NOTICE AND AGENDA OF MEETING OF THE
MESA GATEWAY AIRPORT AUTHORITY
BOARD OF DIRECTORS

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Mesa Gateway Airport Authority and to the public that the Mesa Gateway Airport Authority will hold a meeting open to the public on **Tuesday, October 21, 2025 beginning at 9:00 a.m.** in the Board Room (Saguaro A & B) of the Gateway Administration Building, 5835 South Sossaman Road, Mesa, Arizona. Members of the Mesa Gateway Airport Authority may attend either in person or by audioconference. The Board may vote to hold an executive session for the purpose of obtaining legal advice from the Board's attorney on any matter listed on the agenda pursuant to A.R.S. § 38-431.03 (A)(3)&(4).

The agenda for the meeting is as follows:

1. **Call to Order** (Lt. Governor Regina Antone, Chair)
   Members of the Mesa Gateway Airport Authority will attend either in person or via videoconference.

2. **Pledge of Allegiance**

3. **Call to the Public**
   Members of the Board may not discuss items that are not on the agenda. Therefore, action taken as a result of public comment will be limited to directing staff to study the matter or scheduling the matter for further consideration and decision at a later date. Maximum of three minutes per speaker.

4. **Audited Financials Report** – Jean Dietrich, Principal CliftonLarsonAllen

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

6. **AmpliFLY Mesa Gateway Presentation** – Jimmy Lindblom

7. **Consent Agenda**

   a) **Minutes** of the Board Meeting held on **September 16, 2025**.

   b) **Resolution No. 25-44 –** Authorizing a purchase with **CDW Government LLC** for annual Microsoft licensing renewals, for three (3) years in an amount not to exceed $235,408.94.

   c) **Resolution No. 25-45 –** Authorizing Mesa Gateway Airport Authority's insurance broker, **USI Insurance Services LLC**, to purchase benefit plans (medical, dental, vision, basic life/accidental death & dismemberment, and short-term disability) from various carriers. This consists of a 12-month renewal January 1, 2026 through December 31, 2026 with an estimated plan cost of $1,478,565 for the calendar year.

   d) **Resolution No. 25-46 –** Authorizing the purchase of two ADA Passenger Boarding Ramps from **Timberline GSE, Inc.** in an amount not to exceed $173,198.80.

   e) **Resolution No. 25-47 –** Authorizing an Amendment of the **FY26 Capital Budget** to provide $1,089,040.95 in funding, for the Design of the Taxiway G Rehabilitation and Realignment.

f) **Resolution No. 25-48 –** Authorizing an Authorization of Services with **Kimley-Horn & Associates** to Design the Taxiway G Rehabilitation and Realignment Project in an amount not to exceed $1,089,040.95.

g) **Resolution No. 25-49 –** Authorizing a modification to the Memorandum of Agreement with **U.S. Customs and Border Protections** changing the minimum staffing assigned to the Gateway User Fee Facility from one officer to two officers.

h) **Resolution No. 25-50 –** Authorizing an Authorization of Services to provide Engineering Design Services with **Kimley-Horn & Associates** for the expansion of the Covered Parking in the Ray Road Economy Lot, in an amount not to exceed $58,391.47.

Consideration and Approval of:

8. **Resolution No. 25-51 –** Authorizing a Land Lease Agreement with **AmpliFLY Mesa Gateway, LLC** for 9.634 acres (419,652 SF) located near the intersection of Velocity Way and Taxiway Circle. The lease term is forty (40) years with the option to extend the term for two (2) additional periods of five (5) years each. The initial Base Rent is $230,808.60 annually, payable in equal monthly installments of $19,234.05 plus applicable taxes.

9. **Board Member Comments/Announcements**

10. **Next Meeting: Tuesday, November 18, 2025 at 9:00 a.m.**

11. **Adjournment**

Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting Misty Johnson at 480-988-7607 or mrjohnson@gatewayairport.com. Requests should be made as early as possible to allow time to arrange the accommodation.

- Gateway Airport Sets New Air Cargo Activity Record in August 2025
- Gateway Airport Hosts 2nd Annual Airport Business Executives Breakfast
- Virgin Galactic Manufacturing Six-Passenger Delta Class Spaceships at Gateway Airport
- MGAA Board Approves Springhill Suites by Marriott Hotel in Gateway East
- Gateway Airport and FAA Identify FY25 - FY31 Airport Capital Improvement Projects
- Gateway Airport Social Media Metrics Soar in 2025
- MGAA Staff to Meet with Prospective Tenants at NBAA-BACE in Las Vegas

Executive Director's Report
October 2025

Rendering of New Springhill Suites by Marriott Hotel being Built in Gateway East

Financial Snapshot

OPERATING INCOME	August		Month Variance	FYTD Comparison		FYTD Variance
	2024	2025		FY25	FY26	
Revenues	$2,349,504	$3,063,385	**$713,881**	$5,399,747	$6,720,212	**$1,320,465**
Less Expenses	$2,176,926	$2,707,101	**$530,175**	$4,416,310	$5,474,402	**$1,058,092**
Operating Income *(Before Depreciation)*	**$172,578**	**$356,284**	**$183,706**	**$983,437**	**$1,245,810**	**$262,373**

Investment Fund Balances: As of August, the Local Governmental Investment Pool (LGIP) 700 = $3,791,540; Wells Fargo; Collateralized Money Market = $12,870,811 and Commercial/Paper Brokered CD's = $57,364,780; Total $74,027,131. MGAA invests in fixed rate instruments.

Finance and Accounting

Mesa Gateway Airport Authority (MGAA, Authority) is reporting a net operating income of $356,284 for August 2025. This represents the second-best financial performance for the month of August in the history of Mesa Gateway Airport (Airport, Gateway Airport). Fiscal-Year-To-Date 2026 (FYTD26), the Authority is reporting a net operating income of $1,245,810, a $262,373 increase over the same time period last fiscal year.

August aeronautical revenues increased by 46% and non-aeronautical revenues increased by 3% on a year-over-year monthly comparison. The aeronautical revenue increase was generated by fuel flowage fees (53%), landing fees (42%), lease income (23%), and fuel sales (66%). The increase in non-aeronautical revenues was generated by concessions (12%) and vehicle parking revenue (7%).

Operating expenditures for August increased by 24% and totaled $2,707,101. The increase was due to an increase in fuel-related cost-of-goods-sold due to increased sales volume.

FYTD26 operating expenditures are $764,096 over budget, due to the increased fuel cost-of-goods sold.

Active/Pending Solicitations

TYPE OF SOLICITATION	Number	Title	Anticipated Contract Award
Invitation for Bid	2026-002-IFB	Passenger Boarding Ramps	October 2025
Request for Qualifications	2025-003-RFQ	South Apron Aeronautical Redevelopment	October 2025
Request for Qualifications	2026-004-RFQ	Website Redesign Services	January 2026

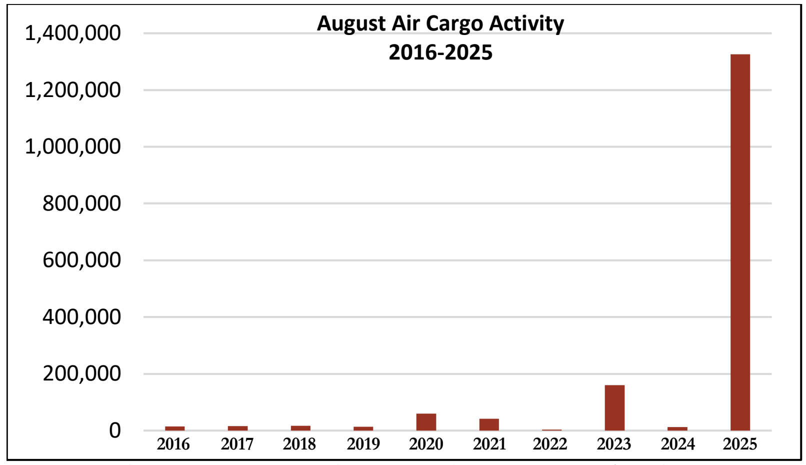
Future Solicitations

TYPE OF SOLICITATION	Number	Title	Anticipated Contract Award
Invitation for Bid	2026-003-IFB	Baggage Tug	December 2025
Request for Qualifications	2026-005-RFQ	Taxiway Golf Realignment	March 2026

Airport Operations

Gateway Airport Sets New Air Cargo Activity Record in August 2025

The phenomenal growth of DSV, a leading global logistics company, at Gateway Airport represents a major opportunity for Arizona businesses. Whether you're a chip manufacturer, medical device company, or other Arizona-based entity importing from or exporting to Asia or Europe, DSV's Mesa operation can help facilitate efficient and cost-effective air transportation options.



Gateway Airport Set a New Air Cargo Activity Record in August 2025

DSV's success has led to a sharp increase in air cargo activity at Gateway Airport. In FY25, the Airport welcomed more than 7,000,000 pounds of cargo, fueling manufacturing growth across the State. In August 2025 alone, the Airport reported 1,326,288 pounds of cargo, more than the past decade of Augusts combined!

PASSENGERS AND AIR CARGO		August		% Change	FYTD		% Change
		2024	2025		FY25	FY26	
Passengers	TOTAL	122,066	121,717	0%	288,335	291,446	1%
	Deplaned	61,389	61,439	0%	146,825	148,625	1%
	Enplaned	60,677	60,278	-1%	141,510	142,821	1%
Allegiant		121,908	121,277	-1%	288,177	290,618	1%
Sun Country		158	440	178%	158	828	424%
Air Cargo (lbs.)		12,964	1,326,288	10,131%	131,682	3,097,233	2,252%

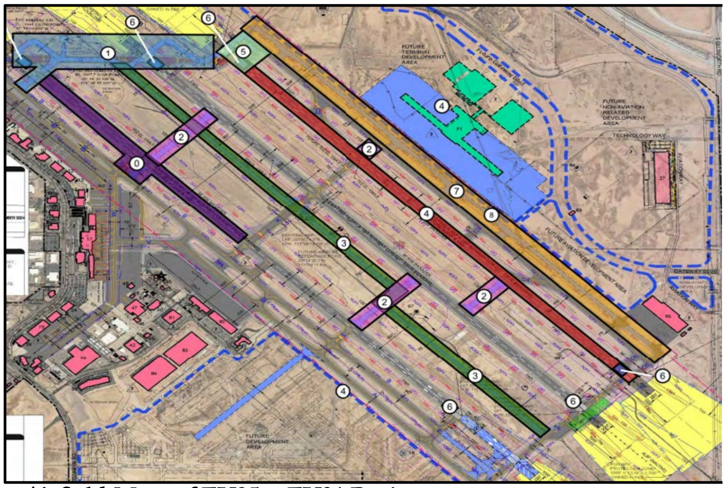
OPERATIONS	August		% Change	FYTD		% Change
	2024	2025		FY25	FY26	
Air Carrier	1,036	1.028	-1%	2,482	1,232	-10%
Military	79	264	234%	180	430	139%
General Aviation	23,866	21,209	-11%	45,739	45,729	0%
TOTAL	**24,981**	**22,501**	**-10%**	**48,401**	**48,388**	**0%**

Engineering, Planning, and Facilities

Gateway Airport and FAA Identify FY25 - FY31 Airport Capital Improvement Projects

MGAA is very fortunate to have strong working relationships with the Federal Aviation Administration's (FAA) Phoenix Airport District Office (ADO), Western-Pacific Regional Office, and Headquarters in Washington, DC. Together, the Airport and the FAA identify priority airport facility and infrastructure projects that could possibly be funded and completed during each five-year planning horizon.

During the past several years, MGAA has focused on airport facility improvements – a new air traffic control tower, a 5-gate 30,000 sq. ft. terminal addition, and an enclosed pedestrian walkway connecting the ticketing terminal to the TSA security screening checkpoint. The next several years will focus on much-needed airfield improvements. Below is a summary of the projects Gateway Airport and the FAA have identified as a priority from FY25 – FY31.



Airfield Map of FY25 – FY31 Projects

FY25 – FY31 Projects and Cost Estimates

FY25	**Runway 12R/30L Reconstruction – Phase II**	**$28.6MM**
FY26	**Taxiway Golf Reconstruction**	**$16.5MM**
FY27	**Lighting Vault Replacement**	**$15.4MM**
FY28	**Midfield Connectors**	**$13.2MM**
FY29	**Parallel Taxiway – Runway 12C/30C**	**$27.5MM**
FY30	**Extend 12L/30R & Bypass Taxiway**	**$5.3MM**
FY31	**Taxiway Delta & Connectors Construction**	**$24.2MM**
	Total Design and Construction Costs	**$130.0MM**

FY25 – FY31 Airfield Project Cost Estimates

Business Development

Virgin Galactic Manufacturing Six-Passenger Delta Class Spaceships at Gateway Airport

Spaceships are being built at Gateway Airport,
Spaceships are being built at Gateway Airport,
Spaceships are being built at Gateway Airport!

Inside Virgin Galactic's Spaceship Manufacturing Facility

Better get used to saying it, because spaceships are being built at Gateway Airport! Virgin Galactic, the industry leader in space tourism, has begun manufacturing the first six-passenger Delta Class suborbital spaceship at Gateway Airport. Once completed, the spaceships will be attached to the mothership, Eve, and transported to New Mexico for inclusion in Virgin Galactic's evolving space tourism program.

MGAA Staff to Meet with Prospective Tenants at NBAA-BACE in Las Vegas

The National Business Aviation Association – Business Aviation Convention & Exposition (NBAA-BACE) is one of the premier annual events for connecting airports with aviation-related companies. Thousands of visionaries and industry representatives from around the globe gather for three days of learning, relationship building, and deal-making.

MGAA Team Members Ready to Go!

Each year, a talented team of savvy business professionals representing Gateway Airport, Gateway Aviation Services, and select private development partners controlling property at the Airport establishes a stronghold in the exposition hall at NBAA-BACE with the mission of introducing aeronautical development opportunities and high-quality aviation services at Gateway Airport to the world.

Best of luck to the Gateway Team - Alex, Matthew, Matt, and Ray – and our partners at SkyBridge Arizona, and Amplifly.

NBAA
NATIONAL BUSINESS AVIATION ASSOCIATION

Gateway Airport Hosts 2nd Annual Airport Business Executives Breakfast

More than sixty aeronautical and nonaeronautical businesses call Gateway Airport home. Many are so busy within their own sphere of influence that they don't have the opportunity to meet and talk with other businesses around Gateway Airport.

2025 Airport Business Executives Breakfast

Two years ago, the MGAA Business Development Team hosted a breakfast and invited the top local representatives from many of the Airport businesses. The breakfast was a huge success, with executives exchanging contact information and sharing ideas on how they might work together in the future. The event was so popular, that attendees encouraged the Airport to hold one every year.

The 2025 Airport Business Executives Breakfast was held on September 10th and featured industry leaders including, but not limited to, Boeing, Gulfstream, Virgin Galactic, Able Aerospace – A Textron Company, Allegiant, Sun Country, APS, U.S. Forest Service, Chandler Gilbert Community College, JetNEXA, UND Aerospace Foundation, and the City of Mesa Police Department. Thank you to all that attended. By all accounts, this year's breakfast was another big success.

Gateway Aviation Services

Gateway Aviation Services, the Airport Authority owned and operated Fixed Base Operator (FBO), pumped 1,408,721 gallons of aviation fuel during the month of August 2025, a 16% increase compared to last August. In FY25, Gateway Aviation Services (GAS) pumped a record-breaking 20,000,000+ gallons of aviation fuel during the year. Great job GAS team!

FUEL (Gallons)	August			FYTD		
	2024	2025	% Change	FY25	FY26	% Change
AvGas	46,105	35,800	-22%	88,630	83,605	-6%
Retail Jet A	68,230	236,384	246%	148,585	476,975	221%
Contract	228,784	250,726	10%	589,009	447,186	-24%
Commercial	865,738	845,904	-2%	2,128,704	2,012,911	-5%
Cargo	2,485	39,907	1,506%	2,485	104,223	4,094%
TOTAL	**1,211,342**	**1,408,721**	**16%**	**2,957,413**	**3,124,900**	**6%**

Community Noise Report

CALLERS	August		FYTD	
	2024	2025	FY25	FY26
Total	5	6	12	20

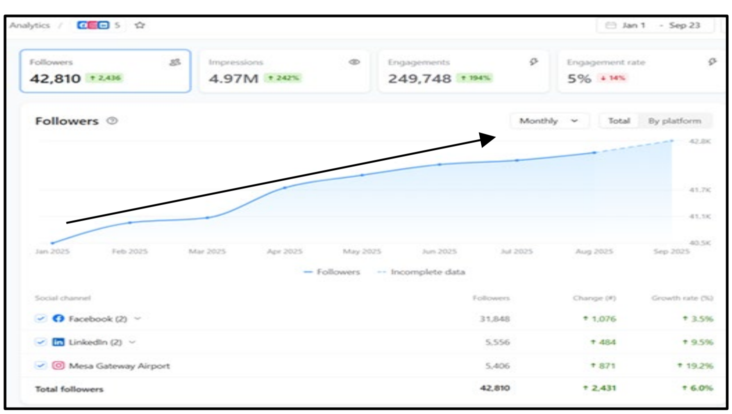
AIRCRAFT TYPE	August		FYTD	
	2024	2025	FY25	FY26
	Callers	Callers	Callers	Callers
Commercial	1	3	4	14
GA Total	4	3	8	6
Helicopter	0	0	0	0
Military	0	0	0	0
Total	5	6	12	20

MGAA received communications from a total of six individuals regarding aircraft noise issues during the month of August 2025, compared to five individuals last August.

LOCATION	August		FYTD	
	2024	2025	FY25	FY26
Mesa	1	3	3	12
Gilbert	3	1	4	4
Gold Canyon	0	0	0	0
Queen Creek	0	2	1	4
Queen Valley	1	0	2	0
Apache Junction	0	0	0	0
San Tan Valley	0	0	1	0
Chandler	0	0	0	0
Florence	0	0	1	0
Goodyear	0	0	0	0
Phoenix	0	0	0	0
Tempe	0	0	0	0
TOTAL	5	6	12	20

Community and Government Relations

Gateway Airport Social Media Metrics Soar in 2025



Social Media Statistics for 2025

Kudos to the MGAA Communications and Government Relations Team for crushing it with social media this year. Our impressions are way up with close to five million so far this year! Our engagements are way up with 250,000 and climbing!

Great job to Ryan, Tiffany, Kaylie, Abby, and Misty for keeping Gateway Airport in the spotlight. Keep up the good work!

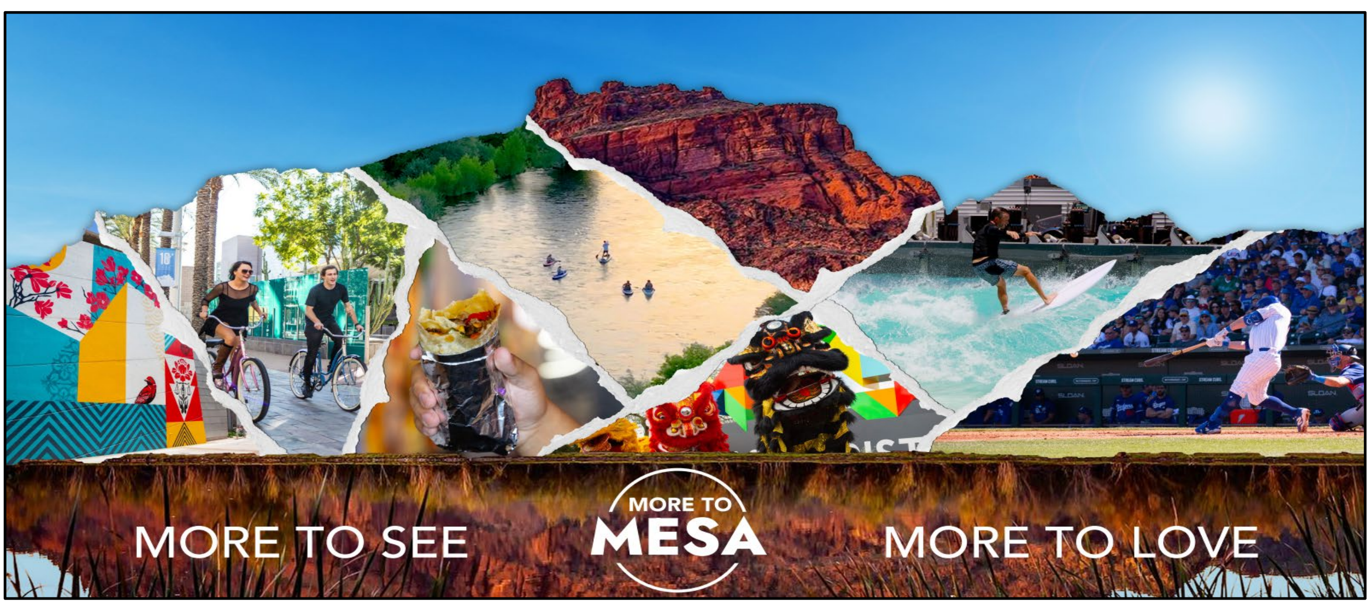
MGAA Team Member Spotlight

Employee Name: Abby Snyder
Employee Title: Human Resources Business Partner II
MGAA Department: Human Resources
Years with MGAA: 3

What are your job responsibilities for MGAA? I serve as the Benefits Administrator, Engagement and Wellness Committee Champion, Training and Development Leader, Leave Administrator, Rewards and Recognition Specialist, and Workers' Compensation Coordinator. I keep up to date with evolving HR trends and compliance requirements, in addition to ensuring employees feel recognized, appreciated, and engaged in their work with the airport.

What is your most memorable Gateway Airport moment? I really enjoyed when we held the Halloween canopy decoration competition in Hangar 46. Our HR team went all out with a circus theme—complete with popcorn—and it was such a creative, fun way to build engagement. I'll never forget conducting a second interview during that time while dressed as a clown. Luckily, it didn't scare him off—he accepted the job and is still part of our team today!

What is something people may not know about you? I'm a well-rounded Midwesterner, complete with my love for "pop" and relish trays. But what you might not know about me is that I have a motorcycle license, once raced snowmobiles, and even tumbled off the side of a cliff during a radio stunt. Every summer, I spend 10 days fishing and trapshooting in Minnesota, and I also enjoy dressing up and mingling with executives at chamber of commerce events.



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Board of Directors
Mesa Gateway Airport Authority
Mesa, Arizona

We have audited the financial statements of the business-type activities of Mesa Gateway Airport Authority (MGAA) as of and for the year ended June 30, 2025, and have issued our report thereon dated September 24, 2025. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit in our engagement agreement dated April 24, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by MGAA are described in Note 1 to the financial statements.

As described in Note 1, the entity changed accounting policies related to the recognition and measurement for the liabilities for compensated absences by adopting Statement of Governmental Accounting Standards Board (GASB Statement) No. 101, *Compensated Absences*, in 2025. The cumulative effect of the accounting change was not material to the financial statements as a whole.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates affecting the financial statements which were particularly sensitive or required substantial judgments by management.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Significant unusual transactions

We identified no significant unusual transactions.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify, and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

Management did not identify, and we did not notify them of any financial statement misstatements.

Disagreements with management

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in a separate management representation letter dated September 24, 2025.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the MGAA's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the MGAA's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other matters

The single audit and required reports have not yet been completed due to a delay in the issuance of the Compliance Supplement Addendum. We expect to issue the single audit and required reports shortly after the issuance of the Compliance Supplement Addendum.

Required Supplementary Information

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

Supplementary information in relation to the financial statements as a whole

With respect to the schedule of expenditures of passenger facility charges (PFC) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the schedule of expenditures of PFC to determine that the schedule of expenditures of PFC complies with the requirements of *Passenger Facility Charge Audit Guide for Public* Agencies, the method of preparing it has not changed from the prior period or the reasons for such changes, and the schedule of expenditures of PFC is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the schedule of expenditures of PFC to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated September 24, 2025.

Other information included in annual reports

Other information (financial or nonfinancial information other than the financial statements and our auditors' report thereon) is being included in your annual report and is comprised of schedule of revenues and expenditures (budgetary basis). Our responsibility for other information included in your annual report does not extend beyond the financial information identified in our opinion on the financial statements. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in your annual report. We are required by professional standards to read the other information included in your annual report and consider whether a material inconsistency exists between the other information and the financial statements because the credibility of the financial statements and our auditors' report thereon may be undermined by material inconsistencies between the audited financial statements and other information. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report. Our auditors' report on the financial statements includes a separate section, "Other Information," which states we do not express an opinion or any form of assurance on the other information included in the annual report. We did not identify any material inconsistencies between the other information and the audited financial statements.

This communication is intended solely for the information and use of the board of directors and management of MGAA and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
September 24, 2025

MESA GATEWAY AIRPORT AUTHORITY

PASSENGER FACILITY CHARGE PROGRAM REPORTS

FISCAL YEAR ENDED JUNE 30, 2025

MESA GATEWAY AIRPORT AUTHORITY
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FISCAL YEAR ENDED JUNE 30, 2025

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Mesa Gateway Airport Authority
Mesa, Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Mesa Gateway Airport Authority (MGAA), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise MGAA's basic financial statements, and have issued our report thereon dated September 24, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MGAA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MGAA's internal control. Accordingly, we do not express an opinion on the effectiveness of MGAA's internal control.

A *deficiency in internal* control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of MGAA's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Board of Directors
Mesa Gateway Airport Authority

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether MGAA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MGAA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MGAA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
September 24, 2025

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

Board of Directors
Mesa Gateway Airport Authority
Mesa, Arizona

Report on Compliance for the Passenger Facility Charge Program

Opinion on Compliance for the Passenger Facility Charge Program

We have audited Mesa Gateway Airport Authority's (MGAA) compliance with the types of compliance requirements identified as subject to audit in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), that could have a direct and material effect on its passenger facility charge program for the year ended June 30, 2025.

In our opinion, MGAA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program for the year ended June 30, 2025.

Basis for Opinion on Compliance for the Passenger Facility Charge Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the Guide. Our responsibilities under those standards and the Guide are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of MGAA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the passenger facility charge program. Our audit does not provide a legal determination of MGAA's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to MGAA's passenger facility charge program.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on MGAA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about MGAA's compliance with the requirements of the passenger facility charge program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding MGAA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of MGAA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of MGAA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the passenger facility charges on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the passenger facility charges will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the passenger facility charges that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Revenues and Expenditures of Passenger Facility Charges

We have audited the financial statements of MGAA as of and for the year ended June 30, 2025, and issued our report thereon dated September 24, 2025, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of revenues and expenditures of passenger facility charges is presented for purposes of additional analysis as required by the *Passenger Facility Charge Audit Guide for Public Agencies* and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues and expenditures of passenger facility charges is fairly stated, in all material respects, in relation to the financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
September 24, 2025

MESA GATEWAY AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED JUNE 30, 2025

CURRENT YEAR FINDINGS
None.

SCHEDULE OF PRIOR FINDINGS
None.

MESA GATEWAY AIRPORT AUTHORITY
SCHEDULE OF REVENUES AND EXPENDITURES OF PASSENGER FACILITY CHARGES
FISCAL YEAR ENDED JUNE 30, 2025

	September 30	December 31	March 31	June 30	Totals
Revenues					
Collections	$ 948,691	$ 1,027,804	$ 1,767,872	$ 1,113,654	$ 4,858,021
Interest	-	-	-	-	-
Total	$ 948,691	$ 1,027,804	$ 1,767,872	$ 1,113,654	$ 4,858,021
Disbursements					
21-07-C-00-IWA:					
07-006 Air Traffic Control Tower Construction	$ -	$ 14,294	$ -	$ (14,294)	$ -
21-07-C-00-IWA Total	-	14,294	-	(14,294)	-
Total	$ -	$ 14,294	$ -	$ (14,294)	$ -

The accompanying Schedule of Revenues and Expenditures of Passenger Facility Charges (PFC) (Schedule) presents the revenues received from the PFC and expenditures incurred on approved projects. The Schedule has been prepared on the cash basis of accounting under which revenues are recognized when received and expenditures are recognized when paid. PFC revenues collections represent cash collected through the end of the month subsequent to the quarter-end as reported to the Federal Aviation Administration (FAA) in accordance with 14 CFR Part 158. The interest recognized represents the actual interest collected on the unexpended PFC cash collected during the periods reported.

Global

INDEPENDENT
NETWORK MEMBER

MESA GATEWAY AIRPORT AUTHORITY

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2025

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MESA GATEWAY AIRPORT AUTHORITY
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Mesa Gateway Airport Authority
Mesa, Arizona

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of Mesa Gateway Airport Authority (MGAA), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise MGAA's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of MGAA, as of June 30, 2025, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of MGAA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about MGAA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MGAA's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about MGAA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of MGAA's proportionate share of the net pension and OPEB liability and contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of revenues and expenditures (budgetary basis) but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2025, on our consideration of MGAA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MGAA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MGAA's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
September 24, 2025

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REQUIRED SUPPLEMENTARY INFORMATION

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MESA GATEWAY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025

The management of Mesa Gateway Airport Authority (MGAA) offers readers this overview and analysis of MGAA's financial statements and activities for the fiscal year ended June 30, 2025.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of MGAA exceeded the liabilities and deferred inflows of resources at the close of the most recent fiscal year by $415.0 million (net position). Total net position increased by $26.5 million during the fiscal year.
- MGAA's operating revenues increased $5.7 million (18.2%) from the prior fiscal year.
- During the current year, member governments contributed $2.8 million to MGAA. These contributions were utilized to fund capital projects at MGAA.
- Capital Grants and Contributions increased $4.6 million from the previous year as MGAA began several new major grant-funded projects.
- Net income from fueling operations exceeded $9 million, and income from leases increased $2.1 million as a result of increased operations and activity.
- MGAA's operating loss narrowed to $9.7 million in the current year, a decreased of $1.9 million from the previous fiscal year. This loss is attributable to non-cash depreciation expense on assets. These assets were contributed by the federal government, acquired with the aid of grants, or constructed using contributions from MGAA's member governments or MGAA's own operating reserves.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to MGAA's basic financial statements. MGAA's basic financial statements are divided into four sections:

1. Fund financial statements.
2. Notes to the basic financial statements.
3. Required supplementary information other than MD&A.
4. Other information.

As MGAA presents only one fund type, separate government-wide financial statements have not been prepared.

Fund financial statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Like other state and local governments, MGAA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Unlike most other governments, which have multiple funds, all MGAA's activities are business-type activities and are accounted for in a single proprietary fund.

Proprietary funds. MGAA maintains its accounting records in a single enterprise fund. An enterprise fund is a type of proprietary fund used to report business-type activities.

The proprietary fund financial statements can be found on pages 11 - 14 of this report.

The *statement of net position* presents information on MGAA's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference being shown as net position.

The *statement of revenues, expenses and change in net position* presents information on how MGAA's net position changed during the fiscal year.

All changes in net position are reported as soon as the underlying events giving rise to the changes occur, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The *statement of cash flows* presents MGAA's cash flow (sources and uses) related to operating activities, non-capital financing activities, capital financing activities, and investing activities during the year.

Notes to Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the fund financial statements. The notes to basic financial statements can be found on pages 15 - 39 of this report.

Required Supplementary Information other than MD&A

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information related to MGAA's pension plan as required by the GASB to supplement information found in the notes to the basic financial statements. These schedules are included on pages 40 - 43 of this report.

Other Information

MGAA annually prepares a full capital and operating budget, which is submitted to the Board of Directors for approval during the spring of each year. Although the budget is not legally binding, it is an important management tool used throughout the fiscal year. During the fiscal year, actual activity is compared to the budget on a monthly basis to assess operating results.

Budget to actual results for the full year, presented on a budgetary basis, are included as other information on page 44 of this report.

FINANCIAL ANALYSIS

Net position represents the accrued results of a government's operations and, over time, increases or decreases in net position may serve as a useful indicator of whether MGAA's financial position is improving or deteriorating. At the end of the fiscal year, MGAA's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $415.0 million.

Airports are capital-intensive enterprises. 82.0% of MGAA's net position is invested in capital assets (net of any outstanding debt used to acquire those assets).

MGAA uses these assets to provide aviation access and services to the flying public and the surrounding communities, consequently these assets are not available for future spending. Although MGAA's investment in its capital assets is reported net of related debt, the resources needed to pay such debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Certain of MGAA's funding sources impose external restrictions upon the use of funds. In the event that MGAA has unspent restricted resources, this balance is reported as restricted net position and is not available for use to meet ongoing obligations. MGAA ended the current year with no unspent restricted resources, and therefore reports no restricted net position.

The remaining balance of unrestricted net position (18.0%) may be used to meet MGAA's ongoing obligations.

The table below presents a summary of MGAA's net position for the fiscal years ended June 30, 2025 and 2024 respectively.

	Business-Type Activities	
	2025	2024
ASSETS		
Current and Other Assets	$ 90,600,741	$ 79,220,426
Noncurrent Assets	372,835,189	353,745,444
Total Assets	463,435,930	432,965,870
DEFERRED OUTFLOWS OF RESOURCES	2,225,611	1,357,764
LIABILITIES		
Current and Other Liabilities	7,215,598	6,095,969
Long-Term Liabilities	24,155,738	24,238,313
Total Liabilities	31,371,336	30,334,282
DEFERRED INFLOWS OF RESOURCES	19,330,077	15,533,480
NET POSITION		
Net Investment in Captial Assets	340,160,706	324,839,831
Unrestricted	74,799,422	63,616,041
Total Net Position	$ 414,960,128	$ 388,455,872

Total net position increased by $26.5 million (6.8%) as a result of changes in net investment in capital assets and unrestricted net position.

Net investment in capital assets increased $15.3 million from the prior year as the acquisition of new assets exceeded depreciation in the current year and MGAA continued to pay down debt.

Unrestricted net position increased $11.2 million from the prior year as the growth in operating revenues exceeded the growth in expenses as detailed below.

The table below presents the significant elements of revenue and expenses for MGAA comparatively for the current and prior fiscal year.

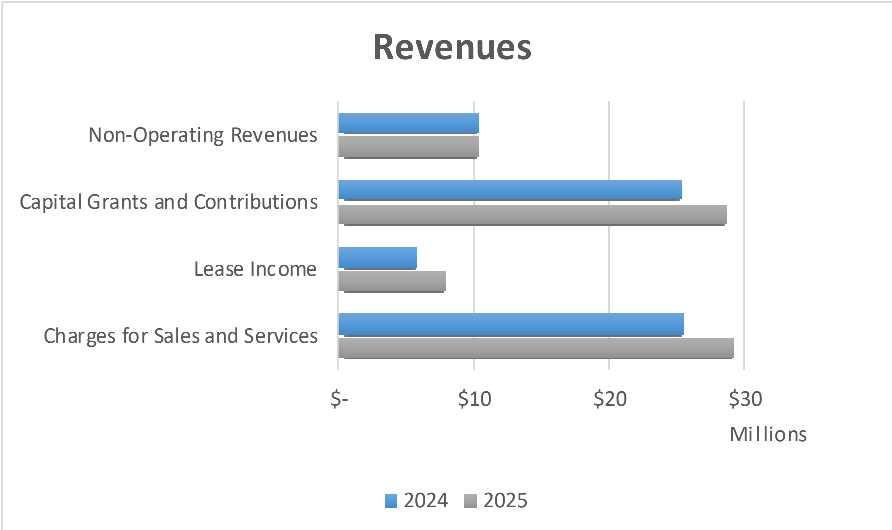
	Business-Type Activities	
	2025	2024
REVENUES		
Charges for Sales and Services	$ 29,186,925	$ 25,530,606
Lease Income	7,859,721	5,800,508
Capital Grants and Contributions	28,722,374	25,375,473
Non-Operating Revenues	10,402,511	10,364,661
Total Revenues	76,171,531	67,071,248
EXPENSES		
Cost of Sales	6,747,084	5,343,774
Other Operating Expenses	23,552,338	22,092,210
Depreciation	16,475,632	15,513,965
Non-Operating Expenses	2,892,221	1,475,623
Total Expenses	49,667,275	44,425,572
CHANGE IN NET POSITION	26,504,256	22,645,676
Net Position - Beginning of Year	388,455,872	365,810,196
NET POSITION - END OF YEAR	$ 414,960,128	$ 388,455,872

Revenues

Overall revenues increased $9.1 million from the previous fiscal year. This increase in revenues was driven by substantial increases in revenue from fueling operations ($2.2 million), lease income ($2.1 million) and airport usage fees ($1.4 million).

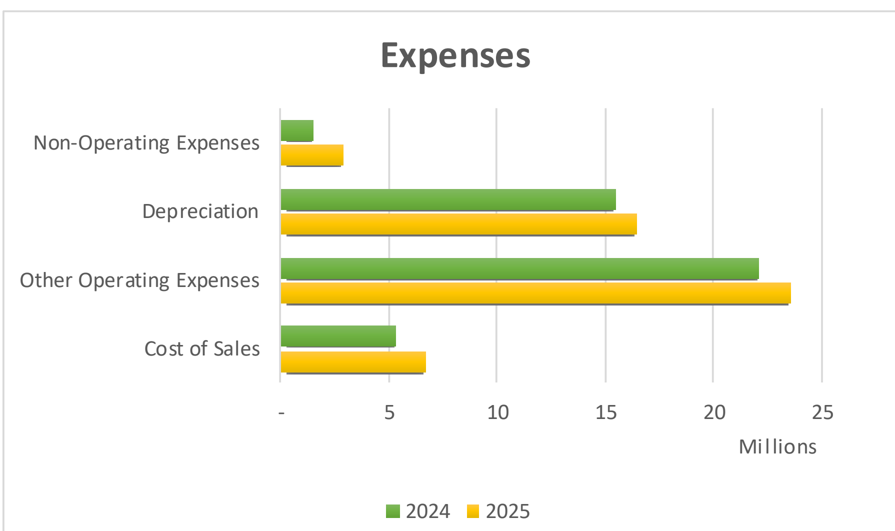
Increases in airport usage fees ($1.4 million) and fueling operations ($2.2 million), were driven by robust growth in both commercial and private as well as military user activity at the airport as MGAA saw over 2 million passengers for the first time in 2025 along with record breaking cargo activity.

Strong growth in lease income ($2.1 million) is the result of several of the long-term leases entered into by MGAA in previous years coming online and beginning to make payments as well as growth in percentage rent payment from airport concessionaires as overall activity has increased.



Expenses

MGAA's operating expenses excluding depreciation increased $2.9 million (10.4%) over the prior year, with significant increases in personnel costs, professional services, and fueling operations cost of goods sold. Increases in professional services ($0.7 million), were driven by higher costs for services. Increases in personnel costs ($0.7 million) reflect market driven pay increases to remain competitive and retain talent as well as growth of 7.5 full-time equivalents (FTEs) to support increased operations. By far the largest increase was seen in cost of goods sold for the fueling operations which increased $1.5 million (27.7%) over the prior year. Costs of goods sold for the fueling operation are directly correlated to increased revenues from fueling operations and were driven higher by both higher average fuel costs, as well as increased fueling activity during the year. MGAA's overall expenses increased $3.8 million (8.9%), with an increase in depreciation ($1.0 million) reflecting the increase in new assets built or acquired by MGAA from prior year.



CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets

At June 30, 2025, MGAA's capital assets totaled $354.7 million (net of accumulated depreciation). Capital assets include land; runways, taxiways, and apron areas; buildings; improvements; machinery, vehicles, equipment, and software. A large majority of these assets were contributed to MGAA directly or were purchased with the aid of federal and state grants.

The table below summarizes MGAA's capital assets (net of accumulated depreciation) by major asset class as of June 30, 2025 and 2024, respectively:

	Business-Type Activities	
	2025	2024
Land	$ 91,188,500	$ 91,188,500
Construction in Progress	23,757,961	10,584,822
Buildings & Improvements	95,856,209	99,097,319
Infrastructure	134,997,506	128,761,219
Machinery & Equipment	8,909,195	9,358,388
	$ 354,709,371	$ 338,990,248

Major capital asset events during the current fiscal year included the following:

- Reconstruction of Runway 12R/30L Phase 1 ($19.1 million)
- Reconstruction of Runway 12C/30C Asphalt ($4.5 million)
- Reconstruction of Taxiway Whiskey ($2.1 million)
- New Ray Road Entrance Monuments ($0.9 million)
- Common Use Passenger Processing System Replacement ($1.2 million)

Additional information on MGAA's capital assets may be found in the notes to the basic financial statements in Note 3.A.4 and 3.B.

Long-term debt

At the end of the current fiscal year, MGAA had total bond principal outstanding of $13.7 million. Payments on MGAA's outstanding special facilities revenue bonds are funded through lease payments from the City of Mesa, Arizona, and secured via pledged excise tax revenue by the City of Mesa through its lease and financing agreement with MGAA.

Overall, MGAA's outstanding debt decreased $0.6 million from the prior fiscal year due to regularly scheduled principal payments.

The following schedule shows the outstanding debt of MGAA as of June 30, 2025 and 2024.

Additional information on MGAA's long-term debt may be found in the notes to the basic financial statements in Note 3.C.

	Business-Type Activities			
	2025		2024	
Special Facility Revenue Bonds	$	13,735,000	$	14,340,000
Unamortized Premium on Bonds		339,887		366,032
	$	14,074,887	$	14,706,032

ECONOMIC FACTORS

MGAA depends on annual contributions from its member governments to cover some of its capital costs. This makes MGAA susceptible to downturns in the economy and changes in authority membership which could affect member governments' abilities to provide this annual funding. However, member government support of this kind has been largely consistent over the last several years.

With MGAA's largest fueling customers being the government and commercial airlines, a significant portion of fueling revenue depends on continuation of military activity and commercial passenger operations.

MGAA also depends on capital grants, mostly from the FAA and the Arizona Department of Transportation (ADOT), to continue its current level of capital improvement and renewal programs.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of MGAA's finances for all those who are interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, Mesa Gateway Airport Authority, 5835 S. Sossaman Road, Mesa, AZ 85212.

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BASIC FINANCIAL STATEMENTS

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MESA GATEWAY AIRPORT AUTHORITY
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2025

	Business-Type Activities Proprietary Fund
ASSETS	
Current Assets:	
Cash and Investments	$ 81,934,232
Accounts Receivable, Net	1,678,178
Due from Other Governments	950,990
Lease Receivable	1,284,981
Prepaid Costs	513,337
Inventory	206,894
Restricted Assets:	
Cash with Fiscal Agent	983,298
Cash with Trustee	1,322,000
Customer Deposits	1,726,831
Total Current Assets	90,600,741
Noncurrent Assets:	
Lease Receivable	17,739,414
Net OPEB Asset	386,404
Capital Assets:	
Non-Depreciable	114,946,461
Depreciable, Net	239,762,910
Total Noncurrent Assets	372,835,189
Total Assets	463,435,930
DEFERRED OUTFLOWS OF RESOURCES	
Pension and OPEB	2,225,611
Total Deferred Outflow of Resources	2,225,611
LIABILITIES	
Current Liabilities:	
Accounts Payable	3,075,991
Accrued Liabilities	582,221
Unearned Revenue	112,557
Current Liabilities Payable from Restricted Assets:	
Customer Deposits	1,726,831
Interest Payable	343,375
Current Portion of Long-Term Liabilities:	
Bonds and Loans Payable	635,000
Compensated Absences	739,623
Total Current Liabilities	7,215,598
Noncurrent Liabilities:	
Bonds and Loans Payable	13,439,887
Compensated Absences	506,825
Net Pension and OPEB Liability	10,209,026
Total Noncurrent Liabilities	24,155,738
Total Liabilities	31,371,336
DEFERRED INFLOWS OF RESOURCES	
Pension and OPEB	838,057
Leases	18,492,020
Total Deferred Outflow of Resources	19,330,077
NET POSITION	
Net Investment in Capital Assets	340,160,706
Unrestricted	74,799,422
Total Net Position	$ 414,960,128

See accompanying Notes to Basic Financial Statements.

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MESA GATEWAY AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2025

	Business-Type Activities Proprietary Fund
OPERATING REVENUES	
Fueling Operations	$ 15,813,796
Lease Income	7,859,721
Maintenance Services	424,414
Airport Usage Fees	12,948,715
Total Operating Revenues	37,046,646
OPERATING EXPENSES	
Personnel Costs	12,115,595
Professional Services	7,567,677
Cost of Goods Sold - Fueling Operations	6,728,144
Cost of Goods Sold - Maintenance Services	18,940
Repair and Maintenance	649,330
Utilities	1,194,720
Insurance	698,388
Other Expense	1,326,628
Depreciation	16,475,632
Total Operating Expenses	46,775,054
Operating Loss	(9,728,408)
NONOPERATING REVENUE (EXPENSES)	
Investment Income	3,509,824
Lease Interest Income	456,853
PFC Income	4,520,956
CFC Income	1,568,063
Other Income	346,815
Loss from Disposition of Assets	(2,231,616)
Interest Expense	(660,605)
Total Nonoperating Revenues (Expenses)	7,510,290
Income Before Capital Grants and Contributions	(2,218,118)
Capital Grants and Contributions	25,962,374
Capital Contributions from Member Governments	2,760,000
Total Capital Grants and Contributions	28,722,374
Change in Net Position	26,504,256
Total Net Position - Beginning of Year	388,455,872
TOTAL NET POSITION - END OF YEAR	$ 414,960,128

See accompanying Notes to Basic Financial Statements.

MESA GATEWAY AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2025

	Business-Type Activities Proprietary Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Providing Services	$ 37,723,362
Payments to Employees	(12,065,452)
Payments to Suppliers	(18,067,488)
Customer Deposits and Prepayments	(117,879)
Net Cash Flows Provided by Operating Activities	7,472,543
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Lease Interest Income	456,853
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Construction and Acquisition of Capital Assets	(33,583,704)
Capital Contributions from Member Governments	2,760,000
Capital Grants from Other Governments	27,262,548
Passenger Facility Charges received	4,520,956
Customer Facility Charges received	1,560,174
Proceeds from Sale of Equipment	181,786
Principal Paid on Capital Debt	(605,000)
Interest Paid on Capital Debt	(701,875)
Net Cash Flows Provided by Capital and Related Financing Activities	1,394,885
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	3,509,824
Other Income (Expense)	346,815
Net Cash Flows Provided by Investing Activities	3,856,639
NET CHANGE IN CASH AND CASH EQUIVALENTS	13,180,920
Cash and Cash Equivalents - Beginning of Year	72,785,441
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 85,966,361

RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION	
Cash and Investments	$ 81,934,232
Restricted cash	4,032,129
Total Cash and Cash Equivalents	$ 85,966,361

(Continued)

See accompanying Notes to Basic Financial Statements.

MESA GATEWAY AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2025

		Business-Type Activities Proprietary Fund
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Loss	$	(9,728,408)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:		
Depreciation		16,475,632
Change in Assets, Deferred Outflows, Liabilities and Deferred Inflows:		
Accounts Receivable		390,314
Lease Receivable		(3,350,507)
Prepaid Costs		176,640
Inventories		(11,334)
Net OPEB Asset		(67,415)
Accounts Payable and Accrued Liabilities		7,528
Unearned Revenue		111,529
Customer Deposits		(117,879)
Deferred Outflows Related to Pension and OPEB		(867,847)
Deferred Inflows Related to Pension and OPEB		271,217
Deferred Inflows Related to Leases		3,525,380
Net Pension and OPEB Liability		644,534
Compensated Absences		13,159
Net Cash Provided by Operating Activities	$	7,472,543
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Loss on Disposal of Capital Assets	$	(2,413,402)
Amortization of Bond Issue Premium		26,145
Net Non-Cash Investing, Capital, and Financing Activities	$	(2,387,257)

(Concluded)

See accompanying Notes to Basic Financial Statements.

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NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of Mesa Gateway Airport Authority (MGAA) have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of MGAA's more significant accounting policies follows.

A. Reporting Entity

Mesa Gateway Airport Authority was established on May 19, 1994 as a joint powers' airport authority pursuant to Arizona Revised Statutes Title 28, Chapter 25, Article 8. Originally incorporated as Williams Gateway Airport Authority, MGAA's name was officially changed to Phoenix-Mesa Gateway Airport Authority on July 1, 2007 ahead of the City of Phoenix joining the board. With the departure of the City of Phoenix from the MGAA board effective June 30, 2024, the Phoenix-Mesa Gateway Airport Authority board voted to officially change the name of the authority to Mesa Gateway Airport Authority on December 17, 2024. MGAA operates 3,042 acres as Mesa Gateway Airport.

MGAA is overseen by a five-person board consisting of representatives from each of MGAA's member governments. Membership in MGAA is comprised of the Gila River Indian Community; Town of Gilbert, Arizona; City of Mesa, Arizona; Town of Queen Creek, Arizona; and City of Apache Junction, Arizona.

MGAA is further governed by a variety of federal, state, and local laws, agreements and regulations. The Federal Aviation Administration (FAA) has jurisdiction over airport operations, including aircraft, personnel, facilities, and many technical issues, including noise limits and reasonableness of fees. Under federal law and the FAA's regulations and grant agreements, MGAA cannot legally transfer revenues to its member governments except in exchange for fair value received.

MGAA is legally separate from other state and local governments. There are no component units combined with MGAA for financial statement presentation purposes and MGAA is not included in any other governmental reporting entity. Consequently, these financial statements present the financial position and activities of MGAA, for which its governing board is financially accountable.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

MGAA earns revenue from aeronautical and non-aeronautical activities. Fees received for use of the airport include, but are not limited to, landing fees, tie down fees, terminal usage fees, fuel flowage fees, parking fees, rental car fees, and concession fees. MGAA also owns and operates a fixed base fueling operation, leases land and facilities to various tenants, and contracts with tenants and users of the facilities within the airport area to provide maintenance services. Major expenses include salaries and fringe benefits; professional services for fire, police protection, and parking services; legal and development consulting; maintenance, and utilities.

B. Basis of Presentation

MGAA engages solely in business-type activities and presents only a single enterprise fund for external reporting purposes. Accordingly, MGAA does not present government-wide financial statements, and the statements of net position, of revenues, expenses and changes in net position and the statement of cash flows report information for that single enterprise fund only.

C. Basis of Accounting

1. Measurement Focus, Basis Accounting, and Financial Statement Presentation

The statement of net position and statement of revenues, expenses and changes in net position are reported using the *economic resources measurement focus* and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Such revenue is subject to review by the funding agency, which may result in disallowance in subsequent periods.

Proprietary, or, enterprise funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

2. Passenger Facility Charges

In 1990, Congress approved the Aviation Safety and Capacity Expansion Act (Act), which authorized domestic airports to impose a Passenger Facility Charge (PFC) on enplaning passengers. In May 1991, the Federal Aviation Administration issued the regulations for the use and reporting of PFCs. PFCs may be used for airport projects that meet at least one of the following criteria: (1) preserve or enhance safety, security, or capacity of the national transportation system; (2) reduce noise or mitigate noise impacts resulting from an airport; or (3) furnish opportunities for enhanced competition between or among carriers.

MGAA was granted permission to begin collection of a $4.50 per passenger PFC beginning with MGAA's first application effective November 1, 2008. This authority continues with each successive application approved by the FAA for MGAA's collection of PFCs, the most recent of which, application 21-08-C-00-IWA, awarded on November 10, 2021, grants MGAA permission to impose and collect PFCs through June 1, 2043.

The PFC, less an $0.11 per passenger administrative fee charged by the airlines for processing, is collected by the airlines and remitted on a monthly basis to MGAA. PFCs are not a grant to MGAA, but rather a fee earned by MGAA for passenger use of the airport facilities and is considered revenue when collected and remitted. However, as the use of the PFCs is restricted to those specific purposes approved by the FAA as part of each application by MGAA, the revenue from PFCs is reported as nonoperating revenue in MGAA's statement of revenues, expenses, and changes in net position. Unspent PFCs are reported as restricted cash, and restricted net position, in MGAA's financial statements.

3. Use of Restricted Resources

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, it is MGAA's policy to use restricted resources first before using unrestricted resources.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity

1. Cash and Investments

MGAA's cash and cash equivalents are comprised of cash on hand, demand deposits, cash and investments held by the State Treasurer and highly liquid investments with maturities of three months or less from the date of acquisition. Cash and investments are pooled, except for funds required to be held by fiscal agents or restricted under provisions of bond indentures.

