



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, October 20, 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. **Motion to convene into Executive Session**
 - a) Pursuant to A.R.S. § 38-431-03 (A)(1), the Board of Directors may convene into executive session for the purpose of discussion and consideration regarding the Executive Director/CEO's annual review.
4. **Motion to Reconvene into Regular Session**
5. **Executive Director's Report** - J. Brian O'Neill, A.A.E., Executive Director/CEO
6. **Audited Financials Report** – Jean Dietrich, Signing Director CliftonLarsonAllen
7. **Consent Agenda**
 - a) **Minutes** of the MGAA Board Meeting held on **September 15, 2026.**
 - b) **Resolution No. 26-42** – Authorizing a Construction Contract for Construction Services with **KEAR Civil Corporation** for the Fuel Facility Expansion Phase II Project, in an amount not to exceed \$1,954,500 under CIP 1314.
 - c) **Resolution No. 26-43** – Authorizing the purchase of landside asphalt repair services with **Sunland Asphalt of Arizona, Inc.** for an amount not to exceed \$89,980.22.
 - d) **Resolution No. 26-44** – Authorizing the purchase of airside asphalt repair services with **Sunland Asphalt of Arizona, Inc.** for an amount not to exceed \$148,016.21.
 - e) **Resolution No. 26-45** – Establishing a maximum amount of \$4,000,000 for individual Job Orders issued under Mesa Gateway Airport Authority **Job Order Contracts**, pursuant to A.R.S. § 34-605(F)(1).

Consideration and Possible Approval of:

8. **Resolution No. 26-46** – Approving a twelfth amendment to the **Executive Director's** employment agreement effective October 1, 2026.

9. **Board Member Comments/Announcements**

10. **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.

11. **Next Meeting: Tuesday, November 17, 2026 at 9:00 a.m.**

12. **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 mjjohnson@gatewayairport.com. Requests should be made as early as possible to allow time to arrange the accommodation.



- Mesa Gateway Airport Selected to Launch *Gateside by TSA PreCheck* Program
- Runway 12R-30L/Taxiway Golf – Phase I to be Completed by End of 2026
- \$44MM TSA Checked Baggage Inspection System (CBIS) Facility on Schedule
- Construction Begins on Covered Parking Expansion
- New Gateway East and SkyBridge Arizona Hotels Taking Shape
- MGAA Hosts Third Annual Airport Executive Breakfast
- Dunkin' and Cold Beers & Cheeseburgers Under Construction
- MGAA Launches Three Redesigned Airport Websites

Executive Director's Report October 2026



Financial Snapshot

OPERATING INCOME	August		Month Variance	FYTD Comparison		FYTD Variance
	2025	2026		FY26	FY27	
Revenues	\$3,063,385	\$3,717,702	\$654,317	\$6,720,212	\$7,915,130	\$1,194,918
Less Expenses	\$2,707,101	\$3,418,737	\$711,636	\$5,474,402	\$6,730,412	\$1,256,010
Operating Income (Before Depreciation)	\$356,284	\$298,965	(\$57,319)	\$1,245,810	\$1,184,718	(\$61,092)

Investment Fund Balances: As of August, the Local Governmental Investment Pool (LGIP) 700 = \$3,927,000; Wells Fargo; Collateralized Money Market = \$2,223,177 and Commercial/Paper Brokered CD's = \$70,498,329; Total \$76,648,506. MGAA invests in fixed rate instruments.

Finance and Accounting

Mesa Gateway Airport Authority (MGAA) is reporting net operating income of \$298,965 for August 2026. July and August combined for a net operating income of \$1,184,718, a solid start to Fiscal Year 2027 (FY27).

August 2026 aeronautical revenues increased by 18% and non-aeronautical revenues increased by 30% on a year-over-year monthly comparison. The aeronautical increase was generated primarily by fuel sales which increased by 55%. Non-aeronautical revenues increased due to a 79% increase in rental car revenues, 8% increase in vehicle parking revenue, and a 97% increase in lease income. MGAA non-aeronautical lease revenue benefited from a revenue sharing agreement with the Boyer Company, master developer for MGAA's 273-acre Gateway East Airport Business Park.

Operating expenditures for August increased by 26% and totaled \$3,418,737. The increase was due to an increase in fuel related cost-of-goods-sold due to increased retail aviation sales volume.

Fiscal-Year-to-Date 2027 (FYTD27) operating expenditures are \$1,040,104 over budgeted amounts, due to the increased fuel cost-of-goods sold. FYTD27 non-airline revenue per enplaned passenger rose to \$13.26, compared to \$11.27 during the same period last fiscal year.

Active/Pending Solicitations

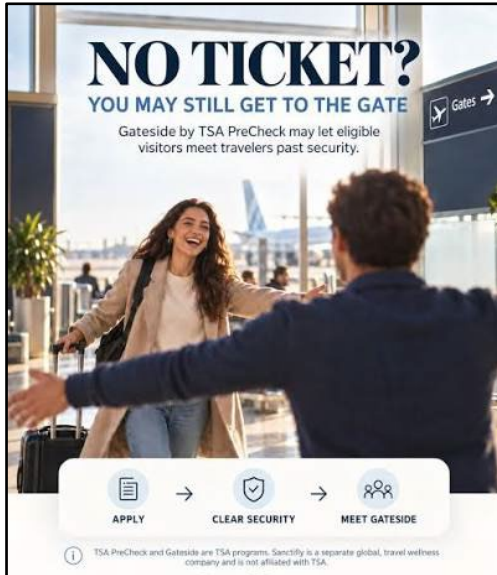
TYPE OF SOLICITATION	Number	Title	Anticipated Contract Award
Request for Proposals	2027-001-RFP	Aviation Fuel Supplier	December 2026
Request for Proposals	2027-003-RFP	TSA HVAC Repair & Replace – Phase II	December 2026

Future Solicitations

TYPE OF SOLICITATION	Number	Title	Anticipated Contract Award
Request for Qualifications	2027-002-RFQ	Job Order Contracting	January 2027

Airport Operations

Gateway Airport Selected to Launch *Gateside by TSA PreCheck* Program



New *Gateside by TSA PreCheck* Program

Mesa Gateway Airport (Airport, Gateway Airport) has been selected by the Transportation Security Administration (TSA) as one of 13 initial airports nationwide to offer *Gateside by TSA PreCheck*, a new program that allows approved, non-ticketed individuals to access the post-security area of the terminal. The new program is now being offered at Mesa Gateway Airport.

Gateside by TSA PreCheck enables eligible non-travelers to accompany or meet family and friends at their gate, enjoy Gateway Airport's restaurants and shops, or otherwise visit the terminal and go beyond the TSA Security Screening Checkpoint. Visitors with a pre-approved pass can proceed through the TSA PreCheck lane with an acceptable form of identification.

The program is administered and managed entirely by TSA, including the application, eligibility, approval, and screening processes. Interested individuals can learn more and apply at www.tsa.gov/travel/tsa-precheck/gateside-tsa-precheck. Availability may be limited during peak travel times, and visitors are held to the same code of conduct as ticketed passengers.

For questions about program-specific requirements, including eligibility, applications, approvals, and identification requirements, visit the TSA website.

PASSENGERS AND AIR CARGO		August		% Change	FYTD		% Change
		2025	2026		FY26	FY27	
Passengers	TOTAL	121,717	120,112	-1%	291,446	285,164	-2%
	Deplaned	61,439	60,452	-2%	148,625	143,772	-3%
	Enplaned	60,278	59,660	-1%	142,821	141,392	-1%
Allegiant		121,277	120,112	-1%	290,618	285,164	-2%
Sun Country		440	0	-100%	828	0	-100%
Air Cargo (lbs.)		1,326,288	0	-100%	3,097,233	91,974	-97%

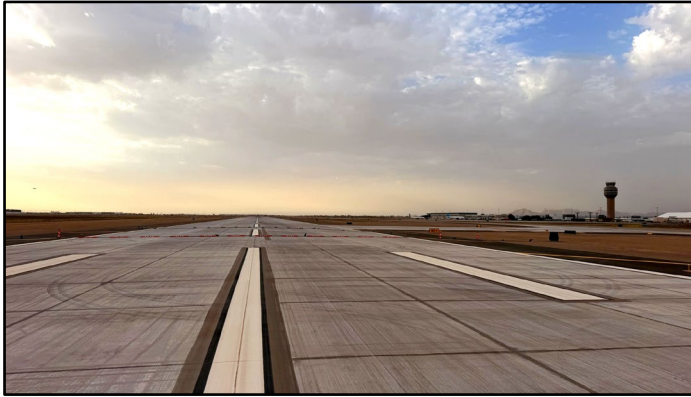
Sun Country Airlines Returned to Gateway Airport on October 1st with Flights to MSP

Sun Country Airlines was purchased by Allegiant Air in 2026. However, during the continued merger of the two leading low-cost airlines, Sun Country returned to Gateway Airport on October 1st with nonstop flights to Minneapolis-Saint Paul International Airport (MSP) through April 12th.

Air travelers can book Minneapolis flights through either www.allegiantair.com or www.suncountry.com.

Engineering, Planning, and Facilities

Runway 12R-30L/Taxiway Golf – Phase I to be Completed by End of 2026



Runway 12R-30L Reconstruction

reconstruction project. The two projects are being constructed simultaneously to limit the closure time of Runway 12R-30L. Taxiway Golf is being redesigned and reconstructed to replace aging concrete and bring the taxiway into compliance with current FAA standards.

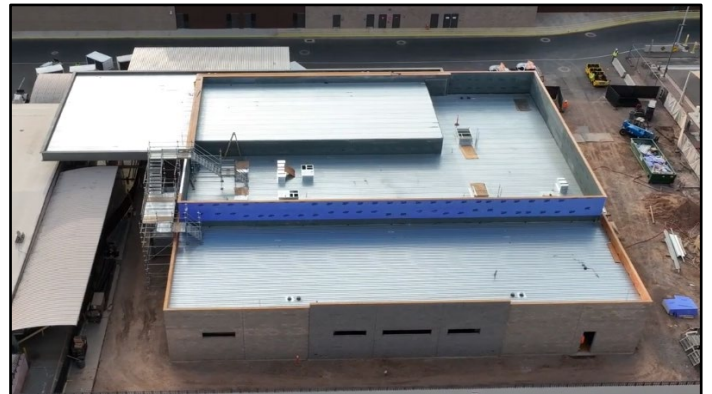
During the past two years, Gateway Airport's primary runway, Runway 12R-30L, has been under reconstruction. The \$45MM airfield infrastructure project is replacing aging concrete, upgrading lighting, and improving pavement markings on the 10,400-foot runway preferred by the Airport's commercial airlines. The full-length of Runway 12R-30L will reopen in December.

As part of this important project, MGAA is also completing phase one of its Taxiway Golf

\$44MM TSA Checked Baggage Inspection System (CBIS) Facility on Schedule

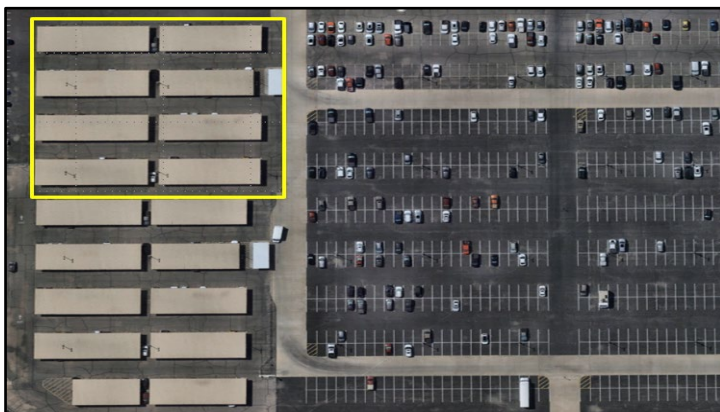
MGAA has partnered with the TSA to construct a new Checked Baggage Inspection System (CBIS) Facility at the Airport. The new \$44MM facility will increase checked baggage screening capabilities at the Airport from 400-bags-per-hour to 1,500-bags-per-hour; with the opportunity to increase to 2,250 bags-per-hour in the future.

When completed in fall of 2027, the Airport's new CBIS Facility will employ state-of-the art technology and enhanced screening procedures to improve both security and efficiency of the system.



Gateway Airport's New CBIS Facility

Construction Begins on Covered Parking Expansion



200 Additional Covered Parking Spaces at Gateway Airport

More and more customers are choosing the covered parking option at Gateway Airport when they travel. To meet the increasing demand for covered parking, MGAA has begun construction of 200 additional covered parking spaces in the Ray Road Economy Parking Lot. The project will double the number of covered parking spaces available at the Airport and provide a better customer experience for Gateway Airport users.

Business Development

New Gateway East and SkyBridge Arizona Hotels Taking Shape



Gateway East SpringHill Suites by Marriott Hotel



SkyBridge Arizona Wyndham Hotel

Airports across the country would be thrilled to announce the addition of a new airport hotel. Gateway Airport is fortunate to have two popular name brand hotels under construction at the same time.

A five story, 127-suite SpringHill Suites by Marriott Hotel is currently being constructed on the east side of Gateway Airport in the Gateway East Airport Business Park. The hotel will offer a restaurant, fitness center with outdoor pool, and several meeting spaces. The hotel will be available for occupancy in the fall of 2027.

A dual-brand 129-room Wyndham Hotel complex is currently being constructed on the west side of Gateway Airport in the 360-acre SkyBridge Arizona master development. A Wingate Hotel will offer traditional hotel rooms and a Hawthorn Suites Hotel will have extended-stay suites complete with kitchens. The complex will include a fitness center with outdoor pool and a conference facility that can accommodate events up to a capacity of 350. The project is scheduled to be completed in the fall of 2027.

MGAA Hosts Third Annual Airport Executive Breakfast



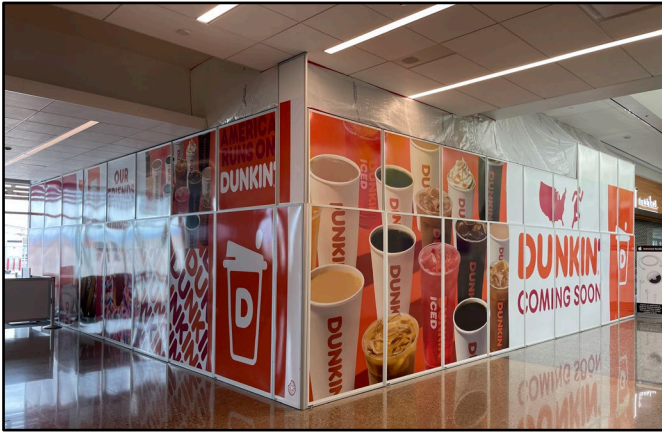
Airport Business Executives Hear Airport Update

A growing number of aviation industry companies now call Gateway Airport home. These companies are unique in some ways, yet very similar in others. They all share a desire to create a larger pool of local, qualified candidates for employment and a strong commitment to make Gateway Airport a great place to work and conduct business.

For a third year, MGAA's Business Development Office invited top local executives of Airport companies to participate in a breakfast event to learn about all the exciting changes underway at

Gateway Airport, strengthen business relationships among Airport companies, and share ideas on how to work more closely together in the future. This year's event was a huge success and many in attendance praised MGAA for facilitating the discussion. Kudos to Lori Collins and her team for a job very well done.

Dunkin' and Cold Beers & Cheeseburgers Under Construction



Record-setting passenger activity has attracted additional food and beverage concessions to establish operations at Gateway Airport. A new Dunkin' concession, really popular among air travelers nationwide, is building an Airport location near Gate 3; and Cold Beers & Cheeseburgers, replacing Macayo's Mexican Food, is under construction near Gate 5. Both restaurants are scheduled to be open and serving customers by the busy holiday travel period at the end of 2026.



Community Noise Report

CALLERS	August		FYTD	
	2025	2026	FY26	FY27
Total	6	3	20	9

AIRCRAFT TYPE	August		FYTD	
	2025	2026	FY26	FY27
	Callers	Callers	Callers	Callers
Commercial	3	1	14	3
GA Total	3	2	6	5
Helicopter	0	0	0	1
Military	0	0	0	0
Total	6	3	20	9

LOCATION	August		FYTD	
	2025	2026	FY26	FY27
Mesa	3	0	12	0
Gilbert	1	1	4	3
Gold Canyon	0	1	0	2
Queen Creek	2	1	4	4
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	6	3	20	9

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

Gateway Aviation Services

FUEL (Gallons)	August			FYTD		
	2025	2026	% Change	FY26	FY27	% Change
AvGas	35,800	48,779	36%	83,605	107,824	29%
Retail Jet A	236,384	257,399	9%	476,975	532,329	12%
Contract	250,726	87,463	-65%	447,186	243,883	-45%
Commercial	845,904	795,985	-6%	2,012,911	1,909,403	-5%
Cargo	39,907	0	-100%	104,223	0	-100%
TOTAL	1,408,721	1,189,626	-16%	3,124,900	2,793,439	-11%

Gateway Aviation Services (GAS) line service personnel pumped 1,189,626 total gallons of aviation fuel during the month of August 2026, a 16% decrease compared to last August when GAS pumped 1,408,721 total gallons.

MGAA TEAM MEMBER SPOTLIGHT

Employee Name: Thomas Moloney
Employee Title: Airport Operations Center Supervisor
MGAA Department: Operations, Security, and Maintenance
Years with MGAA: 9+



What are your job responsibilities for MGAA? Develop and oversee training for the Airport Operations Center while creating work schedules to ensure continuous 24/7 operational coverage. Deliver technical assistance and manage access control systems, alarm monitoring infrastructure, and the video management system through troubleshooting and coordinated maintenance activities to keep the Airport safe and secure. Supervise and maintain the Airport Operations Database and Resource Management platform responsible for allocating commercial flights to terminal gates and associated resources. Direct and manage the Airport's Mass Notification System by creating and maintaining notification templates, AEP operational checklists, contact directories, and user profiles to ensure effective communication of airport activities.

What is your most memorable Gateway Airport moment? One Christmas Holiday season, I encountered a situation where the ramp lighting system at the terminal failed to activate before the morning commercial departures. Rather than waiting for sunrise to board passengers causing cascading delays, I coordinated with the team to mobilize all light plants and Airport vehicles equipped with light bars including the paint trailer, to illuminate the ramp and facilitate safe passenger boarding and timely departures. Although the arrangement resembled an unconventional parking lot setup, this creative solution generated considerable satisfaction among passengers, the airline, and Airport staff alike.

What is something people may not know about you? I was born in Massachusetts and lived there until I was around 10 years old (I lost the accent) and I am a huge Boston and New England sports fan. Also, I do not enjoy flying due to motion sickness which some find interesting since I have a degree in airport management and work in aviation.

MGAA Launches Three Redesigned Airport Websites

Mesa Gateway Airport



- **Passenger Information**
- **Parking Availability**
- **Ground Transportation**
- **TSA Wait Times**
- **Flight Status**
- **Terminal Concessions**
- **Airport Authority**

Gateway Aviation Services



- **Corporate**
- **General Aviation**
- **Military**
- **Fuel Pricing**
- **Reservations**
- **Available Hangars**
- **Aircraft Tie-Down**

Business Development Office



- **Airport Overview**
- **Why Choose Gateway?**
- **Available Properties**
- **Military Reuse Zone**
- **Foreign Trade Zone**
- **Master Developments**
- **Projects Coming Soon**

- ✈ **Want to know if your flight is on time?**
- ✈ **Curious about food, beverage, and retail concessions available in the terminal?**
- ✈ **Need directions to Gateway Airport?**
- ✈ **Looking for fuel pricing or a hangar for your aircraft?**
- ✈ **Interested in relocating your company to Gateway Airport?**

As part of its ongoing commitment to continuous improvement, MGAA has launched three redesigned Airport websites to better serve the traveling public, private aircraft owners, and companies interested in locating or expanding at Gateway Airport. The three improved websites provide better information, functionality, and connectivity.

The Gateway Airport website offers improved navigation and related links to assist airport users. The Gateway Aviation Services website has lots of information about fuel availability and other Airport services for corporate/executive jet pilots, military training coordinators, and general aviation enthusiasts. The Business Development Office website is the place to go if your company is interested in learning more about locating or expanding at Gateway Airport.

For more information, please visit: www.gatewayairport.com (Gateway Airport)
www.gatewayfbo.com (Gateway Aviation Services)
www.choosegateway.com (Business Development Office)



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

Board of Directors
Mesa Gateway Airport Authority
Mesa, Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Mesa Gateway Airport Authority (MGAA), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise MGAA's basic financial statements, and have issued our report thereon dated September 17, 2026.

Report on Internal Control Over Financial Reporting

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

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

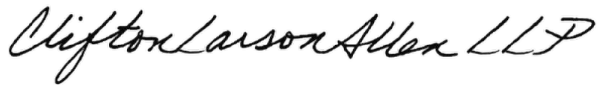
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".**CliftonLarsonAllen LLP**

Tempe, Arizona
September 17, 2026



Board of Directors
Mesa Gateway Airport Authority
Mesa, Arizona

We have audited the financial statements of the Mesa Gateway Airport Authority (MGAA) as of and for the year ended June 30, 2026, and have issued our report thereon dated September 17, 2026. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit in our engagement agreement dated August 24, 2026. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

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

As described in Note 1, the entity changed accounting policies by adopting Statement of Governmental Accounting Standards Board (GASB Statement) No. 103, *Financial Reporting Model Improvements* and GASB Statement No. 104, *Disclosure of Certain Capital Assets* in 2026. Accordingly, the adoption of these statements resulted in changes in the financial statement presentation, note disclosures, and required supplementary information.

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

Accounting estimates

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

Financial statement disclosures

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

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

Significant unusual transactions

We identified no significant unusual transactions.

Difficulties encountered in performing the audit

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

Uncorrected misstatements

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

Corrected misstatements

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

Disagreements with management

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

Management representations

We have requested certain representations from management that are included in a separate management representation letter dated September 17, 2026.

Management consultations with other independent accountants

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

Significant issues discussed with management prior to engagement

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

Other matters

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

Required Supplementary Information

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

Supplementary information in relation to the financial statements as a whole

With respect to the schedule of expenditures of passenger facility charges (PFC) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the schedule of expenditures of PFC to determine that the schedule of expenditures of PFC complies with the requirements of *Passenger Facility Charge Audit Guide for Public Agencies*, the method of preparing it has not changed from the prior period or the reasons for such changes, and the schedule of expenditures of PFC is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the schedule of expenditures of PFC to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated September 17, 2026.

Other information included in annual reports

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

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

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Tempe, Arizona
September 17, 2026

COLLABORATORS | COACHES | ADVOCATES | MENTORS
FRIENDS | VOLUNTEERS | REGULARS | DINERS | VISITORS
CPAs | CONSULTANTS | WEALTH ADVISORS | NEIGHBORS
COLLABORATORS | COACHES | ADVOCATES | MENTORS |
CONNOISSEURS | CUSTOMERS | TEACHERS |
| VOLUNTEERS | REGULARS | DINERS | VISITORS

MESA GATEWAY AIRPORT AUTHORITY
PASSENGER FACILITY CHARGE PROGRAM REPORTS
FISCAL YEAR ENDED JUNE 30, 2026

Right there with you

CLAconnect.com



**MESA GATEWAY AIRPORT AUTHORITY
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2026**

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	1
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE	3
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	6
SCHEDULE OF REVENUES AND EXPENDITURES OF PASSENGER FACILITY CHARGES	7



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

Board of Directors
Mesa Gateway Airport Authority
Mesa, Arizona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Mesa Gateway Airport Authority (MGAA), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise MGAA's basic financial statements, and have issued our report thereon dated September 17, 2026.

Report on Internal Control Over Financial Reporting

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

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

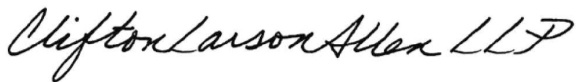
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Tempe, Arizona
September 17, 2026



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

Board of Directors
Mesa Gateway Airport Authority
Mesa, Arizona

Report on Compliance for the Passenger Facility Charge Program

Opinion on Compliance for the Passenger Facility Charge Program

We have audited Mesa Gateway Airport Authority's (MGAA) compliance with the types of compliance requirements identified as subject to audit in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), that could have a direct and material effect on its passenger facility charge program for the year ended June 30, 2026.

In our opinion, MGAA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program for the year ended June 30, 2026.

Basis for Opinion on Compliance for the Passenger Facility Charge Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding MGAA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of MGAA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of MGAA's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Report on Schedule of Revenues and Expenditures of Passenger Facility Charges

We have audited the financial statements of MGAA as of and for the year ended June 30, 2026, and issued our report thereon dated September 17, 2026, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of revenues and expenditures of passenger facility charges is presented for purposes of additional analysis as required by the *Passenger Facility Charge Audit Guide for Public Agencies* and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

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



CliftonLarsonAllen LLP

Tempe, Arizona
September 17, 2026

**MESA GATEWAY AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED JUNE 30, 2026**

CURRENT YEAR FINDINGS

None.

SCHEDULE OF PRIOR FINDINGS

None.

MESA GATEWAY AIRPORT AUTHORITY
SCHEDULE OF REVENUES AND EXPENDITURES OF PASSENGER FACILITY CHARGES
FISCAL YEAR ENDED JUNE 30, 2026

	September 30	December 31	March 31	June 30	Totals
Revenues					
Collections	\$ 923,071	\$ 746,877	\$ 1,722,992	\$ 1,147,332	\$ 4,540,272
Interest	-	-	2,391	32,108	34,499
Total	\$ 923,071	\$ 746,877	\$ 1,725,383	\$ 1,179,440	\$ 4,574,771

Disbursements

26-09-C-00-IWA:

Demolish Old ATCT, Old RTR Facility	\$ -	\$ -	\$ -	\$ 381,354	\$ 381,354
Rwy 12C/30C Design & Reconstruction	-	-	-	955,813	955,813
Rwy 12C/30C Asphalt Mill & Sign Replacement	-	-	-	208,663	208,663
Relocation of Remote Transmitter Receiver	-	-	-	1,214,564	1,214,564
Replacement of Fire Pumps	-	-	-	121,595	121,595
26-09-C-00-IWA Total	-	-	-	2,881,989	2,881,989
Total	\$ -	\$ -	\$ -	\$ 2,881,989	\$ 2,881,989

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



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAglobal.com/disclaimer. Securities and investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor, member FINRA/SIPC.

MESA GATEWAY AIRPORT AUTHORITY
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2026

THIS PAGE BLANK

**MESA GATEWAY AIRPORT AUTHORITY
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2026**

INDEPENDENT AUDITORS' REPORT	1
REQUIRED SUPPLEMENTARY INFORMATION	
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)	4
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION – PROPRIETARY FUND	11
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – PROPRIETARY FUND	13
STATEMENT OF CASH FLOWS – PROPRIETARY FUND	14
NOTES TO BASIC FINANCIAL STATEMENTS	16
REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A	
SCHEDULE OF MGAA'S PROPORTIONATE SHARE OF NET PENSION/OPEB LIABILITY – COST-SHARING PLANS	43
SCHEDULE OF MGAA'S PENSION/OPEB CONTRIBUTIONS	45
OTHER INFORMATION	
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGETARY-BASIS	47

THIS PAGE BLANK



INDEPENDENT AUDITORS' REPORT

Board of Directors
Mesa Gateway Airport Authority
Mesa, Arizona

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Mesa Gateway Airport Authority (MGAA), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise MGAA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the MGAA, as of June 30, 2026, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MGAA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about MGAA's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2026, on our consideration of MGAA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MGAA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MGAA's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Tempe, Arizona
September 17, 2026

THIS PAGE BLANK

REQUIRED SUPPLEMENTARY INFORMATION

THIS PAGE BLANK

**MESA GATEWAY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2026**

As management of Mesa Gateway Airport Authority (MGAA), we offer readers this discussion and analysis of MGAA's financial statements and activities for the fiscal year ended June 30, 2026. Readers are encouraged to consider the information presented here in conjunction with the financial statements and accompanying notes to the financial statements.

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, Mesa Gateway Airport Authority, 5835 S. Sossaman Road, Mesa, AZ 85212.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Fund financial statements

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

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

The proprietary fund financial statements can be found on pages 11 - 15 of this report.

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

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

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

**MESA GATEWAY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2026**

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

Notes to Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the fund financial statements. The notes to basic financial statements can be found on pages 16 - 42 of this report.

Required Supplementary Information other than MD&A

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information related to MGAA's pension plan as required by the GASB to supplement information found in the notes to the basic financial statements. These schedules are included on pages 43 - 46 of this report.

Other Information

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

Budget to actual results for the full year, presented on a budgetary basis, are included as other information on page 47 of this report.

