



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 (MGAA) and to the public that MGAA will hold a meeting open to the public on **Tuesday, September 15, 2026 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 (Mayor Mark Freeman, Chair)

Members of the Mesa Gateway Airport Authority will attend either in person or via videoconference.

2. Pledge of Allegiance

3. Consent Agenda

a) **Minutes** of the MGAA Board Meeting held on **August 18, 2026.**

b) **Resolution No. 26-40** – Authorizing Mesa Gateway Airport Authority to join the **Arizona Metropolitan Trust** (AzMT) effective January 1, 2027 through June 30, 2030; approve the Arizona Metropolitan Trust Agreement and Declaration of Trust; accept the AzMT Bylaws; accept the proposed schedule of premiums from January 1, 2027 through June 30, 2027; and appoint a Trustee and Alternate Trustee to serve on the AzMT Board of Directors.

c) **Resolution No. 26-41** – Approving a Mesa Gateway Airport Authority (MGAA) **employee benefits package** (Medical, Dental, Vision, Group Life/AD&D, Short-Term Disability and Employee Assistance Program) and associated premiums for the six-month period of January 1, 2027 through June 30, 2027, at an estimated total cost to MGAA of \$609,122.

4. Board Member Comments/Announcements

5. 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.

6. Next Meeting: Tuesday, October 20, 2026 at 9:00 a.m.

7. 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 mjohnson@gatewayairport.com. Requests should be made as early as possible to allow time to arrange the accommodation.



- Airport Non-Airline Revenue Per ENP PAX Shows Significant Growth
- Garmin Presents Overview of New Airport Facility at MGAA Board Meeting
- MGAA to Install Additional 50,000 Gallon Aviation Fuel Storage Tank
- FAA Delays PHX Modernization Project Implementation Until June 2027
- Emergency Taxiway Kilo Repairs Cost MGAA More than \$1MM
- MGAA Badging and Services Office Renovations and Expansion Planned

Executive Director's Report September 2026

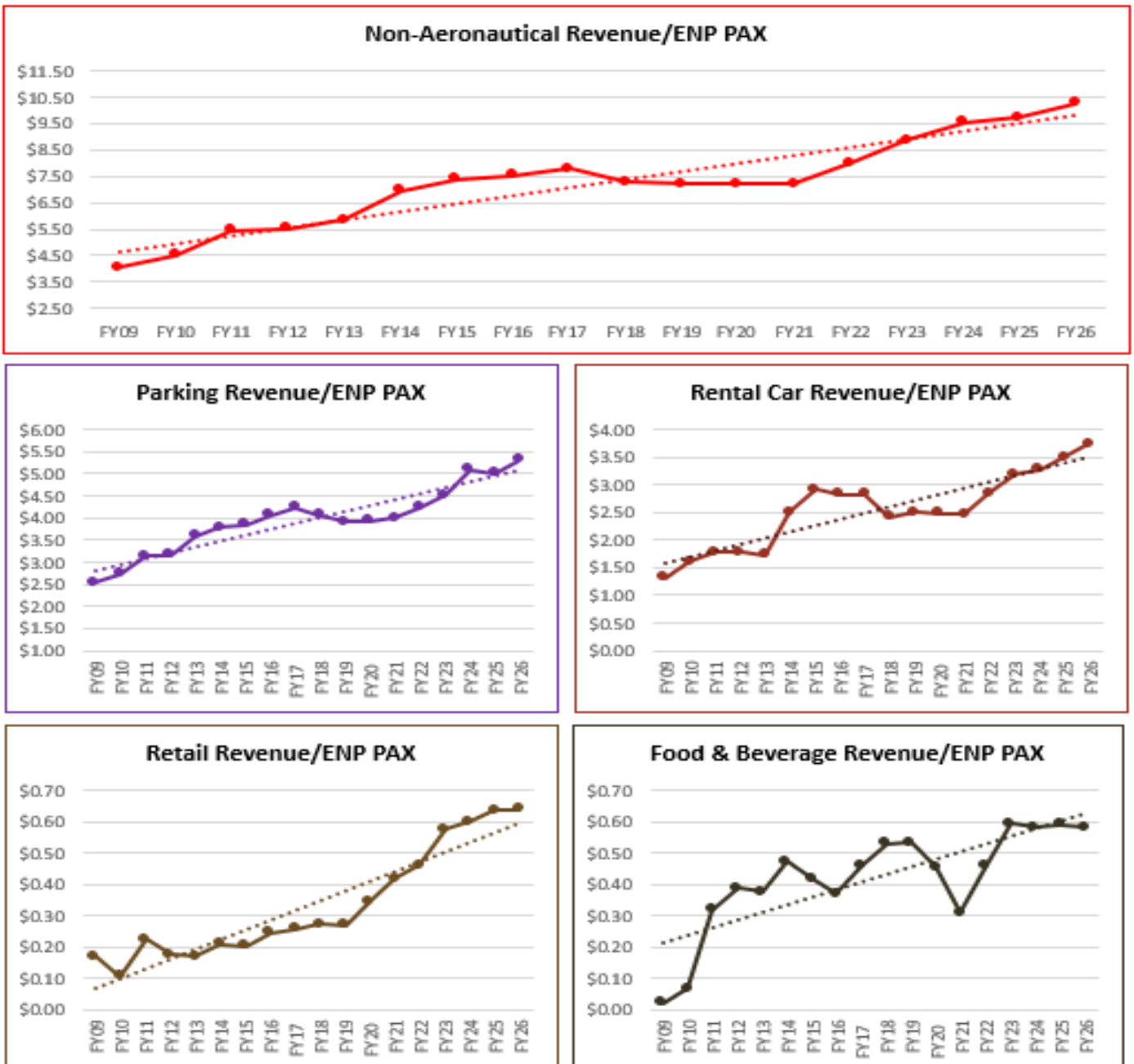
PERFORMANCE METRIC	FY24	FY25	FY26*	% Change
Total Commercial Passengers	1,839,977	2,006,347	2,007,655	0.1%
Total Aircraft Operations	300,296	303,643	304,232	0.2%
Aircraft Landing Fee Revenue	\$1,702,303	\$1,905,297	\$2,185,781	15%
Terminal Tenant Lease Revenue	\$172,634	\$183,929	\$189,836	3%
Terminal Use Fee Revenue	\$284,915	\$337,150	\$328,900	-2%
Operating Revenue	\$31,460,511	\$35,836,472	\$47,221,582	32%
Concession Revenue	\$1,424,638	\$1,553,311	\$1,558,383	0%
Facility/Land Lease Revenue	\$4,919,597	\$5,627,787	\$6,076,950	8%
Ground Transportation Revenue	\$246,760	\$312,504	\$358,241	15%
Car Rental Revenue	\$3,024,669	\$3,515,473	\$3,745,384	7%
Vehicle Parking Revenue	\$4,841,600	\$5,238,011	\$5,510,350	5%
Aviation Fuel Sales Revenue	\$7,761,831	\$10,109,333	\$19,593,095	94%
Net Operating Income	\$4,111,268	\$5,546,306	\$6,551,246	18%

Red – New MGAA Fiscal Year Record

*Preliminary

Airport Non-Airline Revenue Per ENP PAX Shows Significant Growth

Non-airline revenue per enplaned passenger (ENP PAX) - the average amount of money each enplaning passenger spends on terminal concessions, parking, and rental cars - while traveling through Mesa Gateway Airport (Airport, Gateway Airport) has increased from approximately \$4.00 in FY09 to almost \$10.50 in FY26. Although a portion of the additional revenue is attributed to periodic parking rate changes and increasing rental car revenue, this impressive growth is also due to the addition of popular food, beverage, and retail concessions in the terminal. In 2026 and 2027, Gateway Airport will be unveiling three new food and beverage concessions in the terminal, including Dunkin' (near Gate 3), Cold Beers and Cheeseburgers (near Gate 5), and Wetzel's Pretzels (in Baggage Claim with a roving cart transiting all three concourses).



Financial Snapshot

OPERATING INCOME	July		Month Variance	FYTD Comparison		FYTD Variance
	2025	2026		FY26	FY27	
Revenues	\$3,656,828	\$4,197,429	\$540,601	\$3,656,828	\$4,197,429	\$540,601
Less Expenses	\$2,767,301	\$3,311,676	\$544,375	\$2,767,301	\$3,311,676	\$544,375
Operating Income (Before Depreciation)	\$889,527	\$885,753	(\$3,774)	\$889,527	\$885,753	(\$3,774)

Investment Fund Balances: As of July, the Local Governmental Investment Pool (LGIP) 700 = \$3,915,224; Wells Fargo; Collateralized Money Market = \$6,204,583 and Commercial/Paper Brokered CD's = \$70,366,582; Total \$80,486,389. MGAA invests in fixed rate instruments.

Finance and Accounting

Mesa Gateway Airport Authority (MGAA) is reporting net operating income of \$885,753 for July 2026, approximately the same results as last July (\$889,527). This is another solid start to the new fiscal year (FY27).

July aeronautical revenues increased by 16% and non-aeronautical revenues increased by 12% on a year-over-year monthly comparison. The aeronautical increase was generated primarily by aviation fuel sales which increased by 37%. Non-aeronautical revenues increased due to a 38% increase in rental car revenues, 25% increase in lease income, and an 11% increase in parking revenues.

Operating expenditures for July 2026 increased by 20% and totaled \$3,311,676. This increase was due to an increase in aviation fuel related cost-of-goods-sold due to increased fuel sales.

Fiscal-year-to-date 2027 (FYTD27) operating expenditures are \$493,250 over the MGAA Board-approved budget due to increased aviation fuel cost-of-goods sold.

MGAA reported a very strong financial performance in FY26, earning more than \$47MM (new record) in operating revenue and more than \$6.5MM (new record) in net operating income during the fiscal year.

Active Solicitations

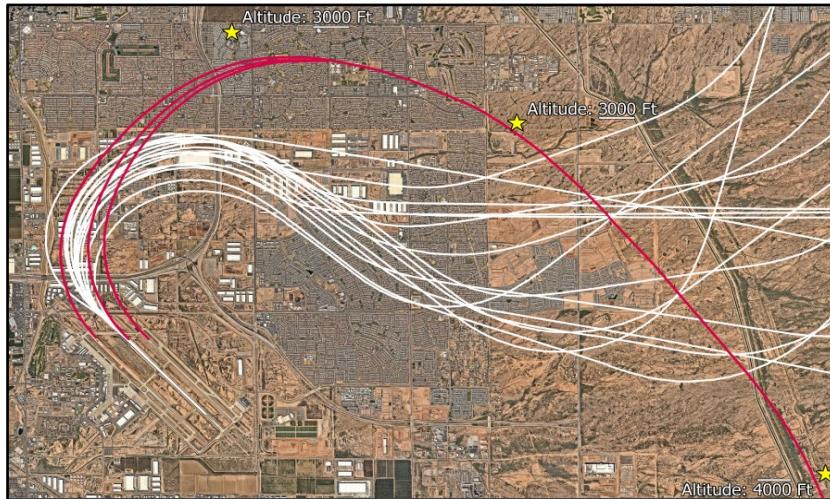
TYPE OF SOLICITATION	Number	Title	Anticipated Contract Award
Request for Proposals	2027-001-RFP	Aviation Fuel Supplier	December 2026

Future Solicitations

TYPE OF SOLICITATION	Number	Title	Anticipated Contract Award
Request for Proposals	2027-003-RFP	TSA HVAC Repair & Replace – Phase II	December 2026
Request for Qualifications	2027-002-RFQ	Job Order Contracting	December 2026

Airport Operations

FAA Delays PHX Modernization Project Implementation Until June 2027



Proposed Runway 30 Departure Flight Paths for Gateway Airport

the Airport, and many Airport neighbors impacted by the proposed new flight paths.

Citing additional work that needs to be completed, the Federal Aviation Administration (FAA) has announced it will delay the implementation of the proposed PHX Modernization Project flight path changes impacting airports across greater Phoenix until June 2027. The FAA's proposal includes Runway 30 departure modifications at Gateway Airport that are very concerning to the MGAA Board of Directors, elected officials representing communities adjacent to

The MGAA Board and area elected officials support the FAA's mission to modernize the national airspace system and recognize the benefits that performance-based navigation can provide. However, modernization must not come at the expense of established community relationships and land-use commitments built over decades. Although proposed flight procedures may meet applicable federal noise thresholds, the introduction of new aircraft overflight activity over communities that have never experienced it before represents a material change in the quality of life for area residents - affecting sleep, outdoor activities, home values, and the overall livability of their neighborhoods.

PASSENGERS AND AIR CARGO		July		% Change	FYTD		% Change
		2025	2026		FY26	FY27	
Passengers	TOTAL	169,729	165,052	-3%	169,729	165,052	-3%
	Deplaned	87,186	83,320	-4%	87,186	83,320	-4%
	Enplaned	82,543	81,732	-1%	82,543	81,732	-1%
Allegiant		169,341	165,052	-3%	169,341	165,052	-3%
Sun Country		388	0	-100%	388	0	-100%
Air Cargo (lbs.)		1,770,945	91,974	-95%	1,770,945	91,974	-95%

Engineering, Planning, and Facilities

Emergency Taxiway Kilo Repairs Cost MGAA More than \$1MM

Taxiway Kilo (Taxiway K) consists of varying pavement types of varying age, section depths, and pavement conditions. A section of Taxiway K recently experienced localized failures in the form of cracking, depressed areas, and delamination of the surface where larger aircraft have exited Runway 12C/30C onto the taxiway.

MGAA secured professional engineering services to investigate the Taxiway K pavement failure. During a geotechnical evaluation, it was discovered that the condition of Taxiway K had significantly deteriorated, and an emergency reconstruction project was necessary to maintain safe and reliable airfield operations. The unanticipated repairs will cost MGAA more than \$1MM.

MGAA Badging and Services Office Renovation and Expansion Planned



MGAA's Current Badging and Services Office

As passenger activity, Airport construction projects, and private commercial development continues to increase at Gateway Airport, the demand for security badging and other services has grown significantly as well. The MGAA Badging and Services Office now controls more than 3,000 active security badges, many of which require an annual renewal.

The existing Badging Office was originally designed to accommodate one staff member and significantly less badging activity. Recent growth, and the addition of two

additional Badging Specialists has rendered the space crowded and inefficient.

The proposed project will remodel and expand the Badging and Services Office to provide additional staff workstations, improved training and applicant processing areas, and will allow MGAA staff to more efficiently serve the growing number of persons seeking credentials, access, permits, and training.

The Badging and Service Office plays a critical role in the safe and secure operation of Gateway Airport. The office ensures regulatory compliance with the Airport Security Program, 49 CFR 1542 Airport Security, and TSA Security Directives related to credentialing and access at the Airport. Additionally, the office administers the FAA-required Fuel Handling and Permitting Program and all computer-based training for security, fueling, driving, towing and other necessary Airport functions.

The project is scheduled to be completed during the first quarter of 2027.