State Statutes and Authority policy authorize MGAA to invest in obligations of U.S. Treasury and U.S. Agencies, certificates of deposit and repurchase agreements held in eligible depositories, obligations of the State of Arizona or any of its counties or incorporated cities, towns or duly organized school districts, improvement districts in this state, highly rated commercial paper, or the State Treasurer's Local Government Investment Pool. Investments are stated at fair value or amortized cost.

2. Receivables and Intergovernmental Receivables

All customer and non-governmental receivables are shown net of an allowance for uncollectible receivables. MGAA annually reviews the balance in the reserve account to determine if, based on history, the allowance is adequate to cover current receivables, and adjusted accordingly. Receivables from other governments are assumed to be entirely collectible and are therefore not included in this analysis. Current and long-term lease receivables represent the present value of future minimum non-cancelable payments on lease agreements in which MGAA is the lessor. These receivables are calculated and presented in accordance with GASB Statement No. 87.

3. Inventories and Prepaid Items

Supply inventories are valued at cost using the first-in/first-out (FIFO) method. The cost of inventory is reported as an expense at the time the individual items are consumed. Fuel inventories are valued at cost using the moving average method.

Certain payments to vendors reflect costs applicable to future accounting periods and accordingly are recorded as prepaid items in the proprietary fund financial statements. These items are expensed as consumed.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

4. Restricted Assets

As required by applicable law, regulation and agreement, certain resources are set aside for debt service requirements on bonds and loans. Additionally, unspent PFC funds and related receivables and customer deposits, upon which there are legal or external restrictions as to use, are set aside as restricted.

5. Capital Assets

Capital assets, which include property, plant, infrastructure, machinery and equipment, and vehicles, are defined by MGAA as those assets with an initial, individual cost of more than $10,000 and an estimated useful life in excess of one year.

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed assets are recorded at acquisition value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on a straight-line basis over the following estimated useful lives:

Buildings and Improvements	5 – 30 years
Infrastructure	5 – 40 years
Machinery, Vehicles, and Equipment	3 – 10 years

When assets are retired or sold, the costs of those assets and the related accumulated depreciation are eliminated from the accounts, and any resulting gain or loss is charged to income or expense.

6. Deferred Outflows and Inflows of Resources

The statement of net position includes separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense in future periods. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will be recognized as a revenue in future periods.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

7. Compensated Absences

The liability for compensated absences reported in the statement of net position consists of unpaid, accumulated leave balances. MGAA recognizes a liability for sick and vacation time that employees accumulate that is considered more likely than not to either be used as time off or otherwise paid in cash.

All employees (after a probationary period) are eligible for full payout of their vacation leave upon separation from service. Additionally, employees who have 15 or more years of service and/or retire in good standing from MGAA are eligible for payment of 50% of their unused sick leave (up to 520 hours). Employees with 10 or more years of service are eligible for payment of 25% of their unused sick leave (up to 520 hours) upon separation from service.

Further, MGAA's employee vacation policy provides for granting vacation leave payouts to eligible employees annually who meet the criteria. Every year, employees are eligible for payout of their accrued vacation balances in excess of MGAA's 240-hour limit, provided the employee has taken at least 80 hours of vacation during the previous fiscal year. All leave payouts are made at the employee's then-current rate of pay.

8. Long-Term Obligations

In the financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

9. Pension Plan and Other Postemployment Benefits

For purposes of measuring the net pension and other postemployment benefits (OPEB) liabilities (assets), deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

10. Net Position

In the statement of net position, net position is reported in three categories: net investment in capital assets, restricted net position, and unrestricted net position. Net investment in capital assets is reported separately because capital assets make up a significant portion of total net position. Restricted net position accounts for the portion of net position restricted by parties outside of MGAA. Unrestricted net position is the remaining net position not included in the previous two categories.

E. Adoption of New Accounting Standards

In June of 2022, the GASB issued GASB Statement No. 101, *Compensated Absences*. This statement expands and amends and clarifies previously issued guidance around the recognition of liabilities for different forms of compensated leave by requiring a liability to be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. It additionally amended the requirement to disclose the gross increases and decreases in the liability for compensated absences to allow for disclosure of only the net change in the liability.

MGAA adopted the requirements of this standard effective July 1, 2024, and has applied the provisions of this standard to the beginning of the period of adoption.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

MGAA uses a budget process that culminates in the adoption of a formal annual budget by the board of directors. The budget is a planning and control device; it is not legally binding in the sense of appropriations commonly required in municipal governments. However, certain budget changes require board approval per certain MGAA board policies and organizational policies and procedures.

NOTE 3 DETAILED NOTES

A. Assets

1. Deposits and Investments

Deposits and investments at June 30, 2025 consist of the following:

Cash on Hand	$	800
Deposits:		
Cash in Bank		1,609,212
Investments:		
Money Market		25,297,952
State Treasurer's Investment Pool		3,763,056
Commercial Paper		44,422,110
Corporate Bonds		10,873,231
Total Deposits and Investments		85,966,361
Less Restricted Assets		(4,032,129)
Cash and Investments on Statement of Net Position	$	81,934,232

Investments and Fair Value Measurements – MGAA uses fair value measurements to record value adjustments to certain assets and to determine fair value disclosures. MGAA follows accounting principles generally accepted in the United States of America that define fair value, establish a framework for measuring fair value, establish a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements.

The fair value measurements framework utilizes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Fair value measurements define levels within the hierarchy based on the reliability of inputs.

NOTE 3 DETAILED NOTES (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Financial assets recorded on the statement of net position are categorized based on inputs to the measurement framework as follows:

Level 1 – Financial assets are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in an active over-the-counter-market.

Level 2 – Financial assets are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset.

MGAA's investments at June 30, 2025, categorized within the fair value hierarchy detailed above, were as follows:

		Fair Value Measurements Using		
	June 30, 2025	(Level I)	(Level II)	(Level III)
Investments by Fair Value Level				
Commercial Paper	$ 44,422,110	$ -	$ 44,422,110	$ -
Corporate Bonds	10,873,231	10,873,231	-	-
Total Investments by Fair Value Level	$ 55,295,341	$ 10,873,231	$ 44,422,110	$ -
External Investment Pools				
Measured at Fair Value				
State Treasurer's Investment Pool	$ 3,763,056			
Total Investments by Fair Value Level				
Investments by Amortized Costs				
Money Market	$ 25,297,952			
Total Investments	$ 84,356,349			

NOTE 3 DETAILED NOTES (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

The State Board of Investment provides oversight for the State Treasurer's pools, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The value of investments in LGIP 700 has been adjusted to fair market value at June 30, 2025. LGIP shares are not identified with specific investments held for MGAA in physical or book entry form. Investments in the State Treasurer's Local Government Investment Pools are not insured or collateralized.

Custodial Credit Risk – Custodial Credit risk is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. MGAA is not subject to custodial credit risk since its investments are not identified with specific investments held by others for MGAA in physical or book entry form. MGAA does not have a formal policy regarding credit risk. However, collateralization is addressed in the investment policy.

As of June 30, 2025, all MGAA's funds held on deposit were fully collateralized through collateral pledged by MGAA's banking institution in MGAA's name.

Concentration Risk – Concentration risk is the increased risk to the organization when a significant portion of its resources are invested with a single issuer. MGAA does not have a formal policy for concentration of credit risk. However, diversification of portfolio assets is addressed in the investment policy. The LGIP portfolio is not directly rated but holds only assets rated AAA by Moody's. Concentration percentages are shown below.

As of June 30, 2025, MGAA had the following investments:

Rating Agency Investment	Rating	Amount	Percent
Moody's Investor Service			
Commercial Paper	A-1/P-1 - A-2/P-2	$ 44,422,110	53%
Corporate Bonds	A-1/P-1 - A-2/P-2	$ 10,873,231	13
Not Rated			
Money Market	N/A	25,297,952	30
State Treasurer's Investment Pool	N/A	3,763,056	4

NOTE 3 DETAILED NOTES (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

Interest rate risk – Due to the short maturities of MGAA's investments, the risk of losses due to market interest rate changes is minimal. MGAA does not have a formal policy regarding interest rate risk. The following table shows the investment maturities by year and type of security:

	Maturity			
Investment Type	Less Than 1 Year	1-3 Years	More Than 3 Years	Total
State Treasurer's Investment Pool	$ -	$ 3,763,056	$ -	$ 3,763,056
Commercial Paper	44,422,110	-	-	44,422,110
Corporate Bonds	10,873,231	-	-	10,873,231
Total	$ 55,295,341	$ 3,763,056	$ -	$ 59,058,397

2. Restricted cash

Certain assets of MGAA are classified as restricted assets because their use is restricted by grant or contractual agreements. Restricted assets include the following:

Customer Deposits	$ 1,726,831
Current & Future Debt Service Reserves	2,305,298
Total Restricted Cash and Investments	$ 4,032,129

3. Receivables

At June 30, 2025, receivables were comprised of the following receivable balances, reduced as applicable by an allowance for uncollectible amounts:

	Receivables	Allowance	Net
Business-Type Activities:			
Accounts Receivable, Net	$ 1,787,622	$ (109,444)	$ 1,678,178
Due from Other Governments	950,990	-	950,990
Lease Receivables	19,024,395	-	19,024,395
Total Business-Type Activities	$ 21,763,007	$ (109,444)	$ 21,653,563

NOTE 3 DETAILED NOTES (CONTINUED)

A. Assets (Continued)

4. Capital assets

Capital asset activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	$ 91,188,500	$ -	$ -	$ 91,188,500
Construction in Progress	10,584,822	34,392,314	(21,219,175)	23,757,961
Total Capital Assets Not Being Depreciated	101,773,322	34,392,314	(21,219,175)	114,946,461
Capital Assets Being Depreciated				
Buildings & Improvements	164,551,081	1,887,112	(11,461,614)	154,976,579
Infrastructure	311,039,491	16,378,007	(3,413,894)	324,003,604
Machinery, Vehicles, & Equipment	27,459,271	1,423,707	(5,531,618)	23,351,360
Total Capital Assets Being Depreciated	503,049,843	19,688,826	(20,407,126)	502,331,543
Less Accumulated Depreciation For:				
Buildings & Improvements	(65,453,762)	(4,672,205)	11,005,597	(59,120,370)
Infrastructure	(182,278,272)	(10,046,869)	3,319,043	(189,006,098)
Machinery, Vehicles, & Equipment	(18,100,883)	(1,756,558)	5,415,276	(14,442,165)
Total Accumulated Depreciation	(265,832,917)	(16,475,632)	19,739,916	(262,568,633)
Total Capital Assets Being Depreciated, Net	237,216,926	3,213,194	(667,210)	239,762,910
Business-type Activities Capital Assets, Net	$ 338,990,248	$ 37,605,508	$ (21,886,385)	$ 354,709,371

NOTE 3 DETAILED NOTES (CONTINUED)

B. Purchase Commitments

MGAA had major contractual commitments related to various capital projects at June 30, 2025, for the construction or acquisition of various improvements. MGAA's commitments remaining open with contractors relating to these projects were as follows:

Project	Spent-to-Date	Remaining Commitment
Reconstruct Rwy 12R 30L & Twy H	$ 20,375,214	$ 27,710,454
Airfield Electrical Upgrades	54,554	495,446
Fire System Tank Valves	81,842	18,414
TSA Bag Make-up Expansion	1,040,493	44,587,121
TSA Checkpoint Stanchions	37,093	2,907
Airfield Asphalt Shoulders Rehab	245,649	29,977
Safety Management System	247,930	81,762
Terminal Seating Baggage Claim/High-Bay	43,666	97,334
2024 Ford F150 Super Crew 4X2	50,645	9,355
Lift for Manhole/Vault Covers	13,014	5,986
Common Use System	1,227,325	422,675
	$ 23,417,425	$ 73,461,431

NOTE 3 DETAILED NOTES (CONTINUED)

C. Long-Term Obligations

On February 29, 2012, MGAA issued $19,220,000 in Special Facility Revenue Bonds (Mesa Project) Series 2012. Previous to the issuance, on March 21, 2011, MGAA entered into a Memorandum of Understanding (MOU) with the City of Mesa (the City) for the development, construction and lease of an aircraft maintenance, repair, and overhaul facility at Mesa Gateway Airport. Under the terms of the MOU, MGAA issued Special Facility Revenue Bonds which financed the construction of the facility, which was leased to the City through a property and special facility lease on February 1, 2012 (the Agreement). The facility is further subleased by the City under a separate agreement.

Under the terms of the agreement, the City will pay rent to MGAA, comprised of base rent for the building and premises rent for the property. The City’s base rent payments due under the terms of the Agreement will be in sums sufficient to pay, amongst other things, the principal of and interest on the Series 2012 Special Facility Revenue Bonds as they come due, as well as all charges and expenses of the Trustee.

Further, in connection with the issuance of the special facility revenue bonds, The City pledged a portion of its excise taxes, defined in the Series 2012 Special Facility Revenue Bond Official Statement, as security for payment of the base rent. The pledge of such excise taxes will be a junior lien, subordinate to certain outstanding senior obligations.

Annual principal and interest payments on the bonds are expected to require 100% of revenues pledged for base rent less all charges and expenses of the trustee. Interest is paid semi-annually based upon the principal amount of the bonds outstanding during such period. The bonds are payable from the future lease revenues from the City of Mesa through 2039. During that time frame total principal and interest to be paid on the bonds will be $35,216,300, with $19,114,000 remaining to be paid as of June 30, 2025. For the current fiscal year, $1,270,603 in base rent payments along with $36,272 in earnings in excess of reserve requirements were utilized to repay $605,000 in principal and $701,875 in interest.

NOTE 3 DETAILED NOTES (CONTINUED)

C. Long-Term Obligations (Continued)

The maturity schedule for the MGAA Series 2012 Special Facility Revenue Bonds is as follows:

Purpose	Interest Rate	Maturity Date	Original Amount	Outstanding Amount
Business-Type Activities:				
Special Facility Revenue Bonds:				
Series 2012	5.00%	07/01/25-38	$ 19,220,000	$ 13,735,000

Changes in long-term obligations for the year ended June 30, 2025 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Bonds and Loans Payable					
Special Facilitiy Revenue Bonds	$ 14,340,000	$ -	$ (605,000)	$ 13,735,000	$ 635,000
Unamortized Premium on Bonds	366,032	-	(26,145)	339,887	-
Total Bonds and Loans Payable	14,706,032	-	(631,145)	14,074,887	635,000
Other Liabilities					
Compensated Absences*	1,233,289	13,159	-	1,246,448	739,623
Business-Type Long-Term Liabilities	$ 15,939,321	$ 13,159	$ (631,145)	$ 15,321,335	$ 1,374,623

* The change in the compensated absences liability is presenting as a net change.

Debt service requirements on long-term debt at June 30, 2025, including future interest based on current repayment schedules, are as follows:

Fiscal Year Ending June 30,	Special Facility Revenue Bonds Principal	Interest
2026	$ 635,000	$ 655,000
2027	665,000	621,750
2028	700,000	586,750
2029	735,000	550,000
2030	770,000	511,500
2031-2035	4,465,000	1,909,000
2036	1,030,000	236,750
2037	1,085,000	182,500
2038	1,135,000	125,750
2039	2,515,000	-
Total	$ 13,735,000	$ 5,379,000

NOTE 3 DETAILED NOTES (CONTINUED)

D. Leases

MGAA, acting as lessor, leases land and facilities on the airport for office buildings, hangars, and ground leases for tenant development. A limited number of these agreements include up to two renewal terms ranging from one to ten years. These leases expire at various dates through 2081, inclusive of any options to renew expected to be exercised.

In accordance with GASB Statement No. 87 *Leases,* MGAA recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases subject to external regulation and for those leases that are short-term in nature. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term.

With few exceptions, MGAA's leases include escalation clauses, which will result in increases in future rents. The escalation clauses typically provide for annual rent increases of 5 percent or the change in the Consumer Price Index. To the extent that such increases are known or can be determined, they have been included in the measurement of the lease receivable.

Some leases require variable payments based on future performance of the lessee or usage of the underlying asset and are not included in the measurement of the lease receivable. Those variable payments are recognized as inflows of resources in the periods in which the payments are received. During the year ended June 30, 2025, MGAA received variable payments as required by lease agreements totaling $3,963,372.

Total future minimum lease payments to be received under lease agreements are as follows:

	Principal	Interest	Total
Year Ending June 30,			
2026	$ 1,284,981	$ 892,801	$ 2,177,782
2027	1,190,078	832,299	2,022,377
2028	1,095,031	777,882	1,872,913
2029	1,146,606	723,488	1,870,094
2030	1,131,750	668,364	1,800,114
2031-2035	2,417,324	2,789,923	5,207,247
2036 and thereafter	10,758,625	12,345,841	23,104,466
Total minimum lease payments	$ 19,024,395	$ 19,030,598	$ 38,054,993

NOTE 3 DETAILED NOTES (CONTINUED)

E. Regulated Leases

Certain leases entered into by MGAA are subject to external laws, regulations, legal rulings, and agreements promulgated and enforced by the FAA. Under these regulations, the leases entered into between MGAA and any air carrier or other aeronautical user (as defined in FAA Order 5190.6B Change 3 *Airport Compliance Manual*) must adhere to the following requirements:

1. Lease rates cannot exceed a reasonable amount (i.e. market rates), with reasonableness being subject to determination by the FAA.
2. Lease rates must be similar for lessees which are similarly situated.
3. MGAA, as lessor, cannot deny potential lessees the right to enter into leases if facilities are available (or land is available for the lessee to build their own facility), provided that the lessee's use of the facilities complies with airport minimum standards and use restrictions.

Under the provisions of GASB Statement No. 87, leases subject to external regulation should be excluded from the measurement of the lease receivable and, accordingly, MGAA has excluded these agreements from the measurement of its receivable.

For the year ended June 30, 2025, MGAA received $4,750,774 in payments from leases under regulated lease agreements. Future noncancelable minimum payments under regulated lease agreements are as follows:

Year Ending June 30,	
2026	$ 4,931,107
2027	4,628,648
2028	4,600,827
2029	4,560,925
2030	4,294,598
2031-2035	20,989,350
2036 and thereafter	79,660,068
Total minimum lease payments	$123,665,523

These future regulated lease revenues include $36,963,614 in base rent from the City of Mesa that will be used to service the debt on the Series 2012 Special Facility Bonds.

NOTE 4 OTHER INFORMATION

A. Risk Management

In addition to safety efforts, MGAA's risk management activities include purchase of commercial insurance for all significant risks. Risks retained by MGAA include normal deductibles and the small risk of losses in excess of insurance coverage. The amounts of settlements have not exceeded insurance coverage for the past three years. There have been no significant reductions in insurance coverage. The financial statements do not include any liability for claims at June 30, 2025.

Losses arising from claims and judgments are expensed when (1) it is probable that an asset has been impaired or a liability has been incurred at the date of the financial statements, and (2) the amount of the loss can be reasonably estimated.

B. Contingencies

Air Force Prime Lease and Deed

In January 1996, MGAA entered into a prime lease with the United States Air Force for the real property encompassing approximately 3,005 of MGAA's 3,042 acres of land, which comprised the majority of the former Williams Air Force Base, including the three runways, and 120 buildings or facilities (such as navigational aids) ("the property") for the purpose of developing a public airport. Since then, portions of the property have been deeded to MGAA as environmental clearances have been completed. Today less than one acre remains under lease pending environmental clearance. The real property conveyed via quitclaim deed was recorded at estimated fair market value at the date of the transfer.

Under the terms of the deed, the property is restricted for public airport purposes for the use and benefit of the public. No land or improvements can be used, leased, sold, salvaged, or disposed of by MGAA for other than airport purposes without the written consent of the Administrator of the FAA. The term "airport purposes" as used in this deed includes the use and/or development of the property, including hotel development, to produce sources of revenue from nonaviation business.

Non-compliance with the terms of the indenture could, at the option of the Federal government, result in the property reverting to the United States of America.

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Related Party Transactions

MGAA has earned revenues, incurred expenses, and made other payments involving some of its member governments. Following is a summary of these transactions:

Related Party	Member Contributions	Operating Revenues	Operating Expenses	Sales Tax Collected/ Remitted
City of Apache Junction, Arizona	$ 130,000	$ -	$ -	$ -
City of Mesa, Arizona	1,700,000	2,070,179	2,954,073	451,161
Gila River Indian Community	450,000	-	-	-
Town of Gilbert, Arizona	350,000	-	-	-
Town of Queen Creek, Arizona	130,000	-	-	-
	$ 2,760,000	$ 2,070,179	$ 2,954,073	$ 451,161

MGAA revenues above consist of member contributions, real property leases, and minor maintenance work. MGAA expenses include airport rescue and firefighting (ARFF), police protection, water and trash utilities, lobbyist services, and permits. Included in City of Mesa expenses is $157,828 in accounts payable at June 30, 2025.

D. Pension and Other Postemployment Benefits

Arizona State Retirement System

Plan Description – MGAA employees participate in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS is a component unit of the State of Arizona.

The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its website at www.azasrs.gov.

Benefits Provided – The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefits terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Pension and Other Postemployment Benefits (Continued)

	Retirement Initial Membership Date: Before July 1, 2011	Retirement Initial Membership Date: On or After July 1, 2011
Years of Service and Age and Age Required to Receive Benefit	Sum of Years and Age Equals 80 10 Years, Age 62 5 Years, Age 50* Any Years, Age 65	30 Years, Age 55 25 Years, Age 60 10 Years, Age 62 5 Years, Age 50* Any Years, Age 65
Final Average Salary is Based on	Highest 36 Consecutive Months of Last 120 Months	Highest 60 Consecutive Months of Last 120 Months
Benefit Percentage Per Year of Service	2.1% to 2.3%	2.1% to 2.3%

* With Actuarially Reduced Benefits

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earning. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the retirement benefit option chosen determines the survivor benefit. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from $100 per month to $260 per month depending on the age of the member and dependents. For members with 5 to 9 years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

Active members are eligible for a monthly long-term disability benefit equal to two-thirds of monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with long-term disability commencement dates after June 30, 1999, are limited to 30 years of service or the service on record as of the effective disability date if their service is greater than 30 years.

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Pension and Other Postemployment Benefits (Continued)

Contributions – In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2025, statute required active ASRS members to contribute at the actuarially determined rate of 12.27% (12.12% for retirement and 0.15% for long-term disability) of the members' annual covered payroll, and statute required MGAA to contribute at the actuarially determined rate of 12.27% (12.05% for retirement, 0.07% for health insurance premium benefit, and 0.15% for long-term disability) of the active members' annual covered payroll. In addition, MGAA was required by statute to contribute at the actuarially determined rate of 10.19% (10.14% for retirement and 0.05% for long-term disability) of annual covered payroll of retired members who worked for MGAA in positions that an employee who contributes to the ASRS would typically fill.

MGAA's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2025, were $1,107,039, $6,312, and $13,628, respectively.

Liability – At June 30, 2025, MGAA reported the following assets and liabilities for its proportionate share of the ASRS' net pension/OPEB asset or liability.

	Net Pension/OPEB (Asset) Liability
Pension	$ 10,207,360
Health Insurance Premium Benefit	(386,404)
Long-term Disability	1,666

The net asset and net liabilities were measured as of June 30, 2024. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2023, to the measurement date of June 30, 2024.

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Pension and Other Postemployment Benefits (Continued)

MGAA's proportion of the net asset or net liability was based on MGAA's actual contributions to each plan relative to the total of all participating employers' contributions for the year ended June 30, 2024. MGAA's proportionate share of each plan measured as of June 30, 2024, and the change from its proportionate share of each plan measured as of June 30, 2023 were:

	Proportion June 30, 2024	Increase (Decrease) from June 30, 2023
Pension	0.06379%	0.00473
Health Insurance Premium Benefit	0.06395%	0.00487
Long-term Disability	0.63910%	0.58010

Expense – For the year ended June 30, 2025, MGAA recognized the following pension and OPEB expense:

	Pension/OPEB Expense
Pension	$ 1,157,118
Health Insurance Premium Benefit	(57,444)
Long-term Disability	7,794

Deferred Outflows/Inflows of Resources –At June 30, 2025, MGAA reported deferred outflows of resources and deferred inflows of resources related to pension and OPEB from the following sources:

	Pension		Health Insurance Premium Benefit		Long-term Disability	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 569,765	$ -	$ 11,182	$ 93,301	$ 6,126	$ 4,437
Changes of Assumptions or Other Inputs	-	-	-	4,008	1,205	9,974
Net Difference between Projected and Actual Earnings on Plan Investments	-	651,852	-	26,562	-	1,820
Changes in Proportion and Differences between MGAA Contributions and Proportionate Share of Contributions	506,885	31,739	1,884	13,258	1,585	1,106
MGAA Contributions Subsequent to the Measurement Date	1,107,039	-	6,312	-	13,628	-
	$ 2,183,689	$ 683,591	$ 19,378	$ 137,129	$ 22,544	$ 17,337

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Pension and Other Postemployment Benefits (Continued)

The amounts as deferred outflows of resources related to pension and OPEB resulting from contributions subsequent to the measurement date will be recognized as an increase of the net asset or a reduction of the net liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources for pension and OPEB will be recognized in expense as follows:

Year Ending June 30,	Pension	Health Insurance Premium Benfit	Long-Term Disability
2026	$ (61,734)	$ (73,983)	$ (2,640)
2027	739,420	(18,853)	(221)
2028	(165,005)	(18,715)	(2,757)
2029	(119,622)	(10,004)	(2,654)
2030	-	(2,508)	(1,037)
Thereafter	-	-	888

Actuarial assumptions- The significant actuarial assumptions used to measure the total pension/OPEB liability are as follows:

Actuarial Valuation Date	June 30, 2023
Actuarial Roll Forward Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal
Asset Valuation	Fair Value
Discount Rate/Investment Rate of Return	7.0%
Project Salary Increases	2.9 - 8.4% for Pensions/Not Applicable for OPEB
Inflation	2.3%
Permanent Benefit Increase	Included for Pensions/Not Applicable for OPEB
Mortality Rates	2017 SRA Scale U-MP for Pensions and Health Insurance Premium Benefit
Recovery Rates	2012 GLDT for Long-Term Disability
Healthcare Cost Trend Rate	Not Applicable

Actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2020.

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.0% using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage.

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Pension and Other Postemployment Benefits (Continued)

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-term Expected Geometric Real Rate of Return
Public Equity	44%	4.48%
Credit	23%	4.40%
Real Estate	17%	6.05%
Private Equity	10%	6.11%
Interest Rate Sensitive	6%	(0.45)%
Total	100%	

Discount Rate—At June 30, 2024, the discount rate used to measure the total pension/OPEB liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Sensitivity of MGAA's Proportionate Share of the ASRS Net Pension/OPEB (Asset) Liability to Changes in the Discount Rate—The following table presents MGAA's proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 7.0%, as well as what MGAA's proportionate share of the net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
MGAA's Proportionate Share of the			
Net Pension Liability	$ 15,629,556	$ 10,207,360	$ 5,688,434
Net Insurance Premium Benefit Liability (Asset)	(280,913)	(386,404)	(476,092)
Net Long-Term Disability Liability	5,732	1,666	(2,334)

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Pension and Other Postemployment Benefits (Continued)

Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued ASRS financial report.

Contributions Payable – MGAA's accrued payroll and employee benefits included $127,402 of outstanding pension and OPEB contribution amounts payable to the ASRS for the year ended June 30, 2025.

Deferred Compensation Plan

MGAA offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. Section 457 requires that the assets and income of a qualifying plan be held in trust for the exclusive benefit of participants and their beneficiaries. The plan, available to all MGAA employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Bi-weekly contributions to the plan are deducted from the wages of employees who choose to participate as prescribed by federal law and regulations. MGAA offers a matching contribution up to $50 per pay period. These combined contributions are deposited with the third-party vendor in MGAA's name and in trust on behalf of MGAA employees. MGAA has little administrative involvement and does not perform investing functions for this plan, therefore, this plan is not reflected in MGAA's financial statements.

MGAA contributions to the plan for the year ended June 30, 2025 were $130,096.

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

MESA GATEWAY AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A
SCHEDULE OF MGAA'S PROPORTIONATE SHARE OF NET PENSION/OPEB LIABILITY
COST-SHARING PLANS
JUNE 30, 2025

Pension

	Reporting Fiscal Year (Measurement Date)			
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)
MGAA's Proportion of the Net Pension Liability	0.06379%	0.05906%	0.05976%	0.05933%
MGAA's Proportionate Share of the Net Pension Liability	$ 10,207,360	$ 9,556,761	$ 9,754,159	$ 7,795,699
MGAA's Covered Payroll	8,729,569	7,761,072	7,144,721	6,689,029
MGAA's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	116.93%	123.14%	136.52%	116.54%
Plan Fiduciary net Position as a Percentage of the Total Pension Liability	76.93%	75.47%	74.26%	78.58%

Health Insurance Premium Benefit

	Reporting Fiscal Year (Measurement Date)			
	2024 (2023)	2023 (2022)	2023 (2022)	2022 (2021)
MGAA's Proportion of the Net OPEB (Asset) Liability	0.06395%	0.05908%	0.06009%	0.05967%
MGAA's Proportionate Share of the Net OPEB (Asset) Liability	$ (386,404)	$ (318,989)	$ (335,361)	$ (290,717)
MGAA's Covered Payroll	8,729,569	7,761,072	7,144,721	6,689,029
MGAA's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	-4.43%	-4.11%	-4.69%	-4.35%
Plan Fiduciary net Position as a Percentage of the Total OPEB Liability	137.51%	134.37%	137.79%	130.24%

Long-term Disability

	Reporting Fiscal Year (Measurement Date)			
	2024 (2023)	2023 (2022)	2023 (2022)	2022 (2021)
MGAA's Proportion of the Net OPEB (Asset) Liability	0.63910%	0.05900%	0.05983%	0.05947%
MGAA's Proportionate Share of the Net OPEB (Asset) Liability	$ 1,666	$ 7,731	$ 5,526	$ 12,276
MGAA's Covered Payroll	8,729,569	7,761,072	7,144,721	6,689,029
MGAA's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	0.02%	0.10%	0.08%	0.18%
Plan Fiduciary net Position as a Percentage of the Total OPEB Liability	98.77%	93.70%	95.40%	90.38%

Reporting Fiscal Year (Measurement Date)					
2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
0.06247%	0.06220%	0.06082%	0.05781%	0.05524%	0.05129%
$ 10,823,877	$ 9,050,824	$ 8,482,250	$ 9,005,671	$ 8,916,291	$ 7,988,900
6,845,232	6,574,179	6,069,562	5,529,421	5,133,214	4,722,184
158.12%	137.67%	139.75%	162.87%	173.70%	169.18%
69.33%	73.24%	73.40%	69.92%	67.06%	68.35%

Reporting Fiscal Year (Measurement Date)				
2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 Through 2016
0.06272%	0.06217%	0.06096%	0.05800%	Information Not Available
$ (44,406)	$ (17,181)	$ (21,951)	(31,575)	
6,845,232	6,574,179	6,069,562	5,529,421	
-0.65%	-0.26%	-0.36%	-0.57%	
104.33%	101.62%	102.20%	103.57%	

Reporting Fiscal Year (Measurement Date)				
2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 Through 2016
0.06256%	0.06209%	0.06091%	0.05776%	Information Not Available
$ 47,459	$ 40,448	$ 31,826	20,937	
6,845,232	6,574,179	6,069,562	5,529,421	
0.69%	0.62%	0.52%	0.38%	
68.01%	72.85%	77.83%	84.44%	

MESA GATEWAY AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A
SCHEDULE OF MGAA PENSION/OPEB CONTRIBUTIONS
JUNE 30, 2025

Pension	Fiscal Year			
	2025	2024	2023	2022
Statutorily Required Contribution	$ 1,107,039	$ 1,072,982	$ 918,945	$ 854,986
MGAA's Contributions in relation to the Statutorily Required Contribution	1,107,039	1,072,982	918,945	854,986
MGAA's Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
MGAA's Covered Payroll	$ 9,196,186	$ 8,729,569	$ 7,761,072	$ 7,144,721
MGAA's Contributions as a Percentage of Covered Payroll	12.04%	12.29%	11.84%	11.97%

Health Insurance Premium Benefit	Fiscal Year			
	2025	2024	2023	2022
Statutorily Required Contribution	$ 6,312	$ 9,586	$ 8,281	$ 14,658
MGAA's Contributions in relation to the Statutorily Required Contribution	6,312	9,586	8,281	14,658
MGAA's Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
MGAA's Covered Payroll	$ 9,196,186	$ 8,729,569	$ 7,761,072	$ 7,144,721
MGAA's Contributions as a Percentage of Covered Payroll	0.07%	0.11%	0.11%	0.21%

Long-term Disability	Fiscal Year			
	2025	2024	2023	2022
Statutorily Required Contribution	$ 13,628	$ 13,218	$ 10,674	$ 13,262
MGAA's Contributions in relation to the Statutorily Required Contribution	13,628	13,218	10,674	13,262
MGAA's Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
MGAA's Covered Payroll	$ 9,196,186	$ 8,729,569	$ 7,761,072	$ 7,144,721
MGAA's Contributions as a Percentage of Covered Payroll	0.15%	0.15%	0.14%	0.19%

Fiscal Year					
2021	2020	2019	2018	2017	2016
$ 777,064	$ 781,806	$ 733,438	$ 658,962	$ 596,071	$ 556,955
777,064	781,806	733,438	658,962	596,071	556,955
$ -	$ -	$ -	$ -	$ -	$ -
$ 6,689,029	$ 6,845,232	$ 6,574,179	$ 6,069,562	$ 5,529,421	$ 5,133,214
11.62%	11.42%	11.16%	10.86%	10.78%	10.85%

Fiscal Year					
2021	2020	2019	2018	2017	2016
$ 26,087	$ 33,542	$ 30,241	$ 26,706	$ 30,965	$ 25,666
26,087	33,542	30,241	26,706	30,965	25,666
$ -	$ -	$ -	$ -	$ -	$ -
$ 6,689,029	$ 6,845,232	$ 6,574,179	$ 6,069,562	$ 5,529,421	$ 5,133,214
0.39%	0.49%	0.46%	0.44%	0.56%	0.50%

Fiscal Year					
2021	2020	2019	2018	2017	2016
$ 12,040	$ 11,637	$ 10,519	$ 9,711	$ 7,741	$ 6,160
12,040	11,637	10,519	9,711	7,741	6,160
$ -	$ -	$ -	$ -	$ -	$ -
$ 6,689,029	$ 6,845,232	$ 6,574,179	$ 6,069,562	$ 5,529,421	$ 5,133,214
0.18%	0.17%	0.16%	0.16%	0.14%	0.12%

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OTHER INFORMATION

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MESA GATEWAY AIRPORT AUTHORITY
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY-BASIS
YEAR ENDED JUNE 30, 2025

AIRPORT - All Operations

	Budget	Actual	Variance
OPERATING REVENUES			
Aeronautical Operating Revenues			
Aircraft Parking	$ 297,349	$ 357,870	$ (60,521)
Fuel Flowage Fees	668,538	721,048	(52,510)
Landing Fees	1,557,120	1,905,297	(348,177)
Lease Income Aero	4,125,549	4,750,774	(625,225)
Fuel Sales	8,023,400	10,109,333	(2,085,933)
Services Sold - Aero	5,549,638	5,791,108	(241,470)
Non-Aeronautical Operating Revenues			
Concessions	1,339,200	1,553,311	(214,111)
Lease Income Non-Aero	1,324,375	1,398,092	(73,717)
Parking	4,625,217	5,550,515	(925,298)
Rental Car Fees	2,889,717	3,515,473	(625,756)
Svcs Sold - Non Aero	143,270	183,651	(40,381)
Total Operating Revenues	30,543,373	35,836,472	(5,293,099)
OPERATING EXPENSES			
Personnel	12,423,601	12,106,338	317,263
Costs of Goods Sold	5,512,871	6,747,084	(1,234,213)
Comm & Utilities	1,014,627	1,194,720	(180,093)
Contractual Services	7,874,410	7,567,677	306,733
Insurance	803,926	698,388	105,538
Other	527,073	429,969	97,104
Repair & Maintenance	1,122,100	649,330	472,770
Supplies & Materials	1,141,571	896,660	244,911
Air Service Incentives	2,000,000	-	2,000,000
Operating Contingency	3,042,018	-	3,042,018
Total Operating Expenses	35,462,197	30,290,166	5,172,031
OPERATING INCOME - BUDGETARY-BASIS	**$ (4,918,824)**	5,546,306	**$ (10,465,130)**

RECONCILIATION OF BUDGETARY-BASIS STATEMENT TO GAAP-BASIS

Depreciation is a GAAP-only Expenditure	(16,475,632)
Certain Expenditures (i.e. Compensated Leave) are recognized in Expense when Earned on a GAAP Basis, when Paid on a Budgetary-Basis	(28,767)
Pension and OPEB Expense is a GAAP-only Expenditure	(1,107,468)
Pension and OPEB Contributions are an Expense on a Budgetary-Basis	1,126,979
A Portion of Lease Income is presented as non-operating on a GAAP Basis	(631,726)
Lease Income Excludes Bond-Related Lease Income on a Budgetary-Basis	1,841,900
Operating Loss - GAAP Basis	**$ (9,728,408)**

MINUTES OF THE PUBLIC MEETING OF THE MESA GATEWAY AIRPORT AUTHORITY BOARD OF DIRECTORS | September 16, 2025

A public meeting of the Mesa Gateway Airport Authority (MGAA, Authority) was convened on Tuesday, September 16, 2025, 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

Lt. Governor Regina Antone, Gila River Indian Community*
Mayor Mark Freeman, Mesa
Mayor Scott Anderson, Gilbert
Mayor Chip Wilson, Apache Junction
Councilmember Jeff Brown, Queen Creek

Airport Staff Present

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

** Neither present nor represented*

1. **Call to Order** at 9:00 a.m. (Mayor Mark Freeman, Vice Chair)

2. **Pledge of Allegiance**

3. **Call to the Public**
   There were no public comments.

4. **Executive Director's Report** – J. Brian O'Neill, A.A.E., Executive Director/CEO
   Executive Director O'Neill provided a briefing on MGAA financial performance, passenger activity, the community noise report, and various Airport projects.

- MGAA Briefs
  - Best July for Financials, Passengers, and Cargo!
    - Fiscal Year-to-Date 2026 (FYTD) Net Operating Income is $889,527 compared to $810,864 July 2024.
    - Record setting passenger activity in July 2025! (169,729 total passengers)
    - Record setting cargo activity in July 2025! (1,770,945 total pounds)
  - The Authority is working with the member communities, the Arizona Congressional Delegation, and U.S. Customs and Border Protection (USCBP) to request a second USCBP agent in order to have the infrastructure and staffing to accommodate the developing international air cargo market.
  - The Second Annual Airport Business Executives' Breakfast was held on September 10th in the Administration building of MGAA. The Airport's Business Development team invited top local executives from Airport businesses.
  - The Authority hosted a group of East Valley Councilmembers on September 3rd for a presentation and tour of the Airport. Executive Director O'Neill extended an open invitation to the Board for their elected officials to tour the Airport and to learn about the businesses at the Airport and the economic impact to the East Valley.
- MGAA Private Development
  - Virgin Galactic has begun manufacturing their first six-passenger Delta spaceships in their manufacturing facility at the north end of the airfield.

- FlightSafety International is planning a ground-breaking event on October 21, 2025 following the MGAA Board meeting. Additional details and an RSVP request will be sent in the coming weeks from FlightSafety.
- The two-building Gateway Commerce Center III project totals approximately 100,000 sq. ft. and is nearly complete. The developer has constructed speculative office suites in each building to make the spaces "move-in ready" for potential users. Tenant activity is anticipated for the end of September and beginning of October.
- The demolition of several old Airport buildings has created a new aeronautical development opportunity at the south end of the Airport. In September 2024 a Request for Qualifications (RFQ) for the ± 8.00 acres of property designated for aeronautical redevelopment was released. The evaluation panel met to review all qualified submittals and selected a developer. The developer will present their design plans before the MGAA Board for consideration and approval at the October 2025 Board meeting.
- SkyBridge Arizona is a 360-acre master development project offering both aeronautical and non-aeronautical private development opportunities. SkyBridge has built and leased more than 625,000 sq. ft. of industrial and hangar space. To date, $30MM has been invested in infrastructure, utilities, and roadways. Phase II of the development will open up the aeronautical parcels along Taxiway Alpha.
- Gateway East is a 273-acre non-aeronautical Airport Business Park located on the east side of the Airport adjacent to Ellsworth Road and Gateway Boulevard. The developer for Gateway East is The Boyer Company. Adrian Evarkiou is a partner with the Boyer Company and is here today to discuss the development of a SpringHill Suites by Marriott Hotel at the intersection of Ellsworth Road and Gateway Boulevard.

- MGAA Project Updates
  - Over the next seven years the Authority is planning several important airfield projects to connect taxiways, replace electrical vaults, and improve the condition of the existing runways. The Authority is working with the Federal Aviation Administration (FAA) and Arizona Department of Transportation (ADOT) to fund these projects. The total design and construction cost for FY25-FY31 is $130MM.
  - A new Transportation Security Administration (TSA) checked baggage system will replace two older explosive detection machines that can only clear 200 – 300 checked bags an hour. The new upgraded explosive detection equipment will be capable of clearing 800 – 1,000 bags an hour. This additional capacity will be necessary as the Airport continues to grow. A portion the project's funding, estimated to be $45MM, is coming from a TSA grant. The project is scheduled to get underway on October 1st.

5. **The Boyer Company, L.C. Presentation** –Adrian Evarkiou, Partner, Boyer Company

The Gateway East master developer, The Boyer Company, is working with the City of Mesa to finalize design plans and securing the necessary permits for a five-acre development at the intersection of Ellsworth Road and Gateway Boulevard. The project includes a hotel, two retail buildings, and two restaurant pads. SpringHill Suites by Marriott is the selected hotel. It is five-stories with 127-rooms. The amenities include a pool, restaurant, bar, fitness center, and meeting space. The anticipated completion date is May 2027. The Boyer Company will submit a land lease in the next couple of months for consideration and approval for two retail buildings and two restaurant pads next to the hotel. The buildout time for these will coincide with that of the hotel.

6. Consent Agenda

a) **Minutes** of the Board Meeting held on **August 19, 2025**.

b) **Resolution No. 25-36 –** Authorizing an Amendment of the **FY26 Capital Budget** to provide an additional $14,587,121 in funding, to the initial $30,000,000 Capital Budget that was approved in March 2025, for the TSA In-Line Checked Baggage System Design/Construct Project under CIP 1265, subject to receipt of a TSA OTA Grant. The new project total will be $44,587,121, which includes the Design costs of $1,125,991.50.

c) **Resolution No. 25-37 –** Authorizing a Construction Manager at Risk Construction Services Contract with **The Weitz Company, LLC** for the TSA In-Line Checked Baggage System Improvements Project, in an amount not to exceed $41,643,882 pending receipt of a TSA grant.

d) **Resolution No. 25-38 –** Approve a Professional Services Agreement to provide Construction Administration Services with **Studdiford Technical Solutions, LLC** for the In-Line Checked Baggage System Improvements Project, in an amount not to exceed $925,997 pending the receipt of a TSA grant.

e) **Resolution No. 25-39 –** Authorizing a contract with **Cross Fire Protection, LLC**, to provide Airport Wide Fire System Test, Inspect, Monitoring, and Repair services for all fire protection/alarm systems installed throughout the Airport's property, in an amount not-to-exceed $55,848.50, (excluding repair services), for the first year of the contract. Thereafter, price adjustments will be considered annually, up to 5%, subject to written approval by the Airport. Contract Award with an initial term of three (3) years, with two (2) one (1)-year options to renew that may be exercised at the sole discretion of the Airport.

f) **Resolution No. 25-40 –** Authorizing a contract with **Kleen-Tech Services, LLC** for Power Washing Services, in an amount not to exceed $23,564.00 (excluding as needed services), for the first year of the contract. Thereafter, price adjustments will be considered annually, up to 5% provided the adjustments are submitted in writing with thirty (30) days' advance notice. Contract Award with an initial term of three (3) years, with two (2) one (1)-year options to renew that may be exercised at the sole discretion of MGAA.

g) **Resolution No. 25-41 –** Authorizing an Amendment to the Development Lease on Lot 210 with **Boyer Gateway East Mesa Building 1, L.C.**, a Utah limited liability company, to adjust the base rent schedule and update the name of the Airport and Airport Authority.

h) **Resolution No. 25-42 –** Authorizing the First Amendment to the Master Development Agreement with **Boyer Gateway East L.C.**, to update the boundaries for the Development Phases of the Project.

Mayor Chip Wilson moved to approve the Consent Agenda.
Councilmember Jeff Brown seconded the motion.
The motion was carried unanimously.

Consideration and Approval of:

7. **Resolution No. 25-43 –** Authorizing a Development Lease with **Boyer Gateway East Mesa Hotel 1, L.C**., a Utah limited liability company, for 1.725 acres (75,138 square feet) located within the Gateway East project and identified as Lot 201. The lease term is SIXTY-FIVE (65) years commencing on October 1st, 2025. To authorize a Second Amendment to the Master Lease with **Boyer Gateway East L.C.,** to concurrently remove Lot 201 from the Master Lease Agreement and update the Declaration of Covenants, Conditions, Restrictions and Easements for Gateway East.

    Mayor Scott Anderson moved to approve Resolution No. 25-43.
    Mayor Chip Wilson seconded the motion.
    The motion was carried unanimously.

8. **Board Member Comments/Announcements.**
   Council Member Brown introduced the Town of Queen Creek's Management Assistant Intern, Jordan Thornton. Jordan is enrolled at ASU and is studying for her Master's Degree in Public Administration. She is also the recipient of the Jane L. Morris Fellowship. Jane Morris served as Executive Director/CEO of Gateway Airport.

9. **Next Meeting: Tuesday, October 21, 2025** at 9:00 a.m. in the Board Room (Saguaro A&B) of the Gateway Administration Building, 5835 S Sossaman Road, Mesa, Arizona. Members of the Mesa Gateway Airport Authority may attend either in person or by audioconference.

10. **Adjournment.**
    The meeting adjourned at 9:34 a.m.

Dated this _____ day of __________ 20___.

____
Misty Johnson, Clerk of the Board

Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

Re: Resolution 25-44

To:	**Board of Directors**
From:	**Art Montoya, Director of Information Technology Services**
Through:	**Chuck Odom, Chief Financial Officer**
	J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject:	**Microsoft Licensing Renewals – CDW Government LLC**
Date:	**October 21, 2025**

Proposed Motion

To authorize a purchase with CDW Government LLC for annual Microsoft licensing renewals, for three (3) years in an amount not to exceed $235,408.94.

Narrative

Multiple Microsoft software and programs are currently used throughout the Airport. This software requires annual licensing renewals. CDW Government LLC (CDW) is an authorized Microsoft reseller.

Board authorization for the purchase of the Microsoft annual software licensing renewals is necessary for continued use of the Microsoft software including the cloud-based Office 365 product suite.

Having executed a Cooperative Purchasing Agreement with the State of Arizona, MGAA is able to procure goods and services under state contracts that have been competitively bid. The State has currently contracted with CDW for computer software under contract CTR070896. It is through this cooperative purchasing agreement that MGAA will utilize CDW for Microsoft licensing renewals. This contact is available upon request.

The not to exceed amount includes taxes that are added at the time of purchase.

Fiscal Impact

The first year of the contract is budgeted in the FY26 Operating Budget. The remaining years costs will be budgeted in the appropriate fiscal years.

Attachment(s)

Quote

RESOLUTION NO. 25-44

WHEREAS, the Mesa Gateway Airport Authority ("Authority"), a joint powers airport authority formed pursuant to Arizona Revised Statute §28-8521 *et seq.* owns and operates the Mesa Gateway Airport ("Airport"); and

WHEREAS the Authority desires to authorize a purchase with CDW Government LLC for annual Microsoft licensing renewals, for three (3) years in an amount not to exceed $235,408.94**;**

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes a purchase with CDW Government LLC for annual Microsoft licensing renewals, for three (3) years in an amount not to exceed $235,408.94. This resolution also authorizes the Chair or Executive Director/CEO to make such additions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 21st day of October, 2025.

Regina Antone, Chair

ATTEST:

Misty Johnson, Clerk of the Board

APPROVED AS TO FORM:

Jill Casson Owen, Attorney

CDW·G

CDW Government, LLC
Microsoft Enterprise 6.6 Agreement Pricing

Enterprise Quote
for

Mesa Gateway Airport Authority

Date 9/24/25
Account Manager Chris

VSL Specialist Mike Buckley
Channel Price Sheet Month Sept

Unless otherwise noted, All Quotes expire upon current month's end

Annual Payment

Customer to make three annual payments to CDW•G

Microsoft Part #	Description	Level	Quantity	Year 1 Price	Year 1 Extended	Year 2 Price	Year 2 Extended	Year 3 Price	Year 3 Extended
	Online Services								
AAD-34704	M365 G3 Unified FUSL GCC Sub Per User	D	130	$ 389.66	$ 50,655.80	$ 389.66	$ 50,655.80	$ 389.66	$ 50,655.80
P3U-00001	Visio P2 GCC Sub Per User	D	17	$ 138.01	$ 2,346.17	$ 138.01	$ 2,346.17	$ 138.01	$ 2,346.17
7MS-00001	Planner & Project P3 GCC Sub Per User	D	6	$ 276.01	$ 1,656.06	$ 276.01	$ 1,656.06	$ 276.01	$ 1,656.06
3MS-00001	Exchange Online P1 GCC Sub Per User	D	10	$ 36.78	$ 367.80	$ 36.78	$ 367.80	$ 36.78	$ 367.80
	Software Assurance Products								
269-05704	Office Professional Plus ALng SA	D	11	$ 121.89	$ 1,340.79	$ 121.89	$ 1,340.79	$ 121.89	$ 1,340.79
9EA-00278	Win Server DC Core ALng SA 2L	D	42	$ 140.22	$ 5,889.24	$ 140.22	$ 5,889.24	$ 140.22	$ 5,889.24
9EA-00039	Win Server DC Core ALng LSA 2L	D	6	$ 327.14	$ 1,962.84	$ 327.14	$ 1,962.84	$ 327.14	$ 1,962.84
9EP-00037	System Center DC Core ALng LSA 2L	D	48	$ 127.02	$ 6,096.96	$ 127.02	$ 6,096.96	$ 127.02	$ 6,096.96
7NQ-00292	SQL Server Standard Core ALng SA 2L	D	4	$ 652.88	$ 2,611.52	$ 652.88	$ 2,611.52	$ 652.88	$ 2,611.52
				Total	**$ 72,927.18**	**Total**	**$ 72,927.18**	**Total**	**$ 72,927.18**
				Three Year Total	**$ 218,781.54**				

Notes

SVAR_AZ_CTR070896 (CTR070896)

Tax added at time of purchase
State of Arizona Master Agreement- 8505135
EA Renewal - 80745099
12/1/2025 Start Date

Terms and Conditions of sales and services projects are governed by the terms at:
http://www.cdwg.com/content/terms-conditions/product-sales.aspx

Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

Re: Resolution 25-45

To:	**Board of Directors**
From:	**Veronica Lewis, Director of Human Resources**
Through:	**Scott Brownlee, Deputy Director/COO**
	J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject:	**Employee Benefits Package for Calendar Year 2026**
Date:	**October 21, 2025**

Proposed Motion

Authorize Mesa Gateway Airport Authority's (MGAA) insurance broker, USI Insurance Services LLC, to purchase benefit plans (medical, dental, vision, basic life/accidental death & dismemberment, and short-term disability) from various carriers. This consists of a 12-month renewal January 1, 2026 through December 31, 2026 with an estimated plan cost of $1,478,565 for the calendar year.

Narrative

MGAA's benefit broker, USI Insurance Services LLC, received quotes from current and other industry-leading insurance carriers for a 12-month medical plan. USI negotiated the best possible rate from each carrier and was able to negotiate competitive rates. As a result, MGAA staff is proposing a carrier change for medical, dental and Employee Assistance Program (EAP). The proposal for medical would change from Blue Cross Blue Shield to Banner Aetna who quoted an average 2% increase in rates; dental change from Delta Dental to Guardian who quoted a 1% decrease in rates; and EAP change from Uprise Health to Comp Psych with a 30% decrease in rates.

MGAA staff proposes that EyeMed continue to be the carrier for vision and Mutual of Omaha for basic life/accidental death & dismemberment and short-term disability as there were no changes in rates.

