTENANCE	MOBILE	WILLIAM FRUECHTNICHT	480-227-7796	N/A
HORIZON PAINT REPAIR	SPECIALIZED A/C REPAIR	LMSC	PAUL SUNBURY	480-565-7821	N/A
LONE STAR AOG	A/C MAINTENANCE	LM	PHILLIP LAWRENCE	972-743-1141	N/A
PDR SERVICES	SPECIALIZED A/C REPAIR	SFS	PHILIP CHAPMAN	480-202-2908	N/A
SOUTHWEST FLIGHT CENTER	A/C MAINTENANCE	ACC	GARY LEWIN	480-991-2880	480-991-2968
TEMPUS JETS	A/C MAINTENANCE	SFS	JOSH ALLEN	480-304-5093	N/A
TIMMY SHINES	SPECIALIZED A/C REPAIR	LMSC	TIM ARMSTEAD	480-789-1683	N/A
WEST COAST WASH STATION	SPECIALIZED A/C REPAIR	LMNC	MIKE ADAMS	480-443-7320	N/A
<b>Aircraft Washing / Detailing</b>					
AERO PANACHE	AIRCRAFT WASHING	MOBILE	TODD PUCKETT	602-531-5505	N/A
CLASSIC AIR AVIATION	AIRCRAFT WASHING	MOBILE	JON MARPLE	602-574-5376	440-664-3568
THE ALLEN GROUPE	AIRCRAFT WASHING	MOBILE	ROBERT KOPEC	317-525-6091	317-227-2770
TIME FOR SALE	AIRCRAFT WASHING	MOBILE	CAROLYN NELSON	602-295-7181	N/A
WEST COAST WASH STATION	AIRCRAFT WASHING	MOBILE	MIKE ADAMS	480-443-7320	N/A
<b>Auto Rental Services</b>					
ALAMO/NATIONAL CAR RENTAL	RENTAL CARS	TERM	MIKE ROLLINS	480-948-4884	480-948-7444

Green indicates new permittee

Yellow indicates cancellation

Orange indicates suspension pending revocation

Red indicates revocation

AVIS RENT A CAR SYSTEMS	RENTAL CARS	APK	PETER SERENA	480-948-4993	602-273-3215
ENTERPRISE RENT A CAR	RENTAL CARS	TERM	ERIC BULLIS	480-315-8051	480-315-1938
GO RENTALS	RENTAL CARS	APK	KAVOVS GITIBIN	480-991-0117	949-222-1909
HERTZ RENT-A-CAR	RENTAL CARS	TERM	SIMON ELLIS	480-609-6657	480-609-4318
<b>Fixed Base Operators</b>					
LANDMARK AVIATION	FIXED BASE OPERATOR (FBO)	LM	RICK WIELEBSKI	480-948-2400	480-948-3874
SIGNATURE FLIGHT SUPPORT	FIXED BASE OPERATOR (FBO)	SFS	GREG GIBSON	480-951-2525	N/A
<b>Hangar / Shade &amp; Office Leasing Services</b>					
AIR COMMERCE CENTER	OFFICE/HANGAR RENTALS	ACC	JOHN MEYER	480-483-1985	480-483-1726
GREENWAY HANGARS/SHADES	HANGAR/SHADE RENTALS	GRNWY	JOHN MEYER	480-483-1985	480-483-1726
LANDMARK SOUTH COMPLEX	OFFICE/HANGAR RENTALS	LMSC	RICK WIELEBSKI	480-948-2400	480-948-3874
<b>In-Flight Catering Services</b>					
BASHAS' INC. DBA AJ'S FINE FOODS	IN FLIGHT CATERING	MOBILE	MICHAEL BASHA	480-940-6731	480-940-2245
IN-FLIGHT CONCIERGE	IN FLIGHT CATERING	MOBILE	DEBRA EVANS	602-956-8512	480-683-2893
ZULU CAFFE DBA CIAO BABY CATERING	IN FLIGHT CATERING	TERM	DEE DEE MAZA	480-636-1634	N/A
<b>Other Specialty Services</b>					
<b>U.S. Government</b>					
FAA CONTROL TOWER	SDL AIR TRAFFIC CONTROL	TOWER	GEORGE SANT	480-609-7585	480-922-4982
US CUSTOMS	US CUSTOMS	ABC	OFFICER KENNEDY	480-312-8483	480-312-8485

