



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

A public meeting of the Phoenix-Mesa Gateway Airport Authority convened on Tuesday, March 20, 2018, beginning at 8:15 a.m. in the Board Room (Saguaro A & B) of the Gateway Administration Building, 5835 S Sossaman Road, Mesa, Arizona.

MEMBERS PRESENT

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

AIRPORT STAFF PRESENT

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

GUESTS PRESENT

Amy Arguilez, Town of Gilbert
Keith Belden, Morrison Maierle
Jamie Bennett, Town of Queen Creek
Jill Casson Owen, Snell & Wilmer
John Cox, Garver
Mike Griffin, Garver
Rene Guillen, Town of Gilbert
Chris Hacker, Mead & Hunt
Ken Halverson, KMH/Jetstrip
Fred Himovitz, HPI
Brian Howard, CEI
Manuel Johnson, Gila River Indian Community
Sandra Kukla, DWL Architects

John Lewis, East Valley Partnership
Marco Lopez, Intermetstic
Pearl Meza, City of Phoenix
Warde Nichols, ASU
Jackie Orcutt, CBRE
Jose Pablo, SkyBridge Arizona, LLC
Ariel Picker, SkyBridge Arizona, LLC
Jody Pokorski, Snell & Wilmer
Carlos Puente, SkyBridge Arizona, LLC
Steve Reeder, Kimley-Horn
Ernesto Valdez, Seguritech
Q.P. Williams, GT Firm
Pete Wentis, CBRE

1. Call to Order at 8:18 a.m. (Mayor Jenn Daniels)

2. Motion to Convene into Executive Session (8:18 a.m.)

Pursuant to A.R.S. § 38-431.03(A)(3) and (A)(7), the Board of Directors may convene into executive session for the purpose of discussion or consultation for legal advice with the attorney or attorneys of the public body and to consider its position and instruct its representatives regarding negotiations for the purchase, sale or lease of real property as it relates to the Master Lease with SkyBridge Arizona, LLC.

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

3. Motion to Reconvene from Executive Session (8:42 a.m.)

Mayor Gail Barney moved to reconvene into Regular Session. Lt. Governor Robert Stone seconded the motion. The motion was carried unanimously.

4. Call to the Public.

There were no public comments

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

The Board of Directors received information related to operational and passenger activity, noise summary, and financials. Fiscal Year-to-Date (FYTD) actual Net Income is \$1,283,720.

The Taxiway Alpha Reconstruction Project is complete. It is an important piece of infrastructure, adjacent to the 360 acres renamed to SkyBridge Arizona. The project completed on time and under budget.

The South Sossaman Road Improvement Project has been rescheduled to begin after the busy travel period in July because road construction would be impeding traffic flows and cause significant traffic delays.

The construction of a new air traffic control tower is a high infrastructure priority for the Airport. PMGAA completed a new tower siting study and has received environmental clearance from the FAA on the new tower's location. PMGAA Director of Communications and Government Affairs Ryan Smith traveled to Washington, D.C. to work with Arizona's Congressional Delegation and others to reinforce the importance of removing the FAA AIP \$2M cap on contract air traffic control tower construction projects. This has been an ongoing issue and we are merely asking Congress for the flexibility to prioritize our existing AIP grant money where it is needed most. PMGAA is hopeful that both the Senate and House versions of the FAA Authorization legislation will remove the \$2M cap.

The checked baggage handling system is of critical importance to the efficient operation of the Airport's commercial passenger terminal. The current system is capacity limited and can cause significant delays in checked baggage delivery during peak travel periods. The interim (least expensive and most efficient) solution to this issue is to double the size of the conveyor belt system serving the terminal's Baggage Claim Area to allow more customers easy access to their checked bags. The baggage delivery system behind the airline ticket counters used for departing flights is also capacity limited and causes the airlines great challenges when it gets congested. The system being designed has a separate conveyor belt ring that allows for the continuous movement of bags, thus eliminating the need to "shut-off" the system.

The 2018 Airport Master Plan Update is currently underway. The various project committees are being assembled and meetings with member governments are in progress. This project is funded by the Federal Aviation Administration (FAA) and will be an open and inclusive process. Airport Master Plan Updates are "blueprints for development and improvement" encompassing a 20-year planning horizon.

The next airfield improvement project will be the completion of Taxiway Charlie on the east side of the airfield. This important project will begin in early FY19. This project is a critical piece of infrastructure needed to serve the 700 acres of developable land on the northeast side of the Airport.

6. Consent Agenda.

- a. **Minutes** of the Board Meetings held on **February 20, 2018**.
- b. **Resolution No. 18-06** - Authorizing a three-year contract, with two additional one-year periods at the sole option of Phoenix-Mesa Gateway Airport Authority, with **Mountain West Series of Lockton Companies, LLC** for Insurance Broker Services in an amount not to exceed \$225,000 for a period of five years.
- c. **Resolution No. 18-07** - Authorizing an Amendment 1 to a facility lease agreement with **Allegiant Air, LLC** for property located at 6304 S Taxiway Circle, Mesa AZ 85212. The effective date of this Amendment 1 is April 1, 2018.
- d. **Resolution No. 18-08** - Authorizing a Professional Services Agreement with **DWL Architects + Planners, Inc. (DWL)** to provide Architectural and Engineering Design Services for Gateway General Aviation Center Improvements under CIP 954 in an amount not-to-exceed \$90,000.