DETAILED ANALYSIS

Net position represents the accrued results of a government's operations and, over time, increases or decreases in net position may serve as a useful indicator of whether MGAA's financial position is improving or deteriorating. At the end of the fiscal year, MGAA's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$448.1 million, improving \$33.1 million from the previous year.

Beyond whether net position is increasing or decreasing, the composition of net position can further illuminate the financial position of a government and demonstrate the extent to which resources are available to meet ongoing and future needs.

Airports are capital-intensive enterprises. 81.7% of MGAA's net position is invested in capital assets (net of any outstanding debt used to acquire those assets).

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

**MESA GATEWAY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2026**

Certain of MGAA's funding sources impose external restrictions upon the use of funds. In the event that MGAA has unspent restricted resources, this balance is reported as restricted net position and is not available for use to meet ongoing obligations beyond those for which the restriction exists. MGAA prioritizes the use of restricted resources ahead of unrestricted resources, and ended the year with only 0.01% of its net position representing restricted resources.

The remaining balance of unrestricted net position (18.2%) may be used to meet MGAA's ongoing obligations.

The table below presents a summary of MGAA's net position for the fiscal years ended June 30, 2026 and 2025 respectively.

	Business-Type Activities	
	2026	2025
ASSETS		
Current and Other Assets	\$ 97,897,779	\$ 90,600,741
Noncurrent Assets	420,135,371	372,835,189
Total Assets	518,033,150	463,435,930
DEFERRED OUTFLOWS OF RESOURCES	2,250,453	2,225,611
LIABILITIES		
Current and Other Liabilities	9,996,923	7,215,598
Long-Term Liabilities	23,566,315	24,155,738
Total Liabilities	33,563,238	31,371,336
DEFERRED INFLOWS OF RESOURCES	38,614,703	19,330,077
NET POSITION		
Net Investment in Capital Assets	366,086,630	340,160,706
Restricted	779,030	-
Unrestricted	81,240,002	74,799,422
Total Net Position	\$ 448,105,662	\$ 414,960,128

Total net position increased by \$33.1 million (8%) primarily as result of changes in net investment in capital assets and unrestricted net position.

Net investment in capital assets increased \$25.9 million from the prior year as the acquisition of new assets exceeded depreciation in the current year and MGAA continued to pay down debt.

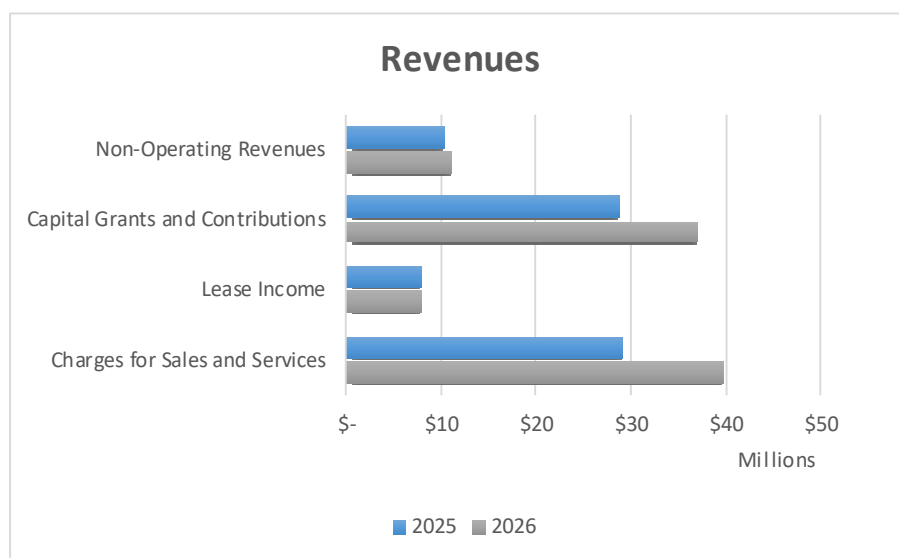
Restricted net position increased \$0.8 million from prior year, reflecting an increase in restricted receivables as well as the growth in the other post-employment benefit (OPEB) asset balance from the previous year.

Unrestricted net position increased \$6.4 million from the prior year as the growth in operating revenues exceeded the growth in expenses as detailed below.

**MESA GATEWAY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2026**

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

	Business-Type Activities	
	2026	2025
REVENUES		
Charges for Sales and Services	\$ 39,826,503	\$ 29,186,925
Lease Income	7,911,882	7,859,721
Capital Grants and Contributions	36,961,738	28,722,374
Non-Operating Revenues	11,164,200	10,402,511
Total Revenues	95,864,323	76,171,531
EXPENSES		
Cost of Sales	15,666,833	6,747,084
Other Operating Expenses	24,808,901	23,552,338
Depreciation	17,356,209	16,475,632
Non-Operating Expenses	734,400	2,892,221
Total Expenses	58,566,343	49,667,275
UNUSUAL OR INFREQUENT ITEMS	(4,152,446)	-
INCREASE IN FUND NET POSITION	33,145,534	26,504,256
Fund Net Position - Beginning of Year	414,960,128	388,455,872
FUND NET POSITION - END OF YEAR	<u>\$ 448,105,662</u>	<u>\$ 414,960,128</u>



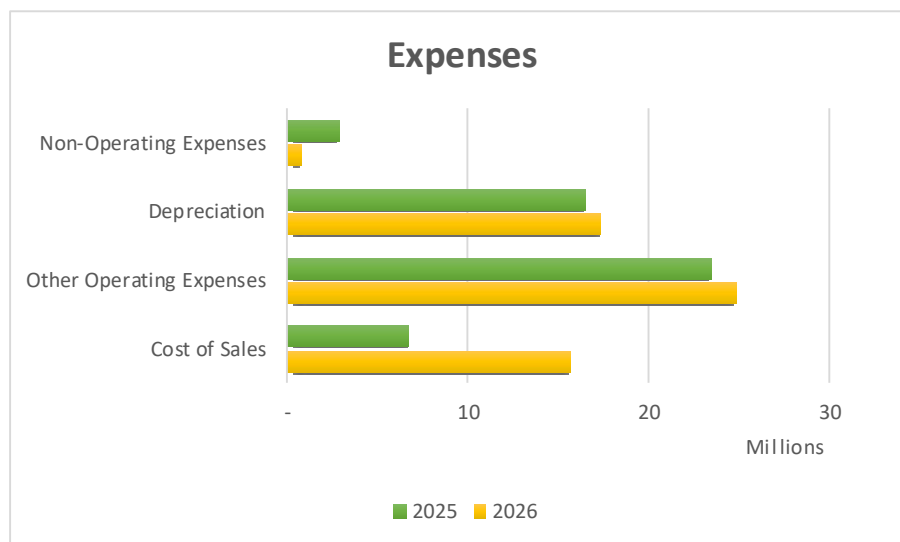
Revenues

Overall revenues increased \$19.7 million from the previous fiscal year. This increase in revenues was driven by substantial increases in revenue from fueling operations (\$9.5 million) and capital grants and contributions (\$8.2 million)

**MESA GATEWAY AIRPORT AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2026**

The increase revenue from fueling operations was the result of a both an increase in activity from the prior year, as well as increases in fuel prices. In line with the significant increase in revenues from fueling operations, the cost of sales more than doubled (132.3%) with the increased sales activity.

The majority of the increase in capital contributions in the current year is tied to the contribution of approximately 17 acres of land to MGAA in exchange for the extinguishment of an easement to facilitate construction near the airport. In keeping with MGAA policy, the contributed land was valued at acquisition value on the date received, which represented approximate \$7.6 million.



Expenses

MGAA’s operating expenses excluding depreciation and cost of sales increased \$1.3 million (5.3%) over the prior year, with increases in personnel costs and professional services accounting for the majority of the increase.

Increases in professional services (\$0.5 million), were driven by higher costs for services. Increases in personnel costs (\$0.5 million) reflect market driven pay increases to remain competitive and retain talent. Increases in repair and maintenance, other expenses and utilities reflect general growth in costs as well as increased activity, offset by a decline in insurance costs related to successful renewals and lower claims experience.

**MESA GATEWAY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2026**

CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

Capital assets

At June 30, 2026, MGAA's capital assets totaled \$382.1 million (net of accumulated depreciation). Capital assets include land; runways, taxiways, and apron areas; buildings; improvements; machinery, vehicles, equipment, and software. A large majority of these assets were contributed to MGAA directly or were purchased with the aid of federal and state grants.

The table below summarizes MGAA's capital assets (net of accumulated depreciation) by major asset class as of June 30, 2026 and 2025, respectively:

	Business-Type Activities	
	2026	2025
Land	\$ 98,779,911	\$ 91,188,500
Construction in Progress	57,242,254	23,757,961
Buildings & Improvements	91,447,370	95,856,209
Infrastructure	125,938,226	134,997,506
Machinery & Equipment	7,563,750	8,909,195
Subscription Assets	1,113,902	-
	<u>\$ 382,085,413</u>	<u>\$ 354,709,371</u>

In the current fiscal year MGAA continued with the second phase of reconstruction of one of the three runways, a project that will cost approximately \$44 million upon completion. Additionally, major work began on the construction of a new checked baggage inspection facility at the terminal. This new facility will house the check baggage scanning machines and conveyor systems used by the Transportation Security Administration (TSA) to screen checked bags onto flights. The new facility is being constructed in partnership with the TSA, with total costs expected to reach \$45 million upon completion in 2028.

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

Financing activity

At the end of the current fiscal year, MGAA had total bond principal outstanding of \$13.1 million. Payments on MGAA's outstanding special facilities revenue bonds are funded through lease payments from the City of Mesa, Arizona, and secured via pledged excise tax revenue by the City of Mesa through its lease and financing agreement with MGAA.

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

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

**MESA GATEWAY AIRPORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2026**

Beyond the special facilities revenue bonds, MGAA entered into a new subscription-based information technology arrangement (SBITA) for a portion of our common use passenger processing system. In accord with financial reporting requirements, we have recognized a liability totaling \$0.4 million and a related right-to-use asset in the current year reflecting the value of the SBITA.

More information about the SBITA can be found in the notes to the basic financial statement in Note 3.D.3

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

MGAA is aware of the following developments that will have an impact on the Authority's finances in the future and have been incorporated into the next year budget and planning for MGAA:

- 1.) Continued Member Government Support
- 2.) Changes in Fueling Activity Levels and Issuance of RFP for Fuel Service Provider
- 3.) Availability of Capital Grant Funding for Major Projects

Continued Member Government Support

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

Changes in Fueling Activity Levels and Issuance of RFP for Fuel Service Provider

With MGAA's largest fueling customers being the government and commercial airlines, a significant portion of fueling revenue depends on continuation of government activity and commercial passenger operations. Additionally, in the next fiscal year we will be required to re-procure fuel service provider services for the next several years. Any changes to the fueling provider and/or the nature of that relationship will have an impact on the fueling operations revenue into the next year.

Availability of Capital Grant Funding for Major Projects

MGAA depends on capital grants, mostly from the FAA and the Arizona Department of Transportation (ADOT), to continue its current level of capital improvement and renewal programs. Historically, MGAA has been able to secure full grant funding for its qualifying projects, however, as the federal and state governments continue to review and adjust budgets and the cost of projects continues to increase, the amount of grant funding available may begin to impact the scope and scale of projects going forward.

THIS PAGE BLANK

BASIC FINANCIAL STATEMENTS

MESA GATEWAY AIRPORT AUTHORITY
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2026

	Business-Type Activities Proprietary Fund
ASSETS	
Current Assets:	
Cash and Investments	\$ 86,822,578
Accounts Receivable, Net	1,338,245
Due from Other Governments	2,900,091
Lease Receivable	1,361,705
Prepaid Costs	427,599
Inventory	244,232
Restricted Assets:	
Cash with Fiscal Agent	1,016,596
Cash with Trustee	1,326,002
Customer Deposits	2,157,972
Accounts Receivable	302,759
Total Current Assets	<u>97,897,779</u>
Noncurrent Assets:	
Accrued Interest Receivable	333,746
Lease Receivable	37,239,941
Net OPEB Asset	476,271
Capital Assets:	
Non-Depreciable	156,022,165
Depreciable, Net	<u>226,063,248</u>
Total Noncurrent Assets	<u>420,135,371</u>
Total Assets	<u>518,033,150</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension-related Items	2,218,984
OPEB-related Items	<u>31,469</u>
Total Deferred Outflow of Resources	<u>2,250,453</u>

See accompanying Notes to Basic Financial Statements.

MESA GATEWAY AIRPORT AUTHORITY
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUND
JUNE 30, 2026

	Business-Type Activities Proprietary Fund
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 5,224,646
Accrued Liabilities	662,895
Interest Payable	5,808
Unearned Revenue	117,055
Current Liabilities Payable from Restricted Assets:	
Customer Deposits	2,157,972
Interest Payable	327,500
Current Portion of Long-Term Liabilities:	
Subscription Liability	80,097
Bonds and Loans Payable	665,000
Compensated Absences	755,950
Total Current Liabilities	<u>9,996,923</u>
Noncurrent Liabilities:	
Subscription Liability	277,011
Bonds and Loans Payable	12,748,742
Compensated Absences	602,689
Net Pension and OPEB Liability	9,937,873
Total Noncurrent Liabilities	<u>23,566,315</u>
Total Liabilities	<u>33,563,238</u>
DEFERRED INFLOWS OF RESOURCES	
Pension-related Items	787,626
OPEB-related Items	144,350
Leases	37,682,727
Total Deferred Inflow of Resources	<u>38,614,703</u>
NET POSITION	
Net Investment in Capital Assets	366,086,630
Restricted	779,030
Unrestricted	81,240,002
Total Net Position	<u>\$ 448,105,662</u>

See accompanying Notes to Basic Financial Statements.

THIS PAGE BLANK

MESA GATEWAY AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2026

	Business-Type Activities Proprietary Fund
OPERATING REVENUES	
Fueling Operations	\$ 25,315,738
Lease Income	7,911,882
Maintenance Services	548,258
Airport Usage Fees	13,962,507
Other Income	49,860
Total Operating Revenues	<u>47,788,245</u>
OPERATING EXPENSES	
Personnel Costs	12,594,026
Professional Services	8,067,528
Cost of Goods Sold - Fueling Operations	15,630,169
Cost of Goods Sold - Maintenance Services	36,664
Repair and Maintenance	709,460
Utilities	1,244,147
Insurance	636,153
Other Expense	1,557,587
Depreciation	17,356,209
Total Operating Expenses	<u>57,831,943</u>
Operating Loss	<u>(10,043,698)</u>
NONCAPITAL SUBSIDIES	
Contributions from Member Governments	<u>100,000</u>
Operating Loss and Noncapital Subsidies	<u>(9,943,698)</u>
OTHER NONOPERATING REVENUE (EXPENSES)	
Investment Income	3,391,286
Lease Interest Income	1,492,248
PFC Income	4,493,037
CFC Income	1,637,769
Loss from Disposition of Assets	(99,737)
Interest Expense	(634,663)
Capital Grants and Contributions	34,301,738
Capital Contributions from Member Governments	2,660,000
Total Other Nonoperating Revenues (Expenses)	<u>47,241,678</u>
Income before Unusual or Infrequent Items	37,297,980
UNUSUAL OR INFREQUENT ITEMS	
Cost-Share Reimbursement - Aviation Way	<u>(4,152,446)</u>
Increase in Fund Net Position	33,145,534
Total Fund Net Position - Beginning of Year	414,960,128
TOTAL FUND NET POSITION - END OF YEAR	<u><u>\$ 448,105,662</u></u>

See accompanying Notes to Basic Financial Statements.

**MESA GATEWAY AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2026**

	Business-Type Activities Proprietary Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 47,419,526
Payments to Employees	(12,710,804)
Payments to Suppliers	(27,423,987)
Customer Deposits and Prepayments	431,141
Net Cash Flows Provided by Operating Activities	7,715,876
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Lease Interest Income	1,492,248
Operating Contributions from Member Governments	100,000
Net Cash Flows Provided by Non-Capital Financing Activities	1,592,248
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Construction and Acquisition of Capital Assets	(35,343,282)
Capital Contributions from Member Governments	2,660,000
Capital Grants from Other Governments	24,761,226
Passenger Facility Charges received	4,190,278
Customer Facility Charges received	1,630,629
Proceeds from Sale of Equipment	216,847
Principal Paid on Capital Debt	(635,000)
Interest Paid on Capital Debt	(670,875)
Capital Reimbursement to Member Government	(4,152,446)
Net Cash Flows Used by Capital and Related Financing Activities	(7,342,623)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	3,391,286
NET CHANGE IN CASH AND CASH EQUIVALENTS	5,356,787
Cash and Cash Equivalents - Beginning of Year	85,966,361
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 91,323,148</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION	
Cash and Investments	\$ 86,822,578
Restricted cash	4,500,570
Total Cash and Cash Equivalents	<u>\$ 91,323,148</u>

See accompanying Notes to Basic Financial Statements.

MESA GATEWAY AIRPORT AUTHORITY
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2026

	Business-Type Activities Proprietary Fund
RECONCILIATION OF OPERATING LOSS TO NET CASH	
PROVIDED BY OPERATING ACTIVITIES	
Operating Loss	\$ (10,043,698)
Adjustments to Reconcile Operating Loss to Net Cash	
Provided by Operating Activities:	
Depreciation	17,356,209
Change in Assets, Deferred Outflows, Liabilities and	
Deferred Inflows:	
Accounts Receivable	347,073
Accrued Interest Receivable	(333,746)
Lease Receivable	(19,577,251)
Prepaid Costs	85,738
Inventories	(37,338)
Net OPEB Asset	(89,867)
Accounts Payable and Accrued Liabilities	472,295
Unearned Revenue	4,498
Customer Deposits	431,141
Deferred Outflows Related to Pension and OPEB	(24,842)
Deferred Inflows Related to Pension and OPEB	93,919
Deferred Inflows Related to Leases	19,190,707
Net Pension and OPEB Liability	(271,153)
Compensated Absences	112,191
Net Cash Provided by Operating Activities	<u>\$ 7,715,876</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
Contributed Land Asset	\$ 7,591,411
Loss on Disposal of Capital Assets	(316,584)
Amortization of Bond Issue Premium	26,145
Net Non-Cash Investing, Capital, and Financing Activities	<u>\$ 7,300,972</u>

See accompanying Notes to Basic Financial Statements.

THIS PAGE BLANK

NOTES TO BASIC FINANCIAL STATEMENTS

MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

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

B. Basis of Presentation

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

C. Basis of Accounting

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

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

MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Passenger Facility Charges

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

MGAA was granted permission to begin collection of a \$4.50 per passenger PFC beginning with MGAA's first application effective November 1, 2008. This authority continues with each successive application approved by the FAA for MGAA's collection of PFCs, the most recent of which, application 26-09-C-00-IWA, acknowledged on May 8, 2026, grants MGAA permission to impose and collect PFCs through January 1, 2035.

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

3. Use of Restricted Resources

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

MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Cash and Investments

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

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

2. Receivables and Intergovernmental Receivables

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

3. Inventories and Prepaid Items

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

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

MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

4. Restricted Assets

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

5. Capital Assets

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

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

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

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

Right-of-use assets derived from subscription-based information technology arrangements are amortized over the shorter of the subscription period or estimated useful life of the associated contract.

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

MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. Deferred Outflows and Inflows of Resources

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

7. Compensated Absences

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

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

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

8. Long-Term Obligations

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

MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Pension Plan and Other Postemployment Benefits

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

10. Net Position

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

E. Adoption of New Accounting Standards

GASB Statement No. 103, *Financial Reporting Model Improvements*. This statement brings enhancements and changes to key components of the financial statements including the MD&A, the treatment of infrequent or unusual items, and the presentation of the proprietary fund statement of revenues, expenditures, and changes in fund net position. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. This statement enhances disclosure requirements for certain capital assets, including those held for sale and subscription-based assets. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

MGAA implemented the requirements of these standards effective July 1, 2025, and has applied the provisions of these standards to the beginning of the period of adoption.

MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

MGAA, as a joint-powers' airport authority, is exempt from requirements in state law imposed upon most political subdivisions of the state to legally adopt a budget. However, as required under MGAA's joint-power' agreement, each year, MGAA sets forward a budget calendar that outlines the process and dates for the various phases of the budget preparation process. This process culminates in the presentation and adoption of a formal annual budget by the board of directors.

The budget is a planning and control device. While it is not legally binding in the same manner commonly required of other municipal governments, certain budget changes require board approval per MGAA board policies and organizational policies and procedures.

MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 3 DETAILED NOTES

A. Assets

1. Deposits and Investments

Deposits and investments at June 30, 2026 consist of the following:

Cash on Hand	\$ 800
Deposits:	
Cash in Bank	37,922
Investments:	
Money Market	17,144,985
State Treasurer's Investment Pool	3,906,851
Commercial Paper	35,257,633
Corporate Bonds	34,974,957
Total Deposits and Investments	<u>91,323,148</u>
Less Restricted Assets	<u>(4,500,570)</u>
Cash and Investments on	
Statement of Net Position	<u>\$ 86,822,578</u>

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

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

MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 3 DETAILED NOTES (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

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

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

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

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

MGAA's investments at June 30, 2026, categorized within the fair value hierarchy detailed above, were as follows:

	June 30, 2026	Fair Value Measurements Using		
		(Level I)	(Level II)	(Level III)
Investments by Fair Value Level				
Commercial Paper	\$ 35,257,633	\$ -	\$ 35,257,633	\$ -
Corporate Bonds	34,974,957	34,974,957	-	-
Total Investments by Fair Value Level	<u>\$ 70,232,590</u>	<u>\$ 34,974,957</u>	<u>\$ 35,257,633</u>	<u>\$ -</u>
External Investment Pools				
Measured at Fair Value				
State Treasurer's Investment Pool	\$ 3,906,851			
Total Investments by Fair Value Level	<u>\$ 3,906,851</u>			
Investments by Amortized Costs				
Money Market	\$ 17,144,985			
Total Investments	<u>\$ 91,284,426</u>			

MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 3 DETAILED NOTES (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

The State Board of Investment provides oversight for the State Treasurer's pools, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The value of investments in LGIP 700 has been adjusted to fair market value at June 30, 2026. LGIP shares are not identified with specific investments held for MGAA in physical or book entry form. Investments in the State Treasurer's Local Government Investment Pools are not insured or collateralized.

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

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

As of June 30, 2026, MGAA had the following investments:

Rating Agency Investment	Rating	Amount	Percent
Standard and Poor's			
State Treasurer's Investment Pool	AAA	\$ 3,906,851	4%
Moody's Investor Service/Standard & Poor's			
Commercial Paper	P-1/A-1+ - P-2/A-2	35,257,633	39
Corporate Bonds	Aa3/A+ - A2/BBB+	34,974,957	38
Not Rated			
Money Market	N/A	17,144,985	19

MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 3 DETAILED NOTES (CONTINUED)

A. Assets (Continued)

1. Deposits and Investments (Continued)

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

Investment Type	Maturity			Total
	Less Than 1 Year	1-3 Years	More Than 3 Years	
State Treasurer's Investment Pool	\$ -	\$ 3,906,851	\$ -	\$ 3,906,851
Commercial Paper	35,257,633	-	-	35,257,633
Corporate Bonds	34,974,957	-	-	34,974,957
Total	<u>\$ 70,232,590</u>	<u>\$ 3,906,851</u>	<u>\$ -</u>	<u>\$ 74,139,441</u>

2. Restricted cash

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

Customer Deposits	\$ 2,157,972
Current & Future Debt Service Reserves	<u>2,342,598</u>
Total Restricted Cash and Investments	<u>\$ 4,500,570</u>

3. Receivables

At June 30, 2026, receivables were comprised of the following receivable balances, reduced as applicable by an allowance for uncollectible amounts:

	Receivables	Allowance	Net
Business-Type Activities:			
Accounts Receivable, Net	\$ 1,339,245	\$ (1,000)	\$ 1,338,245
Due from Other Governments	2,900,091	-	2,900,091
Lease Receivables	38,601,646	-	38,601,646
Total Business-Type Activities	<u>\$ 43,143,741</u>	<u>\$ (1,000)</u>	<u>\$ 43,142,741</u>

MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 3 DETAILED NOTES (CONTINUED)

A. Assets (Continued)

4. Capital assets

Capital asset activity for the year ended June 30, 2026 was as follows:

	Beginning Balance (As Restated)	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 91,188,500	\$ 7,591,411	\$ -	\$ 98,779,911
Construction in Progress	23,757,961	38,231,025	(4,746,732)	57,242,254
Total Capital Assets Not Being Depreciated	114,946,461	45,822,436	(4,746,732)	156,022,165
Capital Assets Being Depreciated				
Buildings & Improvements	155,461,579	267,963	(22,544)	155,706,998
Infrastructure	324,003,604	1,124,700	-	325,128,304
Machinery, Vehicles, & Equipment	23,351,360	1,076,430	(112,532)	24,315,258
Subscription Assets	-	1,193,467	-	1,193,467
Total Capital Assets Being Depreciated	502,816,543	3,662,560	(135,076)	506,344,027
Less Accumulated Depreciation For:				
Buildings & Improvements	(59,605,370)	(4,676,802)	22,544	(64,259,628)
Infrastructure	(189,006,098)	(10,183,980)	-	(199,190,078)
Machinery, Vehicles, & Equipment	(14,442,165)	(2,415,862)	106,519	(16,751,508)
Subscription Assets	-	(79,565)	-	(79,565)
Total Accumulated Depreciation	(263,053,633)	(17,356,209)	129,063	(280,280,779)
Total Capital Assets Being Depreciated, Net	239,762,910	(13,693,649)	(6,013)	226,063,248
Business-type Activities				
Capital Assets, Net	<u>\$ 354,709,371</u>	<u>\$ 32,128,787</u>	<u>\$ (4,752,745)</u>	<u>\$ 382,085,413</u>

In the previous period, certain fully depreciated assets were erroneously removed from MGAA's capital asset listing due to confusion regarding certain buildings that were initially included in a schedule demolition project that were subsequently removed. As a result, the fully depreciated buildings remain and were required to be added back to MGAA's asset listing. Accordingly, the beginning balance for buildings and improvements and its related accumulated depreciation values were increased by \$485,000 each to reflect the re-inclusion of these assets. As these assets are fully depreciated, this change has no impact on total net capital assets nor does it impact beginning net position.

MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 3 DETAILED NOTES (CONTINUED)

B. Purchase Commitments

MGAA had major contractual commitments related to various capital projects at June 30, 2026, for the construction or acquisition of various improvements. MGAA's commitments remaining open with contractors relating to these projects were as follows:

Project	Spent-to-Date	Remaining Commitment
Reconstruct Rwy 12R 30L & Twy H	\$ 46,975,705	\$ 2,163,041
Eastside Terminal Planning	340,536	-
TSA Bag Make-up Expansion	6,873,177	37,713,944
Safety Management System	344,381	-
Taxiway G Realignment	2,281,027	13,959,973
Covered Parking Expansion - Economy Lot	71,353	26,100
TSA HVAC Repair & Replacement Ph 2	13,807	63,472
Website Redesign	87,221	101,780
Review Fire Suppression N&S Tanks	54,831	165,169
Wireless System Refresh	51,545	18,005
Rhino Flex Wing Cutter E-318	44,054	2,946
Ticketing Building Emergency Power Supply	27,136	72,864
Taxiway K Emergency Repair	1,075	1,010,215
Kubota M5-111HFC-1 2WD Cab Tractor	76,407	-
	<u>\$ 57,242,254</u>	<u>\$ 55,297,509</u>

MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 3 DETAILED NOTES (CONTINUED)

C. Long-Term Obligations

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

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

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

Annual principal and interest payments on the bonds are expected to require 100% of revenues pledged for base rent less all charges and expenses of the trustee. Interest is paid semi-annually based upon the principal amount of the bonds outstanding during such period. The bonds are payable from the future lease revenues from the City of Mesa through 2039. During that time frame total principal and interest to be paid on the bonds will be \$35,216,300, with \$17,824,000 remaining to be paid as of June 30, 2026. For the current fiscal year, \$1,290,288 in base rent payments along with \$43,066 in earnings in excess of reserve requirements were utilized to repay \$635,000 in principal and \$676,683 in interest.

MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 3 DETAILED NOTES (CONTINUED)

C. Long-Term Obligations (Continued)

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

Purpose	Interest Rate	Maturity Date	Original Amount	Outstanding Amount
Business-Type Activities:				
Special Facility Revenue Bonds:				
Series 2012	5.00%	07/01/26-38	<u>\$ 19,220,000</u>	<u>\$ 13,100,000</u>

Changes in long-term obligations for the year ended June 30, 2026 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Bonds and Loans Payable					
Special Facility Revenue Bonds	\$ 13,735,000	\$ -	\$ (635,000)	\$ 13,100,000	\$ 665,000
Unamortized Premium on Bonds	339,887	-	(26,145)	313,742	-
Total Bonds and Loans Payable	14,074,887	-	(661,145)	13,413,742	665,000
Other Liabilities					
Compensated Absences*	1,246,448	112,191	-	1,358,639	755,950
Business-Type Long-Term Liabilities	<u>\$ 15,321,335</u>	<u>\$ 112,191</u>	<u>\$ (661,145)</u>	<u>\$ 14,772,381</u>	<u>\$ 1,420,950</u>

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

Debt service requirements on long-term debt at June 30, 2026, including future interest based on current repayment schedules, are as follows:

Fiscal Year Ending June 30,	Special Facility Revenue Bonds	
	Principal	Interest
2027	\$ 665,000	\$ 621,750
2028	700,000	586,750
2029	735,000	550,000
2030	770,000	511,500
2031	4,465,000	1,909,000
2032-2036	1,030,000	236,750
2037	1,085,000	182,500
2038	1,135,000	125,750
2039	2,515,000	-
Total	<u>\$ 13,100,000</u>	<u>\$ 4,724,000</u>

MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 3 DETAILED NOTES (CONTINUED)

D. Leases and Subscription-Based Information Technology Arrangements

1. Leases

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

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

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

Some leases require variable payments based on future performance of the lessee or usage of the underlying asset and are not included in the measurement of the lease receivable. Those variable payments are recognized as inflows of resources in the periods in which the payments are received. During the year ended June 30, 2026, MGAA received variable payments as required by lease agreements totaling \$4,318,113.

To the extent that the imputed interest due upon a lease exceeds the payments received within the year, an accrued interest receivable is recognized. In accordance with GASB Statement No. 87 *Leases*, any payments received are allocated first to accrued interest and then to the lease receivable. At June 30, 2026, MGAA recognized \$333,746 in accrued interest receivable.

MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 3 DETAILED NOTES (CONTINUED)

**D. Leases and Subscription-Based Information Technology Arrangements
(Continued)**

1. Leases (Continued)

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2027	\$ 1,361,705	\$ 1,854,317	\$ 3,216,022
2028	1,278,013	1,810,017	3,088,030
2029	1,310,175	1,765,716	3,075,891
2030	1,172,531	1,724,190	2,896,721
2031	981,745	1,689,400	2,671,145
2032-2036	1,658,715	6,665,911	8,324,626
2037 and thereafter	30,838,762	73,740,320	104,579,082
Total minimum lease payments	<u>\$ 38,601,646</u>	<u>\$ 89,249,871</u>	<u>\$ 127,851,517</u>

2. Regulated Leases

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

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

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

MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 3 DETAILED NOTES (CONTINUED)

**D. Leases and Subscription-Based Information Technology Arrangements
(Continued)**

2. Regulated Leases (Continued)

For the year ended June 30, 2026, MGAA received \$4,868,531 in payments from leases under regulated lease agreements. Future noncancelable minimum payments under regulated lease agreements are as follows:

Year Ending June 30,	
2027	\$ 5,557,046
2028	5,204,711
2029	4,689,623
2030	4,460,136
2031	4,263,073
2032-2036	21,273,417
2037 and thereafter	<u>76,555,756</u>
Total minimum lease payments	<u>\$122,003,762</u>

These future regulated lease revenues include \$35,644,517 in base rent from the City of Mesa that will be used to service the debt on the Series 2012 Special Facility Bonds.

3. Subscription-Based Information Technology Arrangements

MGAA has obtained the right to use certain cloud based common-use airport operations software under the provisions of a subscription-based information technology arrangement (SBITA)

The total of MGAA's subscription assets are recorded at a cost of \$1,193,467 less accumulated amortization of \$79,565.

The future subscription payments under SBITA agreements are as follows:

	Principal	Interest	Total
Year Ending June 30,			
2027	\$ 80,097	\$ 16,407	\$ 96,504
2028	84,070	12,370	96,440
2029	92,151	8,070	100,221
2030	<u>100,790</u>	<u>3,359</u>	<u>104,149</u>
Totals	<u>\$ 357,108</u>	<u>\$ 40,206</u>	<u>\$ 397,314</u>

MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 4 OTHER INFORMATION

A. Risk Management

In addition to safety efforts, MGAA's risk management activities include purchase of commercial insurance for all significant risks. Risks retained by MGAA include normal deductibles and the small risk of losses in excess of insurance coverage. The amounts of settlements have not exceeded insurance coverage for the past three years. There have been no significant reductions in insurance coverage. The financial statements do not include any liability for claims at June 30, 2026.

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

B. Contingencies

Air Force Prime Lease and Deed

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

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

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

MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Related Party Transactions

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

	Member Contributions	Operating Revenues	Operating Expenses	Capital Cost-Share/ Reimbursement	Sales Tax Collected/ Remitted
Related Party					
City of Apache Junction, Arizona	\$ 130,000	\$ -	\$ -	\$ -	\$ -
City of Mesa, Arizona	1,700,000	1,518,567	3,254,397	4,152,446	566,447
Gila River Indian Community	450,000	-	-	-	-
Town of Gilbert, Arizona	350,000	-	-	-	-
Town of Queen Creek, Arizona	130,000	-	-	-	-
	<u>\$ 2,760,000</u>	<u>\$ 1,518,567</u>	<u>\$ 3,254,397</u>	<u>\$ 4,152,446</u>	<u>\$ 566,447</u>

MGAA revenues above consist of member contributions, real property leases, and minor maintenance work. MGAA expenses include airport rescue and firefighting (ARFF), police protection, water and trash utilities, lobbyist services, and permits. Included in City of Mesa expenses is \$511,178 in accounts payable at June 30, 2026.

MGAA made a \$4.2 million payment to the City of Mesa (Mesa) as reimbursement for MGAA's share of a road and utility infrastructure project completed by the Mesa. MGAA elected to enter into an IGA with Mesa for this project due the logistical and cost benefits realized by combining Mesa's project with MGAA's.

D. Pension and Other Postemployment Benefits

Arizona State Retirement System

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

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

**MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026**

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Pension and Other Postemployment Benefits (Continued)

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

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

* With Actuarially Reduced Benefits

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

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

MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Pension and Other Postemployment Benefits (Continued)

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

Contributions – In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2026, statute required active ASRS members to contribute at the actuarially determined rate of 12.00% (11.86% for retirement and 0.14% for long-term disability) of the members' annual covered payroll, and statute required MGAA to contribute at the actuarially determined rate of 12.00% (11.83% for retirement, 0.03% for health insurance premium benefit, and 0.14% for long-term disability) of the active members' annual covered payroll. In addition, MGAA was required by statute to contribute at the actuarially determined rate of 9.75% (9.72% for retirement and 0.03% for long-term disability) of annual covered payroll of retired members who worked for MGAA in positions that an employee who contributes to the ASRS would typically fill.

MGAA's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2026, were \$1,152,408, \$2,867, and \$13,449, respectively.

Liability – At June 30, 2026, MGAA reported the following assets and liabilities for its proportionate share of the ASRS' net pension/OPEB asset or liability.

	Net Pension/OPEB <u>(Asset) Liability</u>
Pension	\$ 9,937,873
Health Insurance Premium Benefit	(462,359)
Long-term Disability	(13,912)

The net asset and net liabilities were measured as of June 30, 2025. The total liability used to calculate the net asset or net liability was determined using update procedures to roll forward the total liability from an actuarial valuation as of June 30, 2024, to the measurement date of June 30, 2025.

MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Pension and Other Postemployment Benefits (Continued)

MGAA's proportion of the net asset or net liability was based on MGAA's actual contributions to each plan relative to the total of all participating employers' contributions for the year ended June 30, 2025. MGAA's proportionate share of each plan measured as of June 30, 2025, and the change from its proportionate share of each plan measured as of June 30, 2024 were:

	Proportion June 30, 2025	Increase (Decrease) from June 30, 2024
Pension	0.06401%	0.00022
Health Insurance Premium Benefit	0.06455%	0.00060
Long-term Disability	0.06421%	0.00030

Expense – For the year ended June 30, 2026, MGAA recognized the following pension and OPEB expense:

	Pension/OPEB Expense
Pension	\$ 951,661
Health Insurance Premium Benefit	(80,523)
Long-term Disability	5,643

Deferred Outflows/Inflows of Resources –At June 30, 2026, MGAA reported deferred outflows of resources and deferred inflows of resources related to pension and OPEB from the following sources:

	Pension		Health Insurance Premium Benefit		Long-term Disability	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 661,361	\$ -	\$ 7,867	\$ 75,486	\$ 4,712	\$ 4,966
Changes of Assumptions or Other Inputs	142,849	-	-	3,948	202	14,018
Net Difference between Projected and Actual Earnings on Plan Investments	-	787,626	-	30,505	-	2,270
Changes in Proportion and Differences between MGAA Contributions and Proportionate Share of Contributions	262,366	-	1,173	12,284	1,199	873
MGAA Contributions Subsequent to the Measurement Date	1,152,408	-	2,867	-	13,449	-
	<u>\$ 2,218,984</u>	<u>\$ 787,626</u>	<u>\$ 11,907</u>	<u>\$ 122,223</u>	<u>\$ 19,562</u>	<u>\$ 22,127</u>

MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Pension and Other Postemployment Benefits (Continued)

The amounts as deferred outflows of resources related to pension and OPEB resulting from contributions subsequent to the measurement date will be recognized as an increase of the net asset or a reduction of the net liability in the year ended June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources for pension and OPEB will be recognized in expense as follows:

Year Ending June 30,	<u>Pension</u>	<u>Health Insurance Premium Benefit</u>	<u>Long-Term Disability</u>
2027	\$ 862,881	\$ (33,974)	\$ (1,890)
2028	(75,434)	(33,835)	(4,438)
2029	(314,266)	(25,039)	(4,334)
2030	(194,231)	(17,488)	(2,709)
2031	-	(2,847)	(564)
Thereafter	-	-	(2,079)

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

Actuarial Valuation Date	June 30, 2024
Actuarial Roll Forward Date	June 30, 2025
Actuarial Cost Method	Entry Age Normal
Asset Valuation	Fair Value
Discount Rate/Investment Rate of Return	7.0%
Project Salary Increases	3.0 - 8.4% for Pensions/Not Applicable for OPEB
Inflation	2.4%
Permanent Benefit Increase	Included for Pensions/Not Applicable for OPEB
Mortality Rates	2017 SRA Scale U-MP for Pensions and Health Insurance Premium Benefit
Recovery Rates	2012 GLDT for Long-Term Disability
Healthcare Cost Trend Rate	Not Applicable

Actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2020.

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

MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Pension and Other Postemployment Benefits (Continued)

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

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

Discount Rate—At June 30, 2025, the discount rate used to measure the total pension/OPEB liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

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

	<u>1% Decrease (6.0%)</u>	<u>Current Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
MGAA's Proportionate Share of the			
Net Pension Liability	\$ 15,727,413	\$ 9,937,873	\$ 5,114,326
Net Insurance Premium Benefit			
Liability (Asset)	(355,852)	(462,359)	(553,043)
Net Long-Term Disability Liability	(9,268)	(13,912)	(18,377)

MESA GATEWAY AIRPORT AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Pension and Other Postemployment Benefits (Continued)

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

Contributions Payable – MGAA's accrued payroll and employee benefits included \$149,896 of outstanding pension and OPEB contribution amounts payable to the ASRS for the year ended June 30, 2026.

Deferred Compensation Plan

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

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

MGAA contributions to the plan for the year ended June 30, 2026 were \$129,851.

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

MESA GATEWAY AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A
SCHEDULE OF MGAA'S PROPORTIONATE SHARE OF NET
PENSION/OPEB LIABILITY
COST-SHARING PLANS
JUNE 30, 2026

Pension

	Reporting Fiscal Year (Measurement Date)			
	2026 (2025)	2025 (2024)	2024 (2023)	2023 (2022)
MGAA's Proportion of the Net Pension Liability	0.06401%	0.06379%	0.05906%	0.05976%
MGAA's Proportionate Share of the Net Pension Liability	\$ 9,937,873	\$ 10,207,360	\$ 9,556,761	\$ 9,754,159
MGAA's Covered Payroll	9,196,186	8,729,569	7,761,072	7,144,721
MGAA's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	108.07%	116.93%	123.14%	136.52%
Plan Fiduciary net Position as a Percentage of the Total Pension Liability	78.78%	76.93%	75.47%	74.26%

Health Insurance Premium Benefit

	Reporting Fiscal Year (Measurement Date)			
	2026 (2025)	2025 (2024)	2024 (2023)	2023 (2022)
MGAA's Proportion of the Net OPEB (Asset) Liability	0.06455%	0.06395%	0.05908%	0.06009%
MGAA's Proportionate Share of the Net OPEB (Asset) Liability	\$ (462,359)	\$ (386,404)	\$ (318,989)	\$ (335,361)
MGAA's Covered Payroll	9,196,186	8,729,569	7,761,072	7,144,721
MGAA's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	-5.03%	-4.43%	-4.11%	-4.69%
Plan Fiduciary net Position as a Percentage of the Total OPEB Liability	144.12%	137.51%	134.37%	137.79%

Long-term Disability

	Reporting Fiscal Year (Measurement Date)			
	2026 (2025)	2025 (2024)	2024 (2023)	2023 (2022)
MGAA's Proportion of the Net OPEB (Asset) Liability	0.06421%	0.06391%	0.05900%	0.05983%
MGAA's Proportionate Share of the Net OPEB (Asset) Liability	\$ (13,912)	\$ 1,666	\$ 7,731	\$ 5,526
MGAA's Covered Payroll	9,196,186	8,729,569	7,761,072	7,144,721
MGAA's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	-0.15%	0.02%	0.10%	0.08%
Plan Fiduciary net Position as a Percentage of the Total OPEB Liability	110.50%	98.77%	93.70%	95.40%

Reporting Fiscal Year (Measurement Date)					
2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)
0.05933%	0.06247%	0.06220%	0.06082%	0.05781%	0.05524%
\$ 7,795,699 6,689,029	\$ 10,823,877 6,845,232	\$ 9,050,824 6,574,179	\$ 8,482,250 6,069,562	\$ 9,005,671 5,529,421	\$ 8,916,291 5,133,214
116.54%	158.12%	137.67%	139.75%	162.87%	173.70%
78.58%	69.33%	73.24%	73.40%	69.92%	67.06%

Reporting Fiscal Year (Measurement Date)					
2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)
0.05967%	0.06272%	0.06217%	0.06096%	0.05800%	Information Not Available
\$ (290,717) 6,689,029	\$ (44,406) 6,845,232	\$ (17,181) 6,574,179	\$ (21,951) 6,069,562	(31,575) 5,529,421	
-4.35%	-0.65%	-0.26%	-0.36%	-0.57%	
130.24%	104.33%	101.62%	102.20%	103.57%	

Reporting Fiscal Year (Measurement Date)					
2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)
0.05947%	0.06256%	0.06209%	0.06091%	0.05776%	Information Not Available
\$ 12,276 6,689,029	\$ 47,459 6,845,232	\$ 40,448 6,574,179	\$ 31,826 6,069,562	20,937 5,529,421	
0.18%	0.69%	0.62%	0.52%	0.38%	
90.38%	68.01%	72.85%	77.83%	84.44%	

MESA GATEWAY AIRPORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A
SCHEDULE OF MGAA PENSION/OPEB CONTRIBUTIONS
JUNE 30, 2026

Pension

	Fiscal Year			
	2026	2025	2024	2023
Statutorily Required Contribution	\$ 1,152,408	\$ 1,107,039	\$ 1,072,982	\$ 918,945
MGAA's Contributions in relation to the Statutorily Required Contribution	1,152,408	1,107,039	1,072,982	918,945
MGAA's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
MGAA's Covered Payroll	\$ 9,783,254	\$ 9,196,186	\$ 8,729,569	\$ 7,761,072
MGAA's Contributions as a Percentage of Covered Payroll	11.78%	12.04%	12.29%	11.84%

Health Insurance Premium Benefit

	Fiscal Year			
	2026	2025	2024	2023
Statutorily Required Contribution	\$ 2,867	\$ 6,312	\$ 9,586	\$ 8,281
MGAA's Contributions in relation to the Statutorily Required Contribution	2,867	6,312	9,586	8,281
MGAA's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
MGAA's Covered Payroll	\$ 9,783,254	\$ 9,196,186	\$ 8,729,569	\$ 7,761,072
MGAA's Contributions as a Percentage of Covered Payroll	0.03%	0.07%	0.11%	0.11%

Long-term Disability

	Fiscal Year			
	2026	2025	2024	2023
Statutorily Required Contribution	\$ 13,449	\$ 13,628	\$ 13,218	\$ 10,674
MGAA's Contributions in relation to the Statutorily Required Contribution	13,449	13,628	13,218	10,674
MGAA's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
MGAA's Covered Payroll	\$ 9,783,254	\$ 9,196,186	\$ 8,729,569	\$ 7,761,072
MGAA's Contributions as a Percentage of Covered Payroll	0.14%	0.15%	0.15%	0.14%

Fiscal Year					
2022	2021	2020	2019	2018	2017
\$ 854,986	\$ 777,064	\$ 781,806	\$ 733,438	\$ 658,962	\$ 596,071
854,986	777,064	781,806	733,438	658,962	596,071
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 7,144,721	\$ 6,689,029	\$ 6,845,232	\$ 6,574,179	\$ 6,069,562	\$ 5,529,421
11.97%	11.62%	11.42%	11.16%	10.86%	10.78%

Fiscal Year					
2022	2021	2020	2019	2018	2017
\$ 14,658	\$ 26,087	\$ 33,542	\$ 30,241	\$ 26,706	\$ 30,965
14,658	26,087	33,542	30,241	26,706	30,965
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 7,144,721	\$ 6,689,029	\$ 6,845,232	\$ 6,574,179	\$ 6,069,562	\$ 5,529,421
0.21%	0.39%	0.49%	0.46%	0.44%	0.56%

Fiscal Year					
2022	2021	2020	2019	2018	2017
\$ 13,262	\$ 12,040	\$ 11,637	\$ 10,519	\$ 9,711	\$ 7,741
13,262	12,040	11,637	10,519	9,711	7,741
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 7,144,721	\$ 6,689,029	\$ 6,845,232	\$ 6,574,179	\$ 6,069,562	\$ 5,529,421
0.19%	0.18%	0.17%	0.16%	0.16%	0.14%

THIS PAGE BLANK

OTHER INFORMATION

THIS PAGE BLANK

MESA GATEWAY AIRPORT AUTHORITY
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY-BASIS
YEAR ENDED JUNE 30, 2026

AIRPORT - All Operations

AIRPORT - All Operations	Budgeted Amounts		Actual	Variance from Final Budget
	Original	Final		
OPERATING REVENUES				
Aeronautical Operating Revenues				
Aircraft Parking	\$ 632,953	\$ 632,953	\$ 641,696	\$ 8,743
Fuel Flowage Fees	692,920	692,920	903,907	210,987
Landing Fees	1,654,673	1,654,673	2,185,781	531,108
Lease Income Aero	4,696,529	4,696,529	4,868,531	172,002
Fuel Sales	8,300,861	8,300,861	19,591,567	11,290,706
Services Sold - Aero	5,963,533	5,963,533	5,847,234	(116,299)
Non-Aeronautical Operating Revenues				
Concessions	1,409,844	1,409,844	1,558,383	148,539
Lease Income Non-Aero	1,786,758	1,786,758	1,731,155	(55,603)
Parking	5,039,526	5,039,526	5,868,592	829,066
Rental Car Fees	3,104,838	3,104,838	3,745,384	640,547
Svcs Sold - Non Aero	143,570	143,570	277,824	134,255
Total Operating Revenues	33,426,004	33,426,004	47,220,054	13,794,050
OPERATING EXPENSES				
Personnel	13,245,016	13,245,016	12,745,266	(499,750)
Costs of Goods Sold	5,633,183	14,639,194	15,666,833	1,027,639
Comm & Utilities	1,182,674	1,182,674	1,244,147	61,473
Contractual Services	8,289,023	8,716,510	8,067,528	(648,982)
Insurance	859,222	859,222	636,153	(223,069)
Other	459,868	561,726	538,760	(22,966)
Repair & Maintenance	1,099,070	1,107,423	854,979	(252,444)
Supplies & Materials	1,125,609	1,125,609	948,865	(176,744)
Air Service Incentives	2,000,000	2,000,000	-	(2,000,000)
Operating Contingency	3,189,367	3,087,509	-	(3,087,509)
Total Operating Expenses	37,083,033	46,524,883	40,702,531	(5,822,352)
OPERATING INCOME - BUDGETARY-BASIS	\$ (3,657,029)	\$ (13,098,879)	6,517,523	\$ 19,616,402

RECONCILIATION OF BUDGETARY-BASIS STATEMENT TO GAAP-BASIS

Depreciation is a GAAP-only Expenditure	(17,356,209)
Certain Expenditures (i.e. Compensated Leave) are recognized in	
Expense when Earned on a GAAP Basis, when Paid on a Budgetary-Basis	(35,758)
Capital-Budgeted Expenditures which are deemed to not qualify for capitalization	
are expensed but are not part of the operating budget	(174,907)
Certain Expenditures are capitalized on a GAAP Basis, Expensed on a	
Budgetary-Basis	145,519
Pension and OPEB Expense is a GAAP-only Expenditure	(876,781)
Pension and OPEB Contributions are an Expense on a Budgetary-Basis	1,168,724
A Portion of Lease Income is presented as non-operating on a GAAP Basis	(771,957)
Lease Income Excludes Bond-Related Lease Income on a Budgetary-Basis	1,290,288
Certain Revenues are considered operating on a GAAP Basis, Non-Operating	
on a Budgetary-Basis	49,860
Operating Loss - GAAP Basis	<u>\$ (10,043,698)</u>



**MINUTES OF THE PUBLIC MEETING OF THE
MESA GATEWAY AIRPORT AUTHORITY
BOARD OF DIRECTORS | September 15, 2026**

A public meeting of the Mesa Gateway Airport Authority (MGAA, Authority) was convened on Tuesday, September 15, 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

Mayor Mark Freeman, 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
Ben Hawkins, Attorney

** Neither present nor represented*

1. Call to Order at 9:04 a.m. Mayor Mark Freeman

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.**

Mayor Chip Wilson moved to approve the Consent Agenda.

Mayor Julia Wheatley seconded the motion.

The motion passed unanimously.

4. Board Member Comments/Announcements

None.

5. Call to the Public

None.

6. Next Meeting: Tuesday, October 20, 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.

7. Adjournment.

The meeting adjourned at 9:06 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 26-42

To: Board of Directors
From: Carmen Parks, P.E., Engineering & Facilities Director
Through: Scott Brownlee, Deputy Director/COO
J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Fuel Facility Expansion Phase II – Construction – KEAR Civil Corporation CIP 1314
Date: October 20, 2026

Proposed Motion

To authorize a Construction Contract for Construction Services with KEAR Civil Corporation for the Fuel Facility Expansion Phase II Project, in an amount not to exceed \$1,954,500 under CIP 1314.

Narrative

Mesa Gateway Airport pumps more than 20 million gallons of aviation fuel annually and currently has approximately 400,000 gallons of on-Airport jet fuel storage capacity. As Airport activity continues to grow, additional storage capacity is needed to support reliable fuel service. Because the Airport does not have a fuel pipeline, fuel deliveries are transported by truck from the main fuel storage facility serving the greater Phoenix area. In 2024, MGAA completed Phase I of the Fuel Farm Expansion Project, which added three (3) 50,000-gallon aboveground Jet A storage tanks (Tanks 9, 10, and 11) along with the associated piping, electrical, controls, pumping system connections, and site infrastructure. Phase I also included construction of a reinforced-concrete footing sized and positioned for a future Jet A storage tank (Tank 12).

This Fuel Facility Expansion Phase II Project will install one (1) additional 50,000-gallon aboveground Jet A storage tank on the previously constructed footing and connect it to the existing fuel farm infrastructure. The additional tank will increase the Airport's on-Airport fuel storage capacity and support reliable fuel service for Airport customers.

The Mesa Gateway Airport Authority (MGAA) is a member of the Purchasing Cooperative of America (PCA) which allows the Airport to utilize competitively solicited contracts awarded by PCA. PCA awarded contract #PCA OD-404-24 to KEAR Civil Corporation for Aboveground Fuel Storage Tanks: Construction, Distribution, and Service. MGAA will utilize the cooperative contract for this project. This contract is available upon request.

Fiscal Impact

This project was included in the FY27 Capital Budget and is funded with non-grant funding under CIP 1314.

Attachment(s): Construction Contract



RESOLUTION NO. 26-42

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

WHEREAS the Authority desires to authorize a Construction Contract for Construction Services with KEAR Civil Corporation for the Fuel Facility Expansion Phase II Project, in an amount not to exceed \$1,954,500 under CIP 1314;

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

The Board of Directors of the Authority hereby authorize a Construction Contract for Construction Services with KEAR Civil Corporation for the Fuel Facility Expansion Phase II Project, in an amount not to exceed \$1,954,500 under CIP 1314. 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 20th day of October, 2026.

Mark Freeman, Chair

ATTEST:

APPROVED AS TO FORM:

Misty Johnson, Clerk of the Board

Jill Casson Owen, Attorney

Exhibit 1

CONSTRUCTION CONTRACT

A. EFFECTIVE DATE:

This Contract is entered into by and between the Owner and the Contractor for construction of the Project and shall be effective as of the date signed by Owner.

B. OWNER:

MESA GATEWAY AIRPORT AUTHORITY, formerly known as Phoenix-Mesa Gateway Airport Authority,
a joint powers airport authority authorized by the State of Arizona
5835 South Sossaman Road
Mesa, Arizona 85212
Phone: 480.988.7655
Project Manager: Kurt Krause

C. CONTRACTOR:

KEAR Civil Corporation
22555 N. 20th Avenue
Phoenix, AZ 85024
Phone: 623.580.1100

D. DESIGN ENGINEER:

Complete Aviation Fuel Systems LLC
21602 North 2nd Avenue, Suite 5
Phoenix, AZ, 85027
Phone: 623.414.4000

E. PROJECT:

Fuel Facility Expansion, Phase II
Authority Project No. 1314

F. WORK TO BE PERFORMED:

This project will provide for the construction and installation of the fourth (4th) tank under the fuel farm expansion project, designated as Tank 12, the twelfth (12th) Jet A fuel storage tank overall at the Mesa Gateway Airport fuel facility. The work includes the associated piping, electrical, controls and integration, coating and labeling, testing, startup, commissioning, and site restoration. The project will expand the Airport's existing jet fuel storage capacity.

G. RECITALS:

The Owner desires to contract for certain construction services and materials, and the Contractor desires to provide construction services and materials.

NOW, THEREFORE, intending to be legally bound and for valuable consideration, the receipt and sufficiency of which are acknowledged, the Owner and Contractor agree as follows:

H. AGREEMENTS:

ARTICLE 1 THE CONTRACT

The Contract consists of this Construction Contract and the Contract Documents identified in Article 11, as amended or modified in accordance with the Contract. Collectively, these documents constitute the entire agreement between the Owner and Contractor for the Work.

ARTICLE 2 THE WORK

The Contractor shall execute the entire work described in the Contract and all work reasonably inferable as necessary to produce the results intended by the Contract.

ARTICLE 3 CONTRACTOR'S RESPONSIBILITY

3.1 The Contractor warrants that he has visited and examined the character of the Site and any existing structures and/or has satisfied himself as to the nature of the work and all matters which could in any way affect the work. The Contractor shall take field measurements and verify field conditions and shall compare such field measurements and conditions and other information known to the Contractor with the Contract before commencing the work. Errors, inconsistencies, or omissions discovered shall be reported to the Owner immediately. The Engineer or Owner does not guarantee the accuracy of grades, elevations, dimensions, or locations on work installed by other Contractors. The Contractor shall verify the accuracy of all grades, elevations, dimensions, and locations relating to the work. In cases of interconnection of the Contractor's work with other work, it shall verify at the Site all dimensions relating to such other work. The Contractor shall promptly rectify any error due to the Contractor's failure to verify the accuracy of such grades, elevations, location, or dimensions without any additional cost to the Owner.

3.2 If the Contractor observes that portions of the Contract are at variance with applicable laws, statutes, ordinances, building codes, or rules and regulations, the Contractor shall promptly notify the Engineer and Owner in writing, and necessary changes shall be accomplished by appropriate modification. If the Contractor performs work it knows or should know to be contrary to laws, statutes, ordinances, building codes, or rules and regulations without such notice to the Engineer and Owner, the Contractor shall assume full responsibility for such work and shall bear all damages, losses, costs and expenses attributable thereto.

3.3 The Contractor warrants to the Owner that (1) materials and equipment furnished under the Contract will be of first quality and new, (2) the work will be free from defects, and (3) the work will conform to the requirements of the Contract. Work not conforming to these requirements, including substitutions not properly approved and authorized, shall be considered defective.

