



**MINUTES OF THE
PHOENIX-MESA GATEWAY AIRPORT AUTHORITY**

BOARD MEETING

October 19, 2009

AIRPORT AUTHORITY BOARD MEMBERS

Mayor Art Sanders, Queen Creek
Councilwoman Thelda Williams, Phoenix
Mayor John Lewis, Gilbert
Lt. Governor Joseph Manuel, Gila River Indian Community **
Mayor Scott Smith, Mesa

*** neither present nor represented*

GUESTS PRESENT

Roc Arnett, East Valley Partnership	Kathy MacDonald, City of Mesa
Chris Brady, City of Mesa	Floyd Moore, Valle del Oro
Matt Busby, City of Apache Junction	George Pettit, Town of Gilbert
Scott Butler, City of Mesa	Richard Reese, Hensel Phelps Construction Co.
Jeffrey Carr, Air Force Research Lab	Christopher Schmaltz, Gust Rosenfeld
Tamie Fisher, Phoenix Aviation	John Schroeder, Chandler-Gilbert Community College
Jim Geil, Gust Rosenfeld	Councilmember John Sentz, Town of Gilbert
Ken Halverson, KMH Holdings	Peter Sterling, Sterling Alliance
Dr. Keith Hjelmstad, ASU Polytechnic	Art Thomason, Arizona Republic
Robert Kubiciel, RKA	Bruce Tinsley, Access & Egress
Johannes Kurz, Gateway Ambassador	Ken Wangler, Access & Egress

AIRPORT STAFF PRESENT

Casey Denny, Deputy Director
Doug Drown, Manager, Budget & Financial Planning
Gretchen Hawkins, Executive Assistant/Clerk to the Board of Directors
Lynn Kusy, Executive Director
Bill Mitchell, Director, Operations & Maintenance
Patrick Oakley, Community Relations Coordinator

CALL TO ORDER

The meeting was called to order by Chair Sanders at 8:59 a.m.

AWARDS, GUEST INTRODUCTIONS, AND ANNOUNCEMENTS

Airport Executive Director Lynn Kusy recognized staff members as follows: Patrick Oakley, Community Relations Coordinator, for 10 years of service and Doug Drown, Manager, Budget & Financial Planning, for 15 years of service. Cami Gange, Support Specialist, who was not able to attend the meeting, will receive a 15-year service award.

Mr. Kusy announced that the Airport's Public Information Officer, Brian Sexton, got married this month.

COMMENTS FROM THE PUBLIC

There were no comments from the public.

PROGRESS REPORTS

- ASU Polytechnic – Dr. Keith Hjelmstad reported that enrollment at ASU Polytechnic is steady, although has had a slight drop due to programs being moved to the downtown campus. Backus Mall is nearly complete, construction is moving forward on a new residence hall, and construction on a 427-seat auditorium is in progress. The Microelectronics Teaching Factory has been working on “proteins on a chip.” ASU's new state-of-the-art air traffic control laboratory will open this fall. Dr. Hjelmstad announced that ASU has the most innovative engineering program in the United States. The recent academic reorganization has allowed new opportunities for students and teachers. He said staff is looking forward to a good year “with strong forward movement.”
- Chandler-Gilbert Community College (CGCC) – Mr. John Schroeder reported that spring enrollment appears to be a strong semester. CGCC hosted representatives from the Department of Education. Their reaction to CGCC and ASU growth and development was very positive. The College will go to their governing board next month for final approval to build Bridget Hall.

EXECUTIVE DIRECTOR'S REPORT - Review of Monthly Staff Reports and Updates on: Staffing ♦ Construction ♦ Commercial Service ♦ Finance ♦ \$8.9 Million FAA Grant ♦ USGS/Worldwide Ground Handling - Lynn Kusy, Executive Director

Mr. Kusy provided highlights from the monthly staff report as follows:

- FAA Part 139 compliance audit was completed by the FAA with no discrepancies noted. This is the 12th annual inspection with a perfect score.
- Parking lot occupancy peaked on August 7 with a 95% occupancy rate.
- We handled 40,488 passengers in August and over 34,000 in September.
- Allegiant is now serving 20 cities. Five new destinations are: Grand Island, NE; Grand Forks, ND; Grand Rapids, MI; Pasco, WA; and Wichita, KS.
- Gateway received an FAA grant of \$8.9 million for terminal expansion. The building is in design and will be ready for Board consideration in the next few months.
- Allegiant is bringing in Worldwide Ground Handling.
- TSA will install a second screening line in the terminal which should be operational in November.
- Delstar is constructing a new food and beverage facility to be operational by November 1.
- Our staff reorganization is complete. Bill Mitchell is now a director with new responsibilities.
- Staff has begun work on FY2011 budgets. We will be tracking expenses by department and cost center in the future.

- Fuel sales are up about 35% due to Allegiant Air. Contract and government fuel sales are down 25% each.
- Building vacancy rate remains at 40%.
- Cessna is installing their 26,000-gallon fuel tank to be operational in November.

CONSENT AGENDA - Consideration and Possible Approval of:

Minutes of Board Meeting held on September 14, 2009.

Resolution No. 09-39 – Authorizing a Custodial Contract with **ISS Facility Services** Commencing November 1, 2009 in the Amount of \$43,154.

Resolution No. 09-40 – Authorizing a Three-Year Concession Lease Agreement with **National Vending, LLC** to Operate a Concession in the Airport Passenger Terminal beginning November 1, 2009 and Payable Monthly at the Greater of \$363 or 20 Percent of Gross Revenues.