MGAA to Install Additional 50,000 Gallon Aviation Fuel Storage Tank

Gateway Airport pumps more than 20 million gallons of aviation fuel each year. Currently, the Airport's fuel farm has 400,000 gallons of aviation jet fuel storage capacity. This represents approximately six or seven days of on-Airport fuel storage. As the Airport continues to set new activity records, MGAA wants to ensure enough fuel supply to meet growing demand in the future.

Unlike some other airports, Gateway Airport does not have a pipeline and must truck its fuel deliveries from the main fuel storage facility serving greater Phoenix. In 2027, MGAA will construct an additional 50,000-gallon fuel storage tank to bolster on-Airport fuel storage and ensure uninterrupted fuel service for its customers.



Gateway Airport's Aviation Fuel Farm

Business Development

Garmin Presents Overview of New Airport Facility at MGAA Board Meeting



Garmin's Ben Wigton Presents to MGAA Board
Board members on Garmin's plans for their new Gateway Airport facility.

MGAA is excited to have Garmin, a leading global aviation company as its newest Airport tenant. Garmin Aviation offers services including, but not limited to, engineering and certification, manufacturing, and avionics product support for aftermarket and Original Equipment Manufacturers (OEM).

Ben Wigton, Garmin's Gateway Airport Site Manager, attended the August MGAA Board of Director's meeting to provide an overview of Garmin's diverse service offerings and update

MGAA would like to welcome Garmin to the Gateway Airport family.

GARMIN AVIATION



Community Noise Report

CALLERS	July		FYTD	
	2025	2026	FY26	FY27
Total	14	6	14	6

AIRCRAFT TYPE	July		FYTD	
	2025	2026	FY26	FY27
	Callers	Callers	Callers	Callers
Commercial	11	2	11	2
GA Total	3	3	3	3
Helicopter	0	1	0	1
Military	0	0	0	0
Total	14	6	14	6

LOCATION	July		FYTD	
	2025	2026	FY26	FY27
Mesa	9	0	9	0
Gilbert	3	2	3	2
Gold Canyon	0	1	0	1
Queen Creek	2	3	2	3
Queen Valley	0	0	0	0
Apache Junction	0	0	0	0
San Tan Valley	0	0	0	0
Florence	0	0	0	0
TOTAL	14	6	14	6

MGAA received communications from a total of six individuals regarding aircraft noise issues during the month of July 2026, a decrease from the 14 individuals that contacted MGAA last July.

Gateway Aviation Services

FUEL (Gallons)	July			FYTD		
	2025	2026	% Change	FY26	FY27	% Change
AvGas	47,805	59,045	24%	47,805	59,045	24%
Retail Jet A	240,591	274,930	14%	240,591	274,930	14%
Contract	196,460	156,420	-20%	196,460	156,420	-20%
Commercial	1,167,007	1,113,418	-5%	1,167,007	1,113,418	-5%
Cargo	64,316	0	-100%	64,316	0	-100%
TOTAL	1,716,179	1,603,813	-7%	1,716,179	1,603,813	-7%

Gateway Aviation Services (GAS) line service personnel pumped 1,603,813 total gallons of aviation fuel during the month of July 2026, a 7% decrease compared to last July when GAS pumped 1,716,179 total gallons.

GAS team members work hard all summer in very challenging weather conditions. MGAA would like to thank them for their dedication and sacrifice out on the ramp. Thank you all! Fall is coming.

MGAA TEAM MEMBER SPOTLIGHT

Employee Name: Kurt Krause
Employee Title: Project Manager
MGAA Department: Engineering and Facilities
Years with MGAA: <1



What are your job responsibilities for MGAA? I oversee all stages of capital improvement projects, managing scheduling, budgeting, compliance, contracting, design, and construction activities. I work closely with project stakeholders, address field issues, maintain safety and operational continuity, and ensure all work meets regulatory and contractual standards. My responsibilities also include supporting plan reviews, negotiating and evaluating additional work, contributing to departmental planning and budgeting, maintaining comprehensive project documentation, and assisting in the selection and management of consultants and contractors.

What is your most memorable Gateway Airport moment? Although I've only been with the Airport for a little over four months, my most memorable Gateway Airport moment actually happened during my initial interview. Having previously worked at Sky Harbor International Airport, where all runway and taxiway work had to be done at night, I was surprised to see construction taking place on a main runway in the middle of the day. Realizing that daytime construction was possible out on the airfield here made me instantly feel that Gateway Airport was exactly the kind of environment I wanted to be part of.

What is something people may not know about you? I am a retired Army Veteran (officially retired in 2007) and I like to grow super-hot peppers like Carolina Reaper, Trinidad Scorpion, Ghost Pepper, etc.



**MINUTES OF THE PUBLIC MEETING OF THE
MESA GATEWAY AIRPORT AUTHORITY
BOARD OF DIRECTORS | August 18, 2026**

A public meeting of the Mesa Gateway Airport Authority (MGAA, Authority) was convened on Tuesday, August 18, 2026, 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

Vice Mayor Scott Somers, Mesa
Mayor Scott Anderson, Gilbert
Mayor Chip Wilson, Apache Junction
Mayor Julia Wheatley, Queen Creek
Lt. Governor Regina Antone, Gila River Indian
Community*

Airport Staff Present

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

** Neither present nor represented*

1. Call to Order at 9:02 a.m. Mayor Scott Anderson

2. Pledge of Allegiance

3. Gateway Business Spotlight – Garmin, presented by Ben Wigton, Site Manager

- Mr. Wigton focused his presentation on Garmin's aviation technology, and gave a recent example of Garmin's first official use of the safety-enhancing technology of Autoland to successfully land an aircraft in an emergency situation. Garmin's Mesa facility is dedicated to aircraft modifications and certifications, and is one of three flight test facilities.

4. Executive Director's Report – J. Brian O'Neill, A.A.E., Executive Director/CEO

Executive Director O'Neill shared information on MGAA's monthly and year-to-date financial performance, passenger activity, community noise report, and various other Airport projects:

- June 2026 Net Operating Loss is (\$113,221) compared to \$141,046 in June 2025. With three pay periods and a revenue-sharing payout to Allegiant Air, June was the only negative month during the entire 12-month period.
- Fiscal Year-to-Date 2026 (FYTD26) Net Operating Income is \$6,551,246 compared to \$5,546,306 in FYTD25. This is a new all-time financial performance record for the Authority.
- Mesa Gateway Airport (Airport, Gateway Airport) welcomed 158,435 commercial passengers during June 2026 compared to the 164,741 passengers during June 2025. Fiscal Year-End 2026 (FYE) commercial passenger activity is 2,007,655 compared to 2,006,347 in FYE25. The Airport set a new total commercial passenger activity record surpassing FY25's record performance by 1,308 total passengers.
- For MGAA's Community Noise Program, MGAA had six individual callers in June of this year, and 14 individual callers in June last year. This fiscal year, MGAA had 128 individual callers, compared to 145 callers last fiscal year.

- Gateway Aviation Services (GAS) pumped 1.68MM gallons of fuel in June 2026 compared to 1.94MM gallons last June. FYE26, GAS has pumped 20.81MM gallons compared to 20.55MM gallons last fiscal year.
- Non-airline revenue for June 2026 is \$978,867 compared to \$863,857 last June. FYE26 is \$10.23MM compared to \$9.79MM last fiscal year.
- The Authority has accomplished impressive results for FY26 Operational Performance Metrics. Eleven of the thirteen categories set new fiscal-year records
- Earlier this year, Allegiant announced that, due to sustained high fuel costs, it was reducing flights this summer and fall at airports across the country. Allegiant recently announced it is adding 34 roundtrip flights at Gateway Airport this winter.
- Three new well-known food & beverage concessions are planned for 2026 and 2027 openings in the terminal. The new Dunkin' is scheduled to open in time for the busy Thanksgiving Holiday travel period. Cold Beers & Cheeseburgers, replacing Macayo's Mexican Food, is scheduled to open by the end of 2026. Wetzel's Pretzels will open in early 2027. They will be located in Baggage Claim and they will have a mobile cart that will roam the three concourses.
- Non-aeronautical revenue per enplaned passenger continues to climb. From FY09–FY26, non-aeronautical revenue per enplaned passenger has increased from less than \$4.00 to nearly \$10.50 per enplaned passenger. The revenue categories are rental car, vehicle parking, retail, and food and beverage.
- In 2021, the MGAA Board of Directors reaffirmed the organization's seven strategic organizational goals - **Increase Air Service; Maintain a High Level of Community Support; Strengthen Financial Sustainability; Invest in People and Operational Assets; Attract Commercial Development; Plan, Build & Maintain Infrastructure; and Promote Regional Tourism.** These goals continue to guide the development and operation of the Airport. MGAA staff has created a 2026-2027 Program of Work that identifies broad objectives designed to meet the established organizational goals.
- The Federal Aviation Administration is delaying its Phoenix Area Modernization Project until June 2027. A proposed change to Runway 30 flight departure paths at Gateway Airport will route flights over area neighborhoods that have not historically had aircraft overflight activity.
- The Gateway East SpringHill Suites by Marriott Hotel continues construction progress and is planning to be operational and welcoming guests in the summer of 2027. The five story, 125-room hotel is located within the 273-acre Gateway East Master Development located on the east side of the Airport.
- Construction of SkyBridge Arizona's dual-brand Wyndham Hotel is going vertical with the steel frame visible from Sossaman Road. This 129-room hotel will have an extended stay option for longer-term guests and an option for guests looking for one or more nights.
- The Transportation Security Administration (TSA) and Gateway Airport are partnering on the development of a new \$44MM Checked Baggage Inspection Facility. The new 13,000 sq. ft. facility will include two state-of-the-art Explosive Detection System machines capable of processing more than 1,500 checked bags per hour. The TSA and Gateway Airport anticipate the new facility coming online in the fall of 2027.
- Reconstruction of the northern half of Runway 12R-30L is on schedule to be completed by the end of the year. The Taxiway Golf Realignment and Reconstruction Phase 1 Project is being completed simultaneously with the Runway 12R-30L Reconstruction Project to limit the amount of time Gateway Airport's primary runway is closed for construction.
- MGAA is adding 200 additional covered parking spaces in the Ray Road Economy Parking Lot. Upon completion, the project will double the covered parking capacity within the lot.

5. Consent Agenda

- a) **Minutes** of the MGAA Board Meeting held on **June 16, 2026**.
- b) **Resolution No. 26-32** – Authorizing an Amendment of the **FY27 Capital Budget** to provide \$935,195.07 in funding for the Taxiway K Pavement Failure Emergency Reconstruction Project under CIP 1346, utilizing non-grant funds.
- c) **Resolution No. 26-33** – Authorizing a Construction Contract with **Pulice Construction, Inc.** for the Taxiway K Pavement Failure Emergency Reconstruction Project, in an amount not to exceed \$935,195.07 under CIP 1346.
- d) **Resolution No. 26-34** – Authorizing an Authorization of Services with **FCI Constructors, Inc.** to provide Construction Services for the Economy Lot Covered Parking Construction Project, in an amount not to exceed \$867,039, under CIP 1332.
- e) **Resolution No. 26-35** – Authorizing a Facility Lease Agreement between Mesa Gateway Airport Authority and the **United States of America Government Services Administration** for the **Transportation Security Administration's** use of a portion of the facilities located at 6033 S. Sossaman Road and 5803 S. Sossaman Road. The lease term is seven years with a five-year guaranteed term, commencing October 1, 2026.
- f) **Resolution No. 26-36** – Authorizing an Amendment of the **FY27 Capital Budget** to provide \$405,000 in funding for the Badging Office Remodel under CIP 1347, utilizing non-grant funds.
- g) **Resolution No. 26-37** – Authorizing a Professional Services Agreement with **DWL Architects + Planners, Inc.**, to provide Design Services for the Badging Office Remodel Project in an amount not to exceed \$83,647, in non-grant funding, under CIP 1347.
- h) **Resolution No. 26-38** – Authorizing the purchase of a Runway Rubber Removal and Pavement Markings Removal Truck from **HOG Technologies** in an amount not to exceed \$830,000.

Mayor Chip Wilson moved to approve the Consent Agenda.

Vice Mayor Scott Somers seconded the motion.

The motion passed unanimously.

Consideration and Possible Approval of:

- 6. **Resolution No. 26-39** – Authorizing a Fourth Amendment to the Terminal Concession Lease Agreement with **TW Kind AZA, LLC.** to update new food and beverage concepts and the associated space from which they operate.

Mayor Julia Wheatley moved to approve Resolution No. 26-39.

Mayor Chip Wilson seconded the motion.

The motion was carried unanimously.

7. Board Member Comments/Announcements

None.

8. Call to the Public

One area resident spoke on items unrelated to the agenda.

9. Next Meeting: Tuesday, September 15, 2026 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 9:36 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 26-40

To: Board of Directors
From: Veronica Lewis, Director of Human Resources
Through: J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Membership in the Arizona Metropolitan Trust
Date: September 15, 2026

Proposed Motion

Authorize Mesa Gateway Airport Authority (MGAA) to join the Arizona Metropolitan Trust (AzMT) effective January 1, 2027 through June 30, 2030; approve the Arizona Metropolitan Trust Agreement and Declaration of Trust; accept the AzMT Bylaws; accept the proposed schedule of premiums from January 1, 2027 through June 30, 2027; and appoint a Trustee and Alternate Trustee to serve on the AzMT Board of Directors.

Narrative

MGAA provides a comprehensive employee benefits package as an important component of its overall compensation program and as a tool to attract and retain qualified employees. Historically, MGAA has independently obtained employee benefit coverage through its insurance broker and individual insurance carriers. This approach can result in changes to carriers, benefit offerings, and costs from year to year. To provide greater long-term stability, consistency, purchasing power, and service for employees, staff evaluated membership in the AzMT.

AzMT is a benefits trust available to participating Arizona public agencies, and it provides health insurance and other employee benefits through a pooled arrangement. AzMT invited MGAA to become a member of the AzMT.

Upon joining AzMT, MGAA will be required to offer Medical, Dental, Vision, and Basic Life & AD&D to its employees and will have the option to offer short term disability and other voluntary benefits. The Employee Assistance Program is included with the Medical plan.

Staff recommends joining AzMT to support MGAA's goal of continuing to provide a competitive employee benefits package while creating a more stable and consistent benefits experience for employees. Membership will also require MGAA to transition from its current calendar-year benefit cycle to a fiscal-year benefit cycle.

Approval of this action authorizes MGAA to become a member of the AzMT effective January 1, 2027 through June 30, 2030, to approve the AzMT Agreement and Declaration of Trust and to be bound by its terms, to accept the AzMT Bylaws, to accept the proposed premium schedule for 2027, and to appoint a Trustee and Alternate Trustee to serve on the Board of Directors of the AzMT.

Fiscal Impact

The estimated cost to MGAA for Medical, Dental, Vision, Group Life/AD&D, Short-Term Disability and Employee Assistance Program benefits through AzMT for the initial six-month period is \$609,122.

