

MINUTES OF THE MEETING
OF
KINGMAN AIRPORT AUTHORITY, INC.
INDUSTRIAL PARK COMMITTEE
February 10, 2010

A regular meeting of the Kingman Airport Authority, Inc. Industrial Park Committee was held on February 10, 2010 commencing at 4:00 P.M. in the Kingman Airport Authority Conference Room, 7000 Flightline Drive, Kingman, Arizona, pursuant to duly mailed and posted notice.

MEMBERS PRESENT WERE: Ron Bitney; Mike Blair; Tom Bridges; Mike Dom; Jerry Hawkins; Jean Liss; Bruce Mitchell; Mike Schoeff; Mike Taylor

MEMBERS ABSENT WERE: Seth Dyson; Tom Peacock;

STAFF PRESENT WERE: Bob Riley

The Chairman, Bruce Mitchell called the meeting to order.

On **motion** by Jean Liss, **seconded** by Tom Bridges; the Industrial Park Committee approved the minutes of the January 13, 2010 meeting as presented.

DISCUSSION AND RECOMMENDATION: Request from Central Arizona Freight for Rent Credits for Fencing

Bob Riley stated that Central Arizona Freight leases the truck terminal at 4905 Interstate Way from the Airport Authority and they have recently been experiencing some thefts from the lot which prompted them to construct approximately 750 feet of security fence at a cost of \$4800. He added that they are requesting rent credits for the improvements and that typically rent credits are negotiated during the drafting of a lease, however the theft issues were not anticipated. He further stated that there is no obligation to assist, but it is a good faith effort which could lead to a longer term relationship with Central Arizona Freight.

Bob Riley stated that in the event Central Arizona Freight leaves at the end of the lease the fence will need to be modified to add a second gate. He added in this regard the full amount of the improvements is not justified for rent credits.

Mike Schoeff stated that as part of any agreement Central Arizona Freight must leave the fence improvements in place if they vacate the premises.

On **motion** by Mike Blair, **seconded** by Tom Bridges, the Industrial Park Committee recommended the Board of Directors approve a rent credit to Central Arizona Freight on no more

that \$2400.00 to be taken at a rate of \$150.00 per month over a 16 month period for reimbursement of fence improvements at 4905 Interstate Way, with the stipulation that Central Arizona Freight will leave the fence improvements if and when they vacate the premises.

DISCUSSION AND RECOMMENDATION: Request for Subordination US Bank/TJ Mark

Bob Riley stated that TJ Mark purchased ten acres of property within the park in January and US Bank is considering financing the purchase. He added the attorney for the bank is requesting that the reversion clause for non performance in the deed be subordinated to the bank or at the very least a letter be issued to the lender that if the reverter clause is enforced, the Airport Authority (City) will pay at least the TJ Mark purchase price, minus normal closing costs and fees) for the land to US Bank to the extent of its mortgage loan and the balance if any to TJ Mark.

There was a lengthy discussion pertaining to the use of reversion clauses in the deeds when property is purchased to reduce land speculation; past practices of executing the reversion clause and buying back properties for non performance when there is another interested buyer in the site to reduce the time involved with of legal actions; the use of irrevocable letters of credit to cover the Airport Authority's position in a non performing property if buildings are being constructed on site and abandoned before completion; and the anticipation that TJ Mark will meet their conditions of sale and that the request reflects the lender protecting their exposure.

Mike Taylor stated that in his opinion the lender should not receive full compensation for a non performing loan from the City of Kingman/Kingman Airport Authority.

Mile Blair made a **motion** to send a letter to US Bank outlining the past experiences of the Airport Authority in enforcing the reversion clauses and repurchasing property in the event of non performance but only when the Authority has another purchaser for the site. The **motion died** for lack of second.

On **motion** by Mike Schoeff, **seconded** by Jean Liss, the Industrial Park Committee recommended the Board of Directors deny the request of US Bank to subordinate the position of the Airport Authority in the TJ Mark property in the event of non performance of the deed conditions.

Bob Riley stated that leads continue to be down from last year, but there are a few new inquiries and that there was a prospect visit earlier in the day.

REMINDER: Annual Meeting/Membership/Candidates for Board of Directors

There was a brief discussion reminding the Industrial Park Committee Members that the Annual Meeting of the Airport Authority will be held on March 18th and that any letters of interest for a position on the Board of Directors, or new membership applications need to be submitted to the Authority office by February 18, 2010 for consideration by the Nominating Committee prior to the annual meeting.

There being no further business or discussion, the meeting was adjourned at 4:35 PM.

Signed: /s/ Bruce Mitchell, Chairman

Attest: /s/ Jerry Hawkins

*“To promote the Airfield and Industrial Park with
fiscally responsible management and to provide a
diverse economic base for the Greater Kingman Area”*