MGAA has found that providing a competitive benefits package is a major employee retention and attraction tool that reduces the costs – overtime, training, workplace inefficiency – associated with high employee turnover.

Fiscal Impact

Cost of the benefits package for Calendar Year 2026 is estimated to be $1,271,613 (employer's portion) and $206,952 (employee's portion) for a total of $1,478,565. This reflects an 1.4% increase from the previous calendar year.

Attachment(s)

2026 Renewal Presentation

Mesa Gateway Airport

RESOLUTION NO. 25-45

WHEREAS, the Mesa Gateway Airport Authority ("Authority"), a joint powers airport authority formed pursuant to Arizona Revised Statute §28-8521 *et seq.* owns and operates the Mesa Gateway Airport ("Airport"); and

WHEREAS the Authority desires to authorize the Authority's insurance broker, USI Insurance Services LLC, to purchase benefit plans (medical, dental, vision, basic life/accidental death & dismemberment, and short-term disability) from various carriers. This consists of a 12-month renewal January 1, 2026 through December 31, 2026 with an estimated plan cost of $1,478,565 for the calendar year**;**

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes the Authority's insurance broker, USI Insurance Services LLC, to purchase benefit plans (medical, dental, vision, basic life/accidental death & dismemberment, and short-term disability) from various carriers. This consists of a 12-month renewal January 1, 2026 through December 31, 2026 with an estimated plan cost of $1,478,565 for the calendar year. This resolution also authorizes the Chair or Executive Director/CEO to make such additions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 21st day of October, 2025.

Regina Antone, Chair

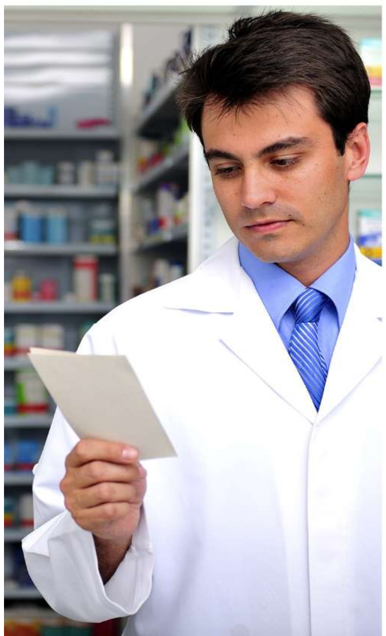
ATTEST:

Misty Johnson, Clerk of the Board

APPROVED AS TO FORM:

Jill Casson Owen, Attorney




October 3, 2025

2026 Renewal Presentation

Mesa Gateway Airport Authority

Jack Bender, Consultant | David Gean, Account Manager
www.usi.com

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Table of Contents

Section I

Summaries

Mesa Gateway Airport Authority (MGAA)
Cost Summary
January 1, 2026 Renewal Date

Carriers	Current	Renewal	Negotiated Renewal	Option 1	Option 2
Medical	Blue Cross Blue Shield	Blue Cross Blue Shield	Blue Cross Blue Shield	**Cigna**	**Cigna**
Dental	Delta Dental	Delta Dental	Delta Dental	Humana	Guardian
Vision	EyeMed	EyeMed	EyeMed	EyeMed	EyeMed
Life / AD&D	Mutual of Omaha	Mutual of Omaha	Mutual of Omaha	Mutual of Omaha	Mutual of Omaha
Voluntary Life / AD&D	Mutual of Omaha	Mutual of Omaha	Mutual of Omaha	Mutual of Omaha	Mutual of Omaha
Short Term Disability	Mutual of Omaha	Mutual of Omaha	Mutual of Omaha	Mutual of Omaha	Mutual of Omaha
Flexible Spending Account Admin.	Employee Benefits Corp	Employee Benefits Corp	Employee Benefits Corp	Employee Benefits Corp	Employee Benefits Corp
COBRA Administration	Employee Benefits Corp	Employee Benefits Corp	Employee Benefits Corp	Employee Benefits Corp	Employee Benefits Corp
Health Spending Account	Health Equity	Health Equity	Health Equity	Health Equity	Health Equity
Employee Assistance Program	Uprise Health	Uprise Health	Uprise Health	Uprise Health	Uprise Health
Critical Illness	UNUM	UNUM	UNUM	UNUM	UNUM

Total Annual Cost					
Medical	$1,248,370	$1,423,136	$1,385,636	$1,338,096	$1,338,096
Dental	$58,955	$64,849	$64,849	$56,540	$58,367
Vision	$10,074	$10,074	$10,074	$10,074	$10,074
Life / AD&D	$14,198	$14,198	$14,198	$14,198	$14,198
Short Term Disability	$14,506	$14,506	$14,506	$14,506	$14,506
Employee Assistance Program	$3,600	$3,960	$3,800	**$3,960**	**$3,960**
Annual Total	**$1,349,702**	**$1,530,723**	**$1,493,062**	**$1,437,374**	**$1,439,201**
Change from Current		$181,020	$143,360	$87,672	$89,499
Percentage Change		13.4%	10.6%	6.5%	6.6%

Net Employer Annual Total					
Net Employer Annual Total	**$1,349,702**	**$1,530,723**	**$1,493,062**	**$1,437,374**	**$1,439,201**
Change from Current		**$181,020**	**$143,360**	$87,672	$89,499
Percentage Change		**13.4%**	**10.6%**	6.5%	6.6%

Notes

*BCBS Negotiated Renewal includes a $7,500 wellness funds

1. Voluntary Life / AD&D is omitted from total annual cost as this coverage is fully employee paid.

Section II

Medical Plan

Mesa Gateway Airport Authority (MGAA)
Medical Plan
Benefit Outline and Cost Summary
January 1, 2026 Renewal Date

Benefit Outline	Current Base	Current Buy-up	Renewal Base	Renewal Buy-up	Negotiated Renewal Base	Negotiated Renewal Buy-up
Carrier	Blue Cross Blue Shield	Blue Cross Blue Shield	Blue Cross Blue Shield	Blue Cross Blue Shield	Blue Cross Blue Shield	Blue Cross Blue Shield
Plan Type, Name, Network	Medical PPO $500	Medical H$A $3300	Medical PPO $500	Medical H$A $3300	Medical PPO $500	Medical H$A $3300
Deductible (Individual / Family)	$500 / $1,000	$3,300 / $6,600	$500 / $1,000	**$3,400 / $6,800**	$500 / $1,000	**$3,400 / $6,800**
Non-Network Deductible (Individual / Family)	$1,000 / $2,000	$6,600 / $13,200	$1,000 / $2,000	$6,600 / $13,200	$1,000 / $2,000	$6,600 / $13,200
Out-of-Pocket Maximum (Individual / Family)	$4,500 / $9,000	$6,000 / $12,000	$4,500 / $9,000	$6,000 / $12,000	$4,500 / $9,000	$6,000 / $12,000
Non-Network OOP Max (Individual / Family)	$9,000 / $18,000	$12,000 / $24,000	$9,000 / $18,000	$12,000 / $24,000	$9,000 / $18,000	$12,000 / $24,000
Deductible / OOP Embedded / Non-Embedded	Embedded	Embedded	Embedded	Embedded	Embedded	Embedded
Annual HSA Contribution (EE / EE+1 / Family)	N/A	$1,350 / $1,900 / $2,500	N/A	$1,350 / $1,900 / $2,500	N/A	$1,350 / $1,900 / $2,500
Coinsurance (In / Out)	80% / 50%	80% / 50%	80% / 50%	80% / 50%	80% / 50%	80% / 50%
Wellness / Preventive Care	100%	100%	100%	100%	100%	100%
Primary Care Office Visit (OV)	$25 copay	80% after deductible	$25 copay	80% after deductible	$25 copay	80% after deductible
Specialist Office Visit	$45 copay	80% after deductible	$45 copay	80% after deductible	$45 copay	80% after deductible
Walk-In / Urgent Care Visit	$60 copay	80% after deductible	$60 copay	80% after deductible	$60 copay	80% after deductible
Emergency Room	$350 copay	80% after deductible	$350 copay	80% after deductible	$350 copay	80% after deductible
Outpatient Lab / X-Ray	OV copay or 80% after deductible	80% after deductible	OV copay or 80% after	80% after deductible	OV copay or 80% after	80% after deductible
Complex Imaging (MRI, CAT, PET, et al.)	OV copay or 80% after deductible	80% after deductible	OV copay or 80% after	80% after deductible	OV copay or 80% after	80% after deductible
Outpatient Surgical Facility	80% after deductible	80% after deductible	80% after deductible	80% after deductible	80% after deductible	80% after deductible
Inpatient Hospital Facility	80% after deductible	80% after deductible	80% after deductible	80% after deductible	80% after deductible	80% after deductible
Retail Prescription Drug Copays	$15 / $55 / $85 / $150	80% after deductible	**$15 / $55 / $100 / $200**	80% after deductible	**$15 / $55 / $100 / $200**	80% after deductible
Mail Order Prescription Drug Copays	$30 / $110 / $170 / $300	80% after deductible	**$37.5 / $137.5 / $250 / $500**	80% after deductible	**$37.5 / $137.5 / $250 / $500**	80% after deductible
Specialty Prescription Drugs	$60 / $110 / $160 / $210	80% after deductible	**$70 / $120 / $200 / $250**	80% after deductible	**$70 / $120 / $200 / $250**	80% after deductible

Rates & Total Cost	Base	Buy-up	Current Base	Current Buy-up	Renewal Base	Renewal Buy-up	Negotiated Renewal Base	Negotiated Renewal Buy-up
Employee	27	22	$724.69	$488.93	$830.78	$553.42	$809.32	$538.47
Employee + Spouse	5	10	$1,594.32	$1,075.65	$1,827.72	$1,217.52	$1,780.50	$1,184.63
Employee + Child(ren)	2	1	$1,376.91	$928.97	$1,578.48	$1,051.50	$1,537.71	$1,023.09
Employee + Family	12	15	$2,319.01	$1,564.58	$2,658.50	$1,770.94	$2,589.82	$1,723.10
Total Employees	**46**	**48**						
Annual Subtotal	*94*		*$697,442*	*$550,928*	*$799,543*	*$623,592*	*$778,889*	*$606,747*
Percent Change by Plan					*14.6%*	*13.2%*	*11.7%*	*10.1%*
*BCBS Negotiated Renewal								
Annual Total (Not inc. HSA Fee)				**$1,248,370**		**$1,423,136**		**$1,385,636**
Change from Current						**$174,766**		**$137,266**
Percentage Change						**14.0%**		**11.0%**

Notes
*BCBS Negotiated Renewal includes a $7,500 wellness funds
Cigna includes a $5,000 wellness fund
BCBS Rate does not incluede $2.70 HSA PMPM renewal

Mesa Gateway Airport Authority (MGAA)
Medical Plan
Benefit Outline and Cost Summary
January 1, 2026 Renewal Date

	Current		Option 1 Level Funded		Option 2	
Benefit Outline	**Base**	**Buy-up**	**Base**	**Buy-up**	**Base**	**Buy-up**
Carrier	Blue Cross Blue Shield	Blue Cross Blue Shield	**Cigna**	**Cigna**	Banner | Aetna	Banner | Aetna
Plan Type, Name, Network	Medical PPO $500	Medical H$A $3300	Medical PPO $500	Medical H$A $3300	OAMP 500 80%/50%	OAMP 4000 HSA 80%/50% E
Deductible (Individual / Family)	$500 / $1,000	$3,300 / $6,600	$500 / $1,000	**$3,400 / $6,800**	$500 / $1,000	**$4,000 / $8,000**
Non-Network Deductible (Individual / Family)	$1,000 / $2,000	$6,600 / $13,200	$1,000 / $2,000	**$6,800 / $13,600**	$2,000 / $6,000	$10,000 / $30,000
Out-of-Pocket Maximum (Individual / Family)	$4,500 / $9,000	$6,000 / $12,000	$4,500 / $9,000	$6,000 / $12,000	$4,500 / $9,000	$7,500 / $15,000
Non-Network OOP Max (Individual / Family)	$9,000 / $18,000	$12,000 / $24,000	$9,000 / $18,000	$12,000 / $24,000	$12,000 / $36,000	$20,000 / $60,000
Deductible / OOP Embedded / Non-Embedded	Embedded	Embedded	Embedded	Embedded	Embedded	Embedded
Annual HSA Contribution (EE / EE+1 / Family)	N/A	$1,350 / $1,900 / $2,500	N/A	$1,350 / $1,900 / $2,500	N/A	$1,350 / $1,900 / $2,500
Coinsurance (In / Out)	80% / 50%	80% / 50%	80% / 50%	80% / 50%	80% / 50%	80% / 50%
Wellness / Preventive Care	100%	100%	100%	100%	100%	100%
Primary Care Office Visit (OV)	$25 copay	80% after deductible	$25 copay	80% after deductible	$25 copay	$35 copay
Specialist Office Visit	$45 copay	80% after deductible	$45 copay	80% after deductible	$75 copay	$75 copay
Walk-In / Urgent Care Visit	$60 copay	80% after deductible	$60 copay	80% after deductible	$75 copay	80% after deductible
Emergency Room	$350 copay	80% after deductible	$350 copay	80% after deductible	80% after $300 copay	80% after deductible
Outpatient Lab / X-Ray	OV copay or 80% after deductible	80% after deductible	OV copay or 80% after	80% after deductible	80% after deductible	80% after deductible
Complex Imaging (MRI, CAT, PET, et al.)	OV copay or 80% after deductible	80% after deductible	OV copay or 80% after	80% after deductible	80% after deductible	80% after deductible
Outpatient Surgical Facility	80% after deductible	80% after deductible	80% after deductible	80% after deductible	80% after deductible	80% after deductible
Inpatient Hospital Facility	80% after deductible	80% after deductible	80% after deductible	80% after deductible	80% after deductible	80% after deductible
Retail Prescription Drug Copays	$15 / $55 / $85 / $150	80% after deductible	**$15 / $55 / $100**	80% after deductible	**$3 / $10 / $45 / $75**	**$3 / $10 / $45 / $75**
Mail Order Prescription Drug Copays	$30 / $110 / $170 / $300	80% after deductible	**$38 / $138 / $250**	80% after deductible	**$6 / $20 / $90 / $150**	**$6 / $20 / $90 / $150**
Specialty Prescription Drugs	$60 / $110 / $160 / $210	80% after deductible	**$100**	80% after deductible	**Preferred: 80% for 30 day, Non prefered: 60% for 30 day**	**Preferred: 80% for 30 day, Non prefered: 60% for 30 day**

Rates & Total Cost	**Base**	**Buy-up**	Current Base	Current Buy-up	Option 1 Base	Option 1 Buy-up	Option 2 Base	Option 2 Buy-up
Employee	27	22	$724.69	$488.93	$746.61	$551.34	$668.21	$456.68
Employee + Spouse	5	10	$1,594.32	$1,075.65	$1,642.55	$1,209.09	$1,676.00	$1,134.71
Employee + Child(ren)	2	1	$1,376.91	$928.97	$1,418.55	$1,044.78	$1,521.51	$1,030.39
Employee + Family	12	15	$2,319.01	$1,564.58	$2,389.15	$1,757.65	$2,452.54	$1,656.24
Total Employees	**46**	**48**						
Annual Subtotal	*94*		*$697,442*	*$550,928*	*$718,537*	*$619,559*	*$706,742*	*$567,217*
Percent Change by Plan					*3.0%*	*12.5%*	*1.3%*	*3.0%*
*BCBS Negotiated Renewal								
Annual Total (Not inc. HSA Fee)				**$1,248,370**		**$1,338,096**		**$1,273,959**
Change from Current						**$89,727**		**$25,589**
Percentage Change						**7.2%**		**2.0%**

Notes

*BCBS Negotiated Renewal includes a $7,500 wellness funds
Cigna includes a $5,000 wellness fund
BCBS Rate does not incluede $2.70 HSA PMPM renewal

Mesa Gateway Airport Authority (MGAA)
Medical Plan
Benefit Outline and Cost Summary
January 1, 2026 Renewal Date

Benefit Outline	Current Base	Current Buy-up	Option 3 Level Funded Base	Option 3 Level Funded Buy-up
Carrier	Blue Cross Blue Shield	Blue Cross Blue Shield	Banner | Aetna	Banner | Aetna
Plan Type, Name, Network	Medical PPO $500	Medical H$A $3300	Open POSII 500 80%/50%	OPEN POSII 4000 HSA 80/50 E
Deductible (Individual / Family)	$500 / $1,000	$3,300 / $6,600	$500 / $1,000	**$4,000 / $8,000**
Non-Network Deductible (Individual / Family)	$1,000 / $2,000	$6,600 / $13,200	$2,000 / $6,000	$10,000 / $30,000
Out-of-Pocket Maximum (Individual / Family)	$4,500 / $9,000	$6,000 / $12,000	$4,500 / $9,000	$6,000 / $12,000
Non-Network OOP Max (Individual / Family)	$9,000 / $18,000	$12,000 / $24,000	$12,000 / $36,000	$20,000 / $60,000
Deductible / OOP Embedded / Non-Embedded	Embedded	Embedded	Embedded	Embedded
Annual HSA Contribution (EE / EE+1 / Family)	N/A	$1,350 / $1,900 / $2,500	N/A	$1,350 / $1,900 / $2,500
Coinsurance (In / Out)	80% / 50%	80% / 50%	80% / 50%	80% / 50%
Wellness / Preventive Care	100%	100%	100%	100%
Primary Care Office Visit (OV)	$25 copay	80% after deductible	$25 copay	$35 copay
Specialist Office Visit	$45 copay	80% after deductible	$75 copay	$75 copay
Walk-In / Urgent Care Visit	$60 copay	80% after deductible	$75 copay	80% after deductible
Emergency Room	$350 copay	80% after deductible	80% after $300 copay	80% after deductible
Outpatient Lab / X-Ray	OV copay or 80% after deductible	80% after deductible	80% after deductible	80% after deductible
Complex Imaging (MRI, CAT, PET, et al.)	OV copay or 80% after deductible	80% after deductible	80% after deductible	80% after deductible
Outpatient Surgical Facility	80% after deductible	80% after deductible	Outpatient office visits: Nocharge: All other outpatient services 80%	Outpatient office visits: Nocharge: All other outpatient services 80%
Inpatient Hospital Facility	80% after deductible	80% after deductible	80% after deductible	80% after deductible
Retail Prescription Drug Copays	$15 / $55 / $85 / $150	80% after deductible	**$3 / $10 / $45 / $75**	**$3 / $10 / $45 / $75**
Mail Order Prescription Drug Copays	$30 / $110 / $170 / $300	80% after deductible	**$6 / $20 / $90 / $150**	**$6 / $20 / $90 / $150**
Specialty Prescription Drugs	$60 / $110 / $160 / $210	80% after deductible	**Preferred: 80% for 30 day, Non prefered: 60% for 30 day**	**Preferred: 80% for 30 day, Non prefered: 60% for 30 day**

Rates & Total Cost	Base	Buy-up	Current Base	Current Buy-up	Option 3 Level Funded Base	Option 3 Level Funded Buy-up
Employee	27	22	$724.69	$488.93	$674.96	$491.96
Employee + Spouse	5	10	$1,594.32	$1,075.65	$1,693.62	$1,223.12
Employee + Child(ren)	2	1	$1,376.91	$928.97	$1,536.88	$1,110.63
Employee + Family	12	15	$2,319.01	$1,564.58	$2,477.31	$1,785.63
Total Employees	**46**	**48**				
Annual Subtotal	*94*		*$697,442*	*$550,928*	*$713,922*	*$611,393*
Percent Change by Plan					*2.4%*	*11.0%*
*BCBS Negotiated Renewal						
Annual Total (Not inc. HSA Fee)				**$1,248,370**		**$1,325,315**
Change from Current						**$76,945**
Percentage Change						**6.2%**

Notes

*BCBS Negotiated Renewal includes a $7,500 wellness funds
Cigna includes a $5,000 wellness fund
BCBS Rate does not incluede $2.70 HSA PMPM renewal

Section III

Dental Plan

Mesa Gateway Airport Authority (MGAA)
Dental Plan
Benefit Outline and Cost Summary
January 1, 2026 Renewal Date

Benefit Outline		Current	Renewal	Option 1	Option 2
Carrier		Delta Dental	Delta Dental	**Guardian**	**Humana**
Plan Type		Dental PPO	Dental PPO	Dental PPO	Dental PPO
Deductible (Individual / Family)		$50 / $150	$50 / $150	$50 / $150	$50 / $150
Waived For Preventive		Yes	Yes	Yes	Yes
Annual Maximum		$2,000	$2,000	$2,000	$2,000
Max Rollover		Not Included	Not Included	**Included**	Not Included
Preventive Services		100%	100%	100%	100%
Basic Services		90%	90%	90%	90%
Major Services		60%	60%	60%	60%
Endodontics / Periodontics		90%	90%	90%	90%
Implants		60%	60%	60%	60%
Orthodontia		50%	50%	50%	50%
Eligibility		Adult & Children	Adult & Children	Adult & Children	**Children to 18**
Lifetime Maximum		$1,000	$1,000	$1,000	$1,000
Waiting Periods (Prev. / Basic / Major)		None	None	None	None
Non-Network					
Deductible (Individual / Family)		$50 / $150	$50 / $150	$50 / $150	$50 / $150
Annual Maximum		$2,000	$2,000	$2,000	$2,000
Prev. / Basic / Major		100% / 80% / 50%	100% / 80% / 50%	100% / 80% / 50%	100% / 80% / 50%
Rates & Total Cost					
Employee	55	$25.33	$27.86	$25.08	$25.69
Employee + 1 Dependent	18	$63.89	$70.28	$63.25	$54.97
Employee + 2 Dependent	25	$94.79	$104.27	$93.84	$92.37
Total Employees	**98**				
Annual Total		**$58,955**	**$64,849**	**$58,367**	**$56,540**
Change From Current			**$5,894**	**($588)**	**($2,415)**
Percentage Change			**10.0%**	**-1.0%**	**-4.1%**
Rate Guarantee			**Next ren'l 2027**	***Next ren'l 2027**	**1/1/2028**

Notes

*Option to take a 5% increase and get a 2 year rate guarantee

Section IV

Vision Plan

Mesa Gateway Airport Authority (MGAA)
Vision Plan
Benefit Outline and Cost Summary
January 1, 2026 Renewal Date

Benefit Outline		Current	Renewal
Carrier		EyeMed	EyeMed
Network		EyeMed	EyeMed
Exam Copay		20	20
Materials Copay		$0	$0
Lenses			
Single		100%	100%
Bifocal		100%	100%
Trifocal		100%	100%
Frames		Up to $130 allowance; 20% off balance	Up to $130 allowance; 20% off balance
Elective Contacts		Up to $130 allowance; 15% off balance	Up to $130 allowance; 15% off balance
Lasik Surgery Discount		Discount available	Discount available
Benefit Frequencies (E / L / F / C)		12 / 12 / 12 / 12	12 / 12 / 12 / 12
Rates & Total Cost			
Employee	54	$5.61	$5.61
Employee + 1 Dependent	18	$10.67	$10.67
Employee + 2 Dependent	22	$15.66	$15.66
Total Employees	**94**		
Annual Total		**$10,074**	**$10,074**
Rate Guarantee			**Next ren'l 2029**

Section V

Life & Disability

Mesa Gateway Airport Authority (MGAA) Life / AD&D Plan
Benefit Outline and Cost Summary
January 1, 2026 Renewal Date

Benefit Outline	Current	Renewal
Carrier	Mutual of Omaha	Mutual of Omaha
Contributory / Non-Contributory	Non-Contributory	Non-Contributory
Eligibility	FTE Working ≥ 40 HPW	FTE Working ≥ 40 HPW
Class 1	Salaries less than $40K	Salaries less than $40K
Class 2	Salaries greater than $40K	Salaries greater than $40K
Class 3	Executive Director	Executive Director
Benefit Amount (Class 1 / 2 / 3)	Flat / 1x Annual Earnings / 2x Annual Earnings	Flat / 1x Annual Earnings / 2x Annual Earnings
Benefit Maximums (Class 1 / 2 / 3)	$40,000 / $150,000 / $410,000	$40,000 / $150,000 / $410,000
Guarantee Issue	Full Benefit Amount	Full Benefit Amount
Benefit Reductions	Reduces To: 65% at Age 70; 50% at Age 75	Reduces To: 65% at Age 70; 50% at Age 75
Waiver of Premium	9 Mo. Elimination Period	9 Mo. Elimination Period
Benefits Extend To	Age 65	Age 65
If Disabled Prior To	Age 60	Age 60
Accelerated Benefits	Included	Included
Life Expectancy	Terminal Conditin;< 12 Mo.	Terminal Conditin;< 12 Mo.
Benefit Amount Accessible	80%	80%
Portability	Included	Included
Conversion	Included	Included
Rate Guarantee		**Next ren'l 2027**

Volumes, Rates & Total Cost		
Number of Employees	113	113
Benefit Volume	$8,451,000	$8,451,000
Life Rate Per $1,000	$0.110	$0.110
AD&D Rate Per $1,000	$0.030	$0.030
Rate Per Family Unit		
*BCBS Negotiated Renewal includes a $7,500	**$14,198**	**$14,198**
Change From Current		$0
Percentage Change		0.0%

Mesa Gateway Airport Authority (MGAA)
Voluntary Life / AD&D Plan
Benefit Outline and Cost Summary
January 1, 2026 Renewal Date

Benefit Outline	Current	Renewal
Carrier	Mutual of Omaha	Mutual of Omaha
Definition of Earnings	Base Salary Only	Base Salary Only
Eligibility	FTE Working ≥ 30 HPW	FTE Working ≥ 30 HPW
Child Age Requirement	14 Days to Age 26	14 Days to Age 26
Benefit Increments		
Employee	$10,000	$10,000
Spouse	$5,000	$5,000
Children	$2,000	$2,000
Benefit Maximums		
Employee	5 x Salary to $500,000	5 x Salary to $500,000
Spouse	100% of EE Amt to $100,000	100% of EE Amt to $100,000
Children	$10,000	$10,000
Guarantee Issue		
Employee	$100,000	$100,000
Spouse	$25,000	$25,000
Children	Full Benefit Amount	Full Benefit Amount
Benefit Reductions	Reduces To: 65% at Age 70; 50% at Age 75	Reduces To: 65% at Age 70; 50% at Age 75
Waiver of Premium	9 Mo. Elimination Period	9 Mo. Elimination Period
Benefits Extend to	Age 65	Age 65
If Disabled Prior to	Age 60	Age 60
Portability	Included	Included
Conversion	Included	Included
Rate Guarantee		**Next ren'l 2027**

Life Per $1,000	Employee / Spouse	Employee / Spouse
Under Age 25	$0.090	$0.090
25-29	$0.090	$0.090
30-34	$0.090	$0.090
35-39	$0.120	$0.120
40-44	$0.180	$0.180
45-49	$0.300	$0.300
50-54	$0.480	$0.480
55-59	$0.800	$0.800
60-64	$0.990	$0.990
65-69	$1.470	$1.470
70-74	$2.840	$2.840
75-99	$2.840	$2.840
Child Life	$0.245	$0.245

AD&D Per $1,000		
EE / SP AD&D	$0.030	$0.030
Child AD&D	$0.030	$0.030

Mesa Gateway Airport Authority (MGAA) Short Term Disability Plan
Benefit Outline and Cost Summary
January 1, 2026 Renewal Date

Benefit Outline	Current	Renewal
Carrier	Mutual of Omaha	Mutual of Omaha
Definition of Earnings	Base Salary Only	Base Salary Only
Contributory / Non-Contributory	Non-Contributory	Non-Contributory
Eligibility	FTE Working ≥ 30 HPW	FTE Working ≥ 30 HPW
Elimination Period		
Accident	30 days	30 days
Sickness	30 days	30 days
Benefit Percentage	60%	60%
Maximum Weekly Benefit	$1,000	$1,000
Definition of Disability	Duties and Earnings	Duties and Earnings
Benefit Duration (after EP)	26 weeks	26 weeks
Pre-Existing Conditions Exclusion	None	None
Rate Guarantee		**Next ren'l 2027**
Volumes, Rates & Total Cost		
Number of Employees	113	113
Volume: Covered Benefit	$80,588	$80,588
STD Rate Per $10	$0.150	$0.150
ASO / ATP Rate PEPM		
Annual Total	**$14,506**	**$14,506**
Change From Current		$0
Percentage Change		0.0%

Mesa Gateway Airport Authority (MGAA) Voluntary
Critical Illness
Benefit Outline and Cost Summary
January 1, 2026 Renewal Date

UNUM - Current / Renewal

Benefit Outline

	UNUM - Traditional Enrollment	
Eligibility	All active FTE's working ≥ 30 hpw	
Covered Conditions	**1st Occurrence**	**2nd Occurrence**
Cancer		
Invasive Cancer	100%	100%
Carcinoma in Situ	25%	25%
Benign Brain Tumor	100%	100%
Skin Cancer	$500	$500
Vascular		
Heart Attack	100%	100%
Stroke	100%	100%
Heart Failure	100%	100%
Coronary Arteriosclerosis	50%	50%
Other		
Organ Failure	100%	100%
Kidney Failure	100%	100%
Wellness Benefit	$50 per year payment for wellnes screenings	
Dependent Age Limit	0 days old to 26 years old	
Pre-Existing Conditions	12 / 12	
Benefit Increments	Employee: $10,000 | Spouse: 50%	
Guarantee Issue	Employee: $20,000 | Spouse: 50%	
Benefit Separation Period	3 months	
Participation (Required)	10 enrolled or 5%, the greater of	
Rate Guarantee	To January 1, 2027	

Monthly Premium						
Employee						
Benefit Amount	< 25	25-29	30-34	35-39	40-44	45-49
$10,000	$3.08	$3.68	$4.48	$5.38	$7.28	$10.18
$20,000	$4.28	$5.48	$7.08	$8.88	$12.68	$18.48
	50-54	55-59	60-64	65-69	70-74	75-79
$10,000	$14.78	$20.48	$29.38	$43.08	$64.28	$89.78
$20,000	$27.68	$39.08	$56.88	$84.28	$126.68	$177.68
	80-84	85+				
$10,000	$123.68	$194.18				
$20,000	$245.48	$386.48				
Spouse						
Benefit Amount	< 25	25-29	30-34	35-39	40-44	45-49
$5,000	$2.48	$2.78	$3.18	$3.63	$4.58	$6.03
$10,000	$3.08	$3.68	$4.48	$5.38	$7.28	$10.18
	50-54	55-59	60-64	65-69	70-74	75-79
$5,000	$8.33	$11.18	$15.63	$22.48	$33.08	$45.83
$10,000	$14.78	$20.48	$29.38	$43.08	$64.28	$89.78
	80-84	85+				
$5,000	$62.78	$98.03				
$10,000	$123.68	$194.18				

Mesa Gateway Airport Authority (MGAA)
Employee Assistance Program
Benefit Outline and Cost Summary
January 1, 2026 Renewal Date

Benefit Outline	Current	Renewal AS IS	Option 1	Option 2	Option 3	Option 4
			Upgrade to Core includes Multi- YR discount		Min Annual Fee $1,500	
Carrier	Uprise Health	Uprise Health	Uprise Health	Uprise Health	**Comp Physch**	**Comp Physch**
Number of In-Person Counseling Visits	6	6	6	6	**5**	**8**
Available to dependents	Yes	Yes	Yes	Yes	Yes	Yes
Telephonic Counseling	Included	Included	Included	Included	Included	Included
Online Counseling	Included	Included	Included	Included	Included	Included
Child Care Consultation	Included	Included	Included	Included	Included	Included
Elder Care Consultation	Included	Included	Included	Included	Included	Included
Financial Consultation	Included	Included	Included	Included	Included	Included
Legal Consultation	Included	Included	Included	Included	Included	Included
School Selection Assistance/College Assistance	Included	Included	Included	Included	Included	Included
Online Member Portal	Included	Included	Included	Included	Included	Included
Health Fair Support	Not Included	Not Included	Not Included	**Included**	Not Included	Not Included
Wellbeing Assessement w/ Personalized care Plan	Not Included	Not Included	**Included**	**Included**	**Included**	**Included**
Self-Guided Cognitive Behavioral Therapy	Not Included	Not Included	**Included**	**Included**	**Included**	**Included**
Digital EAP Platform (*ex.Mobile App, Micro Sites)*	Not Included	Not Included	**Included**	**Included**	**Included**	**Included**
Health Coaching	Not Included	Not Included	**Included**	**Included**	**Included**	**Included**
Employee | Supervisor Training	Included	Included	Included	Included	Included	Included
Rate Guarantee		**Next ren'l 2026**	**Next ren'l 2029**	**Next ren'l 2029**	**Next ren'l 2029**	**Next ren'l 2029**

Rates & Total Cost	Current	Renewal AS IS	Option 1	Option 2	Option 3	Option 4
Number of Employees	121	121	121	121	121	121
PEPM Fee	N/A, max 250 EE's	N/A, max 250 EE's	**N/A, max 150 EE's**	**N/A, max 150 EE's**	$1.51	$1.73
Annual Total	**$3,600**	**$3,960**	**$3,800**	**$4,200**	**$2,193**	**$2,512**
Change From Current	$0	$360	$200	$600	($1,407)	($1,088)
Percentage Change	0.0%	10.0%	5.6%	16.7%	-39.1%	-30.2%

Section VI

Compensation Disclosure

Mesa Gateway Airport Authority (MGAA)
USI Administered Employee Benefit Plans
Compensation Disclosure
January 1, 2026 Renewal Date

USI is making the following compensation information available effective with the renewal date above. For ERISA group health plan fiduciaries this is in accordance with requirements under ERISA 408(b)(2).

1. The direct compensation USI expects to receive for servicing your health benefits is:

Broker Fee, independent from any specific coverage/plan below	**Current $34,000 per year**	**Renewal $34,000 per year**

	Plan Type	Negotiated Renwal		Option 1	
Medical (Fully Insured)	Medical PPO	BCBS of AZ	0.0%	Cigna	0.0%
Dental	Dental PPO	Delta Dental of Arizona	0.0%	Guardian	0.0%
Vision	Vision	Mutual of Omaha Insurance Company	0.0%	Mutual of Omaha	0.0%
Employee Assistance Program	Employee Assistance Program (EAP)	Uprise	0.0%	Uprise	0.0%
Voluntary Critical Illness	Voluntary Critical Illness	Unum Life Insurance Company of America	0.0%	Unum Life Insurance Company of America	0.0%
Non health plans; one or more of life, disability, non-ERISA stop loss, other ancillary		0%		0%	

2. The expected indirect compensation USI expects to receive is:

It is possible that some of the insurance companies from which USI obtains coverage may pay it additional incentive commissions, sometimes referred to as contingent, supplemental, or bonus commissions, which may be based on the total volume of business we sell for them, and/or the growth rate of that business, retention rate, claims loss ratio, or other factors considering our entire book of business with an insurance company for a designated period of time. Such additional commissions, if any, would be in addition to any other compensation USI may receive. By coverage type indirect compensation ranges are as follows:

Medical & Stop Loss approximately 0%

Dental, Vision, Ancillary approximately 0%

35. The services USI will provide include some or all of the following:

Design of health care plans, cost-containment and other plan design recommendations. Preparation of bid specifications (RFP). Analysis of proposals and presentation of findings. Renewal analysis and negotiation. Reporting/Servicing Meetings. Contract Review. Employee Meetings. Employer/Employee Communications.

4. USI does <u>not offer or provide</u> fiduciary services to the plan.

5. In some cases USI may involve the services of a general agent based carrier requirements or distribution model. In some cases general agent may be owned by USI, and will receive compensation in addition to what is detailed above, and will be in the range of 1% to 2% of medical premium or $3.00 to $16 PEPM based on enrolled and 1% to 6% on dental and vision premium.

6. This disclosure document includes the disclosures USI is required to make in accordance with ERISA Section 408(b)(2). Any other plan service provider that is subject to the 408(b)(2) disclosure requirements is required to make its own independent 408(b)(2) disclosure and any such disclosures are not included in this disclosure.

Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

Re: Resolution 25-46

To:	**Board of Directors**
From:	**Margi EvanSon, Director of Operations, Security & Maintenance**
Through:	**Scott Brownlee, Deputy Director/COO**
	J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject:	**Passenger Boarding Ramps Replacement – Timberline GSE, Inc. – CIP 1030**
Date:	**October 21, 2025**

Proposed Motion

To authorize the purchase of two ADA Passenger Boarding Ramps from Timberline GSE, Inc. in an amount not to exceed $173,198.80.

Narrative

The ADA Passenger Boarding Ramps will be utilized to supplement passenger operations and provide passenger level-boarding and disembarking capabilities for a variety of aircraft in accordance with FAA Advisory Circulars and the Air Carrier Accessibility Act. This purchase will replace two aged ramps acquired in 2010.

Invitation for Bid (IFB), Solicitation 2026-002-IFB, was issued on August 18, 2025, and advertised in the Arizona Business Gazette on August 21 and 28, and September 4 and 11, 2025. It was also posted on the Mesa Gateway Airport Authority website. In addition, the IFB notice was emailed to the only two vendors that meet the required FAA specifications.

The bid opening was held on September 17, 2025, and two (2) bids were received. After review of the bids, Timberline GSE, Inc. was determined to have submitted the lowest, responsive, responsible bid.

Keith Consolidated Industries	$219,893.51
Timberline GSE, Inc.	**$173,198.80**

Fiscal Impact

This purchase was included in the FY26 capital budget and is funded with CIP 1030.

Attachment(s)

Bid

Mesa Gateway Airport

RESOLUTION NO. 25-46

WHEREAS, the Mesa Gateway Airport Authority ("Authority"), a joint powers airport authority formed pursuant to Arizona Revised Statute §28-8521 *et seq.* owns and operates the Mesa Gateway Airport ("Airport"); and

WHEREAS the Authority desires to authorize the purchase of two ADA Passenger Boarding Ramps from Timberline GSE, Inc. in an amount not to exceed $173,198.80;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

> **The Board of Directors of the Authority hereby authorizes the purchase of two ADA Passenger Boarding Ramps from Timberline GSE, Inc. in an amount not to exceed $173,198.80. This resolution also authorizes the Chair or Executive Director/CEO to make such additions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.**

Passed and adopted by the Authority this 21st day of October, 2025.

Regina Antone, Chair

ATTEST: | APPROVED AS TO FORM:

Misty Johnson, Clerk of the Board | Jill Casson Owen, Attorney

Mesa Gateway Airport

Attachment B
Offeror's Bid

Item	Price
Two (2) New ADA Passenger Boarding Ramps, To Meet the Minimum Specifications per Attachment A	$ 151,300.00
Manuals on Maintenance, Operations, and Parts – 2 Sets (Hard Copy & Digital)	$ 0
Sales Tax, 8.3% **MGAA is NOT tax exempt.** If Offeror does not collect sales tax on behalf of the State of Arizona when invoicing, Offeror should still include tax at a rate of 7.6% for Use Tax.	$ 11498.80
Warranty, To Meet Minimum Specifications Per Attachment A (2 ADA Passenger Boarding Ramps)	$ 0
On-Site Setup and Training	$ 0
Shipping (2 ADA Passenger Boarding Ramps)	$ 10400.00
Total	$ 173,198.80

Discounts:

Prompt Payment: The price(s) quoted above can be discounted by 1 % if payment is made within 10 days.

Exceptions / Clarifications of Offeror:

Delivery Time Estimate: 90 days

Equipment is Manufactured in (Country): United States of America

Wren Gardner	[signature]	9/5/2025
Printed Name	Signature	Date

Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

Re: Resolution 25-47

To:	**Board of Directors**
From:	**Scott Brownlee, Deputy Director/COO**
Through:	**J. Brian O'Neill, A.A.E., Executive Director/CEO**
Subject:	**FY26 Capital Budget Amendment – Taxiway G Rehabilitation and Realignment Design - CIP 1092**
Date:	**October 21, 2025**

Proposed Motion

To authorize an Amendment of the FY26 Capital Budget to provide $1,089,040.95 in funding, for the Design of the Taxiway G Rehabilitation and Realignment.

Narrative

The existing Taxiway G alignment, at the Mesa Gateway Airport (MGAA), consists of a single taxiway bearing that connects each of the Airport's three Runway ends (12L, 12C, and 12R) with deteriorated asphalt and non-standard acute angles. The Pavement Condition Index (PCI) for most of the taxiway is poor and the configuration is no longer the preferred design standard of the current Federal Aviation Administration (FAA) Advisory Circulars (ACs), as the acute angle entries at runway ends provide poor pilot visibility, and the lack of parallel taxiway segments (in combination with a series of greater and less than the desired 90-degree turns) between the runways can provide an environment where a pilot can easily lose situational awareness.

The Taxiway G Rehabilitation and Realignment project will address the existing issues associated with this area by removing the segments of existing Taxiway G, between runways, and realigning the new Taxiway G associated pavements in a layout that meets current FAA Advisory Circular standards, and will be consistent with the latest revision of the Airport's ALP.

The Design of the Taxiway G Rehabilitation and Realignment is being accelerated since the Construction portion of this project is scheduled to begin in FY26, and the Design is needed to rehabilitate the worst rated pavement on the Airport, ranging from a PCI of 25 to 55, and to bring the Mesa Gateway Airport Authority into compliance with the current FAA Design Standards.

Fiscal Impact

Requesting that these funds, for the Design of the Taxiway G Realignment, be added and included in the FY26 Capital Budget utilizing MGAA non-grant funds under CIP 1092. MGAA anticipates receiving reimbursement in the future from FAA Grant funding.

Attachment(s)

None

Mesa Gateway Airport

RESOLUTION NO. 25-47

WHEREAS, the Mesa Gateway Airport Authority ("Authority"), a joint powers airport authority formed pursuant to Arizona Revised Statute §28-8521 *et seq.* owns and operates the Mesa Gateway Airport ("Airport"); and

WHEREAS the Authority desires to authorize an Amendment of the FY26 Capital Budget to provide $1,089,040.95 in funding, for the Design of the Taxiway G Rehabilitation and Realignment;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

> **The Board of Directors of the Authority hereby authorizes an Amendment of the FY26 Capital Budget to provide $1,089,040.95 in funding, for the Design of the Taxiway G Rehabilitation and Realignment. This resolution also authorizes the Chair or Executive Director/CEO to make such additions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.**

Passed and adopted by the Authority this 21st day of October, 2025.

____
Regina Antone, Chair

ATTEST:

____
Misty Johnson, Clerk of the Board

APPROVED AS TO FORM:

____
Jill Casson Owen, Attorney

Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

Re: Resolution 25-48

To:	**Board of Directors**
From:	**Scott Brownlee, Deputy Director/COO**
Through:	**J. Brian O'Neill, A.A.E., Executive Director/CEO**
Subject:	**Taxiway G Rehabilitation and Realignment Design – Kimley-Horn & Associates - CIP 1092**
Date:	**October 21, 2025**

Proposed Motion

To authorize an Authorization of Services with Kimley-Horn & Associates to Design the Taxiway G Rehabilitation and Realignment Project in an amount not to exceed $1,089,040.95.

Narrative

The existing Taxiway G alignment, at the Mesa Gateway Airport (MGAA), consists of a single taxiway bearing that connects each of the Airport's three Runway ends (12L, 12C, and 12R) with deteriorated asphalt and non-standard acute angles. The Pavement Condition Index (PCI) for most of the taxiway is poor and the configuration is no longer the preferred design standard of the current Federal Aviation Administration (FAA) Advisory Circulars (ACs), as the acute angle entries at runway ends provide poor pilot visibility, and the lack of parallel taxiway segments (in combination with a series of greater and less than desired 90-degree turns) between the runways can provide an environment where a pilot can easily lose situational awareness.

The Taxiway G Realignment project will address the pavement condition issues and the existing issues associated with the current layout by removing the segments of existing Taxiway G, between runways, and realigning the new Taxiway G associated pavements in a layout that meets current FAA Advisory Circular standards and will be consistent with the latest revision of the Airport's ALP. The project elements will include demolition/removal and replacement of taxiway pavements and shoulder pavements, site grading, drainage improvements/structures, basin modifications, relocation of existing utilities, subgrade preparation, pavement markings, airfield electrical, signage and a construction phasing plan. Kimley-Horn & Associates (Kimley-Horn) will provide project administration, preliminary 30% submittal, FAA 7460 support and a number of constructible deliverables.

The Design of the Taxiway G is needed to rehabilitate the worst rated pavement on the Airport, ranging from a PCI of 25 to 55, and to bring the Mesa Gateway Airport Authority into compliance with the current FAA Design Standards.

In 2024, a Request for Qualifications, 2024-005-RFQ, for On-Call Engineering Services was issued. Kimley-Horn was one of two firms selected as the most qualified. In accordance with the terms of our agreement, C-20240076, Kimley-Horn worked with Airport staff to refine a Scope of Work for Design Services for the Taxiway G Rehabilitation and Realignment Project. The cost for these services was negotiated based upon the agreement fee schedule at a cost not to exceed $1,089,040.95.

Fiscal Impact
This project was recently requested to be added to the FY26 Capital Budget initially using non-grant funding, until receiving reimbursement in the future from FAA Grant funding.

Attachments:
Authorization of Services and Proposal

Mesa Gateway Airport

RESOLUTION NO. 25-48

WHEREAS, the Mesa Gateway Airport Authority ("Authority"), a joint powers airport authority formed pursuant to Arizona Revised Statute §28-8521 *et seq.* owns and operates the Mesa Gateway Airport ("Airport"); and

WHEREAS the Authority desires to authorize an Authorization of Services with Kimley-Horn & Associates to Design the Taxiway G Rehabilitation and Realignment Project in an amount not to exceed $1,089,040.95;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes an Authorization of Services with Kimley-Horn & Associates to Design the Taxiway G Rehabilitation and Realignment Project in an amount not to exceed $1,089,040.95. This resolution also authorizes the Chair or Executive Director/CEO to make such additions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 21st day of October, 2025.

Regina Antone, Chair

ATTEST:

Misty Johnson, Clerk of the Board

APPROVED AS TO FORM:

Jill Casson Owen, Attorney

AUTHORIZATION OF SERVICES
Kimley-Horn & Associates, AOS 20240076 26-03

The signing of this Authorization of Services (AOS) by Mesa Gateway Airport Authority, formerly known as Phoenix-Mesa Gateway Airport Authority ("MGAA") and Kimley-Horn & Associates, ("Consultant"), authorizes Consultant to carry out and complete the services described below in consideration of the mutual covenants set forth below.

1. **PROJECT**: Taxiway G Realignment Design - CIP1092

2. **SCOPE OF SERVICE**: Perform and provide Design Services for the Taxiway G Realignment Project. The Design Services will consist of project administration, preliminary 30% submittal which will include a draft Construction Safety Plan and a draft Engineer's Design Report which are required by the FAA. Additional deliverables will include a 60% Progress Set, the 95% Final Review Submittal, and an IFC construction submittal. The Kimley-Horn & Associates team will provide project planning, budgeting, the initial project schedule, and they will manage and coordinate with subconsultants.

3. **FEE FOR SERVICES**: The fee for services shall be based upon the attached scope of services, not to exceed the-time and materials calculated-fee of $1,089,040.95 (One million, eighty-nine thousand, forty dollars, and ninety-five cents), without express written approval of MGAA.

4. **AVAILABILITY OF PROJECT FUNDING:** The approval and continuation of this AOS is subject to the availability of funds provided to, made available to, or appropriated by MGAA for this purpose. In the event that funds are not available or appropriated for MGAA's payment requirements under this AOS for the goods and/or services to be provided hereunder, MGAA may terminate this AOS by providing notice to the Consultant of the lack of the availability of funds. The Consultant acknowledges and agrees that one source of funding for this AOS may be funds made available from the Federal Aviation Administration and/or Arizona Department of Transportation, and that this AOS, its approval and continuation, may be contingent on the availability of those funds being made to MGAA.

5. **INCORPORATED:** The following documents, including its terms, conditions, exhibits, attachments, and amendments are hereby incorporated with this AOS and made part thereof:

   ☑ MGAA Agreement Number: 20240076 effective 12/19/23.

6. **ATTACHED:** The following documents are attached to this AOS and are incorporated herein by this reference and made part thereof:

   ☑ Consultant's Scope and Fee Proposal dated September, 2025.

7. **EFFECTIVE:** This AOS is effective as of the date signed by MGAA.

Mesa Gateway Airport

MGAA and Consultant acknowledge that they are in agreement with the terms and conditions as set forth in this AOS.

Executed as of the Effective Date.

CONSULTANT
Kimley-Horn & Associates

By: Nathan Walnum
Name: Nathan Walnum
Title: Sr. Vice President
Date: 10/13/2025

MGAA
MESA GATEWAY AIRPORT AUTHORITY,
a joint powers airport authority authorized by the state of Arizona

By: ______________________
Name: J. Brian O'Neill, A.A.E.
Title: Executive Director/CEO
Date: ______________________

EXHIBIT A

SCOPE OF WORK
ENGINEERING DESIGN SERVICES

for
Taxiway G Realignment - Design

A. PROJECT BACKGROUND AND HISTORY:

The existing Taxiway G alignment, at Mesa Gateway Airport (MGAA), consists of a single taxiway bearing that connects each of the Airport's three Runway ends (12L, 12C, and 12R) with non-standard acute angles. This configuration is no longer the preferred design standard of the current Federal Aviation Administration (FAA) Advisory Circulars (ACs), as the acute angle entries at runway ends provide poor pilot visibility, and the lack of parallel taxiway segments (in combination with a series of 90-degree turns) between the runways can provide an environment where a pilot can easily lose situational awareness.

B. PROJECT DESCRIPTION:

The "*Taxiway G Realignment*" project at the Mesa Gateway Airport will address the existing issues (previously mentioned) associated with this area by removing the segments of existing Taxiway G (between the runways) and realigning the new Taxiway G associated pavements in a layout that they meets current FAA advisory circular standards (and will be consistent with the layout submitted in the latest revision of the Airport's ALP).

The "*Taxiway G Realignment*" project will include the following elements: demolition/removal of PCC taxiway pavements and AC shoulder pavements, site grading, drainage improvements/structures, basin modifications, relocation of existing utilities within the project area, subgrade preparation, installation of new PCC taxiway pavement sections, installation of new AC shoulder pavement sections, pavement markings, airfield electrical and signage improvements, and the development of a construction phasing plan that works with both the Airport's budget and the Airport's preferred closure schedules.

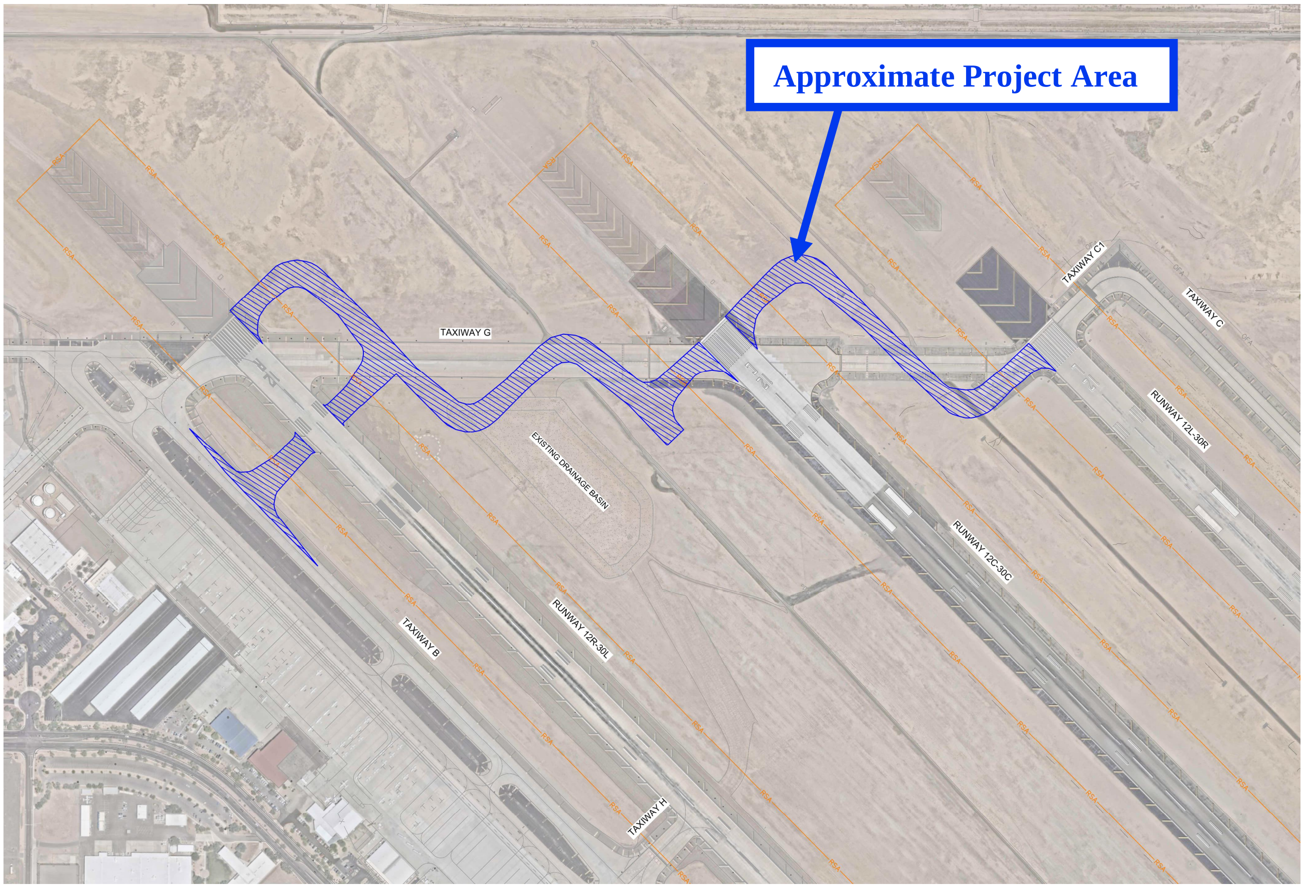
A schematic of the proposed "*Taxiway G Realignment*" project is shown in the Figure **on the next page**.