Page 2 of 2: BAI - Membership in the Arizona Metropolitan Trust
Attachment(s)

- Resolution for Accepting Membership in the Arizona Metropolitan Trust
 - Arizona Metropolitan Trust Agreement and Declaration of Trust – Exhibit A
 - Arizona Metropolitan Trust Bylaws – Exhibit B
 - Arizona Metropolitan Trust New Member Rates 01/01/2027 – 06/30/2027 – Exhibit C

**MESA GATEWAY AIRPORT AUTHORITY
RESOLUTION NO. 26-40**

**A RESOLUTION OF THE MESA GATEWAY AIRPORT AUTHORITY, ACCEPTING
MEMBERSHIP IN THE ARIZONA METROPOLITAN TRUST**

WHEREAS The Mesa Gateway Airport Authority is empowered pursuant to ARS § 11-981(A) to procure Health, Accident, Life, and/or Disability benefits for its eligible plan participants through either insurance or self-insurance; and

WHEREAS ARS § 11-952 and ARS § 11-952.01 provide that two or more public agencies may join together to provide for Health, Accident, Life, and/or Disability benefits for eligible plan participants of the Mesa Gateway Airport Authority through either insurance or self-insurance; and

WHEREAS the Mesa Gateway Airport Authority desires to enter into an agreement with the Arizona Metropolitan Trust (AzMT) to provide employee benefits of the type generally described under the provisions of ARS § 11-952 and ARS § 11-952.01; and

WHEREAS AzMT has extended an invitation to the Mesa Gateway Airport Authority to join its Trust; and

WHEREAS AzMT requires acceptance of the Mesa Gateway Airport Authority through a resolution;

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

- 1) The Mesa Gateway Airport Authority hereby approves joining AzMT as a member commencing January 01, 2027 and terminating June 30, 2030; and
- 2) The Mesa Gateway Airport Authority hereby approves the Arizona Metropolitan Trust Agreement and Declaration of Trust, attached hereto as Exhibit A and incorporated herein by reference, and agrees to be bound by its terms and provisions commencing January 01, 2027 and as may be amended from time to time; and
- 3) The Mesa Gateway Airport Authority hereby accepts the Arizona Metropolitan Trust Bylaws Effective July 01, 2012, Revised February 14, 2024, attached hereto as Exhibit B and incorporated herein by reference, commencing January 01, 2027 and as may be amended from time to time; and

- 4) The Mesa Gateway Airport Authority hereby accepts the proposed schedule of premiums to be effective January 01, 2027 through June 30, 2027, attached hereto as Exhibit C and incorporated herein by reference.
- 5) The Mesa Gateway Airport Authority hereby appoints the following Trustee to serve on the Board of Directors of AzMT from January 01, 2027 until the appointment of a duly qualified successor:

Trustee: J. Brian O'Neill, Executive Director/CEO

- 6) The Mesa Gateway Airport Authority hereby appoints the following Alternate Trustee to serve on the Board of Directors of AzMT from January 01, 2027 until the appointment of a duly qualified successor:

Alternate Trustee: Veronica Lewis, Human Resources Director

BE IT FURTHER RESOLVED that all resolutions and parts of resolutions in conflict with the provisions of this Resolution are hereby repealed.

**PASSED AND ADOPTED BY THE BOARD OF DIRECTORS OF THE MESA GATEWAY
AIRPORT AUTHORITY, ARIZONA, THIS ____ DAY OF SEPTEMBER 2026.**

Mark Freeman, Chairperson

APPROVED AS TO FORM:

Benjamin J. Hawkins, Attorney

ARIZONA METROPOLITAN TRUST (AzMT)

AGREEMENT AND DECLARATION OF TRUST

Effective:
July 01, 2012

TABLE OF CONTENTS

<u>Article</u>	<u>Title</u>	<u>Page(s)</u>
I.	Definitions	1 - 3
II.	Purpose of Trust and Application of the Fund	3
III.	Board of Trustees	3 - 4
IV.	Powers and Duties of the Board of Trustees	4 - 8
V.	Payments to the Fund	9 - 10
VI.	Payment of Benefits	10 - 11
VII.	Controversies and Disputes	11
VIII.	Responsibilities and Liabilities	12
IX.	Amendment of the Trust Agreement	12 - 13
X.	Non-Vesting of Rights	13
XI.	Provisions Relating to Insurance Companies	13
XII.	Program Administration	13 - 14
XIII.	Additional Members	14 - 15
XIV.	Duration of Agreement	15
XV.	Voluntary Termination of Membership	16 - 17
XVI.	Suspension and Expulsion	17
XVII.	Termination of Trust	18
XVIII.	Distributions of Surpluses and Deficits Upon Termination of the Trust, Voluntary Termination of Membership or Expulsion	18 - 20
XIX.	Miscellaneous	20 - 22
XX.	Stop-Loss Provisions	22
XXI.	Loss Control Program	22

XXII.	Use and Disclosure of Protected Health Information by Participating Entities	22 - 25
	Exhibit A – Participating Entities	26

This Agreement and Declaration of Trust, with an effective date of July 1, 2012, is made and entered into by and between the Participating Entities who have been invited to Join this Trust and who have provided a Resolution adopted by the Governing Board of the Participating Entity accepting membership in this Trust, for the purposes set forth in A.R.S. § 11-952.01.

RECITALS

WHEREAS, The Participating Entities desire to enter into an agreement pursuant to A.R.S. § 11-952.01 et seq. to pool and maintain a program of employee benefits for the Employees of the Participating Entities and to certain other persons deemed eligible for coverage hereunder; and

WHEREAS, To effect the aforesaid purpose, it is mutually beneficial to the parties hereto to declare and create a Trust which establishes a Trust Fund for and in the manner more particularly set forth herein; and

WHEREAS, The Participating Entities which accept this Agreement and Declaration of Trust and agree to be bound by the provisions hereof shall, upon acceptance by the Board of Trustees, be deemed parties to this Agreement and Declaration of Trust.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, which are incorporated herein by reference, the following mutual covenants and conditions, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Participating Entities hereby agree as follows:

ARTICLE I. DEFINITIONS

The following are definitions of terms as used in the By-Laws as well as this Trust Agreement. To the extent a term is not specifically defined in the By-Laws, but is defined in this Trust Agreement, the term shall have the meaning given to it in this Trust Agreement.

1.01 "A.R.S." shall mean the Arizona Revised Statutes, as amended.

1.02 "Beneficiary" shall mean Employees, their dependents and such other persons designated by the Participating Entities as eligible for coverage as set forth in the Summary Plan Description and approved by the Board.

1.03 "Benefits Administrator" shall mean the person(s) or firm employed by the Board who is responsible for processing of claims and payment of benefits, and related services.

1.04 "Board of Trustees" or "Board" shall mean the Trustees of the Arizona Metropolitan Trust acting in their joint capacity as the governing board of the Trust.

1.05 “Employee” shall mean any person employed by a Participating Entity on a regular basis working not less than the number of hours per week required by the Participating Entities for eligibility, and who are not eligible for benefits under any other employee benefits to which the Participating Entity makes contributions.

1.06 “Employee Benefit Program” shall mean the program of benefits to be established by the Board pursuant to this Trust Agreement and A.R.S. § 11-952.01(c).

1.07 “Employee Contributions” shall mean any contributions made by Employees whether comprising part of the Entity Premium or whether made directly to the Fund in order to obtain coverage by the Employee Benefit Program.

1.08 “Entity Contributions” shall mean the contributions made by Participating Entities comprising all or part of the Entity Premium.

1.09 “Entity Premium” shall mean the total monies paid by each Participating Entity to the Fund for the Employee Benefit Program, and shall be equal to the sum of Entity Contributions and Employee Contributions.

1.10 “Fund” shall mean the Trust Fund created by this instrument, and shall mean generally, the monies, property, contracts or things of value, tangible or intangible, received and held by the Board for the uses and purposes of the Trust set forth herein, and those things of value which comprise the corpus and additions to the Fund.

1.11 “Governing Board” shall mean the policy making board of a Participating Entity duly elected or appointed to their respective positions in accordance with the laws and constitution of the State of Arizona.

1.12 “Participating Entities” shall mean those entities listed in Exhibit A which is attached hereto and incorporated by reference herein, and such additional Participating Entities as may be approved for membership by the Board of Trustees pursuant to Article XIII of this Trust Agreement.

1.13 “Summary Plan Description” shall mean the document(s) that generally describe the employee benefits to be provided by the Trust to the Beneficiaries.

1.14 “Trust” shall mean the entity established by the Trust Agreement pursuant to A.R.S. § 11-952.01 et seq., which shall be referred to as the Arizona Metropolitan Trust.

1.15 “Trust Agreement” shall mean this Agreement and Declaration of Trust and any modifications or amendments thereto.

1.16 “Trust Administrator” shall mean the employee benefit consultant retained by the Board to carry out the obligations of this Agreement in compliance with A.R.S. § 11-952.01(H)(5).

1.17 "Trustee or Trustees" shall mean the individual Trustees and their successors as provided for in this Trust Agreement.

ARTICLE II. PURPOSE OF TRUST AND APPLICATION OF THE FUND

2.01 Creation of Trust. There is hereby declared and created the Arizona Metropolitan Trust to provide employee benefits for the Beneficiaries of the Trust. Such benefits may include, but are not limited to those described under Article 4.05 of this Trust Agreement, whether provided through one or a combination of self-funded or insured programs or both.

2.02 Principal Office. The Principal Office of the Trust shall be located at the location specified in the Bylaws (hereinafter designated and referred to as the "Principal Office").

ARTICLE III. BOARD OF TRUSTEES

3.01 Trustees. The Employee Benefit Program shall be operated and administered by a Board of Trustees for the benefit of the Beneficiaries. Individual Trustees shall be selected by the Participating Entities as provided herein and may resign or be removed at any time by the applicable Participating Entity's Governing Board. Trustees must be employees of the Participating Entity.

3.02 Membership and Appointment. The Board of Trustees shall be comprised of one Trustee and one "Alternate Trustee" appointed by each participating entity. The Trustee shall be the City Manager (or that participating entity's equivalent) and the Alternate Trustee shall be a management level staff member employed by the Participating Entity. The appointing Participating Entity may remove a Trustee at any time without cause. In the event of the removal or resignation of a Trustee, the appointing Participating Entity shall designate a successor to such Trustee to serve the remainder of the vacated term. The successor shall succeed to the legal interest of his/her predecessor and have the same powers and duties.

3.03 Votes. Each Participating Entity shall be entitled to cast one vote in matters requiring a vote of the Board of Trustees which vote may be cast by a duly-appointed Trustee or Alternate Trustee. In the event the Trustee and the Alternate Trustee are present at the same meeting, in person or by phone, only the Trustee shall cast the Participating Entity's vote.

3.04 Terms of Office. Following appointment, Trustees and Alternate Trustees shall serve until such time as they resign, are removed by the appointing Participating Entity's Governing Board or cease to be employees of the Participating Entity that they were designated to represent. In the event that a Trustee or Alternate Trustee resigns, is removed or ceases to be an employee of the designating Participating Entity, the position shall be deemed vacant and a new Trustee or Alternate Trustee shall be designated by that Participating Entity.

ARTICLE IV. POWERS AND DUTIES OF THE BOARD OF TRUSTEES

4.01 Appointment of Trustees. The Trust shall be administered by the Board of Trustees who shall be selected and shall serve as provided in Article III.

4.02 Duties of the Board of Trustees. The Board of Trustees shall:

- (a) Hold, manage, care for and keep the Fund for the benefit of the Beneficiaries and collect the income and increments thereof, and shall keep and maintain adequate and proper records to render an annual audit, accounting and reports as hereinafter mentioned.
- (b) Employ or hire such agents, attorneys, accountants, actuaries, employees or other persons and shall purchase, lease or rent real or personal property as may be necessary or desirable in administering the Fund and carrying out its purposes. Agreements for such expenditures shall be in writing and formally approved by the Board. Fees, salaries, wages, emoluments or compensation of any and all such persons and other such expenses shall be paid from the Fund. When acting upon and consistent with advice of counsel for the Trust, the Board shall be relieved of all responsibility for acts performed or not performed.
- (c) Pay any and all taxes of whatever nature the Fund is, or may be, obligated to pay and incur any expenses for supplies, rental of space, or other items, or anything else determined to be necessary or desirable in administering the Fund and carrying out the objects and purposes of this Trust and Trust Agreement.
- (d) Establish terms and conditions of coverage within the plan document including the exclusions of coverage.
- (e) Ensure that all claims are paid promptly.
- (f) Take all necessary precautions to safeguard the assets of the Trust.

4.03 Authority of the Board of Trustees. In carrying out the purposes of the Trust Agreement, the Board shall have all right, power and authority to:

- (a) Enter into contracts, procure insurance policies, or provide such benefits through self-funding, and to place into effect and maintain the desired schedule of benefits.
- (b) Provide the intended benefits under this Trust by means of self-funding by the Trust and/or by the procurement of group insurance contracts (as permitted by the laws of the State of Arizona) including group insurance contracts issued to and in the name of the Trust, together with such other forms of contracts issued by qualified insurance companies authorized to do business in the State of Arizona as may be selected by the

Board for the purpose of providing for all or part of the benefits provided for under this Trust. The Board is hereby expressly authorized to pay to any insurance company as may be selected by the Board the required insurance premiums in connection with such group insurance contracts issued to the Trust. Whether or not benefits are provided by means of self-funding or by the procurement of group insurance, such decision shall be at the sole and exclusive discretion of the Board.

- (c) Should the Board select or provide for any policy or program of self-funding, no claims for benefits or claims for liabilities shall be brought against the Board or any individual Trustee. The sole and exclusive liability of said Board in the management and operation of any program of self-funding shall be limited to due care in the selection of administrators, claims representatives, actuaries or other officials charged with the administration of such a program of self-funding, subject to the limitations upon such liability based on actions taken with advice of counsel as provided in Section 4.03 of this Agreement. In the event that submitted claims of employees exceed the funds available, the claims shall be paid in the order received.
- (d) Do all those things that the Board determines to be necessary or desirable for the administration and operation of and accomplishment of the objectives and purposes of the Fund and this Trust and Trust Agreement.

4.04 Selection of Benefits. The Board may, subject to their discretion and the continuing right to change, obtain for the Beneficiaries of the Trust forms of employee benefits which may include, but are not limited to, the following:

- (a) Medical and Prescription Drug;
- (b) Long and Short-Term Disability;
- (c) Accidental Death and Dismemberment;
- (d) Dental Benefits;
- (e) Vision Benefits;
- (f) Life Insurance;
- (g) Health Savings Accounts, Health Reimbursement Accounts and Flexible Spending Accounts; and
- (h) Employee Wellness Programs, Employee Assistance Programs, utilization review programs, claims management programs and other programs intended to (i) improve Employee health, (ii) reduce costs to the Trust and to Employees and (iii) otherwise control losses.

4.05 Deposits and Investments. All corpus or portion of the Fund not expended pursuant to Article IV may be deposited by the Board in the name of the Trust in such depository or depositories as the Board shall from time to time select in accordance with this Section, and any such deposit or deposits should bear interest. The Board is empowered to receive for the benefit of the Fund such interest as might accrue on the above deposits.

