



#### **IV. SPECIAL PRESENTATION TO CHARLES GILLETT**

The Board made a special presentation to former Board Commissioner Charles Gillett and thanked him for his service on the Board. Mr. Gillett thanked the Board members, and stated that it was a pleasure serving on the Board.

#### **V. USE AND LEASE AGREEMENT WITH FEDERAL EXPRESS CORPORATION**

Staff presented the Board with a proposed Use and Lease Agreement with Federal Express Corporation. On Tuesday, the Authority received 3 original signed Use and Lease Agreements from Federal Express. The terms of the Agreement are based upon boilerplate ground lease and previous hangar agreements, and include a five-year lease commencing September 1, 1998, with a five-year renewal option through 2008, rental of the Authority-owned hangar and ground within the vicinity of the hangar, and standard cost-of-living adjustments. The area to be leased is 98,000 square feet, which includes the hangar and the surrounding ground.

The ground lease rate would be \$.0894/sq.ft./year, which is the standard lease rate in the Runway 11/29 area. The hangar rent was determined by adjusting the previous tenant's hangar rental rate to include COLAs since 1993 and taking into consideration the proposed improvements Federal Express and the Airport Authority plan on making to the premises. The security deposit would be in the form of a payment bond in the amount of two months of estimated revenues to the Authority. Manager Nystrom noted that the Agreement is consistent with other tenants' use and lease agreements. Additionally, she commented that Federal Express has committed itself to participating in the funding of improvements on the leasehold, including paving the hangar area parking lot and renovations to the hangar.

The estimated annual revenue to the Authority from the leased areas and landing fees is \$60,000. Commissioner McCormick inquired whether the estimate includes landing fees for feeder aircraft. Manager Nystrom noted that the \$60,000 does not include fees from feeder aircraft from other freight companies because the exact number of proposed landings from those aircraft has not been determined. Staff recommended the approval of the Use and Lease Agreement between the Authority and Federal Express Corporation, contingent upon the Authority's receipt of an original Certificate of Insurance and a payment bond from Federal Express.

Vice Chairman McCormack moved to approve the Use and Lease Agreement between the Authority and Federal Express Corporation contingent upon the Authority's receipt of an original Certificate of Insurance and a payment bond from Federal Express. Commissioner McCormick seconded.

Commissioner Morris asked if there were any estimates available of the additional landing fees the Authority may receive from additional feeder aircraft. Manager Nystrom commented that Staff did not have an estimate at this time. She noted that Federal Express has not indicated its plans for contracting with feeder carriers.

Roll call: all ayes. Motion carried.

Commissioner Sutherland arrived at 5:35pm.

## **VI. REQUEST FOR FUNDING FOR AIRPORT ENVIRONMENTAL REMEDIATION SERVICES AND WALKER FIELD AIRPORT AUTHORITY HANGAR RENOVATIONS**

Staff presented the Board with a request to appropriate additional funding for environmental remediation services and Authority hangar renovations. Manager Nystrom updated the Board regarding the hangar projects. The preparation of the remediation plan is complete.

The initial bid process for the renovations was completed, but bids were not received on all of the work needed to be completed. Thus Staff re-bid the renovation work with the request for general contractors to complete all of the projects.

The low bid for the renovation work came from Francis Constructors at \$93,510. Scope of work includes: electrical upgrades, installation of a fire suppression system, carpet installation, water line upgrades, painting of interior and exterior, and work to bring the facility into compliance with the Americans with Disabilities Act (ADA).

The only bid received for the decontamination project oversight was Walsh Environmental Services at \$19,870, and the lowest bid received for the decontamination work was RM CAT Environmental Services, Inc. at \$26,621.

Because the proposed work for the renovation and remediation will exceed the \$75,000 appropriation which was authorized at the May 26, 1998 Special Board Meeting, Staff recommended that the Board appropriate funding for the project not to exceed \$155,000.

Chairman O'Boyle asked if the Authority was going to perform any structural changes at the hangar. Staff responded that the scope of work does not include any structural changes. However, slabjacking will be done on the southwest corner of the hangar. Commissioner Morris asked if any of the items within the scope of work could be performed in-house. Staff noted that the majority of the items require the expertise of licensed contractors.

Chairman O'Boyle asked if Federal Express has been in contact with any contractors. Staff responded that Francis Constructors will be performing Federal Express's portion of the work. Thus approval of Francis to complete the Authority portion would bring the entire project under the direction of one general contractor.