**Mayor Gail Barney moved to approve the Consent Agenda.
Mayor Jeff Serdy seconded the motion. The motion was carried
unanimously.**

Consideration and Possible Approval of:

7. **Resolution No. 18-09** - Adoption of the **Operating Budget, Capital Budget, and Member Government Contributions** for the Fiscal Year ending June 30, 2019.

Chair Jenn Daniels asked for clarification on the increase in insurance costs. Mr. Chuck Odom attributed the increase to additional environmental coverage necessary for PMGAA's growing aircraft fueling operation. Additionally, Workers Compensation was reclassified out of "Employee Benefits" and made part of the "Insurance Package".

**Mayor John Giles moved to approve Resolution No. 18-09.
Mayor Gail Barney seconded the motion. The motion was carried
unanimously.**

8. **Resolution No. 18-10** - Authorizing a Master Lease Agreement with **Mesa SkyBridge, LLC** for approximately 360 acres of property generally located at the Southeast Corner of Sossaman Road and Velocity Way. The effective date of this Agreement is April 1, 2018.

Mr. O'Neill introduced the Master Lease as the next critical step in a project that is expected to bring financial prosperity to the Airport and economic prosperity to the entire Phoenix East Valley Region. Mr. Shea Joachim recapped the extensive selection and negotiation process that has occurred to date and presented the Master Lease Agreement and associated Exhibits for the Board's consideration.

The Master Lease Agreement (Agreement) is a unique 49-year partnership that transfers development control for the approximately 360-acre SkyBridge Arizona site from PMGAA to Mesa SkyBridge, LLC. The Agreement also establishes a structured land rent schedule including Consumer Price Index (CPI) and Fair Market Value (FMV) adjustments during the 49-year term.

The Agreement also contains language that requires PMGAA and Mesa SkyBridge, LLC to amend the Agreement if the FAA has significant objection to any business point that would possibly lead to monetary penalties or loss of future FAA grant funding. Both parties agree to renegotiate the Agreement to try and satisfy any non-compliance issues that the FAA identifies.

Councilwoman Williams inquired about what types of objections the FAA might have with the Agreement. Mr. Joachim replied that there could be objections relative to various business points within the Agreement; such as the length of a lease or the proposed use of a parcel of land. Councilwoman Williams asked Mr. Joachim to clarify what, if any, financial impact could be associated with the FAA's objection to a business point? According to Mr. Joachim, PMGAA has been working closely with the FAA and there may be various levels of objections, each with varying remedies depending on the severity. Councilwoman Williams asked for assurance that whatever is in the agreement, covers PMGAA with regard to the FAA.

Councilwoman Williams asked if there was anything in the contract that would protect both parties from new tariffs, regulations, and/or international commerce restrictions? Mr. Joachim replied that within the Agreement, there are no commitments to address changes occurring at the Federal level. The developer must comply with any changes at the Federal level.

Mr. Ariel Picker confirmed that the risk is on Mesa SkyBridge, LLC and that they are ready to invest and have begun to invest for the last two-years to be a step ahead. He added that assuming the risk is balanced with the expectation of successfully developing the area

PMGAA Chair and Gilbert Mayor Jenn Daniels commented that although she is excited about the opportunity to work with SkyBridge, some added information was recently received, giving pause not to the Agreement, but to the process in which PMGAA followed. She respectfully asked the other PMGAA Board Members to delay the vote for one-week as it is her personal desire to address the issues and to ensure the transparency and integrity of the Board and the Authority. However, if she is asked to vote today, she will enter a "no" vote.

Mayor Giles echoed the excitement and expressed his appreciation for all the hard work put towards this unique opportunity. The terms of the Master Development Agreement have been negotiated professionally and in good faith. In response to Chair Daniels' comments about the information recently received by the PMGAA Board, it was not critical of the Agreement or any business points. There is no inference suggestion that the Master Lease Agreement is not sound or was not thoroughly vetted through all levels. Mayor Giles indicated that he did not share in Chair Daniels' desire to postpone a vote today.

Mayor John Giles moved to approve Resolution No. 18-10.

Mayor Jeff Serdy seconded the motion. The motion carried 5-1.

9. Discussion on the Phoenix-Mesa Gateway Airport Authority legal services contract.

Mr. O'Neill stated that after a thorough evaluation process, it was determined to be in PMGAA's best interest to terminate the agreement with the law firm providing contract legal services. An interim plan has been developed until PMGAA can complete the RFP process and select a new law firm.

Councilwoman Williams stated that it was premature for PMGAA staff to issue a new RFP without giving the PMGAA Board the opportunity to discuss the type of legal arrangement it thought was best for PMGAA moving forward.

Chair Daniels inquired about the timeline for the RFP. Mr. Odom replied the RFP would take approximately 60-days to complete and present to the Board for approval. Chair Daniels requested that staff coordinate a meeting before the April 17 PMGAA Board Meeting to review and discuss the Scope of Work.

Mayor John Giles commented that on a short-term basis, the member governments could help and asked what the interim plans were. Mr. O'Neill and staff were working out the final details of a temporary scope of work adjustment with the other law firm providing contract legal services for PMGAA.

10. Board Member Comments/Announcements.

Chair Daniels welcomed Lt. Governor Stone as the new representative of the Gila River Indian Community to the PMGAA Board of Directors.

11. Next Meeting: Tuesday, April 17, 2018 at 9:00 a.m.

12. Adjournment.

The meeting adjourned at 9:36 a.m.

Dated this 15th day of May, 2018.



Maria E. Gonzalez, Clerk of the Board