Resolution No. 09-44 – Authorizing **Willis of Arizona, Inc.**, to Purchase Insurance from Various Vendors for Plan Year January 1 through December 31, 2010, at an Estimated Annual Cost of \$899,011.

Councilwoman Williams moved to approve the Consent Agenda. Mayor Lewis seconded the motion. The motion carried unanimously.

Mayor Sanders opened the Public Hearing regarding the proposed issuance and sale of Special Facility Revenue Bond.

Public Hearing – Receive Public Comments on the Proposed Issuance and Sale of the Authority’s Special Facility Revenue Bond (Embraer Project) Series 2009, in the Aggregate Principal Amount of Not to Exceed \$6,460,000 to Reimburse Embraer Aircraft Holding, Inc. for a Portion of the Costs and Planning, Designing, Constructing, and Equipping an Authority-owned Aircraft Maintenance and Repair Facility at the Airport in Mesa, Arizona Operated by Embraer Executive Jet Services, LLC.

There were no public comments. The Chair closed the public hearing.

CONSIDERATION AND POSSIBLE APPROVAL OF

Resolution No. 09-43 – Consider, and if Deemed Advisable, Adopt a Resolution Authorizing the Issuance and Sale of the Airport’s **Special Facility Revenue Bond (Embraer Project), Series 2009** in the Aggregate Principal Amount of Not to Exceed \$6,460,000 to Reimburse Embraer Aircraft Holding, Inc. for a Portion of the Costs of Planning, Designing, Constructing, and Equipping an Authority-owned Aircraft Maintenance and Repair Facility at the Airport in Mesa, Arizona Operated by Embraer Executive Jet Services, LLC.

Mr. Kusy introduced Chris Schmaltz from Gust Rosenfeld. Mr. Schmaltz explained that Resolution 09-43 is related to provisions in the Embraer lease regarding financing of their facility. Mr. Schmaltz said the Airport went to the State to pursue a loan first, but funds were not available to the Airport Authority. The Airport Authority can assist Embraer obtain financing using a revenue bond process. In 2008, the Airport Authority adopted a reimbursement resolution to allow us to issue these bonds. Mr. Schmaltz emphasized that the bonds will be payable solely from Embraer’s rental payments on the facility.

Councilwoman Williams moved to approve Resolution No. 09-43. Mayor Lewis seconded the motion. The motion carried unanimously.

Resolution No. 09-42 – Authorizing a One-Year Contract with **Ampco System Parking** for Parking Lot Management and Shuttle Services Effective November 1, 2009 at an Estimated Cost of \$60,000.

Mr. Kusy noted that our existing parking lot is at capacity. He said staff expects a need for 1,600 additional spaces for this holiday season. Casey Denny reported that staff has planned for expansion of the parking lot and put funds into the capital budget to complete this project. An area near the control tower was selected for the parking lot. After issuing a request for proposals, Ampco System Parking was selected. The remote parking lot will be open only when needed, and shut down when demand is reduced.

Mayor Lewis inquired about parking strategy. Mr. Kusy said customers pay \$5 per day for all parking spots. Mr. Denny reported that the Airport will break even on the remote parking lot - - this lot will not be a large revenue generator. He added that in the future, we would expect to charge more for closer spots, and charge less for the remote lot. Mr. Denny said that we are evaluating our fee structure now for next year's budget process.

Mayor Smith commented that he appreciates the parking dilemma and hopes that we “. . . remember the foundation of our success.” He said, “We are successful because of who we are right now.” The temptation is to treat parking as a revenue producer. He said he believes this is counter productive to where we are and what we want to do. We offer a simplicity that is in our tag line that people appreciate. He said, “As we look at our long-term parking plans, I hope we remember that it's okay to break even” and “keep it simple – this is what has made us successful.”

Mr. Kusy added that staff wants to ensure the Airport is inexpensive, *just plane easy*, and that we maintain a cost advantage.

Mayor Smith moved to approve Resolution No. 09-42. Councilwoman Williams seconded the motion. The motion carried unanimously.

Resolution No. 09-45 - Authorizing a Contract to Purchase Remote Parking Lot Security Fencing from **Empire Fence** for an Amount Not to Exceed \$41,753.77.

Councilwoman Williams moved to approve Resolution No. 09-45. Mayor Lewis seconded the motion. The motion carried unanimously.

Resolution No. 09-48 – Approving Authorization of Services No. 1001 with **Kimley-Horn and Associates, Inc.** for Engineering Design and Administrative Services for the Apron Expansion Phase III at a Total Cost Not to Exceed \$168,826.

Mr. Kusy reported that in order to be ready for the possibility of obtaining last-minute funding from the FAA, staff continues to have projects “on the shelf.” He said that although the project is not funded, he said he expects it to be funded in the near future. This resolution is for engineering design for apron expansion.

Mayor Smith asked which parking facilities are eligible for base closure funding. Mr. Kusy responded that we are in design of a permanent parking facility which is expected to be funded next summer under the Military Airports Program.

Councilwoman Williams moved to approve Resolution No. 09-48. Mayor Lewis seconded the motion. The motion carried unanimously.

BOARD MEMBER COMMENTS

There were no comments from members of the Board.

NEXT MEETING

Monday, November 16, 2009 – 9:00 am

ADJOURN

The meeting adjourned at 9:32 am.