Commissioner Sutherland inquired whether Walsh Environmental Services provided any explanation as to why the remediation oversight bid is approximately 80% of the remediation work bid. Manager Nystrom commented that the oversight bid includes a lot of compliance oversight, including verification of conformance with the decontamination plan. Additionally, the bid includes follow-up inspections and testing. Commissioner Morris asked if there is any provision in the Federal Express Agreement which makes the approval of the Agreement contingent upon the remediation work complying with the decontamination plan. Manager Nystrom noted that Federal Express delayed signing the Agreement until its environmental department reviewed the decontamination plan. Thus she believed that Federal Express signed the Agreement with the understanding the Authority would follow the decontamination plan. Commissioner Morris expressed concern that the oversight bid amount may be higher than necessary.

Commissioner Richards moved to appropriate funding for the project not to exceed \$155,000 and to eliminate the previous limit of \$75,000. Vice Chairman McCormack seconded.

Commissioner Morris agreed to review the level of remediation oversight to be performed. He stated he wanted to leave the option open to negotiate the amounts for the remediation work and oversight bids. Commissioner Morris stated he had no problem with the appropriation amount, but that he would like to review the remediation and oversight costs.

Roll call: all ayes. Motion carried.

Chairman O'Boyle complimented Authority Staff for all of the time and hard work they have put into the preparations for the Authority hangar renovations. Commissioner Richards added that with the time-frame Staff had to work with, they did a miraculous job.

## **VII. SUBLEASE AGREEMENT BETWEEN KEMPTON AIR SERVICE AND BUESCHER FAMILY LIMITED PARTNERSHIP**

Chairman O'Boyle excused himself from all discussions and actions regarding this agenda item, and yielded the Chair to Vice Chairman McCormack.

Staff presented the Board with a proposed Sublease Agreement between Kempton Air Service and Buescher Family Limited Partnership for the lease of office and classroom space in the building to the west of the existing West Star Aviation hangar. The term of the sublease would be for 3 years. Staff recommended approval of the Sublease and that the Chairman be authorized to sign the Sublease on behalf of the Authority.

Commissioner McCormick moved to approve the Sublease Agreement between Kempton Air Service and Buescher Family Limited Partnership and that the Chairman be authorized to sign the Sublease on behalf of the Authority. Commissioner Morris seconded.

Commissioner Sutherland asked if the Sublease is materially similar to other subleases which have been approved in the past by the Board. Manager Nystrom noted that the Sublease appears to be materially similar to other subleases which have been approved in the past by the Board, except that Larry Kempton was required to provide a personal guarantee. Commissioner Sutherland asked if Kempton Air Service has agreed to lease tiedown and hangar space from West Star. Louis Buescher of West Star Aviation indicated Kempton Air Service will be leasing tiedown and hangar space from West Star.

Roll call: all ayes, except for Chairman O'Boyle, who abstained from action. Motion carried.

## **VIII. OTHER ITEMS**

### **A. Authorization to Execute Line of Credit with Mesa National Bank**

Staff presented the Board with a request for authorization to execute a \$100,000 line of credit with Mesa National Bank. Manager Nystrom noted that because of the renovation and remediation work at the Authority-owned hangar commencing within a few weeks, the Authority may need additional short-term funds depending upon cash flow. To address the cash flow needs, Staff took steps to set-up a line of credit.

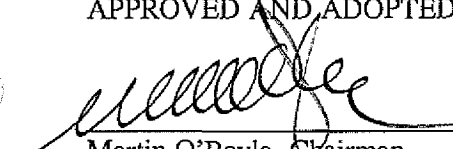
If established, Staff recommended keeping the line of credit in place to be used for other projects as needed in the future. The proposed interest rate is 75% of the Prime Rate. Staff recommended the Board authorize the execution of a line of credit with Mesa National Bank in the amount of \$100,000 and that the Chairman be authorized to sign any necessary documents on behalf of the Authority.

Commissioner McCormick moved to authorize the execution of a \$100,000 line of credit with Mesa National Bank and that the Chairman be authorized to sign any necessary documents on behalf of the Authority. Commissioner Sutherland seconded. Roll call: all ayes. Motion carried.

**IX. ADJOURNMENT**

There being no further business to come before the Board, Commissioner McCormick moved to adjourn the meeting. Vice Chairman McCormack seconded. Unanimously carried. The meeting adjourned at 6:20pm.

APPROVED AND ADOPTED THIS 21<sup>st</sup> DAY OF July, 1998.

  
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Martin O'Boyle, Chairman

ATTEST:  
  
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David J. Anderson, Clerk