3.4 The Contractor shall maintain at the Site for the Owner one record copy of the Drawings, Specifications, Change Orders, Shop Drawings, Product Data, Samples, current As-Built Drawings, and

addenda or modifications in good order and marked currently to record changes and selections made during the work. These shall be available to the Owner and Engineer and shall be delivered to the Engineer for submittal to the Owner before Final Payment is due.

3.5 The Contractor shall supervise and direct the work using the Contractor's best skill and attention. The Contractor shall be solely responsible for and have control over construction means, methods, techniques, sequences, safety, and procedures associated with its work and for coordinating all portions of the work under this Contract. The Contractor shall designate in writing and assign to the Project a qualified and experienced project superintendent, who shall be fully authorized to act and receive communications on the Contractor's behalf. The superintendent shall be present on site at all times necessary or appropriate to adequately supervise and coordinate the work.

3.6 Contractor shall have an authorized and qualified representative on site at all times when a subcontractor, or lower tier subcontractor, is conducting any work.

3.7 The Contractor shall employ a competent superintendent and necessary assistants who shall be in attendance at the Site during performance of the work. The superintendent shall represent the Contractor, and communications given to the superintendent shall be as binding as if given to the Contractor. The Contractor shall confirm important communications in writing. If the prime contractor is working on more than one project at Mesa Gateway Airport, a separate superintendent will be provided for this project.

3.8 The Contractor's superintendent and staff must be satisfactory to the Owner. The Contractor, within ten (10) days of the Contract award, shall submit to the Engineer and Owner the names and resumes of the superintendent and staff it proposes to use for the work. The superintendent and key members of the Contractor's staff shall not change without the prior consent of the Owner. However, the Contractor agrees to change any superintendent or key member of the Contractor's staff at the request of the Owner if, in the sole opinion of the Owner, such person's performance is unsatisfactory.

3.9 The Contractor, within ten (10) calendar days after being awarded the Contract, shall meet with the Owner and prepare and submit for the Owner's and Engineer's information and review a construction schedule for the work ("Contractor Construction Schedule"). Such schedule (1) shall not exceed time limits current under the Contract, (2) shall be updated and submitted monthly or more often as directed by the Owner or Engineer, (3) shall comply with the work Milestone Dates, and (4) shall provide for expeditious and practicable execution of the work.

3.9.1 The updated Contractor Construction Schedules shall not exceed time limits current under the Contract and shall be in accordance with, and fully coordinated with, all information previously supplied to the Contractor, including the work Milestone Dates. The Contractor shall submit an updated Schedule with each monthly pay application.

3.10 The Contractor shall, on a daily basis, clean up after its operation by removing rubbish, including old and surplus materials. The Contractor shall use its best efforts to prevent dust. All waste materials, rubbish, and debris resulting from Contractor's work shall be removed regularly from the Site and disposed of in accordance with federal, state, and local laws.

3.11 At the completion of the work, the Contractor shall remove all its waste materials and rubbish from and about the Site as well as all its tools, construction equipment, machinery, and surplus materials. The Contractor shall professionally wash and clean all surfaces and leave the work neat and clean, ready for occupancy by the Owner, unless higher cleaning standards are required elsewhere in the Contract. The Contractor shall be responsible for the overall cleanliness and neatness of the work.

3.12 The Contractor shall pay any sales, consumer, use, transaction privilege, and similar taxes on all monies owed for the Work or portions thereof provided by the Contractor. Owner, with the assistance of the Contractor, shall apply for any benefits associated with the Military Reuse Zone tax exemption. If Owner is deemed eligible, Contractor shall then apply for a Letter of Qualification for MRZ Transaction Privilege Tax Exemption from the Arizona Department of Revenue (ADOR) in a timely manner. The Owner will issue a Notice to Proceed only after such a letter has been sent by the Contractor to ADOR.

3.13 The Contractor shall secure and pay, as applicable, for the building permit and plan check fee, and the Contractor shall secure and pay for all other permits and governmental fees, licenses, and inspections necessary for proper execution and completion of the Work.

3.14 Contractor shall maintain complete and accurate records relating to the Work, including project records, payroll records, material and equipment costs, subcontracts, purchase orders, invoices, testing records, correspondence, schedules, and other records required by the Contract Documents. Contractor shall retain such records for the period required by applicable law and the Contract Documents and shall make them available to Owner and its authorized representatives upon reasonable request.

3.15 Environmental Compliance. Contractor shall perform the Work in compliance with all applicable federal, state, and local environmental laws, regulations, permits, and requirements. Contractor shall properly handle, store, transport, and dispose of all fuels, petroleum products, hazardous materials, waste, and other regulated materials used, generated, or encountered in connection with the Work. Contractor shall immediately notify Owner of any spill, release, discharge, or other environmental incident and shall take all required immediate measures to contain, control, and remediate the condition at Contractor's expense to the extent caused by Contractor or its Subcontractors.

ARTICLE 4 **CONTRACT TIME**

4.1 The Contract Time shall be 250 calendar days from the date specified in the Notice to Proceed for achievement of Substantial Completion, as defined herein.

4.2 Final Completion shall be achieved within thirty (30) calendar days after the date of Substantial Completion, as defined herein; provided, however, that if the thirtieth (30th) calendar day falls on a Saturday, Sunday, or legal holiday, the deadline for Final Completion shall be extended to the next calendar day that is not a Saturday, Sunday, or legal holiday.

4.3 Owner may, in its sole discretion and upon written notice to Contractor, extend the time for Final Completion. Any such extension shall not constitute a waiver of any other Contract requirements or remedies.

4.4 The Contractor is required, in preparing the Project Schedule, to take into account all relevant weather conditions, including normal rainfall and distribution. No additional compensation shall be given for any rain-related delays or impacts on the Work or the Project Schedule. No time extension will be granted in the Project Schedule unless actual monthly inclement weather exceeds the monthly average for the same month. Contractor shall use the City of Mesa's average monthly precipitation data published by the Western Regional Climate Center (Jan 2016). In addition, the excessive rainfall must have actually impacted Work Activities on the Critical Path and caused delay beyond any remaining Float at the time of the rain-caused delay. The burden of documenting normal rainfall, the excessive rainfall, and the impact on Critical Path activities is on the Contractor. All other provisions in the Contract Documents relating to claims, including, without limitation, notice requirements, apply to any claim by the Contractor for a rain delay.

4.5 The Contractor shall request an extension of time in writing within twenty-four (24) hours after the event that caused the delay.

4.6 Failure to give notice of a Claim for extension of time in strict compliance with the requirements of this Section shall constitute a waiver of such Claim.

4.7 If the Contractor contends that it is entitled to an extension of time for completion of any portion or portions of the work, the Contractor shall, within 24-hours of the occurrence of the cause of the delay, notify the Engineer in writing of its Claim, setting forth (a) the cause of the delay, (b) a description of the portion or portions of work affected by the delay, (c) the specific number of days of delay for which an extension of time is requested, and (d) all details pertaining thereto. Within three (3) calendar days after the expiration of any such delay, if such delay continues after the filing of the Claim pursuant to the foregoing sentence, the Contractor shall deliver to the Engineer a subsequent written application for the specific number of days of extension of time requested.

4.8 Supplier and Vendor Delays. Delays by a supplier, manufacturer, fabricator, Subcontractor, or other entity engaged by Contractor shall not, by themselves, constitute an excusable delay or entitle Contractor to an extension of Contract Time. Contractor shall be responsible for timely ordering, procurement, fabrication, delivery, and coordination of materials and equipment necessary to perform the Work. An extension of Contract Time may be considered only to the extent that the delay results from an event otherwise qualifying for an extension under this Contract, is beyond Contractor's reasonable control, could not reasonably have been anticipated or avoided through timely procurement and reasonable mitigation, and materially affects the critical path of the Work.

ARTICLE 5 LIQUIDATED DAMAGES

5.1 Acknowledgment of Damages. The Parties acknowledge and agree that it would be difficult and impracticable to ascertain the actual damages Owner would incur if Contractor fails to timely achieve Substantial Completion or Final Completion of the Work in accordance with the Contract Documents. The Parties further agree that the liquidated damages set forth herein represent a reasonable estimate of such damages and are not a penalty.

5.2 Substantial Completion Liquidated Damages. If Contractor fails to achieve Substantial Completion of the Work within the time required by the Contract Documents (the "Contract Time"), Contractor shall be subject to \$710.00 per calendar day for each calendar day of unexcused delay as liquidated damages.

5.2.1 Liquidated damages for delay in achieving Substantial Completion shall commence on the first calendar day following the required date for Substantial Completion and shall continue to accrue until Substantial Completion is achieved, as determined in accordance with the Contract Documents.

5.2.2 For purposes of this Section, an 'unexcused delay' is any delay for which Contractor is not entitled to an extension of Contract Time under the Contract Documents.

5.3 Owner Discretion in Assessment of Liquidated Damages. Notwithstanding the foregoing, Owner reserves the right, in its sole discretion, to reduce, waive, or elect not to assess any portion of liquidated damages otherwise applicable under this Section, based on the circumstances of the delay. Any such decision by Owner shall be made in writing and shall not constitute a waiver of Owner's right to assess liquidated damages for any other delay or to enforce any other provision of the Contract.

5.4 No Liquidated Damages for Final Acceptance. Final Acceptance is an administrative determination by Owner and shall not be a basis for assessment of liquidated damages.

5.5 Recovery of Liquidated Damages. The Owner may deduct liquidated damages from any amounts due or to become due to Contractor under the Contract. Any liquidated damages not so deducted shall be due and payable upon written demand by Owner. If not paid when due, such amounts may accrue interest at the highest rate permitted by applicable law.

ARTICLE 6 CONTRACT SUM

6.1 The Owner shall pay the Contractor in current funds for the Contractor's performance of the Contract, the Contract Sum of one million, nine hundred fifty-four thousand, five hundred dollars (\$1,954,500.00), subject to the additions and deductions as provided in the Contract.

6.2 Contractor's proposal is forth in Exhibit A.

ARTICLE 7 PAYMENTS

7.1 On the 25th of each month or the next Business Day if the 25th is a legal holiday or weekend, the Contractor shall submit to the Engineer an itemized application requesting payment for work completed in accordance with the Proposal, substantiating the Contractor's right to payment as the Owner or Engineer may require, such as copies of requisitions from Subcontractors and reflecting retainage ("Application for Payment").

7.2 Applications for Payment may not include requests for payment on account of changes in the work which have been properly authorized by Change Directives but not yet included in

executed Change Orders or include requests for payment of amounts the Contractor does not intend to pay to a Subcontractor because of a dispute or other reason.

7.3 Until the work is fifty (50) percent complete, the Owner will retain ten (10) percent of the amount due the Contractor on account of progress payments. When the contract is fifty (50) percent complete, one-half of the amount retained shall be paid to the Contractor upon the Contractor's written request to Owner, provided the Contractor is making satisfactory progress on the Contract, and there is no specific cause or claim requiring a greater amount to be escrowed. At the time the work is fifty (50) percent complete and thereafter, five (5) percent of the amount of each progress payment will be retained unless the Engineer or Owner determines that the Contractor is not making satisfactory progress or is in default under the Contract. If the Engineer or Owner determines that the Contractor is not making satisfactory progress or is in default under the Contract, the Owner may continue or reinstate retainage of up to ten (10) percent for all progress payments made under the Contract subsequent to the determination.

7.4 The Owner shall pay the Contractor within fourteen (14) days once the Contractor's Application for Payment has been approved and certified by the Owner. In addition to the amount withheld for retainage, the Owner may withhold an additional amount from the progress payment sufficient to pay the expenses that the Owner reasonably expects to incur in correcting the deficiency set forth in the written finding. Undisputed portions of progress payments shall be paid monthly after an Application for Payment is submitted to the Owner. The Engineer shall recommend payment to the Owner only upon the Engineer's determination that the work has progressed to the point indicated in the Contractor's Application for Payment and that, to the Engineer's knowledge, information, and belief, the quality of the work is in accordance with the Contract.

7.5 The Engineer may decide not to recommend payment and may withhold a recommendation in whole or in part, to the extent reasonably necessary to protect the Owner, if in the Engineer's opinion the representations to the Owner required in Article 7.4 cannot be made. If the Engineer is unable to recommend payment in the amount of the Application for Payment, the Engineer will notify the Contractor and Owner as provided in Article 7.4. If the Contractor and Engineer cannot agree on a revised amount, the Engineer will promptly issue a recommendation for the amount for which the Engineer is able to make such representations to the Owner. The Engineer may also decide not to recommend payment or, because of subsequently discovered evidence or subsequent observations, may nullify the whole or a part of a recommendation previously issued, to such extent as may be necessary in the Engineer's opinion to protect the Owner from loss because of: defective work not remedied; third-party claims filed or reasonable evidence indicating probable filing of such claims; failure of the Contractor to make payments properly to Subcontractors or for labor, materials, or equipment; reasonable evidence that the work cannot be completed for the unpaid balance of the Contract Sum; damage to the Owner or another contractor; reasonable evidence that the work will not be completed within the Contract Time, and that the unpaid balance would not be adequate to cover actual or liquidated damages for the anticipated delay; persistent failure to carry out the work in accordance with the Contract; failure to submit lien waivers; unsatisfactory prosecution of the work or failure to comply with the work Milestone Dates or Contractor Construction Schedule; failure to supply Shop Drawings or other required submittals; erroneous estimates by the Contractor of the value of the work performed; or the existence of a breach by the Contractor of any provision in the Contract.

7.6 Payments to subcontractors shall be made in accordance with Arizona laws.

ARTICLE 8 TESTING, INSPECTION, AND SUBSTANTIAL COMPLETION

8.1 Testing and Inspection. Owner and Engineer shall have access to the Work at reasonable times for inspection, observation, and testing. Contractor shall provide reasonable notice of testing and shall coordinate all testing required by the Contract Documents. Contractor shall provide all labor, equipment, materials, and documentation necessary for testing required by the Contract Documents. No inspection, testing, observation, approval, or payment by Owner or Engineer shall relieve Contractor of responsibility for compliance with the Contract Documents or for defective or nonconforming Work.

8.2 Substantial Completion is the stage in the progress of the Work when the Work has been completed in accordance with the Contract Documents to the extent that the Owner can occupy or utilize the Project for its intended use.

8.3 When the Contractor believes the Work is Substantially Complete, the Contractor shall submit a written notice to the Owner requesting inspection for Substantial Completion and shall provide a comprehensive list of items remaining to be completed or corrected (Punch List).

8.3.1 The Owner will inspect the Work to determine whether Substantial Completion has been achieved.

8.3.2 If the Owner determines that the Work is not substantially complete or not ready for inspection, the Contractor's notice shall be considered void, and the Contractor shall correct the deficiencies prior to submitting a new request for inspection.

8.4 Authority to determine Substantial Completion is vested initially in the Owner, in consultation with the Owner, and ultimately in the Owner, whose determination shall be final.

8.5 If the Owner determines the Work is Substantially Complete, the Owner will prepare and issue a Certificate of Substantial Completion, which shall:

1. Establish the date of Substantial Completion, and
2. Identify the Punch List items remaining to be completed or corrected.

8.6 Failure of the Contractor to include an item on the Punch List shall not relieve the Contractor of responsibility to complete all Work in accordance with the Contract Documents.

8.7 The Certificate of Substantial Completion shall be submitted to the Owner and Contractor for written acceptance of the responsibilities assigned therein.

8.8 The accepted date of Substantial Completion shall establish the beginning of the Project closeout period and shall stop Contract Time.

8.9 The Contractor shall complete all Punch List items within thirty (30) calendar days after the date of Substantial Completion unless the Engineer or Owner grants additional time in writing.

8.9.1 In no case shall additional time be granted except for documented extenuating circumstances such as labor strikes or other events beyond the Contractor's control.

8.9.2 If the Contractor fails to complete Punch List work within the required time, the Contractor may be declared in default, and the Engineer or Owner may order completion of the remaining work by others.

8.9.3 In such event:

- The Owner may withhold from the Contractor an amount equal to at least twice the estimated cost of completing the remaining work.
- Retainage and any securities withheld from progress payments shall remain withheld until the remaining work is completed.
- Twice the actual cost incurred to complete the remaining work shall be deducted from the Contractor's final payment.

8.9.4 Upon completion of the work by others, twice the actual cost incurred by the Owner shall be deducted from amounts otherwise due to the Contractor. Any remaining funds, including retainage, shall be released in accordance with the Contract requirements.

8.10 Contractor shall promptly correct, at its sole cost, Work that does not conform to the Contract Documents or that is defective, whether discovered before or after Substantial Completion. Contractor shall bear all costs of correction, including removal, replacement, reinstallation, testing, inspection, and any resulting damage to other Work. If Contractor fails to promptly correct defective or nonconforming Work after written notice, Owner may correct the Work by its own forces or through others and recover the resulting costs from Contractor.

ARTICLE 9 FINAL COMPLETION AND FINAL PAYMENT.

9.1 Within thirty (30) calendar days after Substantial Completion is issued, the Contractor shall submit to the Owner all documentation required for Project closeout and Final Completion, including but not limited to:

- Final Application for Payment
- Contractor Certification of Final Completion
- Final Quantities Reconciliation / Final Change Order
- Contractor Unconditional Waiver and Release on Final Payment
- Subcontractor and Supplier Unconditional Waiver and Release on Final Payment
- Contractor Affidavit Regarding Settlement of Claims
- Consent of Surety to Final Payment
- Certificate of Insurance and Contractor statement confirming required coverage and period
- Warranty and Assignment of Warranties
- Manufacturer Warranties for materials, equipment, and installation (2 copies of each)

- Manufacturer Certifications for incorporated products
- Commissioning Documents (if applicable)
- Operation and Maintenance Manuals (printed and electronic)
- All Quality Control and Test Data Reports
- Record Drawings in PDF and DWG format
- Final Certified Payroll (if applicable)
- Complete electronic project file including meeting minutes, RFIs, and project photographs

9.2 The Contractor shall also verify in writing the completion of the following before Final Payment:

- Final project cleanup completed
- All project badges returned to the badging office
- Contractor lock(s) removed

9.3 Final Completion shall not occur until all required closeout documentation has been submitted and approved by the Owner. Failure to provide required closeout documentation may delay Final Completion and Final Payment.

9.4 Upon completion of all Punch List items and submission of all required closeout documentation, the Contractor shall submit a written notice to the Owner requesting final inspection and acceptance of the Work and shall submit the Contractor's Final Application for Payment.

9.4.1 Upon receipt of such notice, the Owner will promptly perform a final inspection of the Work in consultation with the Owner.

9.4.2 If the Engineer or Owner determines, based on inspection and consultation with the Owner, that:

- the Work has been completed in accordance with the Contract Documents,
- all Punch List items have been completed, and
- all required closeout documentation has been received,

the Owner will issue a written recommendation stating that, to the best of the Engineer's or Owner's knowledge, information, and belief, the Work has been completed in accordance with the Contract Documents and that the remaining Contract Sum is due, less authorized deductions.

9.4.3 Upon acceptance of this recommendation, the Owner will acknowledge, in writing, Final Completion of the Work.

9.5 Following acceptance of Final Completion by the Owner, Final Payment shall be made within sixty (60) days after:

- Final Completion has been accepted, in writing, by the Owner; and
- The Contractor has satisfied all requirements of this Section.

9.6 Neither Final Payment nor release of retainage shall become due until all required documentation has been submitted and approved.

9.7 If any Subcontractor refuses to furnish a required waiver and release of liens, the Contractor shall provide a bond satisfactory to the Owner, indemnifying the Owner against such liens. Final Payment shall not become due until such bond is provided.

9.8 If Final Completion is materially delayed through no fault of the Contractor, or due to Change Orders affecting completion of the Work, and the Engineer or Owner confirms such delay, the Owner may, upon application by the Contractor and recommendation by the Engineer or Owner, make payment for the portion of the Work that has been fully completed and accepted.

9.8.1 In such case, the Owner shall retain an amount equal to at least twice the value of the incomplete or uncorrected work as determined by the Owner in consultation with the Engineer or Owner.

9.8.2 If the remaining balance due for incomplete Work is less than the retainage held, the Contractor shall submit written consent of the Surety prior to recommendation of such payment.

9.8.3 Such payment shall be made subject to the terms governing Final Payment.

9.9 Acceptance of Final Payment by the Contractor or any Subcontractor shall constitute a waiver of all claims by that payee except those previously made in writing and specifically identified as unresolved at the time of submission of the Final Application for Payment.

9.10 If the Contractor fails to submit the required closeout documentation within thirty (30) calendar days after Substantial Completion, the Owner may withhold processing of Final Completion and Final Payment until such documentation is received and approved.

9.10.1 The Owner may continue to withhold retainage and any other payments otherwise due until all required documentation has been submitted in accordance with the Contract Documents.

9.10.2 Any delay in Final Payment resulting from the Contractor's failure to provide required documentation shall not constitute a delay by the Owner nor entitle the Contractor to additional compensation, interest, or damages.

9.11 If the Contractor fails to complete Punch List work within the time required under Article 8.9, the Owner may, after providing written notice to the Contractor, complete the remaining work by its own forces or by others without terminating the Contract.

9.11.1 All costs incurred by the Owner to complete such work, including administrative, engineering, and inspection costs, shall be deducted from amounts otherwise due to the Contractor, including retainage.

9.11.2 Exercise of this right by the Owner shall not relieve the Contractor of its warranty obligations under the Contract Documents.

9.12 Unless otherwise stated in the Contract Documents, the warranty period for the Work shall commence on the date of Substantial Completion established in the Certificate of Substantial Completion.

9.12.1 For Punch List work or corrective work completed after Substantial Completion, the warranty period for such work shall begin on the date that the work is completed and accepted by the Owner.

9.12.2 The Contractor shall remain responsible for the correction of defective Work discovered during the applicable warranty period in accordance with the Contract Documents.

ARTICLE 10 CHANGE ORDER

10.1 A Change Order is a written order to the Contractor signed by the Owner authorizing a change in the (1) Work, (2) Contract Sum, or (3) Contract Time. Only a Change Order may change the Contract Sum or Contract Time. The Contractor or its Subcontractors shall not perform any work for which the Contractor intends to seek additional money or an extension of time unless the Contractor obtains a written Change Order or written approval by the Owner prior to performing the work. A Change Order signed by the Contractor indicates the Contractor's agreement therewith, including, without limitation, any adjustment in the Contract Sum or Contract Time. A Change Order signed by the Contractor without any indication of change in the Contract Sum or Contract Time indicates the Contractor's agreement that there will be no change in the Contract Sum or Contract Time (collectively, "Change Order").

10.2 Adjustments to the Contract Sum shall be based on one of the following methods: mutual acceptance of a lump sum properly itemized and supported by sufficient substantiating data to permit evaluation; unit prices stated in the Contract or subsequently agreed upon; actual cost of the change, as determined by payroll records and paid receipts, plus allowances for the Contractor's overhead and profit, subject to a predetermined maximum amount, less applicable trade discounts, rebates, credits, or other such reductions in cost made available to Contractor; and cost to be determined in a manner agreed upon by the parties, and a mutually acceptable fixed or percentage fee.

10.3 Material costs shall be at the actual cost to the Contractor or Subcontractor. Upon request, the Contractor or Subcontractor shall submit evidence to substantiate the costs. Materials shall be quoted at trade discount price, with quantity discounts also applied where the quantities warrant.

ARTICLE 11 CONTRACT DOCUMENTS

11.1 The Contract Documents consist of the following, all of which are incorporated into and made a part of the Contract:

- 11.1.1 This Construction Contract
- 11.1.2 The Owner's Authorization of Services
- 11.1.3 Owner's Agreement to Use
- 11.1.4 The Contractor's Proposal, attached as Exhibit A
- 11.1.5 The Project Plans and Specifications, attached to the Authorization of Services
- 11.1.6 Airport Security Requirements, attached to the Authorization of Services
- 11.1.7 Federal Contract Provisions, attached to the Authorization of Services
- 11.1.8 The Owner's Contract Administration Forms, attached to the Authorization of Services
- 11.1.9 Amendments, Change Orders, Change Directives, and other written modifications

executed in accordance with the Contract

11.2 The Contract Documents may only be amended, modified, or supplemented in writing approved by both Parties in accordance with the Contract Documents

11.3 In the event of a conflict or inconsistency between the Contract Documents, the following order of precedence shall apply, unless otherwise expressly stated: (1) executed amendments and Change Orders; (2) this Construction Contract; (3) the Owner's Authorization of Services; (4) the Owner's Agreement to Use; (5) the Project Plans and Specifications; (6) the Contractor's Proposal; (7) the Federal Contract Provisions; and (8) other incorporated documents.

ARTICLE 12 PROTECTION OF PERSONS AND PROPERTY

12.1 Contractor's Responsibility. The Contractor shall be responsible for initiating, maintaining, and supervising all safety precautions and programs in connection with the work. The Contractor shall have a written safety program for the work and shall submit two (2) copies of this safety program to the Owner within fifteen (15) days of the Contract award.

12.2 Remedy for Failure to Maintain Safety. If the Contractor fails to maintain the safety precautions required by law, the Owner may take action as necessary and charge the Contractor therefor. However, the failure of the Owner to take any such action shall not relieve the Contractor of its obligations set forth in Article 12.1. If the Contractor fails to maintain the safety precautions required by law, the Contractor shall, if directed by the Owner, remove all forces from the Project without cost or loss to the Owner until the Contractor complies with such safety precautions.

12.3 Environmental Hazards. In the event the Contractor encounters on the Site material reasonably believed to contain asbestos, polychlorinated biphenyls (PCBs), petroleum-based substances, or hazardous substances (as defined or regulated under any federal, state, or local law), the Contractor shall (1) immediately suspend the work in the area affected and report the condition to the Owner and Engineer by the fastest available means and follow up in writing; and (2) take reasonable precautions to prevent or contain the movement, spread or disturbance of such materials. The work in the affected area shall not thereafter be resumed except by the written consent of the Owner. In no event shall the Owner have any responsibility for any substance or material that is brought to the Site by the Contractor, any Subcontractor, any material-man or supplier, or any entity for which any of them is responsible. The Contractor agrees not to use any fill or other materials to be incorporated into the work that are hazardous, toxic, or comprised of any items that are hazardous or toxic. Contractor shall indemnify, defend, and hold harmless the indemnified parties from and against any and all liabilities, claims, or demands (including attorney's fees and costs) arising out of or resulting from the presence, uncovering, release of suspected or confirmed asbestos, polychlorinated biphenyls (PCBs), petroleum-based substances, or hazardous substances to the extent caused by the negligence of, or failure to comply with the terms and conditions of the Contract by, the Contractor, any Subcontractor, any material-men or supplier, or any entity for whom any of them is responsible.

12.4 Duty to Suspend the Work. If reasonable precautions are inadequate to prevent foreseeable bodily injury or death to persons resulting from a material or substance encountered on the Site by the Contractor, the Contractor shall, upon recognizing the condition, immediately suspend the work in the affected area and report the condition to the Owner and Engineer in writing.

12.5 Safety of Persons and Property.

12.5.1 Contractor's Duty to Protect. The Contractor shall take reasonable precautions for the safety of, and shall provide reasonable protection to prevent damage, injury, or loss to:

1. employees on the work and other persons who may be affected thereby;
2. the work and materials and equipment to be incorporated therein, whether in storage on or off the Site, under the care, custody or control of the Contractor or the Contractor's Subcontractors;
3. other property at the Site or adjacent thereto, such as trees, shrubs, lawns, walks, pavements, roadways, structures, and utilities not designated for removal, relocation, or replacement in the course of construction; and
4. construction or operations by the Owner or other Contractors.

12.6 Compliance with Safety Notices and Laws. The Contractor shall give notices and comply with applicable laws, ordinances, rules, regulations, and lawful orders of public authorities bearing on the safety of persons or property or their protection from damage, injury, or loss.

12.7 Safety Precautions. The Contractor shall erect and maintain, as required by existing conditions and performance of the Contract, reasonable safeguards for safety and protection, including posting danger signs and other warnings against hazards, promulgating safety regulations, and notifying owners and users of adjacent sites and utilities. The Contractor shall also be responsible, at the Contractor's sole cost and expense, for all measures necessary to protect any property adjacent to the Site and improvements thereon. The Contractor shall promptly repair any damage to such property or improvements. Without limiting the indemnity provisions elsewhere in the Contract, the Contractor shall indemnify, defend, and hold harmless the indemnified parties from and against any and all liabilities, claims, or demands (including attorney's fees and costs) arising out of or resulting from damage to such property or improvements.

12.8 Use of Explosives or Hazardous Materials. When the use or storage of explosives or other hazardous materials or equipment or unusual methods are necessary for execution of the work, the Contractor shall exercise utmost care and carry on such activities under the supervision of properly qualified personnel. When the use or storage of explosives or other hazardous materials or equipment or unusual methods are necessary, the Contractor shall secure the Owner's approval prior to their storage or use.