Design services will immediately follow an approved Authorization of Services from the Airport. This project is anticipated to start construction early next year (2026).

The design services that Kimley-Horn will be providing for this project are listed in the following sections of this Scope and Fee. Construction Administration services may be added to this project at a later date.

(*This section is intentionally left blank, see following page for continuation*)

General Project Layout



B. PROJECT SCOPE:

The specific scope of work for this Authorization of Service is identified as follows:

1. **PROJECT ADMINISTRATION:** The following general tasks are anticipated to be needed for the project.
    a) Provide project administrative tasks for support throughout the project.
    b) Provide project planning, budgeting, and initial project schedule.
    c) Provide bi-weekly progress reports, meetings and notes of project meetings.
    d) Manage and coordinate with subconsultants.
    e) Attend (up to three) coordination and plan review meetings following the 30%, 60%, and 95% submittals.

2. **PRELIMINARY SUBMITTAL (30%):** Kimley-Horn (the Engineer) will produce a draft Preliminary Plans (30%) of the project. Design standards will be according to FAA Advisory Circulars, Maricopa Association of Governments (MAG) standards, and City of Mesa standards. A draft Construction Safety Plan and draft Engineer’s Design Report will be made as required by the FAA for typical construction projects of this type.

    Information created and determined during this effort will be used to prepare the construction plans, reports, and specifications. Information from the E-ALP/GIS project will be used as a base and to augment the survey and utility files for use on the project. As part of this task, topographic survey, utility designation, and processing As-Built/Record Drawing review of existing conditions from previous projects will be completed.

These efforts will be done so that preliminary plans (30%) can be prepared. A limited number of preliminary plan sheets (including but not limited to: the project layout, geometrics layout, and project details plans), an outline of intended specifications, and preliminary cost estimate will be provided to display the project elements. A facilitated review meeting will be held with MGAA after the Preliminary submittal, and comments will be incorporated into the next submittal.

3. **PROGRESS SET SUBMITTAL (60%):** The Engineer will provide a progress set submittal of the project deliverables for the "*Taxiway G Realignment*" project improvements. The Engineer will provide draft engineering drawings and specifications. Plan sheets will include (but not limited to): cover sheet, sheet index, summary of quantities, general notes and abbreviations, project layout, typical sections, demolition plans, geometric layout, stormwater pollution prevention plans, grading and drainage plans, electrical lighting and signage plans, and project details plans will be prepared for the project. The Engineer will assemble draft owner provided front end documents, a draft project quantity based bid proposal, draft general provisions, draft special provisions (unique project requirements), and draft technical specifications. Design standards will be according to FAA Advisory Circulars, Maricopa Association of Governments (MAG) standards, and City of Mesa standards.

   Information from the E-ALP/GIS project will be used as a base and to augment the survey and utility files for use on the project.

   Plans and specifications will be prepared for Progress Set submittal. A facilitated review meeting will be held with MGAA after the Progress Set submittal, and comments will be incorporated into the next submittal.

4. **FINAL REVIEW SUBMITTAL (95%):** The Engineer will provide final review design and contract construction documents for the "*Taxiway G Realignment*" project improvements. The Engineer will provide engineering drawings and specifications to be used as contract documents. Plan sheets will include (but not limited to): cover sheet, sheet index, summary of quantities, general notes and abbreviations, project layout, typical sections, demolition plans, geometric layout, stormwater pollution prevention plans, grading and drainage plans, electrical lighting and signage plans, and project details plans will be prepared for the project. The Engineer will assemble owner provided front end documents, a project quantity based bid proposal, general provisions, special provisions (unique project requirements), and technical specifications to be used as project contract documents for the bidding process. Design standards will be according to FAA Advisory Circulars, Maricopa Association of Governments (MAG) standards, and City of Mesa standards. The Engineer will provide Safety Risk Management (SRM) facilitation, coordination, and documentation services as part of this task in accordance with FAA standards and guidelines.

   Information from the E-ALP/GIS project will be used as a base and to augment the survey and utility files for use on the project.

   Plans and specifications will be prepared for Final Review submittal. A facilitated review meeting will be held with MGAA after the Final Review submittal, and comments will be incorporated into the next submittal.

5. **ISSUED FOR CONSTRUCTION SUBMITTAL (IFC):** The Engineer will provide Issued For Construction Plans, Specifications, Cost Estimate, and Construction Documents for the "*Taxiway G Realignment*" project.

   Construction Costs: An Engineer's Opinion of Probable Construction Costs will be provided for the project and will be based on cost history for past work within the vicinity of the airfield and for projects of a similar nature. The opinion of probable cost will reflect construction during a regular construction schedule.

6. **FAA 7460 SUPPORT:** The Engineer will provide services for developing the graphics/exhibits associated with the 7460 submittal, per FAA standards. As part of this task the Engineer will make any updates to the 7460 graphics/exhibits as required by the FAA. It is assumed that the Airport will complete the following 7460 related items:
   - Input and upload 7460 related project information, data, and Exhibits to the FAA's OEAAA website portal.
   - Make any resubmission uploads of revised 7460 documents as required by the FAA.

C. DELIVERABLES: The following deliverables will be provided according to this contract:

(1) Preliminary Plans and Specifications (Preliminary Submittal) four (4) copies to MGAA.
(2) Draft Plans and Specifications (Progress Set Submittal) four (4) copies to MGAA.
(3) Final Review Plans and Specifications (Final Review Submittal) four (4) copies to MGAA.
(4) Opinion of probable construction costs – copy with each submittal.
(5) Issued For Construction Plans and Specifications (IFC Submittal) four (4) copies to MGAA. The Airport will provide copies of the plans to contractors for pricing and construction purposes.
(6) Electronic drawing files to MGAA.

D. OWNER'S RESPONSIBILITIES: MGAA will furnish specification front end documents including, DBE, legal, bonding and other provisions as required for the contract documents. The Engineer will assemble this information into the contract documents for the bidding process. The information will be due from MGAA at time of service authorization. MGAA will review the plan submittals in a timely fashion and provide written comments of the desired changes to the contract documents. MGAA will provide all archeological and environmental clearances for the project.

E. WORK SCHEDULE: Work is to be completed within five (5) months from the authorization of service date.

F. CONSULTANT'S COMPENSATION FOR SERVICES: Kimley-Horn shall be compensated for services using a labor fee plus expense basis with the maximum not to exceed fee shown below. Kimley-Horn will not exceed the total maximum fee shown without authorization from the Client. Individual task amounts are provided for budgeting purposes only. Kimley-Horn reserves the right to reallocate amounts among tasks as necessary.

Design Services - $1,089,040.95

The derivation of engineering fee for design services are attached to this authorization as Exhibits.

Taxiway G Realignment
Mesa Gateway Airport
Mesa Gateway Airport Authority

Kimley»Horn

DATE: September 2025

EXHIBIT I - DESIGN DOCUMENTS - ENGINEERING FEE
Taxiway G Realignment

DERIVATION OF COST OF PROPOSAL FEE

1. DIRECT LABOR

TASK	DESCRIPTION	MANHOURS	TOTAL	EXTENDED TOTAL
001	**Project Administration**	180	12,494.20	
002	**Preliminary Submittal (30%)**			
	Construction Drawings	2,060	114,482.02	
	Quantities & Cost Estimate	40	2,468.52	
	Engineering Design Report	240	13,935.06	
	Project Specifications	160	10,199.68	
003	**Progress Set Submittal (60%)**			
	Construction Drawings	1,356	78,403.38	
	Quantities & Cost Estimate	30	1,901.04	
	Engineering Design Report	200	12,051.52	
	Project Specifications	120	7,650.54	
004	**Final Review Submittal (95%)**			
	Construction Drawings	490	28,544.70	
	Quantities & Cost Estimate	20	1,242.18	
	Engineering Design Report	90	5,654.32	
	Project Specifications	80	5,279.30	
005	**Issued For Construction Submittal (IFC)**	360	21,047.18	
006	**FAA 7460 Support**	20	1,168.06	
TOTAL DIRECT LABOR		5,446		$316,521.70

2. EXPENSES:

EXPENSE (Printing)		240.00	
TOTAL EXPENSES:			$240.00

3. CONSULTANTS:

TRACE ENGINEERING - SURVEY		40,438.44	
ACS - GEOTECHNICAL INVESTIGATION		19,265.00	
TOTAL CONSULTANTS			$59,703.44

4. ENGINEERING FEE

TOTAL LABOR		316,521.70	
OVERHEAD (%)	195.57%	619,021.49	
FEE (% OF NET)	10%	93,554.32	
CONSULTANTS		59,703.44	
EXPENSES		240.00	
TOTAL ENGINEERING FEE			**$1,089,040.95**

Taxiway G Realignment
Mesa Gateway Airport
Mesa Gateway Airport Authority

Kimley»Horn

DATE: September 2025

EXHIBIT II - DESIGN DOCUMENTS - ENGINEERING FEE
Taxiway G Realignment

DERIVATION OF COST OF PROPOSAL FEE

1. Direct Salary Costs

Title	HOURS	Rate	Total Labor	EXTENDED TOTAL
Project Manager (Jarrett Moore)	880	74.09	65,199.20	
Senior Project Manager (Brett Stroup)	30	86.39	2,591.70	
Principal Engineer (Nate Walnum)	120	97.90	11,748.00	
Senior Professional/Engineer (Brandon Robinson)	100	65.49	6,549.00	
Electrical/Comm Engineer (Joseph Bradshaw)	450	71.39	32,125.50	
Professional Engineer I (Koa Dey / Stephen Bosak)	1360	57.54	78,254.40	
Senior Analyst (Jason Zhang / Jillian Tobin)	980	53.58	52,508.40	
Analyst (Brad Nesbit / Emma Gatzke)	1086	45.81	49,749.66	
Designer (JC Cruz)	384	41.01	15,747.84	
Finance/Project Accountant (Mike Dayton)	24	45.64	1,095.36	
Admin/Clerical (Karen Hanas)	32	29.77	952.64	
Total Direct Salary Costs	5,446			**$316,521.70**

2. Labor and General & Administrative Overhead

Percentage of Direct Salary Costs By 195.57%	**$619,021.49**

3. Subtotal of Items 1 and 2	**$935,543.19**

4. Fixed Payment

10% of Item No. 3:	**$93,554.32**

5. Non-Salary Expenses

EXPENSE (Printing)	240.00	
Total Direct Non-Salary Expenses		**$240.00**

6. Subcontract Costs

TRACE ENGINEERING - SURVEY	40,438.44	
ACS - GEOTECHNICAL INVESTIGATION	19,265.00	
Subtotal of subcontract Costs		**$59,703.44**

7. TOTAL ENGINEERING FEE	**$1,089,040.95**

Taxiway G Realignment
Mesa Gateway Airport
Mesa Gateway Airport Authority ***Taxiway G Realignment***

Kimley»Horn

DATE: September 2025

001 Project Administration

	Task	Sheets	Project Mgr.	Senior Project Mgr.	Principal Engineer	Senior Prof./ Engineer	Electrical/ Comm. Engineer	Prof. Engineer I	Senior Analyst	Analyst	Designer	Finance/ Project Accountant	Admin/ Clerical	TOTAL MAN-HRS	TOTAL LABOR COST
1	Project Administration-Client Coordination		48		30								10	88	$6,791
2	Project Planning, Budgeting, and Initial Project Schedule, Billing		18									24		42	$2,429
3	Progress Reports, Bi-Weekly Meetings, Note preparation and Schedule Updates		18					20						38	$2,484
4	Company Quality Control Review														
	- Preliminary (30%) Submittal Review Meeting		2					2						4	$263
	- Progress Set (60%) Submittal Review Meeting		2					2						4	$263
	- Final Review (95%) Submittal Review Meeting		2					2						4	$263
	Subtotal Task 001		90		30			26				24	10	180	$12,494

002 Preliminary Submittal (30%)

Construction Drawings

	Task	Sheets	Project Mgr.	Senior Project Mgr.	Principal Engineer	Senior Prof./ Engineer	Electrical/ Comm. Engineer	Prof. Engineer I	Senior Analyst	Analyst	Designer	Finance/ Project Accountant	Admin/ Clerical	TOTAL MAN-HRS	TOTAL LABOR COST
1	Cover Sheet, Project Title Sheet	1	1					2		6	8			17	$792
2	Abbreviations, Legend, and Sheet Index	1	1					2		6	8			17	$792
3	General Notes	1	1					2		6	8			17	$792
4	Quantities Tables Sheet	1	1					2		6	8			17	$792
5	Project Layout Plan	1	2					2		8	12			24	$1,122
6	Project Horz/Vert Control Plan	1	2					2		6	12			22	$1,030
7	Alignment Definition Sheet	1	1					2		6	12			21	$956
8	Project Key Map	1	1					2		6	8			17	$792
9	Storm Water Pollution Prevention Plan (SWPPP)	2	2					4		24				30	$1,478
10	SWPPP Details	1	2					4		12	6			24	$1,174
11	Construction Phasing Plans and Barricade Plans	6	12			5		36	16	20	6			95	$5,308
12	Demolition Plans	8	16			5		24	24	20	12			101	$5,588
13	Typical Sections	5	10					18	40	24	24			116	$6,004
14	Geometric Layout Plans	10	18			10		20	40	40	12			140	$7,607
15	Grading and Drainage Plans	10	40			10		80	40	40	12			222	$12,689
16	Storm Drain Plan and Profiles	10	24			10		60	40	18	12			164	$9,345
17	Grading and Drainage Details	2	6			2		18	18	12				56	$3,125
18	Drainage Basin Cross Sections	2	2			2		12	12	4				32	$1,796
19	Taxiway Plan and Profiles	12	12			16		60	20	12	12			132	$7,503
20	Pavement Joint Layout Plans	10	8					24		24				56	$3,073
21	Pavement Joint Details	2	2					18			24			44	$2,168
22	Paving Elevation Plans	10	2					12			10			24	$1,249
23	Pavement Marking Plans	10	8					40	24	12				84	$4,730
24	Pavement Marking Details	3	2					12	4	12				30	$1,603
25	Project Details	6	4					24	12	18				58	$3,145
26	Electrical Scope of Work Plan	1					2		8	8				18	$938
27	Electrical Symbols, Data Tables	4					2		12	8				22	$1,152
28	Electrical Demolition Plans	10					20		40	40				100	$5,403
29	Electrical Lighting Layout	10					60		80	20				160	$9,486
30	Electrical Details	8					20		24	20				64	$3,630
31	Circuit Maps	3					16		36	12				64	$3,621
32	Geotechnical Boring Map	1						1		4	2			7	$323
33	Geotechnical Boring Data	4						1		2	2			5	$231
34	Technical Supervision and Review		30	10	20									60	$5,045
	Subtotal	158	210	10	20	60	120	484	490	456	210			2,060	$114,482

Quantities & Cost Estimate

	Task	Sheets	Project Mgr.	Senior Project Mgr.	Principal Engineer	Senior Prof./ Engineer	Electrical/ Comm. Engineer	Prof. Engineer I	Senior Analyst	Analyst	Designer	Finance/ Project Accountant	Admin/ Clerical	TOTAL MAN-HRS	TOTAL LABOR COST
1	Calculate Quantities							12	6					18	$1,012
2	Cost Estimate														
	- Prelimary Concepts Cost Estimates		6					8	2					16	$1,012
3	Technical Supervision and Review		6											6	$445
	Subtotal		12					20	8					40	$2,469

Engineering Design Report

	Task	Sheets	Project Mgr.	Senior Project Mgr.	Principal Engineer	Senior Prof./ Engineer	Electrical/ Comm. Engineer	Prof. Engineer I	Senior Analyst	Analyst	Designer	Finance/ Project Accountant	Admin/ Clerical	TOTAL MAN-HRS	TOTAL LABOR COST
1	Engineer's Report (30%)														
	- Document with summary and recommendations for civil project layout, pavement design, draiange, electrical layout, sign plan and voltage calculations, exhibits and hydraulic/hydrology calculations		12				12	60		20	10			114	$6,524
2	Construction Safety Phasing Plan Report (30%)		24					30		40	8			102	$5,665
3	Technical Supervision and Review		12				12							24	$1,746
	Subtotal		48				24	90		60	18			240	$13,935

Taxiway G Realignment
Mesa Gateway Airport
Mesa Gateway Airport Authority *Taxiway G Realignment*

Kimley»Horn

DATE: September 2025

Project Specifications

	Description		Project Mgr.	Senior Project Mgr.	Principal Engineer	Senior Prof./ Engineer	Electrical/ Comm. Engineer	Prof. Engineer I	Senior Analyst	Analyst	Designer	Finance/ Project Accountant	Admin/ Clerical	TOTAL MAN-HRS	TOTAL LABOR COST
1	Project Specification-General												6	6	$179
	- Create Cover and Table of Contents							2						2	$115
	- Prepare Boiler Plate including FAA Compliance		2					12						14	$839
	- Prepare Bid Tab and Agreement		6					12						18	$1,135
2	Specification - Special Provisions														
	- Prepare Special Conditions for Project		12					24						36	$2,270
3	Technical Specification														
	- Prepare Technical specifications		18					30						48	$3,060
4	Technical Supervision and Review		12				24							36	$2,602
	Subtotal		50				24	80					6	160	$10,200
	Subtotal Task 002		320	10	20	60	168	674	498	516	228		6	2,500	141,085

003 Progress Set Submittal (60%)

Construction Drawings

	Description	Sheets	Project Mgr.	Senior Project Mgr.	Principal Engineer	Senior Prof./ Engineer	Electrical/ Comm. Engineer	Prof. Engineer I	Senior Analyst	Analyst	Designer	Finance/ Project Accountant	Admin/ Clerical	TOTAL MAN-HRS	TOTAL LABOR COST
1	Cover Sheet, Project Title Sheet	1	1					1		2	2			6	$305
2	Abbreviations, Legend, and Sheet Index	1	1					1		2	2			6	$305
3	General Notes	1	1					1		2	2			6	$305
4	Quantities Tables Sheet	1	1					1		2	2			6	$305
5	Project Layout Plan	1	1					1		2	2			6	$305
6	Project Horz/Vert Control Plan	1	1					1		2	2			6	$305
7	Alignment Definition Sheet	1	1					1		2	2			6	$305
8	Project Key Map	1	1					1		2	2			6	$305
9	Storm Water Pollution Prevention Plan (SWPPP)	2	1					2		2	2			7	$363
10	SWPPP Details	1	1					2		2	4			9	$445
11	Construction Phasing Plans and Barricade Plans	6	6			5		18	12	20	6			67	$3,613
12	Demolition Plans	8	8			5		24	12	20	6			75	$4,106
13	Typical Sections	5	6					12	20	24	12			74	$3,798
14	Geometric Layout Plans	10	10			5		20	20	40	6			101	$5,369
15	Grading and Drainage Plans	10	40			10		80	20	40	6			196	$11,372
16	Storm Drain Plan and Profiles	10	20			5		20	20	18	6			89	$5,102
17	Grading and Drainage Details	2	2			2		2	6	12				24	$1,265
18	Drainage Basin Cross Sections	2	2			2		2	6	4				16	$899
19	Taxiway Plan and Profiles	12	20			6		24	20	12	6			88	$5,123
20	Pavement Joint Layout Plans	10	8					6		24				38	$2,037
21	Pavement Joint Details	2	2					2			2			6	$345
22	Paving Elevation Plans	10	1					2			6			9	$435
23	Pavement Marking Plans	10	6					12	20	12				50	$2,756
24	Pavement Marking Details	3	3					2	4	12				21	$1,101
25	Project Details	6	6					12	12	18				48	$2,603
26	Electrical Scope of Work Plan	1					2		2	2				6	$342
27	Electrical Symbols, Data Tables	4					2		4	4				10	$540
28	Electrical Demolition Plans	10					20		20	20				60	$3,416
29	Electrical Lighting Layout	10					60		80	20				160	$9,486
30	Electrical Details	8					20		6	12				38	$2,299
31	Circuit Maps	3					16		12	6				34	$2,060
32	Geotechnical Boring Map	1									1			1	$41
33	Geotechnical Boring Data	4									1			1	$41
34	Technical Supervision and Review		30	10	40									80	$7,003
	Subtotal	158	180	10	40	40	120	250	296	340	80			1,356	$78,403

Quantities & Cost Estimate

	Description		Project Mgr.	Senior Project Mgr.	Principal Engineer	Senior Prof./ Engineer	Electrical/ Comm. Engineer	Prof. Engineer I	Senior Analyst	Analyst	Designer	Finance/ Project Accountant	Admin/ Clerical	TOTAL MAN-HRS	TOTAL LABOR COST
1	Calculate Quantities							8	4					12	$675
2	Cost Estimate														
	- Update Progress Set (60%) Cost Estimates		6					4	2					12	$782
3	Technical Supervision and Review		6											6	$445
	Subtotal		12					12	6					30	$1,901

Engineering Design Report

	Description		Project Mgr.	Senior Project Mgr.	Principal Engineer	Senior Prof./ Engineer	Electrical/ Comm. Engineer	Prof. Engineer I	Senior Analyst	Analyst	Designer	Finance/ Project Accountant	Admin/ Clerical	TOTAL MAN-HRS	TOTAL LABOR COST
1	Engineer's Report (60%)														
	- Document with summary and recommendations for civil project layout, pavement design, draiange, electrical layout, sign plan and voltage calculations, exhibits and hydraulic/hydrology calculations		12				12	60		18	8			110	$6,351
2	Construction Safety Phasing Plan Report (60%)		20					20		12	8			60	$3,510
3	Technical Supervision and Review		18				12							30	$2,190
	Subtotal		50				24	80		30	16			200	$12,052

Taxiway G Realignment
Mesa Gateway Airport
Mesa Gateway Airport Authority ***Taxiway G Realignment***

Kimley»Horn

DATE: September 2025

Project Specifications

No.	Description	Sheets	Project Mgr.	Senior Project Mgr.	Principal Engineer	Senior Prof./ Engineer	Electrical/ Comm. Engineer	Prof. Engineer I	Senior Analyst	Analyst	Designer	Finance/ Project Accountant	Admin/ Clerical	TOTAL MAN-HRS	TOTAL LABOR COST
1	Project Specification-General		6					8					6	20	$1,083
	- Create Cover and Table of Contents														
	- Prepare Boiler Plate including FAA Compliance														
	- Prepare Bid Tab and Agreement		6					6						12	$790
2	Specification - Special Provisions														
	- Prepare Special Conditions for Project		8					12						20	$1,283
3	Technical Specification														
	- Prepare Technical specifications		8					24	4					36	$2,188
4	Technical Supervision and Review		8				24							32	$2,306
	Subtotal		36				24	50	4				6	120	$7,651
	Subtotal Task 003		278	10	40	40	168	392	306	370	96		6	1,706	100,006

004 Final Review Submittal (95%)

Construction Drawings

No.	Description	Sheets	Project Mgr.	Senior Project Mgr.	Principal Engineer	Senior Prof./ Engineer	Electrical/ Comm. Engineer	Prof. Engineer I	Senior Analyst	Analyst	Designer	Finance/ Project Accountant	Admin/ Clerical	TOTAL MAN-HRS	TOTAL LABOR COST
1	Cover Sheet, Project Title Sheet	1	1							1				2	$120
2	Abbreviations, Legend, and Sheet Index	1	1							1				2	$120
3	General Notes	1	1							1				2	$120
4	Quantities Tables Sheet	1	1							1				2	$120
5	Project Layout Plan	1	1							1				2	$120
6	Project Horz/Vert Control Plan	1	1							1				2	$120
7	Alignment Definition Sheet	1	1							1				2	$120
8	Project Key Map	1	1							1				2	$120
9	Storm Water Pollution Prevention Plan (SWPPP)	2	1							2				3	$166
10	SWPPP Details	1	1							2				3	$166
11	Construction Phasing Plans and Barricade Plans	6	2					4	6	6				18	$975
12	Demolition Plans	8	2					4	6	6	4			22	$1,139
13	Typical Sections	5	2					2	6	6	4			20	$1,024
14	Geometric Layout Plans	10	2					8	6	12	4			32	$1,644
15	Grading and Drainage Plans	10	8					20	10	12	4			54	$2,993
16	Storm Drain Plan and Profiles	10	2					12	10	8				32	$1,741
17	Grading and Drainage Details	2	2					2	2	2				8	$462
18	Drainage Basin Cross Sections	2	1					1	2	2				6	$330
19	Taxiway Plan and Profiles	12	2					10	10	10				32	$1,717
20	Pavement Joint Layout Plans	10	2					2		2				6	$355
21	Pavement Joint Details	2	1					1			1			3	$173
22	Paving Elevation Plans	10	1					1			1			3	$173
23	Pavement Marking Plans	10	2					6	6	2				16	$907
24	Pavement Marking Details	3	1					1	2	2				6	$330
25	Project Details	6	2					6	8	6				22	$1,197
26	Electrical Scope of Work Plan	1								2				2	$92
27	Electrical Symbols, Data Tables	4								4				4	$183
28	Electrical Demolition Plans	10					6		20	8				34	$1,866
29	Electrical Lighting Layout	10					20		40	12				72	$4,121
30	Electrical Details	8					2		2	4				8	$433
31	Circuit Maps	3					2		4	2				8	$449
32	Geotechnical Boring Map	1									1			1	$41
33	Geotechnical Boring Data	4									1			1	$41
34	Technical Supervision and Review		18	10	20		10							58	$4,869
	Subtotal	158	60	10	20		40	80	140	120	20			490	$28,545

Quantities & Cost Estimate

No.	Description	Sheets	Project Mgr.	Senior Project Mgr.	Principal Engineer	Senior Prof./ Engineer	Electrical/ Comm. Engineer	Prof. Engineer I	Senior Analyst	Analyst	Designer	Finance/ Project Accountant	Admin/ Clerical	TOTAL MAN-HRS	TOTAL LABOR COST
1	Calculate Quantities							8	2					10	$567
2	Cost Estimate														
	- Update Final Review (95%) Cost Estimates		2					4						6	$378
3	Technical Supervision and Review		4											4	$296
	Subtotal		6					12	2					20	$1,242

Engineering Design Report

No.	Description	Sheets	Project Mgr.	Senior Project Mgr.	Principal Engineer	Senior Prof./ Engineer	Electrical/ Comm. Engineer	Prof. Engineer I	Senior Analyst	Analyst	Designer	Finance/ Project Accountant	Admin/ Clerical	TOTAL MAN-HRS	TOTAL LABOR COST
1	Engineer's Report (95%)														
	- Document with summary and recommendations for civil project layout, pavement design, draiange, electrical layout, sign plan and voltage calculations, exhibits and hydraulic/hydrology calculations		8				6	20		12				46	$2,722
2	Construction Safety Phasing Plan Report (95%)		8					8		8				24	$1,420
3	Technical Supervision and Review		12		2		6							20	$1,513
	Subtotal		28		2		12	28		20				90	$5,654

Taxiway G Realignment
Mesa Gateway Airport
Mesa Gateway Airport Authority *__Taxiway G Realignment__*

Kimley»Horn

DATE: September 2025

			Project Mgr.	Senior Project Mgr.	Principal Engineer	Senior Prof./ Engineer	Electrical/ Comm. Engineer	Prof. Engineer I	Senior Analyst	Analyst	Designer	Finance/ Project Accountant	Admin/ Clerical	TOTAL MAN-HRS	TOTAL LABOR COST
		Project Specifications													
	1	Project Specification-General	6					4					6	16	$853
		- Create Cover and Table of Contents													
		- Prepare Boiler Plate including FAA Compliance													
		- Prepare Bid Tab and Agreement	6					4						10	$675
	2	Specification - Special Provisions													
		- Prepare Special Conditions for Project	8					4						12	$823
	3	Technical Specification													
		- Prepare Technical specifications	8					12						20	$1,283
	4	Technical Supervision and Review	8		2		12							22	$1,645
		Subtotal	36		2		12	24					6	80	$5,279
		Subtotal Task 004	130	10	24		64	144	142	140	20		6	680	40,721
005		**Issued For Construction Submittal (IFC)**													
	1	Construction Drawings	12				24	80	20	60	40		4	240	$12,785
	2	Quantities & Cost Estimate	6				4	4	2					16	$1,067
	3	Project Specifications	18				10	26	8					62	$3,972
	3	Technical Supervision and Review	24		6		12							42	$3,222
		Subtotal Task 005	60		6		50	110	30	60	40		4	360	$21,047
006		**FAA 7460 Support**													
	1	Create 7460 Exhibits						12	2					14	$798
		- Airport to Upload 7460 info to FAA's OEAAA Website													
	2	7460 Exhibit Revisions as Required by FAA						2	2					4	$222
	3	Technical Supervision and Review	2											2	$148
		Subtotal Task 006	2					14	4					20	$1,168
SUBTOTAL - DESIGN			880	30	120	100	450	1,360	980	1,086	384	24	32	5,446	316,522

TRACE CONSULTING

September 29, 2024

Mr. Jarrett Moore, PE
Kimley-Horn and Associates, Inc.
1001 W Southern Avenue, Suite 131
Mesa, AZ 85210

Phone: (623) 558-3185
Email: Jarrett.Moore@kimley-horn.com

Re: Scope of Services and Fee Proposal for
MGAA - Taxiway G Realignment
Topographic Survey Services

Dear Mr. Moore:

TRACE Consulting, LLC (TRACE) is pleased to submit the enclosed Scope of Services and Fee Proposal for professional survey services for the referenced project**.**

The Scope of Services is prepared based on information in your email dated September 26, 2025 and follow up conversations.

We are excited about the opportunity to work with Kimley-Horn and Associates, Inc. (KHA) and the Mesa Gateway Airport Authority (MGAA) on this project, and look forward to providing quality and timely professional services. We are ready to begin work immediately.

If you have any questions, please feel free to contact me at (602) 680-8264.

Sincerely,

TRACE Consulting, LLC.

Chintan S. Jhaveri, PE
Principal

Richard L. Andersen, RLS
Survey Manager

Enclosures:
Scope of Services
Fee Estimate

N:\2024\240305 - PMGA On-Call KHA\S - MGAA Taxiway G Realignment\Project Support\Admin\Contract\MGAA - Taxiway G Realignment Survey - SOS - 2025-09-29.docx

SCOPE OF SERVICES

MGAA - TAXIWAY G REALIGNMENT
TOPOGRAPHIC SURVEY SERVICES

PROJECT DESCRIPTION

This task includes providing topographic survey for the Taxiway G realignment project, as requested by Kimley-Horn and Associates, Inc. (Client) for the Mesa Gateway Airport Authority (Owner). Attached Exhibit A shows the general project area as provided by KHA and the requested topographic survey limits.

PROJECT TASKS

1.0 TOPOGRAPHIC SURVEY

Survey Control: TRACE will tie into horizontal and vertical survey control as provided by KHA/MGAA. Eight (8) temporary benchmarks will be established and level loops will be run between these benchmarks. An attempt will be made to set these points in areas that are not anticipated to be disturbed by limits of project construction.

Field Survey: Topographic survey will be performed within the red shaded area of the attached *Exhibit A* to determine locations and elevations of existing features such as pavement markings, visible utilities including lights, manholes, pipes, signs, vaults, and drainage structures and pipes, a 50' grid of infield areas including visible grade breaks, flowlines, and tops and toes of basins, in tie-in areas shown outlined in green all PCCP joints and panel corner elevations will be collected.

DELIVERABLES

- Found and located control points (.txt)
- 2D topographic file. (.dwg)
- 3D surface file (.xml)
- Topographic point file (.txt)
- Survey control report

ASSUMPTIONS

- Horizontal/Vertical Control based on control provided in attached *Exhibit A*
- Access to the airfield will be provided by MGAA to perform this work.

EXCLUSIONS

- Aerial Mapping / setting panels
- SUE, Utility Research and Mapping.
- Preparation of any construction drawings / plans.
- Tasks not explicitly included above are excluded from this Scope of Work.

SCHEDULE

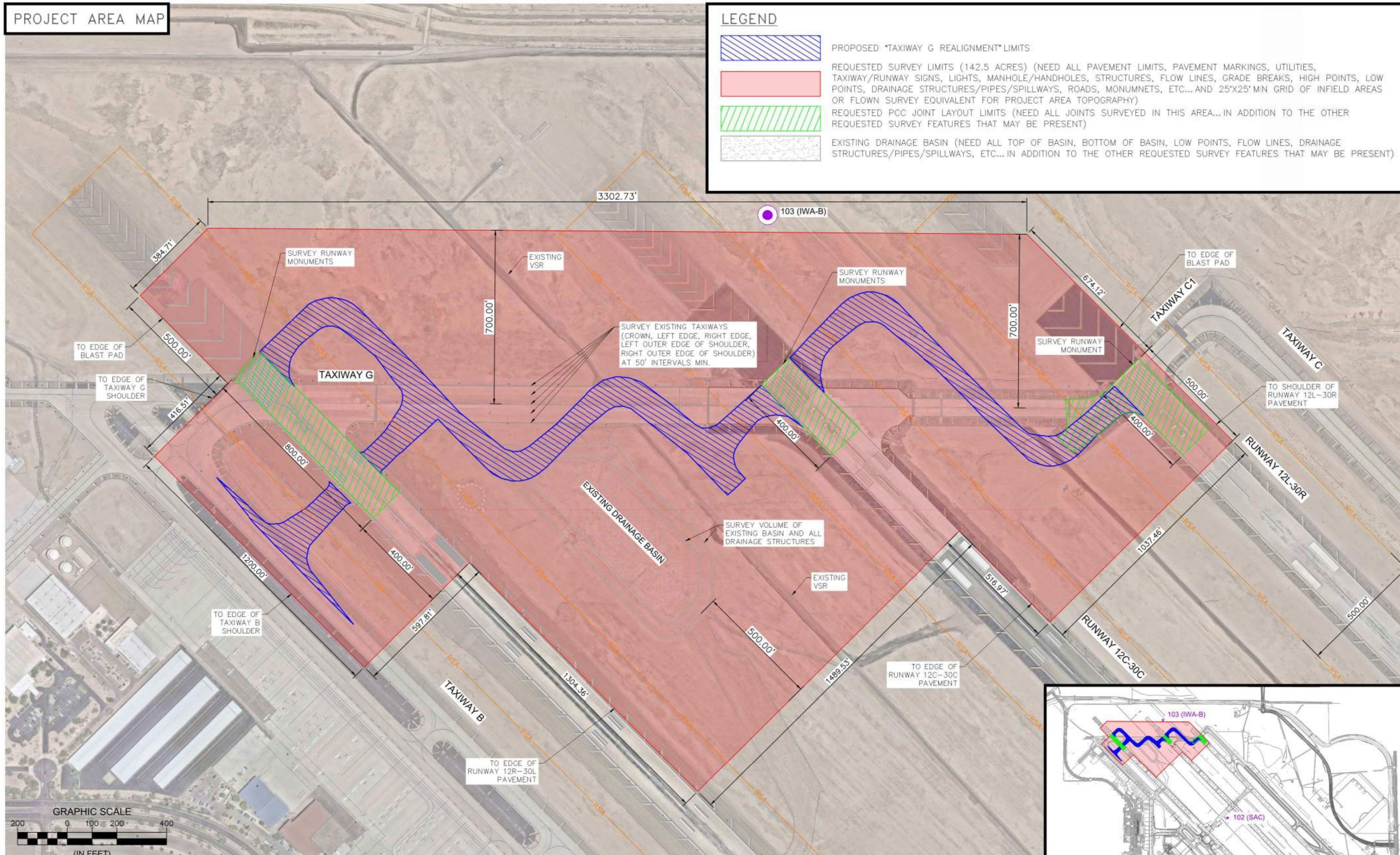
Topographic Survey will be completed within five(5) weeks from Notice to Proceed, subject to Airport's scheduling availability to accommodate field work. If delays occur due to limited access based on airport operation's needs, additional time may be requested.

FEE ESTIMATE

CONTRACT TASK/PHASE	Sr. Project Manager	Project Engineer	Sr. Engg. Technician	Survey Manager	Survey Crew	Admin	TOTAL HOURS	TOTAL LABOR
	$ 194.55	$ 133.42	$ 99.90	$ 120.93	$ 149.85	$ 63.10		
TOPOGRAPHIC SURVEY								
Survey Control				4	24		28	$ 4,080.12
Field Survey				12	140		152	$ 22,430.16
Data processing (2d & 3d)		16	88	8			112	$ 11,893.36
Data QC		8		8			16	$ 2,034.80
Total (Lump Sum)	**-**	**24**	**88**	**32**	**164**	**-**	**308**	**$ 40,438.44**

EXHIBIT A

PROJECT AREA MAP



LEGEND

- PROPOSED "TAXIWAY G REALIGNMENT" LIMITS
- REQUESTED SURVEY LIMITS (142.5 ACRES) (NEED ALL PAVEMENT LIMITS, PAVEMENT MARKINGS, UTILITIES, TAXIWAY/RUNWAY SIGNS, LIGHTS, MANHOLE/HANDHOLES, STRUCTURES, FLOW LINES, GRADE BREAKS, HIGH POINTS, LOW POINTS, DRAINAGE STRUCTURES/PIPES/SPILLWAYS, ROADS, MONUMNETS, ETC... AND 25'X25' MIN GRID OF INFIELD AREAS OR FLOWN SURVEY EQUIVALENT FOR PROJECT AREA TOPOGRAPHY)
- REQUESTED PCC JOINT LAYOUT LIMITS (NEED ALL JOINTS SURVEYED IN THIS AREA... IN ADDITION TO THE OTHER REQUESTED SURVEY FEATURES THAT MAY BE PRESENT)
- EXISTING DRAINAGE BASIN (NEED ALL TOP OF BASIN, BOTTOM OF BASIN, LOW POINTS, FLOW LINES, DRAINAGE STRUCTURES/PIPES/SPILLWAYS, ETC... IN ADDITION TO THE OTHER REQUESTED SURVEY FEATURES THAT MAY BE PRESENT)

AIRPORT CONTROL STATION

CONTROL POINT	NORTHING	EASTING	STATION	OFFSET	ELEVATION	DESCRIPTION
101 – IWA C (PAC)	834271.582	782102.727	----	----	1380.43	FD SSR HH IWA-C BM
102 – IWA A (SAC)	839985.646	779281.564	----	----	1358.00	FD BCF IWA-A BM
103 – IWA B	843937.712	776679.269	----	----	1346.12	FD BCF IWA-B
107 – IWA D	836501.774	780044.131	----	----	1363.08	FD BCF IWA D BM

DATUM

HORIZONTAL DATUM
(SPC) STATE PLANE COORDINATE
(SF) SCALE FACTOR = 1.0001533
PROJECT COORDINATES/SF = SPC

UNITS: INTERNATIONAL FEET
NAD 83/ARIZONA CENTRAL ZONE
VERTICAL DATUM NAVD '88

OVERALL AIRPORT MAP

103 (IWA-B)
102 (SAC)
107 (IWA-D)
101 (PAC)

NO.	REVISION	DATE	BY

SCALE: Horiz. ___ Vert. ___
Date 9/10/2025
Designed by JDB/JT
Drawn by JCC
Checked by JMM
Approved by JDB

FIRM'S SEAL

FIRM'S NAME
Kimley»Horn
KIMLEY-HORN AND ASSOCIATES, INC.
2046 RIVERVIEW AUTO DR SUITE 400
Mesa, Arizona 85201 (480) 207-2666

Mesa Gateway Airport
MESA GATEWAY AIRPORT AUTHORITY
5835 SOUTH SOSSAMAN ROAD
MESA, ARIZONA 85212
(480) 988-7600
www.phxmesagateway.org

PROJECT NAME
MESA GATEWAY AIRPORT
POTENTIAL PROJECT EXHIBIT
TAXIWAY G REALIGNMENT
(REQUESTED SURVEY LIMITS)

PROJECT NO. 091134070
FILE NO. REQUESTED SURVEY LIMITS
EXHIBIT
SHEET 1 of 1

September 30, 2025

Attn: Jarrett Moore
Kimley-Horn
2046 Riverview Auto Drive, Suite 400
Mesa, AZ 85201
Phone: 520-419-7105
Email: jarrett.moore@kimley-horn.com

RE: Proposal for Geotechnical Investigation
MGAA – Taxiway G Realignment
6033 South Sossaman Road
Mesa, Arizona 85212
ACS Proposal No. 2550308

Dear Jarrett:

ACS is pleased to submit this proposal to perform a geotechnical investigation for the above referenced project. This proposal includes our understanding of the planned construction, the proposed scope of work, our estimated not-to-exceed fee, and schedule**.** We have focused our proposed services to include value engineering in the field exploration, laboratory testing, and geotechnical analysis.

PROJECT INFORMATION

Based on project information provided to us, engineering design services will be performed for the proposed Taxiway G Realignment at Mesa Gateway Airport in Mesa, AZ. The pavement design will be performed in accordance with the applicable FAA circular which incorporates the use of FAARFIELD design software. The fleet mix, as presented at this point, will be the design aircrafts Boeing 747-400 and Boeing 777-300ER until an updated mix is prepared and delivered to us. Pavement designs will include PCC taxiways, asphalt shoulders, and temporary asphalt taxiway.

SCOPE OF SERVICES

ACS proposes to advance a total of approximately twenty-eight (28) soil test borings at the project site within the area for the proposed taxiway realignment or as close as logistically possible. The soil test borings will be drilled to a planned depth of 10 feet, or auger refusal, whichever occurs first. In addition, ASC proposes to complete five (5) four inch cores to be advanced to evaluate the thickness of existing pavement at the locations near tie-in points.

Prior to the initiation of subsurface investigation field activities, ACS personnel will conduct a site reconnaissance to note surface conditions and assess the proposed boring locations for drill rig access. We will confirm utilities are marked within the site and if necessary, will also subcontract a private utility locating service to survey the sampling locations. If available, plans depicting existing underground utilities should be provided to us so that soil test locations can be located at a safe stand-off distance. Some utilities are simply not locatable (some examples: irrigation systems, septic systems, pvc/concrete piping, etc.). Should such a utility be impacted during sampling, ACS will contact you and inform you of the situation. If you desire for ACS to arrange for a repair to be performed it will be done and charged at an additional cost. ACS will not be held liable if any unknown subterranean structures are impacted while sampling. Before proceeding with field sampling activities, we will implement proper safety precautions.

Our drilling and sampling will be performed in general accordance with applicable American Society for Testing and Materials (ASTM) standards. The soil test borings will be advanced using a truck-mounted, hollow-stem or solid-stem auger drill rig. Soil samples will be obtained using a 2-inch outside diameter, 1-3/4 inch inside diameter, split spoon standard penetration test (SPT) sampler, or a 3-inch outside diameter, 2.42 inch inside diameter modified California ring sampler. Soil samples will be collected at intervals ranging from two to five feet, commencing at a depth of approximately two feet below ground surface. Because the sampler may be damaged by driving into very dense soils, it may only be driven a few inches into such dense materials and the penetration resistance expressed as the number of hammer blows versus the depth of penetration, e.g. 100/3", 50/1", etc. Penetration resistance, when properly evaluated and correlated with researched and published data, is an index of the soil's strength, density, and foundation support capability.

Field personnel will monitor the drilling operations, log the borings, record the penetration resistances of the sampler, and obtain relatively undisturbed samples and bulk samples for the laboratory testing. Boring depths may be adjusted based on the actual soils encountered. If unusual conditions including unexpected rock, geological features, or hazards (such as faults or fissures) that appear to require specialized excavation methodologies are encountered, we will immediately notify the client. We will also monitor the drilling for indications of abnormal or significant environmental impact including odors, discoloration, staining, and corrosivity. Upon completion of sampling, the boring will be backfilled and finished flush with the surrounding surface.

LABORATORY TESTING

Our proposed laboratory services include testing for Atterberg limits (plasticity), gradation, moisture content, in-situ density, one-dimensional consolidation tests (if applicable), CBR testing, proctor compaction, and expansion swell potential. In our opinion, these tests are sufficient to evaluate the engineering characteristics of representative on-site soils for design recommendations associated with construction of spread and continuous footings and conventional slabs-on-grade. If conditions require other methods of testing, we will consult with you.

DELIVERABLES

ACS will use the information obtained from the field exploration and laboratory testing program to evaluate the soil and subsurface conditions at the site. We propose to review the results of the test boring program along with laboratory testing results and value engineering to develop recommendations for, but not limited to, excavation effort (including the presence of rock or hard subsurface layers), pavement fill construction, pavement design parameters, and earthwork. Our pavement design recommendations will be based on the expected pavement loading provided in the project information. An additional field exploration may be required and/or the pavement design recommendations may be subject to revision if the proposed pavement loading is different from the project expectations provided. As a result, our scope of services may also require modification. ACS will consult with you in the event modifications to the scope of services and/or proposed test boring locations are required.

Following completion of the fieldwork, laboratory testing, and analyses, a report of our findings, will be signed and sealed by a Professional Engineer, Licensed in the State of Arizona. The report will be prepared in a recommendation format and not a "specification" format. The following items will be included with consideration for value engineering and are to be performed in accordance with the following scope of services.

1. Description of the existing site conditions.

2. Description of the site soil classification, seismic, site geologic, and surface fault conditions using published geological data, International Building Code, and field drilling data.

3. Description of general subsurface soil and rock stratigraphy and groundwater, including boring records.

4. Vicinity Map and Site plan showing the location of borings, final boring logs, and a summary of the laboratory testing results.

5. Pavement design analysis using FAARFIELD with pavement section recommendations for the proposed taxiway realignment, taxiway shoulder sections, and temporary asphalt taxiways.

6. Recommendations for below-grade temporary excavations including lateral earth pressures, backfill and materials, and compaction.

7. Recommendations for subgrade drainage, site preparation and quality control measures for earthwork, proofrolling, groundwater control, and difficult excavation, as required, as well as recommendations for imported soils.

The assessment of site environmental conditions, including the presence of petroleum impact in the soil, rock, and groundwater of the site, is beyond the scope of this investigation. Percolation testing for the site is also out of scope for this investigation unless specifically requested. However, we will report our observations in regard to solid waste and/or deleterious materials in the subsurface at the soil test boring locations.

COST ESTIMATE

Based on the proposed scope of work as outlined above, our time and materials, not-to-exceed fee is **$19,265.00**. Our fee estimate assumes that reasonably expected depths of soil test boring with power augers will provide sufficient data for foundation analysis and recommendations. The above fees will be paid upon completion of the report and prior to report submittal. If conditions are found which indicate the need for additional exploration, testing or analysis, such as rock or fill areas, we will contact you prior to performing work in excess of the proposed scope of services. The above estimate covers the work needed to present our findings and recommendations in report form and associated engineering consultation. Not included are reviews of design drawings, preparation of construction specifications, special conferences, an assessment of existing or potential environmental risks associated with the site, or excessive follow-up work requested after submittal of the report. If the project information above is incorrect ACS should be notified and be given the opportunity to revise our scope of services and fees.

SCHEDULE

We anticipate that utility clearance, boring layout, permit submissions/acquisitions, and coordination prior to the field exploration will take approximately sixty (60) business days. The field exploration will require approximately four (4) business days to complete. Laboratory testing will require an additional ten (10) to fifteen (15) business days. Preliminary verbal recommendations can be provided after the field exploration and laboratory testing program have been completed. A final report will be prepared and submitted within seven (7) business days upon completion of the laboratory testing. The not-to-exceed amount referenced in this proposal will be binding for a period of thirty (30) days from the date of issue. Please notify the below listed individual should this proposal extend past the active date.

PROPOSAL ACCEPTANCE

If this proposal is acceptable, please provide us a written authorization by completing the acceptance at the end of the proposal, a purchase order, or mutually agreeable terms and conditions. **The signing party will be financially responsible for paying the agreed upon fee. If payment is made with a credit card, then 3% will be added to cover the credit card companies' surcharges.** A preliminary lien notice will be delivered, as it is a customary business practice within the Arizona construction industry. This is not a lien, it simply serves as notice that we are preserving our right to file a lien in the future, if necessary.

GEOTECHNICAL INVESTIGATION – LABORATORY $5,404.00
GEOTECHNICAL INVESTIGATION – ENGINEERING...$13,861.00
TOTAL FOR GEOTECHNICAL INVESTIGATION $19,265.00

We appreciate the opportunity to offer this proposal and hope you will consider our firm for these services. If you have any questions regarding this proposal please contact Andrew Jamrogiewicz at 480.968.0190.

Respectfully submitted,
ACS Services LLC

Andrew Jamrogiewicz, P.E.
Engineering Department Manager

TERMS AND CONDITIONS

1. STANDARD OF CARE. In the performance of our professional services, ACS Services, LLC (ACS) will execute in a timely and proper manner in accordance with the plans, specifications and contract documents that were made available by CLIENT, ACS will use the degree of care and skill ordinarily exercised by members of our profession currently practicing in the same locality under similar conditions. No warranty, expressed or implied, is made or intended by our proposal, contract, oral or written reports, or services.

2. SCOPE OF SERVICES

2.1 SERVICES. "SERVICES" means the specific service to be performed by ACS as set forth in the ACS proposal. "CLIENT" refers to the person or business entity ordering the work to be done by ACS.

For Construction Material Testing, unless otherwise agreed by both parties in writing, all Services are performed on an "on-call" basis. CLIENT shall cause all testing and inspection on the site. CLIENT understands that testing, inspection, and observation are discrete sampling procedures, and that such procedures indicate conditions only at the depths, locations, and times the procedures were performed. ACS will provide test results and opinions based on tests and field observations only for the work tested. CLIENT understands that testing and observation are not continuous or exhaustive, and are conducted to reduce - not eliminate - project risk. CLIENT agrees to the level or amount of testing performed and the associated risk.

For Geotechnical Investigations, Drilling Services and Services outside of those listed here, Scope of Services will be defined and limited to what is described in the ACS proposal based on information supplied by CLIENT. Results for this category of Services will be based only on the scope described in the ACS proposal and actual Services performed. If differing site conditions are found during the course of performance, ACS will notify CLIENT of differing site conditions. Upon such notification, the CLIENT has the right to further investigate these existing conditions at the CLIENT'S sole expense by issuing a change order. ACS may but has no duty to perform Services under differing site conditions. If Services are discontinued, ACS will be paid for all Services performed to the point of discontinuance, including delays.

2.2 UTILITIES. ACS shall utilize a utility locating service for public utilities when required. ACS shall arrange for the marking of private utilities and subterranean structures. ACS shall take reasonable precautions to avoid damage or injury to subterranean structures or utilities. ACS shall not be responsible for damage to subterranean structures or utilities that are not called to ACS's attention, are not correctly marked, including by a utility locate service, or are incorrectly shown on the plans or information furnished to ACS.