- (a) If not so deposited, any accumulated funds not currently required for the purposes of this Trust shall be invested by the Board in reasonably secure, reasonably liquid investments in a manner consistent with the adopted investment policy of the Trust and in compliance with the provisions of A.R.S. § 35-323 et seq.
- (b) The Board may accumulate dividends, experience rating refunds or other monies, if any, accruing from any insurance policy or policies, deposits or investments. Such dividends, refunds or other monies, or all of them, shall be held in the Fund, applied to the payment of self-funded claims, the payment of insurance premiums or held, used or applied as herein set forth.
- (c) The Board may enter into financial services agreements with banks and may authorize the Trust to issue checks in its own name as required to further the purposes and objectives of the Trust.

4.06 Trustees' Expense Reimbursement. The Trustees shall receive reimbursement for actual reasonable and necessary expenses incurred by the Trustees in carrying out their duties pursuant to the Trust Agreement. Expenses reimbursed under this provision shall be limited to those which would be reimbursable under the policies of the Participating Entity that the Trustee has been appointed to represent.

4.07 Trustees' Compensation. The Trustees shall not receive compensation for services rendered pursuant to the Trust Agreement.

4.08 Presumption of Validity. No person transacting business with the Board shall be obligated to (i) ensure proper application of any monies or property of the Fund, (ii) ensure that the terms of this Trust Agreement have been complied with or (iii) inquire as to the necessity of expediency of any act by the Board. Every instrument executed by the Board shall be conclusive in favor of every person who in good faith relies upon it that:

- (a) At the time of the delivery of the instrument, this Trust Agreement was in full force and effect;
- (b) The instrument was executed in accordance with the terms and conditions of the Trust Agreement; and
- (c) The Board was duly authorized to execute the instrument or direct its execution.

4.09 Withdrawals. All checks, drafts, vouchers or other withdrawals from the fund or

depositories and the transfer or liquidating of insurance policies of investments shall be signed by appropriate signatories as determined by the Board of Trustees.

4.10 Administrative Disputes. In the event of any dispute between the Board and the Benefits Administrator or any other parties providing services to the Trust over exercise of powers granted herein, the Board's interpretation shall prevail and the service organization shall have no liability to any person with respect to the disputed act or omission in the event that it gives written notice of its dissent from such act or omission to each Trustee and to the Participating Entities no later than thirty (30) calendar days from the date of such event or disputed act.

4.11 Selection of Chairperson. The Trustees shall elect from among themselves at their first meeting a Chairperson who shall preside at all meetings of the Board and who shall be empowered to perform ministerial duties of the Board as the Board may from time to time delegate to him/her.

4.12 Selection of Vice-Chairperson. The Trustees shall elect from among themselves at their first meeting a Vice-Chairperson who shall, in the absence or incapacity of the Chairperson, preside at all meetings of the Board and who shall, when acting as Chairperson, be empowered to perform ministerial duties of the Board as the Board may from time to time delegate to him/her.

4.13 Selection of Recording Secretary. The Chairperson shall appoint a Recording Secretary who shall keep minutes of all meetings, proceedings and acts of the Board, which record shall be available at the Principal Office for inspection by all the Trustees and interested persons during usual business hours. Such record and minutes need not be verbatim. The Recording Secretary need not be a Trustee.

4.14 Board of Trustees' Meetings. The Board shall hold an initial meeting as soon as practical after being appointed. The Board shall determine the time and place of the regular meetings which shall be held at least quarterly. Special meetings may be called by the Chairperson or by a number of Trustees equal to one less than a majority of the Board. Minutes of all meetings shall be taken. Meetings shall be conducted in accordance with applicable laws, rules, bylaws or regulations. At least seven (7) days written notice designating the time and place of an annual, regular or special meeting shall be given to the Trustees. In the event of an emergency, a special meeting may be held with such lesser notice as may be appropriate and otherwise permissible by law. Any meeting at which all Trustees are present, in person or concerning which all Trustees have waived notice in writing, shall be a valid meeting without requirement that notice be given to the Trustees.

4.15 Quorum Requirement and Voting. To constitute a quorum at any regular or special meeting of the Board, there must be present in person or telephonically at least one Trustee or Alternate Trustee from a majority of the Participating Entities. Unless otherwise specifically stated in this Agreement, or as required by applicable law, action of the Board of Trustees will be by a majority vote of the quorum present when such action is taken.

4.16 Location of Meetings. All meetings of the Board shall be held at such location or locations as designated from time to time by the Board, and Trustees may appear by telephonic or other electronic means if necessary. When meetings are conducted electronically, reasonable efforts will be made to accommodate public participation at a publicly accessible location in the Principal Offices or at a facility owned or controlled by a Participating Entity and in a manner consistent with applicable federal and Arizona laws and regulations.

4.17 Fiscal Year and Audit. The accounting year of the Fund shall be on a fiscal year basis. The initial fiscal year shall commence on July 1, 2012 and end on June, 30 2013. Subsequent fiscal years shall commence on July 1 and end on June 30 of the following year. Any report required by law, city, county, State or Federal or the respective subdivisions thereof, shall be made by the Board. The Board shall have an annual audit and accounting of the Trust Fund by an independent Certified Public Accountant in accordance with generally accepted accounting practices, at the end of each fiscal year. The Accountant shall certify to the accuracy of the audit and accounting. A statement of the results of each audit shall be available for inspection by authorized persons at the Principal Office of the Trust. Copies of the audit and generalized statements of the accounting and reports shall be filed with the Arizona Department of Insurance and also delivered to the Clerk of the Governing Board of each Participating Entity and to each Trustee after each audit or as otherwise required. Copies of the audit shall be retained by the Board of Trustees for a period of at least five years.

4.18 Bylaws, Rules and Regulations. The Board shall have the power to adopt bylaws, rules, procedures and regulations pertaining to the purpose, powers and administration of the Trust, which shall be consistent with covenants, terms, conditions and duties as set forth in the Trust Agreement. Such bylaws, rules, procedures and regulations shall be binding on all persons transacting business with the Trust and upon any and all persons claiming any benefits thereunder. Adoption or amendment of bylaws, rules, procedures or regulations shall require a majority vote of the Board of Trustees.

4.19 Bonding Requirements. The Board shall procure or provide for the procurement of fidelity bonds for the Trust and persons and organizations authorized to receive handle, deal with or draw upon the monies in the fund for any purpose whatsoever, said bonds to be in such amount to aid in the reimbursing of bondable loss of money, and in the event shall meet the requirements as may be required, from time to time as applicable under United States or State law. Such bonds are to be obtained from reputable fidelity or surety companies as the Board shall determine. If convenient, and in conformity with the law, such bonds may be position bonds. The cost of the premiums on such bonds may be paid out of the corpus or income of the fund or paid for by the persons or organizations required to purchase such bonds. If any fidelity or surety company refuses to bond or write a bond for any Trustee, or other person described in this section, said Trustee or person shall not serve and shall resign.

ARTICLE V. PAYMENTS TO THE FUND

5.01 Entity Contributions. In order to effectuate the purposes of the Trust, each Participating Entity shall contribute to the Fund an amount determined by the Board to be necessary to pay for the benefits provided hereunder to the Employees and other persons covered by the Employee Benefit Program. The Entity Contributions shall be due and payable as of the date specified in the Bylaws. The Entity Contributions shall not include amounts payable directly by persons receiving extended coverage under the Employee Benefit Program as required by law or otherwise.

5.02 Interest on Premiums in Arrears. Entity Premiums not paid as of the due date as provided in Section 5.01 shall be subject to the late payment process as outlined in the Bylaws.

5.03 Employer Contributions Not Wages. Employer Contributions paid or accrued to the order of the Fund through Entity Premiums shall not constitute or be deemed wages due employees, nor shall such contributions in any manner be subject to the debts, contracts or liabilities of the Participating Entity. No Participating Entity, Employee, or Beneficiary under the Plan shall have any rights, title or interest in the Fund, except as specifically provided in this Trust Agreement.

5.04 Employee Contribution. Employees may be required to contribute a portion of the Entity Premium in amounts to be determined by each Participating Entity as appropriate for the benefits to be provided hereunder. Nothing in this paragraph shall be deemed to preclude a Participating Entity from making all or any portion of Employee Contribution payments on behalf of its employees.

5.05 Payment in Lieu of Benefits. No employee shall have any right to receive any part of his/her own Employee Contributions or any part of Employer Contributions paid to such Employee in lieu of benefits.

5.06 Payroll Deductions. All Employee Contributions shall be paid by payroll deductions. The Participating Entity shall remit all monies obtained through payroll deductions in a lump sum to the Fund as part of the Entity Premium described herein.

5.07 Manner of Payment. All Entity Premiums and other payments to the fund shall be payable to the name of the Trust and shall be paid in the manner and form determined by the Board.

5.08 Wage Reports/Audits. The Participating Entity shall provide to the Trust or make available to the Trust for inspection all payroll or wage reports required by the Board upon request. The Board may at any time vote to have an audit of a Participating Entity's payroll records performed by an independent Certified Public Accountant or other qualified individual or organization as determined by the Board to confirm the accuracy of required reports and to confirm the correct levels of contributions.

5.09 Contributions Irrevocable. Subject to the provisions of Article XVII with respect to

termination of this Trust Agreement, Article XVI with respect to suspension and expulsion and Article XV with respect to voluntary termination of membership in the Trust, all Contributions to the Fund shall be irrevocable and under no circumstances shall any monies properly paid into the Fund, or any part of the Fund, be recoverable by or payable to a Participating Entity or any Employee, nor shall any of the same be used for or diverted to purposes other than for the exclusive program of benefits for Employees and other covered persons as provided in this Trust Agreement.

5.10 Assessments. In the event a deficit shall develop which is creditable to any plan or fiscal year, the Board shall specifically notify each Participating Entity of such deficit and vote to order an assessment to the Participating Entities sufficient to cure the deficit. Assessments shall be distributed among the Participating Entities on a pro-rata basis, as calculated by the amount of each member's contributions for the plan or fiscal year to which the deficit is credited. Assessments shall not exceed the amount of the member's annual contribution to the pool. All such assessments shall be made to comply with applicable provisions of A.R.S. § 11-952.01 et seq.

ARTICLE VI. PAYMENT OF BENEFITS

6.01 Benefits Liability. Subject to the terms and conditions set forth in this Trust Agreement, the Summary Plan Description and other procedures, rules, regulations and conditions established by the Board, the Trust shall pay all claims for which each Participating Entity's Beneficiaries would be liable and would be entitled to receive benefits under the Employee Benefit Program.

6.02 Discharge of Liability. Subject to the terms and conditions set forth in this Trust Agreement, the Summary Plan Description and other procedures, rules, regulations and conditions established by the Board, liabilities incurred for claims for services rendered to the Beneficiaries of Participating Entities under the Employee Benefit Program will be relieved only by payment of claims by the Trust, by the Beneficiary or by such other party who may be deemed responsible for payment of such claims.

6.03 Method of Payment. The Board shall arrange for disbursement of benefits under the Employee Benefit Trust through a Benefits Administrator appointed by the Board.

6.04 Summary Plan Description. The Benefits to be provided pursuant to the Trust Agreement, whether by self-funding or by insurance contract, shall be set forth in one or more Summary Plan Descriptions which shall also explain the eligibility rules for coverage for employees and dependents.

6.05 Protection of Employees. Prior to payment to an Employee or other Beneficiary, all assets of the Trust shall be owned by the Trust and shall not be liable in any way for any debt or obligation of any Employee. To the extent permitted by law, all Trust benefits shall be exempt from attachment, garnishment, levy of execution, bankruptcy proceedings, or other legal process at any time subject to the Trustee's possession and control; but in any event, such assets shall be

subject to such process only to the extent of such Employee's benefits hereunder as they come due.

6.06 Employee Claims to Benefits. No Employee or other Beneficiary shall have any right or claim to benefits under the Employee Benefit Plan except as specified in the policy or policies or contract or contracts or self-funded benefits procured or entered into pursuant to Articles II and IV of this Agreement and as set forth in the Summary Plan Description. Any disputes as to eligibility, time, amount, or duration of benefits shall be resolved by the appropriate insurance carrier or Benefits Administrator, under and pursuant to the applicable policy or contract; and the Employee or other Beneficiary shall not have the right or claim in respect thereto against the Fund or The Board. Any dispute as to eligibility, type, amount, time or duration of benefits provided by the Fund as self-funded shall be decided by the Board, and all disputes shall be finally settled pursuant to Article VII of this Agreement.

6.07 Maintenance of Reserves. The Board shall maintain, as part of the Trust Fund, claim reserves in an amount at least equal to known incurred losses and reasonable estimates of claims incurred but not reported.

6.08 Failure to Pay Benefits. Neither the Participating Entities nor the Board shall be liable for the failure or omission, for any reason, to pay any benefits under the Employee Benefit Program. If for any reason, including, but not limited to, epidemics, catastrophes, or normal depletion, the Board determines that self-insured funds are insufficient to pay current claims, the amount of benefits payable to an eligible Employee or other Beneficiary shall, in all events, be limited to the extent that sufficient funds are available to the Board for the payment of all such claims; and, in such event, benefits payments to each eligible Employee or other Beneficiary shall be limited to the extent that sufficient funds are available from the Trust Fund, and shall be further prorated in such amounts that all such claims shall be treated proportionally equal to the ratio that such total claims bear to the funds that are available for such payment. If any controversy or dispute exists concerning such matters, they shall be settled in accordance with the provisions of Article VII of this Agreement.

ARTICLE VII. CONTROVERSIES AND DISPUTES

7.01 Interpretation of Trust Documents. The Board of Trustees shall have the power to construe, interpret and apply the provisions of the Agreement and Declaration of Trust or any amendments, rules or regulations adopted pursuant thereto and the terms used herein and any construction, interpretation or application adopted in good faith shall be final and binding upon the Participating Entities, and upon Employees and their respective families; dependents, successors, assigns, executors, administrators and/or their legal representatives.

7.02 Settlement of Benefit Claims. The Board may, in its sole discretion, compromise or settle any disputed benefits claim controversy in such manner as it deems appropriate and consistent with applicable law and regulation. All decisions made by the Board shall be conclusive and binding upon all parties.

ARTICLE VIII. RESPONSIBILITIES AND LIABILITIES

8.01 Responsibilities and Liabilities of the Board of Trustees. The Board shall only be responsible for monies when and if said monies are received in accordance with the provisions of this Trust Agreement. The Trustees shall only be responsible for any liability arising from their respective gross negligence, bad faith or willful misconduct in handling of the monies received in hand by them for execution and administration of the terms of the Fund. The Trustees shall not be responsible for the actions or omissions of their Co-Trustees, nor for the acts or omissions of other agents, or for any of the acts or omissions of any insurance company or its agents, servants or representatives, including, but not limited to non-payment of claims by an insurance company or companies for any reason. No Trustee shall be entitled to any indemnifications of court costs or attorneys' fees from any liability arising from his/her own willful misconduct, bad faith or gross negligence. To the extent that their actions do not constitute willful misconduct, bad faith or gross negligence, Trustees shall not be liable for actions taken on advice of counsel for the Trust as provided in Section 4.03.