12.9 Contractor Liability. The Contractor shall promptly remedy damage and loss to any property caused in whole or in part by the Contractor or Subcontractor or anyone or by anyone for whose acts they may be liable.

12.10 Loading Precautions. The Contractor shall not load or permit to be loaded any part of the Project, including the structure or the Site, in such a way as to cause damage to or endanger the Project or any persons or entities at the Site during or after completion of the work.

12.11 Accident Reports. The Contractor shall immediately report in writing to the Engineer all accidents arising out of or in connection with the work which cause death, personal injury, or property

damage, giving full details and statements of any witnesses. In addition, if death or serious personal injuries or serious damages are caused, immediately report the accident by telephone or messenger to the Engineer and Owner.

12.12 Safety Cooperation. The Contractor and its Subcontractors shall cooperate fully with all interested persons on accident prevention.

12.13 Risk of Loss. The Contractor shall be fully responsible for, and shall bear the full risk of loss of, all the Contractor's tools, equipment, materials, and other property, notwithstanding any security measures for the Site provided by the Owner.

12.14 In an emergency affecting the safety of persons or property, the Contractor shall act, at the Contractor's discretion, to prevent threatened damage, injury, or loss. Additional compensation or extension of time claimed by the Contractor on account of an emergency shall be determined as provided by the Contract Documents.

ARTICLE 13 INSURANCE

13.1 The Contractor and Subcontractors shall purchase from and maintain in a company or companies authorized to do business in Arizona the following insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Contractor, his agents, representatives, employees, or subcontractors. Such insurance shall be effective for the duration of the contract and for ten (10) years thereafter.

13.2 Workers' Compensation insurance with statutory limits as required by the State of Arizona and Employer's Liability insurance with limits of no less than \$1,000,000 per occurrence for bodily injury, \$1,000,000 per employee for bodily injury by disease, and a \$1,000,000 policy limit for bodily injury by disease. Such Workers' Compensation insurance will cover obligations imposed by federal and state statutes having jurisdiction over Contractor's or Subcontractor's employees while performing work at locations other than the Site and shall cover Contractor's employees after Substantial Completion of the work and Subcontractor's employees after Subcontractor has substantially performed its Subcontract.

13.3 Commercial General Liability insurance, with a combined single limit of \$5,000,000 per occurrence and in the annual aggregate. Such insurance shall include coverage for Bodily Injury, Property Damage, Personal Injury, Broad Form Property Damage (including Completed Operations), Contractual, Contractors' Protective, Products and Completed Operations, and the hazards commonly referred to as "XCU." This insurance shall also be required for work performed at locations other than the Site, shall cover Contractor after Substantial Completion of the work, and shall cover Subcontractor after Subcontractor has substantially performed its Subcontract. Further, this insurance shall contain a severability of interest provision.

13.4 Business Automobile Liability insurance, with a combined single limit no less than \$1,000,000 combined single limit per accident for Bodily Injury and Property Damage with respect to all vehicles used in performance of the work on or off the Site, whether owned, non-owned, leased, hired, assigned, or borrowed. If Contractor, his agents, representatives, employees, or subcontractors are operating in the Air Operations Area (airside), the combined single limit for Bodily Injury and Property Damage shall be no less than \$5,000,000 per accident.

13.5 Builder's Risk Insurance in the amount of the Contract Sum and subsequent modifications to insure against loss or damage to the entire work on a replacement cost basis without voluntary deductibles and no coinsurance penalty provisions. The Contractor shall maintain this Builder's Risk insurance, unless otherwise provided in the Contract Documents or otherwise agreed in writing by all persons and entities who are beneficiaries of the insurance, until Final Payment has been made under Article 9 or until no person or entity other than the Owner has an insurable interest in the work, whichever is earlier.

13.6 The policies required by Article 13.3, 13.4, and 13.5 herein shall be endorsed to include Mesa Gateway Airport Authority and the Engineer and their officers, employees, successors, and assigns as additional insureds, shall provide that the insurance shall be primary, and shall stipulate that any insurance carried by the additional insured and their officers or employees shall not be contributory insurance.

13.7 Contractor and Subcontractors waive all rights of recovery against Mesa Gateway Airport Authority and the Engineer, their directors, officers, employees, successors and assigns, and shall require its insurers to waive all rights of subrogation against Mesa Gateway Airport Authority and the Engineer, and all of their respective directors, officers, employees, successors and assigns.

13.8 Before commencing any work under this Contract, Contractor shall furnish Owner with Certificates of Insurance issued by Contractor's and Subcontractors' insurer(s), as necessary, in a form acceptable to Owner, as evidence that the insurance policies, including all applicable endorsements, providing the coverage, conditions, and limits required by this Article 13, are in full force and effect. The Owner has the right to request and receive promptly from the Contractor certified copies of any or all of such insurance policies and/or endorsements. Owner will not be obligated, however, to review such certificates, policies, and endorsements, or to advise Contractor of any deficiencies in such documents, and such receipts shall not relieve Contractor from, or be deemed a waiver of, Owner's right to insist on strict fulfillment of Contractor's obligations hereunder.

13.9 In the event any insurance coverage for the work is cancelled or terminated, Contractor agrees to replace the insurance without any lapse of protection to Owner.

13.10 Any deductibles or self-insured retentions must be declared to, and approved by, Owner. At the option of the Owner, either: the Contractor shall reduce or eliminate such deductibles; or the Contractor shall provide a financial guarantee satisfactory to the Owner guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

13.11 No Claims Made policies, other than Professional Liability, Cyber Liability, or Pollution Legal Liability (if applicable to this Contract), will be accepted. For policies that provide claims-made coverage:

- The retroactive date must be shown, and this date must be before the execution date of the contract or the beginning of contract work.
- Insurance must be maintained, and evidence of insurance must be provided for at least five (5) years after completion of the contract work.
- If coverage is canceled or non-renewed, and not replaced with another claims-made policy with a retroactive date prior to the contract effective date, or start of work

date, the Contractor must purchase “extended reporting” coverage for a minimum of five (5) years after completion of contract work.

- A copy of the claims reporting requirements must be submitted to the Owner for review.
- If the services involve lead-based paint or asbestos identification/remediation, the Contractor’s Pollution Legal Liability policy shall not contain lead-based paint or asbestos exclusions. If the services involve mold identification/remediation, the Contractor’s Pollution Legal Liability policy shall not contain a mold exclusion, and the definition of Pollution shall include microbial matter, including mold.

13.12 Insurance is to be placed with insurers with a current A.M. Best rating of no less than “A-” unless otherwise acceptable to the Owner.

13.13 Contractor shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and Contractor shall ensure that Owner is an additional insured on insurance from subcontractors.

ARTICLE 14 TERMINATION

14.1 Termination by the Owner for Cause.

14.1.1 Criteria for Termination for Cause. The Contractor shall be considered in default of his or her contract, and such default will be considered as cause for the Owner to terminate the contract for any of the following reasons if the Contractor:

1. Fails to begin the work under the contract within the time specified in the Notice to Proceed, or
2. Fails to perform the work or fails to provide sufficient workers, equipment, and/or materials to assure completion of work in accordance with the terms of the contract, or
3. Performs the work unsuitably or neglects or refuses to remove materials or to perform anew such work as may be rejected as unacceptable and unsuitable, or
4. Discontinues the execution of the work, or
5. Fails to resume work which has been discontinued within a reasonable time after notice to do so, or
6. Becomes insolvent or is declared bankrupt, or commits any act of bankruptcy or insolvency, or
7. Allows any final judgment to stand against the Contractor unsatisfied for a period of 10 days, or
8. Makes an assignment for the benefit of creditors, or
9. Disregards laws, ordinances, or rules, regulations, or orders of a public authority having jurisdiction, or
10. Breaches any provision of the contract, or
11. For any other cause whatsoever, fails to carry out the work in an acceptable manner.

14.1.2 Should the Engineer or Owner consider the Contractor in default of the contract for any reason above, the Engineer or Owner shall immediately give written notice to the Contractor and the Contractor’s surety as to the reasons for considering the Contractor in default and the Owner’s intentions to terminate the contract.

14.2 **Effect of Termination for Cause.** When any of the above conditions exist, the Owner, after consultation with and certification by the Engineer that sufficient cause exists to justify such action, may without prejudice to any other rights or remedies of the Owner and after giving the Contractor and the Contractor's Surety, if any, ten (10) days' written notice, terminate the Contract and may, subject to any prior rights of the Surety:

1. take possession of the Site and all materials, equipment, tools, and construction equipment and machinery thereon owned by the Contractor;
2. accept assignment of subcontracts; and
3. finish the work by whatever reasonable method the Owner may deem expedient.

14.3 **Contractor Right to Receive Payment.** When the Owner terminates the Contract for one of the reasons stated in Article 14.1.1, the Contractor shall not be entitled to receive further payment until the work is finished.

14.4 **Costs for Finishing Work.** If the unpaid balance of the Contract Sum exceeds costs of finishing the work, including compensation for the Engineer's services and expenses made necessary thereby and other costs and charges incurred by the Owner, such excess shall be paid to the Contractor. If such costs exceed the unpaid balance, the Contractor shall pay the difference to the Owner. The amount to be paid to the Contractor or Owner, as the case may be, shall, upon application, be certified by the Engineer, and this obligation for payment shall survive termination of the Contract.

14.5 **Owner's Termination for Convenience.**

14.5.1 **Effect of Termination for Convenience.** The Owner reserves the right to terminate the Contract for convenience and without cause, even if Contractor has not failed to perform any part of the Contract. Termination of the work hereunder shall be affected by written notice to the Contractor. Upon receipt of such notice, Contractor shall, unless the notice otherwise directs:

1. Immediately discontinue the work and the placing of all orders and subcontracts in connection with this Contract;
2. Immediately cancel all of the existing orders and subcontracts made hereunder;
3. Immediately transfer to the Owner all materials, supplies, work in progress, appliances, facilities, machinery, and tools acquired by the Contractor in connection with the performance of the Contract, and take such action as may be necessary or as the Owner may direct for protection and preservation of the work relating to this Contract;
4. Deliver all plans, Drawings, Specifications, and other necessary information to the Owner; and
5. Complete performance of the work not terminated by the notice.

14.5.2 **Contractor's Exclusive Remedy.** If the Owner terminates the Contract for convenience, the following shall be the Contractor's exclusive remedy:

1. Reimbursement of all actual expenditures and costs approved by the Owner as having been made or incurred in performing the work;
2. Reimbursement of expenditures made and costs incurred with the Owner's prior written approval in settling or discharging outstanding commitments entered into by the Contractor in performing the Contract;
3. Reasonable and substantiated claims, costs, and damages incurred in settlement of terminated contracts with Subcontractors and Suppliers; and
4. Reasonable and substantiated expenses to the Contractor directly attributable to Owner's termination action.

14.5.3 The Owner will not pay Contractor for loss of anticipated profits or revenue or other economic loss arising out of or resulting from the Owner's termination action.

14.5.4 The rights and remedies this clause provides are in addition to any other rights and remedies provided by law or under this contract.

14.5.5 Warranties, Guarantees, and Indemnified Parties to Remain in Effect. All obligations of the Contractor under the Contract with respect to completion of the work, including but not limited to all warranties, guarantees, and indemnities, shall apply to all work completed or substantially completed by the Contractor prior to a convenience termination by the Owner. Notwithstanding the above, any convenience termination by the Owner or payments to the Contractor shall be without prejudice to any claims or legal remedies that the Owner may have against the Contractor for any cause, including liquidated damages assessed for Contractor's delays to any work Milestone Dates.

14.6 Conversion of Termination for Cause to Termination for Convenience. Upon a determination that a termination of this Contract other than a termination for convenience under this Article was wrongful or improper for any reason, such termination shall automatically be deemed converted to a convenience termination under this Article 14, and the Contractor's remedy for such wrongful termination shall be limited to the recoveries specified under this Article 14.

14.7 Remedy Limited to Damages. In the event that Contractor is terminated, whether for cause or convenience, the Contractor's sole remedy shall be for damages. In no event shall the Contractor be entitled to reinstatement or other equitable relief from a court or through alternative dispute resolution.

14.8 Notice that Contract is Subject to Termination Provisions of A.R.S. § 38-511. The parties acknowledge, and as required by law, notice is hereby given that this Contract is subject to A.R.S. § 38-511.

14.9 Suspension by the Owner for Cause.

14.9.1 The Owner may, without cause, order the Contractor in writing to suspend, delay, or interrupt the work in whole or in part for such period of time as the Owner may determine.

14.9.2 Adjustment in Contract Sum. An adjustment may be made for increases in the cost of performance of the Contract caused by suspension, delay, or interruption. No adjustment shall be made to the extent:

1. that performance is, was, or would have been so suspended, delayed, or interrupted by another cause for which the Contractor is responsible; or
2. that an equitable adjustment is made or denied under another provision of this Contract.

14.9.3 Method for Adjustment in Contract Sum. Adjustments made in the cost of performance may have a mutually agreed fixed or percentage fee.

ARTICLE 15 MISCELLANEOUS

15.1 If any provision(s) of the Contract is/are invalid, illegal, or unenforceable, all other provisions of the Contract shall nevertheless remain in full force and effect. If any Contract provision is inapplicable to any person or circumstance, that provision shall nevertheless remain applicable to all other persons and circumstances.

15.2 It is the Contractor's and Owner's intent that all provisions of law required to be inserted or referenced in the Contract Documents shall be incorporated into them. If any provision of law is not inserted or referenced in the Contract Documents, or is inserted or referenced in improper form, the provision shall be considered inserted or referenced in proper form at no increase in Contract Price or Contract Time.

15.3 Contractor shall not sell, assign, transfer, or otherwise convey any of its rights and shall not delegate any of its duties under this Contract without Owner's prior express written consent. In its sole discretion, Owner may refuse to consent to any proposed assignment or delegation. Any attempted sale, assignment, transfer, conveyance, or delegation in violation of this Paragraph 9.3 shall be void and shall relieve Owner of any further liability under the Contract Documents. If Owner consents in writing to an assignment, unless specifically stated to the contrary in the consent, the assignment shall not release or discharge Contractor from any duty or responsibility set forth in the Contract Documents.

15.4 Nothing contained in the Contract shall in any manner authorize, empower, or constitute Contractor, its subcontractors, or suppliers as agent(s) of Owner, authorize or empower Contractor, its subcontractors, or suppliers to assume or create any obligation or responsibility whatsoever, express or implied, on behalf of or in the name of Owner or authorize or empower Contractor, its subcontractors or suppliers to bind Owner in any manner or to make any representation, warranty, covenant, agreement, or commitment on Owner's behalf. Contractor shall perform all work under this Contract as an independent contractor. Only the Owner of this Contract shall have the right to enforce any changes to this Contract.

15.5 This Contract shall be binding on Owner and Contractor and all of their respective successors, heirs, legal representatives, and, if Owner has consented to an assignment or delegation.

15.6 This Contract supersedes all prior oral or written agreements, if any, between the parties and constitutes the entire, integrated agreement between the parties with respect to the work to be performed under the Contract Documents.

15.7 This Contract shall be governed by and construed in accordance with the laws of the state of Arizona, without giving effect to any rules governing conflict of laws.

15.8 If a dispute arises out of or relates to this Contract or its breach, the parties to this Contract shall endeavor to settle the dispute through direct discussions as a condition precedent to mediation or binding dispute resolution.

15.8.1 Mediation. Should the parties to this Contract be unable to resolve their dispute through direct negotiations, the parties to this Contract, upon the written request of either, shall engage in mediation, to be administered privately by a mediator and according to rules mutually agreed upon by the parties to this Contract, or, in the absence of such mutual agreement, by a mediator appointed by JAMS and administered by JAMS in accordance with its then-current mediation rules. The fees and costs of mediation shall be split equally by the parties to this Contract, but subject to reallocation following binding dispute resolution.

15.8.2 Binding Dispute Resolution. Should the parties to this Contract be unable to resolve their dispute through direct negotiations or mediation, either party may, within the time limitations for bringing claims under Arizona law and this Contract, commence formal dispute resolution proceedings. Both parties to this Contract consent to binding arbitration administered by JAMS according to its then current arbitration rules, provided, however, that (i) in the event both parties agree, the arbitration may be administered privately by an arbitrator and according to rules mutually agreed upon by the parties to this Contract, and (ii) in the event any party seeks relief against the other party or against a non-party which cannot fully be granted in arbitration, by reason of non-joinder or otherwise, the parties to this Contract are excused from this arbitration requirement and the parties to this Contract shall proceed in the state or federal courts of competent jurisdiction and located in Maricopa County, Arizona. In any arbitration or litigation, the prevailing party shall be entitled to an award of its reasonable attorneys' fees and costs as determined by the arbitrator or court, as applicable.

15.9 After the Contract has been executed, the Owner and Engineer may consider, but shall have no obligation to consider, a formal request for the substitution of products in place of those specified under the conditions set forth herein and those set forth in Division VI, Technical Specifications. The decision in the first instance on acceptance or rejection of proposed alternate, substitute or similar materials, products, equipment or systems shall be vested in the Engineer, and ultimately with the Owner, whose decision shall be final and binding.

15.10 To the fullest extent permitted by law, the Contractor shall fully protect, indemnify, defend and hold harmless the indemnified parties from and against any and all liabilities, claims or demands, arising out of or resulting from, either directly or indirectly, the performance of the work or the conditions of the Site, provided that any such claim, damage, loss or expense (1) is attributable to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property (including the work itself) including the loss of use resulting therefrom, and (2) is caused by any act, neglect, default or omission of the Contractor or Subcontractor or anyone for whose acts either of them may be liable. But in no event shall Contractor be required to indemnify Owner for Owner's negligence. The Contractor's indemnity obligation shall not be construed to negate, abridge, or otherwise reduce

any other right or obligation of indemnity that would otherwise exist as to any party or person described in this Article 15.10. The Contractor, at its own expense and risk, shall defend all legal proceedings that may be brought against the indemnified parties on any such liability, claim, or demand, and satisfy any resulting judgment that may be rendered against any of them.

Duties and obligations imposed by the Contract and rights and remedies available thereunder shall be in addition to and not a limitation of duties, obligations, rights, and remedies otherwise imposed or available by law. This clause shall not be interpreted to permit the Contractor to recover any costs or damages that are otherwise limited, prohibited, or waived by the Contract.

15.11 No action or failure to act by the Owner, Engineer, or Contractor shall constitute a waiver of a right or duty afforded them under the Contract, nor shall such action or failure to act constitute approval of or acquiescence in a breach thereunder, except as may be specifically agreed in writing.

15.12 To the extent applicable under Arizona Revised Statutes § 41-4401, the Contractor and its Subcontractors warrant compliance with all federal immigration laws and regulations that relate to their employees and compliance with the E-Verify requirements under A.R.S. § 23-214(A). Contractor's or its Subcontractors' failure to comply with such warranty shall be deemed a material breach of this Contract and may result in the termination of this Contract by the Authority.

Executed as of the Effective Date.

CONTRACTOR

KEAR Civil Corporation, an Arizona Corporation

By: _____



Name: Mike Fossett

Title: President

Date: 9/24/26

OWNER

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

By: _____

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

Title: Executive Director/CEO

Date: _____

EXHIBIT A
CONTRACTOR'S PROPOSAL

The Contractor's Proposal is incorporated into the Contract solely to establish the Contractor's pricing and proposed scope of Work. To the extent any qualification, exclusion, assumption, or other provision in the Contractor's Proposal conflicts with or attempts to modify the requirements of this Construction Contract, the Plans and Specifications, the Agreement to Use, or other Contract Documents, the Contract Documents shall control in accordance with Article 11.

See the following pages.



September 21, 2026

**Mesa Gateway Airport Authority
5835 South Sossaman Road
Mesa, AZ 85212
Attn: Kurt Krause**

Reference: Jet Fuel Expansion Project
Subject: Tank 12 (fourth tank) Construction Proposal – Rev 2

Mr. Krause,

On behalf of all of us at KEAR Civil Corporation please find attached the proposal for Tank 12 (4th Tank) at the Mesa Gateway Airport Fuel Facility. We are excited about this project and appreciate the opportunity to submit our proposal.

We have prepared a summary of our estimated construction costs on the following pages. This summary breaks down the cost of work for primary scopes of work. This detailed cost summary is based on the 100% design plans and specifications, and this pricing is based on quotes we have received to date and our understanding of the scope of work.

If you have any questions or concerns after reviewing, please contact me for further clarifications.

Sincerely,

KEAR Civil Corporation

A handwritten signature in blue ink, appearing to read "Garry Higdem", is written over the company name.

**Garry Higdem
Director of Preconstruction**

Cc: Mike Fossett, Jacob Libby, Gary Leach

Summary of construction costs are outlined below. Costs included in the base project include general conditions, tank, piping, electrical, controls, coatings, startup, and tax.

Description of Work	ROM
Mobilization/Insurance/Bond	\$70,500.00
Tank - F&I 4th Tank	\$1,554,000.00
Electrical	\$122,000.00
Controls & Integration	\$27,000.00
Fencing	\$14,000.00
Coating & Labeling	\$71,000.00
Clean, Test & Flush	\$54,000.00
Startup & Commissioning	\$22,000.00
Site Restoration	\$20,000.00
TOTAL	\$1,954,500.00

Documents Utilized in the preparation of this Proposal

- X_FUEL_REV.3.1 Dated August 21,2026 – 16 Pages
- Tank_12_Scope of Work and Specifications – 30 Pages
- Technical Specifications – 239 Pages
- RFI 14 Catwalk Bonding – 5 Pages
- RFI 17 Strapping Chart & Mechanical Float – 14 Pages
- As-Built Folder – Numerous files

Contractual Clarifications & Assumptions

1. Builder's Risk insurance costs are included in the proposal.
2. We have included AZ State tax and City of Mesa sales tax with no MRZ credit applied.
3. It is assumed MGAA will issue the Tank Procurement contract.
4. No design costs or review costs outside of KEAR's internal reviews are included. We exclude any costs for design revisions, stakeholder comments, and MGAA comments.

Schedule Clarifications & Assumptions

1. KEAR will make every effort possible to expedite procurement and delivery. Per your direction we have used October 21, 2026 for the NTP which will allow for procurement of the long lead material and equipment.
2. Pricing is based on our preliminary schedule and used as basis for calculating GC costs.

Technical Clarifications & Assumptions

1. It is expressly understood that pricing for, steel, pipe, valves, equipment, and tanks are unstable and volatile, and manufacturers and vendors are experiencing unprecedented shortages and delays in the submittals, fabrication and delivery of their products. This risk is now mitigated with the NTP scheduled for October 21, 2026.
2. KEAR reserves the right to reconcile the cost of materials included in the proposal upon completion for any future changes in scope authorized by an approved and executed change order.

Exclusions

1. Hazardous material sampling, remediation, abatement & disposal including lead and asbestos.
2. Delays due to material/supply shortages out of KEAR's control.
3. Davis Bacon prevailing wage rates.
4. Contaminated Soil Removal, Transport & Disposal
5. Warranties beyond one year from the date of beneficial use
6. Holidays and Weekend Work

Project Schedule

Expected durations to complete the installation of Tank 12 (4th Tank):

- Submittals and Approval – 45 Days
- Fabrication and delivery of Tanks, Control Valves – 130 Days
- Construction – 45 Days
- Testing, Integration, Startup, Commissioning – 30 Days



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

Board Action Item

Re: Resolution 26-43

To: Board of Directors
From: Margi EvanSon, Director of Operations, Security & Maintenance
Through: Scott Brownlee, Deputy Director/COO
J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Asphalt/Pavement Maintenance and Repairs, Landside - Sunland Asphalt of Arizona, Inc. – CIP 1326
Date: October 20, 2026

Proposed Motion

To authorize the purchase of landside asphalt repair services with Sunland Asphalt of Arizona, Inc. for an amount not to exceed \$89,980.22

Narrative

Due to use, age, and weather, the condition of the Ray Road Economy Parking Lot, Administration Building Parking Lot, and the Employee Parking Lot requires asphalt maintenance to reduce further deterioration. Increased activity coincides with an increase in deterioration. There continues to be increasing activity at the airport, and automobile parking lots and driveways require periodic asphalt crack-fill and seal coating to maintain accessibility for users.

The recommended course of action includes crack-fill and seal coat of asphalt surfaces as needed throughout the airport. Authorization of the purchase of airfield asphalt repair services is necessary to repair deterioration and extend life cycles.

MGAA and Sunland Asphalt of Arizona, Inc. (Sunland) are both participants of the Mohave Educational Service Cooperative (MESC) Purchasing Group. Under MESC, Sunland was awarded Contract #24L-SUN-0319 for asphalt products and services, and it is through this competitive selection that MGAA will utilize Sunland for asphalt services. This contract is available upon request.

Fiscal Impact

The expenses for asphalt repair services were included in the FY27 Capital budget under CIP 1326.

Attachment(s)

Quotes



RESOLUTION NO. 26-43

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

WHEREAS the Authority desires to authorize the purchase of landside asphalt repair services with Sunland Asphalt of Arizona, Inc. for an amount not to exceed \$89,980.22;

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

The Board of Directors of the Authority hereby authorize the purchase of landside asphalt repair services with Sunland Asphalt of Arizona, Inc. for an amount not to exceed \$89,980.22. 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 20th day of October, 2026.

Mark Freeman, Chair

ATTEST:

APPROVED AS TO FORM:

Misty Johnson, Clerk of the Board

Jill Casson Owen, Attorney



3030 S. 7TH STREET, PHOENIX, AZ 85040
PHONE: 602.323.2800 | WWW.SUNLANDASPHALT.COM

To:	Mesa Gateway Airport Authority	Contact:	Patrick Oakley
Address:	5835 S Sossaman Rd, Mesa, AZ 85212	Phone:	
		Fax:	
Project Name:	MGAA - Admin Lot - Avery Circle	Bid Number:	10120938
Project Location:	5751 S Sossaman Rd, Mesa, AZ	Bid Date:	10/1/2026

Item Description

Crack Seal / Apply MasterSeal Sealer / Pavement Markings

Provide Traffic Control And Barricades During Our Scope Of Work.

Power Clean With High Volume Air As Needed And Seal All Cracks 1/4 Inch And Larger With Crafcro Parking Lot Sealant Crack Sealant. (Alligatored Areas Not Included.)

Power Sweep/clean Asphalt Surface.

Furnish And Apply Two (2) Coats Of MasterSeal Sealer By Spray Application On Approximately 96,835 Square Feet. (Adhesion Or Bonding Of Seal Coat Materials Is Not Warranted In Areas Exposed To Automotive Fluids And/or Other Spills.)

Stripe To Existing Pattern:

Stripe 8 Standard ADA Handicap Stall(s) Using Blue & Yellow Latex Traffic Paint.

Stripe 201 Standard Parking Stall(s) Using White Latex Traffic Paint.

Stripe 782 LF Of Cross Hash Markings Using Yellow Latex Traffic Paint.

Paint 1 Arrows On Pavement Using White Latex Traffic Paint.

Stencil 1 "ONLY" Using 72 Inch Characters On The Asphalt Using White Paint.

Paint 3 Stop Bars Using White Latex Traffic Paint.

This Proposal Is Based On Performing The Work In 4 Phase(s).

Bid Price Subtotal: \$30,456.20

Total State, County And City Of Mesa Sales Tax 5.3950%: \$1,643.11

Total Bid Price: \$32,099.31

Notes:

• **MOHAVE EDUCATIONAL SERVICE CO-OP BID**

CONTRACT NUMBER: 24L-SUN-0319

SPECIAL NOTE:

The terms and conditions of Mohave Educational Services Co-Op Bid, Contract Number 24L-SUN-0319 will prevail over any and all terms and conditions stated in the proposal.

Prices are valid until December 31st, 2026.

- **Material pricing is good through 12-31-2026.**
- **Sunland Asphalt routinely uses recycled material in hot mix asphalt products.**
- **Sunland Asphalt will not be held liable for any underground cables, electrical lines, water lines or any other underground obstruction not locatable or not buried to a depth less than 18" below the existing finished grade.**
- **Sunland is not liable for drainage on projects with less than 1% fall. Due to existing conditions and matching elevations of concrete curbs, buildings and/or asphalt, we may not be able to raise or lower elevations to achieve proper slope to prevent standing water, therefore ponding of water may occur.**
- **Standby time from delays beyond the control of Sunland Asphalt (or its subcontractors) which prohibit the above-mentioned work from being completed as scheduled. (i.e., unmoved vehicles, disregard for Sunland traffic control, sanitation/delivery services, sprinkler runoff, etc.) will be billed at an additional rate of \$750 per hour.**
- **Pricing excludes night/weekend work, permits, fees, bonds, notifications, QC testing, utility adjustment hardware, gate loops, painting bumper blocks, permanent signage, herbicide, removal and disposal of existing fabric underlayment, water source, or survey/staking in price unless noted above. Any pre-existing ADA compliance issues are excluded from contract unless specifically stated in proposal.**
- **This bid assumes all portions of the proposal will be accepted. Line items cannot be accepted individually. If only portions of the proposal are desired, Sunland Asphalt must revisit the proposal and adjust pricing accordingly.**

ACCEPTED:

The above prices, specifications and conditions are satisfactory and are hereby accepted.