- ABC = Aviation Business Center, 15041 N. Airport Drive, Scottsdale, AZ 85260
- ACC = Air Commerce Center, 14605 N. Airport Drive, Scottsdale, AZ 85260
- APK = Various Locations in Airpark
- LM = Landmark Aviation, 14600 N. Airport Drive, Scottsdale, AZ 85260
- LMSC = Landmark South Complex, 14700 N. Airport Drive, Scottsdale, AZ 85260
- SFS = Signature Flight Support, 15290 N. 78<sup>th</sup> Way, Scottsdale, AZ 85260
- LMNC = Landmark North Complex, 15115 N. Airport Drive, Scottsdale, AZ 85260
- TERM = Scottsdale Airport Terminal, 15000 N. Airport Drive, Scottsdale, AZ 85260
- TOWER = FAA Air Traffic Control Tower, 14960 N. 78<sup>th</sup> Way, Scottsdale, AZ 85260
- GRNWY = Greenway Hangars & Shades , 15135 N. Airport Dr., Scottsdale, AZ 85260

Green indicates new permittee      Yellow indicates cancellation      Orange indicates suspension pending revocation      Red indicates revocation

**Airpark Aeronautical Business Permittees & Tenants  
January 2016**

**Aircraft Charter / Sales  
& Management**

<b>BUSINESS NAME</b>	<b>ACTIVITY</b>	<b>LOCATED</b>	<b>CONTACT</b>	<b>PHONE</b>	<b>FAX</b>
AERO CARE MEDICAL TRANSPORT	A/C CHARTER	AIRPARK	JOSEPH CECE	630-466-0800	630-466-1336
AERO JET SERVICES	A/C CHARTER/MGMT	AIRPARK	MIKE AABY	480-922-7441	480-922-8297
ARIZTAR DBA POCKET JETS	A/C CHARTER/MGMT	AIRPARK	EDDIE OCHOA	480-600-8004	480-553-8667
AXIS AVIATION	A/C MANAGEMENT	AIRPARK	MATTHEW BOSCO	916-391-5000	916-391-5001
DELTA PRIVATE JETS	A/C CHARTER/MGMT	AIRPARK	REX BEVINS	859-534-4314	859-334-6547
EXECUTIVE JET MANAGEMENT	A/C MANAGEMENT	AIRPARK	CHRISTINE LEBER	513-979-6709	N/A
GEMINI AIR GROUP	A/C MANAGEMENT	AIRPARK	TIM CARPAY	480-991-5387	480-991-3373
JET LINX SCOTTSDALE	A/C CHARTER/MGMT	AIRPARK	JON HULBURD	866-538-5469	888-398-3189
NORTH CENTRAL AVIATION	A/C CHARTER/MGMT	AIRPARK	BRIAN HAHN	651-842-8453	N/A
PHOENIX HELI SUPPORT	A/C SALES	AIRPARK	TINA CANNON	480-985-7994	480-776-2238
PINNACLE AIR GROUP	A/C CHARTER/MGMT & SALES	AIRPARK	SCOTT GUETTI	480-998-8989	480-998-7993
PRIME JET	A/C CHARTER/MGMT	AIRPARK	CHERYL JANKE	310-486-2088	303-648-4685
PULVER AVIATION	A/C MANAGEMENT	AIRPARK	DAVID PULVER	480-249-4154	480-249-4155
SCOTTSDALE HANGAR ONE	A/C MANAGEMENT	AIRPARK	ANDY SHAFER	480-624-9000	480-659-6051
THE COFFMAN COMPANIES	A/C MANAGEMENT	AIRPARK	JEFF COFFMAN	480-393-0770	480-393-7774
TWC AVIATION	A/C CHARTER/MGMT & SALES	AIRPARK	BOB OLIVER	818-441-0100	N/A
VERTICAL AVIATION	H/C CHARTER/MGMT & SALES	AIRPARK	JOHN CASTROGIOVANNI	480-991-6558	480-907-2759

