



**MINUTES OF PUBLIC MEETING OF THE
PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
BOARD OF DIRECTORS | November 20, 2018**

A public meeting of the Phoenix-Mesa Gateway Airport Authority was convened on Tuesday, November 20, 2018, beginning at 9:00 a.m. in the Board Room (Saguaro A & B) of the Gateway Administration Building, 5835 S Sossaman Road, Mesa, Arizona.

Members Present

Mayor Jeff Serdy, Apache Junction
Lt. Governor Robert Stone, Gila River
Indian Community
Mayor Gail Barney, Queen Creek
Mayor Thelda Williams, Phoenix
Mayor John Giles, Mesa
Mayor Jenn Daniels, Gilbert

Airport Staff Present

J. Brian O'Neill, Executive Director/CEO
Scott Brownlee, Deputy Director/COO
Chuck Odom, CFO
Maria Gonzalez, Clerk of the Board
Jill Casson Owen, Attorney

Guests Present

Kyle Barrett
Eric Bashaw, Gebesa
Aric Bopp, City of Mesa
Matt Busby, City of Apache Junction
Scott Butler, City of Mesa
Kent Dibble, Dibble Engineering
Rene Guillen, Town of Gilbert
Fred Himovitz, HPI
Briant Howard, CEI
Leo Huppert
Lynn Kusy

Pearl Meza, City of Phoenix
Warde Nichols, ASU
Marc Pierce, Lee & Associates,
Wayne Rockwoon
Valerie Shaffer, Town of Gilbert
Nicole Snyder, Johnson Carlier
Councilmember Kevin Thompson, City of Mesa
Brian Vandenberg, Structures Group
Heather Wilkey, Town of Queen Creek
Melissa Yeager, AZ Republic

1. Call to Order at 9:00 a.m. (Mayor Jeff Serdy)

2. Call to the Public

There were no public comments.

3. Motion to Convene into Executive Session.

Pursuant to A.R.S. § 38-431-03(A)(1), the Board of Directors may convene into executive session for the purpose of discussion or consideration regarding the Executive Director/CEO's annual review.

Mayor Thelda Williams moved to convene into Executive Session. Mayor Gail Barney seconded the motion. The motion was carried unanimously.

4. Motion to Reconvene from Executive Session to Regular Session (9:30 a.m.).

Mayor Jenn Daniels moved to reconvene into Regular Session. Mayor Gail Barney seconded the motion. The motion was carried unanimously.

5. Executive Director's Report - J. Brian O'Neill, Executive Director/CEO

Executive Director O'Neill provided a briefing on PMGAA financial performance, passenger activity, the community noise report, and an update on various Airport projects. Fiscal Year-to-Date (FYTD) Net Operating Income is \$452,395. PMGAA celebrates its sixth consecutive record month for passenger activity.

- Air Service Development update: Executive Director O'Neill met with United Airlines at their headquarters in Chicago. Met with three network planners to share Gateway's story. Feedback was positive, and they understand the dynamics and economic growth of the East Valley. United has between 25-30 existing stations across the country that have over 90% load factor. It's more cost effective to add flights to existing operations than starting service at a new airport. United stated they'd talk with their partner SkyWest. By 2020, the congestion and capacity issues in Denver would loosen up and they'd like to discuss potential opportunities in the future.
- Allegiant committed to reposition 10 aircraft to Gateway for March 2019. Additional flights would occur on Saturdays only. The flight schedule indicates over 40 departures daily; a significant increase from regular activity of 23-28 departures. This will test our capacity in infrastructure and facilities. Improvements to the TSA Security Screening Checkpoint, Sossaman Road, and the Hourly Parking Lot have enhanced capacity at the Airport. PMGAA staff is meeting with the concessionaires, car rental companies, its parking contractor, and ground transportation providers to inform them of the upcoming activity and encourage them all to plan accordingly to maintain a convenient operation.
- As we continue to add capacity and complete projects to remain the "Just Plane Easy" Airport, we have been working with a concession consultant that is assisting us with terminal concession offerings. The consultant identified that Gateway Airport has less than half of the food & beverage and news & gift space in the terminal that an airport handling 1.5M passengers should allocate to such services. The Airport is developing plans to double the square footage available for concession space. An RFP is out for companies to propose their vision for providing concessions inside the passenger terminal. Additional information is forthcoming.
- Taxiway Charlie is underway; soil testing has commenced. Once the project is complete, it will facilitate and stimulate the future development of the 700 acres adjacent to Ellsworth Road, SR24 and SR202.
- Credit to Director of Engineering and Facilities Bob Draper and his crew on completing the improvements to South Sossaman Road and the new entrance into the Hourly Parking Lot. This project will greatly reduce congestion on Sossaman Road and near the terminal curb. In addition, to the roadway projects, the checked baggage make-up and baggage claim expansion projects are underway to increase checked baggage capacity by 60%.
- PMGAA is working closely with SRP on the 230kV transmission line project from Elliott Road south to Queen Creek. PMGAA is working on the placement of the line and ensuring no penetrations to PMGAA's Part 77 surfaces. In addition, SRP is looking to site a substation at Gateway Airport to meet the increasing energy needs of the East Valley.

