



**MINUTES OF PUBLIC MEETING OF THE
PHOENIX-MESA GATEWAY AIRPORT AUTHORITY
BOARD OF DIRECTORS | June 19, 2018**

A public meeting of the Phoenix-Mesa Gateway Airport Authority was convened on Tuesday, June 19, 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 Jenn Daniels, Gilbert
Mayor Jeff Serdy, Apache Junction
Lt. Governor Robert Stone, Gila River
Indian Community
Vice Mayor Emilena Turley, Queen Creek
Mayor 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
Jill Casson Owen, Attorney

GUESTS PRESENT

Amy Arguilez, Town of Gilbert
Eric Bashaw, Gebesa
Jamie Bennett, Town of Queen Creek
Jim Bennett, City of Phoenix
Aric Bopp, City of Mesa
Matt Busby, City of Apache Junction
John Cox, Garver
Kent Dibble, Dibble Engineering
Scott Forbes, Garver

Ken Halverson, Jetstrip/KMH
Benjamin Hernandez, Arizona Spaceport Alliance
Brian Howard, CEI
Karyn MacVean, Arizona Spaceport Alliance
Jose Pablo Martinez, SkyBridge AZ, LLC
Pearl Meza, City of Phoenix
Warde Nichols, ASU
David Perterson, SkyBridge AZ, LLC
Bob Winrow, WSP

1. Call to Order at 9:00 a.m. (Mayor Jenn Daniels)

2. Call to the Public.

There were no comments from the public.

3. Executive Director's Report

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 \$2,354,277, an 81% increase compared to FYTD 17.

With respect to Air Service Development, we are working with Via Airlines, a small regional airline with micro-hubs in Orlando and Austin. PMGAA feels Via Air would be a great addition to the two Airlines at Gateway Airport. PMGAA's Air Service Consultant has been engaged to review data on sustainable routes to support a successful partnership. There would not be any revenue guarantee, however an attractive incentive package may be drafted to include landing fee and terminal rental fee abatement, plus some marketing funds.

Allegiant is transitioning out of A319 to A320 aircraft. Due to aircraft availability, Allegiant has canceled 30 routes out of Las Vegas, but PMGAA has not been impacted much.

The Enterprise Resource Planning (ERP) System Phase 1 is set to wrap up. All employees have been through training in preparation for the go-live date of July 1, 2018. Phase II will go live on January 1, 2019.

An update to the Airport Master Plan was provided last month. PMGAA is in the process of inviting specific members in the community to participate on the study advisory committee, as well as the technical advisory committee, with the initial meeting scheduled for July 31, 2018. Public meetings are forthcoming.

Eastside Land Use Planning – the culmination of the SkyBridge Arizona Master Development process has left many yearning for more. The Business Development Office has been reviewing the 700+ acres on high-level land use planning for the site. The future passenger terminal will be demand drive and could happen in years or longer. The commercial development, which is straddled between SR24 and the 202, may come sooner. The challenge is that federal monies cannot be used for profit or commercial use.

The Federal Aviation Administration AIP Cap on Contract ATCT Construction continues, but we remain hopeful that the importance of removing the Cap will be heard. The House passed and removed the \$2M cap for construction of ATCT. The Senate version doubled the cap from \$2M to \$4M, which is not flexible enough for us to construct the tower. Lobbyists and Mayor Giles have met with our delegation in Washington D.C. to discuss the matter.

Employee engagement studies have been in progress. PMGAA wants to remain competitive and creating an environment that fosters teamwork. Following employee surveys, Executive Director O'Neill met with 27 employees (individually) to obtain feedback on opportunities to improve upon the workplace.

Construction project updates

- Taxiway Charlie Construction (located on the eastside) – PMGAA is set to receive a significant FAA discretionary grant to complete Taxiway Charlie. This will create more aviation opportunities on the east side and honors our commitment to start substantial construction, per the environmental assessment, which begins in the Fall.
- Sossaman Road and Terminal Improvements – New entrance/exit to the hourly parking lot, reducing the traffic congestion greatly.
- Checked baggage handling system expansion – two projects in the works to lengthen the frontage on the baggage claim areas (double) and addresses capacity issues relating to the queuing of the baggage carousel.
- The Gateway Aviation Center renovation project is approximately a \$650k investment to enhance the facility and capability of the facility.

4. **Presentation: SkyBridge Arizona Update** - Jose Pablo Martinez, Vice President & Chief Project Officer - SkyBridge Arizona, LLC.

Mr. Martinez provided the Board with an overview on SkyBridge Master Plan and shared photos from the historic first shipment of air cargo pre-cleared as part of the Unified Cargo Processing Program from Gateway Airport to Hermosillo, Mexico on May 21, 2018 from Hangar 32. Initially, flights will be one-

way into Mexico with intent to move into round-trip flights in the future. Additionally, he provided a brief update on the post-closing conditions of the Master Developer Agreement.