8.02 Successors' Liability. No Successor Trustee shall be liable or responsible for any acts or defaults of his/her predecessor(s), or for any losses or expenses resulting from or occasioned by acts or omissions of the prior administration of the Fund or the Trust. A Successor Trustee is responsible solely for his/her actions as set forth in Section 8.01 herein.

ARTICLE IX. AMENDMENT OF THE TRUST AGREEMENT

9.01 Powers. It is anticipated that in the administration of this Trust, conditions may arise that are not foreseen at the time of execution of this Trust Agreement and it is the intention of the Participating Entities that the power of amendment which is herein granted be exercised in order to carry out the spirit, object and purposes of the Trust. Therefore the general power is granted by the Participating Entities to amend this Agreement in accordance with the procedures set forth in Article IX of this Trust Agreement. All parties to the Trust and all persons claiming any interest hereunder are and shall be bound thereby.

9.02 Procedures. Prior to amendment of this Trust Agreement, the Board shall notify each Participating Entity not less than thirty (30) calendar days prior to the date on which such proposed amendments are to be considered by the Board of Trustees. Such notice shall set forth in sufficient detail the nature of the proposed amendments and shall invite questions or comments. Amendments to the Trust Agreement shall require a 2/3 vote of the Board of Trustees. Approved amendments shall be signed by the Chairperson of the Board of Trustees. Amendments to the Trust Agreement shall be filed with the governmental entity or entities as required by law and in the manner provided by law for such agreements. Proposed amendments to the Trust Agreement shall be reviewed and approved in writing as to form by counsel for the Trust prior to consideration by the Board of Trustees. Following approval by the Board of Trustees, proposed amendments shall be submitted to the Governing Boards of the Participating Entities. A proposed amendment shall become effective on the date specified after approval by the Governing Boards of no less than $\frac{3}{4}$ of the total number of Participating Entities. Upon

approval of a proposed amendment by the requisite number of Governing Boards as provided herein, a Participating Entity whose Governing Board fails to approve the proposed amendment may elect to voluntarily terminate its membership in the Trust pursuant to the provisions of Article XV of this Trust Agreement.

ARTICLE X. NON-VESTING OF RIGHTS

10.01 Rights Not Vested. No Employee, family, dependent, Beneficiary nor any other person or group nor their respective successors, assigns, nor legal representatives, shall have any right, title or interest, vested or otherwise, in or to the Fund, its corpus (income or increments thereto), insurance dividends, cash value, if any, or any insurance or benefits or monies payable therefrom, payments from the Fund, or in or to the eligibility requirements for benefits as changed or altered. Any participating Employee who withdraws or ceases to participate in the Employee Benefit Program shall be deemed to expressly waive and forfeit any right, title or interest in and to the Fund, its corpus and assets. No Employee, family, dependent, Beneficiary nor any other person or group nor their respective successors, assigns nor legal representatives shall have any right in or to the Trust Fund, corpus, insurance dividends, cash value, if any, of insurance, interest, income, benefits, or any benefits or money payable therefrom, or anything arising out of or in this Trust during the term of this Agreement and any benefit he or they may have is forever terminated and discharged upon the Employee's termination of employment with the Participating Entity (voluntary or involuntary discharge or otherwise), or when this Trust Agreement is terminated, wound up or dissolved. No benefit, right or interest of the forgoing is transferable by the Employee to another Employee or person, corporate or otherwise except to physicians, hospitals and any other person or institution furnishing medical services within the terms of this Trust Agreement. No monies, property or equity of any nature in the Fund, nor insurance policies or benefits or monies payable therefrom, nor investments, nor deposits nor any part or portion of the Fund, shall be subject in any manner by any Employee, or person claiming through such employee, ownership, anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, garnishment, attachment, execution, mortgage lien or charge of whatsoever nature or kind and any attempt to cause the same is and shall be null and void.

ARTICLE XI. PROVISIONS RELATING TO INSURANCE COMPANIES

11.01 Status of Insurance Companies. No insurance company that issues any policies or contracts for the purpose of fulfilling the terms of the Agreement shall be deemed to be a party to this Agreement, nor shall it be responsible for the validity of this Agreement, nor is this Agreement in any manner for the benefit of any insurance company or companies. No insurance company shall be required to determine the validity of this Agreement or to question the authority of or action of the Board, or be responsible to confirm that any action taken by the Board is authorized by the terms of this Agreement.

ARTICLE XII. PROGRAM ADMINISTRATION

12.01 Allocation of Administrative Duties. The Board shall have the full obligation and

responsibility for administration of the Employee Benefit Program but may designate any person, firm, corporation or other entity as an agent or representative, for purposes of carrying out the objectives of the Trust. The Board shall designate an administrator to carry out the policies established by the Board and to provide day to day management. An administrator appointed pursuant to Section 12.03 may also serve in this capacity.

12.02 Termination of Agents. The Board may remove any agent for administration at any time, without cause, after thirty (30) calendar days written notice to the agent unless otherwise provided in contracts for employment of such agents that were approved by the Board.

12.03 Consultant/Administrator. The Board shall retain a Benefits Administrator and a Trust Administrator, both of whom must be licensed pursuant to Title 20, Chapter 2, Article 3 or 9 or such other law as may be applicable. Such licensing shall be verified by the Board prior to any appointment pursuant to this section. The Board shall keep minutes of its actions and shall reflect in those minutes the retention of these Administrators and the areas of their authority as required by A.R.S. § 11-952.01(H)(5).

12.04 Duties of Agents. Agents shall perform all designated duties in a workmanlike and professional manner and shall keep accurate and complete records of activities as prescribed by the Board. Any agent designated as Benefits Administrator shall, in addition to the other duties set forth in this section, keep its records open for examination at reasonable times during business hours by any person authorized by the Board of Trustees and shall, within sixty (60) calendar days after the end of each Trust year or such other date as determined by the Board, file with the Board a complete statement of its administrative activities during the period of time since the closing date of the previous statement.

12.05 Business Offices. The Trust may establish offices within the State of Arizona as required for the conduct of business and may employ necessary staff to carry out the purposes of the Trust.

ARTICLE XIII. ADDITIONAL MEMBERS

13.01 Eligibility for Membership. Effective July 02, 2012, cities, towns, counties, fire districts, municipal corporations and any other political subdivisions of these types of entities as may be eligible for membership pursuant to A.R.S. § 11-952 et seq. located within the State of Arizona shall be eligible to be considered for membership as a Participating Entity.

13.02 Application for Membership. An entity desiring membership in the Trust may petition the Board for permission to become a Participating Entity. Applicants shall submit application forms as prescribed by the Board and shall provide such additional information as may be requested in order to fully evaluate the application. Completed applications and supporting data shall be submitted no later than the deadlines established by the Board. Applications deemed incomplete by the established deadlines may be rejected at the sole discretion of the Board.

13.03 Approval of Applications. Completed applications will be reviewed and evaluated based on standards established by the Board to ensure that approvals of applications are based on the best interest of the Trust, its Participating Entities and their Employees. Decisions of the Board may be based upon recommendations of their employees or agents. The Board, in a regularly convened meeting, may, by two-thirds vote, approve the application for membership subject to such terms and conditions as may be established by the Board in their sole discretion. Decisions of the Board with respect to membership applications will be final. If accepted for membership, an entity will be bound by all applicable terms and conditions of this Agreement and Declaration of Trust as well as all policies, procedures and regulations established pursuant to this Agreement. Representatives of Participating Entities approved for membership may attend meetings of the Board of Trustees, but will not be allowed to vote or otherwise formally participate in the governance or benefits of the Trust until the date on which the Entity's Employees become eligible to receive benefits under the Employee Benefit Program.

ARTICLE XIV. DURATION OF AGREEMENT

14.01 Term of Agreement. This Declaration of Trust shall continue in full force and effect until terminated as provided in accordance with the procedures set forth in Article XVII of this Trust Agreement.

14.02 Initial Term of Participation; Renewals. The initial membership term for new members shall be for a period of not less than thirty six (36) calendar months. The length of the initial term shall be set to align the Participating Entity's membership term with the July 01 to June 30 Fiscal Year of the Trust at the earliest possible date. Membership in the Trust may not be terminated by any Participating Entity during the initial membership term except as expressly provided herein. Notwithstanding these limitations on voluntary termination, coverage under the Employee Benefit Plan may be suspended or terminated as provided herein for nonpayment of Entity Premiums or other violations of the terms of this Agreement and Declaration of Trust. After expiration of the initial membership term, a Participating Entity may terminate its participation as provided in Article XV herein or may request that the Board of Trustees approve an additional Renewal Term. Renewal terms shall be for thirty six (36) calendar months. Approval of Renewal Terms requires a 2/3 vote of the Board of Trustees. Membership in the Trust may not be voluntarily terminated during Renewal Terms except as expressly provided herein.

14.03 Non-Appropriation Penalty. In the event a Participating Entity fails to appropriate the funds for any particular plan year, or portion of a plan year, within that Participating Entity's initial term of participation, or the current renewal term, which is applicable, the Participating Entity agrees to pay a penalty in an amount equal to what that Participating Entity's obligations would have been for the entire remainder of the initial term of participation, or the current renewal term, whichever is applicable, had the appropriation been made. The "initial term of participation" and the "renewal term" are set forth in Section 14.02 above.

ARTICLE XV. VOLUNTARY TERMINATION OF MEMBERSHIP

15.01 Procedure. Membership in the Trust may be voluntarily terminated by a Participating Entity upon conclusion of its Initial Term of Participation or a subsequent Renewal Term, subject to the following conditions:

- (a) Written notice of voluntary termination must be received no later than ninety (90) calendar days prior to the last day of the Participating Entity's Initial Term of Participation or current Renewal Term, as applicable.
- (b) Termination will be effective as of the last day of the Participating Entity's Initial Term of Participation or current Renewal Term, as applicable.
- (c) Once termination is effective, a former Participating Entity shall not be eligible for readmission to the Trust for a minimum of three fiscal years. Application for readmission shall be made according to the procedures set forth in Article XIII of this Agreement.
- (d) Termination will not relieve a former Participating Entity of any obligations, financial or otherwise, imposed upon Participating Entities pursuant to this Agreement for the period during which the former Participating Entity was a member of the Trust.
- (e) Participating Entities terminating their membership in the Trust in accordance with this Article shall receive surplus amounts due them and shall remain liable for deficits owed by them to the Trust in accordance with Article 18.02 of this Agreement.

15.02 Termination Due to Amendment of the Trust Agreement. Notwithstanding the provisions of Article 15.01 a Participating Entity may elect to voluntarily terminate its membership prior to the end of their Initial Term of Participation or their subsequent Renewal Term provided the Participating Entity provides a ninety (90) calendar days advance notice as required by A.R.S. § 11-952.01(L), under the following conditions:

- (a) The Governing Board of the Participating Entity wishing to terminate its membership pursuant to this Article must have failed to approve a proposed amendment to the Trust Agreement which was approved by the requisite number of Governing Boards pursuant to Article 9.02 of this Trust Agreement.
- (b) The approved amendment to the Trust Agreement is to become effective prior to the end of the current renewal period.
- (c) The proposed date of termination of membership is to be on or before the effective date of the approved amendment to the Trust Agreement or upon such later date as

may be approved by the Board of Trustees during which period the terminating entity shall not be subject to the provisions of the approved amendment to the Trust Agreement.

- (d) Any voluntary termination pursuant to this Article 15.02 shall also be subject to the provisions of Article 15.01(c) of this Trust Agreement.
- (e) Participating Entities voluntarily terminating their memberships in the Trust in accordance with this Article shall receive surplus amounts due them and shall remain liable for deficits owed by them to the Trust in accordance with Article 18.02 of this Trust Agreement.

ARTICLE XVI. SUSPENSION AND EXPULSION

16.01 Suspension. In the event that any Participating Entity shall fail to make its contributions as specified herein, or shall fail to comply with any other terms or conditions of this Trust Agreement or other requirements established by the Board, the Board may suspend benefits provided to the Beneficiaries of that Participating Entity. Prior to any suspension, the Board shall provide written notice of default to the Participating Entity. The notice of default shall advise the Participating Entity that:

- (a) Unless the default is cured within ten (10) calendar days of receipt of the notice, coverage may be suspended for a period of up to eighty (80) calendar days without further notice or administrative process.
- (b) During the eighty (80) day suspension period, the Board of Trustees shall determine if the Participating Entity should be expelled as a Participating Entity effective ninety (90) calendar days following receipt of notice of expulsion.
- (c) That prior to removal of any previously-imposed suspension, the Board may impose specific reasonable conditions for reinstatement of coverage and continued membership in the Trust.
- (d) That the defaulting Participating Entity will be liable for unpaid premiums and/or benefit payments, administrative costs and other costs incurred by the Trust between the date that premium payments became in arrears and the date of suspension of benefits plus interest accrued as provided in Section 5.02 of this Trust Agreement.

16.02 Expulsion. Participating Entities may only be expelled from the Trust upon a majority vote of a quorum of Trustees and upon the statutory required ninety calendar (90) notice prior to the effective date of expulsion. Participating Entities that are expelled from membership in accordance with this Article shall receive surplus amounts due them and shall remain liable for deficits owed by them to the Trust in accordance with Article 18.03 of this Agreement.

ARTICLE XVII. TERMINATION OF TRUST

17.01 Termination by the Trustees. The Trust created by this Agreement and Declaration of Trust may be terminated at any time by formal resolution approved by majority vote of the Board of Trustees.

17.02 Notice of Termination. Upon termination of the Trust as provided herein, the Board shall forthwith notify all Employees and all other necessary parties.

17.03 Duration after Termination. Notwithstanding any provision set forth in this Trust Agreement regarding duration and termination of the Trust, the Trust shall continue in existence for as long a period as may be required to wind up its business. Upon termination, the Board shall continue in its capacity as a Board of Trustees for so long a period as may be required to wind up the business of the Trust.

17.04 Disposition of Trust Assets and Final Accounting. Upon termination of this Trust, any and all monies remaining in the Fund shall be disposed of in accordance with Article 18.01. At such time as the business of the Trust is wound up, the Board shall render a final accounting of the affairs of the Trust to the Participating Entities. Thereafter, there shall be no claim or action against the Board except as expressly provided herein and they shall have no further responsibility or duties and they shall be discharged.

ARTICLE XVIII. DISTRIBUTIONS OF SURPLUSES AND DEFICITS UPON TERMINATION OF THE TRUST, VOLUNTARY TERMINATION OF MEMBERSHIP OR EXPULSION

18.01 Termination of the Trust. Upon termination of the Trust, the Board shall, by majority vote, provide for the development of a plan (the termination plan) to wind up the Trust's business over the course of a period not to exceed thirty six (36) calendar months from the effective date of the Trust's termination. The termination plan shall provide for at least the following:

- (a) Payment of all administrative and other costs reasonably required to wind up the Trust's operations;
- (b) Payment of all outstanding claims liabilities of the Trust including, without limitation, all known claims and incurred but not reported liabilities;
- (c) Payment to the Trust of any deficits owed to it by any current or former Participating Entities; and
- (d) Payment of any outstanding amounts due to former Participating Entities that have previously voluntarily terminated their memberships in the Trust in accordance with Articles 15.01 or 15.02 of this Trust Agreement.