- PMGAA is in the process of purchasing remnant land from the construction of SR24 from ADOT to relocate the Ellsworth Channel to the perimeter of the Airport's property.
- The Air Traffic Control Tower Funding and Design Procurement is underway. Earlier this year, Congress passed, and the President signed the 2018 Federal Aviation Administration (FAA) Reauthorization Bill. The legislation contained a key provision that PMGAA and others have been working to advance for several years. The provision removes a \$2 MM Airport Improvement Program (AIP) eligibility cap on the construction of contract ATCTs. Now that the cap has been removed, PMGAA has submitted a grant application to the FAA requesting funding for the construction of a new ATCT. PMGAA hopes to begin construction of a new Tower in 2020.
- The Trump campaign rally took place following October's Board Meeting. PMGAA had approximately \$13,000 in unexpected expenditures to provide adequate lighting and traffic control for event parking. PMGAA will attempt to seek reimbursement from the campaign. Executive Director O'Neill recognized Alex Smith, Ryan Smith and Doug Wirthgen for their extraordinary efforts in making the event a success relating to safety and security, technology, and media coordination. The goal of keeping the Airport operating in a safe and secure manner during the rally was achieved. Mayor Serdy commended PMGAA staff for their coordination of events as well as Mesa Police Department for the control of the event.
- A November military exercise at Gateway Airport consisted of a joint exercise between Cherry Point, North Carolina and Yuma, Arizona bringing 40 military personnel, \$80k in fuel and PMGAA services, 20 rental cars for the week, 40 hotel rooms, and various restaurant visits during the week. PMGAA encourages this type of activity as it promotes to the economic growth in the area.
- In closing and on behalf of the Board of Directors, Executive Director O'Neill recognized local developer Fred Himovitz for 20 years of believing in, and investing in, Phoenix-Mesa Gateway Airport. Mayor Serdy presented Mr. Himovitz with a framed letter of appreciation.

6. Presentation: Audited Financials - Dennis Osuch, Principal-CliftonLarsonAllen LLP

Mr. Chuck Odom, Chief Executive Officer introduced Mr. Osuch and the Management Information Report for a practical, but impractical procurement to extend CliftonLarsonAllen LLP's contract for another year. Mr. Osuch provided a brief overview of the Fiscal Year 2018 audit, resulting in an issuance of an unmodified (clean) opinion for the Phoenix-Mesa Gateway Airport Authority. No material audit adjustments made.

The Passenger Facility Charges (PFC) are subject to audit through the Federal Aviation Administration, and a "clean" opinion was provided with no deficiencies. The Airport implemented a new financial management software and was not reviewed during this audit, but if selected in the future, it would be. Mr. Osuch thanked management.

Mayor Daniels asked how often PMGAA utilized this firm, and Mr. Odom stated it was the fifth occurrence. Mayor Daniels raised awareness regarding best practice to have a different principal to oversee an audit. Mr. Odom stated that Mr. Osuch and his team's stability, experience and familiarity

with PMGAA provides the most efficient and cost-effective process. The alternative of educating a new firm, new person to spend additional time acclimating to PMGAA at our expense was not the most efficient outcome for the Board and the Authority. Mayor Daniels asked when a switch would be made. Mr. Odom replied an RFQ would go out the year after.

7. Consent Agenda

- a) **Minutes** of the Board Meeting held on October 16, 2018.
- b) **Resolution No. 18-54** - Authorizing a facility lease with **Crown Castle Solutions, LLC** for a portion of Building 1080, located at 6263 S. Taxiway Circle, and consisting of approximately 1,000 sq ft. The least term is for 10 years, commencing on the earlier of November 1, 2019, or the effective date of the first wireless carrier agreement.
- c) **Resolution No. 18-55** - Authorizing the Executive Director/CEO, or delegate, to **purchase unleaded and diesel fuel** from the lowest priced **State contract vendor** at market prices for Airport Authority use and resale in the amount of \$332,200.
- d) **Resolution No. 18-56** - Authorizing an amendment to the **Executive Director/CEO employment contract**.

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

Consideration and Possible Approval of:

- 8. **Resolution No. 18-57** - Authorizing a CMAR Construction Services Contract with **Willmeng Construction Inc.** to provide Construction Services for the Gateway Aviation Services Improvements Project under CIP 1006 in an amount not-to-exceed \$727,124.

Mayor Williams moved to approve Resolution No. 18.57. Mayor John Giles seconded the motion. The motion was carried unanimously.

9. Board Member Comments/Announcements.

Mayor Serdy announced that during a recent festival in Apache Junction, he was pleased to see Barrio Brewing Company was present with a booth.

10. Next Meeting: Tuesday, December 18, 2018 at 10:12 a.m.

11. Adjournment.

The meeting adjourned at 10:08 a.m.

Dated this ____ day of _____, 20____.

Maria E. Gonzalez, Clerk of the Board