**Aircraft Rental / Leasing &  
Flight Training**

ARIZONA HELICOPTER ADVENTURES	H/C SPEC COMM'L FLYING	AIRPARK	JAKE AUSTIN	480-247-8508	N/A
SUNSTATE HELICOPTERS	H/C SPEC COMM'L FLYING & H/C FLIGHT TRAINING	AIRPARK	CHRIS DOBKINS	602-469-3182	N/A

**Helicopter Maintenance &  
Repair**

PHOENIX HELI SUPPORT	H/C MAINTENANCE	AIRPARK	TINA CANNON	480-985-7994	480-776-2238
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**Hangar / Shade &  
Office Leasing Services**

AERO CARE MEDICAL TRANSPORT	HANGAR/SHADE LEASING	AIRPARK	JOSEPH CECE	630-466-0800	630-466-1336
AIRE LANE	HANGAR/SHADE LEASING	AIRPARK	MOSHE BAR	480-483-8107	480-483-8172
ALTA VISTA RADIOLOGY	HANGAR/SHADE LEASING	AIRPARK	ROBERT ORTEGA	480-443-9391	N/A

Green indicates new permittee

Yellow indicates cancellation

Orange indicates suspension/pending revocation

Red indicates revocation

ASTOR AIRPARK HOLDINGS	HANGAR/SHADE LEASING	AIRPARK	REG COOPER	480-483-1999	480-443-7776
AVALON ONE	HANGAR/SHADE LEASING	AIRPARK	SAMIR KANUGA	480-718-2412	N/A
BATES FAMILY TRUST	HANGAR/SHADE LEASING	AIRPARK	AUSTIN BATES	480-443-8287	480-443-8385
BCO	HANGAR/SHADE LEASING	AIRPARK	LYNN BABCOCK	480-922-0490	480-922-0839
BRAINWASH	HANGAR/SHADE LEASING	AIRPARK	MILLS SINCLAIR	480-609-1109	480-609-1159
BUILDING D	HANGAR/SHADE LEASING	AIRPARK	SCOTT LYON	480-367-6200	
COURTHOUSE COMMERCIAL	HANGAR/SHADE LEASING	AIRPARK	JOSEPH ODDO	480-998-1444	480-951-1392
CWIE MANAGEMENT RESOURCES	HANGAR/SHADE LEASING	AIRPARK	FRANK CADWELL	480-449-7751	480-449-8814
DEVELOPMENT SERVICES	HANGAR/SHADE LEASING	AIRPARK	RICHARD WILSON	480-927-4888	480-927-4889
EDWARD JANKOWSKI	HANGAR/SHADE LEASING	AIRPARK	JOANNE JANKOWSKI	480-575-8185	480-575-8183
GRAYSTAR CORPORATION	HANGAR/SHADE LEASING	AIRPARK	JOHN MEYER	480-483-1985	480-483-1726
GREAT AMERICAN HANGAR	HANGAR/SHADE LEASING	AIRPARK	MARK BOSCO	916-391-5000	916-391-5001
HANGAR THREE	HANGAR/SHADE LEASING	AIRPARK	JIM KEELEY	480-596-9000	480-948-0502
JEST ENTERPRISES	HANGAR/SHADE LEASING	AIRPARK	STEVE MORALES	480-948-9969	N/A
JET LINX SCOTTSDALE	HANGAR/SHADE LEASING	AIRPARK	JON HULBURD	866-538-5469	888-398-3189
JON VESELY REVOCABLE TRUST	HANGAR/SHADE LEASING	AIRPARK	JOHN MEYER	480-483-1985	480-483-1726
KNIGHT DAME	HANGAR/SHADE LEASING	AIRPARK	DAVID GRIMM	480-948-2910	N/A
LARRY COFFEY	HANGAR/SHADE LEASING	AIRPARK	LARRY COFFEY	480-607-0140	N/A
LEX CAPITAL	HANGAR/SHADELEASING	AIRPARK	WILL SCHUCKERT	480-922-0460	480-483-8409
MOBILE INN ASSOCIATES	HANGAR/SHADE LEASING	AIRPARK	MARTIN DEHAAN	480-483-1985	480-483-1726
NDS	HANGAR/SHADE LEASING	AIRPARK	JOHN MEYER	480-483-1985	480-483-1726
PACIFIC MARINE MANAGEMENT	HANGAR/SHADE LEASING	AIRPARK	AL CHITTENDEN	360-653-4266	360-659-4216
PHOENIX HELI SUPPORT	HANGAR/SHADE LEASING	AIRPARK	TINA CANNON	480-985-7994	480-776-2238
PLO PROPERTIES	HANGAR/SHADE LEASING	AIRPARK	LYN OLIVIER	480-948-3789	480-948-3610
SCOTTSDALE HANGAR ONE	HANGAR/SHADE LEASING	AIRPARK	ANDY SHAFER	480-624-9000	480-659-6051
SKY PEAK	HANGAR/SHADE LEASING	AIRPARK	TONYA COLE	480-483-8107	480-483-8172
SOUTHWEST JET CENTER	HANGAR/SHADE LEASING	AIRPARK	JEFF SCHLUETER	480-845-0715	N/A
SUNSTATE AVIATION	HANGAR/SHADE LEASING	AIRPARK	MICHAEL FESSENDEN	602-683-0283	602-683-0321
TC HANGAR 3	HANGAR/SHADE LEASING	AIRPARK	JIM KEELEY	602-254-7457	602-252-8236
TC HANGAR GIANT	HANGAR/SHADE LEASING	AIRPARK	JOHN MEYER	480-483-1985	480-483-1726
VIA LINDA ANCALA	HANGAR/SHADE LEASING	AIRPARK	DAVE CHRISTENHOLZ	480-585-3790	480-585-9373
WALLACE HOLDINGS	HANGAR/SHADE LEASING	AIRPARK	BOB WALLACE	480-998-8861	480-998-0388
22B AIRPARK /former TBird Properties	HANGAR/SHADE LEASING	AIRPARK	CINDY ADAMS	480-483-1985	480-483-1726
7689, LLC	HANGAR/SHADE LEASING	AIRPARK	JOHN MEYER	480-289-5715	480-751-1559