2.3 CHANGES IN WORK. If Services are changed materially or revisions, alterations, or change orders are required, the amount of ACS's compensation and/or rates shall be equitably adjusted. If Services extend materially longer than ACS originally anticipated, the amount of the ACS's compensation and/or rates shall be equitably adjusted. If the results of Services provided under the contract are required to be submitted to governmental entities and those entities change policies, procedures, rules, regulations, zoning, or laws relating to the project after the date of the contract, the CLIENT shall pay ACS for any additional work that ACS must perform as a result of those changes pursuant to applicable rates.

3. OWNERSHIP OF DOCUMENTS. Written consent of ACS is required for any use of documents outside of the scope of work for all ACS reports, plans, specifications, field data, notes and other documents prepared by ACS. All said items remain the property of ACS.

4. SAFETY. While on a CLIENT'S jobsite, the CLIENT agrees that the CLIENT or it's designee is solely responsible for jobsite safety.

5. INSURANCE. Upon request, ACS will furnish certificates of insurance for Workers Compensation, General Liability, Umbrella Policy, Auto insurance and Professional Errors or Omissions insurance. ACS is not responsible for damage of any cause beyond the coverage of its insurance

6. INDEMNIFICATION. It is understood and agreed the CLIENT will indemnify ACS, and its employees and representatives from and against claims that are the result of negligent acts or omissions on the part of the CLIENT, its employees or representatives. ACS shall indemnify the CLIENT from and against claims which are solely the result of negligent acts or omissions on the part of ACS, its employees and representatives. ACS can only be held liable for negligent acts or omissions based on site or Services information supplied by CLIENT. For any Subsurface activity (drilling, backhoe, etc), ACS will take reasonable precautions to reduce damage to the site when performing Services; however, CLIENT accepts that invasive services such as drilling or sampling may damage or alter the site. Site restoration is not provided unless specifically included in the Services.

7. LIABILITY. The CLIENT agrees to limit the liability (whether in tort, contract, or otherwise) of ACS and its owners, directors, officers, employees, subconsultants, and their spouses to a collective total of $15,000 or the Consultant's fee (i.e., total fee for professional services), whichever is greater.

8. SAMPLE DISPOSITION and INDEMNITY. Non-hazardous samples are consumed in testing or disposed of upon completion of tests (unless stated otherwise in the Services). Hazardous or toxic samples will be returned to the CLIENT or using a manifest signed by the CLIENT, ACS will have such samples transported to a location selected by the CLIENT for final disposal. The CLIENT agrees to pay all costs for storage, transport and disposal of samples. The CLIENT recognizes and agrees that ACS is acting as a 3rd Party and at no time assumes title to samples involving hazardous or toxic materials.

9. PAYMENT. ACS will periodically (usually monthly) send the CLIENT invoices for WORK rendered and reimbursable expenses incurred on the project. The CLIENT must pay those invoices within 30 days of the invoice date. If ACS does not receive payment from the CLIENT within 30 days of the invoice date, the ACS will charge interest on the unpaid, late balance at 1.5% per month (compounded monthly). ACS can withhold instruments of service, suspend services, and/or terminate the contract if any invoice has not been paid within 30 days of the invoice date. The CLIENT shall not withhold, deduct, off-set, or set-off any amounts that ACS has billed to the CLIENT. If the CLIENT disputes any of ACS's invoices for any reason, the CLIENT must first timely pay the invoice(s) to ACS and then the CLIENT can seek to resolve the disputed invoice(s) pursuant to the dispute resolution procedures set forth in these General Conditions.

10. CHOICE OF LAW AND FORUM. The contract shall be governed by Arizona law. Subject to the mediation provision below, the exclusive jurisdiction for resolving disputes between the parties is the Arizona state court system.

11. DISPUTE RESOLUTION. CLIENT and ACS agree that all disputes between them relating to the contract or the WORK shall be submitted first (prior to any litigation) to nonbinding mediation at or near the place of ACS's principal office. In the event of litigation between parties to this agreement, if ACS is the prevailing party, ACS shall be entitled to recover all related costs, expenses, and reasonable attorney fees.

Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

Re: Resolution 25-49

To:	**Board of Directors**
From:	**Margi EvanSon, Director of Operations, Security & Maintenance**
Through:	**Scott Brownlee, Deputy Director/COO**
	J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject:	**USCBP Staffing**
Date:	**October 21, 2025**

Proposed Motion

To authorize a modification to the Memorandum of Agreement with U.S. Customs and Border Protections (USCBP) changing the minimum staffing assigned to the Gateway User Fee Facility from one officer to two officers.

Narrative

Mesa Gateway Airport Authority (MGAA) and USCBP have maintained a memorandum of agreement providing for international immigration entry and cargo inspection services through a User Fee Facility since 2003. Under this agreement, MGAA reimburses USCBP for the actual cost of full-time personnel assigned to the MGAA office, inclusive of 40 hours per week plus overtime. This cost is recovered through fees paid by users to MGAA.

The sustained increase of international cargo imports into Gateway Airport since 2023 greatly increased the demand for immigration and inspection services. Through coordination and judicial use of limited overtime, USCBP maximized the utilization of the single officer assigned to Gateway. To accommodate increasing demand, MGAA requested a modification to the MOA which increases the staffing to two full time officers covering 72 hours per week.

Fiscal Impact

Contingency funds will be moved to the Operating budget to cover the increased cost of the additional officer. This increase in expenditure will be offset by increases in user fee revenue collections.

Attachment(s)

Memorandum of Agreement

Mesa Gateway Airport

RESOLUTION NO. 25-49

WHEREAS, the Mesa Gateway Airport Authority ("Authority"), a joint powers airport authority formed pursuant to Arizona Revised Statute §28-8521 *et seq.* owns and operates the Mesa Gateway Airport ("Airport"); and

WHEREAS the Authority desires to authorize a modification to the Memorandum of Agreement with U.S. Customs and Border Protections changing the minimum staffing assigned to the Gateway User Fee Facility from one officer to two officers;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes a modification to the Memorandum of Agreement with U.S. Customs and Border Protections changing the minimum staffing assigned to the Gateway User Fee Facility from one officer to two officers. This resolution also authorizes the Chair or Executive Director/CEO to make such additions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 21st day of October, 2025.

____
Regina Antone, Chair

ATTEST: APPROVED AS TO FORM:

____
Misty Johnson, Clerk of the Board

____
Jill Casson Owen, Attorney

U.S. CUSTOMS AND BORDER PROTECTION
MEMORANDUM OF AGREEMENT

USER FEE FACILITY PROGRAM

Under the provisions of Section 236 of the Trade and Tariff Act of 1984 (P.L. 98-573), as amended (19 U.S.C. 58b), the Commissioner of U.S. Customs and Border Protection is authorized to make inspectional services available at airports, seaports, and other facilities and to charge a fee for such services. The purpose of this agreement is to designate the following location and its defined adjoining facilities as eligible for such services under the conditions set forth herein.

Facility Name: Phoenix-Mesa Gateway Airport Authority

Location: 5835 S. Sossaman Road, Mesa, AZ 85212

The above-named facility shall be considered to be the "person" using U.S. Customs and Border Protection services, as the term is applied in Section 236 of P.L. 98-573. In accordance with the requirements of Section 236I of the law, a determination has been made that the volume of business anticipated at the facility, and defined adjoining facilities, is insufficient to justify the availability of unreimbursable inspectional services.

U.S. CUSTOMS AND BORDER PROTECTION OFFICE LOCATION DEFINED

For purposes of determining reimbursable travel costs, identify the physical address of the proposed U.S. Customs and Border Protection office, if different from the location named above.

5803 S. Sossaman Road, Suite 109
Mesa, AZ 85212

U.S. CUSTOMS AND BORDER PROTECTION LOCATIONS DEFINED

Specify below any other locations (other than the facility itself) at which U.S. Customs and Border Protection services would be expected: (i.e., define all adjoining or adjacent facilities, such as Foreign Trade Zones).

GEOGRAPHIC BOUNDARIES OF SERVICE DEFINED

Service may only be provided at the mutually agreed upon location listed below. A plat highlighting the service boundaries may also be attached.

See Attached Plat

FACILITY STANDARDS

Entities requesting U.S. Customs and Border Protection services must meet and maintain U.S. Customs and Border Protection facility standards. Facilities that fail to maintain Customs and Border Protection facility standards will be subject to a 120-day notice terminating this agreement. If applicable, an Agriculture Compliance Agreement must also be maintained.

U.S. CUSTOMS AND BORDER PROTECTION RESPONSIBILITIES

U.S. Customs and Border Protection has determined that at the time of the signing of this agreement two (2) full-time officer(s) will be required at this facility. U.S. Customs and Border Protection services will be provided as specified below. Any service provided outside these hours may be subject to overtime and/or premium pay. The full cost of overtime service and/or premium pay will be paid by the facility and at the rates prescribed by Section 267 of Title 19, United States Code, as amended. In the event U.S. Customs and Border Protection has to provide a Customs and Border Protection Officer(s) to replace the regularly assigned officer(s) during the established shift by a temporary replacement due to sick leave, annual leave, transfer, travel, and/or training, then the facility agrees to bear any and all costs and expenses associated with such replacement including but not limited to transportation, relocation and/or per diem costs for personnel brought from other locations. The work schedule that has been agreed to is as follows:

Weekly Work Schedule: Monday-Saturday

Hours of Service: Monday 1:00 p.m. – 9:00 p.m.
Tuesday-Friday 7:00 a.m. – 9:00 p.m.
Saturday 7:00 a.m. – 3:00 p.m.

In the absence of required inspectional services, U.S. Customs and Border Protection may assign other duties to the officer at another location.

ADJUSTMENT TO LEVEL OF SERVICE

During circumstances that may arise, U.S. Customs and Border Protection reserves the right to adjust the level of service provided to address high alert security situations, special events or other circumstances as needed. Permission to land may be denied if sufficient personnel are not available. Billing adjustments will be made to reflect adjustments to the level of service.

FACILITY RESPONSIBILITIES

Base Fee

The facility agrees to reimburse U.S. Customs and Border Protection for the full-year cost of each officer. All base salary changes will reflect the costs of services being provided which includes all salary and benefit costs, and all administrative overhead costs. This amount is subject to change.

The facility agrees to pay all cost-of-living allowances, if applicable. Fees will be increased for all adjustments and changes in the rate of pay and allowances mandated by legislative and regulatory requirements.

Additional Fees

The facility agrees to reimburse all travel, transportation, relocation, and per diem costs incurred by U.S. Customs and Border Protection in performing regular inspectional duties or for personnel to be brought to the facility from other locations for internal control verifications, special enforcement activities, training, etc., as may be necessary. If authorized by law, relocation costs may be incurred by the facility authority upon termination of the MOA by either party.

The facility agrees to reimburse all Automated Data Processing (ADP) costs, including equipment purchase, installation, connectivity, maintenance and the cost of upgrading and replacing equipment on a schedule determined by U.S. Customs and Border Protection.

Payment of Fees

All of the above-mentioned expenses will be determined in accordance with generally accepted accounting principles and standards. The annual fee will be billed in quarterly installments. The initial payment is due 15 days prior to the service date of this agreement. Any cost-of-living allowance, travel, per diem, transportation, relocation, and any other variable expense will be billed after it is incurred, and will be invoiced as an adjustment to the next quarterly installment.

If any amounts due U.S. Customs and Border Protection under the terms of this agreement are not paid within 90 days of billing, the agreement will be automatically terminated. In the event of termination, all costs incurred by U.S. Customs and Border Protection, which have not been reimbursed, will become immediately due and payable. Interest on unpaid debts will be assessed pursuant to 19 C.F.R. 24.3a(c)(1). The percentage rate of interest to be charged on such bills will be based upon the quarterly rate(s) established under sections 6621 and 6622 of the Internal Revenue Code of 1954 (26 U.S.C. 6621, 6622). The facility authority may file a protest under 19 U.S.C. § 1514 for any charges it believes to be excessive or incorrectly included in the bill provided by U.S. Customs and Border Protection. Any protest must be filed within 180 days of the date of the bill sent by U.S. Customs and Border Protection. If a protest is filed, the procedures set forth in 19 C.F.R. Part 174 must be followed.

Facilities

The facility authority requesting services must satisfy U.S. Customs and Border Protection facility standards before submission of this agreement. The standards are specified in the Airport Technical Design Standards for Passenger Processing, the Cruise Terminal Design Standards, the Physical Security policy of U.S. Customs and Border Protection and any applicable combination or revision. Prior to submission of this agreement, the U.S. Customs and Border Protection Field Office that oversees the facility will inspect the facility and verify whether the standards are met. Facilities that do not meet facility standards after initial approval will be subject to a 120-day termination notice. U.S. Customs and Border Protection reserve the right to update the facilities standards as necessary.

Secure space must be provided for the U.S. Customs and Border Protection officer to inspect baggage and store seized items. The space provided to and occupied by U.S. Customs and Border Protection personnel must remain under the control of the facility that is entering into this agreement.

Compliance with Executive Orders

In accordance with § 3(b)(iv) of Executive Order No. 14173, *Ending Illegal Discrimination and Restoring Merit-Based Opportunity,* dated January 21, 2025, the facility agrees that its compliance in all respects with all applicable Federal anti-discrimination laws is material to this Agreement, and the facility certifies that it does not operate any programs promoting diversity, equity, and inclusion that violate any applicable Federal anti-discrimination laws.

ADP Equipment

U.S. Customs and Border Protection has specific requirements for software, computers, printers, file servers, data cabling, and connectivity to the U.S. Customs and Border Protection National Data Center. The Office of Information and Technology will be responsible for ordering and installing a frame relay data connection from your facility to the U.S. Customs and Border Protection National Data Center. The Office of Information and Technology will develop the automated equipment configuration, determine the cost for this ADP equipment, and procure and install the ADP equipment based on the number of officers at this facility. The facility will be responsible for the procurement and installation of all data cabling components required for connectivity of the ADP equipment according to the Office of Information Technology provided specifications.

The facility will be billed for the purchase of the ADP equipment, the one-time charges for the network installation, and the annual recurring costs for equipment maintenance and network connectivity. This ADP equipment and network will be covered under U.S. Customs and Border Protection maintenance agreements. Equipment problems and network outages must be reported to the U.S. Customs and Border Protection Help Desk by the Port Director. Upgrades to the ADP equipment will be required on a schedule determined by U.S. Customs and Border Protection (currently, every 3 years). The facility will retain ownership of this equipment.

Third Party Charges

If the facility seeks reimbursement by the individual users of the U.S. Customs and Border Protection services provided, for example air carriers, the facility agrees to set and periodically review its rates to ensure that they are in accord with the U.S. Customs and Border Protection services provided.

SERVICE DATE

Service will begin on a date determined by U.S. Customs and Border Protection. Billing will coincide with the actual start of service.

ANNUAL REVIEW OF AGREEMENT (MOA)

This agreement is subject to annual review. U.S. Customs and Border Protection will conduct an annual review of this agreement to ensure that the requirements are being met. U.S. Customs and Border Protection will issue a termination notice if the annual review indicates that the terms and requirements of this agreement are not being met.

In addition to annual review of this agreement, U.S. Customs and Border Protection will also conduct a review of the agreement before any activation or expansion of the service area of the Foreign Trade Zone, in order to ensure compliance with CBP's responsibilities pursuant to 19 CFR part 146. Such review will include CBP's evaluation of the number of CBP personnel necessary to maintain supervision over the User Fee Airport, any Foreign Trade Zone site located at or in the vicinity of such Airport, and any other locations covered by this agreement.

TERMINATION OF AGREEMENT

This agreement may be terminated by either party upon 120 days written notice for any reason. If any amounts due U.S. Customs and Border Protection under the terms of this agreement are not paid within 90 days of billing, the agreement will be automatically terminated. If national security, defense, safety or other interests are at risk, as determined by the Port Director, the agreement may be terminated immediately without prejudice to the filing of a new application. Notice of termination will be provided in writing setting forth the reasons for such action. Any immediate termination may be appealed in writing within 30 days to the Director, Field Operations where the facility is located.

In the event this MOA is terminated for any reason, it may result in the revocation of any Foreign Trade Zone grant that is premised or contingent on the continued operation of this user fee facility or contingent on this MOA remaining in effect.

REVOCATION OF PRIOR AGREEMENTS

All previous Memoranda of Agreement or other written agreements or instruments between the parties concerning the CBP User Fee Facility program at the Facility, including the Agreement between the parties effective 8/2/2023 are hereby terminated.

AUTHORIZATION

Agreement to these terms is attested by the signatures below.

		9/18/25
Executive Director/CEO Phoenix-Mesa Gateway Airport Authority	Signature	Date
Diane J. Sabatino		
Executive Assistant Commissioner Office of Field Operations U.S. Customs and Border Protection	Signature	Date

MESA GATEWAY AIRPORT AUTHORITY
EXECUTIVE DIRECTOR'S OFFICE
5835 SOUTH SOSSAMAN ROAD
MESA, ARIZONA 85212-6014

PHONE (480) 988 7608
FAX (480) 988 2315

Area of Coverage
South of Ray Road
East of Sossaman Road
West of Ellsworth Road
North of Pecos Road

Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

Re: Resolution 25-50

To:	**Board of Directors**
From:	**Lori Collins, Director of Business and Economic Development**
Through:	**J. Brian O'Neill, A.A.E., Executive Director/CEO**
Subject:	**Covered Parking Expansion Engineering Design Services – Kimley-Horn & Associates – CIP 1332**
Date:	**October 21, 2025**

Proposed Motion

To authorize an Authorization of Services (AOS) to provide Engineering Design Services with Kimley-Horn & Associates for the expansion of the Covered Parking in the Ray Road Economy Lot, in an amount not to exceed $58,391.47.

Narrative

In FY25, the Covered Parking, located within the Ray Road Economy Lot, completed its payback period years ahead of schedule and experienced tremendous growth in customer use. To meet this increasing demand, and to continue to bolster the customer experience, it has been recommended that an expansion be pursued.

Kimley-Horn & Associates (Kimley-Horn) will perform and provide Engineering Design Services that will be comprised of project administration, as well as preliminary/final-review/issued-for-construction plans and specifications. The procurement for construction will be on a date to be determined, pending future budget approval.

In 2024, a Request for Qualifications, 2024-005-RFQ, for On-Call Engineering Services was issued. Kimley-Horn was one of two firms selected as the most qualified. In accordance with the terms of our agreement for On-Call Engineering Services, C-20240076, Kimley-Horn worked with Airport staff to refine a Scope of Work for Design Services for the expansion of the Covered parking in the Ray Road Economy Lot.

Fiscal Impact

This project has been added to the FY26 Capital Budget utilizing non-grant, contingency funding.

Attachment(s):

AOS, Proposal

Mesa Gateway Airport

RESOLUTION NO. 25-50

WHEREAS, the Mesa Gateway Airport Authority ("Authority"), a joint powers airport authority formed pursuant to Arizona Revised Statute §28-8521 *et seq*. owns and operates the Mesa Gateway Airport ("Airport"); and

WHEREAS the Authority desires to authorize an Authorization of Services to provide Engineering Design Services with Kimley-Horn & Associates for the expansion of the Covered Parking in the Ray Road Economy Lot, in an amount not to exceed $58,391.47;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

> **The Board of Directors of the Authority hereby authorizes an Authorization of Services to provide Engineering Design Services with Kimley-Horn & Associates for the expansion of the Covered Parking in the Ray Road Economy Lot, in an amount not to exceed $58,391.47. This resolution also authorizes the Chair or Executive Director/CEO to make such additions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.**

Passed and adopted by the Authority this 21st day of October, 2025.

____
Regina Antone, Chair

ATTEST:

____
Misty Johnson, Clerk of the Board

APPROVED AS TO FORM:

____
Jill Casson Owen, Attorney

Mesa Gateway Airport

<u>AUTHORIZATION OF SERVICES</u>
<u>20240076 26-02</u>

The signing of this Authorization of Services (AOS) by Mesa Gateway Airport Authority, formerly known as Phoenix-Mesa Gateway Airport Authority ("MGAA") and Kimley-Horn & Associates ("Consultant"), authorizes Consultant to carry out and complete the services described below in consideration of the mutual covenants set forth below.

1. **PROJECT**: Economy Lot Covered Parking Expansion.

2. **SCOPE OF SERVICE**: Perform and provide Design Services for the Economy Lot Covered Parking Expansion. The expansion will roughly double the covered parking capacity within the existing Economy Parking Lot. Along with new shade canopy structures, the project includes site demolition, lighting and electrical upgrades, pavement and signage improvements, and potentially a secondary exit plaza with supporting infrastructure.

3. **FEE FOR SERVICES**: The fee for services shall be based upon the attached scope of services, not to exceed the-time and materials calculated-fee of $58,391.47 (fifty-eight thousand, three hundred ninety-one dollars, and forty-seven cents), without express written approval of MGAA.

4. **AVAILABILITY OF PROJECT FUNDING:** The approval and continuation of this AOS is subject to the availability of funds provided to, made available to, or appropriated by MGAA for this purpose. In the event that funds are not available or appropriated for MGAA's payment requirements under this AOS for the goods and/or services to be provided hereunder, MGAA may terminate this AOS by providing notice to the Consultant of the lack of the availability of funds. The Consultant acknowledges and agrees that one source of funding for this AOS may be funds made available from the Federal Aviation Administration and/or Arizona Department of Transportation, and that this AOS, its approval and continuation, may be contingent on the availability of those funds being made to MGAA.

5. **INCORPORATED:** The following documents, including its terms, conditions, exhibits, attachments, and amendments are hereby incorporated with this AOS and made part thereof:

   ☑ MGAA Agreement Number: 20240076, effective 12/19/23.

6. **ATTACHED:** The following documents are attached to this AOS and are incorporated herein by this reference and made part thereof:

   ☑ Consultant's Scope and Fee Proposal, Exhibit A, dated September 2025.

7. **EFFECTIVE:** This AOS is effective as of the date signed by MGAA.

Mesa Gateway Airport

MGAA and Consultant acknowledge that they are in agreement with the terms and conditions as set forth in this AOS.

Executed as of the Effective Date.

CONSULTANT
Kimley-Horn & Associates

By: [signature]

Name: Sterling Margetts

Title: Sr Vice President

Date: 9/25/2025

MGAA
MESA GATEWAY AIRPORT AUTHORITY,
a joint powers airport authority authorized by the state of Arizona

By: ______________________

Name: J. Brian O'Neill, A.A.E.

Title: Executive Director/CEO

Date: ______________________

EXHIBIT A

SCOPE OF WORK
ENGINEERING DESIGN SERVICES

for
Economy Lot Covered Parking Expansion - Design

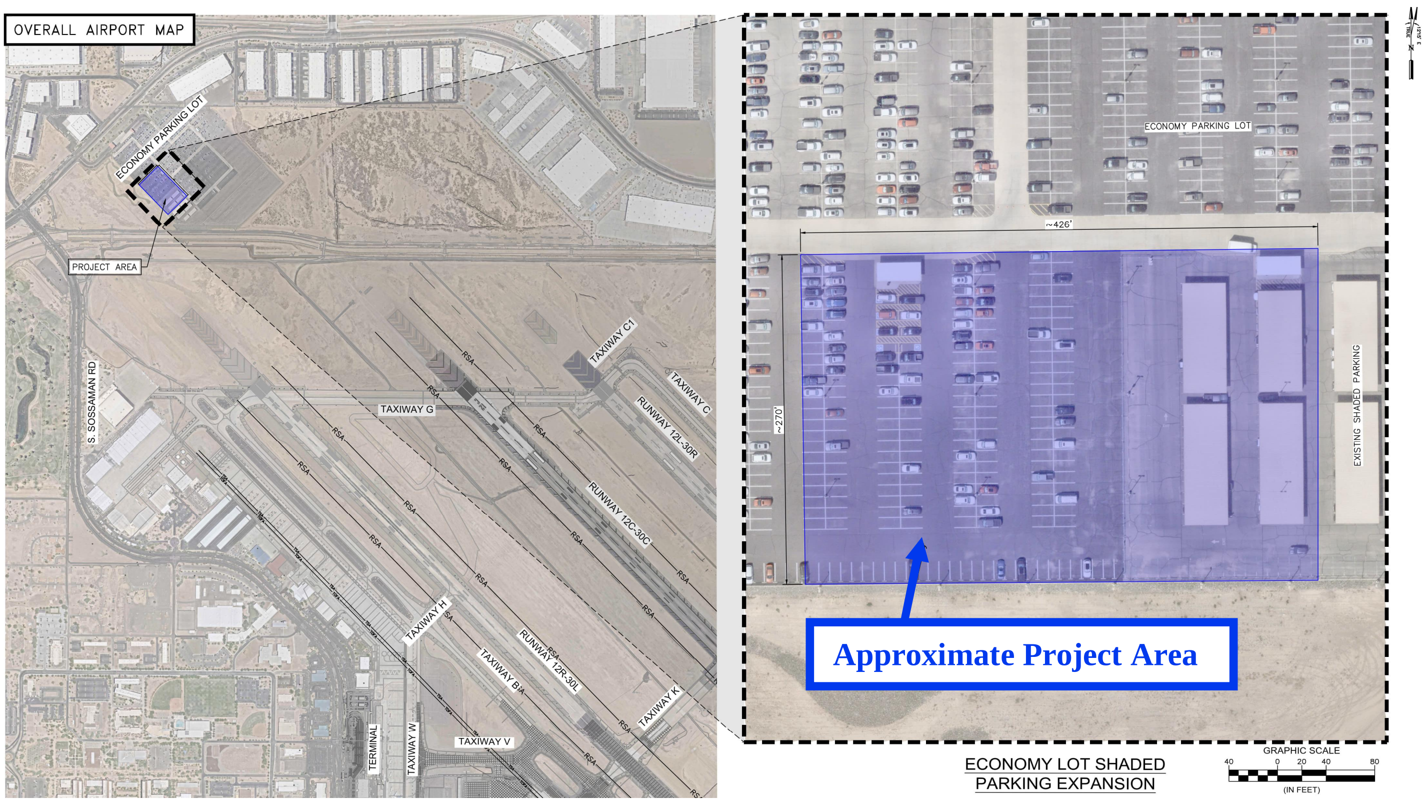
A. PROJECT DESCRIPTION:

The "*Economy Lot Covered Parking Expansion*" project at the Mesa Gateway Airport (MGAA) will consist of expanding the limits of the existing covered parking sub-lot within the Economy Parking Lot, with the intention of providing approximately double the covered parking capacity to this lot. In addition to constructing the shade canopy structures, there will also be several other improvements associated with this work, including: site demolition/removal of localized pavements and existing fencing, electrical and site lighting improvements, pavement markings, signage upgrades, potential secondary exit plaza and associated equipment/utilities, pavement replacement (as necessary) around installed structures/utilities/improvements.

A schematic of the proposed "*Economy Lot Covered Parking Expansion*" project is shown in the Figure **below**.

The design services that Kimley-Horn will be providing for this project are listed in the following sections of this Scope and Fee. Construction Administration services may be added to this project at a later date.

General Project Layout



B. PROJECT SCOPE:

The specific scope of work for this Authorization of Service is identified as follows:

1. **PROJECT ADMINISTRATION:** The following general tasks are anticipated to be needed for the project.
   a) Provide project administrative tasks for support throughout the project.
   b) Provide project planning, budgeting, and initial project schedule.
   c) Provide bi-weekly progress reports, meetings and notes of project meetings.
   d) Attend (up to two) coordination and plan review meetings.

2. **PRELIMINARY SUBMITTAL (60%):** Kimley-Horn (the Engineer) will produce a draft Preliminary Plans (60%) of the project. Design standards will be according to FAA Advisory Circulars, Maricopa Association of Governments (MAG) standards, and City of Mesa standards.

   Information created and determined during this effort will be used to prepare the construction plans and specifications. Information from the E-ALP/GIS project will be used as a base and to augment the survey and utility files for use on the project. As part of this task, topographic survey, utility designation, and processing As-Built/Record Drawing review of existing conditions from previous projects will be completed.

   These efforts will be done so that preliminary plans (60%) can be prepared. A limited number of preliminary plan sheets (project layout, geometrics layout, and project details plans), an outline of intended specifications, and preliminary cost estimate will be provided to display the project elements. The preliminary submittal (60%) will include a Basis of Design for the structural members, as well as the preliminary Civil and Electrical improvements, associated with this project. A facilitated review meeting will be held with MGAA after the Preliminary submittal, and comments will be incorporated into the next submittal.

3. **FINAL REVIEW SUBMITTAL (95%):** The Engineer will provide final review design and contract construction documents for the "*Economy Lot Covered Parking Expansion*" project improvements. The Engineer will provide engineering drawings and specifications to be used as contract documents. Plan sheets will include: cover sheet, sheet index, summary of quantities, general notes and abbreviations, project layout, typical sections, geometric layout, stormwater pollution prevention plans, and project details plans will be prepared for the project. The Engineer will assemble owner provided front end documents, a project quantity based bid proposal, general provisions, special provisions (unique project requirements), and technical specifications to be used as project contract documents for the bidding process. Design standards will be according to FAA Advisory Circulars, Maricopa Association of Governments (MAG) standards, and City of Mesa standards.

   Information from the E-ALP/GIS project will be used as a base and to augment the survey and utility files for use on the project.

   Plans and specifications will be prepared for Final Review submittal. The Final Review submittal (95%) will include a Basis of Design for the structural members, as well as the Civil and Electrical improvements, associated with this project. A facilitated review meeting will be held with MGAA after the Final Review submittal, and comments will be incorporated into the next submittal.

4. **ISSUED FOR CONSTRUCTION SUBMITTAL (IFC):** The Engineer will provide Issued For Construction Plans, Specifications, Cost Estimate, and Construction Documents for the "*Economy Lot Covered Parking Expansion*" project.

Construction Costs: An Engineer's Opinion of Probable Construction Costs will be provided for the project and will be based on cost history for past work within the vicinity of the airfield and for projects of a similar nature. The opinion of probable cost will reflect construction during a regular construction schedule.

5. **FAA 7460 SUPPORT:** The Engineer will provide services for developing the graphics/exhibits associated with the 7460 submittal, per FAA standards. As part of this task the Engineer will make any updates to the 7460 graphics/exhibits as required by the FAA. The Engineer will also provide to the Airport a "1A" level survey of the project area with a "Survey Control Report" signed by a licensed Surveyor. It is assumed that the Airport will complete the following 7460 related items:
   - Input and upload 7460 related project information, data, Survey Control Report, and Exhibits to the FAA's OEAAA website portal.
   - Make any resubmission uploads of revised 7460 documents as required by the FAA.

C. DELIVERABLES: The following deliverables will be provided according to this contract:

(1) Preliminary Plans, Basis of Design, and Specifications (Preliminary Submittal) four (4) copies to MGAA.

(2) Final Review Plans, Basis of Design, and Specifications (Final Review Submittal) four (4) copies to MGAA.

(3) Opinion of probable construction costs – copy with each submittal.

(4) Issued For Construction Plans and Specifications (IFC Submittal) four (4) copies to MGAA. The Airport will provide copies of the plans to contractors for pricing and construction purposes.

(5) Electronic drawing files to MGAA.

D. OWNER'S RESPONSIBILITIES: MGAA will furnish specification front end documents including, DBE, legal, bonding and other provisions as required for the contract documents. The Engineer will assemble this information into the contract documents for the bidding process. The information will be due from MGAA at time of service authorization. MGAA will review the plan submittals in a timely fashion and provide written comments of the desired changes to the contract documents. MGAA will provide all archeological and environmental clearances for the project.

E. WORK SCHEDULE: Work is to be completed within two (2) months from the authorization of service date.

F. CONSULTANT'S COMPENSATION FOR SERVICES: Kimley-Horn shall be compensated for services using a labor fee plus expense basis with the maximum not to exceed fee shown below. Kimley-Horn will not exceed the total maximum fee shown without authorization from the Client. Individual task amounts are provided for budgeting purposes only. Kimley-Horn reserves the right to reallocate amounts among tasks as necessary.

Design Services - $58,391.47_

The derivation of engineering fee for design services are attached to this authorization as Exhibits.

Economy Lot Covered Parking Expansion Improvements
Mesa Gateway Airport
Mesa Gateway Airport Authority

Kimley»Horn

DATE: September 2025

EXHIBIT I - DESIGN DOCUMENTS - ENGINEERING FEE
Economy Lot Covered Parking Expansion Improvements

DERIVATION OF COST OF PROPOSAL FEE

1. DIRECT LABOR

TASK	DESCRIPTION	MANHOURS	TOTAL	EXTENDED TOTAL
001	**Project Administration**	18	1,074.28	
002	**Preliminary Submittal (60%)**			
	Construction Drawings	140	8,149.52	
	Quantities & Cost Estimate	4	234.83	
	Project Specifications	8	592.72	
003	**Final Review Submittal (95%)**			
	Construction Drawings	70	4,107.72	
	Quantities & Cost Estimate	4	234.83	
	Project Specifications	2	148.18	
004	**Issued For Construction Submittal (IFC)**	24	1,362.36	
TOTAL DIRECT LABOR		270		$15,904.44

2. EXPENSES:

EXPENSE (Printing)	120.00	
TOTAL EXPENSES:		$120.00

3. CONSULTANTS:

TRACE ENGINEERING - SURVEY	6,561.84	
TOTAL CONSULTANTS		$6,561.84

4. ENGINEERING FEE

TOTAL LABOR		15,904.44	
OVERHEAD (%)	195.57%	31,104.31	
FEE (% OF NET)	10%	4,700.88	
CONSULTANTS		6,561.84	
EXPENSES		120.00	
TOTAL ENGINEERING FEE			**$58,391.47**

Economy Lot Covered Parking Expansion Improvements
Mesa Gateway Airport
Mesa Gateway Airport Authority

Kimley»Horn

DATE: September 2025

EXHIBIT II - DESIGN DOCUMENTS - ENGINEERING FEE
Economy Lot Covered Parking Expansion Improvements

DERIVATION OF COST OF PROPOSAL FEE

1. Direct Salary Costs

Title	HOURS	Rate	Total Labor	EXTENDED TOTAL
Project Manager (Jarrett Moore)	62	74.09	4,593.58	
Electrical/Comm Engineer (Gabe Florio)	24	71.39	1,713.36	
Professional Engineer I (Koa Dey)	36	57.54	2,071.44	
Senior Analyst (Jason Zhang / Ashlan Twist)	104	53.58	5,572.32	
Analyst (Brad Nesbit)	30	45.81	1,374.30	
Designer (JC Cruz)	6	41.01	246.06	
Finance/Project Accountant (Mike Dayton)	6	45.64	273.84	
Admin/Clerical (Karen Hanas)	2	29.77	59.54	
Total Direct Salary Costs	270			**$15,904.44**

2. Labor and General & Administrative Overhead

Percentage of Direct Salary Costs By 195.57%	**$31,104.31**
3. Subtotal of Items 1 and 2	**$47,008.75**

4. Fixed Payment

10% of Item No. 3:	**$4,700.88**

5. Non-Salary Expenses

EXPENSE (Printing)	120.00	
Total Direct Non-Salary Expenses		**$120.00**

6. Subcontract Costs

TRACE ENGINEERING - SURVEY	6,561.84	
Subtotal of subcontract Costs		**$6,561.84**

7. TOTAL ENGINEERING FEE	**$58,391.47**

Economy Lot Covered Parking Expansion Improvements
Mesa Gateway Airport
Mesa Gateway Airport Authority

Kimley»Horn

Economy Lot Covered Parking Expansion Improvements

DATE: September 2025

001 Project Administration

No.	Task	Sheets	Project Mgr.	Electrical/ Comm. Engineer	Prof. Engineer I	Senior Analyst	Analyst	Designer	Finance/ Project Accountant	Admin/ Clerical	TOTAL MAN-HRS	TOTAL LABOR COST
1	Project Administration-Client Coordination		2							2	4	$208
2	Project Planning, Budgeting, and Initial Project Schedule, Billing		2						6		8	$422
3	Progress Reports, Bi-Weekly Meetings, Note preparation and Schedule Updates		4								4	$296
4	Company Quality Control Review											
	- Review Meeting after Preliminary Concepts Submittal		1								1	$74
	- Review Meeting after Final Review (95%) Submittal		1								1	$74
	Subtotal Task 001		10						6	2	18	$1,074

002 Preliminary Submittal (60%)

Construction Drawings

No.	Task	Sheets	Project Mgr.	Electrical/ Comm. Engineer	Prof. Engineer I	Senior Analyst	Analyst	Designer	Finance/ Project Accountant	Admin/ Clerical	TOTAL MAN-HRS	TOTAL LABOR COST
1	Cover Sheet, Project Title Sheet	1						1			1	$41
2	Index, Legend, Quantities, General Notes	1						1			1	$41
3	Project Layout and Horz/Vert Control	1						2			2	$82
4	Storm Water Pollution Prevention Plan and Details	1					2				2	$92
5	Demolition Plans	2			4	4					8	$444
6	Construction Phasing Plans and Barricade Plans	2			4	2		2			8	$419
7	Typical Sections and Project Details	2			6	6	2				14	$758
8	Civil Improvements (Geometric Layout) Plans	2	2		10	2	2				16	$922
9	Pavement Marking Plans	2	2		10	2					14	$831
10	Pavement Marking Details	1			2		2				4	$207
11	Electrical Symbols, Data Table - Diagram	1		2		2					4	$250
12	Electrical Lighting Layout/Circuiting	2		8		18					26	$1,536
13	Electrical Details	2		4		12					16	$929
14	Circuit Maps	1		6		8					14	$857
15	Technical Supervision and Review		10								10	$741
	Subtotal	21	14	20	36	56	8	6			140	$8,150

Quantities & Cost Estimate

No.	Task	Sheets	Project Mgr.	Electrical/ Comm. Engineer	Prof. Engineer I	Senior Analyst	Analyst	Designer	Finance/ Project Accountant	Admin/ Clerical	TOTAL MAN-HRS	TOTAL LABOR COST
1	Calculate Quantities					2					2	$107
2	Cost Estimate											
	- Prelimary Concepts Cost Estimates					1					1	$54
3	Technical Supervision and Review		1								1	$74
	Subtotal		1			3					4	$235

Project Specifications

No.	Task	Sheets	Project Mgr.	Electrical/ Comm. Engineer	Prof. Engineer I	Senior Analyst	Analyst	Designer	Finance/ Project Accountant	Admin/ Clerical	TOTAL MAN-HRS	TOTAL LABOR COST
1	Project Specification-General											
2	Specification - Special Provisions											
3	Technical Specification											
4	Technical Supervision and Review		8								8	$593
	Subtotal		8								8	$593
	Subtotal Task 002		23	20	36	59	8	6			152	8,977

003 Final Review Submittal (95%)

Construction Drawings

No.	Task	Sheets	Project Mgr.	Electrical/ Comm. Engineer	Prof. Engineer I	Senior Analyst	Analyst	Designer	Finance/ Project Accountant	Admin/ Clerical	TOTAL MAN-HRS	TOTAL LABOR COST
1	Cover Sheet, Project Title Sheet	1					1				1	$46
2	Index, Legend, Quantities, General Notes	1	1				1				2	$120
3	Project Layout and Horz/Vert Control	1	1			1	2				4	$219
4	Storm Water Pollution Prevention Plan and Details	1	1			1	1				3	$173
5	Demolition Plans	2	1			4	2				7	$380
6	Construction Phasing Plans and Barricade Plans	2	2			6	2				10	$561
7	Typical Sections and Project Details	2	2			2	2				6	$347
8	Civil Improvements (Geometric Layout) Plans	2	2			4	2				8	$454
9	Pavement Marking Plans	2	2			6	2				10	$561
10	Pavement Marking Details	1					1				1	$46
11	Electrical Symbols, Data Table - Diagram	1		1		1					2	$125
12	Electrical Lighting Layout/Circuiting	2		1		2					3	$179
13	Electrical Details	2		1		1					2	$125
14	Circuit Maps	1		1		2					3	$179
15	Technical Supervision and Review		8								8	$593
	Subtotal	21	20	4		30	16				70	$4,108

Quantities & Cost Estimate

No.	Task	Sheets	Project Mgr.	Electrical/ Comm. Engineer	Prof. Engineer I	Senior Analyst	Analyst	Designer	Finance/ Project Accountant	Admin/ Clerical	TOTAL MAN-HRS	TOTAL LABOR COST
1	Calculate Quantities					2					2	$107
2	Cost Estimate											
	- Update Final Review (95%) Cost Estimates					1					1	$54
3	Technical Supervision and Review		1								1	$74
	Subtotal		1			3					4	$235

Economy Lot Covered Parking Expansion Improvements
Mesa Gateway Airport
Mesa Gateway Airport Authority

Economy Lot Covered Parking Expansion Improvements

DATE: September 2025

				Project Mgr.	Electrical/ Comm. Engineer	Prof. Engineer I	Senior Analyst	Analyst	Designer	Finance/ Project Accountant	Admin/ Clerical		TOTAL MAN-HRS	TOTAL LABOR COST
	Project Specifications													
	1	Project Specification-General												
	2	Specification - Special Provisions												
	3	Technical Specification												
	4	Technical Supervision and Review		2									2	$148
		Subtotal		2									2	$148
		Subtotal Task 003		23	4		33	16					76	4,491
004	**Issued For Construction Submittal (IFC)**													
	1	Construction Drawings					10	6					16	$811
	2	Quantities & Cost Estimate		1			2						3	$181
	3	Project Specifications		1									1	$74
	3	Technical Supervision and Review		4									4	$296
		Subtotal Task 004		6			12	6					24	$1,362
SUBTOTAL - DESIGN				62	24	36	104	30	6	6	2		270	15,904

September 15, 2025

Mr. Jarrett Moore, PE
Kimley-Horn and Associates, Inc.
2046 Riverview Auto Drive, Suite 400
Mesa, AZ 85201

Phone: (623) 552-3185
Email: Jarrett.moore@kimley-horn.com

Re: Scope of Services and Fee Proposal for
MGAA Economy Lot Shaded Parking Expansion
Topographic Survey Services

Dear Mr. Moore:

TRACE Consulting, LLC (TRACE) is pleased to submit the enclosed Scope of Services and Fee Proposal for professional survey services for the referenced project**.**

The Scope of Services is prepared based on information in your email dated September 10, 2025 and follow up conversations.

We are excited about the opportunity to work with Kimley-Horn and Associates, Inc. (KHA) and the Mesa Gateway Airport (MGAA) on this project and look forward to providing quality and timely professional services. We are ready to begin work immediately.

If you have any questions, please feel free to contact me at (602) 680-8264.

Sincerely,

TRACE Consulting, LLC.

Chintan S. Jhaveri, PE
Principal

Richard L. Andersen, RLS
Survey Manager

Enclosures:
Scope of Services
Fee Estimate

N:\Proposals\BIDS\Kimley-Horn\PMGAA _ Misc lot surveys\Economy Lot Shaded Parking Expansion\PMGAA Economy Lot Shaded Parking Expansion Survey - SOS - 2025-09-15.docx

SCOPE OF SERVICES

MGAA ECONOMY LOT SHADED PARKING EXPANSION
TOPOGRAPHIC SURVEY SERVICES

PROJECT DESCRIPTION

This task includes providing topographic survey support for the MGAA Economy Lot Shaded Parking Expansion project, as requested by Kimley-Horn and Associates, Inc. (Client) for the Mesa Gateway Airport Authority (Owner). Attached Exhibit A shows the requested topographic survey limits.

PROJECT TASKS

1.0 TOPOGRAPHIC SURVEY

Survey Control: Horizontal control will be tied to NAD83, Arizona state plane coordinate system, scaled to ground values, vertical control will be NAVD88 unless otherwise provided by the Client. Two (2) secondary control points will be set near the project location an attempt will be made to set these points in areas that are not anticipated to be disturbed by limits of project construction.

Field Survey: Topographic survey will be performed using RTK GPS to determine locations and elevations of existing pavement of the area shown on Exhibit A shaded in blue at +/- 25' grid. Additionally, TRACE shall collect points for any visible utilities, storm drain pipes and structures, walls and fences, building corners and finish floors, shade structures, pavement markings, and curb and gutter. It is anticipated survey work for this project will be during the day and all work will be landside.

DELIVERABLES

- ASCII point file (.txt)
- 2D topographic survey file (.dwg)
- 3D surface file (.xml)

ASSUMPTIONS

- Landside access to the area will be provided by MGAA to perform this work.

EXCLUSIONS

- Aerial Mapping / setting panels
- Preparation of any construction drawings / plans.
- Tasks not explicitly included above are excluded from this Scope of Work.

SCHEDULE

Topographic Survey will be completed within three (3) weeks from Notice to Proceed subject to Airport's scheduling availability to accommodate field work. If delays occur due to limited access based on airport operation's needs, additional time may be requested.

FEE ESTIMATE

CONTRACT TASK/PHASE	Sr. Engg. Technician	Survey Manager	Survey Crew	TOTAL HOURS	TOTAL LABOR
	$ 99.90	$ 120.93	$ 149.85		
TOPOGRAPHIC SURVEY					
Survey Control		4	8	12	$ 1,682.52
Field Survey			16	16	$ 2,397.60
Base File (.dwg) and DTM (.xml) - Civil 3D	20	4		24	$ 2,481.72
Total (Lump Sum)	**20**	**8**	**24**	**52**	**$ 6,561.84**

EXHIBIT A

ECONOMY LOT SHADED PARKING EXPANSION

GRAPHIC SCALE
40 0 20 40 80
(IN FEET)

SURVEY REQUESTED ITEMS (APPROX. 2.63 ACRES):
ALL VERTICAL CURBS, ISLANDS, SIDEWALKS, PAVEMENT MARKINGS, PAY KIOSKS, GATE ARMS, EXIT PLAZA EQUIPMENT, ALL ABOVE GRADE AND BELOW GRADE UTILITIES (INCLUDING: MANHOLES, HANDHOLES, JUNCTION BOXES, INLETS, GRATES, VALVES, ACCESS PANELS, ETC...), FENCING, BOLLARDS, LIGHTING, BUILDINGS, STRUCTURES, PAVEMENT LIMITS, MAJOR GRADE BREAKS, AND A 25'X25' (MAX) GRID FOR TOPO.

NO.	REVISION	BY	DATE

FIRM'S NAME
Kimley»Horn
KIMLEY-HORN AND ASSOCIATES, INC.
2046 RIVERVIEW AUTO DR SUITE 400
Mesa, Arizona 85201 (480) 207-2666

FIRM'S SEAL

SCALE
Horiz.
Vert.
Date 9/10/2025
Designed by JMM
Drawn by JCC
Checked by JMM
Approved by SHR

Mesa Gateway Airport
MESA GATEWAY AIRPORT AUTHORITY
5835 SOUTH SOSSAMAN ROAD
MESA, ARIZONA 85212
(480) 988-7600
www.phxmesagateway.org

PROJECT NAME
MESA GATEWAY AIRPORT
POTENTIAL PROJECT EXHIBIT
ECONOMY LOT SHADED PARKING EXPANSION
(REQUESTED SURVEY LIMITS)

PROJECT NO. 091134051
FILE NO. REQUESTED SURVEY LIMITS
EXHIBIT
SHEET 1 of 1

Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Board Action Item

Re: Resolution 25-51

To:	**Board of Directors**
From:	**Lori Collins, Director, Business & Economic Development**
Through:	**J. Brian O'Neill, A.A.E., Executive Director/CEO**
Subject:	**AmpliFLY Mesa Gateway LLC – Land Lease**
Date:	**October 21, 2025**

Proposed Motion

To authorize a Land Lease Agreement with AmpliFLY Mesa Gateway, LLC for 9.634 acres (419,652 SF) located near the intersection of Velocity Way and Taxiway Circle. The lease term is forty (40) years with the option to extend the term for two (2) additional periods of five (5) years each. The initial Base Rent is $230,808.60 annually, payable in equal monthly installments of $19,234.05 plus applicable taxes.

Narrative

In late 2023, Mesa Gateway Airport Authority (MGAA) demolished several old Air Force buildings to make way for a modern aeronautical development. This 9.6-acre development parcel on Taxiway T, is generally located west of the intersection of Velocity Way and Taxiway Circle (the "Premises"). AmpliFLY Mesa Gateway, LLC ("Lessee") plans to construct a corporate hangar building of no less than 100,000 square feet (the "Improvements") on the Premises.

Agreement Term and Rate

The Term of this agreement is for forty (40) years with the option of extending the term for two (2) additional periods of five (5) years each (each, individually, "Extension"). The initial Base Rent is $230,808.60 annually ($0.55 per sq. ft.) payable in monthly installments of $19,234.05 plus applicable taxes. The agreement also includes an annual increase of two and one-half percent (2.5%) to the base rent and is subject to market rate adjustments on each fifteen (15) year anniversary of the Effective Date of the Lease.

The Base rent becomes due and payable beginning on the second (2nd) anniversary of the Effective Date of the Lease.

Attachment(s)

Land Lease Agreement AmpliFLY Mesa Gateway, LLC

Mesa Gateway Airport

RESOLUTION NO. 25-51

WHEREAS, the Mesa Gateway Airport Authority ("Authority"), a joint powers airport authority formed pursuant to Arizona Revised Statute §28-8521 *et seq.* owns and operates the Mesa Gateway Airport ("Airport"); and

WHEREAS the Authority desires to authorize a Land Lease Agreement with AmpliFLY Mesa Gateway, LLC for 9.634 acres (419,652 SF) located near the intersection of Velocity Way and Taxiway Circle. The lease term is forty (40) years with the option to extend the term for two (2) additional periods of five (5) years each. The initial Base Rent is $230,808.60 annually, payable in equal monthly installments of $19,234.05 plus applicable taxes;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Authority as follows:

The Board of Directors of the Authority hereby authorizes a Land Lease Agreement with AmpliFLY Mesa Gateway, LLC for 9.634 acres (419,652 SF) located near the intersection of Velocity Way and Taxiway Circle. The lease term is forty (40) years with the option to extend the term for two (2) additional periods of five (5) years each. The initial Base Rent is $230,808.60 annually, payable in equal monthly installments of $19,234.05 plus applicable taxes. This resolution also authorizes the Chair or Executive Director/CEO to make such additions, deletions, and changes as may be approved by the Chair or Executive Director/CEO, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 21st day of October, 2025.

Regina Antone, Chair

ATTEST:

Misty Johnson, Clerk of the Board

APPROVED AS TO FORM:

Jill Casson Owen, Attorney

Mesa Gateway Airport Authority

LAND LEASE

with

AmpliFLY Mesa Gateway, LLC

Effective Date: November 1, 2025

Page

Mesa Gateway Airport Authority
LAND LEASE

This Land Lease ("**Lease**") is executed to be effective the FIRST (1st) day of NOVEMBER 2025 ("**Effective Date**") between the **MESA GATEWAY AIRPORT AUTHORITY**, formerly Phoenix-Mesa Gateway Airport Authority, a joint powers airport authority authorized and existing under the laws of the State of Arizona ("**Lessor**"), and **AMPLIFLY MESA GATEWAY, LLC**, an Arizona Limited Liability Company ("**Lessee**"). Lessor and Lessee may be referred to jointly as "**Parties**," and each separately may be referred to as a "**Party**."

RECITALS:

A. Lessor is the owner and operator of the Mesa Gateway Airport ("**Airport**") generally located at the intersection of Ray Road and Sossaman Road, City of Mesa ("**City**"), Maricopa County, Arizona; and

B. Lessor has the right to lease, license and grant the use of property and facilities on the Airport and has full power and authority to enter into this Lease in respect thereof; and

C. Lessor desires to lease to Lessee, and Lessee desires to lease from Lessor, that certain real property at the Airport, consisting of FOUR HUNDRED NINETEEN THOUSAND SIX HUNDRED FIFTY-TWO (419,652) square feet, comprised of Lots 45, 50A, 50B, and 50C, as set forth in **EXHIBIT A** attached hereto ("**Premises**"); and

D. Lessor desires to lease the Premises to Lessee on the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements herein contained, the Parties do hereby undertake, promise and agree, each for itself and its successors and assigns, as follows:

1. LEASE

Lessor hereby leases the Premises to Lessee, subject to the matters set forth on **EXHIBIT H** (the "**Permitted Exceptions**"), and further subject to all operational and use restrictions and other terms and conditions set forth in this Lease.