Buyer: _____

Signature: _____

Date of Acceptance: _____

CONFIRMED:

Sunland Asphalt & Construction, LLC

Authorized Signature: _____

Project Consultant: Angel Franco
602-540-5374

- **Sunland Asphalt Addendum Terms and Conditions:**

Contractor and Owner hereby accept the terms of the attached Proposal subject to = the terms and conditions set forth in this Addendum. The Proposal and Addendum shall be collectively referred to as the "Contract." This Addendum is attached hereto and incorporated herein by reference. If any of the terms of the Proposal are inconsistent with the terms of this Addendum, then this Addendum shall be controlling and the parties shall be bound by the terms and conditions of this Addendum.

- 1. WORK

Contractor will furnish all necessary labor, materials, and equipment to complete the work specified in the Contract (the "Work"). All surfaces to which material is to be applied shall be in a condition similar to the condition at the time the project was bid. Owner shall specify one representative to represent the Owner who has authority to accept the Work and authorize changes to the Work. Owner shall provide reasonable access to a water supply source. Owner grants Contractor permission to utilize photos and videos of the Work and the project site in the promotion of Contractor's business services.

- 2. PAYMENT

Contractor shall be paid a monthly progress payment within 15 days after receipt of the payment by the Owner for the value of work performed. Final payment, including all retention, shall be due 15 days after the work described in the Proposal is substantially completed. No provision of this agreement shall serve to void the Contractor's entitlement to payment for properly performed work.

- 3. INTEREST AND EXPENSES

All sums not paid when due shall bear an interest rate of 1 1/2% per month or the maximum legal rate permitted by law, whichever is less, and all costs of collection, including a reasonable attorneys' fee, shall be paid by Owner.

- 4. ATTORNEYS' FEES

In the event of litigation regarding the Contract or collection efforts by Contractor, the prevailing party shall be awarded its reasonable attorneys' fees and costs, which shall include all costs that would normally be passed through to the client, specifically but not limited to research charges, travel costs, expert witness costs, copying costs, mailing costs, facsimile costs, hand-delivery costs, Federal Express or Express Mail costs, taxable costs and disbursements.

- 5. CONTINUED PERFORMANCE

Nothing in this Contract shall require the Contractor to continue performance if timely payments are not made to Contractor for suitably performed work.

- 6. BACK CHARGES

No back charges or claim of the Owner for services shall be valid except by an agreement in writing by the Contractor before the work is executed, except in the case of the Contractor's failure to meet any requirement of the Contract. In such event, the Owner shall notify the Contractor of such default, in writing, and allow the Contractor reasonable time to correct any deficiency before incurring any cost chargeable to the Contractor.

- 7. WORK AREAS

Owner is to prepare all work areas so as to be acceptable for Contractor to perform its work under the Contract. Owner shall notify Contractor in advance when the site will be ready for Contractor to perform its work and shall provide Contractor with free and unobstructed access so that the work can be commenced promptly and completed without delay. Contractor will not be called upon to start work until sufficient areas are ready to insure continued work.

- 8. TIME FOR PERFORMANCE

Contractor shall be given a reasonable time in which to commence and complete the performance of the Contract. Contractor provides no assurances as to a complete date since the Work is subject to weather conditions, prior commitments, mechanical failures, and other cause beyond Contractor's control. Contractor shall not be responsible for delays or default where occasioned by any causes of any kind and extent beyond its control, including but not limited to: delay caused by Owner, architect and/or engineers, delays in transportation, shortages of raw materials, civil disorders, labor difficulties, vendor allocations, fires, floods, accident hazardous waste or controlled substances and acts of God. Contractor shall be entitled to equitable adjustment in the contract price for additional costs due to unanticipated project delays or accelerations. Contractor shall not be obligated to provide any labor or materials outside the scope of work unless Owner shall first agree in writing to equitably adjust the contract price to be paid Contractor.

- 9. WORKMANSHIP

All workmanship and materials are guaranteed against defects for a period of one (1) year from the date of substantial completion of installation. This warranty is in lieu of all other warranties, express or implied, including any warranties of merchantability or fitness for a particular purpose. The exclusive remedy shall be that Contractor will replace or repair any part of its work which is found to be defective. Contractor shall not be responsible for special, incidental or consequential damages. Contractor shall not be responsible for damage to its work by other parties or for improper use of equipment by other industry standard practices and will override strict compliance and strict performance. Contractor makes no warranty regarding drainage where the slope provided or allowable is less than two percent (2%). Contractor's warranty does not extend to or cover settlement or cracking of asphalt or pavement due to expansive soils, improperly compacted utility trenches, or for failures caused by the inadequate compaction of the subgrade. Contractor shall not be liable for damage to underground utilities which were improperly installed and/or backfilled.

- 10. WORK HOURS

Work called for herein is to be performed during Contractor's regular working hours as agreed to by the Owner and the Contractor.

- 11. NOTICE

Any notice or written claim required by the Contract to be submitted to the Owner, on account of charges, extras, delays, acceleration, or otherwise, shall be furnished within a time period, and in a manner to permit the Owner to satisfy the requirements of the Contract, notwithstanding any shorter time period otherwise provided.

- 12. LIEN RIGHTS

Nothing in this Contract shall serve to void Contractor's right to file a lien or claim on its behalf in the event that any payment to Contractor is not timely made.

- 13. LABOR

Contractor shall not be bound by any of Owner's labor agreements (in whole or in part).

- 14. LIQUIDATED DAMAGES

The Owner shall make no demand for liquidated damages for delays in any sum in excess of such amounts as may be specifically named in this Contract and no liquidated damages may be assessed against Contractor for more than the amount paid by the Owner for unexcused delays to the event actually caused by the Contractor.

- 15. **SCHEDULE**
Contractor shall submit a schedule to Owner, Owner will review and notify Contractor of any schedule conflict. If Contractor finds it necessary to change his schedule, Owner will give his best effort to meet this change in schedule. Contractor shall not be penalized for non-performance and will be paid for work performed.
- 16. **INSURANCE RESTRICTION**
Notwithstanding any provision to the contrary, Contractor shall maintain the types and limitations on insurance as shown on the attached certificate of insurance. Contractor is not required to waive any claims or rights of subrogation against the Owner or any others for losses and claims covered or paid by Owner's workers compensation or general liability insurance. Acceptance of the Certificate of Insurance constitutes acceptance of the insurance of Contractor, including any additional insured requirements. In addition, Contractor shall not provide completed operations under an additional insured requirement.
- 17. **INDEMNITY, HOLD HARMLESS**
To the fullest extent permitted by law, Contractor agrees to protect, defend, indemnify, and hold harmless Owner from and against all liability, loss, claims, demands, damages, suits, costs, fees, fines, penalties, expenses, and causes of action to the extent caused by Contractor or any of Contractor's employees, agents, representatives, subcontractors, or suppliers. Any indemnification or hold harmless obligation of the Contractor shall extend only to claims resulting to bodily injury and property damage and then only to that part or proportion of any claim damage, loss or defect that results from the negligence or intentional act of Contractor or someone for whom it is responsible. Nothing in this agreement shall require the Contractor to indemnify any other party from any damages including expenses and attorneys' fees to persons or property for any amount exceeding the degree Contractor directly caused such damages. Contractor shall not be responsible for fines or assessments made against Owner and Contractor. Contractor retains all rights of subrogation. Contractor will not indemnify anybody for any actions except for Contractor's own negligence and only in the proportional amount of its negligence.
- 18. **RIGHT TO RELY**
Contractor shall rely on plans, drawings, specifications and other information provided by Owner, Owner, Architect or representatives of each. Contractor assumes no risk for unknown or unforeseen conditions not evident from the plans, drawings, specifications or other information provided to Contractor.
- 19. **HAZARDOUS WASTE**
Contractor shall have no obligation to handle (that is, to remove, treat or transport) any substance which is considered hazardous waste or substance under state or federal law ("hazardous waste"). Handling hazardous waste shall be outside the scope of work of this Contract. Title to all hazardous waste shall remain with others and shall not be property of Contractor.
- 20. **SOILS**
Contractor shall have no liability to Owner or any third-party relating to underlying soil conditions. Contractor will not sacrifice the quality or integrity by placing asphalt pavement on base course or subgrade that is unstable or subgrade containing frost, including top lifts or overlays when temperatures do not meet material specifications. Contractor's warranty shall be waived and have no effect should Owner direct or authorize Contractor to pave on unstable subgrade or subgrade containing frost and Owner shall be responsible for any and all resulting damage or required repairs. If Owner requests that the top lift of asphalt be placed at a later date, the cost for all clean up and remobilization is the Owner's responsibility.
- 21. **ENGINEERING SERVICES**
If Contractor provides subcontracted construction stakes and/or subcontracted engineering services, Owner agrees to indemnify and defend Contractor from and against any and all claims, demands, damages, costs or expenses, including attorneys' fees, resulting from or related to these services, including drainage of water as to direction and amount, both during and after performance of the Work. If a soil sterilizer or herbicide is applied by Contractor, it is applied at the request of Owner in an effort to retard weed growth and Contractor makes no representation or guarantee that its use will have the intended effect. Owner shall indemnify, hold harmless, and defend Contractor from and against any and all damages, claims, costs or expenses, including attorneys' fees and costs, resulting from these services. Owner is advised to retain an independent licensed soils engineer for a study of the existing soils in order to recommend a specific pavement design. Contractor may modify the Proposal to include such recommendations.
- 22. **AMERICANS WITH DISABILITIES ACT**
Owner is solely responsible for maintaining the subject property in full compliance with the ADA and agrees to indemnify and hold Contractor harmless from and against any and all liability, claims, damages or expenses, including attorneys' fees, relating in any way to ADA requirements or issues. Contractor recommends that Owner obtain the services of a certified ADA consultant for site evaluations and recommendations as required by Federal and State law. If directed by the Owner to obtain compliance, Owner may make recommendations for such work and additional charges may apply.
- 23. **DISPUTE RESOLUTION**
Final determination of contract compliance and all dispute resolutions shall be handled in the jurisdiction and venue of Maricopa County, Arizona, and be governed by the laws of Arizona.



3030 S. 7TH STREET, PHOENIX, AZ 85040
PHONE: 602.323.2800 | WWW.SUNLANDASPHALT.COM

To:	Mesa Gateway Airport Authority	Contact:	Patrick Oakley
Address:	5835 S Sossaman Rd, Mesa, AZ 85212	Phone:	
		Fax:	
Project Name:	MGAA - Employee Lot	Bid Number:	10121196
Project Location:	5751 S Sossaman Rd, Mesa, AZ	Bid Date:	10/1/2026

Item Description

Crack Seal / Apply MasterSeal Sealer / Pavement Markings

Provide Traffic Control And Barricades During Our Scope Of Work.

Power Clean With High Volume Air As Needed And Seal All Cracks 1/4 Inch And Larger With Crafcro Parking Lot Sealant Crack Sealant. (Alligatored Areas Not Included.)

Power Sweep/clean Asphalt Surface.

Furnish And Apply Two (2) Coats Of MasterSeal Sealer By Spray Application On Approximately 65,595 Square Feet. (Adhesion Or Bonding Of Seal Coat Materials Is Not Warranted In Areas Exposed To Automotive Fluids And/or Other Spills.)

Stripe To Existing Pattern:

Stripe 6 Standard ADA Handicap Stall(s) Using Blue & Yellow Latex Traffic Paint.

Stripe 156 Standard Parking Stall(s) Using White Latex Traffic Paint.

Stripe 782 LF Of Cross Hash Markings Using Yellow Latex Traffic Paint.

Paint 6 Arrows On Pavement Using White Latex Traffic Paint.

Stencil 6 "EXIT" Using 72 Inch Characters On The Asphalt Using White Paint.

This Proposal Is Based On Performing The Work In 2 Phase(s).

Bid Price Subtotal: \$20,330.19

Total State, County And City Of Mesa Sales Tax 5.3950%: \$1,096.81

Total Bid Price: \$21,427.00

Notes:

• **MOHAVE EDUCATIONAL SERVICE CO-OP BID**

CONTRACT NUMBER: 24L-SUN-0319

SPECIAL NOTE:

The terms and conditions of Mohave Educational Services Co-Op Bid, Contract Number 24L-SUN-0319 will prevail over any and all terms and conditions stated in the proposal.

Prices are valid until December 31st, 2026.

- **Material pricing is good through 12-31-2026.**
- **Sunland Asphalt routinely uses recycled material in hot mix asphalt products.**
- **Sunland Asphalt will not be held liable for any underground cables, electrical lines, water lines or any other underground obstruction not locatable or not buried to a depth less than 18" below the existing finished grade.**
- **Sunland is not liable for drainage on projects with less than 1% fall. Due to existing conditions and matching elevations of concrete curbs, buildings and/or asphalt, we may not be able to raise or lower elevations to achieve proper slope to prevent standing water, therefore ponding of water may occur.**
- **Standby time from delays beyond the control of Sunland Asphalt (or its subcontractors) which prohibit the above-mentioned work from being completed as scheduled. (i.e., unremoved vehicles, disregard for Sunland traffic control, sanitation/delivery services, sprinkler runoff, etc.) will be billed at an additional rate of \$750 per hour.**
- **Pricing excludes night/weekend work, permits, fees, bonds, notifications, QC testing, utility adjustment hardware, gate loops, painting bumper blocks, permanent signage, herbicide, removal and disposal of existing fabric underlayment, water source, or survey/staking in price unless noted above. Any pre-existing ADA compliance issues are excluded from contract unless specifically stated in proposal.**
- **This bid assumes all portions of the proposal will be accepted. Line items cannot be accepted individually. If only portions of the proposal are desired, Sunland Asphalt must revisit the proposal and adjust pricing accordingly.**

ACCEPTED:

The above prices, specifications and conditions are satisfactory and are hereby accepted.

Buyer: _____

Signature: _____

Date of Acceptance: _____

CONFIRMED:

Sunland Asphalt & Construction, LLC

Authorized Signature: _____

Project Consultant: Angel Franco
602-540-5374

- **Sunland Asphalt Addendum Terms and Conditions:**

Contractor and Owner hereby accept the terms of the attached Proposal subject to = the terms and conditions set forth in this Addendum. The Proposal and Addendum shall be collectively referred to as the "Contract." This Addendum is attached hereto and incorporated herein by reference. If any of the terms of the Proposal are inconsistent with the terms of this Addendum, then this Addendum shall be controlling and the parties shall be bound by the terms and conditions of this Addendum.

- 1. WORK

Contractor will furnish all necessary labor, materials, and equipment to complete the work specified in the Contract (the "Work"). All surfaces to which material is to be applied shall be in a condition similar to the condition at the time the project was bid. Owner shall specify one representative to represent the Owner who has authority to accept the Work and authorize changes to the Work. Owner shall provide reasonable access to a water supply source. Owner grants Contractor permission to utilize photos and videos of the Work and the project site in the promotion of Contractor's business services.

- 2. PAYMENT

Contractor shall be paid a monthly progress payment within 15 days after receipt of the payment by the Owner for the value of work performed. Final payment, including all retention, shall be due 15 days after the work described in the Proposal is substantially completed. No provision of this agreement shall serve to void the Contractor's entitlement to payment for properly performed work.

- 3. INTEREST AND EXPENSES

All sums not paid when due shall bear an interest rate of 1 1/2% per month or the maximum legal rate permitted by law, whichever is less, and all costs of collection, including a reasonable attorneys' fee, shall be paid by Owner.

- 4. ATTORNEYS' FEES

In the event of litigation regarding the Contract or collection efforts by Contractor, the prevailing party shall be awarded its reasonable attorneys' fees and costs, which shall include all costs that would normally be passed through to the client, specifically but not limited to research charges, travel costs, expert witness costs, copying costs, mailing costs, facsimile costs, hand-delivery costs, Federal Express or Express Mail costs, taxable costs and disbursements.

- 5. CONTINUED PERFORMANCE

Nothing in this Contract shall require the Contractor to continue performance if timely payments are not made to Contractor for suitably performed work.

- 6. BACK CHARGES

No back charges or claim of the Owner for services shall be valid except by an agreement in writing by the Contractor before the work is executed, except in the case of the Contractor's failure to meet any requirement of the Contract. In such event, the Owner shall notify the Contractor of such default, in writing, and allow the Contractor reasonable time to correct any deficiency before incurring any cost chargeable to the Contractor.

- 7. WORK AREAS

Owner is to prepare all work areas so as to be acceptable for Contractor to perform its work under the Contract. Owner shall notify Contractor in advance when the site will be ready for Contractor to perform its work and shall provide Contractor with free and unobstructed access so that the work can be commenced promptly and completed without delay. Contractor will not be called upon to start work until sufficient areas are ready to insure continued work.

- 8. TIME FOR PERFORMANCE

Contractor shall be given a reasonable time in which to commence and complete the performance of the Contract. Contractor provides no assurances as to a complete date since the Work is subject to weather conditions, prior commitments, mechanical failures, and other cause beyond Contractor's control. Contractor shall not be responsible for delays or default where occasioned by any causes of any kind and extent beyond its control, including but not limited to: delay caused by Owner, architect and/or engineers, delays in transportation, shortages of raw materials, civil disorders, labor difficulties, vendor allocations, fires, floods, accident hazardous waste or controlled substances and acts of God. Contractor shall be entitled to equitable adjustment in the contract price for additional costs due to unanticipated project delays or accelerations. Contractor shall not be obligated to provide any labor or materials outside the scope of work unless Owner shall first agree in writing to equitably adjust the contract price to be paid Contractor.

- 9. WORKMANSHIP

All workmanship and materials are guaranteed against defects for a period of one (1) year from the date of substantial completion of installation. This warranty is in lieu of all other warranties, express or implied, including any warranties of merchantability or fitness for a particular purpose. The exclusive remedy shall be that Contractor will replace or repair any part of its work which is found to be defective. Contractor shall not be responsible for special, incidental or consequential damages. Contractor shall not be responsible for damage to its work by other parties or for improper use of equipment by other industry standard practices and will override strict compliance and strict performance. Contractor makes no warranty regarding drainage where the slope provided or allowable is less than two percent (2%). Contractor's warranty does not extend to or cover settlement or cracking of asphalt or pavement due to expansive soils, improperly compacted utility trenches, or for failures caused by the inadequate compaction of the subgrade. Contractor shall not be liable for damage to underground utilities which were improperly installed and/or backfilled.

- 10. WORK HOURS

Work called for herein is to be performed during Contractor's regular working hours as agreed to by the Owner and the Contractor.

- 11. NOTICE

Any notice or written claim required by the Contract to be submitted to the Owner, on account of charges, extras, delays, acceleration, or otherwise, shall be furnished within a time period, and in a manner to permit the Owner to satisfy the requirements of the Contract, notwithstanding any shorter time period otherwise provided.

- 12. LIEN RIGHTS

Nothing in this Contract shall serve to void Contractor's right to file a lien or claim on its behalf in the event that any payment to Contractor is not timely made.

- 13. LABOR

Contractor shall not be bound by any of Owner's labor agreements (in whole or in part).

- 14. LIQUIDATED DAMAGES

The Owner shall make no demand for liquidated damages for delays in any sum in excess of such amounts as may be specifically named in this Contract and no liquidated damages may be assessed against Contractor for more than the amount paid by the Owner for unexcused delays to the event actually caused by the Contractor.

- 15. **SCHEDULE**
Contractor shall submit a schedule to Owner, Owner will review and notify Contractor of any schedule conflict. If Contractor finds it necessary to change his schedule, Owner will give his best effort to meet this change in schedule. Contractor shall not be penalized for non-performance and will be paid for work performed.
- 16. **INSURANCE RESTRICTION**
Notwithstanding any provision to the contrary, Contractor shall maintain the types and limitations on insurance as shown on the attached certificate of insurance. Contractor is not required to waive any claims or rights of subrogation against the Owner or any others for losses and claims covered or paid by Owner's workers compensation or general liability insurance. Acceptance of the Certificate of Insurance constitutes acceptance of the insurance of Contractor, including any additional insured requirements. In addition, Contractor shall not provide completed operations under an additional insured requirement.
- 17. **INDEMNITY, HOLD HARMLESS**
To the fullest extent permitted by law, Contractor agrees to protect, defend, indemnify, and hold harmless Owner from and against all liability, loss, claims, demands, damages, suits, costs, fees, fines, penalties, expenses, and causes of action to the extent caused by Contractor or any of Contractor's employees, agents, representatives, subcontractors, or suppliers. Any indemnification or hold harmless obligation of the Contractor shall extend only to claims resulting to bodily injury and property damage and then only to that part or proportion of any claim damage, loss or defect that results from the negligence or intentional act of Contractor or someone for whom it is responsible. Nothing in this agreement shall require the Contractor to indemnify any other party from any damages including expenses and attorneys' fees to persons or property for any amount exceeding the degree Contractor directly caused such damages. Contractor shall not be responsible for fines or assessments made against Owner and Contractor. Contractor retains all rights of subrogation. Contractor will not indemnify anybody for any actions except for Contractor's own negligence and only in the proportional amount of its negligence.
- 18. **RIGHT TO RELY**
Contractor shall rely on plans, drawings, specifications and other information provided by Owner, Owner, Architect or representatives of each. Contractor assumes no risk for unknown or unforeseen conditions not evident from the plans, drawings, specifications or other information provided to Contractor.
- 19. **HAZARDOUS WASTE**
Contractor shall have no obligation to handle (that is, to remove, treat or transport) any substance which is considered hazardous waste or substance under state or federal law ("hazardous waste"). Handling hazardous waste shall be outside the scope of work of this Contract. Title to all hazardous waste shall remain with others and shall not be property of Contractor.
- 20. **SOILS**
Contractor shall have no liability to Owner or any third-party relating to underlying soil conditions. Contractor will not sacrifice the quality or integrity by placing asphalt pavement on base course or subgrade that is unstable or subgrade containing frost, including top lifts or overlays when temperatures do not meet material specifications. Contractor's warranty shall be waived and have no effect should Owner direct or authorize Contractor to pave on unstable subgrade or subgrade containing frost and Owner shall be responsible for any and all resulting damage or required repairs. If Owner requests that the top lift of asphalt be placed at a later date, the cost for all clean up and remobilization is the Owner's responsibility.
- 21. **ENGINEERING SERVICES**
If Contractor provides subcontracted construction stakes and/or subcontracted engineering services, Owner agrees to indemnify and defend Contractor from and against any and all claims, demands, damages, costs or expenses, including attorneys' fees, resulting from or related to these services, including drainage of water as to direction and amount, both during and after performance of the Work. If a soil sterilizer or herbicide is applied by Contractor, it is applied at the request of Owner in an effort to retard weed growth and Contractor makes no representation or guarantee that its use will have the intended effect. Owner shall indemnify, hold harmless, and defend Contractor from and against any and all damages, claims, costs or expenses, including attorneys' fees and costs, resulting from these services. Owner is advised to retain an independent licensed soils engineer for a study of the existing soils in order to recommend a specific pavement design. Contractor may modify the Proposal to include such recommendations.
- 22. **AMERICANS WITH DISABILITIES ACT**
Owner is solely responsible for maintaining the subject property in full compliance with the ADA and agrees to indemnify and hold Contractor harmless from and against any and all liability, claims, damages or expenses, including attorneys' fees, relating in any way to ADA requirements or issues. Contractor recommends that Owner obtain the services of a certified ADA consultant for site evaluations and recommendations as required by Federal and State law. If directed by the Owner to obtain compliance, Owner may make recommendations for such work and additional charges may apply.
- 23. **DISPUTE RESOLUTION**
Final determination of contract compliance and all dispute resolutions shall be handled in the jurisdiction and venue of Maricopa County, Arizona, and be governed by the laws of Arizona.



3030 S. 7TH STREET, PHOENIX, AZ 85040
PHONE: 602.323.2800 | WWW.SUNLANDASPHALT.COM

To:	Mesa Gateway Airport Authority	Contact:	Patrick Oakley
Address:	5835 S Sossaman Rd, Mesa, AZ 85212	Phone:	
		Fax:	
Project Name:	Mesa Gateway Long Term Lot Only	Bid Number:	10120240
Project Location:	5835 S Sossaman Rd, Mesa, AZ	Bid Date:	10/1/2026

Item Description

Crack Seal / Apply MasterSeal Sealer / Pavement Markings

Provide Traffic Control And Barricades During Our Scope Of Work.

Power Clean With High Volume Air As Needed And Seal All Cracks 1/4 Inch And Larger With Crafcro Parking Lot Sealant Crack Sealant. (Alligatored Areas Not Included.)

Power Sweep/clean Asphalt Surface.

Furnish And Apply Two (2) Coats Of MasterSeal Sealer By Spray Application On Approximately 118,459 Square Feet. (Adhesion Or Bonding Of Seal Coat Materials Is Not Warranted In Areas Exposed To Automotive Fluids And/or Other Spills.)

Stripe To Existing Pattern:

Stripe 8 Standard ADA Handicap Stall(s) Using Blue & Yellow Latex Traffic Paint.

Stripe 378 Standard Parking Stall(s) Using White Latex Traffic Paint.

Stripe 2,150 LF Of Cross Hash Markings Using Yellow Latex Traffic Paint.

This Proposal Is Based On Performing The Work In 2 Phase(s).

***All Escorts By Airport.**

***Proposal Is Based On Day Time Work Only.**

Bid Price Subtotal: **\$34,587.89**

Total State, County And City Of Mesa Sales Tax 5.3950%: **\$1,866.02**

Total Bid Price: **\$36,453.91**

Notes:

• **MOHAVE EDUCATIONAL SERVICE CO-OP BID**

CONTRACT NUMBER: 24L-SUN-0319

SPECIAL NOTE:

The terms and conditions of Mohave Educational Services Co-Op Bid, Contract Number 24L-SUN-0319 will prevail over any and all terms and conditions stated in the proposal.

Prices are valid until December 31st, 2026.

- **Material pricing is good through 12-31-2026.**
- **Sunland Asphalt routinely uses recycled material in hot mix asphalt products.**
- **Sunland Asphalt will not be held liable for any underground cables, electrical lines, water lines or any other underground obstruction not locatable or not buried to a depth less than 18" below the existing finished grade.**
- **Sunland is not liable for drainage on projects with less than 1% fall. Due to existing conditions and matching elevations of concrete curbs, buildings and/or asphalt, we may not be able to raise or lower elevations to achieve proper slope to prevent standing water, therefore ponding of water may occur.**
- **Standby time from delays beyond the control of Sunland Asphalt (or its subcontractors) which prohibit the above-mentioned work from being completed as scheduled. (i.e., unmoved vehicles, disregard for Sunland traffic control, sanitation/delivery services, sprinkler runoff, etc.) will be billed at an additional rate of \$750 per hour.**
- **Pricing excludes night/weekend work, permits, fees, bonds, notifications, QC testing, utility adjustment hardware, gate loops, painting bumper blocks, permanent signage, herbicide, removal and disposal of existing fabric underlayment, water source, or survey/staking in price unless noted above. Any pre-existing ADA compliance issues are excluded from contract unless specifically stated in proposal.**
- **This bid assumes all portions of the proposal will be accepted. Line items cannot be accepted individually. If only portions of the proposal are desired, Sunland Asphalt must revisit the proposal and adjust pricing accordingly.**

ACCEPTED:

The above prices, specifications and conditions are satisfactory and are hereby accepted.

Buyer: _____

Signature: _____

Date of Acceptance: _____

CONFIRMED:

Sunland Asphalt & Construction, LLC

Authorized Signature: _____

Project Consultant: Angel Franco
602-540-5374

- **Sunland Asphalt Addendum Terms and Conditions:**

Contractor and Owner hereby accept the terms of the attached Proposal subject to = the terms and conditions set forth in this Addendum. The Proposal and Addendum shall be collectively referred to as the "Contract." This Addendum is attached hereto and incorporated herein by reference. If any of the terms of the Proposal are inconsistent with the terms of this Addendum, then this Addendum shall be controlling and the parties shall be bound by the terms and conditions of this Addendum.

- 1. WORK

Contractor will furnish all necessary labor, materials, and equipment to complete the work specified in the Contract (the "Work"). All surfaces to which material is to be applied shall be in a condition similar to the condition at the time the project was bid. Owner shall specify one representative to represent the Owner who has authority to accept the Work and authorize changes to the Work. Owner shall provide reasonable access to a water supply source. Owner grants Contractor permission to utilize photos and videos of the Work and the project site in the promotion of Contractor's business services.