Green indicates new permittee

Yellow indicates cancellation

Orange indicates suspension/pending revocation

Red indicates revocation



## COMMISSION INFORMATION REPORT

Discussion and Input Regarding Status of Aviation Items to City Council

**Agenda Item No:** 17

**Meeting Date:** 01/13/16

**Staff Contact:** Gary P. Mascaro,  
Aviation Director

**Phone:** (480) 312-7735

### INFORMATION

Discussion and input regarding status of the Airport Advisory Commission's 2016 items to City Council, and aviation-related items approved by Planning Commission, Design Review Board, or City Council.

- Attachment(s):
1. Airport Advisory Commission Items to City Council – 2016
  2. Aviation-related items to Planning Commission , Design Review Board, or City Council - 2016
  3. City Council Meeting Calendar – 2016

**AIRPORT ADVISORY COMMISSION AVIATION ITEMS TO CITY COUNCIL  
2016**

AIRPORT COMMISSION DATE	APPROVED	ITEM DESCRIPTION	CITY COUNCIL DATE	APPROVED
01/13/16	?	Discussion and Possible Action to Recommend to City Council Adoption of Resolution No. 10303, Authorizing Construction Bid Award No. 16PB011 to Fortis Networks, Inc. the lowest responsive bidder in the amount of \$68,608.98 to construct the Airport Pull Box Replacement Project and Increase the Budget Authority for Aviation Capital Improvement Center No. AB58A from \$70,000 to \$115,000.	02/09/16	?
01/13/16	?	Discussion and Possible Action to Recommend to City Council Adoption of Resolution No. 10319, Authorizing Construction Bid Award No. 16PB014 to Rummel Construction, Inc. the lowest responsive bidder in the amount of \$392,535 to construct the Airport Runway 03 Erosion Protection/Wildlife Mitigation Project	02/09/16	?
01/13/16	?	Discussion and Possible Action to Adopt Resolution No. 10333 approving and authorizing contract 2016-014-COS with Cherokee Aviation Holdings, LLC a ground lease agreement located on and adjacent to Taxiway Charlie	02/09/16	?