1.1 Right to Use Premises. Lessor agrees that so long as no Event of Default shall have occurred and is continuing, Lessee shall peaceably have and enjoy the use and development of the Premises without hindrance from Lessor and those claiming through Lessor. Lessee specifically acknowledges that Lessee has inspected the Premises prior to entering into this Lease and agrees to accept the Premises in an "as is, where is" condition without any warranty or representation from Lessor, either express or implied, of any kind or nature whatsoever with respect to the Premises, including, but not limited to, any warranty of merchantability, habitability, or fitness for any particular or specific purpose, and all such warranties are hereby disclaimed, except for representations and warranties contained in this Lease. Should Lessee desire any inspection report, environmental assessment, survey, creation of a legal description, drainage report, or any similar study, Lessee shall be responsible for the same at Lessee's sole expense. Lessor agrees to cooperate with Lessee, at no or nominal cost to Lessor, in connection with such activities and undertakings.

1.2 Right of Entry Agreement. Lessor and Lessee are parties to that certain Right of Entry Agreement dated April 1, 2025 (the "Right of Entry Agreement"). Notwithstanding anything to the contrary in the Right of Entry Agreement, the "Term" of the Access Agreement as defined therein shall continue upon execution of this Lease sand shall terminate upon the commencement of the Term (as defined in SECTION 2.1) of this Lease on November 1, 2025.

1.3 Access. Lessee and Lessee's agents, contractors, lenders, partners, employees, licensees, invitees and customers are granted the right of reasonable access to and from the Premises via such portions of the Airport as are or may be necessary to allow Lessee to develop the Premises and conduct its business operations permitted herein at and on the Premises and the Airport. Lessor reserves the right to designate the location of such access and to change its location from time to time, as Lessor deems reasonably necessary and appropriate; provided such changes do not materially interfere with Lessee's use of or access to the Premises.

1.4 Permitted Uses.

1.4.1 Subject to the provisions of SECTION 1.5, Lessee may use the Premises to develop and construct aircraft hangar(s), including integrated office and/or manufacturing and shop space, as well as all related ramp and aircraft parking areas, automobile parking facilities, loading areas, and fenced, gated and secured areas, and only use the Premises for the following, specifically described uses and no other, unless Lessee has obtained the prior written consent of the Lessor's Executive Director/CEO or his, or her, designee:

(a) Portions of Premises with direct access to airfield (aeronautical use) as generally depicted in **EXHIBIT A-1** ("**Premises Use Plan**"): Commercial aviation and general aviation uses, including but not limited to: aircraft manufacturing, aircraft management, commercial or general aviation aircraft maintenance/repair/overhaul, and other ancillary aeronautical uses, provided that all such activities are limited to operations involving Federal Aviation Administration ("FAA") Aircraft Design Group ("ADG") III aircraft or smaller, consistent with the design classification of the taxiway adjacent to the Premises.

(b) Portions of the Premises without direct access to airfield (non-aeronautical use) as generally depicted on the Premises Use Plan: Lessee may construct and use non-aeronautical portions of the Premises for an entryway, automobile parking facilities, and commercial Light Industrial applications, as per current Zoning, including light manufacturing and assembly, general office, and other uses related or incidental hereto.

1.4.2 Lessee's use of the Premises and operation of its business at and on the Airport and the Premises is subject to all applicable laws, rules and regulations of any governmental authority, including Lessor, and to Lessee's compliance with applicable provisions of the *Airport Rules and Regulations* and *Airport Minimum Standards*.

1.5 Prohibited Activities. Lessee shall not use or permit its agents, employees, contractors, invitees, licensees or customers to use the Premises or the Airport for any use that is in violation of the *Airport Rules and Regulations*, the *Airport Minimum Standards*, the Permitted Exceptions, rules, regulations and operating policies of any governmental authority, including Lessor, or for any other activity or operation not specified in SECTION 1.4 herein, or that does not have advance, written approval of Lessor's Executive Director.

1.6 On-Site Manager. Upon commencement of business operations at and on the Premises and the Airport, Lessee shall designate an on-site manager for the Term of this Lease who shall be available to Lessor and Lessee's customers, if any, during normal business hours, and otherwise as required by the *Airport Minimum Standards*, as applicable. Lessor may change such manager from time to time during the Term by providing prior written notice thereof to Lessor.

1.7 Lessee Acknowledgement. Lessee acknowledges and agrees that, except as otherwise set forth in SECTION 14.14, its obligations to pay Base Rent and all other charges due and owing under the terms hereof shall be absolute and unconditional, and shall not be affected by any circumstances whatsoever, including, without limitation: (i) any set-off, counterclaim, recoupment, defense or other right which Lessee may have against Lessor or the United States of America or anyone else for any reason whatsoever; (ii) the Permitted Exceptions; (iii) the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease or any lack of right, power or authority of Lessor or Lessee to enter into this Lease; (iv) any insolvency, bankruptcy, reorganization or similar proceedings by or against Lessee, or any other person; or (v) any other cause, whether similar or dissimilar to the foregoing, any future or present law notwithstanding, it being the intention of the Parties hereto that all rent being payable by Lessee hereunder shall continue to be payable in all events and in the manner and at the times provided herein.

2. TERM

2.1 Initial Term. The initial term of this Lease shall be for a period of FORTY (40) years, commencing on the Effective Date and terminating on OCTOBER 31, 2065 ("**Term**").

2.2 Renewal Term(s). Provided Lessee is not then in default of this Lease, Lessee shall have the option of extending the Term for TWO (2) additional periods of FIVE (5) years each (each, individually, "**Extension**"). Lessee may initiate an/the Extension by giving written notice to Lessor of its desire to do so no later than ONE HUNDRED EIGHTY (180) calendar days prior to the expiration of the Term, as set forth in SECTION 2.1 herein. If Lessee has properly notified Lessor of its desire to exercise an/the Extension and Lessor approves such in writing, then Lessee's Extension of the Term of this Lease shall become effective and all references herein to "Term" shall mean the initial term as extended.

3. NONEXCLUSIVE RIGHTS

Lessee shall have the exclusive right to occupy, use, and develop the Premises while in compliance with the terms and conditions of this Lease, subject to SECTION 27 below. All other rights granted to Lessee under this Lease are nonexclusive. Lessor may, in its sole discretion and at any time, permit third parties to conduct any and all business activities at the Airport (but not the Premises) that Lessor deems appropriate, or conduct such activities itself, provided that such activities do not require or materially interfere with Lessee's use, occupancy or development of the Premises.

4. RENT

4.1 Base Rent. Subject to SECTIONS 4.2 and 4.3 herein, Lessee agrees to pay Lessor rent for the use of the Premises ("**Base Rent**") as follows, plus applicable taxes.

Period	Rent PSF Per Year	Monthly Installment	Annual Rent
Effective Date through day immediately prior to the SECOND (2nd) anniversary of the Effective Date	$0.00	$0.00	$0.00
SECOND (2nd) anniversary of the Effective Date through day immediately prior to the FOURTH (4th) anniversary of the Effective Date.	$0.55	$19,234.05	$230,808.00

The Base Rent shall be payable in advance, without any prior demand therefor and without any abatement, deductions or set-offs whatsoever, and tendered in lawful currency of the United States, either by check or electronic transfer.

4.2 Base Rent Percentage Annual Increases. Beginning on the Fourth (4th) anniversary of the Effective Date and on every anniversary of the Effective Date thereafter, other than on an anniversary where the annual Base Rent will be adjusted pursuant to SECTION 4.3 below, the annual Base Rent paid by Lessee shall be increased (but never decreased) by a percentage equal to TWO AND ONE-HALF PERCENT (2.5%).

4.3 Market Adjustments to Base Rent.

4.3.1 Notwithstanding the Base Rent increases referenced in SECTION 4.3, the annual Base Rent shall be increased (but never decreased) on each FIFTEEN (15) year anniversary of the Effective Date of this Lease (each an "**Adjustment Date**") as hereinafter set forth in this SECTION 4.3. On each such Adjustment Date, the Base Rent shall be adjusted to the fair market base rental rate of the Premises, in relation to comparable (in quality, size, and value) airport-related facilities ("**Fair Market Base Rent**"). No single adjustment to the annual Base Rent pursuant to this paragraph shall increase the annual Base Rent by more than TEN PERCENT (10%) from the annual Base Rent in effect immediately prior to the increase pursuant to this paragraph.

4.3.2 Lessor's determination of such Fair Market Base Rent for the Premises shall be delivered to Lessee no later than SIX (6) months prior to the Adjustment Date, along with any and all substantiated information used by Lessor in connection with such determination. If Lessee disputes Lessor's determination of such Fair Market Base Rent, Lessee shall deliver written notice of such dispute, together with Lessee's determination of such Fair Market Base Rent, to Lessor within THIRTY (30) calendar days of Lessee's receipt of Lessor's determination. The Parties shall then attempt in good faith to agree upon such Fair Market Base Rent. If the Parties fail to agree within FIFTEEN (15) business days, they shall, within SEVEN (7) calendar days thereafter, mutually appoint an appraiser to determine the Fair Market Base Rent. Said appraiser shall have at least FIVE (5) years of full-time commercial appraisal experience and be a member of the Appraisal Institute or comparable professional organization. Within SEVEN (7) calendar days of the appointment of the appraiser, the Parties shall submit to the appraiser, with a copy to the other Party, their respective determinations of the Fair Market Base Rent and any/all substantiated information. Within TWENTY (20) business days thereafter, the appraiser shall review each Party's submittal and shall select ONE (1) Party's submittal as representing the most reasonable approximation of such Fair Market Base Rent. The appraiser shall promptly notify the Parties of their decision, which shall be final and binding upon Lessor and Lessee. The appraiser's fees and expenses shall be paid by the Party whose submittal was not selected.

4.3.3 If the Parties are unable to agree upon an appraiser pursuant to SECTION 4.3.2 within such SEVEN (7) calendar days, then within THREE (3) business days after expiration of the SEVEN (7)-day period, Lessor and Lessee shall each (a) appoint an appraiser with the above qualifications, and (b) give notice to the other identifying that Party's appraiser. If a Party fails to timely appoint an appraiser, the other Party may send a notice to the Party failing to appoint an appraiser that must include the language in bold, 12-point font "**FAILURE TO APPOINT AN APPRAISER WITHIN TEN (10) BUSINESS DAYS WILL RESULT IN THE OTHER PARTY'S APPRAISER DETERMINING THE FAIR MARKET BASE RENT IN ACCORDANCE WITH SECTION 4 OF THE LEASE.**" If the Party receiving such notice fails to timely appoint an appraiser within such ten (10)-business day period, than the other Party's appraiser shall determine the Fair Market Base Rent in accordance with this SECTION 4. Not later than SEVEN (7) calendar days after both appraisers have been appointed, Lessor and Lessee shall each submit to each appraiser, with a copy to the other Party, their respective determinations of the Fair Market Base Rent and any/all substantiated information. Within TWENTY-ONE (21) calendar days after receipt of both Parties' proposals, the appraisers shall review the submissions and shall select ONE (1) Party's submittal as representing the most reasonable approximation of such Fair Market Base Rent. The appraisers shall promptly notify the Parties of their decision, which shall be final and binding upon Lessor and Lessee. Each Party shall be responsible for the fees and expenses of their own selected appraiser.

4.3.4 If the appraisers selected pursuant to SECTION 4.3.3 do not agree as to which Party's proposal is closest to the actual Fair Market Base Rent, then not later than TEN (10) business days after the appraisers have notified the Parties of this fact, unless both Lessor and Lessee direct otherwise, the appraisers shall jointly select an arbitrator who shall determine which proposal is the closest to the actual Fair Market Base Rent. The arbitrator must have the same qualifications stated for an appraiser under SUBSECTION 4.3.2 above. The arbitrator shall conduct an arbitration under the provisions of the commercial arbitration rules of the American Arbitration Association. The arbitrator shall decide only which Fair Market Base Rent submission is closest to the actual Fair Market Base Rent for the Premises. The arbitrator's decision shall be binding on all Parties and shall apply retroactively as of the Adjustment Date. The arbitrator shall make a final decision within THIRTY (30) calendar days of the arbitrator's appointment.

4.4 Airport Rates and Charges Schedule. Lessee or its subtenants, as applicable and including its contractors, agents, etc., shall pay all fees identified in the most current *Airport Rates and Charges Schedule* and/or *Airport Fees, Services and Rental Rates Schedule* at the time of receipt of any covered service or use of any covered facilities, unless specifically outlined in this Lease. The current *Airport Rates and Charges Schedule* and *Airport Fees, Services and Rental Rates Schedule* are included as **EXHIBIT B** and are subject to change without prior notice to or approval of Lessee. Lessee acknowledges and agrees that Lessor may amend the *Airport Rates and Charges Schedule* and/or *Airport Fees, Services and Rental Rates Schedule* at any time at Lessor's sole discretion. No fee shall apply to the use of the Premises or access to the Premises.

4.5 Payment.

4.5.1 Unless otherwise specified herein, the FIRST (1st) payment of Base Rent shall be paid to Lessor upon the delivery of this Lease, for the period from the Effective Date until the end of the calendar month in which the Effective Date occurs, prorated on the basis of the number of such days to the total number of days in said month. Thereafter, all Base Rent payments shall be paid in monthly installments, in advance, on the FIRST (1st) day of each calendar month. On each such date, Lessee shall pay the full Base Rent payment.

4.5.2 No payment to or receipt by Lessor of a lesser amount than that which is due and payable under the provisions of this Lease at the time of such payment shall be deemed to be other than a payment on account of the earliest payment due, nor shall any endorsement or statement on any check or payment prejudice in any way Lessor's right to recover the balance of such payment or pursue any other remedy provided in this Lease or by law.

4.5.3 All payments (and reports, if any) required by this SECTION 4.5 shall be remitted to the following address by the due date(s) specified hereinabove:

Mesa Gateway Airport Authority
Attn.: Department of Finance (Accounts Receivable)
5835 South Sossaman Road
Mesa, Arizona 85212-6014

or such other address specified in writing by Lessor to Lessee.

4.6 Finance Charges and Late Fees. If Lessee fails to pay any installment of Base Rent or any other charge due and owing to Lessor in full on or before the applicable due date, Lessee shall be responsible for interest on the unpaid installment at the rate of EIGHTEEN PERCENT (18%) per annum (but not to exceed the maximum interest rate permissible by law), from the due date until payment in full is made. In addition, in the event any installment of Base Rent or other charge owing to Lessor is paid more than TEN (10) calendar days after the due date, a late penalty of TEN PERCENT (10%) of the amount of such delinquent Base Rent installment or other charge shall be due and payable in addition thereto.

4.7 Taxes. Lessee shall pay, prior to delinquency, any leasehold tax, sales tax, personal property tax, transaction privilege tax, license or permit fee, or any other tax or assessment imposed during the Term against the Premises or as the result of Lessee's occupancy of Premises or conduct of any activity at the Airport under authority of this Lease, including any such tax assessable on Lessor. Lessee shall pay such taxes and assessments directly to the taxing authority charged with collecting such taxes and assessments, provided that in the event that laws or judicial decisions result in the imposition of a real property tax or any other form of tax or imposition on the interest of Lessor and to the extent such taxes are reasonably attributable to the Premises or a portion thereof or the operation of Lessee's business, Lessee shall pay such amounts to Lessor in the manner set forth in SECTION 4.5. Such taxes to be paid directly to Lessor include, without limitation, payment of all rent taxes, i.e., taxes imposed specifically on the gross receipts in the form of rent received by Lessor, excluding, however, penalties and interest thereon if Lessor fails to timely remit the same to the applicable taxing authority, and in all instances federal and state taxes on income, corporate franchise taxes, estate and inheritance taxes, and transfer taxes.

4.8 Survival. Lessee's obligation to pay all amounts stated herein, together with any interest thereon and/or penalties therefor, shall survive the termination of this Lease as to all amounts, interest and penalties that have accrued prior to the effective date of termination of the Lease.

5. PERFORMANCE GUARANTEE

5.1 Security Deposit.

5.1.1 On or before the Effective Date, Lessee shall pay to Lessor an amount equivalent to THIRTY EIGHT THOUSAND FOUR HUNDRED SIXTY-EIGHT AND 10/100 DOLLARS ($38,468.10), as a security deposit ("**Security Deposit**") to insure the faithful performance of all of Lessee's obligations hereunder.

5.1.2 The Security Deposit, at the election of Lessor, may be applied in reduction of any loss and/or damage sustained by Lessor by reason of the occurrence of any breach, nonperformance or default by Lessee under this Lease without the waiver of any other right or remedy available to Lessor at law, in equity or under the terms of this Lease. If any portion of the Security Deposit is so used or applied, Lessee shall, within FIVE (5) business days after written notice from Lessor, deposit with Lessor immediately available funds in an amount sufficient to restore the Security Deposit to its original amount. In the event of a sale or other transfer of the Premises by Lessor, Lessor shall transfer the remaining balance (if any) of the Security Deposit to Lessor's successor in interest, whereupon the transferor Lessor shall be released from liability to Lessee for the return of such Security Deposit. Unless this Lease is terminated as a result of Lessee's default whereupon Lessee shall immediately forfeit its Security Deposit to Lessor, upon termination, Lessor shall return to Lessee all portions of the Security Deposit which were not otherwise applied by Lessor as permitted above within Thirty (30) days following the expiration or earlier termination of this Lease. Lessor shall have no obligation to maintain a separate account for such Security Deposit and shall have no obligation to pay interest thereon.

5.2 Construction Payment and Performance Guarantees.

5.2.1 Payment Guarantee. Notwithstanding and in addition to the Security Deposit, Lessee shall protect claimants supplying labor and materials in connection with any construction on the Premises, by providing, at Lessee's sole cost and expense and prior to commencement of construction of any Improvements on the Premises, ONE (1) of the following instruments, chosen at Lessee's discretion:

(a) Payment Bond. Lessee shall require the contractor to provide a labor and materials payment bond in the full contract amount to protect claimants supplying labor and materials in connection with the construction. The bond shall comply in all respects with the requirements of A.R.S. § 33-1003 as it may be amended or renumbered from time to time. The Parties agree that Lessee is not a public body, and the Improvements to be constructed under this Lease by Lessee at Lessee's sole cost are not public buildings, public works or public improvements. The bond shall be issued by a surety company reasonably acceptable to Lessor and duly licensed for such undertaking in the state of Arizona and shall be accompanied by a power of attorney disclosing the authority of the person executing it on behalf of the surety. The bond and a copy of the contract shall be recorded in the office of the Maricopa County Recorder as required under A.R.S. § 33-1003, and a copy of the bond shall be provided to Lessor; or

(b) Letter of Credit. Such instrument ("**Letter of Credit**") shall be irrevocable, in an amount equal to the total amount of the construction contract(s) for the construction of the Improvements (as defined in SECTION 7 below) plus TEN PERCENT (10%) of such amount and be issued to Lessee by a financial institution ("**Bank**") reasonably acceptable to Lessor. The Letter of Credit shall have a term extending from the date of commencement of construction until the date which is TWENTY-FOUR (24) months thereafter, after which date it shall be renewed on a year-to-year basis until construction of the Improvements are completed, and final and unconditional lien waivers have been obtained from all contractors supplying labor and materials in connection with the construction. Should Lessee utilize the Letter of Credit option hereunder, and should Lessee fail to pay any sum owing to contractors supplying labor and materials in connection with the construction then, in addition to any other remedies set forth in this Lease, Lessor shall be entitled to apply to the Bank, following a period of THIRTY (30) calendar days prior written notice to Lessee (which notice shall include a reasonably-detailed description of Lessee's failure to pay any sum owing), for release to Lessor (in accordance with the terms of the Letter of Credit) from the Letter of Credit of a dollar amount sufficient to pay amounts owing to contractors supplying labor and materials in connection with the construction and obtain final, unconditional lien waivers in connection therewith. Lessor's application shall contain evidence of the failure of payment and the estimated dollar amount needed to satisfy payment obligations. The terms of the Letter of Credit shall require prompt payment to Lessor for the amount set forth in Lessor's application upon satisfaction of the conditions set forth in the Letter of Credit. Upon and following any partial payment to Lessor, the Letter of Credit shall remain in full force for the remaining undisbursed amount of the Letter of Credit to accommodate further applications, if any, and shall not be subject to cancellation or revocation until fully drawn or otherwise released or satisfied upon completion of construction of the Improvements and final, unconditional lien waivers have been obtained from all contractors supplying labor and materials in connection with the construction. Lessor must approve the form and content of any Letter of Credit in writing, which approval shall not be unreasonably withheld, conditioned, or delayed.

5.2.2 Performance Guarantee. In addition to the Security Deposit, Lessee's obligation to timely complete the Improvements shall be secured, at Lessee's sole cost and expense and prior to commencement of construction of said Improvements, by any ONE (1) of the following instruments, chosen at Lessee's discretion:

(a) Performance Bond. Lessee shall require the contractor to provide a performance bond in the full contract amount conditioned upon the faithful performance of the contract in accordance with plans, specifications and conditions thereof. The bond shall be in a form reasonably acceptable to Lessor; shall be issued by a surety company reasonably acceptable to Lessor and duly licensed for such undertaking in the state of Arizona; and shall be accompanied by a power of attorney disclosing the authority of the person executing it on behalf of the surety.; or

(b) Completion Bond. Lessee shall deliver to Lessor a completion bond in form and substance reasonably acceptable to Lessor pursuant to which Lessor shall have the unconditional, direct and unilateral right to draw upon or use such bond for completion of construction of the Improvements under SECTION 7.1 of this Lease if an Event of Default occurs and is continuing under SECTION 7.2 of this Lease. The bond shall be in a form reasonably acceptable to Lessor; shall be issued by a surety company reasonably acceptable to Lessor and duly licensed for such undertaking in the state of Arizona; and shall be accompanied by a power of attorney disclosing the authority of the person executing it on behalf of the surety.

5.3 Guaranty of Lease. The Guaranty of Lease, as attached hereto as **Exhibit G**, shall be executed by the Guarantor of Lease (as defined in the Guaranty of Lease). The Guarantor of Lease does hereby, absolutely and unconditionally, guarantee and promise to Lessor the due, punctual and full performance by Lessee of each and all of the covenants, obligations, liabilities and promises of Lessee to be performed during the Term of this Lease and the truth and accuracy of each and all of the representations and warranties of Lessee contained in this Lease, including without limitation, the payment of Base Rent, as defined in Section 4 contained herein, and any and all other sums payable thereunder (the "Guaranty of Lease"). In lieu of providing a Guaranty of Lease, Lessee may elect to increase the Security Deposit (as defined in Section 5.1.1) to an amount equivalent to eighteen (18) months of Base Rent, or $346,212.90. The Security Deposit shall be in place until Lessee is substantially complete with construction and has paid three (3) years of Base Rent. Upon meeting those requirements, the Security Deposit shall be reduced to the amount set forth in Section 5.1.1, and the difference shall be returned to Lessee within ten (10) days after Lessee's written request to Lessor and Lessee's satisfaction of the conditions set forth in the prior sentence.

6. AIRPORT OPERATING AGREEMENT

If and to the extent that Lessee, including its subtenants, contractors, and agents, operates aircraft at or on the Airport, Lessee shall enter, or shall cause its subtenants, contractor or agent to enter, into an operating agreement with Lessor covering such operations prior to the commencement of any such operations. If any of Lessee's subtenants, subcontractors or agents have not entered into its own *Airport Operating Agreement* and is operating under Lessee's *Airport Operating Agreement*, Lessee shall be responsible for such subtenant's contractors or agents compliance with Lessee's *Airport Operating Agreement*. Lessee shall be responsible for compliance by its subtenants, contractors and agents with the *Airport Rules and Regulations* and *Airport Minimum Standards*.

7. IMPROVEMENTS

7.1 Construction by Lessee. Lessee shall, at its sole cost and expense, construct improvements on the Premises that generally shall consist of one or more aircraft hangar(s), including integrated office and/or manufacturing and shop space, as well as all related ramp and aircraft parking areas, automobile parking facilities, loading areas, and fenced, gated and secured areas, in the aggregate, of no less than ONE HUNDRED

THOUSAND (100,000) square feet as generally depicted in **EXHIBIT E** ("**Improvements**") and in accordance with a site plan prepared by Lessee and approved by Lessor's Design Review Committee, such approval not to be unreasonably withheld, conditioned or delayed, and in compliance with all applicable governmental regulations, restrictions and building codes. Lessor and Lessee agree that Lessee shall be solely responsible for: (i) any required connection(s) between the Premises and the terminating point of the existing vehicular access way to the Premises, as reasonably required by Lessor; (ii) constructing all Improvements necessary to bring all utilities onto the Premises, including, without limitation, electrical, gas, water, sewer, cable and telephone utilities; (iii) installing all utility meters and water and sewer lines to service all Improvements constructed on the Premises; and (iv) constructing all Improvements necessary to connect the Premises to existing taxiways or taxilanes in accordance with and if allowable under all Airport and FAA rules, regulations and other requirements.

7.2 Construction Milestones. Lessee shall construct its Improvements pursuant to the following schedule (each of which events are herein called a "**Construction Milestone**"):

7.2.1 Lessee shall submit its Improvement design plans to Lessor for review and approval no later than TWELVE (12) months following the Effective Date. Lessor shall promptly, and in all events within TWENTY-ONE (21) calendar days, notify Lessee in writing if Lessor objects to any such plans. Any such notice shall specify in reasonable detail the items to which Lessor objects and the changes, which if made, would cause Lessor to withdraw such objections. Thereafter the Parties will negotiate in good faith to resolve any concerns raised by Lessor. If Lessor fails to timely provide any objections to such plans, such plans shall be deemed to be approved by Lessor.

7.2.2 Lessee shall submit its Improvement construction plans to the City for a construction permit no later than NINETY (90) days from the date Lessor approved or is deemed to have approved Lessee's Improvement design plans and shall thereafter diligently pursue.

7.2.3 Lessee shall commence construction of the Improvements within SIXTY (60) calendar days after the issuance of all necessary construction permits and receipt of all approvals required for such, including any approvals required from the FAA, and Lessee shall provide contemporaneous written notice to Lessor of such. Unless due to an Unavoidable Delay (as set forth and defined in SECTION 39) and/or Lessor Delay (defined below), if Lessee fails to commence construction within SIXTY (60) calendar days after the issuance of all necessary construction permits and receipt of all approvals required for such, including any approvals required from the FAA, but subject to any applicable notice and cure periods provided for in SECTION 11, Lessor shall have the right to terminate this Lease by written notice to Lessee delivered at any time prior to commencement of construction. For purposes of this SECTION 7.2.3, "commencement of construction" shall be the date on which Lessee has obtained it permits, has executed a contract for construction of the Improvements and has engaged in material work, such as grading or pouring of footings and slabs. For purposes of this Lease, Lessee shall not be deemed to have obtained, and all permits shall not be deemed issued, unless and until Lessee has physical possession of (i.e. "picked-up") the same from the issuing authority so long as Lessee picks up the permits within Ninety (90) days. As used herein, "**Lessor Delay**" shall mean any actual delay in Lessee meeting a Construction Milestone directly attributable to (a) Lessor's failure to act or respond within a time period or by a deadline as may be expressly required of Lessor under the terms of this Lease, or (b) the acts of Lessor or its agents or contractors, provided, however, no such acts referenced in subsections (a) and (b) above shall be a basis for a "Lessor Delay" unless and until such acts continue for two (2) business days after Lessor's receipt of written notice thereof (which details the conduct of Lessor or its agents or contractors causing the alleged delay) from Lessee.

7.2.4 Lessee shall diligently prosecute construction of all Improvements and shall complete construction of all Improvements to be constructed by Lessee at and on the Premises, and shall have obtained a Certificate of Occupancy (or its equivalent) (a "**CofO**"), or a Certificate of Completion (a

"**CofC**") from the City therefor, no later than TWENTY-FOUR (24) months from the date the City of Mesa issues a building permit for the Improvements and all governmental approvals required for such, including any approvals required from the FAA (the "**Outside Completion Date**"). If Lessee is unable to meet a Construction Milestone due to Unavoidable Delay or due to Lessor Delay, then the Outside Completion Date shall be extended by ONE (1) day for each day of such Unavoidable Delay and/or Lessor Delay, as applicable, impacting the Construction Milestone.

7.2.5 If Lessee fails to obtain a temporary or final CofO by the Outside Completion Date (as the same may be extended as set forth above), Lessee shall pay to Lessor an amount equal to FIVE HUNDRED DOLLARS ($500.00) for each calendar day that Lessee is late in obtaining a temporary or final CofO ("**Late Completion Fee**"), which payment by Lessee shall be in addition to any Base Rent due from Lessee hereunder. Lessee shall pay Lessor all Late Completion Fees to Lessor on the FIRST (1st) day of the month following the date on which such Late Completion Fee first accrues, until such time as all Late Completion Fees are paid in full.

7.3 No Alterations. Lessee shall make no material improvements or alterations to the Premises during the Term of this Lease without the prior written permission of Lessor, which shall not be unreasonably withheld, conditioned, or delayed and, if and to the extent applicable, without the approval by Lessor's Design Review Committee. Notwithstanding the foregoing, Lessee may make (i) any modification or alterations and improvements to the Premises that do not affect the exterior of the Premises or the mechanical systems or structural components thereof (e.g., changes that require plans from a civil or structural engineer) without the prior consent of Lessor, so long as such modifications or alterations are consistent with the permitted use. Lessee shall provide Lessor with electronic as-built drawings (or their equivalent) when any improvement or alteration is completed for which such drawings are reasonably required. Lessor will have THIRTY (30) days following receipt of a written request by Lessee for approval of material improvements or alterations to either approve or disapprove the same. If Lessor disapproves, Lessor shall provide Lessee with a reasonably-detailed explanation for Lessor's disapproval and suggestions for revisions that would reasonably satisfy Lessor's disapproval. If Lessor fails to respond within such THIRTY (30)-day period, Lessee may send a second request to Lessor that includes the language in bold, 12-point font "**FAILURE TO RESPOND WITHIN TEN (10) BUSINESS DAYS WILL RESULT IN DEEMED APPROVAL**." If Lessor fails to respond within the TEN (10)-business day period, Lessor shall be deemed to have approved the same. If Lessor disapproves a request for approval and sets forth the reason for its disapproval, then Lessee may resubmit a revised description of the improvements or alterations for review and approval. This cycle will repeat itself until Lessor either approves the request or is deemed to have approved the same.

7.4 Title to Alterations and Improvements. Title to all improvements and alterations (including the Improvements) on the Premises (but not personal property or trade fixtures) shall remain the property of Lessee during the Term but shall automatically vest in Lessor upon the expiration or termination of this Lease, and Lessee agrees to execute and deliver to Lessor, within TEN (10) business days after Lessor's request therefor, a quitclaim deed quitclaiming such improvements and alterations to Lessor. This SECTION 7.4 shall survive the expiration or earlier termination of this Lease.

7.5 Mechanics' Liens. Lessee shall keep the Premises and all improvements constructed by Lessee thereon free of any mechanic or materialmen's liens arising by, through or under Lessee. In the event that any such lien is filed, Lessee shall, at its sole cost, either (a) pay the amount of the lien and cause such lien to be removed from the Premises, or (b) diligently contest such lien and deliver to Lessor a bond or other security reasonably satisfactory to Lessor in either case within THIRTY (30) calendar days after Lessee receives written notice thereof.

7.6 Permit Required. Lessee shall be responsible for determining whether it is subject to local building/construction codes or permit requirements, and for compliance with them to the extent they are applicable. All structural, electrical, plumbing or mechanical construction or reconstruction shall conform to applicable City building/construction codes. No such work shall be commenced without first submitting required plans and obtaining required permits from the City, if any. To the extent required by applicable City building/construction codes, all such work shall be permitted, inspected and approved by the City prior to concealment or use. Lessee shall provide to Lessor a contemporaneous copy of Lessee's permit application and the associated plans and specifications. At no cost to Lessor, Lessor shall reasonably cooperate with Lessee to obtain all such required approvals or consents hereunder, and, at no cost to Lessor, take all commercially reasonable steps to obtain the required response from the applicable authorities.

7.7 Damage or Destruction. Lessee shall maintain insurance on all of Lessee's Improvements to the Premises, including any subsequent alterations and improvements thereto. In the event that all or any portion of Lessee's Improvements are destroyed or rendered unusable due to fire or other catastrophe, Lessee shall, at Lessee's election:

7.7.1 replace, repair, restore, modify or improve said Improvements, subject to the provisions of SECTION 7.6, using available insurance proceeds (which shall be paid to Lessee or its Leasehold Mortgagee, as required by Leasehold Mortgagee, if any) together with any additional funds from other available sources; or

7.7.2 raze the Improvements and return the Premises to the condition that existed prior to the construction of the Improvements (until such time as Lessee elects to construct additional Improvements on the Premises as market conditions permit) and following Lessee's razing of the Improvements apply the balance of such insurance proceeds to the payment of a Leasehold Mortgage, if any; provided, however, Lessee shall continue to be obligated to perform its obligations under this Lease (including, without limitation, paying all Base Rent, but excluding any obligation to construct a new building until such time as Lessee elects to commence construction of such new building in accordance with the terms of this Lease, including without limitation the provisions of SECTIONS 7.3 and 7.6).

Notwithstanding the foregoing to the contrary, if any damage or destruction occurs to the Premises during the last five (5) years of the Term and the cost to repair the damage exceeds Five Hundred Thousand Dollars ($500,000.00), then, subject to the provisions of SECTION 22 hereof, Lessee may terminate this Lease upon giving Lessor (30) days written notice. In the event Lessee elects to terminate this Lease pursuant to this Section, all property insurance proceeds will be allocated between Lessee and Lessor (with Lessee receiving such proceeds up to the value of the Improvements for the remaining Term [but for the damage and destruction] and Lessor receiving such proceeds up to the residual value of the Improvements after the Term [but for the damage and destruction]); provided, however, Lessee's insurance proceeds shall be applied first to the cost of razing the Improvements and returning the Premises to the condition that existed prior to the construction of the Improvements. Each Leasehold Mortgagee shall have the right to participate in the adjustment of any insurance proceeds for insurance maintained by Lessee. If required by a Leasehold Mortgagee in the Leasehold Mortgage or other loan documents, the senior most Leasehold Mortgagee shall have the right to supervise and control the receipt and disbursement of insurance proceeds payable to Lessee pursuant to this Lease for purposes of the restoration and/or repair of the Improvements.

7.8 Condemnation.

7.8.1 Condemnation of Premises. If any portion of the Premises is taken by a government entity exercising the power of eminent domain or sold to a government entity by Lessor under the exercise of said power (final judicial order that permits the taking is herein referred to as "**Condemnation**"), this Lease shall terminate, without any requirement for consent or approval from a Leasehold Mortgagee, as to the part so taken as of the date the condemning authority takes possession of the condemned portion of the Premises ("**Condemnation Date**"). Upon a partial Condemnation of the Premises, the Annual Rent and the Monthly Installment shall be adjusted by applying the Rent PSF Per Year to the square footage remaining in the Premises. If so much of the Premises is taken that, in Lessee's business judgment, the Premises is no longer reasonably suitable for Lessee's operations in Lessee's reasonable business judgment, subject to the provisions of SECTION 22.3 hereof, Lessee may terminate this Lease at any time after Lessee receives the Condemnation Notice by giving Lessor THIRTY (30) days written notice, but not later than sixty (60) days following the Condemnation Date. If the entire Premises are condemned, then this Lease shall automatically terminate as of the Condemnation Date. If the Lease is terminated pursuant to this SECTION 7.8.1, the Monthly Installment of Base Rent paid for the month in which the Condemnation Date occurs shall be prorated as of the Condemnation Date The party who receives the condemnor's notice of intention to take ("**Condemnation Notice**") shall immediately give a copy of such notice to the other party.

7.8.2 Allocation of Award Following Lease Termination. The total award in the condemnation proceedings, whether payable due to a purchase in lieu of condemnation, a settlement reached after the initiation of condemnation proceedings, a final judgment or otherwise, will be allocated between Lessor and Lessee as follows:

(a) Lessee and Leasehold Mortgagee shall be entitled to seek and claim and receive the value of Lessee's interest in the Improvements and Lessee's leasehold interests in the Premises, including, without limitation, any loss or rents, relocation and moving costs, and other damages of Lessee and Leasehold Mortgagee available under applicable law, and any other amounts payable in connection with Lessee's leasehold interest in the Premises and the Improvements; and

(b) Lessor shall be entitled to seek and claim and receive the value of its fee interest in the land constituting the part of the Premises taken and the reversionary interest of Lessor in the Improvements. Any amount awarded pursuant to SUBSECTION (a) above that is paid to Lessor shall be held and applied by Lessor subject to the provisions of this Section and subject to the rights of any Leasehold Mortgagee.

7.8.3 Allocation of Award without Lease Termination. If this Lease is not terminated as provided in SECTION 7.8.1, Lessee shall, at Lessee's election, either:

(a) replace, repair, restore, modify or improve said Improvements, subject to the provisions of SECTION 7.6, using available award proceeds (which shall be paid to Lessee or its Leasehold Mortgagee, as required by such Leasehold Mortgagee, if any) together with any additional funds from other available sources; or

(b) restore any damage to the Premises which resulted in an unsafe condition (including, if required, raising any improvements subject to such Condemnation) and then apply the balance of such award proceeds to the payment of a Leasehold Mortgage, if any; provided, however, Lessee shall continue to be obligated to perform its obligations under this Lease (including, without limitation, paying all Rent [subject to adjustment as provided in SECTION 7.8], but excluding any obligation to construct a new building until such time as Lessee elects to commence construction of such new building).

7.8.4 Temporary Taking. In the event of a taking of all or any portion of the Premises for temporary use, the foregoing provisions of this Article shall be inapplicable thereto, this Lease shall continue in full force and effect without reduction or abatement of rent and Lessee, alone (subject to the rights of the Leasehold Mortgagee), shall be entitled to make claim for, recover and retain any award recoverable in respect of such temporary use whether in the form of rental or otherwise. If the award is made in a lump sum covering a period beyond the expiration of the Lease Term, Lessor also shall be entitled to make claim for and participate in the award proportionately. If any portion of the award for such temporary use is intended to cover the cost of restoration of the Improvements located on the Premises to the condition they were in prior to such temporary use or to make repairs occasioned by or resulting from such temporary use, such portion shall be (i) so long as any portion of the debt securing a Leasehold Mortgage remains unpaid, applied in accordance with the terms of the Leasehold Mortgage, and thereafter, (ii) used by Lessee to cover the cost of such restoration and repair, and any balance remaining shall belong to and be paid to Lessee.

7.8.5 Leasehold Mortgagee. In the event of any Condemnation, each Leasehold Mortgagee shall have the right to participate in the adjustment of any portion of the condemnation award belonging to Lessee. In addition, the senior most Leasehold Mortgagee shall have the right to hold, control and disburse any portion of the condemnation award belonging to Lessee, so long as such proceeds are used as required by the provisions of this Lease.

8. MAINTENANCE

8.1 Lessee Responsibilities. Lessee shall, at its sole cost and expense, keep the Premises and all improvements thereon in a neat and clean condition and in good order and repair throughout the Term, reasonable wear and tear excepted. Lessee shall prepare, maintain and follow a preventative maintenance schedule in keeping with industry-standard good practices for all mechanical, electrical, plumbing, drain, piping, and air conditioning systems on the Premises. Lessee's maintenance of the Premises shall include, without limitation, the inspection, servicing and repair of all improvements, including pest control, landscaping and grounds maintenance.

8.2 Damage to Premises. Any real or personal property of Lessor damaged or destroyed by Lessee as a result of Lessee's use or occupancy of the Premises shall be promptly repaired or replaced by Lessee to the satisfaction of Lessor. In lieu of such repair or replacement, where required by Lessor, Lessee shall pay to Lessor an amount sufficient to compensate for the loss sustained by Lessor. Any real or personal property of Lessee damaged or destroyed by Lessor shall be promptly repaired or replaced by Lessor to the satisfaction of Lessee. In lieu of such repair or replacement, where required by Lessee, Lessor shall pay to Lessee an amount sufficient to compensate for the loss sustained by Lessee. Notwithstanding the foregoing, Lessor and Lessee hereby release the other from any and all liability or responsibility to the releasing party or its insurers by way of subrogation or otherwise, for any damage to or theft, destruction, loss, or loss of use of any property caused by or arising from any occurrence, casualty or event covered by policies of insurance (including endorsements) required to be maintained pursuant to this Lease or that would be covered if such party maintained such insurance, provided, however, this release shall not include liability or responsibility attributable to willful misconduct or gross negligence of a party.

8.3 Trash Removal. Lessee shall at all times keep the Premises in a neat, clean, safe, sanitary and orderly condition and shall keep such area free of all trash and debris. Lessee shall, at Lessee's expense, be responsible for all trash removal from the Premises. Such trash removal shall be performed on a not less than weekly basis, and all trash shall be disposed of off the Airport. Prior to its removal from the Airport, Lessee shall deposit all trash and debris only at collection stations located on or in proximity to the Premises, in accordance with City code.

8.4 Emergency Repairs. Within FIFTEEN (15) calendar days of the Effective Date, Lessee shall provide Lessor with a list of names and telephone numbers for 24-hour emergency contact for the Premises. Lessee shall promptly provide Lessor with updated lists and changes as they occur.

9. ASSIGNMENT, SUBLETTING AND OTHER TRANSFERS

9.1 Any Transfer of Lease Interest Requires Lessor Advance Written Approval. Subject to Lessee's rights under SECTION 24, Liens and Mortgages, Lessee may not transfer or assign or sublet the Premises or any part thereof (individually and collectively, "Transfer") without the prior written consent of Lessor, which consent shall not be unreasonably withheld, conditioned or delayed. It shall not be considered unreasonable for Lessor to withhold consent if the proposed assignee cannot provide evidence of (a) its ability to satisfy all financial obligations under this Lease; (b) sufficient experience to construct and/or operate facilities on the Premises in compliance with this Lease, including *Airport Minimum Standards* and *Airport Rules and Regulations*; or (c) its ability to otherwise perform all of the terms, conditions and covenants of this Lease. In connection with Lessee's request for Lessor's approval of a Transfer, Lessee and or the proposed transferee shall provide to Lessor written financial assurances, including, but not limited to financial statements, business plans and other information related to the financial condition and plans of any proposed transferee. Lessor will have FORTY-FIVE (45) days following receipt of a written request by Lessee for approval of a Transfer to either approve or disapprove the same. If Lessor disapproves, Lessor shall provide Lessee with a reasonably-detailed explanation for Lessor's disapproval. If Lessor fails to respond within such FORTY-FIVE (45)-day period Lessee may give a second notice to Lessor requesting approval of a Transfer, on which the following language must appear in bold print: "**FAILURE TO RESPOND TO THIS NOTICE WITHIN FIVE (5) BUSINESS DAYS FROM ITS RECEIPT SHALL RESULT IN THE LESSEE'S PROPOSED TRANSFER BEING DEEMED APPROVED.**" If Lessor fails to respond in writing (in the manner described above) to any matter in such second notice within FIVE (5) business days following delivery of such notice, Lessee's proposed Transfer shall be deemed to have been approved by Lessor. If Lessor disapproves a request for approval and sets forth the reason for its disapproval, then Lessee may resubmit a revised proposal for a Transfer for review and approval. This cycle will repeat itself until Lessor either approves the request or is deemed to have approved the same. Unless otherwise agreed upon in connection with Lessor's approval of a Transfer, Lessee shall remain liable under the Lease for all of Lessee's obligations under this Lease. Lessee understands and agrees to these terms and conditions regarding any proposed Transfer, and that any violation of this SECTION 9, may irreparably harm Lessor as the requirements set forth herein are directly related to Lessor's (and any Lessee's) legal and financial obligations to the Federal Aviation Administration ("**FAA**"). This SECTION 9 shall remain valid and enforceable even in the event of amendment to or repeal of FAA regulations, so long as this SECTION 9 does not directly conflict therewith.

9.2 Lessee's Required Advance Notice to Lessor of Proposed Transfer. In order for Lessor to consider approval of a Transfer, Lessee must: (i) notify Lessor in writing at least FORTY-FIVE (45) calendar days prior to such proposed Transfer; (ii) deliver to Lessor, at the time of Lessee's notice, current financial statements of Lessee and the proposed transferee (along with transferee's business plans) that are reasonably acceptable to Lessor; and (iii) the transferee assumes and agrees in writing to perform Lessee's obligations under this Lease. However, nothing herein shall be construed as Lessor providing its consent to any Transfer or relieving Lessee of any legal, financial or other obligation under the Lease, regardless of Lessor's acceptance or refusal to accept such proposed Transfer of Lease. If Lessor fails to respond within such FORTY-FIVE (45)-day period Lessee may send a second notice to Lessor that includes the language in bold, 12-point font "**FAILURE TO RESPOND WITHIN TEN (10) BUSINESS DAYS WILL RESULT IN DEEMED APPROVAL OF A TRANSFER**." If Lessor fails to respond within the TEN (10)-business day period, requesting approval of a Transfer. If Lessor fails to respond in writing to any matter in such second notice within TEN (10) business days following delivery of such notice, Lessee's proposed Transfer shall be deemed to have been approved by Lessor. If Lessor disapproves a request for approval, Lessor shall set forth in writing the reason for its disapproval.

9.3 Deemed Transfers. For the purposes of this Lease, a Transfer shall be deemed to include the following: (i) if Lessee is a corporation, partnership, limited liability company or other legal entity, the transfer of any ownership interest in such entity resulting in a change in the present control of such entity by the person or persons owning a majority of the ownership interest thereof as of the date of this Lease; provided, however, if Lessee is a corporation whose stock is traded on a nationally recognized stock exchange, the transfer of Lessee's stock shall not constitute a Transfer requiring Lessor's consent; or (ii) the sale of FIFTY PERCENT (50%) or more in value of the assets of Lessee. For purposes of this Lease, "control" shall mean possessing the power to direct or cause the direction of the management and policies of the entity by the ownership of a majority of the voting securities of the entity. Notwithstanding the foregoing, in the event of death or disability of a person owning an interest in a corporation, partnership, limited liability company or other legal entity, no Deemed Transfer shall have occurred if the ownership interest transfers to (an)other existing owner(s) of the corporation, partnership, limited liability company or other legal entity.

9.4 Subletting.

9.4.1 Lessee may sublease all or portions of the Premises if the following conditions are met:

(a) The sublease (including any amendments or modifications thereto) is in a form that is approved in advance and in writing by Lessor (except for changes that do not materially impact Lessor's rights and interests) pursuant to the approval provisions described in Section 9.1.

(b) Rent for subleased premises shall not be less than fair market value unless otherwise approved in writing by Lessor.

(c) The sublease(s) and sublessee(s) shall at all times be subject to the terms and conditions of this Lease.

(d) The permitted and prohibited uses of the Premises under any sublease shall be the same as that permitted and prohibited under this Lease. Sublessees shall agree in the sublease not to engage in any prohibited use.

(e) The term of any sublease shall not extend beyond the stated expiration of this Lease.

(f) Except for the payment of a security deposit, the sublessee under such sublease shall not pay rent more than ONE (1) month in advance of its due date under the sublease.

9.4.2 Upon request from Lessee and any sublessee, Lessor shall enter into a Non-Disturbance and Attornment Agreement (in form and substance reasonably acceptable to Lessor, Lessee, sublessee and any applicable Leasehold Mortgagee (as defined in SECTION 22.2)) so long as (i) the conditions of SECTION 9.4.1 have been met; (ii) the sublessee is not then in default beyond an applicable notice and cure period under the sublease and there is no existing Event of Default under this Lease; and (iii) the sublessee does not have a history of FIVE (5) or more documented events of noncompliance with the *Airport Rules and Regulations* or *Airport Minimum Standards*. All legal fees incurred by Lessor in connection with any reasonably necessary legal counsel review and approval of a Non-Disturbance and Attornment Agreement shall be reimbursed in advance by Lessee.

9.4.3 Lessee shall not permit any sublessee unescorted access to the secured areas of the Airport unless and until the sublessee has obtained its own valid Airport security clearance and media from Lessor. Lessee acknowledges that it may take THIRTY (30) calendar days or more to process sublessee for security clearance and media.

9.4.4 Lessee shall submit a copy of each fully executed sublease to Lessor as soon as possible, but no later than FIVE (5) business days after execution.

10. IDENTIFICATION SIGNS

Lessee may install on the building in which the Premises is located, a sign or signs identifying its business on the exterior of the Premises; provided, however, that the general type, size, and location of such sign(s) shall conform to Lessor's *Comprehensive Sign Plan*, be approved in writing by Lessor in advance of installation and be subject to any signage rules, codes and/or regulations of any governmental authority.

11. DEFAULT; TERMINATION BY LESSOR

11.1 Events of Default. Each of the following shall constitute a material default of this Lease by Lessee ("**Event of Default**"):

11.1.1 Failure to pay any installment of Base Rent or other amount due from Lessee hereunder, provided that Lessee does not cure such failure within TEN (10) business days after delivery by Lessor of a written notice of such failure.

11.1.2 Failure to perform any of its other obligations under this Lease, provided that Lessee does not cure such failure within THIRTY (30) calendar days after delivery by Lessor of a written notice of such default; and further provided, however, if a cure of the default reasonably requires more than THIRTY (30) calendar days to complete, then the time to cure shall be extended so long as the cure is commenced within such THIRTY (30)-day period and thereafter diligently pursued to completion.

11.1.3 The filing of any mechanic's, materialmen's or other lien of any kind against the Premises because of any act or omission of Lessee which lien is not discharged, by bonding or otherwise, within THIRTY (30) calendar days of receipt of actual notice thereof by Lessee.

11.1.4 The Transfer or attempted transfer of any interest in the Lease to any transferee which is not in accordance with SECTION 9 or SECTION 22 of this Lease, provided that Lessee does not cure such failure within THIRTY (30) calendar days after delivery by Lessor of a written notice of such default.

11.2 Lessor's Remedies. Upon the occurrence of an Event of Default under this Lease, Lessor may, without prejudice to any other rights and remedies available to a Lessor at law, in equity or by statute, but subject to the provisions of SECTION 22, exercise ONE (1) or more of the following remedies, all of which shall be construed and held to be cumulative and non-exclusive:

11.2.1 Terminate this Lease and re-enter and take possession of the Premises; or

11.2.2 Without terminating this Lease, re-enter and take possession of the Premises; or

11.2.3 Without such re-entry, recover possession of the Premises in the manner prescribed by any statute relating to summary process, and any demand for Base Rent, re-entry for condition broken, and any and all notices to quit, or other formalities of any nature to which Lessee may be entitled, are hereby specifically waived to the extent permitted by law; or

11.2.4 With or without terminating this Lease, Lessor may re-let the Premises or any portion thereof.

11.3 No Implied Termination. Lessor shall not be deemed to have terminated this Lease unless Lessor shall have notified Lessee in writing that it has so elected to terminate this Lease. To the fullest extent permitted by applicable law, Lessee hereby waives all claims based on Lessor's reentering and taking possession of the Premises, or removing and storing the property of Lessee, and shall hold Lessor harmless from all losses, costs or damages occasioned thereby. No such reentry shall be considered or construed to be a forcible entry by Lessor. If Lessor elects to terminate Lessee's right to possession without terminating this Lease, and to retake possession of the Premises, Lessor shall use reasonable efforts to relet the Premises.

11.4 Lessor's Current Damages. Upon the occurrence and during the continuance of an Event of Default, Lessor is authorized to make such repairs, refurbishments or improvements to the Premises as may be necessary for the purpose of attempting to re-let the Premises, and the reasonable costs and expenses incurred in respect of such repairs, redecorating, refurbishments and improvements shall be paid by Lessee to Lessor within TEN (10) business days after receipt of Lessor's statement. If Lessor exercises any of the remedies stated above, Lessor shall be entitled to recover from Lessee all actual damages incurred by Lessor by reason of the Event of Default, which shall include, without limitation, (i) the amount of the Base Rent and all other payments which would be payable under this Lease by Lessee for the remainder of the Term as if this Lease were still in effect, less (ii) the net proceeds of any re-letting by Lessor after deducting all of Lessor's reasonable expenses in connection with such re-letting, which shall include, without limitation, repossession costs, repairs, redecorating, refurbishments or improvements to the Premises, brokerage commissions, attorneys' fees, and legal expenses. Lessee shall pay such current damages to Lessor, in the amount set forth in the preceding sentence ("**Deficiency**"), in monthly installments on the days on which the Base Rent would have been payable under this Lease as if this Lease were still in effect. In no event shall Lessee be liable for punitive, consequential or speculative damages under this Lease.