- 2. PAYMENT

Contractor shall be paid a monthly progress payment within 15 days after receipt of the payment by the Owner for the value of work performed. Final payment, including all retention, shall be due 15 days after the work described in the Proposal is substantially completed. No provision of this agreement shall serve to void the Contractor's entitlement to payment for properly performed work.

- 3. INTEREST AND EXPENSES

All sums not paid when due shall bear an interest rate of 1 1/2% per month or the maximum legal rate permitted by law, whichever is less, and all costs of collection, including a reasonable attorneys' fee, shall be paid by Owner.

- 4. ATTORNEYS' FEES

In the event of litigation regarding the Contract or collection efforts by Contractor, the prevailing party shall be awarded its reasonable attorneys' fees and costs, which shall include all costs that would normally be passed through to the client, specifically but not limited to research charges, travel costs, expert witness costs, copying costs, mailing costs, facsimile costs, hand-delivery costs, Federal Express or Express Mail costs, taxable costs and disbursements.

- 5. CONTINUED PERFORMANCE

Nothing in this Contract shall require the Contractor to continue performance if timely payments are not made to Contractor for suitably performed work.

- 6. BACK CHARGES

No back charges or claim of the Owner for services shall be valid except by an agreement in writing by the Contractor before the work is executed, except in the case of the Contractor's failure to meet any requirement of the Contract. In such event, the Owner shall notify the Contractor of such default, in writing, and allow the Contractor reasonable time to correct any deficiency before incurring any cost chargeable to the Contractor.

- 7. WORK AREAS

Owner is to prepare all work areas so as to be acceptable for Contractor to perform its work under the Contract. Owner shall notify Contractor in advance when the site will be ready for Contractor to perform its work and shall provide Contractor with free and unobstructed access so that the work can be commenced promptly and completed without delay. Contractor will not be called upon to start work until sufficient areas are ready to insure continued work.

- 8. TIME FOR PERFORMANCE

Contractor shall be given a reasonable time in which to commence and complete the performance of the Contract. Contractor provides no assurances as to a complete date since the Work is subject to weather conditions, prior commitments, mechanical failures, and other cause beyond Contractor's control. Contractor shall not be responsible for delays or default where occasioned by any causes of any kind and extent beyond its control, including but not limited to: delay caused by Owner, architect and/or engineers, delays in transportation, shortages of raw materials, civil disorders, labor difficulties, vendor allocations, fires, floods, accident hazardous waste or controlled substances and acts of God. Contractor shall be entitled to equitable adjustment in the contract price for additional costs due to unanticipated project delays or accelerations. Contractor shall not be obligated to provide any labor or materials outside the scope of work unless Owner shall first agree in writing to equitably adjust the contract price to be paid Contractor.

- 9. WORKMANSHIP

All workmanship and materials are guaranteed against defects for a period of one (1) year from the date of substantial completion of installation. This warranty is in lieu of all other warranties, express or implied, including any warranties of merchantability or fitness for a particular purpose. The exclusive remedy shall be that Contractor will replace or repair any part of its work which is found to be defective. Contractor shall not be responsible for special, incidental or consequential damages. Contractor shall not be responsible for damage to its work by other parties or for improper use of equipment by other industry standard practices and will override strict compliance and strict performance. Contractor makes no warranty regarding drainage where the slope provided or allowable is less than two percent (2%). Contractor's warranty does not extend to or cover settlement or cracking of asphalt or pavement due to expansive soils, improperly compacted utility trenches, or for failures caused by the inadequate compaction of the subgrade. Contractor shall not be liable for damage to underground utilities which were improperly installed and/or backfilled.

- 10. WORK HOURS

Work called for herein is to be performed during Contractor's regular working hours as agreed to by the Owner and the Contractor.

- 11. NOTICE

Any notice or written claim required by the Contract to be submitted to the Owner, on account of charges, extras, delays, acceleration, or otherwise, shall be furnished within a time period, and in a manner to permit the Owner to satisfy the requirements of the Contract, notwithstanding any shorter time period otherwise provided.

- 12. LIEN RIGHTS

Nothing in this Contract shall serve to void Contractor's right to file a lien or claim on its behalf in the event that any payment to Contractor is not timely made.

- 13. LABOR

Contractor shall not be bound by any of Owner's labor agreements (in whole or in part).

- 14. LIQUIDATED DAMAGES

The Owner shall make no demand for liquidated damages for delays in any sum in excess of such amounts as may be specifically named in this Contract and no liquidated damages may be assessed against Contractor for more than the amount paid by the Owner for unexcused delays to the event actually caused by the Contractor.

- 15. **SCHEDULE**
Contractor shall submit a schedule to Owner, Owner will review and notify Contractor of any schedule conflict. If Contractor finds it necessary to change his schedule, Owner will give his best effort to meet this change in schedule. Contractor shall not be penalized for non-performance and will be paid for work performed.
- 16. **INSURANCE RESTRICTION**
Notwithstanding any provision to the contrary, Contractor shall maintain the types and limitations on insurance as shown on the attached certificate of insurance. Contractor is not required to waive any claims or rights of subrogation against the Owner or any others for losses and claims covered or paid by Owner's workers compensation or general liability insurance. Acceptance of the Certificate of Insurance constitutes acceptance of the insurance of Contractor, including any additional insured requirements. In addition, Contractor shall not provide completed operations under an additional insured requirement.
- 17. **INDEMNITY, HOLD HARMLESS**
To the fullest extent permitted by law, Contractor agrees to protect, defend, indemnify, and hold harmless Owner from and against all liability, loss, claims, demands, damages, suits, costs, fees, fines, penalties, expenses, and causes of action to the extent caused by Contractor or any of Contractor's employees, agents, representatives, subcontractors, or suppliers. Any indemnification or hold harmless obligation of the Contractor shall extend only to claims resulting to bodily injury and property damage and then only to that part or proportion of any claim damage, loss or defect that results from the negligence or intentional act of Contractor or someone for whom it is responsible. Nothing in this agreement shall require the Contractor to indemnify any other party from any damages including expenses and attorneys' fees to persons or property for any amount exceeding the degree Contractor directly caused such damages. Contractor shall not be responsible for fines or assessments made against Owner and Contractor. Contractor retains all rights of subrogation. Contractor will not indemnify anybody for any actions except for Contractor's own negligence and only in the proportional amount of its negligence.
- 18. **RIGHT TO RELY**
Contractor shall rely on plans, drawings, specifications and other information provided by Owner, Owner, Architect or representatives of each. Contractor assumes no risk for unknown or unforeseen conditions not evident from the plans, drawings, specifications or other information provided to Contractor.
- 19. **HAZARDOUS WASTE**
Contractor shall have no obligation to handle (that is, to remove, treat or transport) any substance which is considered hazardous waste or substance under state or federal law ("hazardous waste"). Handling hazardous waste shall be outside the scope of work of this Contract. Title to all hazardous waste shall remain with others and shall not be property of Contractor.
- 20. **SOILS**
Contractor shall have no liability to Owner or any third-party relating to underlying soil conditions. Contractor will not sacrifice the quality or integrity by placing asphalt pavement on base course or subgrade that is unstable or subgrade containing frost, including top lifts or overlays when temperatures do not meet material specifications. Contractor's warranty shall be waived and have no effect should Owner direct or authorize Contractor to pave on unstable subgrade or subgrade containing frost and Owner shall be responsible for any and all resulting damage or required repairs. If Owner requests that the top lift of asphalt be placed at a later date, the cost for all clean up and remobilization is the Owner's responsibility.
- 21. **ENGINEERING SERVICES**
If Contractor provides subcontracted construction stakes and/or subcontracted engineering services, Owner agrees to indemnify and defend Contractor from and against any and all claims, demands, damages, costs or expenses, including attorneys' fees, resulting from or related to these services, including drainage of water as to direction and amount, both during and after performance of the Work. If a soil sterilizer or herbicide is applied by Contractor, it is applied at the request of Owner in an effort to retard weed growth and Contractor makes no representation or guarantee that its use will have the intended effect. Owner shall indemnify, hold harmless, and defend Contractor from and against any and all damages, claims, costs or expenses, including attorneys' fees and costs, resulting from these services. Owner is advised to retain an independent licensed soils engineer for a study of the existing soils in order to recommend a specific pavement design. Contractor may modify the Proposal to include such recommendations.
- 22. **AMERICANS WITH DISABILITIES ACT**
Owner is solely responsible for maintaining the subject property in full compliance with the ADA and agrees to indemnify and hold Contractor harmless from and against any and all liability, claims, damages or expenses, including attorneys' fees, relating in any way to ADA requirements or issues. Contractor recommends that Owner obtain the services of a certified ADA consultant for site evaluations and recommendations as required by Federal and State law. If directed by the Owner to obtain compliance, Owner may make recommendations for such work and additional charges may apply.
- 23. **DISPUTE RESOLUTION**
Final determination of contract compliance and all dispute resolutions shall be handled in the jurisdiction and venue of Maricopa County, Arizona, and be governed by the laws of Arizona.



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

Board Action Item

Re: Resolution 26-44

To: Board of Directors
From: Margi EvanSon, Director of Operations, Security & Maintenance
Through: Scott Brownlee, Deputy Director/COO
J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Asphalt/Pavement Maintenance and Repairs, Airfield – Sunland Asphalt of Arizona, Inc. – CIP 1323
Date: October 20, 2026

Proposed Motion

To authorize the purchase of airside asphalt repair services with Sunland Asphalt of Arizona, Inc. for an amount not to exceed \$148,016.21.

Narrative

Due to use, age and weather, the condition of the asphalt on Taxiway Bravo shoulders, 12R/30L south end overrun, and North and South RON areas requires maintenance to reduce further deterioration. Increased activity coincides with an increase in deterioration. There continues to be increasing GA and commercial flight activity, including heavy cargo and firefighting aircraft. Periodic asphalt crack-fill and seal coating is necessary to maintain accessibility for users.

The recommended course of action includes crack-fill and seal coat of asphalt surfaces as needed throughout the airport. Authorization of the purchase of airfield asphalt repair services is necessary to reduce FOD, repair deterioration and extend life cycles.

MGAA and Sunland Asphalt of Arizona, Inc. (Sunland) are both participants of the Mohave Educational Service Cooperative (MESC) Purchasing Group. Under MESC, Sunland was awarded Contract #24L-SUN-0319 for asphalt products and services, and it is through this competitive selection that MGAA will utilize Sunland for asphalt services. This contract is available upon request.

Fiscal Impact

The expenses for asphalt and repair services were included in the FY27 Capital budget under CIP 1323.

Attachment(s)

Quotes



RESOLUTION NO. 26-44

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

WHEREAS the Authority desires to authorize the purchase of airside asphalt repair services with Sunland Asphalt of Arizona, Inc. for an amount not to exceed \$148,016.21;

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

The Board of Directors of the Authority hereby authorize the purchase of airside asphalt repair services with Sunland Asphalt of Arizona, Inc. for an amount not to exceed \$148,016.21. 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 20th day of October, 2026.

Mark Freeman, Chair

ATTEST:

APPROVED AS TO FORM:

Misty Johnson, Clerk of the Board

Jill Casson Owen, Attorney



3030 S. 7TH STREET, PHOENIX, AZ 85040
 PHONE: 602.323.2800 | WWW.SUNLANDASPHALT.COM

To:	Mesa Gateway Airport Authority	Contact:	Patrick Oakley
Address:	5835 S Sossaman Rd, Mesa, AZ 85212	Phone:	
		Fax:	
Project Name:	MGAA - R.O.N. 1 & R.O.N. 2	Bid Number:	10122093
Project Location:	6263 S Taxiway Circle, Mesa, AZ	Bid Date:	10/1/2026

Item Description

R.O.N. 1

Crack Seal / Apply MasterSeal Sealer / Pavement Markings

Provide Traffic Control And Barricades During Our Scope Of Work.

Power Clean With High Volume Air As Needed And Seal All Cracks 1/4 Inch And Larger With Crafcro Parking Lot Sealant Crack Sealant. (Alligatored Areas Not Included.)

Power Sweep/clean Asphalt Surface.

Furnish And Apply Two (2) Coats Of MasterSeal Sealer By Spray Application On Approximately 152,820 Square Feet. (Adhesion Or Bonding Of Seal Coat Materials Is Not Warranted In Areas Exposed To Automotive Fluids And/or Other Spills.)

Stripe 3,185 LF Of 4" Wide Line Using Yellow Latex Paint.

This Proposal Is Based On Performing The Work In 2 Phase(s).

***Proposal Is For Day Time Work.**

***All Escorts By Airport.**

***FAA Beads To Be Provided By Client.**

Subtotal for above R.O.N. 1 Items: \$32,972.15

State, County And City Of Mesa Sales Tax 5.3950%: \$1,778.85

Total Price for above R.O.N. 1 Items: \$34,751.00

R.O.N. 2

Crack Seal / Apply PMM Sealer / Pavement Markings

Provide Traffic Control And Barricades During Our Scope Of Work.

Power Clean With High Volume Air As Needed And Seal All Cracks 1/4 Inch And Larger With Crafcro Parking Lot Sealant Crack Sealant. (Alligatored Areas Not Included.)

Power Sweep/clean Asphalt Surface.

Furnish And Apply Two (2) Coats Of PMM Sealer By Spray Application On Approximately 147,758 Square Feet. SealMaster PMM Has 3-5 Lbs. Of Aggregate Per Gallon Blended With 2 Percent Polymer Modified Latex. (Adhesion Or Bonding Of Seal Coat Materials Is Not Warranted In Areas Exposed To Automotive Fluids And/or Other Spills.)

Stripe 2,164 LF Of 4" Wide Line Using Yellow Latex Paint.

This Proposal Is Based On Performing The Work In 2 Phase(s).

***Proposal Is For Day Time Work.**

***All Escorts By Airport.**

***FAA Beads To Be Provided By Client.**

Subtotal for above R.O.N. 2 Items: \$38,829.73

State, County And City Of Mesa Sales Tax 5.3950%: \$2,094.86

Total Price for above R.O.N. 2 Items: \$40,924.59

Bid Price Subtotal: \$71,801.88

Total State, County And City Of Mesa Sales Tax 5.3950%: \$3,873.71

Total Bid Price: \$75,675.59

Notes:

• **MOHAVE EDUCATIONAL SERVICE CO-OP BID**

CONTRACT NUMBER: 24L-SUN-0319

SPECIAL NOTE:

The terms and conditions of Mohave Educational Services Co-Op Bid, Contract Number 24L-SUN-0319 will prevail over any and all terms and conditions stated in the proposal.

Prices are valid until December 31st, 2026.

- **Material pricing is good through 12-31-2026.**
- **Sunland Asphalt routinely uses recycled material in hot mix asphalt products.**
- **Sunland Asphalt will not be held liable for any underground cables, electrical lines, water lines or any other underground obstruction not locatable or not buried to a depth less than 18" below the existing finished grade.**
- **Sunland is not liable for drainage on projects with less than 1% fall. Due to existing conditions and matching elevations of concrete curbs, buildings and/or asphalt, we may not be able to raise or lower elevations to achieve proper slope to prevent standing water, therefore ponding of water may occur.**
- **Standby time from delays beyond the control of Sunland Asphalt (or its subcontractors) which prohibit the above-mentioned work from being completed as scheduled. (i.e., unmoved vehicles, disregard for Sunland traffic control, sanitation/delivery services, sprinkler runoff, etc.) will be billed at an additional rate of \$750 per hour.**
- **Pricing excludes night/weekend work, permits, fees, bonds, notifications, QC testing, utility adjustment hardware, gate loops, painting bumper blocks, permanent signage, herbicide, removal and disposal of existing fabric underlayment, water source, or survey/staking in price unless noted above. Any pre-existing ADA compliance issues are excluded from contract unless specifically stated in proposal.**
- **This bid assumes all portions of the proposal will be accepted. Line items cannot be accepted individually. If only portions of the proposal are desired, Sunland Asphalt must revisit the proposal and adjust pricing accordingly.**

ACCEPTED:

The above prices, specifications and conditions are satisfactory and are hereby accepted.

Buyer: _____

Signature: _____

Date of Acceptance: _____

CONFIRMED:

Sunland Asphalt & Construction, LLC

Authorized Signature: _____

Project Consultant: Angel Franco
602-540-5374

- **Sunland Asphalt Addendum Terms and Conditions:**

Contractor and Owner hereby accept the terms of the attached Proposal subject to = the terms and conditions set forth in this Addendum. The Proposal and Addendum shall be collectively referred to as the "Contract." This Addendum is attached hereto and incorporated herein by reference. If any of the terms of the Proposal are inconsistent with the terms of this Addendum, then this Addendum shall be controlling and the parties shall be bound by the terms and conditions of this Addendum.

- 1. WORK

Contractor will furnish all necessary labor, materials, and equipment to complete the work specified in the Contract (the "Work"). All surfaces to which material is to be applied shall be in a condition similar to the condition at the time the project was bid. Owner shall specify one representative to represent the Owner who has authority to accept the Work and authorize changes to the Work. Owner shall provide reasonable access to a water supply source. Owner grants Contractor permission to utilize photos and videos of the Work and the project site in the promotion of Contractor's business services.

- 2. PAYMENT

Contractor shall be paid a monthly progress payment within 15 days after receipt of the payment by the Owner for the value of work performed. Final payment, including all retention, shall be due 15 days after the work described in the Proposal is substantially completed. No provision of this agreement shall serve to void the Contractor's entitlement to payment for properly performed work.

- 3. INTEREST AND EXPENSES

All sums not paid when due shall bear an interest rate of 1 1/2% per month or the maximum legal rate permitted by law, whichever is less, and all costs of collection, including a reasonable attorneys' fee, shall be paid by Owner.

- 4. ATTORNEYS' FEES

In the event of litigation regarding the Contract or collection efforts by Contractor, the prevailing party shall be awarded its reasonable attorneys' fees and costs, which shall include all costs that would normally be passed through to the client, specifically but not limited to research charges, travel costs, expert witness costs, copying costs, mailing costs, facsimile costs, hand-delivery costs, Federal Express or Express Mail costs, taxable costs and disbursements.

- 5. CONTINUED PERFORMANCE

Nothing in this Contract shall require the Contractor to continue performance if timely payments are not made to Contractor for suitably performed work.

- 6. BACK CHARGES

No back charges or claim of the Owner for services shall be valid except by an agreement in writing by the Contractor before the work is executed, except in the case of the Contractor's failure to meet any requirement of the Contract. In such event, the Owner shall notify the Contractor of such default, in writing, and allow the Contractor reasonable time to correct any deficiency before incurring any cost chargeable to the Contractor.

- 7. WORK AREAS

Owner is to prepare all work areas so as to be acceptable for Contractor to perform its work under the Contract. Owner shall notify Contractor in advance when the site will be ready for Contractor to perform its work and shall provide Contractor with free and unobstructed access so that the work can be commenced promptly and completed without delay. Contractor will not be called upon to start work until sufficient areas are ready to insure continued work.

- 8. TIME FOR PERFORMANCE

Contractor shall be given a reasonable time in which to commence and complete the performance of the Contract. Contractor provides no assurances as to a complete date since the Work is subject to weather conditions, prior commitments, mechanical failures, and other cause beyond Contractor's control. Contractor shall not be responsible for delays or default where occasioned by any causes of any kind and extent beyond its control, including but not limited to: delay caused by Owner, architect and/or engineers, delays in transportation, shortages of raw materials, civil disorders, labor difficulties, vendor allocations, fires, floods, accident hazardous waste or controlled substances and acts of God. Contractor shall be entitled to equitable adjustment in the contract price for additional costs due to unanticipated project delays or accelerations. Contractor shall not be obligated to provide any labor or materials outside the scope of work unless Owner shall first agree in writing to equitably adjust the contract price to be paid Contractor.

- 9. WORKMANSHIP

All workmanship and materials are guaranteed against defects for a period of one (1) year from the date of substantial completion of installation. This warranty is in lieu of all other warranties, express or implied, including any warranties of merchantability or fitness for a particular purpose. The exclusive remedy shall be that Contractor will replace or repair any part of its work which is found to be defective. Contractor shall not be responsible for special, incidental or consequential damages. Contractor shall not be responsible for damage to its work by other parties or for improper use of equipment by other industry standard practices and will override strict compliance and strict performance. Contractor makes no warranty regarding drainage where the slope provided or allowable is less than two percent (2%). Contractor's warranty does not extend to or cover settlement or cracking of asphalt or pavement due to expansive soils, improperly compacted utility trenches, or for failures caused by the inadequate compaction of the subgrade. Contractor shall not be liable for damage to underground utilities which were improperly installed and/or backfilled.

- 10. WORK HOURS

Work called for herein is to be performed during Contractor's regular working hours as agreed to by the Owner and the Contractor.

- 11. NOTICE

Any notice or written claim required by the Contract to be submitted to the Owner, on account of charges, extras, delays, acceleration, or otherwise, shall be furnished within a time period, and in a manner to permit the Owner to satisfy the requirements of the Contract, notwithstanding any shorter time period otherwise provided.

- 12. LIEN RIGHTS

Nothing in this Contract shall serve to void Contractor's right to file a lien or claim on its behalf in the event that any payment to Contractor is not timely made.

- 13. LABOR

Contractor shall not be bound by any of Owner's labor agreements (in whole or in part).

- 14. LIQUIDATED DAMAGES

The Owner shall make no demand for liquidated damages for delays in any sum in excess of such amounts as may be specifically named in this Contract and no liquidated damages may be assessed against Contractor for more than the amount paid by the Owner for unexcused delays to the event actually caused by the Contractor.

- 15. **SCHEDULE**
Contractor shall submit a schedule to Owner, Owner will review and notify Contractor of any schedule conflict. If Contractor finds it necessary to change his schedule, Owner will give his best effort to meet this change in schedule. Contractor shall not be penalized for non-performance and will be paid for work performed.
- 16. **INSURANCE RESTRICTION**
Notwithstanding any provision to the contrary, Contractor shall maintain the types and limitations on insurance as shown on the attached certificate of insurance. Contractor is not required to waive any claims or rights of subrogation against the Owner or any others for losses and claims covered or paid by Owner's workers compensation or general liability insurance. Acceptance of the Certificate of Insurance constitutes acceptance of the insurance of Contractor, including any additional insured requirements. In addition, Contractor shall not provide completed operations under an additional insured requirement.
- 17. **INDEMNITY, HOLD HARMLESS**
To the fullest extent permitted by law, Contractor agrees to protect, defend, indemnify, and hold harmless Owner from and against all liability, loss, claims, demands, damages, suits, costs, fees, fines, penalties, expenses, and causes of action to the extent caused by Contractor or any of Contractor's employees, agents, representatives, subcontractors, or suppliers. Any indemnification or hold harmless obligation of the Contractor shall extend only to claims resulting to bodily injury and property damage and then only to that part or proportion of any claim damage, loss or defect that results from the negligence or intentional act of Contractor or someone for whom it is responsible. Nothing in this agreement shall require the Contractor to indemnify any other party from any damages including expenses and attorneys' fees to persons or property for any amount exceeding the degree Contractor directly caused such damages. Contractor shall not be responsible for fines or assessments made against Owner and Contractor. Contractor retains all rights of subrogation. Contractor will not indemnify anybody for any actions except for Contractor's own negligence and only in the proportional amount of its negligence.
- 18. **RIGHT TO RELY**
Contractor shall rely on plans, drawings, specifications and other information provided by Owner, Owner, Architect or representatives of each. Contractor assumes no risk for unknown or unforeseen conditions not evident from the plans, drawings, specifications or other information provided to Contractor.
- 19. **HAZARDOUS WASTE**
Contractor shall have no obligation to handle (that is, to remove, treat or transport) any substance which is considered hazardous waste or substance under state or federal law ("hazardous waste"). Handling hazardous waste shall be outside the scope of work of this Contract. Title to all hazardous waste shall remain with others and shall not be property of Contractor.
- 20. **SOILS**
Contractor shall have no liability to Owner or any third-party relating to underlying soil conditions. Contractor will not sacrifice the quality or integrity by placing asphalt pavement on base course or subgrade that is unstable or subgrade containing frost, including top lifts or overlays when temperatures do not meet material specifications. Contractor's warranty shall be waived and have no effect should Owner direct or authorize Contractor to pave on unstable subgrade or subgrade containing frost and Owner shall be responsible for any and all resulting damage or required repairs. If Owner requests that the top lift of asphalt be placed at a later date, the cost for all clean up and remobilization is the Owner's responsibility.
- 21. **ENGINEERING SERVICES**
If Contractor provides subcontracted construction stakes and/or subcontracted engineering services, Owner agrees to indemnify and defend Contractor from and against any and all claims, demands, damages, costs or expenses, including attorneys' fees, resulting from or related to these services, including drainage of water as to direction and amount, both during and after performance of the Work. If a soil sterilizer or herbicide is applied by Contractor, it is applied at the request of Owner in an effort to retard weed growth and Contractor makes no representation or guarantee that its use will have the intended effect. Owner shall indemnify, hold harmless, and defend Contractor from and against any and all damages, claims, costs or expenses, including attorneys' fees and costs, resulting from these services. Owner is advised to retain an independent licensed soils engineer for a study of the existing soils in order to recommend a specific pavement design. Contractor may modify the Proposal to include such recommendations.
- 22. **AMERICANS WITH DISABILITIES ACT**
Owner is solely responsible for maintaining the subject property in full compliance with the ADA and agrees to indemnify and hold Contractor harmless from and against any and all liability, claims, damages or expenses, including attorneys' fees, relating in any way to ADA requirements or issues. Contractor recommends that Owner obtain the services of a certified ADA consultant for site evaluations and recommendations as required by Federal and State law. If directed by the Owner to obtain compliance, Owner may make recommendations for such work and additional charges may apply.
- 23. **DISPUTE RESOLUTION**
Final determination of contract compliance and all dispute resolutions shall be handled in the jurisdiction and venue of Maricopa County, Arizona, and be governed by the laws of Arizona.



3030 S. 7TH STREET, PHOENIX, AZ 85040
 PHONE: 602.323.2800 | WWW.SUNLANDASPHALT.COM

To:	Mesa Gateway Airport Authority	Contact:	Patrick Oakley
Address:	5835 S Sossaman Rd, Mesa, AZ 85212	Phone:	
Project Name:	MGAA - Taxiway Bravo Crack Fill- Seal Coat	Fax:	
Project Location:	6263 S Taxiway Circle, Mesa, AZ	Bid Number:	10120928
		Bid Date:	10/1/2026

Item Description	Total Price
------------------	-------------

Mastic Crack Seal \$24,010.19

Provide Traffic Control And Barricades During Our Scope Of Work.
 Power Clean With High Volume Air As Needed And Seal All Cracks 1.5 Inches And Larger With Crafcoc Mastic One Crack Sealant. (Alligatored Areas Not Included.)
 This Proposal Is Based On Performing The Work In 3 Phase(s).

***All Escorts By Airport.**

Apply MasterSeal Sealer / Pavement Markings \$44,627.43

Provide Traffic Control And Barricades During Our Scope Of Work.
 Power Sweep/clean Asphalt Surface.
 Furnish And Apply Two (2) Coats Of MasterSeal Sealer By Spray Application On Approximately 294,260 Square Feet.
 (Adhesion Or Bonding Of Seal Coat Materials Is Not Warranted In Areas Exposed To Automotive Fluids And/or Other Spills.)
 Stripe 1,200 LF Of 36" Wide Line Using Yellow Latex Paint And FFA Beads. (Owner To Supply FAA Beads)
 This Proposal Is Based On Performing The Work In 3 Phase(s).

***All Escorts By Airport.**

***FAA Beads To Be Provided By Client.**

Bid Price Subtotal: \$68,637.62

Total State, County And City Of Mesa Sales Tax 5.3950%: \$3,703.00

Total Bid Price: \$72,340.62

Notes:

• **MOHAVE EDUCATIONAL SERVICE CO-OP BID**

CONTRACT NUMBER: 24L-SUN-0319

SPECIAL NOTE:

The terms and conditions of Mohave Educational Services Co-Op Bid, Contract Number 24L-SUN-0319 will prevail over any and all terms and conditions stated in the proposal.

Prices are valid until December 31st, 2026.