18.02 Voluntary Termination of Membership. For entities voluntarily terminating membership as provided under Article 15.01 or 15.02, surpluses and deficits allocated to the Participating Entity during the term of its membership, including adjustments for administrative expenses associated with the termination, shall be paid in accordance with the following schedule:

- (a) Surpluses payable to the former Participating Entity shall be paid in two (2) installments, with the first installment comprised of an amount not to exceed seventy five percent (75%) of the total estimated amount due being paid no later than one hundred eighty (180) calendar days after the effective date of such termination, and any remaining surplus balances due being paid not later than twenty seven (27) months after the effective date of such termination, or in accordance with such other schedule as may be agreed to between the former Participating Entity and the Board.
- (b) Deficits payable to the Trust from the former Participating Entity shall be paid in two (2) installments, with the first installment comprised of an amount not to exceed seventy five percent (75%) of the total estimated amount due being paid no later than one hundred eighty (180) calendar days after the effective date of such termination and any remaining deficit balances due being paid not later than twenty seven (27) months after the effective date of such termination, or in accordance with such other schedule as may be agreed to between the former Participating Entity and the Trustees.
- (c) At the time of the final distribution of surpluses or deficits as provided for in this section 18.02, the Board shall render a final accounting of the affairs of the Trust to the former Participating Entity whose membership terminated as provided hereunder.

18.03 Expulsion. In the event that a Participating Entity is expelled and membership involuntarily terminated in accordance with Article 16.02 above, surpluses and deficits allocated to the Participating Entity during the term of its membership, including adjustments for administrative expenses associated with the termination, shall be paid in accordance with the following schedule:

- (a) Former Participating Entities shall remain liable for the full amount of contributions that would otherwise have been due to the Trust during the period of time between the date of such Entity's expulsion and the scheduled end of such Entity's Initial or Renewal Term of Participation. Amounts due to the Trust under this Article may be collected through reduction of any surpluses otherwise due to the former Participating Entity in accordance with Article 18.03 (b) or, in the event the former Participating Entity has no surplus due to it, or that the amount due to the Trust under this Article exceeds the amount of surplus due to the former Participating Entity, through assessment in accordance with Article 18.03(c) of this Trust Agreement.
- (b) Surpluses payable to former Participating Entities that were expelled in accordance

with Article XVI shall be reduced by the amount of the Member Contributions that would otherwise have been due to the Trust during the period of time between the date of such Entity's expulsion and the scheduled end of such Entity's Initial or Renewal Term of Participation. The balance of any remaining surpluses due to the former Participating Entity after making such adjustment shall be paid in two (2) installments, with the first installment comprised of an amount not to exceed seventy five percent (75%) of the remaining total estimated amount due being paid no later than one hundred eighty (180) calendar days after the effective date of such expulsion, and any remaining surplus balances due being paid not later than twenty seven (27) months after the effective date of such expulsion, or in accordance with such other schedule as may be agreed to between the former Participating Entity and the Board.

- (c) Deficits payable to the Trust from an expelled former Participating Entity shall be paid in two (2) installments, with the first installment comprised of an amount not to exceed seventy five percent (75%) of the total estimated amount due being paid no later than one hundred eighty (180) calendar days after the effective date of such termination and any remaining deficit balances due being paid not later than twenty seven (27) months after the effective date of such termination, or in accordance with such other schedule as may be agreed to between the former Participating Entity and the Board.
- (d) At the time of the final distribution of surpluses or deficits as provided for in this section 18.03, the Board shall render a final accounting of the affairs of the Trust to the former Participating Entity whose membership terminated as provided hereunder.

ARTICLE XIX. MISCELLANEOUS

19.01 Prosecution and Defense of Lawsuits. In the event any claim, suit, action or legal or administrative proceeding is brought against the Trust, the Board of Trustees, one or more Trustees or the Fund, in connection with any matter arising out of the administration of the Trust or Fund or in connection with this Trust Agreement or in connection with any act or omission of the Board of Trustees or one or more of the Trustees, or in the event of any suit, action or proceeding commenced by the Board, including, but not limited to, a request for a judicial settlement of accounts, a suit for construction, a bill of interpleader, or any other matter relating to the Trust, the Board shall have the power and authority to employ legal counsel to represent it in any such suit, action or proceeding. Expenses, including legal counsel fees and other costs shall be paid from the Fund as long as the Board has acted in good faith and not with gross negligence, bad faith or willful misconduct, it being the intent to indemnify the Trustees, individually and as a Board, against all honest mistakes in judgment and all acts or omissions that are not deliberate or willful violations of the duties of the Board. In addition, the Board shall have the right to commence and prosecute such suits, actions or proceedings as it may determine are necessary and proper in order to protect the interest of the Trust or Fund, and, in this connection, the Board shall have the same rights and entitlement to reimbursement for costs and expenses as heretofore described for the defense of lawsuits.

19.02 Fiduciary Liability. The fiduciary liability and funding of all eligible benefits as determined by the Plan Document shall be the sole responsibility of the Board acting in their official capacity and shall not be determined to be a fiduciary duty of any Participating Entity.

19.03 Worker's Compensation. The insurance coverage contemplated by this Trust Agreement shall not apply in any case which is compensable under Worker's Compensation.

19.04 Situs of Trust. The City of Phoenix, County of Maricopa, State of Arizona, shall be deemed the situs of the Trust created hereunder. All questions pertaining to validity, construction and administration shall be determined in accordance with the laws of such State and County. This Trust Agreement is deemed made, executed and delivered in such State.

19.05 Interpretation of Trust Agreement. Whenever any words are used in this Trust Agreement in the masculine gender, they shall be construed as though they were also in the feminine or neuter gender in all situations where they would so apply and wherever any words are used in this Trust Agreement in the singular form, they shall also be construed as though they were also used in the plural form in all situations where they would so apply, and whenever any words are used in this Agreement in the plural form they shall be construed as though they were also in the singular form in all situations where they would so apply.

19.06 Captions. It is understood and agreed that the captions and headings contained in this Trust Agreement are included for convenience only and that they are not and shall not be deemed a part of the Agreement and that they shall in no way define, limit or expand any of the terms, obligations or conditions set forth herein.

19.07 Severability. The parties agree that, to the extent that any provision of this Trust Agreement is in conflict with any applicable statute, regulation or rule, that provision shall be deemed unenforceable and the applicable statute, regulation or rule shall govern. Should any provision or term in this Trust Agreement be deemed or held to be unlawful or invalid for any reason, such a determination will not adversely affect the remaining provisions contained herein unless such a determination will make the operation of the Trust impossible or impractical. In such a case, the appropriate parties shall immediately adopt such provisions as may be required to facilitate the proper functioning of the Trust.

19.08 Taxation of Contributions, Assets, Income and Benefits. This Trust Agreement is being entered into and contributions are being made based upon the expectation that contributions made hereunder will not be subject to taxation and that benefits received by employees or other beneficiaries will not be deemed compensation in determination of federal, state or local tax liability. The parties hereto, individually and collectively, agree to take or cause to be taken any and all steps that may be necessary or advisable in order to obtain and/or maintain a tax-exempt status for this Trust. In the event that any provisions of this Trust Agreement are determined to impose tax obligations on any Participating Entity or Employees or other Beneficiaries, any steps necessary to eliminate such obligations shall be taken immediately. Nothing in this section shall be deemed to impose liability on the Board, the Trust or Participating Entities in the event that

contributions or benefits are deemed taxable or in the event that investment income received by the Trust is determined to be subject to taxation.

19.09 Cancellation. This Agreement is subject to cancellation pursuant to A.R.S. § 38-511.

ARTICLE XX. STOP LOSS PROVISIONS

20.01 Stop Loss Requirement. Specific stop-loss reinsurance shall be an integral part of any self-funded benefit program established pursuant to this Trust Agreement. It is the intent of the parties to this Trust Agreement that stop-loss coverage, with such attachment points and policy limits as may be deemed necessary to protect the loss fund and allow complete and timely payment of benefits, be provided by an authorized carrier licensed to execute contracts in the State of Arizona.

ARTICLE XXI. LOSS CONTROL PROGRAM

21.01 Loss Control Program. The Board shall provide for the development and implementation of a program of loss control for each plan year of Trust operations. The loss control program shall be further described in the Plan of Risk Management approved each year and may include one or combinations of:

- (a) Specific and/or aggregate reinsurance;
- (b) Conventional insurance, partial or full self-insurance;
- (c) Access to Preferred Provider Organizations (PPO) for benefit offerings;
- (d) Medical pre-certification, concurrent and/or post discharge review;
- (e) Large case management;
- (f) Health and wellness promotion;
- (g) Employee assistance programs; and
- (h) Such other loss control programs as the Board may determine to be appropriate.

ARTICLE XXII. USE AND DISCLOSURE OF PROTECTED HEALTH INFORMATION BY PARTICIPATING ENTITIES

22.01 The Participating Entities in the Arizona Metropolitan Trust shall only use protected health information ("PHI") to the extent of and in accordance with the uses and disclosures permitted by the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"). Specifically, the Participating Entities may use and disclose PHI for purposes related to health care treatment,

payment for health care and health care operations.

22.02 Payment includes activities undertaken by the Participating Entities individually or through the Benefits Administrator to determine or fulfill its responsibility for coverage and provision of plan benefits that relate to a Beneficiary to whom health care is provided. These activities include, but are not limited to, the following:

- (a) Determination of eligibility, coverage and cost sharing amounts (for example, cost of a benefit, plan maximums and copayments as determined for an individual's claim);
- (b) Adjudication of health benefit claims (including appeals and other payment disputes);
- (c) Subrogation of health benefit claims;
- (d) Establishing Employee Contributions;
- (e) Risk adjusting amounts due based on enrollee health status and demographic characteristics;
- (f) Billing, collection activities and related health care data processing;
- (g) Claims management and related health care data processing, including auditing payments, investigating and resolving payment disputes and responding to Beneficiary inquiries about payments;
- (h) Obtaining payment under a contract for reinsurance (including stop-loss and excess of loss insurance);
- (i) Medical necessity reviews or reviews of appropriateness of care or justification of charges;
- (j) Utilization review, including precertification, preauthorization, concurrent review and retrospective review;
- (k) Disclosure to consumer reporting agencies related to the collection of premiums or reimbursement (the following PHI may be disclosed for payment purposes: name and address, date of birth, Social Security number, payment history, account number and name and address of the provider and/or health plan); and
- (l) Reimbursement to the Trust.

22.03 Health Care Operations include, but are not limited to, the following activities:

- (a) Quality assessment;

- (b) Population-based activities relating to improving health or reducing health care costs, protocol development, case management and care coordination, disease management, contacting health care providers and patients with information about treatment alternatives and related functions;
- (c) Rating provider and plan performance, including accreditation, certification, licensing or credentialing activities;
- (d) Underwriting, premium rating and other activities relating to the creation, renewal or replacement of a contract of health insurance or health benefits, and ceding, securing or placing a contract for reinsurance of risk relating to health care claims (including stop-loss insurance and excess of loss insurance);
- (e) Conducting or arranging for medical review, legal services and auditing functions, including fraud and abuse detection and compliance programs;
- (f) Business planning and development, such as conducting cost-management and planning-related analyses related to managing and operating the Trust, including formulary development and administration, development or improvement of payment methods or coverage policies;
- (g) Business management and general administrative activities of the Trust, including, but not limited to:
 - (i) Management activities relating to the implementation of and compliance with HIPAA's administrative simplification requirements, or
 - (ii) Customer service, including the provision of data analyses for Employees, the Trust or other Beneficiaries; and
- (h) Resolution of internal grievances.

22.04 The Participating Entity agrees to:

- (a) Not use or further disclose PHI other than as permitted or required by the Plan Document or as required by law;
- (c) Ensure that any agents, including a subcontractor to whom the Participating Entity provides PHI received from the Plan agree to the same restrictions and conditions that apply to the Participating Entity with respect to PHI;
- (d) Not use or disclose PHI for employment-related actions and decisions unless authorized by a Beneficiary;
- (e) Not use or disclose PHI in connection with any other benefit or employee benefit plan of

the Participating Entity unless authorized by a Beneficiary;

- (f) Report to the Trust any PHI use or disclosure that is inconsistent with the uses or disclosures provided for of which it becomes aware;
- (g) Make PHI available to a Beneficiary in accordance with HIPAA's access requirements;
- (h) Make PHI available for amendment and incorporate any amendments to PHI in accordance with HIPAA;
- (i) Make available the information required to provide an accounting of disclosure;
- (j) Make internal practices, books and records relating to the use and disclosure of PHI received from the Plan available to the HHS Secretary for the purposes of determining the Trust's compliance with HIPAA; and
- (k) If feasible, return or destroy all PHI received from the Trust that the Participating Entity still maintains in any form, and retain no copies of such PHI when no longer needed for the purpose for which disclosure was made (or if return or destruction is not feasible, limit further uses and disclosures to those purposes that make the return or destruction infeasible).

22.05 In accordance with HIPAA, only the following employees or classes of employees of a Participating Entity may be given access to PHI:

- (a) The human resources director or the individual assigned by the governing body of a Participating Entity to perform said function; and
- (b) Staff designated by the person assigned pursuant to Article 22.05(a).

22.06 The persons described in Article 22.05 may only have access to and use and disclose PHI for plan administration functions that the Trust performs for the Participating Entity.

22.07 If the persons described in Article 22.05 do not comply with the Plan Document, the Trust may provide a mechanism for resolving issues on noncompliance, including disciplinary sanctions.

EXHIBIT A

Participating Entities – Arizona Metropolitan Trust as authorized and approved by the Board of Trustees, including Initial Terms of Participation established pursuant to Article 14.02 of the Trust Agreement:

Participating Entities effective July 01, 2022:

	<u>Participating Entity</u>	<u>Membership Term</u>
1.	Town of Fountain Hills	July 01, 2019 – June 30, 2025
2.	Sun City Fire District	July 01, 2019 – June 30, 2025

Participating Entities effective July 01, 2023:

	<u>Participating Entity</u>	<u>Membership Term</u>
1.	Town of Paradise Valley	July 01, 2023 – June 30, 2026
2.	Town of Wickenburg	July 01, 2023 – June 30, 2026

Participating Entities effective July 01, 2024:

	<u>Participating Entity</u>	<u>Membership Term</u>
1.	City of Apache Junction	July 01, 2024 – June 30, 2027
2.	City of El Mirage	July 01, 2024 – June 30, 2027
3.	City of Litchfield Park	July 01, 2024 – June 30, 2027
4.	Town of Youngtown	July 01, 2024 – June 30, 2027

APPROVALS

Mesa Gateway Airport Authority

The Mesa Gateway Airport Authority hereby approves and accepts the foregoing Agreement and Declaration of Trust and agrees to be bound by the provisions thereof effective at 12:00:01 A.M., January 01, 2027.

By: _____
Mark Freeman, Chairperson

Date: _____

Pursuant to A. R. S. Section 11-952(D), the foregoing agreement has been reviewed by the Attorney for the Mesa Gateway Airport Authority and it is in proper form and is within the powers and authority granted to the Mesa Gateway Airport Authority under the laws of the State of Arizona.