11.5 Lessor's Final Damages. At any time after an Event of Default, whether or not Lessor shall have collected any monthly Deficiency as set forth above, Lessor shall be entitled to recover (without duplication) from Lessee, and Lessee shall pay to Lessor, promptly on demand, as Lessor's final damages for the applicable Event of Default, the sum of (a) the then present worth (at a discount of SIX PERCENT (6%) per annum) of (i) the aggregate of the Base Rent and all other amounts to be paid by Lessee hereunder for the unexpired portion of the Term of this Lease (assuming this Lease had not been terminated), less (ii) the amount of Base Rent and any losses that could have been reasonably avoided, plus (b) reasonable repossession costs, reasonable Lessor's expenses in connection with any attempts it may have made to re-let the Premises (which shall include, without limitation, repairs, refurbishments or improvements to the Premises and brokerage commissions), reasonable attorneys' fees, reasonable legal expenses, and all actual other damages incurred by Lessor as a result of such Event of Default.

11.6 No Waiver by Lessor. No waiver by Lessor of any breach or default by Lessee in the performance of its obligations under this Lease shall be deemed to be a waiver of any subsequent default by Lessee in the performance of any such obligations, and no express waiver shall affect an Event of Default in a manner other than as specified in said waiver. The consent or approval by Lessor to or of any act by Lessee requiring Lessor's consent or approval shall not be deemed to waive or render unnecessary Lessor's consent or approval to or of any subsequent similar acts by Lessee.

11.7 Content of Default Notice. Any default notice tendered to Lessee hereunder shall be deemed to be sufficient if it is reasonably calculated to put Lessee on inquiry as to the nature and extent of such default and is made in accordance with SECTION 19 herein.

11.8 Limitation on Exercise of Termination Remedy by Lessor. Notwithstanding anything to the contrary in SECTION 11.2 hereinabove, if an Event of Default occurs, Lessor shall not have the remedy of terminating this Lease or of taking possession of the Premises unless: (i) the Event of Default consists of a failure to pay Base Rent or other amounts owed to Lessor; or (ii) Lessor has no other remedy that is adequate to protect Lessor's interests. Other remedies that are available to Lessor include self-help and recovery of damages, and nothing in this SECTION 11 shall limit the exercise of any such other remedy.

11.9 Subordination of Landlord's Lien. Lessor hereby agrees from time to time to subordinate to ONE (1) or more Leasehold Mortgagees or Lessee's primary line of credit provider so long as such credit provider is an institutional lender unaffiliated with Lessee, all statutory or common law landlord's lien rights with respect to property or assets of Lessee located on the Premises, including, without limitation, Lessor's rights under A.R.S. §§ 33-361 and 362 and other similar laws. Upon written request from Lessee, Lessor agrees to promptly execute and deliver such commercially reasonable landlord subordination agreement and access agreement that any Leasehold Mortgagee or primary line of credit provider may request of Lessor. Lessee shall reimburse Lessor for reasonable third-party costs, including reasonable attorneys' fees, incurred by Lessor in connection with the review and negotiation of any such agreement within THIRTY (30) calendar days after receipt of an invoice from Lessor.

12. ASSUMPTION OF CRITICAL OPERATIONS

In the event that Lessee voluntarily abandons or is prevented from furnishing any of its required commercial services which have been deemed by Lessor in advance and in writing to Lessee to be critical to the operation of the Airport (other than due to Unavoidable Delay), and Lessee has received and is in agreement with said notification, Lessor shall have the immediate right or, if time permits, upon TWENTY-FOUR (24) hours advance written notice to Lessee, to assume responsibility for providing such critical services until such time as Lessee or another entity acceptable to Lessor assumes responsibility for providing those critical services. In exercising such right, Lessor may take temporary control of the Premises, or any portion thereof involved in providing such commercial services, together with whatever improvements, fixtures and equipment on the Premises as are necessary to provide the critical services without waiving any of Lessor's rights hereunder. In no event shall Lessee be liable or responsible for any actions or omissions of Lessor or its agents, employees, or contractors in connection with Lessor's assumption of responsibility for providing such critical services. In the event Lessor takes temporary control of the Premises or any portion thereof, Lessor shall pay to Lessee such rent or fees reasonably commensurate with Lessor's assumption and use of that portion of the Premises to provide those critical, commercial services.

13. INDEMNIFICATION

13.1 Lessee's Indemnity. To the fullest extent permitted by law, Lessee hereby agrees to defend, indemnify and hold harmless Lessor and its members, elected or appointed officials, agents, contractors, subcontractors, boards, commissions and employees (hereinafter referred to collectively as the "Lessor" for purposes of this SECTION 13.1) for, from and against any and all third-party claims, causes of action, liability, suits, litigation (including reasonable attorney's fees and other costs of investigation and litigation), actions, losses, damages or claims of any nature whatsoever to the extent such arise out of or in connection with (i) any accident, injury or actual damages occurring within the Premises during the Term; (ii) any negligent act or omission of Lessee or its agents, employees, contractors, or subcontractors (hereinafter referred to collectively as "Lessee" for purposes of this SECTION 13.1) on the Premises or the Airport and which result directly or indirectly in the injury to or death of any persons or the damage to or loss of any property or other damages or losses to Lessor; and/or (iii) the failure of Lessee to comply with any provisions of this Lease. This indemnification shall exclude responsibility for any damages and for claims arising by reason of the acts or omissions of Lessor or its employees, contractors or agents.

13.2 Lessor's Indemnity. To the fullest extent permitted by law, Lessor hereby agrees to defend, indemnify and hold harmless Lessee and its members, elected or appointed officials, agents, contractors, subcontractors, boards, commissions and employees (hereinafter referred to collectively as the "Lessee" for purposes of this SECTION 13.2) for, from and against any and all third-party claims, causes of action, liability, suits, litigation (including reasonable attorney's fees and other costs of investigation and litigation), actions, losses, damages or claims of any nature whatsoever to the extent such arise out of or in connection with (i) any accident, injury or actual damages occurring within the Premises during the Term caused by Lessor or its agents, employees, contractors or subcontractors; (ii) any negligent act or omission or intentional misconduct by Lessor or its agents, employees, contractors, or subcontractors (hereinafter referred to collectively as "Lessor" for purposes of this SECTION 13.2) on the Premises, and which result directly or indirectly in the injury to or death of any persons or the damage to or loss of any property or other damages or losses to Lessee, or (iii) the failure of Lessor to comply with any provisions of this Lease. This indemnification shall exclude responsibility for any damages and for claims arising by reason of the acts or omissions of Lessee or its employees, contractors or agents.

14. ENVIRONMENTAL PROTECTION

14.1 Definitions. Unless the context shall clearly require otherwise, the terms defined in this SECTION 14.1 shall, for all purposes of this Lease and of any agreement amendatory hereof or supplemental hereto, have the meanings herein specified, with the following definitions to be equally applicable to both the single and plural forms of any of the following:

14.1.1 *Environmental Laws*. The term "**Environmental Laws**" shall mean any ONE (1) or all of the following, as the same are amended from time to time: the *Comprehensive Environmental Response, Compensation, and Liability Act*, 42 USC Section 9601 et seq.; the *Solid Waste Disposal Act*, 42 USC Section 6901, et seq.; the *Toxic Substances Control Act*, 15 USC Section 2601 et seq.; the *Safe Drinking Water Act*, 42 USC Section 300f et seq.; the Clean Water Act, 33 USC Section 1251 et seq.; the *Clean Air Act*, 42 USC Section 7401 et seq.; A.R.S. Title 49; and all regulations thereunder and any other laws, regulations and ordinances (whether enacted by the local, state or federal Government) now in effect or hereafter enacted that deal with the regulation or protection of the environment, including the ambient (including indoor and outdoor) air, ground water, surface water, and land use, including substrata land, or that govern the use of hazardous materials, hazardous waste and hazardous substances and petroleum products.

14.1.2 *Hazardous Material*. The term "**Hazardous Material**" shall mean any toxic or hazardous material, substance or waste, or any pollutant or contaminant as defined or regulated pursuant to any environmental laws, per- and polyfluoroalkyl substances, and petroleum products. For purposes of this definition, petroleum includes petroleum-based substances comprised of a complex blend of hydrocarbons derived from crude oil through processes of separation, conversion, upgrading and finishing (e.g., distillate fuel oils, petroleum solvents and used oils). For purposes of this definition, per- and polyfluoroalkyl substances shall include aqueous film-forming foams.

14.2 Environmental Compliance.

14.2.1 Lessee shall, at the Lessee's own expense, comply with all present and hereafter enacted Environmental Laws, including any amendments thereto, affecting Lessee's activities on and property interest in the Premises during the period of Lessee's occupancy of thereof under this Lease. To the extent that Lessor, or any Lessor's employees, agents or contractors, conducts any activities on the Premises during the period of Lessee's occupancy, Lessor shall, at Lessor's own expense, comply with all present and hereafter enacted Environmental Laws, including any amendments thereto, affecting any of Lessor's activities on the Premises.

14.2.2 Lessee shall not cause or permit any Hazardous Material to be brought upon, kept or used in or about the Premises or the Airport by Lessee's agents, employees, contractors or invitees in violation or threatened or suspected violation of any Environmental Laws. The Parties recognize and agree that Lessee may bring on the Premises and Airport and use Hazardous Material that is ordinarily and customarily used in the conduct of Lessee's permitted activities under this Lease, provided that such use shall comply fully with all applicable Environmental Laws. Lessor shall not cause or permit any Hazardous Material to be brought upon, kept, or used in or about the Premises or by Lessor's agents, employees, contractors for any activity Lessor conducts on the Premises during Lessee's occupancy, without prior notification to and approval by Lessee (which shall not be unreasonably withheld), and any such use or presence shall be in compliance with Environmental Laws.

14.3 Indemnification.

14.3.1 Lessee's Indemnity. To the fullest extent permitted by law, Lessee shall indemnify, defend (with counsel reasonably acceptable to Lessor), protect and hold harmless Lessor and its employees and agents for, from and against any and all liability, loss, damage, expense, penalties and legal and investigation fees or costs, arising from or related to any claim or action for injury, liability, or damage to persons or property and any and all claims or actions brought by any person, entity or governmental body, alleging or arising in connection with contamination of the environment, the presence of Hazardous Material on the Premises, Airport or neighboring properties, or violation of any Environmental Laws or other statute, ordinance, rule, regulation, judgment or order of any Government or judicial entity ("**Environmental Damages**") which are incurred or assessed as a result of any of Lessee's activities or operations on the Premises or Airport. This obligation includes, but is not limited to, all costs and expenses related to cleaning up the property, land, soil and underground or surface water as required under the law. Lessee's obligations and liabilities under this SECTION 14.3 shall survive the termination of this Lease. The indemnification of Lessor by Lessee as described above includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision. Lessor reserves the right to seek injunctive relief as may be permitted under law and equity. This SECTION 14.3 explicitly excludes Lessee's duty, liability or indemnity to Lessor for any claims or Environmental Damages of any kind whatsoever arising from or in connection with any contamination of any kind existing on the Premises prior to the Effective Date or the mere discovery of any Hazardous Materials on the Premises as a result of Lessee's construction and completion of the Improvements and/or any other Lessee improvements (except and only to the extent a known contamination is exacerbated by Lessee), and/or any claims or Environmental Damages arising as a result of an act or omission of Lessor or its agents, employees, or contractors at the Premises.

14.3.2 Lessor's Indemnity. To the fullest extent permitted by applicable law, Lessor shall indemnify, defend (with counsel reasonably acceptable to Lessee), protect and hold harmless Lessee and its employees and agents for, from and against any and all Environmental Damages which are incurred or assessed as a result of any of Lessor's activities or operations on the Premises. This obligation includes, but is not limited to, all costs and expenses related to cleaning up the property, land, soil and underground or surface water as required under the law. Lessor's obligations and liabilities under this SECTION 14.3 shall survive the termination of this Lease. The indemnification of Lessee by Lessor as described above includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision. Lessee reserves the right to seek injunctive relief as may be permitted under law and equity. This SECTION 14.3 explicitly excludes Lessor's duty, liability or indemnity to Lessee for any claims or Environmental Damages of any kind whatsoever arising from or in connection with any contamination of any kind existing on the Premises prior to the Effective Date, except and only to the extent known contamination is caused by or exacerbated by Lessor or unknown contamination is caused by or exacerbated by Lessor's negligence.

14.4 Remediation. Without limiting the foregoing, if the presence of any Hazardous Material during the Term of this Lease caused or permitted by Lessee to be first brought on the Airport or Premises upon or after the Effective Date results in any Release on the Airport or Premises in violation of any

Environmental Laws, Lessee shall promptly take action to remediate the affected property at its sole expense as necessary to return the Airport or Premises to the condition existing prior to the introduction of any such Hazardous Material to the Airport or Premises; provided that Lessor's approval of such actions shall first be obtained, which approval shall not, except in an emergency, be unreasonably withheld so long as such actions would not potentially have any material adverse long-term effect on the Airport and Lessee is not under administrative or court order related to such remediation action. Notwithstanding Lessor's approval pursuant to this SECTION 14.4, Lessor is not responsible for directing or managing any remediation action. The term "**Release**" means any releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing, or dumping.

14.5 Governmental Submittals. Lessee shall, at Lessee's own expense, make all submissions to, provide all information to, and comply with all requirements of the appropriate governmental authority ("**Government**") under the Environmental Laws in connection with Lessee's activities or operations on the Premises. Should the Government determine that a site characterization, site assessment and/or cleanup plan should be prepared and/or that a cleanup should be undertaken because of any Release of Hazardous Material by reasons of Lessee's activities or actions at the Airport which occur during the Term of this Lease, then Lessee shall, at Lessee's own expense, prepare and submit the required plans and financial assurances, and carry out the approved plans.

14.6 Information Sharing. Lessee shall promptly notify Lessor of any of the following: (i) Lessee's receipt of any notification from any governmental entity either charging or informing Lessee that it will be charged with a violation of Environmental Laws, and (ii) any significant change in Lessee's activities on the Premises that is reasonably likely to adversely change Lessee's obligations or liabilities under the Environmental Laws. In addition, Lessee agrees to provide Lessor with non-privileged copies of documents reflecting the physical condition of the Premises, including but not limited to, environmental testing of soils and groundwater, and existing, non-privileged information reasonably requested by Lessor to determine the applicability of the Environmental Laws to the Premises, or to assist in the response to any governmental investigation or claim of liability by third-parties which is related to environmental contamination of the Premises, to the extent that such investigations or claims are related to Lessee's activities thereon.

14.7 Sublease, Assignment, and Other Contracts. Lessee shall insert provisions substantially identical, or more favorable to Lessor and Lessee (as sublessor or sublandlord under the sublease) to the provisions of this SECTION 14 in any sublease agreement (if subleasing is permissible hereunder) or contract by which it grants a right or privilege to any person, firm, corporation or other entity under this Lease.

14.8 Actions of Lessee and Lessor. The activities or actions of Lessee under this SECTION 14 shall include the activities or actions of Lessee's officers, directors, employees, agents, contractors, invitees and successors. The activities or actions of Lessor under this SECTION 14 shall include the activities or actions of Lessor's officers, directors, employees, agents, contractors, and successors.

14.9 Clean Water Act; NPDES Permits and SWPPPs. Without in any way limiting the foregoing, Lessee shall comply with all Environmental Laws regarding discharges to water and land, including, without limitation, obtaining and complying with an individual National Pollutant Discharge Elimination System (NPDES) permit, or requesting coverage under and complying with any applicable Multi-Sector General Permit ("**MSGP**"). If applicable, Lessee shall also prepare and comply with a site-specific MSGP with an individual Storm Water Pollution Prevention Plan ("**SWPPP**") or any revisions to a SWPPP, with respect to Lessee's operations or activities on the Premises or Airport. Proof of individual compliance shall be provided in the form of both the Lessee's Notice of Intent ("**NOI**") that has been received by the Arizona Department of Environmental Quality ("**ADEQ**") and the individual Arizona Multi-Sector General Permit (AZMSGP) number associated with the NOI, within the times prescribed by law.

14.10 Reserved.

14.11 Protective Devices and Plans. If Lessee is required by the City to estimate the possible constituents of sanitary sewer discharges in order that the City may define certain discharge limitations for the Premises, Lessee shall complete and return an *Industrial Wastewater Discharge Questionnaire* ("**Questionnaire**") to the City and promptly provide Lessor with updates to the Questionnaire as they arise. Also, if the City so requires, Lessee shall install and maintain appropriate protective devices to prevent accidental discharge of any Hazardous Material into domestic or industrial drains on or near the Premises and elsewhere on the Airport, as appropriate, and for any other material for which a slug load discharge could pollute the Airport's storm water discharge or disrupt operations at the sewage treatment plant serving the Premises. Lessee shall post a notice in a prominent place on the Premises advising employees what actions to take and whom to call in the event of said discharge, and shall ensure that all employees of Lessee are trained with regard to the spill protection plan hereinafter referenced. Lessee also shall provide Lessor with immediate notice of any spill.

14.12 Right to Enter Premises. In addition to the rights afforded to Lessor in SECTION 18, this Lease specifically includes the right of the United States Government, the Environmental Protection Agency ("**EPA**"), ADEQ, Lessor, and the Arizona Department of Occupational Safety and Health (ADOSH) to enter the Premises upon reasonable notice to Lessee for purposes of: (i) inspecting Lessee's compliance with environmental, occupational safety and health laws and regulations, whether or not such party is responsible for enforcing such laws; (ii) conducting environmental investigation or remediation, including, without limitation, performing tests and surveys, drillings, test-pitting, borings, compiling data and/or records, and other activities related to environmental investigation; and (iii) carrying out remedial or removal actions as required or necessary under applicable laws, including, without limitation, installing monitoring wells, pumping wells and/or treatment facilities. Lessee shall have no claim against Lessor for any entries by the United States, EPA, ADEQ, Arizona ADOSH, or any officer, agent, employee or contractor thereof. Provided no Event of Default exists under this Lease and Lessee is then occupying the Premises, Lessee shall be permitted the opportunity to provide an employee of Lessee to accompany Lessor and/or third parties when entering the Premises for the purposes set forth above or in SECTION 18, except in the case of real or apparent emergency.

14.13 U.S. Air Force Use and Remedial Action.

14.13.1 The Parties assume no liability or responsibility for environmental impacts and Environmental Damages or claims of any kind whatsoever caused by or resulting from the U.S. Air Force's use of Hazardous Material on any portion of the Airport, including the Premises, prior to the Effective Date, and have no obligation under this Lease to undertake the defense of any claim or action, whether in existence now or brought in the future, solely arising out of the use of or release of any Hazardous Material or deposits of solid waste on or from any part of the Airport, including, but not limited to, the Premises, even if such claims or contamination are first discovered or made after the Effective Date. Further, the Parties have no obligation under this Lease to undertake environmental response, remediation, or cleanup relating to any contamination caused by or related to such use or release. For purposes of this SECTION 14.13, "defense" or "environmental response, remediation, or cleanup" shall include liability and responsibility for the costs of damage, penalties, legal and investigative services relating to such use or release.

14.13.2 Pursuant to Section VII.E.3 of the Deed (as defined herein), the U.S. Air Force warrants and covenants that all remedial action necessary to protect human health and the environment with respect to hazardous substances remaining on the Airport, including the Premises, has been completed prior to the date of the Deed and, further, any remedial action found to be necessary after the date of the Deed shall be conducted by the U.S. Air Force; provided, however, that the foregoing covenant does not apply where Lessor or Lessee is a potentially responsible party with respect to any portion of the Premises or the Airport.

14.14 Cleanup Requirements. Lessee agrees that Lessor assumes no liability to Lessee should Hazardous Material cleanup or related requirements, whether imposed by law, regulatory agencies, the U.S. Air Force or Department of Defense cause delays or interferes with Lessee's use of the Premises. Lessee shall have no claim against Lessor or the United States or any officer, agent, employee or contractor thereof on account of any such interference whether due to entry, performance of remedial or removal investigations, or exercise of any right with respect to the Federal Facilities Agreement (FFA) or the Installation Restoration Program (IRP) or under this Lease or otherwise. Lessee agrees to comply with the provisions of any health or safety plan in effect under the IRP or any hazardous substance remediation or response agreement with environmental regulatory authorities during the course of any of the above-described response or remedial actions. Any inspection, survey, investigation, or other response or remedial action conducted by governmental authorities or Lessor shall, to the extent practicable, be coordinated with representatives designated by Lessee. Notwithstanding anything contained herein to the contrary, in the event the cleanup requirements as described in this SECTION 14.14 interfere with Lessee's use of and/or access to the Premises for more than NINETY (90) consecutive days, then Lessee shall have the right to either (i) equitably abate Base Rent to the degree of interference with Lessee's use or occupancy of and access to the Premises, or (ii) terminate this Lease without any further obligations in connection herewith except for those accruing prior to termination or which expressly survive termination of this Lease.

14.15 Spill Protection Plan. In the event Lessee undertakes any type of manufacturing, maintenance or other activities on the Premises involving the use or generation of any Hazardous Material regulated by Hazardous Material laws, Lessee shall have a plan for responding to Hazardous Material, fuel, and other chemical spills prior to commencement of activities on the Premises and other approved Airport locations. Such plan shall comply with all applicable requirements of said plan which shall be updated from time to time or as may be required to comply with changes in site conditions or applicable requirements, and shall be approved by all agencies that are obligated by law to approve such plan. Such plan shall be independent of Lessor's spill prevention and response plans, if any. Lessee shall not rely on use of Lessor or Lessor personnel or Lessor equipment in execution of its plan. Lessee shall file a copy of the plan and amendments thereto with Lessor's Environmental and Safety Coordinator within THIRTY (30) calendar days of receipt of a Certificate of Occupancy from the City. Notwithstanding the foregoing, should Lessor provide any personnel or equipment, whether for initial fire response and/or spill containment, on the request of Lessee, or because Lessee was not, in the opinion of Lessor, conducting firefighting, containment or timely cleanup actions, Lessee agrees to reimburse Lessor for its actual costs in accordance with all applicable laws and regulations, except to the extent that Lessor was responding to conditions caused by events occurring at the Airport (not including the Premises) or by the negligence or omission of Lessor or its employees, agents or contractors.

14.16 Wells. Lessee shall not install any drinking water or other wells in any location on the Premises without the prior written approval of Lessor.

14.17 Surface Disturbances. After construction of Lessee's Improvements on the Premises as provided herein, Lessee shall not conduct any subsurface excavation, digging, drilling or other disturbance of the surface other than what is usual and customary for the anticipated uses without the prior written approval of Lessor, which shall not be unreasonably withheld, conditioned or delayed.

14.18 Later Discovered Hazmat. If any Hazardous Material is newly discovered on a portion of the Premises after the Effective Date that: (a) (i) were not placed on or introduced to the Premises by Lessee, and (ii) were present on the Premises prior to the Effective Date (collectively, "**Later-Discovered, Pre-Existing Hazmat**"); and (b) such Later-Discovered, Pre-Existing Hazmat will cause Unavoidable Delay in the construction of Improvements; Lessee shall immediately notify Lessor and cease development activity in the impacted area of the Premises, and Lessee shall either (a) conduct such investigations and remedial actions as necessary under applicable Environmental Laws and continue development activity as the remedial process allows (and reserve any rights it may have to seek whatever compensation it is entitled to recover), if Lessor does not agree, within SEVEN (7) business days of receiving notice contemplated under this SECTION 14.18, to promptly investigate and remediate the detected contamination in accordance with Environmental Laws, and on a schedule and in a manner that does not interfere with Lessee's development, use or construction plans, or (b) terminate this Lease upon written notice to Lessor.

15. PROTECTION OF WETLANDS

Lessee shall minimize the destruction, loss, or degradation of any wetlands located on the Premises. Lessor believes there are no wetlands existing on the Premises as of the Effective Date. However, before locating new construction in wetlands, if any exist, Lessee shall contact Lessor and the United States Army Corps of Engineers and obtain a permit or waivers under Section 404 of the Clean Water Act (or if such regulatory authority has been delegated to ADEQ, shall obtain the equivalent permit or waivers from ADEQ). For purposes of this SECTION 15, the term, "new construction," includes structures, facilities, draining, dredging, channeling, filling, diking, impounding, and related activities.

16. INSURANCE

16.1 Coverage Required. Lessee shall procure and maintain, or cause to be procured and maintained, the following types and amounts of insurance with respect to the Premises:

16.1.1 *Airport Premises Liability* in the amount of FIVE MILLION DOLLARS ($5,000,000) per occurrence, covering third party bodily injury and property damage, and including coverage for "premises/operations," "products and completed operations," "host liquor," and "blanket contractual liabilities."

16.1.2 *Commercial Automobile Liability* in the amount of FIVE MILLION DOLLARS ($5,000,000) per occurrence or combined single limit covering all owned, non-owned and hire vehicles operated on the Airport that are assigned to or used in the performance of commercial activities, or that are operated within the AOA. If any hazardous materials are transported within Airport boundaries in conjunction with the operator's business activities, an MSC-90 Endorsement is required.

16.1.3 *Builder's Risk* covering the insured's premises and all replacements and/or additions thereto for their full insurable value plus TEN PERCENT (cost + 10%) on a "replacement cost" basis, and requires an ISO Special Causes of Loss form or equivalent until completion of construction of the improvements upon the Premises.

16.1.4 *Environmental Impairment Liability* in the amount of TWO MILLION DOLLARS ($2,000,000) per occurrence covering third party bodily injury and property damage associated with hazardous material storage facilities, tanks, piping, ancillary equipment and containment structures, or structures that are used, controlled, constructed or maintained on the Airport, and including expenses for defense, release mitigation and off- and on-site remediation.

16.1.5 *Property* insurance covering all essential personal property (property essential to continued business operations) and all operator improvements made to buildings or facilities on the Airport, including all replacements and/or additions thereto, for their full insurable value (All Risks) on a replacement cost basis, and requires an ISO Special Causes of Loss form.

16.1.6 *Worker's Compensation* insurance, as required by law, and *Employer's Liability* insurance in the amount of ONE MILLION DOLLARS ($1,000,000) covering work-related injuries to employees and others permitted to operate or otherwise conduct business on the Premises.

16.2 Form. Each insurance policy obtained pursuant to this SECTION 16, except for *Worker's Compensation* and *Employer's Liability* policies, shall: (i) name Lessor as a certificate holder and additional named insured via endorsement; (ii) contain a provision that written notice of cancellation or modification thereof shall be given to Lessor not less than THIRTY (30) calendar days before such cancellation or modification takes effect (TEN (10) calendar days in case of nonpayment of premium); and (iii) contain a waiver of subrogation in favor of Lessor. Lessee shall not permit any insurance policy to be canceled or modified without Lessor's written consent unless equivalent replacement policies are issued with no lapse in coverage. All policies shall be obtained from insurance companies licensed to do business in the State of Arizona and possessing a rating of at least A – VII or higher from the A.M. Best Company, or an equivalent rating and approved by Lessor.

16.3 Certificates of Insurance. Lessee shall deliver a certificate of insurance for each policy required along with an endorsement naming Mesa Gateway Airport Authority as additional insured, herein to Lessor, in standard Acord or equivalent form, prior to the Effective Date and shall continue to provide such certificates throughout the Term of this Lease annually or upon sooner renewal or replacement.

16.4 Additional Insurance. At any time during the Term of this Lease, Lessor may, if in its reasonable determination the insurance coverage required by this SECTION 16 is no longer adequate, require Lessee to increase its coverage to commercially reasonable amounts subject to not less than THIRTY (30) days' prior written notice provided to Lessee.

16.5 Blanket Insurance. Lessee's insurance obligations under this Lease may be satisfied by means of "blanket" or excess policies.

16.6 Insurance by Lessor. In the event Lessee shall fail to procure any insurance required hereunder, Lessor may, upon written notice to Lessee, procure and maintain any or all of the insurance required of Lessee under this SECTION 16. In such event, all costs of such insurance procured and maintained by Lessor on behalf of Lessee shall be the responsibility of Lessee and shall be fully reimbursed to Lessor within TEN (10) business days after Lessor advises Lessee of the cost thereof.

16.7 Lessor's Insurance. Throughout the Term of this Lease, Lessor shall maintain, as a minimum, the following insurance policies: (a) property insurance for any property of Lessor located on, in or under the Premises or the Airport, and (b) commercial general liability insurance in an amount of not less than THREE MILLION DOLLARS ($3,000,000).

17. SURRENDER OF POSSESSION

17.1 Condition of the Premises.

17.1.1 Upon the expiration or earlier termination of this Lease, Lessee's right to occupy the Premises and exercise the privileges and rights granted thereunder shall cease, and Lessee shall peaceably surrender the same and leave the Premises broom clean and in good condition except for normal wear and tear, casualty (subject to Lessee's obligations under SECTION 7.7) and condemnation (subject to Lessee's obligations under SECTION 7.8). All trade fixtures, equipment, and other personal property installed or placed by Lessee on the Premises which are not permanently affixed to the building shall remain the property of Lessee, and Lessee shall have the right at any time during the Term of this Lease, to remove the same from the Premises and Lessee shall repair, at its sole cost, any damage caused by such removal. Any property not removed by Lessee within FIFTEEN (15) calendar days of the expiration or earlier termination of this Lease, or revocation of Lessee's right to occupy the Premises, shall be deemed abandoned, and ownership thereof shall vest in Lessor. Lessee shall, however, remain financially liable to Lessor for the reasonable cost of repairs to the Premises incurred as a result of Lessor's removal and/or relocation of property formerly belonging to Lessee and not otherwise removed from the Premises, as provided herein, and shall remit to Lessor payment for such costs within TEN (10) business days of Lessee's receipt of Lessor's invoice therefor.

17.1.2 Any trade fixtures, equipment or other property affixed to the Premises by Lessee shall, if required by Lessor, be permanently removed from the Premises by Lessee, at Lessee's expense, within FIVE (5) business days of Lease termination. Should Lessee fail to remove such trade fixtures, equipment or other property within said time, Lessor may remove and dispose of such trade fixtures, equipment or other property at Lessee's expense, and Lessee shall reimburse Lessor for the costs thereof within TEN (10) business days of receipt of Lessor's invoice therefor.

17.1.3 Lessee shall not be responsible for the removal or remediation of any Hazardous Material that was present on, under or near the Premises prior to occupancy, regardless of the date of discovery of such Hazardous Material, except and only to the extent contamination that is known to Lessee is exacerbated by Lessee or unknown contamination is exacerbated by Lessee's negligence, it being agreed that the mere discovery of any contamination by Lessee shall not be deemed exacerbated by Lessee.

17.2 Holding Over. Lessee shall not remain in possession of the Premises after the expiration or earlier termination of the Term without the express written consent of Lessor. Should Lessee hold over without the express written consent of Lessor, such tenancy shall be at the sufferance of Lessor and not a renewal of the Term. In such case, the Base Rent and all other charges due pursuant to this Lease shall be payable at ONE HUNDRED FIFTY PERCENT (150%) of the amount payable during the last year of the Term, and such tenancy at sufferance shall be subject to every other term, covenant and provision of this Lease. In the event Lessee holds over, Lessee shall be liable for all of Lessor's direct and consequential damages, which shall include, without limitation, costs, fees, expenses, damages and attorneys' fees incurred by Lessor as a result of Lessee's holding over, and damages and expenses incurred by Lessor for its inability to deliver possession of the Premises to a new lessee.

18. INSPECTION BY LESSOR

Lessor may enter upon the Premises at reasonable times during Lessee's normal business hours and upon at least TWO (2) business days' prior written notice to Lessee (except in emergencies, in which event Lessor may enter immediately and shall notify Lessee promptly following such emergency entry) for any reasonable purpose, including, but not limited to, compliance with the terms and conditions of this Lease and the exercise of its governmental functions for such activities as fire protection or security. Lessee may accompany Lessor on any Lessor inspections and entries. Lessor shall take reasonable steps to avoid interrupting or disrupting the conduct of business of Lessee on the Premises.

19. NOTICES

19.1 All notices required or permitted under this Lease shall not be effective unless personally delivered or mailed by certified mail, return receipt requested, postage prepaid, or by reputable commercial overnight courier service, to the following addresses or at such address as either Party may advise the other from time to time:

TO LESSOR: Mesa Gateway Airport Authority
Attn: Business Development Department
5835 South Sossaman Road
Mesa, Arizona 85212-6014

TO LESSEE: AmpliFLY Mesa Gateway, LLC
Attn.: Devon Gentry
PO Box 44633
Phoenix, AZ 85064

19.2 Any notice shall be deemed to have been received TWO (2) business days after the date of mailing, if given by certified mail, or upon actual receipt if personally delivered or if given by reputable commercial overnight courier service.

20. SEVERABILITY

Should a court of competent jurisdiction declare any provision of this Lease invalid, the remaining terms shall remain effective.

21. APPROVALS, CONSENTS AND NOTICES

All approvals, consents and notices called for in this Lease shall be in writing, signed by the appropriate Party, and may not be established solely by oral testimony.

22. LIENS AND MORTGAGES

22.1 Fee Mortgagees. Lessor may mortgage its fee interest in the Premises.

22.2 Mortgaging of the Leasehold.

22.2.1 Definitions. "**Leasehold Mortgage**" shall mean any loan financing obtained by Lessee, as evidenced by any mortgage, deed of trust, assignment of leases and rents, financing statement, or other instrument and secured by Lessee's interest in this Lease and the leasehold estate created hereby, including any extensions, modifications, amendments, replacements, supplements, renewals, refinancing, and consolidation thereof. "**Leasehold Mortgagee**" shall mean the holder of a Leasehold Mortgage.

22.2.2 Leasehold Mortgage. Lessee, and any of its permitted successors and assigns, may encumber its interest in this Lease with Lessor's prior written consent, not to be unreasonably withheld, conditioned, or delayed, under any ONE (1) or more Leasehold Mortgages, provided that all rights acquired under the Leasehold Mortgage(s) shall be subject to the provisions in this Lease and to all rights and interests of the Lessor herein. Lessee shall reimburse Lessor for all legal fees reasonably incurred by Lessor in connection with legal counsel review and approval of Lessee's Leasehold Mortgage and associated documents. If, from time to time, Lessee or Lessee's permitted successors or assigns encumbers this Lease with a Leasehold Mortgage, and if the Leasehold Mortgagee delivers to Lessor: (a) an executed counterpart of such Leasehold Mortgage; (b) any assignment thereof; (c) written notice of the Leasehold Mortgagee's name and address; and (d) the pertinent recording data for the Leasehold Mortgage, Lessor agrees that from and after the date of receipt by Lessor of such notice and for the duration of such Leasehold Mortgage, the provisions of this SECTION 22 shall apply. There shall be no material modification in the Leasehold Mortgage or related documentation without Lessor's prior written consent.

22.3 Termination of Lease. There shall be no cancellation, surrender, or modification of this Lease by Lessor or Lessee without the prior written consent of Leasehold Mortgagee. Notwithstanding the foregoing (but subject to Leasehold Mortgagee's rights set forth in SECTION 22.6 and SECTION 22.7 hereof), nothing herein shall be deemed to prohibit Lessor from terminating this Lease in accordance with its terms.

22.4 Notices to Leasehold Mortgagees. If serving Lessee with any notice of default or termination, Lessor shall simultaneously send a copy of such notice to Leasehold Mortgagee. Leasehold Mortgagee may remedy or cause to be remedied Lessee's default under this Lease and Lessor shall accept performances by, or at the instigation of, Leasehold Mortgagee as if it had been done by Lessee. Any notice required to be given to Leasehold Mortgagee shall be given in the same manner as sent to Lessee, addressed to Leasehold Mortgagee at the address and to the attention of the person designated by such Leasehold Mortgagee under SECTION 22.2 hereof.

22.5 Curative Rights of Leasehold Mortgagees. Leasehold Mortgagee shall have an additional period of THIRTY (30) calendar days to remedy or cause to be remedied any default of which it receives notice pursuant to SECTION 22.4, provided such Leasehold Mortgagee shall reimburse Lessor, at the time of so remedying the default, for all reasonable costs and expenses of Lessor for maintaining, protecting, insuring, and operating the Premises during the additional THIRTY (30)-day period.

22.6 Limitation Upon Termination Rights of Lessor. If Lessor elects to terminate this Lease because of an Event of Default, Leasehold Mortgagee may postpone and extend the date of termination for not more than SIX (6) months after the timing specified in SECTION 22.5 hereof if the Leasehold Mortgagee: (a) has cured, or has caused to be cured, any then-existing money or non-monetary Event of Default (with the exception of Lessee's non-monetary defaults of such a nature that they cannot be cured by Leasehold Mortgagee); and (b) pays the Base Rent and all other charges due under this Lease. Leasehold Mortgagee shall take steps necessary to acquire Lessee's interest and estate in this Lease by foreclosure of its Leasehold Mortgage, or otherwise, and shall prosecute such action to completion with diligence. If at the end of the period identified in this SECTION 22.6 Leasehold Mortgagee shall be actively engaged in steps to acquire Lessee's interest in the Lease, and all Events of Default have been cured (with the exception of Lessee's non-monetary Events of Default of such a nature that they cannot be cured by Leasehold Mortgagee), the time for Leasehold Mortgagee to comply with the provisions of this SECTION 22.6 shall be extended for such period as shall be reasonably necessary to complete these steps with reasonable diligence and continuity. In no event shall Leasehold Mortgagee have any obligation to cure any default of Lessee under this Lease.

22.7 Mortgagee Lease. Lessor agrees that if this Lease is terminated based on any Event of Default, or if Lessee rejects the Lease in a bankruptcy proceeding, subject to the rights herein granted to Leasehold Mortgagee, Lessor will enter into a lease ("**Mortgagee Lease**") of the Premises with the Leasehold Mortgagee for the remainder of the Term effective as of the date of termination, at the same Base Rent and on the same terms, provisions, covenants, and agreements as contained in this Lease, provided;

22.7.1 Leasehold Mortgagee shall request Lessor execute such a Mortgagee Lease within THIRTY (30) calendar days after the date of termination and shall, within THIRTY (30) calendar days after its receipt from Lessor of a written statement of all amounts then due to Lessor under this Lease, pay to Lessor all such amounts (with the exception of amounts due by reason of Lessee's indemnification obligations set forth in SECTION 14);

22.7.2 Leasehold Mortgagee shall pay to Lessor at the time of the execution and delivery of the Mortgagee Lease: (a) any sums due under this Lease but for the termination; and (b) all reasonable attorney's fees and expenses actually incurred by Lessor;

22.7.3 Leasehold Mortgagee shall remedy any matters that Lessee was obligated to perform under the terms of this Lease; and

22.7.4 Leasehold Mortgagee, as replacement Lessee under the Mortgagee Lease, shall have the same right, title, and interest in and to the Premises and the right to use the improvements thereon as Lessee had under this Lease.

22.8 Agreement Between Lessor and Leasehold Mortgagee. Lessor, upon request, shall execute, acknowledge, and deliver to Leasehold Mortgagee an agreement, by and among Lessor, Lessee, and Leasehold Mortgagee (provided the same has been previously executed by Lessee and Leasehold Mortgagee) agreeing to all of the provisions of this SECTION 22, in form and substance reasonably satisfactory to Leasehold Mortgagee and Lessor.

22.9 Limitation on Liability of Leasehold Mortgagee. Notwithstanding any other provision of this Lease, Lessor agrees that Leasehold Mortgagee shall in no manner or respect whatsoever be liable or responsible for any of Lessee's obligations or covenants under this Lease (nor shall any rights of such Leasehold Mortgagee be contingent on the satisfaction of such obligations or covenants), unless and until Leasehold Mortgagee becomes the owner of said leasehold estate by foreclosure, sale in lieu of foreclosure, or otherwise, in which event such Leasehold Mortgagee shall remain liable for such obligations and covenants only while it remains the owner of said leasehold estate.

22.10 No Merger. So long as any Leasehold Mortgage remains outstanding, the fee title and the leasehold estate created by this Lease shall not merge but shall always be kept separate and distinct, notwithstanding the union of such estates in either the Lessor or the Lessee or a third-party, by purchase or otherwise.

23. GOVERNING LAW; ATTORNEY'S FEES

The laws of the State of Arizona shall govern the matters set forth in this Lease. Venue of any action brought under this Lease shall, at the option of Lessor, lie in Maricopa County, Arizona.

24. COMPLIANCE WITH LAWS, RULES AND REGULATIONS

Lessee shall at all times comply with all Federal, state and local laws, ordinances, rules, and regulations which are applicable to its activities on the Airport, the Premises itself (including but not limited to the *Americans with Disabilities Act*), or the operation, management, maintenance, or administration of the Airport, including all laws, ordinances, rules and regulations adopted after the Effective Date. Lessee shall at all times comply with the *Airport Minimum Standards* and *Airport Rules and Regulations*, as the same may be amended from time to time. Copies of the current *Airport Minimum Standards* and *Airport Rules and Regulations* are attached hereto as **EXHIBIT C**. Lessee acknowledges and agrees that Lessor may amend the *Airport Minimum Standards* and *Airport Rules and Regulations* at any time in Lessor's sole discretion. Lessee shall be responsible for controlling and preventing disruptive pedestrian and vehicle traffic associated with its activities on the Premises and at the Airport. Lessee also shall display to Lessor any permits, licenses, or other evidence of compliance with laws upon request.

25. CORPORATE AUTHORIZATION

In executing this Lease, Lessee represents and warrants to Lessor that if Lessee is a corporation, Lessee has obtained and been granted the full right, power and authority to enter into this Lease. In executing this Lease, Lessor represents and warrants to Lessee that Lessor has obtained and been granted the full right, power and authority to enter into this Lease.

26. UTILITY LINES AND SERVICE CHARGES

26.1 Connections and Services. Lessee shall, at no cost or expense to Lessor, provide or arrange for any public utility, water and sewage lines, connections and services that are needed in connection with any building(s), structure(s) or other improvement(s) placed on the Premises by Lessee, or required for Lessee's activities thereon, and shall be responsible for the maintenance of such lines and connections from where they enter the Premises. If requested in advance to do so by Lessee, Lessor will grant reasonable rights-of-way on or across the Airport to suppliers of public utility services for the purpose of supplying Lessee with such services, but Lessor reserves the right to designate the lands along which such rights-of-way shall be granted so as to cause the least inconvenience in the operation of the Airport and other Airport tenants.

26.2 Payment. Lessee shall pay for all utilities, including trash collection, used in its operations at the Airport and the Premises. The charges and method of payment for each utility or service shall be determined by the appropriate supplier of the utility or service in accordance with applicable laws and regulations, on such basis as the appropriate supplier of the utility or service may establish.

26.3 Continued Use and Repair. Notwithstanding the execution of this Lease, Lessor retains the right to the continued use of such utility lines and services as are presently on the Premises and the right to repair the same when necessary in Lessor's sole discretion, including but not limited to, any utility easements on the Premises. Lessor shall conduct such repairs in such a manner and at such times as to not unreasonably interfere with Lessee's activities thereon.

26.4 Later Discovered Impediments. If there are any below ground utility, water and sewage lines or connections that are not disclosed in the Permitted Exceptions or otherwise within a recorded easement ("**Undisclosed Utilities**"), and the location of such Undisclosed Utilities create a material adverse impact on the design and development of the Improvements ("**Utility Impediment**"), Lessee shall promptly notify Lessor of such conditions. Within thirty (30) days after such discovery, Lessee shall provide written notice to Lessor of its election to either (a) subject to the approval of the utility provider, relocate the Undisclosed Utilities within the Premises and continue development activities; (b) subject to Section 7, redesign the site plan to work around the Undisclosed Utilities; or (c) terminate this Lease upon written notice to Lessor. The discovery of a Utility Impediment shall be treated as an Unavoidable Delay. If the cost to proceed under subsection (a) is extraordinary and subsection (b) is not commercially feasible, the Parties shall discuss in good faith alternatives to mitigate the extraordinary cost. Lessee elects to terminate pursuant to subsection (c), Lessee shall raze any Improvements and return the Premises to the condition that existed prior to the construction of the Improvements. In the event Lessor requires access to any Undisclosed Utilities during the Term, the requirements of Section 27 with respect to access and restoration shall apply.

27. RESERVATIONS TO LESSOR

The Premises are accepted "as is, where is" by Lessee, subject to the Permitted Exceptions. Lessor reserves the right to grant reasonable easements and rights-of-way over, on, or across any portions of the Premises for commercially reasonable purposes; provided, that Lessor and the grantee, as applicable, shall not exercise such rights so as to unreasonably interfere with or disrupt Lessee's or Lessee's Occupants' activities on the Premises, including the development of the Premises, to be determined in the reasonable judgment of Lessor and Lessee, and all such interference shall be minimized. The location of any such easements and rights-of-way on the Premises shall be subject to Lessor's prior written consent which shall not be unreasonably withheld, conditioned or delayed. Lessor shall provide Lessee reasonable notice of any plan to undertake the activities contemplated under this SECTION 27 and shall coordinate with Lessee regarding the execution of such plans to minimize any interference with Lessee's or Lessee's Occupants' activities on the Premises. All work shall be in compliance with all applicable laws, including Environmental Laws, and the surface of the Premises shall be restored to its original condition, including any necessary remediation in accordance with Environmental Laws of any contamination associated with any Hazardous Material disturbed during any construction, at no cost to Lessee, upon the completion of any construction. Lessor agrees that any rights granted to any parties by reason of this clause shall contain provisions obligating such parties to, at a minimum, the same conditions applicable to Lessor under this SECTION 27, including but not limited to that the surface of the Premises and the Improvements shall be promptly restored to their original condition, at no cost to Lessee, promptly upon the completion of any construction.

28. FEDERAL AVIATION ADMINISTRATION (FAA) GRANT ASSURANCES

To the extent required by applicable law or applicable FAA guidance, as it may be updated from time to time:

28.1 Lessee agrees that in the event improvements are constructed, maintained, or otherwise operated on the Premises for a purpose for which a Department of Transportation (DOT) program or activity is intended, or for another purpose involving the providing of similar services or benefits, Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, *Nondiscrimination in Federally Assisted Programs of the Department of Transportation,* as it may be amended.

28.2 Lessee agrees that: (a) no person shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination on the grounds of race, color, creed, disability, age, sex or national origin in the use of the Premises; (b) that in the construction of any improvements on, over, or under the Premises and the furnishing of services thereon, no person shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination on the grounds of race, color, or national origin; and (c) that Lessee shall use the Premises in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21, as it may be amended.

28.3 Lessee assures Lessor that it will comply with pertinent statutes, Executive Orders, and rules promulgated to assure that no person shall, on the grounds of race, creed, color, national origin, or sex, age or handicap, be excluded from participating in any activity.

28.4 Lessor reserves the right to further develop or improve the landing area of the Airport as it sees fit, regardless of the desires or view of Lessee, and without interference or hindrance therefrom.

28.5 Lessor reserves the right, but shall not be obligated to Lessee, to maintain and keep in repair the landing area of the Airport and all publicly owned facilities of the Airport, together with the right to direct and control all activities of Lessee in this regard. Lessor and Lessee agree that Lessee has no responsibility whatsoever with respect to maintenance and repair of the landing area of the Airport, or any publicly owned facilities of the Airport.

28.6 This Lease shall be subordinate to the provisions and requirements of any existing or future agreement between Lessor and the United States relative to the development, operation or maintenance of the Airport.

28.7 There is reserved unto Lessor, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Premises, which shall include the right to cause in the airspace any noise inherent in the operation of aircraft, now known or hereafter used for navigation of or flight in or through the airspace, and for the use of such airspace for landing on, taking off from, or operation on the Airport.

28.8 Lessee agrees to comply with the notification and review requirements covered in 14 CFR Part 77 in the event future construction of a building is planned for the Premises or in the event of any planned modification or alteration of any present or future building or structure situated on the Premises.

28.9 Lessee shall not erect or permit the erection of any structure or building, nor permit the growth of any tree on the Premises, or any other obstruction that exceeds height requirements contained in 14 CFR Part 77 or amendments thereto, or interferes with the runway and/or taxiway "line of sight" of the control tower. In the event these covenants are breached, Lessor reserves the right to enter upon the Premises and to remove the offending structure or object at the expense of Lessee.

28.10 Lessee shall not make use of the Premises in any manner that might interfere with the landing and taking off of aircraft from the Airport or otherwise constitute a hazard. In the event this covenant is breached, Lessor reserves the right to enter upon the Premises and cause the abatement of such interference at the expense of Lessee.

28.11 Nothing contained in this Lease shall be construed to grant or authorize the granting of an exclusive right within the meaning 49 U.S.C. §§ 40103(e) and 47107(a)(4).

28.12 This Lease and all of the provisions hereof shall be subject to whatever right the United States Government now has, or in the future may have or acquire, affecting the control, operation, regulation and taking over of the Airport, or the exclusive or non-exclusive use of the Airport by the United States during the time of war or national emergency.

28.13 To the extent that Lessee conducts or engages in any aeronautical activity for furnishing services to the public at the Airport, Lessee shall furnish its services on a reasonable and not unjustly discriminatory basis to all users and charge reasonable and not unjustly discriminatory prices for each unit or service; except, however, that Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar type of price reductions to volume purchasers.

28.14 Lessee shall conform to Lessor and FAA safety and security rules and regulations regarding use of the Airport air operations area including runways, taxiways, taxilanes and aircraft aprons by vehicles, employees, customers, visitors, etc., in order to prevent security breaches and avoid aircraft incursions and vehicle/pedestrian deviations; complete and pass an airfield safe driving instruction program when offered or required by Lessor; and be subject to penalties as prescribed by Lessor for violations of Airport safety and security requirements.

29. TITLE VI

29.1 General Civil Rights. Lessee agrees to comply with pertinent statues, Executive Orders and such rules as identified in Title VI List of Pertinent Nondiscrimination Acts and Authorities to ensure that no person shall, on the grounds of race, color, national origin (including limited English proficiency), creed, sex (including sexual orientation and gender identity), age or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance. Lessee understands and acknowledges that the FAA requires inclusion of and adherence to the terms and conditions of Title VI of the Civil Rights Act of 1964 (78 Stat. 252, 42 U.S.C. §§2000d to 2000d-4) ("**Title VI**") in all airport/aviation lease agreements where Lessor receives federal funding, including the Lease in this instance.

29.2 Title VI List of Pertinent Nondiscrimination Acts and Authorities. During the performance of this Lease, Lessee, for itself, its assignees, and successors in interest agrees to comply with the following non-discrimination statutes and authorities; including but not limited to the following (which Lessor is required to disclose and include in such Lease and other agreements, pursuant to FAA regulation):

- Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d *et seq*., 78 Stat. 252) (prohibits discrimination on the basis of race, color, national origin);

- 49 CFR Part 21 (Non-discrimination In Federally-Assisted Programs of The Department of Transportation—Effectuation of Title VI of The Civil Rights Act of 1964);

- The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. § 4601) (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);

- Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. § 794 et seq.), as amended, (prohibits discrimination on the basis of disability); and 49 CFR part 27 (Nondiscrimination on the Basis of Disability in Programs or Activities Receiving Federal Financial Assistance);

- The Age Discrimination Act of 1975, as amended, (42 U.S.C. § 6101 *et seq.*) (prohibits discrimination on the basis of age);

- Airport and Airway Improvement Act of 1982, (49 U.S.C. § 47123), as amended (prohibits discrimination based on race, creed, color, national origin, or sex);

- The Civil Rights Restoration Act of 1987 (PL 100-209) (broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms "programs or activities" to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);

- Titles II and III of the Americans with Disabilities Act of 1990 (42 U.S.C. § 12101, et seq.) (prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities) as implemented by Department of Transportation regulations at 49 CFR parts 37 and 38;

- The FAA's Non-discrimination statute (49 U.S.C. § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);

- Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures non-discrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;

- Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 Fed. Reg. at 74087 (2005)); and

- Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 U.S.C. 1681 et seq.).

29.3 Compliance with Nondiscrimination Requirements. During the Term, Lessee, for itself, its assignees, and successors in interest agrees as follows:

29.3.1 Compliance with Regulations. Lessee will comply with the Title VI List of Pertinent Non-Discrimination Acts and Authorities, as they may be amended from time to time, which are herein incorporated by reference and made a part of this Lease.