Proposed renovations to Hangar 32 are being reviewed by Customs Border Patrol, Mexican Customs and PMGAA. Once approved renovations will be underway.

5. Consent Agenda

- a) **Minutes** of the Board Meeting held on May 15, 2018.
- b) **Resolution No. 18-19** - Authorizing the purchase of international waste management services through **Stericycle** in an amount not-to-exceed \$60,000 for fiscal year 2019.
- c) **Resolution No. 18-20** - Authorizing the purchase of unleaded and diesel fuel from the lowest priced **State contract vendor** at market prices for Airport Authority use and resale, in the amount of \$146,810.
- d) **Resolution No. 18-21** - Authorizing the purchase of one Aircraft Towbarless Tug from **Advantage GSE, Inc.** in an amount not-to-exceed \$56,000.
- e) **Resolution No. 18-22** - Authorizing an agreement with the **City of Mesa** for financial participation to share state and federal lobbyist and consulting services, effective July 1, 2018.

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

Consideration and Possible Approval of:

6. **Resolution No. 18-23** - Authorizing the first amendment to the Intergovernmental Agreement with the **City of Mesa** for Aircraft Rescue and Firefighting Services, extending the agreement for one-year, effective July 1, 2018 at a cost of approximately \$1,242,511.

Mayor Thelda Williams moved to approve Resolution No. 18-23. Lt. Governor Robert Stone seconded the motion. The motion was carried unanimously.

7. **Resolution No. 18-24** - Authorizing a construction contract for the Sossaman Road and Terminal Roadway Modifications Construction with **Nesbitt Contracting Company, Inc.** for a total cost not-to-exceed \$1,615,426.52.

Mayor John Giles moved to approve Resolution No. 18-24. Mayor Thelda Williams seconded the motion. The motion was carried unanimously.

8. **Resolution No. 18-25** - Approval of Authorization of Services No. 16A-1802 with **Dibble Engineering** for Construction Administration - Limited Construction Phase Services for the Sossaman Road and Terminal Roadway Modifications Construction Project for a total cost not-to-exceed \$64,901.

Mayor Thelda Williams moved to approve Resolution No. 18-25. Mayor John Giles seconded the motion. The motion was carried unanimously.

- 9. Resolution No. 18-26** - Authorizing a Sole Source Procurement with **Scheidt & Bachmann USA, Inc.** for Revenue Control Equipment Installation for the Sossaman Road and Terminal Roadway Modifications Construction Project for a total cost not-to-exceed \$72,234.26.

Mayor Williams asked why this is a sole source procurement? Executive Director O'Neill replied that the current system in the hourly, daily and Economy Ray Road parking lots are Scheidt & Bachmann, which is proprietary.

Mayor Thelda Williams moved to approve Resolution No. 18-26. Mayor John Giles seconded the motion. The motion was carried unanimously.

- 10. Resolution No. 18-27** - Authorizing a construction contract for Taxiway Charlie Extension Phase 3 with **Pulice Construction** for a total not-to-exceed \$9,785,579.65; subject to receipt of funding from the Federal Aviation Administration / Arizona Department of Transportation.

Mayor John Giles moved to approve Resolution No. 18-27. Mayor Thelda Williams seconded the motion. The motion was carried unanimously.

- 11. Resolution No. 18-28** - Approval of Authorization of Services No. 16B-1804 with **Kimley-Horn & Associates** for Construction Administration Services and Design Support for Taxiway Charlie Extension Phase 3 Construction for a total cost not-to-exceed \$617,943; subject to receipt of funding from the Federal Aviation Administration / Arizona Department of Transportation.

Mayor John Giles moved to approve Resolution No. 18-28. Mayor Thelda Williams seconded the motion. The motion was carried unanimously.

- 12. Discussion and possible action regarding the Independent Review of the PMGAA Procurement Policy.**

To recap, in May 2018, the City of Mesa volunteered to have their Auditor review PMGAA's Procurement Policy to ensure compliance of the procurement for specialized contract legal services.

The review was completed by Ms. Jennifer A. Ruttman, City Auditor for the City of Mesa, and in a letter addressed to Executive Director O'Neill, her opinion was that PMGAA conducted the procurement of specialized contract legal services in compliance of PMGAA's Procurement Policy No. 16-46.

In addition, Ms. Ruttman offered a few recommendations to strengthen and improve the Procurement Policy, to which Executive Director O'Neill asked for the Board's approval to direct staff to revise the Procurement Policy for the Board's consideration at the July or September Board Meeting. Executive Director O'Neill added that the policy should include a reporting mechanism in place to notify the Board if the Executive Director grants an exception.

Mayor Giles agreed with Ms. Ruttman's recommendations and concurred with Executive Director O'Neill's statement.