By: _____
Benjamin J. Hawkins, Attorney

Date: _____

IN WITNESS HEREOF, the undersigned Trustee and Alternate Trustee hereby accept appointment and approve the Agreement and Declaration of Trust.

Name	Position	Signature	Date
J. Brian O'Neill, Executive Director/CEO		_____	_____
Veronica Lewis, Human Resources Director		_____	_____



**Arizona Metropolitan Trust
(AzMT)**

Bylaws

Effective:

July 01, 2012

Revised:

February 14, 2024

TABLE OF CONTENTS

<u>Section</u>	<u>Title</u>	<u>Page(s)</u>
1.	Definitions	1 - 2
2.	Investments	2
3.	Expense Reimbursement	2 - 3
4.	Meetings	3
5.	Officers	3 - 4
6.	Audits	4 - 5
7.	Entity Contributions	5 - 6
8.	Membership	6 - 7
9.	Operations	8 - 10
10.	Amendments to Bylaws	10

Section 1. Definitions

The following are definitions of terms as used in these By-Laws as well as the Trust Agreement. To the extent a term is not specifically defined in these By-Laws, but is defined in the Trust Agreement, the term shall have the meaning given to it in the Trust Agreement.

1.01 “A.R.S.” shall mean the Arizona Revised Statutes, as amended.

1.02 “Beneficiary” shall mean Employees, their dependents and such other persons designated by the Participating Entities as eligible for coverage as set forth in the Summary Plan Description and approved by the Board.

1.03 “Benefits Administrator” shall mean the person(s) or firm employed by the Board who is responsible for processing of claims and payment of benefits, and related services.

1.04 “Board of Trustees” or “Board” shall mean the Trustees of the Arizona Metropolitan Trust acting in their joint capacity as the governing board of the Trust.

1.05 “Employee” shall mean any person employed by a Participating Entity on a regular basis working not less than the number of hours per week required by the Participating Entities for eligibility, and who are not eligible for benefits under any other employee benefits to which the Participating Entity makes contributions.

1.06 “Employee Benefit Program” shall mean the program of benefits to be established by the Board pursuant to this Trust Agreement and A.R.S. § 11-952.01(c).

1.07 “Employee Contributions” shall mean any contributions made by Employees whether comprising part of the Entity Premium or whether made directly to the Fund in order to obtain coverage by the Employee Benefit Program.

1.08 “Entity Contributions” shall mean the contributions made by Participating Entities comprising all or part of the Entity Premium.

1.09 “Entity Premium” shall mean the total monies paid by each Participating Entity to the Fund for the Employee Benefit Program, and shall be equal to the sum of Entity Contributions and Employee Contributions.

1.10 “Fund” shall mean the Trust Fund created by this instrument, and shall mean generally, the monies, property, contracts or things of value, tangible or intangible, received and held by the Board for the uses and purposes of the Trust, set forth therein, and those things of value which comprise the corpus and additions to the fund.

1.11 “Governing Board” shall mean the policy making board of a Participating Entity duly elected or appointed to their respective positions in accordance with the laws and constitution of the State of Arizona.

1.12 “Participating Entities” shall mean those entities listed in Exhibit A which is attached hereto and incorporated by reference herein, and such additional Participating Entities as may be approved for membership by the Board of Trustees pursuant to Article XIII of this Trust Agreement.

1.13 “Summary Plan Description” shall mean the document(s) which generally describe the employee benefits to be provided by the Trust to the Beneficiaries.

1.14 “Trust” shall mean the entity established by the Trust Agreement pursuant to A.R.S. § 11-952.01 et seq., which shall be referred to as the Arizona Metropolitan Trust.

1.15 “Trust Agreement” shall mean this Agreement and Declaration of Trust dated July 01, 2012 and any modifications or amendments thereto.

1.16 “Trust Administrator” shall mean the employee benefit consultant retained by the Trust to carry out the obligations of this Agreement in compliance with Arizona Revised Statute § 11-952.01(H)(5).

1.17 “Trustee or Trustees” shall mean the individual Trustees and their successors as provided for in this Trust Agreement.

Section 2. Investments

Investments of Trust cash assets not required for immediate operating expenses may be invested by the Trust, but the investments are to be limited to the following investments:

- A. Government Securities;
- B. State of Arizona Local Government Investment Pool (LGIP); and
- C. Other investments allowable under A.R.S. § 35-323.

Notwithstanding the provisions of this section, each type of investment actually utilized shall be subject to prior approval of the Board of Trustees.

Section 3. Expense Reimbursement

Trustees shall be entitled to receive reimbursement for actual reasonable expenses incurred in carrying out their duties as a Trustee and which are consistent with the Trust Agreement including, but not limited to:

- A. **Meals, Lodging, Air Travel.** Reimbursement for the actual amount of meals, lodging and air travel expenses as evidenced by receipts.
- B. **Automobile Mileage.** Reimbursement for automobile travel expenses at the rate established by the Internal Revenue Service for purpose of travel expense deductions.
- C. **Other Expenses.** Expenses reimbursed under this provision shall be limited to those which would be reimbursable under the policies of the Participating Entity that the Trustee has been appointed to represent.

Section 4. Meetings

- A. **Open Meeting Laws.** All meetings of the Trust shall comply with the requirements of the Arizona Open Meetings Law.
- B. **Annual Meeting.** The Trust shall designate one of its regular quarterly meetings as the Trust's Annual Organization Meeting for the purpose of selecting officers and to conduct such other business as may be necessary. To the extent possible, the Board of Trustees shall utilize the same quarterly meeting each year as the annual meeting.
- C. **Special Meeting.** The Chairperson may call a special meeting upon seven (7) days notice to Trustees. A special meeting may be also be called by a number of Trustees equal to one less than a majority of the Board. In the event of an emergency, a special meeting may be held with such lesser notice as may be appropriate and otherwise permissible by law. Upon calling a special meeting, the Chairperson or Trust Administrator shall promptly notify all Participating Entities and shall prepare and distribute a written agenda in compliance with the requirements of the Open Meeting Law.

Section 5. Officers

- A. **Election of Officers.** Every even numbered year during the Annual Organization Meeting, there shall be an election from the Board of Trustees of the Trust, of a Chairperson (only if the current Vice Chairperson is unable or unwilling to assume the role of Chairperson consistent with the succession plan of the Board of Trustees) and a Vice Chairperson. Nominees must be present to accept or decline such nominations. In addition, the Chairperson shall designate a Recording Secretary, who does not have to be a member of the Board of Trustees. These officers shall have the authority to act in those circumstances and on those matters as specified in the Trust Agreement, in these Bylaws or as otherwise directed by a majority of the Board of Trustees acting in a public meeting.

The Vice Chairperson, at the end of his/her two-year term, will succeed to the office of Chairperson if he/she is willing and able to do so. Further, if for some reason the Chairperson is unable or unwilling to continue in the role during his/her two-year term, the Vice Chairperson will assume the role of Chairperson and will serve out the

remainder of that term and continue thereafter for the next full two-year term. The normal succession process will continue thereafter. The intent of the Board of Trustees is to have entities who will be actively involved in the governance of the Trust and shall seek nominations of persons who will further this goal.

B. **Term of Office.** The term of office for each officer is two years. Officers will serve until the end of their term and/or when they have been replaced by election or succession.

C. **Duties of Officers.** The officers of the Trust shall have the following duties:

1. **Chairperson.** The Chairperson shall preside at all meetings of the Board of Trustees and perform the usual and customary duties of the Chairperson and such other duties as may be prescribed by the Board of Trustees from time to time. The Chairperson, alone or together with such officer or officers as the Board of Trustees may designate by resolution or bylaw, may sign any contracts or other instruments which the Board of Trustees have authorized to be executed.
2. **Vice-Chairperson.** The Vice Chairperson will, in the absence of the Chairperson or in the event of the inability or refusal of the Chairperson to act, perform the duties of the Chairperson.
3. **Recording Secretary.** The Chairperson shall appoint a Recording Secretary who shall keep minutes of all meetings, proceedings and acts of the Board of Trustees, which records shall be available at the Principal Office for inspection by all the Trustees and interested persons during usual business hours. Such records and minutes need not be verbatim. The Recording Secretary need not be a Trustee.

Section 6. Audits

A. **Mandatory Financial Audit.** The Board of Trustees shall retain the appropriate independent professional to perform an annual financial audit as provided by applicable law and the Trust Agreement. In addition to complying with the requirements imposed by statute and the Trust Agreement, the financial auditor shall perform such additional duties as may be directed by the Board of Trustees.

B. **Recommended Audits.** In addition to the mandatory audit, the Board of Trustees may conduct the following audits at such intervals as they may determine is in the best interest of the Trust:

1. **Claims Audit.** The performance of the Benefits Administrator may be audited to determine whether claims have been paid in accordance with applicable provisions of the Plan Document or to otherwise evaluate the general or specific performance of the Benefits Administrator as deemed appropriate or desirable by the Board of Trustees.

2. Operational Audit. The Board of Trustees may direct that an independent party conduct an operational audit of the Trust, its individual service providers or any aspect or operation of the Trust.

Section 7. Entity Contribution

- A. **Entity Contribution and Premium Payments.** Participating Entity Contribution payments for Medical/Rx, Dental and Vision shall be due and payable on the first day of each month with a grace period that requires receipt of the payment by the last business day of each month.

Premium payments for Life/AD&D, Short- and/or Long-Term Disability shall be due and payable on the first day of each month with a grace period that requires receipt of payment by the 20th of each month in order to accommodate timely payment to the carriers.

- B. **Entity Contribution Rates.** Contribution rates shall be established annually or at other intervals if determined by the Board of Trustees to be in the best interest of the Trust and its beneficiaries. Rates shall be based upon sound actuarial principles consistent with fiscal stability of the Trust and the interest of the Beneficiaries.

- C. **Past Due Entity Contribution and Premium Payments.** Entity Contributions and Premiums not paid as of the date specified in Paragraph A of this Section shall be subject to the following late payment process which shall be in addition to any penalties set forth in the Trust Agreement:

- 1st Late Payment – Letter of Warning;
- 2nd Late Payment – Shall accrue a late payment penalty equal to 0.5% of the Entity's current monthly billing amount;
- 3rd Late Payment – Shall accrue a late payment penalty equal to 1.0% of the Entity's current monthly billing amount;
- 4th Late Payment – Shall accrue a late payment penalty equal to 1.5% of the Entity's current monthly billing amount;
- 5th Late Payment and thereafter – Shall accrue a late payment penalty equal to 2.0% of the Entity's current monthly billing amount.

1. **Late Payment Penalty Timing.** The late payment penalty shall be added by the Benefits Administrator, or Trust Administrator, to the Entity's monthly contribution statement and shall be due and payable as part of the Entity's next monthly contribution.

2. Penalties Cumulative. The late payment penalties set forth above are cumulative, such that any late payments during the term of the Trust Agreement, including payments that remain unpaid over more than one payment period, shall be counted for purposes of determining the total number of late payments. The following are two examples of the manner in which penalties may be cumulated:

Example 1: A Participating Entity's first late payment receives a letter of warning. If the first late payment is not paid by the next payment due date, a late payment penalty of 0.5% shall be applied to any outstanding late balances. If the first late payment remains unpaid by the next succeeding payment due date, a late payment penalty of 1.0% shall be applied to any outstanding late balances, including any penalty amounts.

Example 2: A Participating Entity makes the first three payments timely, but is late with the fourth, which results in a letter of warning. The Participating Entity then timely makes the next three payments, but is late with the eighth payment; a 0.5% penalty shall be assessed.

3. Discretionary Penalty Waiver. The Board of Trustees retains the authority to waive, at its sole discretion, the late payment penalty in the case of extenuating circumstances if requested by the Participating Entity. The decision whether to waive the late penalty shall be made at the Board's next-available regularly-scheduled meeting following the Participating Entity's request and such decision shall be final and binding.

Section 8. Membership

- A. Eligibility. Effective July 02, 2012, cities, towns, counties, fire districts, municipal corporations and any other political subdivisions of these types of entities as may be eligible for membership pursuant to A.R.S. § 11-952 et seq. located within Maricopa, Pima and Pinal counties in the State of Arizona shall be eligible to be considered for membership as a Participating Entity. Joint Powers of Authority (JPAs) may be considered for membership, however, new entities joining the JPA must be underwritten by the actuary to determine financial fit.

B. Application for Membership.

1. Form of Application. Application for membership shall be made on forms provided by the Trust.
2. Deadline for Application. Completed applications, as defined by the Board of Trustees, shall be received by the Trust no less than sixty (60) calendar days prior to the proposed date that membership would be effective.

3. Evaluation Criteria. Application for membership in the Trust shall be based upon criteria approved by the Board of Trustees.
 4. Board of Trustees Action. The Board of Trustees shall act on applications at their next regular meeting unless timing for a successful transition requires a special meeting for consideration.
- C. **Acceptance of Membership Invitation.** Upon notification to an applicant of an offer for membership in the Trust, the applicant shall provide to the Trust a resolution of its Governing Body, no more than thirty (30) calendar days following such notification accepting the offer to become a member of the Trust. The resolution shall include:
1. Approval of the Trust Agreement and designation of a representative to execute the agreement;
 2. Acceptance of the proposed schedule of premiums as determined by the Board of Trustees;
 3. Acceptance of the Trust Bylaws as approved and adopted; and
 4. Determination by legal counsel for the entity that the resolution and agreements are in proper form and are within the powers of the entity to approve.
- D. **Membership Requirements.** Members agree to the following:
1. Member employers may not offer any direct or indirect incentive to its employees to decline coverage under the Trust.
 2. Member employers may not contribute more than 50% of the deductible to a Health Savings Account (HSA).
 3. Member employers agree to actively support the Trust's wellness program in the form of marketing and communication, allowing employees to participate, providing staff to work with the Trust's Administrator in program planning and implementation and similar such activities.

Section 9. Operations

- A. **Applicable Laws.** The Trust and its officers, employees and contractors will conform to all applicable state and federal laws, rules and regulations.
- B. **Principal Office.** The Principal Office of the Trust shall be the office of the Trust's legal counsel as follows:

Jones, Skelton & Hochuli, P.L.C.
ATTN: Michael Hensley, Esq.
40 N. Central Ave., Ste. 2700
Phoenix, Arizona 85004

- C. **Risk Management Plan.** The Board of Trustees shall prepare, or cause to be prepared, a Plan of Risk Management for the Trust. The Plan shall include one or combinations of the following:
1. The employee benefits to be offered through the Trust;
 2. Limits of coverage, whether through self-insurance, conventional insurance purchased from a commercial carrier or reinsurance;
 3. The amount of risk to be retained by the Trust;
 4. Major loss control techniques to be implemented;
 5. The proposed method of assessing Entity Contributions to be paid by each Participating Entity of the Trust;
 6. A summary of the preceding year's operations and major activities planned for the coming year;
 7. Coverage to be purchased from a commercial carrier, if any; and
 8. Such additional information as may be identified by the Board of Trustees.
- D. **Financial Statements and Operating Reports.** The Trust shall provide its members with periodic reports concerning the financial condition and operation of the Trust. These shall be provided at least quarterly and may be made more frequently if specified by the Board of Trustees.
- E. **Requests for Information.** Requests for records or documents of the Trust shall be made through the Trust Administrator or the Trust's legal counsel.
- F. **Surplus Goal.** The Trust has adopted a surplus goal equal to 5 months of budget. Said goal will be evaluated annually through a recommendation from the Finance Subcommittee during the annual renewal meeting. Trustees will determine each year whether to change the surplus goal and/or whether to include additional funding in the renewal numbers in an effort to grow the surplus.