29.3.2 Non-discrimination. Lessee, with regard to the work performed by it during Lease, will not discriminate on the grounds of race, color, national origin (including limited English proficiency), creed, sex (including sexual orientation and gender identity), age or disability in the selection and retention of subcontractors, including procurements of materials and leases of equipment. Lessee will not participate directly or indirectly in the discrimination prohibited by the Nondiscrimination Acts and Authorities, including employment practices when the contract covers any activity, project, or program set forth in Appendix B of 49 CFR Part 21.

29.3.3 Solicitations for Subcontracts, Including Procurements of Materials and Equipment. In all solicitations, either by competitive bidding, or negotiation made by Lessee for work to be performed under a subcontract, including procurements of materials, or leases of equipment, each potential subcontractor or supplier will be notified by Lessee of Lessee's obligations under this Lease and the Non-discrimination Acts And Authorities on the grounds of race, color, or national origin.

29.3.4 Information and Reports. Lessee will provide all information and reports required by the acts, the regulations and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by Lessor or the FAA be pertinent to ascertain compliance with such Nondiscrimination Acts and Authorities and instructions. Where any information required of Lessee is in the exclusive possession of another who fails or refuses to furnish the information, Lessee will so certify to Lessor or the FAA as appropriate, and will set forth what efforts it has made to obtain the information.

29.3.5 Sanctions for Noncompliance. In the event of Lessee's noncompliance with the Nondiscrimination provisions of this Lease, Lessor will impose such default remedies as it or the FAA may determine to be appropriate, including, but not limited to:

(a) withholding payments, if any, to Lessee under the Lease until Lessee complies; and/or

(b) cancelling, terminating, or suspending the Lease, in whole or in part.

29.3.6 Incorporation of Provisions. Lessee will include the provisions SUBSECTIONS 29.3.1 through 29.3.6 in every subcontract, including procurements of materials and leases of equipment, unless exempt by acts, the regulations and directives issued pursuant thereto. Lessee will take action with respect to any subcontract or procurement as Lessor or the FAA may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if Lessee becomes involved in, or is threatened with litigation by a subcontractor, or supplier because of such direction, Lessee may request Lessor to enter into any litigation to protect the interests of Lessor. In addition, Lessee may request the United States to enter into the litigation to protect the interests of the United States.

29.4 Real Property Acquired or Improved under the AIP Program. Lessee, for itself, its successors in interest and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land, that:

29.4.1 In the event improvements are constructed, maintained, or otherwise operated on the Premises for a purpose for which a Department of Transportation (DOT) program or activity is intended, or for another purpose involving the providing of similar services or benefits, Lessee shall maintain and operate such facilities and services in compliance with all requirements imposed by the Nondiscrimination Acts and Regulations listed in the Title VI List of Pertinent Nondiscrimination Acts and Authorities (as may be amended) such that no person on the grounds of race, color, or national origin, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities.

29.4.2 In the event of breach of any of the above Nondiscrimination covenants in this Lease, Lessor will have the right to terminate this Lease and to enter, re-enter, and repossess said lands and facilities thereon, and hold the same as if the Lease had never been made or issued.

29.5 Use/Access to Real Property Acquired under the AIP Program.

29.5.1 Lessee for itself, and its successors in interest and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that (a) no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (b) that in the construction of any improvements on, over, or under such land, and the furnishing of services thereon, no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, and (c) that Lessee will use the premises in compliance with all other requirements imposed by or pursuant to the List of Pertinent Non-Discrimination Acts And Authorities.

29.5.2 In the event of breach of any of the above non-discrimination covenants, Lessor will have the right to terminate this Lease and to enter or re-enter and repossess said land and the facilities thereon and hold the same as this Lease had never been made or issued.

30. FEDERAL FAIR LABOR STANDARDS ACT

This Lease incorporates by reference the provisions of 29 CFR Part 201, the Federal Fair Labor Standards Act (FLSA), with the same force and effect as if given in full text. To the extent required by applicable law, Lessee has full responsibility to monitor compliance to the referenced statue or regulation. Lessee must address any claims or disputes that arise from this requirement directly with the U.S. Department of Labor – Wage and Hour Division.

31. OCCUPATIONAL SAFETY AND HEALTH ACT OF 1970

This Lease incorporates by reference the provisions of 29 CFR Part 1910 with the same force and effect as if given in full text. Lessee must provide a work environment that is free from recognized hazards that may cause death or serious physical harm to the employee. To the extent required by applicable law, Lessee retains full responsibility to monitor its compliance and their subcontractor's compliance with the applicable requirements of the Occupational Safety and Health Act of 1970 (20 CFR Part 1910). Lessee must address any claims or disputes that pertain to a referenced requirement directly with the U.S. Department of Labor – Occupational Safety and Health Administration.

32. INCORPORATION OF QUITCLAIM DEED

Lessor owns the Airport pursuant to a Quitclaim Deed from the United States Government ("**Deed**"), a copy of which is available to Lessee upon request and is hereby incorporated in its entirety. To the extent the Deed has terms, conditions, obligations, requirements or restrictions that apply to this Lease, Lessor, Lessee or any matter in connection herewith, Lessee agrees to be bound by all the terms, covenants and conditions of the Deed, including the following:

32.1 That this Lease is subject to all terms and conditions of the Deed; and

32.2 That in case of any conflict between the Deed and this Lease, the Deed shall control.

33. REQUIRED PROVISIONS OF QUITCLAIM DEED

33.1 Section VI (A)(5)(c) of the Deed requires that the following provisions be included in this Lease:

33.1.1 In furnishing services to the public, Lessee shall not discriminate against any person or class of persons by reason of race, color, creed, or national origin, and Lessee shall otherwise provide such services on a fair, equal, and not unjustly discriminatory basis to all users thereof.

33.1.2 Lessee shall charge fair, reasonable, and not unjustly discriminatory prices for each unit for service; except, however, that the Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

33.2 If the Premises are within any of the archaeological sites identified in Section VIII.A of the Deed, then, the provisions of Section VIII of the Deed shall be deemed incorporated in this Lease by this express reference to Section VIII of the Deed.

33.3 To the extent the Deed requires that other specific provisions thereof be inserted in this Lease by express reference to the Deed, this sentence shall constitute an express reference to all such applicable provisions of the Deed.

34. AIRPORT SECURITY

34.1 Airport Security Plan.

34.1.1 Lessor's Operations Department maintains an approved Airport Security Plan ("**Security Plan**") pursuant to 49 CFR Parts 1540 and 1542, and 14 CFR Part 139. Lessee shall at all times comply with Lessor's Operations Department security directives, security bulletins, or verbal notifications existing now or in the future.

34.1.2 Lessee is responsible for maintaining security practices, facilities, and perimeter boundaries on their leasehold that meet the security standards set forth by Lessor's Operations Department.

34.1.3 Lessee shall promptly upon written request from Lessor correct physical or procedural deficiencies caused by Lessee that are located on the Premises which are contrary to Lessor's Operations Department, security directives, security bulletins, or verbal notifications existing now or in the future. Within TWENTY-FOUR (24) hours of Lessor notifying Lessee of any deficiency, Lessor shall provide Lessee with a reasonably-detailed explanation of the deficiencies. Lessee shall be given a reasonable period of time (under the circumstances) to correct such deficiencies.

34.1.4 Lessee shall, to the fullest extent permitted by law, indemnify, defend and hold Lessor harmless for, from and against any security violation committed by any agents, employees, invitees, subcontractors, sub-lessees or independent contractors of Lessee.

34.1.5 Lessee shall conduct and document all self-audits and self-inspections as required by Transportation Security Administration ("**TSA**") or Lessor's Operations Department and make such audits available for inspection.

34.1.6 Lessee shall designate a primary security coordinator to receive security related briefings, bulletins and sensitive security information.

34.1.7 Lessor reserves the right to modify the Security Plan from time to time, as necessary or as directed by TSA. Lessor's Operations Department shall notify the Lessee security coordinator regarding modifications that effect Lessee.

34.2 Airport Security Badge.

34.2.1 Lessee's employees and contractors that require a badge shall be obligated to complete all training and comply with all security requirements and directives issued by Lessor's Operations Department, TSA or other entity having security jurisdiction at the Airport. Lessee, Lessee's employees, and contractors will surrender security badges upon request by Lessor's Operations Department; physical security media (badges and keys) remain the property of Lessor. Within SEVENTY-TWO (72) hours of Lessor's confiscation of any security badges, Lessor shall provide Lessee with a reasonably-detailed explanation of the violations that caused Lessor to confiscate the security badges.

34.2.2 Lessee and Lessee's employees and contractors shall comply with all security related audits, inspections, and screenings conducted by Lessor's Operations Department.

34.2.3 Lessee will promptly return badges to Lessor's badging office when badge holders employment is terminated, the badge is no longer needed or the employee/contractor is on extended leave.

34.2.4 Misuse of a badge or security procedures will bring about action, including, but not limited to, retraining of badge holders, and/or suspension or revocation of ONE (1) or all misused badges.

35. DEFAULT BY LESSOR

In the event of any alleged breach by Lessor of its covenants or obligations contained in this Lease, Lessee shall have available all rights and remedies provided at law or in equity, subject to the terms and conditions of this Lease; provided, however, Lessee may not exercise any such right or remedy unless Lessee has notified Lessor by written notice of such alleged default, and Lessor has not cured such default within the THIRTY (30) calendar day period subsequent to receipt of such notice or, in the event such alleged default is of such a nature that it cannot reasonably be cured within such THIRTY (30) calendar day period, Lessor has failed to cure such alleged default with all due diligence. Notwithstanding anything to the contrary contained in this Lease, in no event shall Lessee be entitled to terminate this Lease or abate or offset any installment of Base Rent, or any other payments to be made by Lessee hereunder except as expressly permitted in Sections 14.14 and 14.18 of this Lease. In no event shall Lessor be liable for punitive, consequential or speculative damages under this Lease.

36. BROKERS

Lessor and Lessee each represents and warrants to the other Party that it has not had any dealings with any real estate brokers, finders or agents in connection with this Lease. Lessor and Lessee each agrees to indemnify, defend (with counsel selected by the other) and hold the other Party and other Party's nominees, successors and assigns harmless from any and all claims, costs, commissions, fees or damages arising from a breach of such Party's representation and warranty in this SECTION 36.

37. SALE BY LESSOR

Lessee agrees to look solely to Lessor's interest in the Premises and any insurance proceeds, including rents, profits, proceeds and awards for the recovery of any judgment against Lessor, it being agreed that neither Lessor nor the holders of the equity interests of Lessor, nor the members, partners, officers, directors or shareholders of Lessor shall be personally liable for any such judgment. In the event of any sale or other conveyance by Lessor of its interest in the Premises, Lessor shall be automatically freed and released from all personal liability accruing from and after the date of such sale or conveyance as respects the performance of any covenant or obligation on the part of Lessor contained in this Lease to be performed, it being intended hereby that the covenants and obligations contained in this Lease on the part of Lessor shall be binding on the Lessor and its successors and assigns only during and in respect to the respective successive periods of ownership of the Premises.

38. ESTOPPEL CERTIFICATE

Each of Lessor and Lessee shall, without charge, at any time and from time to time hereafter, within Ten (10) business days after written request from the other Party to do so, certify, by written instrument duly executed and acknowledged by such Party and certified to the other Party and to any prospective lender or purchaser/assignee: (a) as to whether this Lease has been supplemented or amended, and if so, the substance and manner of such supplement or amendment; (b) as to the existence of any default hereunder to the best of such Party's knowledge; (c) as to the date on which such Party was obligated to commence paying any charges hereunder and the expiration date of the Term; (d) as to whether such Party has assigned or transferred its interests or any portion thereof in this Lease; and (e) as to any other matters relating to this Lease and the Premises as may be reasonably requested. The requesting Party and any prospective purchaser or lender to whom the same was certified may rely upon any such certificate.

39. UNAVOIDABLE DELAY

In the event either Party shall be delayed or hindered in or prevented from the performance of any covenant, agreement, work, service, or other act required under this Lease to be performed by such Party ("**Required Act**"), and such delay or hindrance is due to Unavoidable Delay (as defined below), then the performance of such Required Act shall be excused for the period of delay and the time period for performance of the Required Act shall be extended by the same number of days in the period of Unavoidable Delay. For purposes of this Lease, "**Unavoidable Delay**" shall mean, with respect to either Party, an unavoidable delay in the performance by such Party of any non-monetary conditions or obligations under this Lease due including but not limited to: (a) construction delay to the extent caused by the other Party, (b) legal proceeding brought by a non-Party with respect to the Improvements or any provision or requirement of this Lease which by its nature prohibits the Improvements from being commenced, continued and/or completed, (c) a Party not receiving a governmental permit, license, entitlement approval or inspection in time to meet a contractual time period imposed hereunder provided that Party, in good faith, was diligent in the application or request for and prosecution of the process to obtain that permit, license, approval or inspection, (d) flood, (e) epidemic/pandemic, (f) quarantine restriction, (g) unusually severe weather not reasonably anticipated, (h) strike, (i) walkout, (j) lock-out, (k) war, (l) national emergency, (m) fire, (n) act of God, (o) act of terrorism, (p) natural disaster, (q) explosion, (r) default by the other Party hereunder in the performance of its obligations hereunder, (s) delay caused by the discovery, presences or actions necessary to investigate or remediate Hazardous Material under SECTION 14 (but excluding Hazardous Material attributable to the Party claiming Unavoidable Delay), (t) unavailability or shortage of materials or labor that could not be reasonably anticipated, or (u) other causes beyond such Party's control; provided that no Unavoidable Delay shall exist unless the Party claiming such Unavoidable Delay shall give written notice to the other Party of the occurrence of the Unavoidable Delay not later than FORTY-FIVE (45) calendar days after the commencement of such Unavoidable Delay.

40. MISCELLANEOUS

40.1 Personal Liability. No member of or employee of either Party shall be charged personally or held contractually liable by or to the other Party under any term or provision of this Lease because of any breach thereof, or because of its execution or attempted execution.

40.2 No Waiver. No provision of this Lease may be waived or modified except by a writing signed by the Party against whom such waiver or modification is sought.

40.3 Non-Waiver of Rights. No waiver or default by Lessor of any of the terms, conditions, covenants or agreements hereof to be performed, kept or observed by Lessee shall be construed or act as a waiver of any subsequent default of any of the terms, covenants, conditions or agreements herein contained to be performed, kept or observed by Lessee, and Lessor shall not be restricted from later enforcing any of the terms and conditions of this Lease.

40.4 Amendment. This Lease contains all agreements of the Parties as of the date hereof with respect to any matter mentioned herein. No prior agreement, correspondence, or understanding pertaining to any such matter shall be effective to interpret or modify the terms hereof. Oral commitments or promises are not enforceable and shall not be binding or made part of this Lease. Any revisions or modifications to this Lease must be in writing and mutually accepted by persons with full and complete authority to bind the Party.

40.5 Litigation Expenses. In the event of litigation between Lessor and Lessee in connection with this Lease, the prevailing Party shall be entitled to recover its attorneys' fees and all costs and expenses of litigation, including witness fees, expert witness fees, and court costs.

40.6 Headings. The headings contained herein are for convenience in reference only and are not intended to define or limit the scope of this Lease or any term thereof.

40.7 Entire Agreement. This Lease, including exhibits attached hereto at the time of its execution, constitutes the entire agreement between the Parties hereto and supersedes all prior negotiations, understandings and agreements between the Parties concerning such matters.

40.8 Memorandum of Lease. Upon request of a Party, the Parties will execute a Memorandum of Lease, at the requesting Party's expense, in the form attached hereto as **EXHIBIT F**, and the requesting Party may record the memorandum against the Premises in the Official Records of Maricopa County, Arizona. If Lessee elects to record a Memorandum of Lease and Lessor requests in writing the removal of same upon the expiration or earlier termination of the Lease, Lessee shall (at Lessee's expense) remove the recorded Memorandum of Lease from the title record.

40.9 Quiet Enjoyment. So long as this Lease is in full force and effect and Lessee performs all of Lessee's obligations hereunder, Lessee shall peacefully and quietly have, hold and enjoy the Premises for the Term without interference from Lessor, or anyone claiming by, through or under Lessor, subject to all of the provisions of this Lease.

41. INCORPORATION OF RECITALS

The recitals set forth herein are acknowledged by the Parties to be true and correct and are incorporated herein by this reference.

(*Signatures appear on the following pages.*)

IN WITNESS WHEREOF, the Parties have executed this Lease to be effective on the Effective Date.

LESSOR:

MESA GATEWAY AIRPORT AUTHORITY, a joint powers airport authority authorized by the State of Arizona

By:
Name: J. Brian O'Neill, A.A.E.
Title: Executive Director/CEO
Date:

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

This instrument was acknowledged before me on __________________________ by J. Brian O'Neill, A.A.E, as Executive Director/CEO of Mesa Gateway Airport Authority, a joint powers airport authority authorized by the State of Arizona, on behalf of the company.

NOTARY PUBLIC

My Commission Expires:

____

LESSEE:

AMPLIFLY MESA GATEWAY, LLC, an Arizona Limited Liability Company

By: ___________________________________
Michael Hsiung, Manager

Date:

STATE OF ________________)
) ss.
County of _________________)

ACKNOWLEDGED before me this ___ day of ____________, 2025, by Michael Hsiung, in his capacity as Manager, AMPLIFLY MESA GATEWAY, LLC an Arizona limited liability company, for and on behalf of said limited liability company.

____
Notary Public

My Commission Expires:

____

EXHIBIT A

LEGAL DESCRIPTION OF THE PREMISES

LEGAL DESCRIPTION
LEASE AREA
MESA GATEWAY AIRPORT

October 13, 2025
Job No. 7499
Page 1 of 1

A PARCEL OF LAND BEING LOT 45, LOT 50A, LOT 50B, PORTION OF LOT 50C, AND PORTION OF A FORMER TAXIWAY OF MESA GATEWAY AIRPORT SITUATED IN THE NORTHWEST QUARTER OF SECTION 32, TOWNSHIP 1 SOUTH, RANGE 7 EAST OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 32, A FOUND BRASS CAP IN HANDHOLE FROM WHICH THE SOUTH QUARTER CORNER OF SAID SECTION 32, A FOUND AN ALUMINUM CAP FLUSH STAMPED LS 38588, BEARS SOUTH 89 DEGREES 29 MINUTES 18 SECONDS EAST, A DISTANCE OF 2637.97 FEET;

THENCE NORTH 00°59'50" WEST, ALONG THE WEST LINE OF SAID SECTION 32, A DISTANCE OF 3,850.00 FEET;

THENCE DEPARTING SAID WEST LINE NORTH 89°00'10" EAST, A DISTANCE OF 652.16 FEET, TO THE POINT OF BEGINNING;

THENCE SOUTH 44°35'31" EAST, A DISTANCE OF 650.65 FEET, TO THE NORTHERLY LINE OF LOT 47;

THENCE SOUTH 45°23'19" WEST, ALONG THE NORTHERLY LINE OF LOT 46 AND LOT 47, A DISTANCE OF 346.81 FEET, TO THE NORTHWESTERLY CORNER OF LOT 46;

THENCE DEPARTING SAID NORTHERLY LINE SOUTH 44°36'41" EAST, ALONG THE WESTERLY LINE OF LOT 46, A DISTANCE OF 314.06 FEET, TO A NON-TANGENT CURVE CONCAVE NORTHWEST, WHOSE RADIUS POINT BEARS NORTH 43°26'59" WEST, A RADIAL DISTANCE OF 760.00 FEET AND THE NORTHERLY RIGHT OF WAY LINE OF E. VELOCITY WAY;

THENCE DEPARTING SAID WESTERLY LINE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 12°23'32", A DISTANCE OF 164.38 FEET, ALONG THE NORTHERLY RIGHT OF WAY LINE OF SAID E. VELOCITY WAY, TO A NON-TANGENT LINE AND THE SOUTHWESTERLY CORNER OF LOT 45;

THENCE DEPARTING SAID NORTHERLY RIGHT OF WAY LINE, NORTH 44°36'38" WEST, ALONG THE WESTERLY LINE OF LOT 45, A DISTANCE OF 293.25 FEET;

THENCE CONTINUING ALONG SAID WESTERLY LINE, SOUTH 45°23'22" WEST, A DISTANCE OF 58.74 FEET;

THENCE NORTH 44°35'31" WEST, ALONG THE WESTERLY LINE OF LOT 45, AND PROLONGATION OF LOT 50A AND LOT 50B, AND PORTION OF A FORMER TAXIWAY, A DISTANCE OF 650.65 FEET, TO THE NORTHWESTERLY CORNER OF LOT 50A;

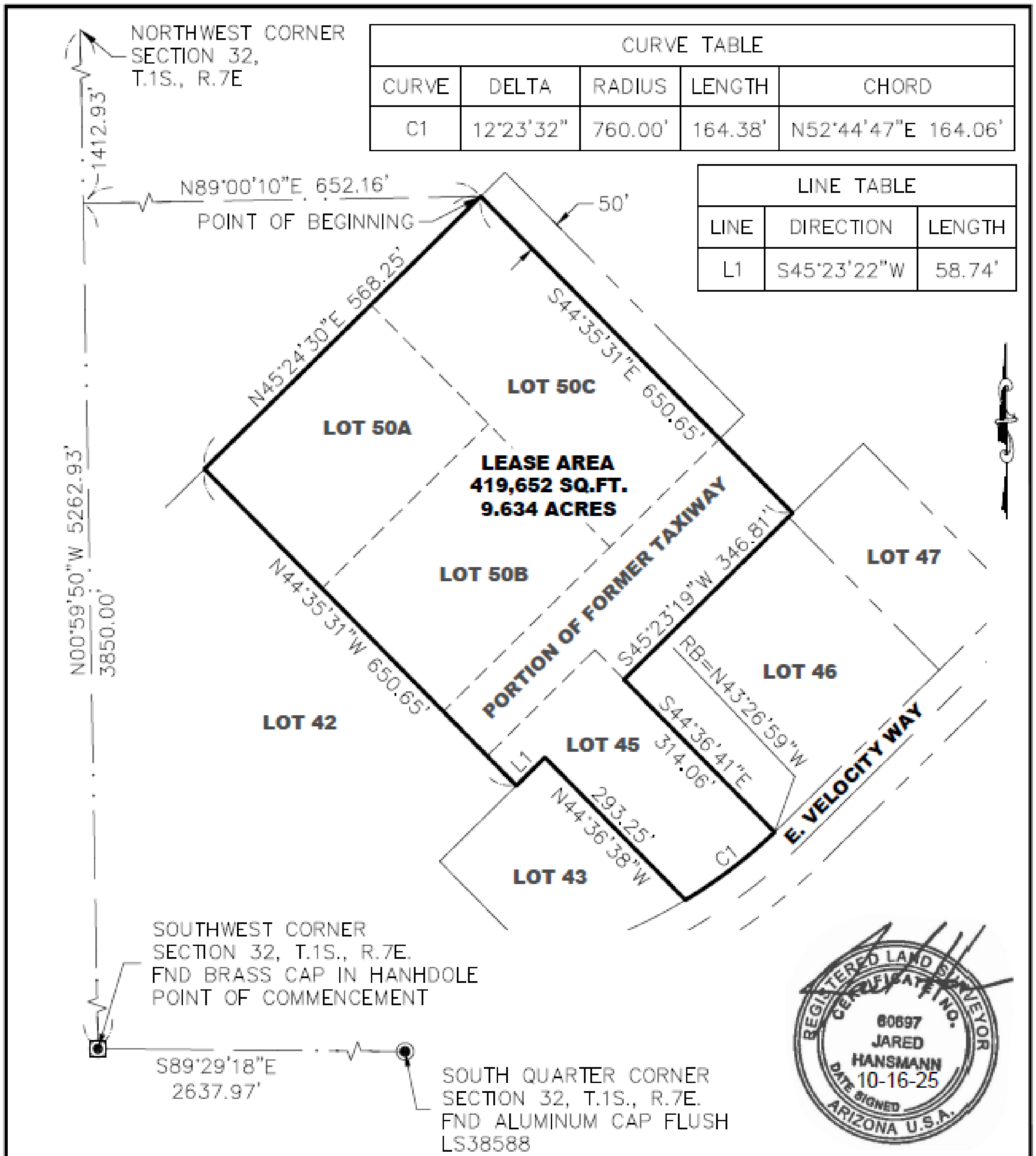
THENCE DEPARTING SAID WESTERLY LINE NORTH 45°24'30" EAST, ALONG THE NORTHERLY LINE OF LOT 50A, AND A PORTION OF LOT 50C, A DISTANCE OF 568.25 FEET, TO THE POINT OF BEGINNING.

CONTAINS 419,652 SQUARE FEET OR 9.634 ACRES, MORE OR LESS.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
60697
JARED
HANSMANN
10-16-25
DATE SIGNED
ARIZONA U.S.A.

CURVE TABLE				
CURVE	DELTA	RADIUS	LENGTH	CHORD
C1	12°23'32"	760.00'	164.38'	N52°44'47"E 164.06'

LINE TABLE		
LINE	DIRECTION	LENGTH
L1	S45°23'22"W	58.74'



RICK

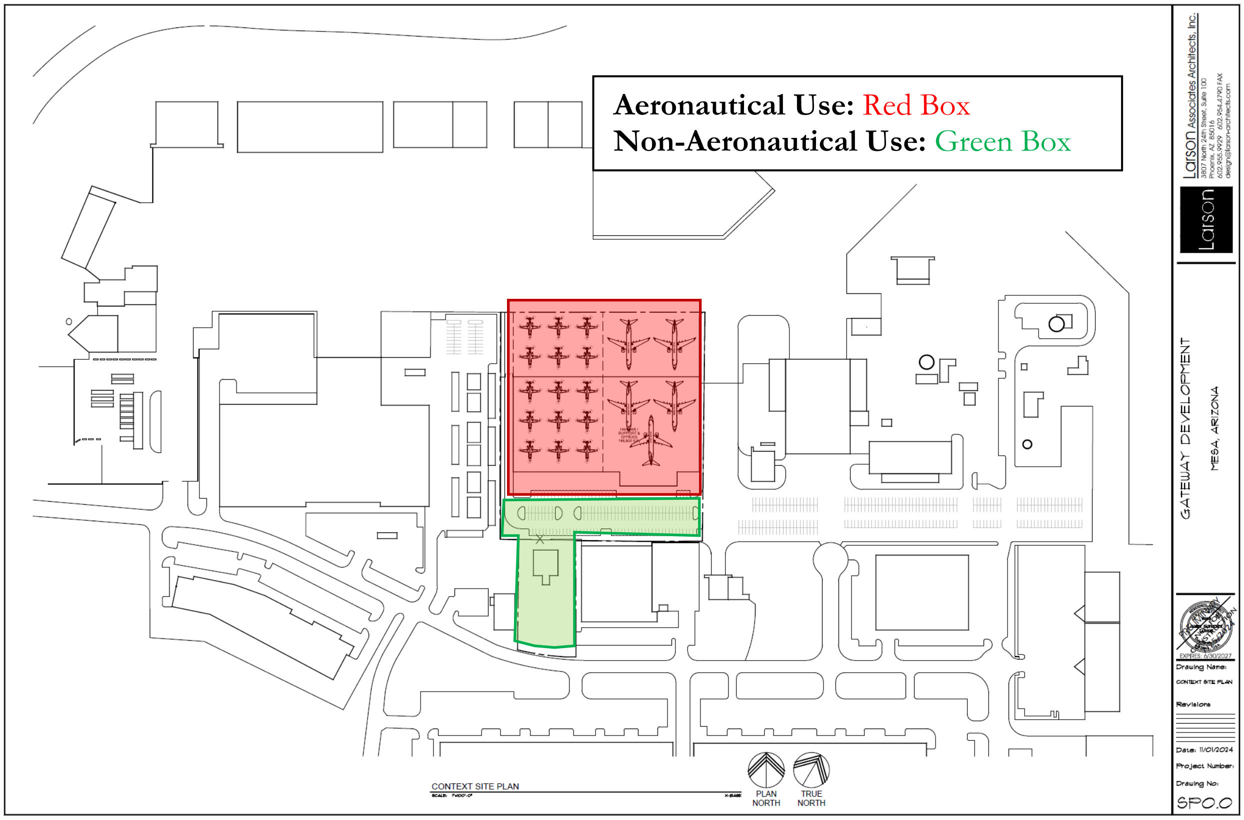
2401 W PEORIA AVE, SUITE 130
PHOENIX, AZ 85029
602-957-3350
rickengineering.com

EXHIBIT "A"
LEASE AREA
MESA GATEWAY AIRPORT
MESA, ARIZONA

DRAWING: 7499_Mesa_Gateway_Exhibit		
JOB# 7499	SCALE: NTS	SHT: 1 OF 1
DRAFTER: CRS	CHK: JH	DATE: 10/13/25

EXHIBIT A-1

PREMISES USE PLAN



4899-2871-0002
4896-6629-1315

EXHIBIT B

AIRPORT RATES & CHARGES SCHEDULE

(Link)

https://www.gatewayairport.com/policiesdocumentsandforms

&

AIRPORT FEES, SERVICES AND RENTAL RATES SCHEDULE

(Link)

https://www.gatewayairport.com/policiesdocumentsandforms

EXHIBIT C

AIRPORT MINIMUM STANDARDS

(*Link*)

https://www.gatewayairport.com/policiesdocumentsandforms

&

AIRPORT RULES AND REGULATIONS

(Link)

https://www.gatewayairport.com/policiesdocumentsandforms

EXHIBIT D

Intentionally Deleted

EXHIBIT E

DEPICTION OF PROPOSED IMPROVEMENTS

The depiction of any proposed improvements is conceptual and intended for illustrative purposes only. Final design, layout, and specifications to be later defined and approved per Section 7 of the Lease.

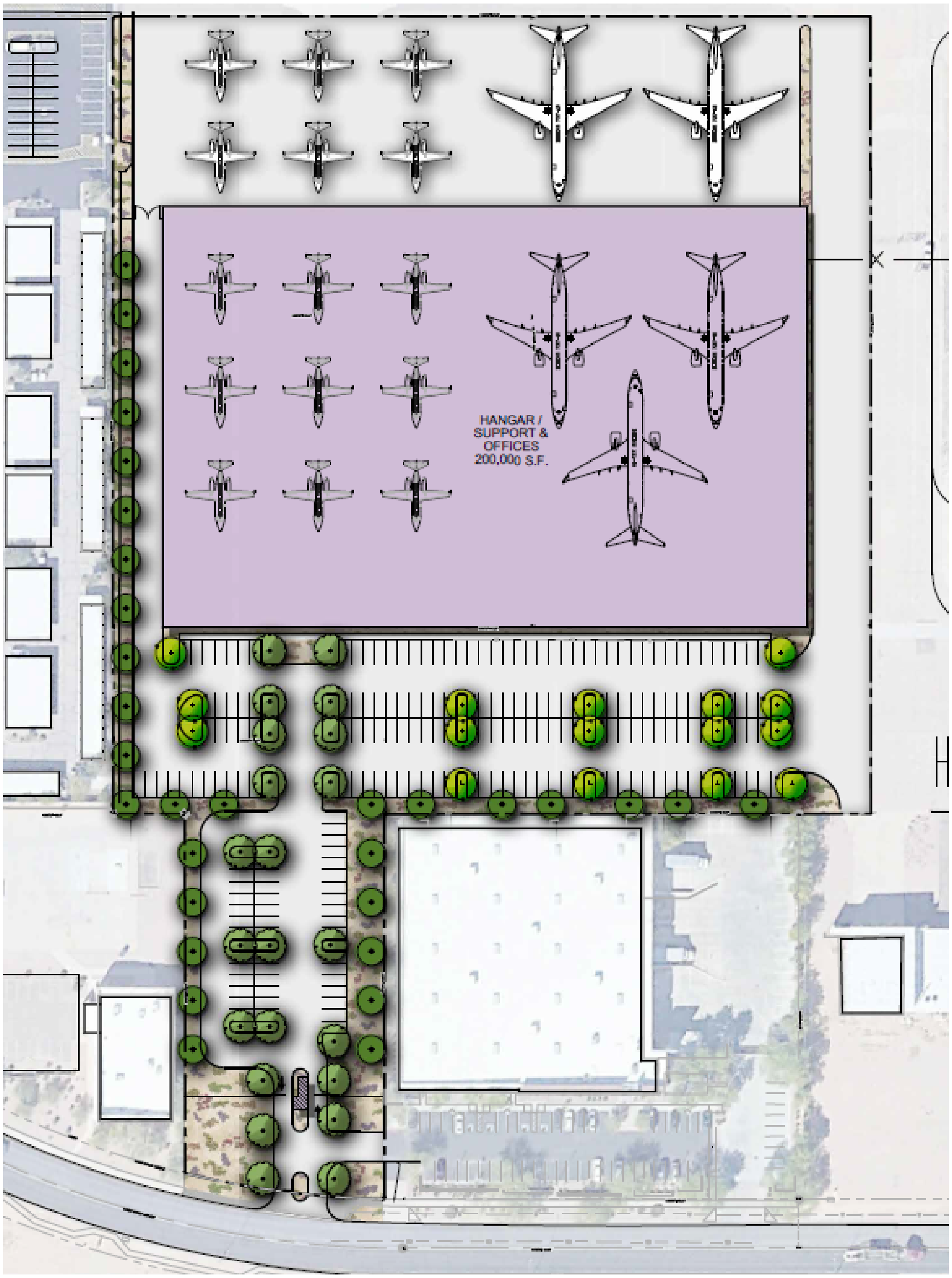


EXHIBIT F

MEMORANDUM OF LEASE

WHEN RECORDED,
RETURN TO:

Dorsey & Whitney LLP
Attn: Ryan Rosensteel, Esq.
2325 East Camelback Road, Suite 900
Phoenix, Arizona 85016

MEMORANDUM OF LEASE

This MEMORANDUM OF LEASE ("**Memorandum**"), is made and executed as of the [1st day of November, 2025] ("**Effective Date**"), by and between **MESA GATEWAY AIRPORT AUTHORITY**, a joint powers airport authority authorized and existing under the laws of the State of Arizona ("**Lessor**"), whose mailing address is Mesa Gateway Airport Authority, Attn: Business Development Department, 5835 South Sossaman Road, Mesa, Arizona 85212, and **AMPLIFLY MESA GATEWAY, LLC**, an Arizona limited liability company ("**Lessee**"), whose mailing address is PO Box 44633, Attn: Devon Gentry Phoenix, Arizona, 85064.

1. Lease and Premises. Lessor and Lessee entered into that certain Land Lease dated NOVEMBER 1, 2025 ("**Lease**"), covering that certain real property legally described on Exhibit A attached hereto and incorporated herein by this reference (the "**Premises**"). Subject to the covenants and conditions contained in the Lease, Lessor has leased to Lessee, and Lessee has leased from Lessor, the Premises.

2. Term. The term of the Lease commenced on November 1, 2025, and expires on October 31, 2065, unless earlier terminated pursuant to the terms of the Lease. Subject to the terms of the Lease, Lessee has the right and option extend the term of the Lease for a period of TWO (2) additional periods of FIVE (5) years, in accordance with the terms of the Lease.

3. Use. Lessee may use and occupy the Premises for develop and construct aircraft hangar(s), including integrated office and/or shop space, as well as all related ramp and aircraft parking areas, automobile parking facilities, loading areas, and fenced, gated and secured areas.

4. No Modification. This Memorandum shall not, under any circumstances, be deemed to modify or change any provisions of the Lease, the provisions of which shall in all instances prevail.

5. Counterparts. This Memorandum may be executed in ONE (1) or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same document, provided that all parties are furnished a copy thereof reflecting the signature of all parties.

(*Signatures appear on the following page.*)

IN WITNESS WHEREOF, the parties hereto have duly executed this Memorandum as of the Effective Date set forth above.

LESSOR:

MESA GATEWAY AIRPORT AUTHORITY, an Arizona joint powers airport authority

By: ______________________________
J. Brian O'Neill, A.A.E.
Executive Director/CEO

STATE OF ARIZONA)
) ss.
County of Maricopa)

ACKNOWLEDGED before me this ___ day of _____________, 20__, by J. Brian O'Neill, in his capacity as the Executive Director/CEO of the Mesa Gateway Airport Authority.

Notary Public

My Commission Expires:

LESSEE:

AMPLIFLY MESA GATEWAY, LLC,
an Arizona limited liability company

By: ___________________________________
Michael Hsiung, Manager

STATE OF _______________)
) ss.
County of _________________)

ACKNOWLEDGED before me this ___ day of ___________, 20__, by Michael Hsiung, in his capacity as Manager, AmpliFLY Mesa Gateway, LLC, an Arizona limited liability company, for and on behalf of said limited liability company.

____
Notary Public

My Commission Expires:

____

EXHIBIT A TO MEMORANDUM OF LEASE

LEGAL DESCRIPTION

[LESSEE TO PROVIDE]

EXHIBIT G

GUARANTY OF LEASE

RECITALS

A. Mesa Gateway Airport Authority, a joint powers authority authorized by the State of Arizona ("**Lessor**"), and to AmpliFLY Mesa Gateway, an Arizona limited liability company ("**Lessee**"), are about to execute a document entitled Land Lease dated November 1, 2025 ("**Lease**") concerning the premises commonly known as Lots 45, 50A 50B, and 50C ("**Premises**") wherein Lessor will lease the Premises to Lessee; and

B. <NAME>, and <NAME>, <husband and wife> *[If applicable, if not delete the secondary name and this text]*, and <NAME>, a single <man, woman> (each, individually, collectively, jointly and severally, "**Guarantor**") <has><have> a financial interest in Lessee; and

C. Lessor would not execute the Lease if Guarantor did not execute and deliver to Lessor this Guaranty of Lease.

AGREEMENT

NOW THEREFORE, in consideration of the execution of said Lease by Lessor and as a material inducement to Lessor to execute said Lease:

1. Guarantor hereby unconditionally and irrevocably guarantees the prompt payment by Lessee of all rents and all other sums payable by Lessee under said Lease and the faithful and prompt performance by Lessee of each and every one of the terms, conditions and covenants of said Lease to be kept and performed by Lessee.

2. It is specifically agreed by Lessor and Guarantor that: (i) the terms of the foregoing Lease may be modified by agreement between Lessor and Lessee, and (ii) said Lease may be assigned by Lessor or any assignee of Lessor without the consent of or notice to Guarantor and that this Guaranty shall guarantee the performance of said Lease as so modified.

3. This Guaranty shall not be released, modified or affected by the failure or delay on the part of Lessor to enforce any of the rights or remedies of the Lessor under the Lease.

4. No notice of default by Lessee under the Lease need be given by Lessor to Guarantor, it being specifically agreed that the guarantee of the undersigned is a continuing guarantee under which, subject to the terms of the Lease, Lessor may proceed immediately against Lessee and/or against Guarantor following any breach or default by Lessee or for the enforcement of any rights which Lessor may have as against Lessee under the terms of the Lease or at law or in equity.

5. Subject to the terms of the Lease, Lessor shall have the right to proceed against Guarantor following any breach or default by Lessee under the Lease without first proceeding against Lessee and without previous notice to or demand upon either Lessee or Guarantor.

6. Guarantor hereby waives (a) notice of acceptance of this Guaranty, (b) demand of payment, presentation and protest, (c) all right to assert or plead any statute of limitations relating to this Guaranty or the Lease, (d) any right to require the Lessor to proceed against the Lessee or any other guarantor or any other person or entity liable to Lessor, (e) any right to require Lessor to apply to any default any security deposit or other security it may hold under the Lease, (f) any right to require Lessor to proceed under any other remedy

Lessor may have before proceeding against Guarantor, (g) any right of subrogation that Guarantor may have against Lessee.

7. Guarantor does hereby subordinate all existing or future indebtedness of Lessee to Guarantor to the obligations owed to Lessor under the Lease and this Guaranty.

8. If Guarantor is married, Guarantor expressly agrees that recourse may be had against their separate property for all of the obligations hereunder.

9. The term "Lessor" refers to and means the Lessor named in the Lease and also Lessor's successors and assigns. So long as Lessor's interest in the Lease, the leased Premises or the rents, issues and profits therefrom, are subject to any mortgage or deed of trust or assignment for security, no acquisition by the mortgagee, beneficiary, trustee or assignee under such mortgage or deed of trust of the Lessor's interest in the leased Premises shall affect the continuing obligation of Guarantor under this Guaranty which shall nevertheless continue in full force and effect for the benefit of the mortgagee, beneficiary, trustee or assignee under such mortgage, deed of trust or assignment and their successors and assigns.

10. The term "Lessee" refers to and means the Lessee named in the Lease and also Lessee's successors and assigns.

11. No provision of this Guaranty or right of the Lessor can be waived, nor can the Guarantors be released from their obligations except in writing signed by the Lessor.

12. Any litigation concerning this Guaranty shall be initiated in a state court of competent jurisdiction in Maricopa County, Arizona and the Guarantor consent to the jurisdiction of such court. This Guaranty shall be governed by the laws of the State of Arizona and for the purposes of any rules regarding conflicts of law the parties shall be treated as if they were all residents or domiciles of the State of Arizona.

13. In the event any action is brought by said Lessor against Guarantor hereunder to enforce the obligation of Guarantor hereunder, the unsuccessful party in such action shall pay to the prevailing party therein a reasonable attorney's fee. The attorney's fee award shall not be computed in accordance with any court fee schedule, but shall be such as to full reimburse all attorneys' fees reasonably incurred. The attorneys' fee award shall be determined by the court and not a jury.

14. If Guarantor is a corporation, partnership, or limited liability company, each individual executing this Guaranty on said entity's behalf represents and warrants that he or she is duly authorized to execute this Guaranty on behalf of such entity. Signatures to this Guaranty accomplished by means of electronic signature or similar technology shall be legal and binding.

15. Guarantor may request release of this Guaranty upon the earlier of: (1) the date of Lessee's increase of the Security Deposit to an amount equivalent to eighteen (18) months of Base Rent, or $346,212.90, or (2) the date that Lessee is substantially complete with construction and has paid three (3) years of Base Rent. Lessor shall release and terminate this Guaranty upon Lessor's verification that such conditions have been met, which verification shall not be unreasonably withheld, conditioned, or delayed.

[*Remainder of page intentionally blank. Signature and consent pages follow.*]

IN WITNESS WHEREOF, the undersigned hereby executes this Guaranty of Lease as of the date(s) below written.

ADDRESS OF GUARANTOR:	GUARANTOR:
<Address> <City>, <State> <Zip>	<Guarantor Name>, a <married/single> <man/woman> Date: ________________
<Address> <City>, <State> <Zip>	<Guarantor Name>, a <married/single> <man/woman> Date: ______________
<Address> <City>, <State> <Zip>	<Guarantor Name>, a <married/single> <man/woman> Date: ______________

EXHIBIT H

PERMITTED EXCEPTIONS

3. Reservations contained in the Patent

From: The United States of America
To: Edgar L. Thwaites
Recording Date: October 26, 1911
Recording No: Book 95 of Deeds, page 67

Which among other things recites as follows: Subject to any vested and accrued water rights for mining, agricultural, manufacturing, or other purposes and rights to ditches and reservoirs used in connection with such water rights, as may be recognized and acknowledged by the local customs, laws and decisions of the courts, and the reservation from the lands hereby granted, a right of way thereon for ditches or canals constructed by the authority of the United States.

4. Water rights, claims or title to water, whether or not disclosed by the Public Records.

5. Matters contained in that certain document

Entitled: Intergovernmental Agreement
Recording Date: November 13, 1992
Recording No: 92-0646640

Reference is hereby made to said document for full particulars.

6. Matters contained in that certain document

Entitled: Intergovernmental Agreement
Recording Date: September 2, 1993
Recording No: 93-0596938

Reference is hereby made to said document for full particulars.

7. Matters contained in that certain document

Entitled: Joint Powers Airport Authority Agreement
Recording Date: May 19, 1994
Recording No: 94-0400695

Reference is hereby made to said document for full particulars.

8. Matters contained in that certain document

Entitled: Quitclaim Deed
Recording Date: April 30, 1998
Recording No: 98-0354787 and
Re-Recording Date: May 4, 1998
Re-Recording No: 98-0364178

Reference is hereby made to said document for full particulars.

9. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

Purpose: Underground power and appurtenant facilities
Recording Date: November 16, 1999
Recording No: 99-1045415

10. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

Purpose: Underground electric lines and appurtenant facilities
Recording Date: November 21, 2002
Recording No: 20021234822, and
Re-Recording Date: November 25, 2002
Re-Recording No: 20021251223, and
Re-Recording Date: December 16, 2002
Re-Recording No: 20021352114

11. Matters contained in that certain document

Entitled: Quitclaim Deed
Recording Date: February 25, 2009
Recording No: 2009-0162752

Reference is hereby made to said document for full particulars.

12. Covenants, conditions, restrictions and easements but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, or source of income, gender, gender identity, gender expression, medical condition or genetic information, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth in the document

Recording No: 2007-1041497

13. Covenants, conditions, restrictions and easements but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, or source of income, gender, gender identity, gender expression, medical condition or genetic information, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth in the document

Recording No: 2008-0534394

14. Covenants, conditions, restrictions and easements but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, or source of income, gender, gender identity, gender expression, medical condition or genetic information, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth in the document

Recording No: 2008-0796938

15. Covenants, conditions, restrictions and easements but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, or source of income, gender, gender identity, gender expression, medical condition or genetic information, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth in the document

Recording No: 2009-0039827

17. Covenants, conditions, restrictions and easements but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, or source of income, gender, gender identity, gender expression,
medical condition or genetic information, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth in the document

Recording No: 2012-0966762

18. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

Purpose: Waterline and appurtenant facilities
Recording Date: May 23, 2013
Recording No: 20130471660

19. Matters contained in that certain document

Entitled: Avigation Notice - Phoenix-Mesa Gateway Airport Overflight Area
Recording Date: April 27, 2017
Recording No: 20170301390

Reference is hereby made to said document for full particulars.

20. Matters which may be disclosed by an inspection and/or by a correct ALTA/NSPS Land Title Survey of said Land.

Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
www.gatewayairport.com

Management Information Report

To:	**Board of Directors**
From:	**Chuck Odom, Chief Financial Officer**
Through:	**J. Brian O'Neill, A.A.E., Executive Director/CEO**
Re:	**August 2025 Financials**
Date:	**October 21, 2025**

Attached is the monthly Financials Report for August 2025.

Mesa Gateway Airport Authority
AIRPORT - All Operations P&L
August, 2025

	Month of August 2025				Y-T-D as of August 2025			
	August FY25 Actual	August FY26 Actual	YOY Variance	B/(W)	YTD FY25 Actual	YTD FY26 Actual	Y-T-D Variance	B/(W)
Aeronautical Operating Revenues								
Aircraft Parking	41,966	35,069	(6,897)	-16%	76,215	75,682	(533)	-1%
Fuel Flowage Fees	44,264	67,544	23,280	53%	102,123	131,752	29,629	29%
Landing Fees	110,654	156,651	45,997	42%	270,077	330,312	60,235	22%
Lease Income Aero	319,257	393,422	74,165	23%	759,520	907,734	148,214	20%
Fuel Sales	648,742	1,074,297	425,555	66%	1,360,744	2,321,537	960,793	71%
Services Sold - Aero	339,993	470,284	130,291	38%	885,623	945,833	60,210	7%
Sub-total Aero Operating Revenues	1,504,876	2,197,267	692,391	46%	3,454,302	4,712,850	1,258,548	36%
Non-Aeronautical Operating Revenues								
Concessions	93,457	104,391	10,934	12%	230,035	232,026	1,991	1%
Lease Income Non-Aero	114,152	114,723	571	1%	223,725	250,211	26,486	12%
Parking	464,655	498,662	34,007	7%	1,147,725	1,179,768	32,043	3%
Rental Car Fees	157,833	133,522	(24,311)	-15%	323,254	310,332	(12,922)	-4%
Svcs Sold - Non Aero	14,531	14,820	289	2%	20,706	35,025	14,319	69%
Sub-total Non-Aero Operating Revenues	844,628	866,118	21,490	3%	1,945,445	2,007,362	61,917	3%
Total Operating Revenues	**2,349,504**	**3,063,385**	**713,881**	**30%**	**5,399,747**	**6,720,212**	**1,320,465**	**24%**
Operating Expenses								
Cost of Goods Sold	424,152	806,097	(381,945)	-90%	869,548	1,701,332	(831,784)	-96%
Personnel	819,482	883,147	(63,665)	-8%	1,685,487	1,755,260	(69,773)	-4%
Comm & Utilities	128,581	139,120	(10,539)	-8%	264,260	280,113	(15,853)	-6%
Contractual Services	606,676	673,356	(66,680)	-11%	1,196,079	1,307,836	(111,757)	-9%
Insurance	59,569	52,724	6,845	11%	116,964	100,255	16,709	14%
Other	24,671	30,520	(5,849)	-24%	60,136	70,567	(10,431)	-17%
Repair & Maintenance	45,694	48,463	(2,769)	-6%	79,948	104,640	(24,692)	-31%
Supplies & Materials	68,101	73,674	(5,573)	-8%	143,888	154,399	(10,511)	-7%
Air Service Incentives [2,000,000]	-	-	-	0%	-	-	-	0%
Operating Contingency [3,042,018]	-	-	-	0%	-	-	-	0%
Total Operating Expenses	**2,176,926**	**2,707,101**	**(530,175)**	-24%	**4,416,310**	**5,474,402**	**(1,058,092)**	-24%
Operating Income (Loss) Before Depreciation	**172,578**	**356,284**	**183,706**	106%	**983,437**	**1,245,810**	**262,373**	27%
	7.3%	11.6%			18.2%	18.5%		

Depreciation	1,494,205	2,870,294

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Management Information Report

To: **Board of Directors**
From: **Chuck Odom, Chief Financial Officer**
Through: **J. Brian O'Neill, A.A.E., Executive Director/CEO**
Re: Solicitation Notification
Date: **October 21, 2025**

This report is to provide notification of the active and upcoming solicitations to help ensure compliance with the Mesa Gateway Airport Authority procurement transparency clause. The active activities include the following:

Active/Pending Solicitations

Type Solicitation	Number	Title	Anticipated Contract Award (Board Action)
Invitation for Bid	2026-002-IFB	Passenger Boarding Ramps	October 2025
Request for Qualifications	2025-003-RFQ	South Apron Aeronautical Redevelopment	October 2025
Request for Qualifications	2026-004-RFQ	Website Redesign Services	January 2026

Future Solicitations

Type Solicitation	Number	Title	Scheduled for Release	Anticipated Contract Award (Board Action)
Invitation for Bid	2026-003-IFB	Baggage Tractor	October 2025	December 2025
Request for Qualifications	2026-005-RFQ	Taxiway Golf Realignment	December 2025	March 2026

Equipment Disposals

Fiscal year totals from sales of decommissioned / nonworking equipment total $23,572.

If you have any questions about the solicitations or the procurement process, please feel free to contact me at 480-988-7613.

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Management Information Report

To: **Board of Directors**
From: **Chuck Odom, Chief Financial Officer**
Through: **J. Brian O'Neill, A.A.E., Executive Director/CEO**
Re: **Fire Line Repair – Emergency Procurement**
Date: **October 21, 2025**

On September 27, 2025, a 10" underground fire line broke at 6250 S. Taxiway Circle. The break resulted in significant flooding of the back lot and complete drainage of the Airport's 1083 pump house fire suppression system.

Due to the location and extent of the break, the fire protection system for the Air Traffic Control Tower, Building 1086, Building 1092, and Building 1084, serving the Allegiant Hangar, was inoperable. This constituted a critical life safety issue and left multiple facilities vulnerable in the event of a fire.

Staff quickly secured two (2) quotes, but due to time constraints, they were unable to obtain a third. Delaying this repair to obtain an additional quote would have extended the period during which critical facilities remain without fire protection, presenting an unacceptable safety risk. In response to this emergency, staff initiated procurement actions as permitted under the emergency provisions of the Airport's Procurement Policy, which allow for immediate action when necessary to protect public safety and infrastructure, even when three quotes are not available.

Staff reviewed the quotes to ensure pricing was in line with the expected material and services to provide satisfactory work results and selected the lowest of the two (2) quotes received.

Vendor Selected: Red Mountain Machinery, Inc.
Scope of Work: Emergency excavation and repair of 10" underground fire line
Total Cost: $18,411.00

Red Mountain Machinery was able to mobilize quickly and had all the necessary repairs completed by October 3, 2025.

This report is submitted in accordance with the Airport's Procurement Policy, which requires notification to the Board of Directors of any emergency procurement where the standard requirement for obtaining three quotes is not met.