- **Material pricing is good through 12-31-2026.**
- **Sunland Asphalt routinely uses recycled material in hot mix asphalt products.**
- **Sunland Asphalt will not be held liable for any underground cables, electrical lines, water lines or any other underground obstruction not locatable or not buried to a depth less than 18" below the existing finished grade.**
- **Sunland is not liable for drainage on projects with less than 1% fall. Due to existing conditions and matching elevations of concrete curbs, buildings and/or asphalt, we may not be able to raise or lower elevations to achieve proper slope to prevent standing water, therefore ponding of water may occur.**
- **Standby time from delays beyond the control of Sunland Asphalt (or its subcontractors) which prohibit the above-mentioned work from being completed as scheduled. (i.e., unmoved vehicles, disregard for Sunland traffic control, sanitation/delivery services, sprinkler runoff, etc.) will be billed at an additional rate of \$750 per hour.**
- **Pricing excludes night/weekend work, permits, fees, bonds, notifications, QC testing, utility adjustment hardware, gate loops, painting bumper blocks, permanent signage, herbicide, removal and disposal of existing fabric underlayment, water source, or survey/staking in price unless noted above. Any pre-existing ADA compliance issues are excluded from contract unless specifically stated in proposal.**

- **This bid assumes all portions of the proposal will be accepted. Line items cannot be accepted individually. If only portions of the proposal are desired, Sunland Asphalt must revisit the proposal and adjust pricing accordingly.**

ACCEPTED: The above prices, specifications and conditions are satisfactory and are hereby accepted. Buyer: _____ Signature: _____ Date of Acceptance: _____	CONFIRMED: Sunland Asphalt & Construction, LLC Authorized Signature: _____ Project Consultant: Angel Franco 602-540-5374
---	--

- **Sunland Asphalt Addendum Terms and Conditions:**

Contractor and Owner hereby accept the terms of the attached Proposal subject to = the terms and conditions set forth in this Addendum. The Proposal and Addendum shall be collectively referred to as the "Contract." This Addendum is attached hereto and incorporated herein by reference. If any of the terms of the Proposal are inconsistent with the terms of this Addendum, then this Addendum shall be controlling and the parties shall be bound by the terms and conditions of this Addendum.

- 1. WORK

Contractor will furnish all necessary labor, materials, and equipment to complete the work specified in the Contract (the "Work"). All surfaces to which material is to be applied shall be in a condition similar to the condition at the time the project was bid. Owner shall specify one representative to represent the Owner who has authority to accept the Work and authorize changes to the Work. Owner shall provide reasonable access to a water supply source. Owner grants Contractor permission to utilize photos and videos of the Work and the project site in the promotion of Contractor's business services.

- 2. PAYMENT

Contractor shall be paid a monthly progress payment within 15 days after receipt of the payment by the Owner for the value of work performed. Final payment, including all retention, shall be due 15 days after the work described in the Proposal is substantially completed. No provision of this agreement shall serve to void the Contractor's entitlement to payment for properly performed work.

- 3. INTEREST AND EXPENSES

All sums not paid when due shall bear an interest rate of 1 1/2% per month or the maximum legal rate permitted by law, whichever is less, and all costs of collection, including a reasonable attorneys' fee, shall be paid by Owner.

- 4. ATTORNEYS' FEES

In the event of litigation regarding the Contract or collection efforts by Contractor, the prevailing party shall be awarded its reasonable attorneys' fees and costs, which shall include all costs that would normally be passed through to the client, specifically but not limited to research charges, travel costs, expert witness costs, copying costs, mailing costs, facsimile costs, hand-delivery costs, Federal Express or Express Mail costs, taxable costs and disbursements.

- 5. CONTINUED PERFORMANCE

Nothing in this Contract shall require the Contractor to continue performance if timely payments are not made to Contractor for suitably performed work.

- 6. BACK CHARGES

No back charges or claim of the Owner for services shall be valid except by an agreement in writing by the Contractor before the work is executed, except in the case of the Contractor's failure to meet any requirement of the Contract. In such event, the Owner shall notify the Contractor of such default, in writing, and allow the Contractor reasonable time to correct any deficiency before incurring any cost chargeable to the Contractor.

- 7. WORK AREAS

Owner is to prepare all work areas so as to be acceptable for Contractor to perform its work under the Contract. Owner shall notify Contractor in advance when the site will be ready for Contractor to perform its work and shall provide Contractor with free and unobstructed access so that the work can be commenced promptly and completed without delay. Contractor will not be called upon to start work until sufficient areas are ready to insure continued work.

- 8. TIME FOR PERFORMANCE

Contractor shall be given a reasonable time in which to commence and complete the performance of the Contract. Contractor provides no assurances as to a complete date since the Work is subject to weather conditions, prior commitments, mechanical failures, and other cause beyond Contractor's control. Contractor shall not be responsible for delays or default where occasioned by any causes of any kind and extent beyond its control, including but not limited to: delay caused by Owner, architect and/or engineers, delays in transportation, shortages of raw materials, civil disorders, labor difficulties, vendor allocations, fires, floods, accident hazardous waste or controlled substances and acts of God. Contractor shall be entitled to equitable adjustment in the contract price for additional costs due to unanticipated project delays or accelerations. Contractor shall not be obligated to provide any labor or materials outside the scope of work unless Owner shall first agree in writing to equitably adjust the contract price to be paid Contractor.

- 9. WORKMANSHIP

All workmanship and materials are guaranteed against defects for a period of one (1) year from the date of substantial completion of installation. This warranty is in lieu of all other warranties, express or implied, including any warranties of merchantability or fitness for a particular purpose. The exclusive remedy shall be that Contractor will replace or repair any part of its work which is found to be defective. Contractor shall not be responsible for special, incidental or consequential damages. Contractor shall not be responsible for damage to its work by other parties or for improper use of equipment by other industry standard practices and will override strict compliance and strict performance. Contractor makes no warranty regarding drainage where the slope provided or allowable is less than two percent (2%). Contractor's warranty does not extend to or cover settlement or cracking of asphalt or pavement due to expansive soils, improperly compacted utility trenches, or for failures caused by the inadequate compaction of the subgrade. Contractor shall not be liable for damage to underground utilities which were improperly installed and/or backfilled.

- 10. WORK HOURS

Work called for herein is to be performed during Contractor's regular working hours as agreed to by the Owner and the Contractor.

- 11. NOTICE

Any notice or written claim required by the Contract to be submitted to the Owner, on account of charges, extras, delays, acceleration, or otherwise, shall be furnished within a time period, and in a manner to permit the Owner to satisfy the requirements of the Contract, notwithstanding any shorter time period otherwise provided.

- 12. LIEN RIGHTS

Nothing in this Contract shall serve to void Contractor's right to file a lien or claim on its behalf in the event that any payment to Contractor is not timely made.

- 13. LABOR

Contractor shall not be bound by any of Owner's labor agreements (in whole or in part).

- 14. LIQUIDATED DAMAGES

The Owner shall make no demand for liquidated damages for delays in any sum in excess of such amounts as may be specifically named in this Contract and no liquidated damages may be assessed against Contractor for more than the amount paid by the Owner for unexcused delays to the event actually caused by the Contractor.

- 15. **SCHEDULE**
Contractor shall submit a schedule to Owner, Owner will review and notify Contractor of any schedule conflict. If Contractor finds it necessary to change his schedule, Owner will give his best effort to meet this change in schedule. Contractor shall not be penalized for non-performance and will be paid for work performed.
- 16. **INSURANCE RESTRICTION**
Notwithstanding any provision to the contrary, Contractor shall maintain the types and limitations on insurance as shown on the attached certificate of insurance. Contractor is not required to waive any claims or rights of subrogation against the Owner or any others for losses and claims covered or paid by Owner's workers compensation or general liability insurance. Acceptance of the Certificate of Insurance constitutes acceptance of the insurance of Contractor, including any additional insured requirements. In addition, Contractor shall not provide completed operations under an additional insured requirement.
- 17. **INDEMNITY, HOLD HARMLESS**
To the fullest extent permitted by law, Contractor agrees to protect, defend, indemnify, and hold harmless Owner from and against all liability, loss, claims, demands, damages, suits, costs, fees, fines, penalties, expenses, and causes of action to the extent caused by Contractor or any of Contractor's employees, agents, representatives, subcontractors, or suppliers. Any indemnification or hold harmless obligation of the Contractor shall extend only to claims resulting to bodily injury and property damage and then only to that part or proportion of any claim damage, loss or defect that results from the negligence or intentional act of Contractor or someone for whom it is responsible. Nothing in this agreement shall require the Contractor to indemnify any other party from any damages including expenses and attorneys' fees to persons or property for any amount exceeding the degree Contractor directly caused such damages. Contractor shall not be responsible for fines or assessments made against Owner and Contractor. Contractor retains all rights of subrogation. Contractor will not indemnify anybody for any actions except for Contractor's own negligence and only in the proportional amount of its negligence.
- 18. **RIGHT TO RELY**
Contractor shall rely on plans, drawings, specifications and other information provided by Owner, Owner, Architect or representatives of each. Contractor assumes no risk for unknown or unforeseen conditions not evident from the plans, drawings, specifications or other information provided to Contractor.
- 19. **HAZARDOUS WASTE**
Contractor shall have no obligation to handle (that is, to remove, treat or transport) any substance which is considered hazardous waste or substance under state or federal law ("hazardous waste"). Handling hazardous waste shall be outside the scope of work of this Contract. Title to all hazardous waste shall remain with others and shall not be property of Contractor.
- 20. **SOILS**
Contractor shall have no liability to Owner or any third-party relating to underlying soil conditions. Contractor will not sacrifice the quality or integrity by placing asphalt pavement on base course or subgrade that is unstable or subgrade containing frost, including top lifts or overlays when temperatures do not meet material specifications. Contractor's warranty shall be waived and have no effect should Owner direct or authorize Contractor to pave on unstable subgrade or subgrade containing frost and Owner shall be responsible for any and all resulting damage or required repairs. If Owner requests that the top lift of asphalt be placed at a later date, the cost for all clean up and remobilization is the Owner's responsibility.
- 21. **ENGINEERING SERVICES**
If Contractor provides subcontracted construction stakes and/or subcontracted engineering services, Owner agrees to indemnify and defend Contractor from and against any and all claims, demands, damages, costs or expenses, including attorneys' fees, resulting from or related to these services, including drainage of water as to direction and amount, both during and after performance of the Work. If a soil sterilizer or herbicide is applied by Contractor, it is applied at the request of Owner in an effort to retard weed growth and Contractor makes no representation or guarantee that its use will have the intended effect. Owner shall indemnify, hold harmless, and defend Contractor from and against any and all damages, claims, costs or expenses, including attorneys' fees and costs, resulting from these services. Owner is advised to retain an independent licensed soils engineer for a study of the existing soils in order to recommend a specific pavement design. Contractor may modify the Proposal to include such recommendations.
- 22. **AMERICANS WITH DISABILITIES ACT**
Owner is solely responsible for maintaining the subject property in full compliance with the ADA and agrees to indemnify and hold Contractor harmless from and against any and all liability, claims, damages or expenses, including attorneys' fees, relating in any way to ADA requirements or issues. Contractor recommends that Owner obtain the services of a certified ADA consultant for site evaluations and recommendations as required by Federal and State law. If directed by the Owner to obtain compliance, Owner may make recommendations for such work and additional charges may apply.
- 23. **DISPUTE RESOLUTION**
Final determination of contract compliance and all dispute resolutions shall be handled in the jurisdiction and venue of Maricopa County, Arizona, and be governed by the laws of Arizona.



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

Board Action Item

Re: Resolution 26-45

To: Board of Directors
From: Chuck Odom, Chief Financial Officer
Through: J. Brian O'Neill, A.A.E., Executive Director/CEO
Subject: Establish Maximum Job Order Amount for Job Order Contracts
Date: October 20, 2026

Proposed Motion

To establish a maximum amount of \$4,000,000 for individual Job Orders issued under Mesa Gateway Airport Authority Job Order Contracts, pursuant to A.R.S. § 34-605(F)(1).

Narrative

A.R.S. § 34-605(F)(1) provides that the maximum dollar amount of an individual Job Order is \$1,000,000 unless a higher or lower amount is prescribed by the public entity through an action noticed pursuant to Title 38, Chapter 3, Article 3.1, or by a rule adopted by the public entity.

MGAA's Procurement Policy requires construction procurements to comply with applicable provisions of A.R.S. Title 34. A.R.S. § 34-604 authorizes a public entity to procure multiple Job Order Contracting (JOC) construction services contracts through a single procurement.

Establishing a \$4,000,000 maximum individual Job Order amount will allow MGAA to issue Job Orders under its JOC contracts for projects with values up to that amount, subject to all applicable procurement, contract, budget, and Board approval requirements.

Fiscal Impact

N/A

Attachment(s): N/A



RESOLUTION NO. 26-45

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

WHEREAS the Authority desires to establishes a maximum amount of \$4,000,000 for individual Job Orders issued under Mesa Gateway Airport Authority Job Order Contracts, pursuant to A.R.S. § 34-605(F)(1);

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

The Board of Directors of the Authority hereby establish a maximum amount of \$4,000,000 for individual Job Orders issued under Mesa Gateway Airport Authority Job Order Contracts, pursuant to A.R.S. § 34-605(F)(1).

Passed and adopted by the Authority this 20th day of October, 2026.

Mark Freeman, Chair

ATTEST:

APPROVED AS TO FORM:

Misty Johnson, Clerk of the Board

Jill Casson Owen, Attorney



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

Board Action Item

Re: Resolution 26-46

To: Board of Directors
From: Scott Butler, Mesa City Manager
Through: Jill Casson Owen, Snell & Wilmer
Subject: Employment Contract Amendment – Executive Director
Date: October 20, 2026

Proposed Motion

To approve a twelfth amendment to the Executive Director's employment agreement effective October 1, 2026.

Narrative

The Board of Directors has approved annual and unscheduled employment contract adjustments with Mr. J. Brian O'Neill since he assumed the position of MGAA Executive Director in 2016. The twelfth amendment to Mr. O'Neill's Employment Agreement provides for (i) a five percent (5%) pay increase received by all eligible MGAA employees, and (ii) a modified contribution to his existing 457 deferred compensation account for a total contribution of \$35,750 (\$2,979.16 monthly), with both changes effective October 1, 2026. There are no other changes to the Agreement.



RESOLUTION NO. 26-46

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

WHEREAS the Authority desires to approve a twelfth amendment to the Executive Director’s employment agreement effective October 1, 2026;

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 twelfth amendment to the Executive Director’s employment agreement effective October 1, 2026. This resolution also authorizes the Chair to execute such agreement, with insertions, deletions, and changes as may be approved by the Chair, necessary to carry out the purposes and intent of this Resolution.

Passed and adopted by the Authority this 20th day of October, 2026.

Mark Freeman, Chair

ATTEST:

APPROVED AS TO FORM:

Misty Johnson, Clerk of the Board

Jill Casson Owen, Attorney



Mesa Gateway Airport Authority **Executive Director** **Annual Performance Review**



Fiscal Year
2026

Mesa Gateway Airport Authority

Operational Performance Metrics

(FY24 – FY26)

PERFORMANCE METRIC	FY24	FY25	FY26 <i>(preliminary)</i>	% 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 indicates New Fiscal Year Record

Fiscal Year 2026 (FY26) was an extremely successful year for Mesa Gateway Airport Authority (MGAA, Authority). As shown on the previous page, MGAA set many new operational and financial records during the past fiscal year.

The MGAA Board of Directors, representing the five Member Communities – Mesa, Gila River Indian Community, Apache Junction, Gilbert, and Queen Creek - has identified and reaffirmed **seven strategic organizational goals** as operational cornerstones of the Authority. The seven goals below guide facility and infrastructure development, shape administrative decisions, and optimize the operation of Mesa Gateway Airport (Gateway Airport, Airport).

STRATEGIC GOAL #1: INCREASE AIR SERVICE

STRATEGIC GOAL #2: MAINTAIN A HIGH LEVEL OF COMMUNITY SUPPORT

STRATEGIC GOAL #3: STRENGTHEN FINANCIAL SUSTAINABILITY

STRATEGIC GOAL #4: INVEST IN PEOPLE AND OPERATIONAL ASSETS

STRATEGIC GOAL #5: ATTRACT COMMERCIAL DEVELOPMENT

STRATEGIC GOAL #6: PLAN, BUILD & MAINTAIN INFRASTRUCTURE

STRATEGIC GOAL #7: PROMOTE REGIONAL TOURISM

Gateway Airport remains the envy of airports across the country, boasting of record-setting commercial passenger service and millions of square feet in private aviation, commercial, and industrial development.

As MGAA Executive Director/CEO, I am responsible for ensuring the safe, secure, customer-focused, environmentally friendly, and financially sustainable operation of the Airport. My management philosophy is to recruit the best candidates, train them to successfully perform their unique duties, and provide them with a supportive and positive work environment.

Each year, my team of talented and dedicated subject matter experts and I strive to effectively communicate, and work cooperatively, with the MGAA Board of Directors, Gateway Senior Staff, and representatives from our Member Communities; federal, state, and local partners; and other important stakeholder groups to improve Gateway Airport and maximizes its economic contribution to the greater Phoenix region.

The information that follows is intended to highlight many of MGAA's accomplishments during FY26 and how they align with established organizational goals.

STRATEGIC GOAL #1: INCREASE AIR SERVICE

Airports are major economic engines for the regions they serve, creating jobs, facilitating commerce, and connecting products and people to the global marketplace. MGAA has a strategic air service development program that offers a competitive incentive package, and in specific eligible cases, revenue guarantees for new air service. The program is designed to encourage existing and potential airlines to add new nonstop destinations and/or additional frequency to popular underserved destinations.

MGAA is also increasing an emphasis on attracting domestic and international air cargo airlines, based and itinerant corporate jet aircraft, and transient military training operations.

FY26 Accomplishments and Activities:

- Record-setting commercial passenger activity
- Second highest annual air cargo activity
- MGAA staff attended several air service conferences and airline headquarter visits, NBAA-BACE, NBAA-Schedulers and Dispatchers, MRO Americas, and Mission Readiness Airlift (MRA) events
- Continued airline recruitment efforts, meeting with Southwest, JetBlue, Breeze, Allegiant, Avelo, United, and Frontier during the year
- Allegiant started three new nonstop destinations - Orange County, CA; La Crosse, WI, and Bloomington-Normal, IL

STRATEGIC GOAL #2: MAINTAIN A HIGH LEVEL OF COMMUNITY SUPPORT

Airports can be good neighbors. Honesty, education, and communication are critical components of long-term, successful community relationships. Gateway Airport continues to work closely with public officials, neighborhood representatives, and business leaders from adjacent communities as we plan for future growth. MGAA has strengthened community outreach efforts and increased initiatives to promote the effective dissemination of Airport information and two-way communication.

FY26 Accomplishments and Activities:

- Expanded community outreach, social media programming, Airport tours, participation on regional boards and committees, and increased investment in community, civic, and business sponsorships
- Provided Airport update presentations to several governing bodies across greater Phoenix
- Participated in FAA's PHX Modernization Project, protecting the airspace and neighborhoods adjacent to the Airport
- Maintained strategic partnerships with Airport tenants, ASU, and CGCC
- Worked with local developers and adjacent communities to highlight and reinforce the importance of compatible land uses on and around Gateway Airport
- Highlighted economic contributions of Airport-related activities to the regional economy
 - High-wage job creation and employee training programs
 - Local expenditures and tax collection
 - Visitor spending on lodging, ground transportation, food & beverage, retail purchases, entertainment, and outdoor activities
- Hosted successful Second Annual Airport Business Executives Breakfast

STRATEGIC GOAL #3: STRENGTHEN FINANCIAL SUSTAINABILITY

Gateway Airport is a thriving and operationally self-sufficient regional airport and 3,000-acre economic development project. The Airport benefits by developing and diversifying aeronautical and non-aeronautical revenue streams. Robust fiscal controls help support revenue planning and operational cost efficiencies for the Airport's ongoing and future operations. Member contributions and various federal and state grants for capital replacement and capital improvement projects help ensure long-term financial sustainability.

FY26 Accomplishments and Activities:

- **Record-setting financial performance**
- **Clean FY26 independent financial audit**
- **Increased both aeronautical and non-aeronautical revenue sources**
- **Continued to control operational expenditures**
- **Pursued all available State and Federal grant opportunities**

STRATEGIC GOAL #4: INVEST IN PEOPLE AND OPERATIONAL ASSETS

Human resources are one of an organization's most important and valuable assets. Maximizing Gateway Airport's economic contribution to the region depends on MGAA's ability to attract and retain a high quality, motivated, and skilled workforce. MGAA is committed to maintaining a positive work environment that offers a competitive compensation package, provides opportunities for career advancement, and makes all employees feel valued and respected.

FY26 Accomplishments and Activities:

- **Supported numerous MGAA staff development and training opportunities including specialized annual conferences, web-based initiatives, and online educational classes**
- **Several MGAA staff members participated in the American Association of Airport Executives (AAAE) Certified Member (CM) and Accredited Airport Executive (AAE) Programs**
- **Invested in equipment and IT infrastructure designed to improve employee performance and satisfaction, efficiency, and production**
- **Enhanced Employee Recognition Program**
- **Expanded MGAA Employee Engagement Committee and Wellness Committee activities**

STRATEGIC GOAL #5: ATTRACT COMMERCIAL DEVELOPMENT

Airports with a significant amount of available land can benefit financially by strategically marketing aeronautical and non-aeronautical development opportunities. The expansion of commercial and industrial development on Gateway Airport property helps facilitate high-wage jobs and new opportunities for the Airport and the greater Phoenix region.

In FY26, MGAA continued to attract, encourage, and facilitate both public and private investment on and around Gateway Airport.

FY26 Accomplishments and Activities:

- Continued to support and promote ongoing development of SkyBridge Arizona, Gateway East, AmpliFLY, Gateway Commerce Center III, and FlightSafety International
 - Welcomed first tenant in Gateway Commerce Center III
 - Broke ground on SpringHill Suites by Marriott Hotel
 - Broke ground on a dual-brand Wyndham Hotel
 - Broke ground on FlightSafety International learning center
 - Held ribbon-cutting event for XNRGY Climate Systems manufacturing facility
- Aviation industry leader Garmin purchased hangar/office complex for flight testing and research and development operations
- UND Aerospace Foundation purchased additional hangar at south end of airfield
- Marketed both aeronautical and non-aeronautical development opportunities to national and international companies through trade shows and the MGAA Business Development Office website
- Strategically recruited specific, targeted companies and strengthened relationships with site selectors and commercial developers across the globe
- Promoted the many benefits of developing within a Military Reuse Zone and designated Foreign Trade Zone
- Worked with regional utilities to ensure sufficient infrastructure to meet Gateway Airport's future growth needs

STRATEGIC GOAL #6: PLAN, BUILD & MAINTAIN INFRASTRUCTURE

Easy access, efficient operations, ample capacity, and overall convenience are important tenets of successful infrastructure planning. Mesa Gateway Airport continues to work closely with federal, state, and local officials, neighboring communities, and adjacent landowners to develop infrastructure that not only supports long-term growth at the Airport, but sustainable long-term growth across the entire region.

FY26 Accomplishments and Activities:

- Continued reconstruction work on Runway 12R-30L (Phase II) and Taxiway Golf Realignment (Phase I)
- Maintained and improved Airport facilities and infrastructure
- Achieved exceptional FY26 FAA Part 139 Certification Inspection
- Installed and implemented new Common Use Passenger Processing System (CUPPS) in commercial passenger terminal
- Progressed new \$44MM TSA Checked Baggage Inspection System (CBIS) facility adjacent to the commercial passenger terminal
- Completed airfield electrical upgrades
- Participated in regional transportation planning initiatives
- Designed additional 200 covered parking spaces in Ray Road Economy Parking Lot

STRATEGIC GOAL #7: PROMOTE REGIONAL TOURISM

Tourism is an extremely important industry for the State of Arizona and, more locally, the Phoenix East Valley. Each year, Gateway Airport welcomes a growing number of air travelers to the region. These sun-seeking tourists, road-weary business travelers, and visitors excited to reunite with family and/or friends spend hundreds of millions of dollars each year on lodging, food/beverage, transportation, entertainment, outdoor activities, and retail purchases during their stay in Arizona.

The Airport continues to strengthen relationships and partnerships with its member governments and key industry stakeholders like the Arizona Office of Tourism, Arizona Lodging and Tourism Association, Visit Mesa, and local chambers of commerce to help effectively promote and support tourism efforts in the Phoenix East Valley, greater Phoenix region, and entire State of Arizona.

FY26 Accomplishments and Activities:

- **Redesigned MGAA's three websites and expanded social media programming that highlights the nation-leading tourism opportunities in Arizona**
- **Expanded A.V.I.A.T.O.R. Terminal Volunteer Program and Therapy Dog Program**
- **Worked with regional tourism partners to promote Arizona as a leading tourism destination**
- **Participated in marketing, advertising, and promotional campaigns designed to increase awareness about using Gateway Airport when planning a trip to the Valley of the Sun**

RANDOM SUCCESSES, ACCOMPLISHMENTS, AND RECOGNITION

- **Successfully completed Annual TSA Security Inspection**
- **Hosted Acting Director of Airports Division Western-Pacific Region for the FAA and Deputy Associate Administrator for the FAA for Airport tours**
- **Mesa Gateway Airport was one of two airports nationwide selected to participate in FAA air traffic control tower staffing conversion program**
- **Mesa Gateway Airport was selected as one of 13 airports nationwide to launch the Gateside by TSA PreCheck Program**



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

Management Information Report

To: Board of Directors
From: Chuck Odom, Chief Financial Officer
Through: J. Brian O'Neill, A.A.E., Executive Director/CEO
Re: August 2026 Financials
Date: October 20, 2026

Attached is the monthly Financials Report for August 2026.

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

	Month of August 2026				Y-T-D as of August 2026			
	August FY26 Actual	August FY27 Actual	YOY Variance	B/(W)	YTD FY26 Actual	YTD FY27 Actual	Y-T-D Variance	B/(W)
Aeronautical Operating Revenues								
Aircraft Parking	35,069	55,685	20,616	59%	75,682	110,369	34,687	46%
Fuel Flowage Fees	67,544	54,896	(12,648)	-19%	131,752	116,974	(14,778)	-11%
Landing Fees	156,651	134,208	(22,443)	-14%	330,312	310,704	(19,608)	-6%
Lease Income Aero	393,422	343,885	(49,538)	-13%	907,734	811,484	(96,250)	-11%
Fuel Sales	1,074,297	1,665,051	590,754	55%	2,321,537	3,379,097	1,057,560	46%
Services Sold - Aero	470,284	335,471	(134,813)	-29%	945,833	776,495	(169,338)	-18%
Sub-total Aero Operating Revenues	2,197,267	2,589,195	391,928	18%	4,712,850	5,505,123	792,273	17%
Non-Aeronautical Operating Revenues								
Concessions	104,391	124,523	20,131	19%	232,026	235,890	3,864	2%
Lease Income Non-Aero	114,723	225,707	110,984	97%	250,211	394,444	144,233	58%
Parking	498,662	537,962	39,300	8%	1,179,768	1,294,207	114,439	10%
Rental Car Fees	133,522	238,950	105,428	79%	310,332	482,743	172,411	56%
Svc's Sold - Non Aero	14,820	1,364	(13,456)	-91%	35,025	2,723	(32,302)	-92%
Sub-total Non-Aero Operating Revenues	866,118	1,128,506	262,388	30%	2,007,362	2,410,007	402,645	20%
Total Operating Revenues	3,063,385	3,717,702	654,317	21%	6,720,212	7,915,130	1,194,918	18%
Operating Expenses								
Cost of Goods Sold	806,097	1,391,197	(585,100)	-73%	1,701,332	2,785,724	(1,084,392)	-64%
Personnel	883,147	994,935	(111,788)	-13%	1,755,260	1,854,982	(99,722)	-6%
Comm & Utilities	139,120	145,667	(6,547)	-5%	280,113	285,481	(5,368)	-2%
Contractual Services	673,356	666,397	6,959	1%	1,307,836	1,334,350	(26,514)	-2%
Insurance	52,724	53,374	(650)	-1%	100,255	106,329	(6,074)	-6%
Other	30,520	11,732	18,788	62%	70,567	46,007	24,560	35%
Repair & Maintenance	48,463	59,743	(11,280)	-23%	104,640	132,051	(27,411)	-26%
Supplies & Materials	73,674	95,692	(22,018)	-30%	154,399	185,488	(31,089)	-20%
Air Service Incentives [2,000,000]	-	-	-	0%	-	-	-	0%
Operating Contingency [4,060,263]	-	-	-	0%	-	-	-	0%
Total Operating Expenses	2,707,101	3,418,737	(711,636)	-26%	5,474,402	6,730,412	(1,256,010)	-23%
Operating Income (Loss) Before Depreciation	356,284	298,965	(57,319)	-16%	1,245,810	1,184,718	(61,092)	-5%
	11.6%	8.0%			18.5%	15.0%		
Depreciation		1,461,024				2,922,283		



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: Solicitation Notification
Date: October 20, 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
Request for Proposals	2027-003-RFP	TSA HVAC Repair & Replace Phase 2	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	October 2026	January 2027

Equipment Disposals

Fiscal year totals from sales of decommissioned / nonworking equipment total \$27,525.

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