Mayor Williams thanked the City of Mesa for executing the audit and added she would also like to see bylaws change as it is important to have clarity and transparency for the Board and staff.

Mayor Daniels expressed her appreciation of the work and effort made by staff to tighten up process in the interest of transparency and clarity. As a Board it is important we are able to defend decisions made.

13. Discussion and possible action regarding PMGAA Bylaws and Joint Powers Airport Authority Agreement.

Executive Director O'Neill discussed the questions raised regarding the reporting structure of legal counsel. Currently, legal counsel is contracted and selected by PMGAA staff and approved by the Board. Due to lack of clarity regarding the reporting structure, interim legal counsel from Snell & Wilmer L.L.P. was asked to review the Bylaws and Joint Powers Airport Authority Agreement (JPAAA) and provide an opinion on the following:

- Is the Board permitted under applicable Arizona Statutes and PMGAA's Organizational Documents (JPAAA & Bylaws) to directly engage, supervise, and terminate outside legal counsel and legal staff of PMGAA?
- Under what parameters may the Executive Director and staff of PMGAA engage, supervise, and terminate outside legal counsel and legal staff of PMGAA?
- Is the Board entitled to propose an adopt policies and procedures with respect to the engagement, supervision, and termination of outside legal counsel and legal staff of PMGAA?

Snell & Wilmer's response, in summary, was that under AZ Statue and Organizational Documents, the Board has the power to directly engage, retain, and terminate outside legal counsel and in-house legal staff; however, in the JPAAA §4.1, the members implied the responsibility would be delegated to the Executive Director.

For clarification, Mayor Daniels asked Snell & Wilmer Attorney Jill Casson Owen if the Board made a change/adjustment to the language of the Bylaws that specifically spelled out the Board hired/retain an attorney that reported to the Board and worked for the Authority, would be a violation of the JPAAA.

Ms. Casson Owen replied that per JPAAA §4.1, it would be inconsistent and added that subject to the Procurement Policy that governs outside counsel.

As an example, Mayor Daniels asked if legal counsel was in-house (non-contracted employee), they would fall under Executive Director O'Neill's purview because they are staff; but if it was a contract employee, parameters could be set regarding the reporting structure without violating the organizational documents. Ms. Casson Owen agreed with Mayor Daniels.

Mayor Daniels expressed her desire to find a way to allow the Board added interaction and check & balance with legal counsel, whether it be through a rule change or procurement policy adjustment since there is no desire to amend the JPAAA. Ms. Casson Owen added her desires could be added to the current procurement policy or as its own policy, depending on the Board's preference.

Based on the discussion, Mayor Williams recommends a separate policy be drafted for approval.

Mayor Daniels added that the Bylaws still require some revision or updating and concurs with Mayor Williams on drafting a separate policy for approval, and to move forward with a full review of the bylaws to ensure compliance.

Mayor Giles also concurred and added that changing the Bylaws would elevate the reporting issue whereas a stand-alone policy would address it. He expressed his appreciation to staff for exploring recommendations on updating bylaws.

Mayor Daniels recapped that the Bylaws require review with adjustments as needed, and an additional policy that would govern the structure of the organization as it relates to legal counsel, and directed staff to take the time necessary to accomplish the tasks as they are deserving time and future discussions. Overall, these efforts will improve upon the transparency of the Authority, which is imperative.

Mayor Williams added the importance of stronger transparency and that surrounding communities have faith that the Authority complies with regulations, as we want to remain good neighbors and partners during growth.

Mayor Thelda Williams motioned for the review and adjustment of the Bylaws as necessary, and for staff to draft a new Board Policy governing the structure of the organization as it relates to legal counsel. Mayor John Giles seconded the motion. The motion was carried unanimously.

14. Election of Officers *(for position of Chair, Vice Chair, Secretary and Treasurer)*

Mayor Gail Barney motioned to nominate Mayor Jeff Serdy as Chair, and Lt. Governor Stone as Vice Chair. Mayor Thelda Williams seconded the motion. The motion was carried unanimously.

Mayor Jeff Serdy motioned to nominate Mayor Barney as Secretary, and Mayor Thelda Williams as Treasurer. Mayor John Giles seconded the motion. The motion was carried unanimously.

15. Board Member Comments / Announcements.

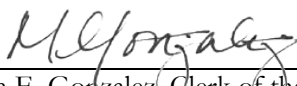
Mayor Williams thanked Mayor Daniels for all her efforts as the Chairwoman of the Authority this year.

16. Next Meeting: Tuesday, July 17, 2018 at 9:00 a.m. in the Board Room (Saguaro A&B) of the Gateway Administration Building, 5835 South Sossaman Road, Mesa, Arizona.

17. Adjournment

The meeting adjourned at 9:56 a.m.

Dated this 17th day of July, 2018.



Maria E. Gonzalez, Clerk of the Board