G. Allocation and Distribution of Surpluses and Deficits

1. Date Credited. Surpluses and deficits shall be credited to the fiscal year in which they accrue.
2. Surplus/Deficit Allocation. Surpluses and deficits shall be allocated amongst Participating Entities in accordance with the Surplus/Deficit Allocation Policy and according to such Surplus/Deficit Allocation Formula/Methodology as the Board of Trustees may from time to time approve. Adoption of the Surplus/Deficit Allocation Policy and the Surplus/Deficit Allocation Formula/Methodology to be followed in allocating surpluses or deficits shall be by two thirds (2/3) vote of the Board of Trustees.
3. Supplemental Assessments for Statutory Compliance. The Board of Trustees shall order supplemental assessments as needed to comply with applicable provisions of A.R.S. § 11-952.01. Supplemental assessments ordered by the Board of Trustees under this section shall be calculated in accordance with the Surplus/Deficit Allocation Formula/Methodology approved by the Board of Trustees at the time the supplemental assessment is ordered.
4. Supplemental Assessments for Deficits. The Board of Trustees may order supplemental assessments to cure deficits that arise in any fiscal year but which are not sufficiently severe to jeopardize the overall solvency of the Trust. Supplemental assessments ordered by the Board of Trustees under this section shall be calculated in accordance with the Surplus/Deficit Allocation Formula/Methodology approved by the Trustees at the time the supplemental assessment is ordered.
6. Release of Surplus. The Board of Trustees may allow for the release of surplus to Participating Entities through credits applied to monthly contributions in accordance with the Surplus/Deficit Allocation Policy and Surplus/Deficit Allocation Formula/Methodology approved by the Trustees at the time the release of surplus is authorized.
7. Votes for Assessments. Decisions by the Board of Trustees to order supplemental assessments or allow for releases of surpluses as provided for under this section shall be by two thirds (2/3) vote of the Board of Trustees.
7. Compliance with Applicable Law. The Board of Trustees shall comply with all applicable Federal, State and Local laws in allocating and/or distributing any surpluses or deficits.

- H. **Restrictions on Dissemination of Entity Loss Experience.** Consistent with the intent and policy of the Trust to spread risk among all members of the Trust, Participating Entities agree that only total (aggregate) loss experience of the Trust can be shared amongst its members; individual entity loss experience will only be shared with the entity for which it is applicable. Individual entity loss information shall never be shared with other Participating Entities.

Section 10. Amendments to Bylaws

- A. **Submission.** Proposed amendments to the Bylaws should be filed in writing with the Board of Trustees no less than thirty (30) calendar days prior to the scheduled date of consideration except in cases of a *bona fide* emergency. A statement explaining the purpose and effect of the amendment shall be included. Proposed amendments to the Bylaws shall be reviewed and approved in writing as to form by counsel for the Trust prior to approval by the Board of Trustees.
- B. **Notice to Trustees.** All proposed amendments and accompanying statements shall be transmitted in writing to each Trustee at least fifteen (15) business days prior to the scheduled date of consideration.
- C. **Consideration.** Except in a *bona fide* emergency, amendments shall be considered at a regular meeting of the Board of Trustees. Amendment of the Bylaws shall require a majority vote of the Board of Trustees.

EXHIBIT C

Arizona Metropolitan Trust

New Member Rates January 01, 2027 to June 30, 2027

	EE	ES	EC	EF
EPO	\$ 755.05	\$1,512.04	\$1,391.06	\$2,056.46
PPO	\$ 720.81	\$1,439.71	\$1,325.56	\$1,953.11
PPO Buy-Up	\$ 736.97	\$1,470.85	\$1,356.45	\$2,001.88
HDHP	\$ 660.54	\$1,299.31	\$1,195.43	\$1,766.64
Dental	\$ 40.96	\$ 78.86	\$ 88.27	\$ 130.16
Dental Buy-Up	\$ 42.41	\$ 81.80	\$ 96.07	\$ 141.80
Vision	\$ 7.98	\$ 17.58	\$ 15.51	\$ 24.99
Vision Buy-Up	\$ 11.47	\$ 25.74	\$ 23.85	\$ 38.77

MGAA will not be offering the HDHP or the EPO for this period.

HDHP is not available until July 01, 2027 due to IRS guidelines.

EE: Employee Only

ES: Employee + Spouse

EC: Employee + Child

EF: Employee + Family

EPO: Medical Plan – Exclusive Provider Organization

PPO: Medical Plan – Preferred Provider Organization

HDHP: Medical Plan – High Deductible Health Plan



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

Board Action Item

Re: Resolution 26-41

To: Board of Directors
From: Veronica Lewis, Director of Human Resources
Through: J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Employee Benefits
Date: September 15, 2026

Proposed Motion

Approve a Mesa Gateway Airport Authority (MGAA) employee benefits package (Medical, Dental, Vision, Group Life/AD&D, Short-Term Disability and Employee Assistance Program) and associated premiums for the six-month period of January 1, 2027 through June 30, 2027, at an estimated total cost to MGAA of \$609,122.

Narrative

MGAA offers a comprehensive employee benefits package as an important component of its overall compensation program and as a tool to attract and retain qualified employees.

Effective January 1, 2027, MGAA will transition its employee benefits program to the Arizona Metropolitan Trust (AzMT). As part of this transition, MGAA will move from a calendar-year benefit cycle to a fiscal-year benefit cycle. The initial benefit renewal will therefore cover a six-month period from January 1, 2027 through June 30, 2027.

MGAA will continue to offer its employees Medical, Dental, Vision, Group Life/AD&D, Short-Term Disability and Employee Assistance Program benefits. The proposed schedule of premiums establishes the member rates for Medical, Dental, and Vision benefits during the six-month period.

Staff recommends approval of the proposed employee benefits package and schedule of premiums effective January 1, 2027 through June 30, 2027.

Fiscal Impact

The estimated cost to MGAA for benefits through AzMT for a six-month period is \$609,122. This represents a 6.15% increase from current benefit rates for Medical, Dental, Vision, Life/AD&D, Short-Term Disability and Employee Assistance Program. This funding is included in the approved FY 2026-27 budget.

Attachment(s)

Proposed Schedule of Employee Premiums, January 1, 2027 through June 30, 2027 – Exhibit C



RESOLUTION NO. 26-41

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 approve Mesa Gateway Airport Authority employee benefits package (Medical, Dental, Vision, Group Life/AD&D, Short-Term Disability and Employee Assistance Program) and associated premiums for the six-month period of January 1, 2027 through June 30, 2027, at an estimated total cost to MGAA of \$609,122;

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

The Board of Directors of the Authority hereby approves a Mesa Gateway Airport Authority employee benefits package (Medical, Dental, Vision, Group Life/AD&D, Short-Term Disability and Employee Assistance Program) and associated premiums for the six-month period of January 1, 2027 through June 30, 2027, at an estimated total cost to MGAA of \$609,122. 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 15th day of September, 2026.

Mark Freeman, Chair

ATTEST:

APPROVED AS TO FORM:

Misty Johnson, Clerk of the Board

Benjamin J. Hawkins, Attorney

EXHIBIT C

Arizona Metropolitan Trust

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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: July 2026 Financials
Date: September 15, 2026

Attached is the monthly Financials Report for July 2026.

Mesa Gateway Airport Authority
AIRPORT - All Operations P&L
 July, 2026

	Month of July 2026				Y-T-D as of July 2026			
	July FY26 Actual	July FY27 Actual	YOY Variance	B/(W)	YTD FY26 Actual	YTD FY27 Actual	Y-T-D Variance	B/(W)
Aeronautical Operating Revenues								
Aircraft Parking	40,613	54,685	14,072	35%	40,613	54,685	14,072	35%
Fuel Flowage Fees	64,208	62,078	(2,130)	-3%	64,208	62,078	(2,130)	-3%
Landing Fees	173,662	176,497	2,835	2%	173,662	176,497	2,835	2%
Lease Income Aero	514,312	467,599	(46,713)	-9%	514,312	467,599	(46,713)	-9%
Fuel Sales	1,247,240	1,714,046	466,806	37%	1,247,240	1,714,046	466,806	37%
Services Sold - Aero	475,550	441,024	(34,526)	-7%	475,550	441,024	(34,526)	-7%
Sub-total Aero Operating Revenues	2,515,585	2,915,928	400,343	16%	2,515,585	2,915,928	400,343	16%
Non-Aeronautical Operating Revenues								
Concessions	127,634	111,367	(16,267)	-13%	127,634	111,367	(16,267)	-13%
Lease Income Non-Aero	135,488	168,736	33,249	25%	135,488	168,736	33,249	25%
Parking	681,106	756,245	75,139	11%	681,106	756,245	75,139	11%
Rental Car Fees	176,810	243,793	66,983	38%	176,810	243,793	66,983	38%
Svcs Sold - Non Aero	20,205	1,359	(18,845)	-93%	20,205	1,359	(18,845)	-93%
Sub-total Non-Aero Operating Revenues	1,141,243	1,281,501	140,258	12%	1,141,243	1,281,501	140,258	12%
Total Operating Revenues	3,656,828	4,197,429	540,601	15%	3,656,828	4,197,429	540,601	15%
Operating Expenses								
Cost of Goods Sold	895,235	1,394,528	(499,292)	-56%	895,235	1,394,528	(499,292)	-56%
Personnel	872,113	860,047	12,066	1%	872,113	860,047	12,066	1%
Comm & Utilities	140,993	139,814	1,179	1%	140,993	139,814	1,179	1%
Contractual Services	634,480	667,953	(33,473)	-5%	634,480	667,953	(33,473)	-5%
Insurance	47,531	52,956	(5,424)	-11%	47,531	52,956	(5,424)	-11%
Other	40,047	34,275	5,772	14%	40,047	34,275	5,772	14%
Repair & Maintenance	56,177	72,308	(16,131)	-29%	56,177	72,308	(16,131)	-29%
Supplies & Materials	80,725	89,795	(9,070)	-11%	80,725	89,795	(9,070)	-11%
Air Service Incentives [2,000,000]	-	-	-	0%	-	-	-	0%
Operating Contingency [4,060,263]	-	-	-	0%	-	-	-	0%
Total Operating Expenses	2,767,301	3,311,676	(544,373)	-20%	2,767,301	3,311,676	(544,373)	-20%
Operating Income (Loss) Before Depreciation	889,527	885,753	(3,772)	0%	889,527	885,753	(3,773)	0%
	24.3%	21.1%			24.3%	21.1%		



Mesa Gateway Airport Authority
5835 S Sossaman Road
Mesa, Arizona 85212-6014
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Management Information Report

To: Board of Directors
From: Carmen Parks, Engineering and Facilities Director
Through: Chuck Odom, Chief Financial Officer
J. Brian O'Neill, A.A.E., Executive Director/CEO
Re: Impractical Procurement – Chiller 1 Compressor Replacement
Date: September 15, 2026

Chiller 1 at the Air Traffic Control Tower was installed in 2022 as part of the construction of the new tower. The Daikin-manufactured chiller has experienced ongoing operational issues since installation and requires replacement of its compressor.

Daikin is providing the replacement compressor under the manufacturer's warranty. MGAA is responsible for approximately \$12,000 in labor and related services to complete the replacement. Staff selected Varitec to perform the work due to its experience with Daikin equipment and familiarity with the existing system. Daikin acquired Varitec, which specializes in commercial HVAC solutions utilizing Daikin equipment.

MGAA's Procurement Policy, Section V.J, allows staff to make procurements without competitive quotes when competition is impractical, specifically identifying warranty service and standardization as examples. Section VI.B also permits a sole-source procurement when necessary to maintain continuity or compatibility with existing equipment.

Due to the specialized nature of the equipment, the manufacturer's warranty, and the approximately \$500,000 value of each chiller, staff determined that obtaining three quotes for the compressor replacement was not practical or advantageous to MGAA. The work was therefore procured directly from Varitec, rather than selecting a contractor solely on the basis of the lowest labor price.

This report is provided to the Board in accordance with Section V.J of the Procurement Policy, which requires Board reporting for impractical procurements exceeding \$10,000.

Management Information Report

To: Board of Directors
From: Carmen Parks, Engineering and Facilities Director
Through: Chuck Odom, Chief Financial Officer
J. Brian O'Neill, A.A.E., Executive Director/CEO
Re: In-Line Checked Baggage Improvements – CIP 1265, Increased Costs, Studdiford Technical Solutions, LLC
Date: September 15, 2026

On September 16, 2025, the Board approved Resolution No. 25-38, authorizing \$925,997 for Construction Administration services with Studdiford Technical Solutions, LLC associated with the In-Line Checked Baggage System Improvements Project.

As the project has progressed, additional design and project support became necessary due to operational, permitting, and sequencing requirements that were not anticipated in the original scope. A change order in the amount of \$146,130 was executed on August 13, 2026. The change order includes additional design work related to:

- Drainage revisions to minimize impacts to the passenger drop-off lanes;
- Unforeseen City of Mesa fire-line connection permitting, including relocation of the line and installation of a new backflow preventer;
- Modifications to the Ticketing Terminal to accommodate an Oversize Baggage Screening Transfer Room based on TSA's decision not to regularly staff the originally planned screening room;
- Relocation of the Ticketing Main Control Panel (MCP) to accommodate construction sequencing and resolve a design space conflict;
- Additional construction-duration support resulting from separating the Ticketing Terminal remodel into a standalone phase to reduce impacts to airport operations; and
- Assistance with procuring technical product support for the baggage handling system controls following project completion.

The additional design work is necessary to address changes and conditions that arose during the project and to support completion of the project while minimizing impacts to airport operations.

Of the \$146,130 change order, \$43,025 is allocable and eligible for reimbursement by the TSA under the executed Other Transaction Agreement. The remaining \$103,105 is non-allocable and will be funded by MGAA. The full amount of the change order will be funded from the 5% project contingency previously established within the project budget.



Mesa Gateway Airport Authority
5835 S Sossaman Road
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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: Solicitation Notification
Date: September 15, 2026

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)
Request for Proposals	2027-001-RFP	Aviation Fuel Supplier	December 2026

Future Solicitations

Type Solicitation	Number	Title	Scheduled for Release	Anticipated Contract Award (Board Action)
Request for Qualifications	2027-002-RFQ	Job Order Contracting	September 2026	December 2026
Request for Proposals	2027-003-RFP	TSA HVAC Repair & Replace Phase 2	September 2026	December 2026

Equipment Disposals

To date, no equipment has been disposed of for FY27.

If you have any questions about the solicitations or the procurement process, please feel free to contact me at 480-988-7613.