**AVIATION-RELATED ITEMS TO PLANNING COMMISSION, DESIGN REVIEW BOARD OR CITY COUNCIL**  
**(Projects that may be on airport, have taxi lane access, have height implications, or have sensitive noise uses)**  
**2016**

AIRPORT COMMISSION DATE	APPROVED	ITEM DESCRIPTION	PLANNING, DRB, OR CITY COUNCIL AGENDA DATE	APPROVED
?	?	<p><b>Greenway-Hayden Loop Apartments</b>  Kaplan Acquisitions, LLC is seeking to redevelop 8.84 acres for a 5-story (i.e., 4-story over podium), luxury apartment development. They are proposing 765 units (i.e., 86.5 du/ac) at 15501 N Dial Blvd. Rezoning/Minor GP required. Pre-App: 733-PA-2015</p>	?	?
?	?	<p><b>One Scottsdale</b>  Request by owner to amend the existing Planned Community District (P-C) with comparable Planned Regional Center (PRC) zoning approved in case 20-ZN-2002 to allow building height up to 90 feet, 1,366 additional residential units &amp; 1,066,145 additional square feet of non-residential area, on a +/- 76 acre site located at the northeast corner of Scottsdale Road and the Loop 101 freeway.</p>	?	?
?	?	<p><b>Assumption Greek Orthodox Church - Fellowship Hall</b>  Request for approval of the site plan, landscape plan, and building elevations for a new two story fellowship hall and classroom office building on a 5.2 +/- acre site located at 8202 E. Cactus Road with Single-family Residential (R1-35) zoning. Case #67-DR-2015</p>	?	?

# 2016 City Council Meeting Calendar

JANUARY						
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FEBRUARY						
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**Key**

	Council Meetings
	Optional Additional Mtg and/or Study Session
	General Plan
	Events
	City of Scottsdale Holidays
	Election
	No meetings will be scheduled
	Strategic Planning Workshop - TBD
	Agenda Review Staff Meetings

Jan: 12 - MLK Dinner  
 Feb: 2 - Waste Management Opening Party  
 25 - State of the City Address  
 Mar: 5-9 - NLC Conference  
 Apr:  
 May: 17 - Tentative Budget Adoption  
 June: 7 - Final Budget Adoption

Aug: 23-26 - League Conference  
 30 - Primary Election  
 Sept:  
 Oct:  
 Nov: 8 - General Election  
 15-19 - NLC Conference  
 Dec: 1-5 Major General Plan Amendments and Reg Council Mtgs



## COMMISSION ACTION REPORT

Discussion and possible action to modify the Airport Advisory Commission meeting schedule and Commission item calendar

**Agenda Item No.:** 18

**Meeting Date:** 01/13/16

**Staff Contact:** Gary P. Mascaro,  
Aviation Director

**Phone:** (480) 312-7735

### ACTION

Review Airport Advisory Commission meeting schedule for 2016.

### PURPOSE

Pursuant to By-Laws of the Scottsdale Airport Advisory Commission, Section 202, *“Regular meetings of the Commission shall be held on the second Wednesday of each month immediately following the study session, unless otherwise scheduled by majority vote of its members. In the event the Commission desires not to hold the preceding study session, the regular meeting shall begin at 6:00 p.m., unless otherwise scheduled by majority vote of its members.”*

Attachment(s): 1. Airport Advisory Commission schedule of meetings/items – 2016

Action taken:

**AIRPORT ADVISORY COMMISSION SCHEDULE OF MEETINGS - 2016**  
(Including anticipated topics and timeline for discussion)

JANUARY						
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- Election of Officers
- By-Laws Review
- Quarterly Noise Program Update

FEBRUARY						
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MARCH						
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- Aviation Enterprise Fund Five-Year Financial Plan

APRIL						
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- Quarterly Noise Program Update

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- Risk Management Insurance Update

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JULY						
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- Quarterly Noise Program Update

AUGUST						
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- CVB Update

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- Quarterly Noise Program Update
- Chamber Update

NOVEMBER						
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- AZ Business Aviation Assn. Update

DECEMBER						
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