
**TUCSON AIRPORT AUTHORITY | Board of Directors Special Meeting
January 11, 2021 | 1:00 p.m. | Remote Meeting**

THIS COUNCIL MEETING WAS A REMOTE PARTICIPATION ONLY MEETING. COUNCIL MEMBERS PARTICIPATED VIA WEBEX AND THE PUBLIC WAS PROVIDED WITH A LINK AND PHONE NUMBER/CODE WHICH THEY WERE ABLE TO JOIN THE MEETING VIA WEBEX.

CALL TO ORDER | ROLL CALL

Chairperson Villicana called the meeting to order at 1:02 p.m.

Members Present: Chairperson Taunya Villicana, Vice Chair Bruce Dusenberry, Secretary Rob Draper, Treasurer Bill Assenmacher, Director Keri Silvyn, Director Phil Swaim, Director Mike Hammond, and Ex-officio Member Lisa Lovallo

Members Absent: Director Judy Rich

Others Present: Corporate Governance Council Chair Michael Duran

Staff Present: President and CEO Danette Bewley, Vice President and General Counsel Christopher Schmaltz, Vice President and Chief Financial Officer Dick Gruentzel, Vice President and Chief Operating Officer Bruce Goetz, Vice President of Planning and Engineering Mike Smejkal, Vice President and Chief Commercial Officer John Voorhees, and TAA Clerk Byron Jones

PRESIDENT AND CEO REPORT

1. One-time Essential Critical Infrastructure Worker Hazard Pay

Essential Critical Infrastructure Workers—those employees whose jobs require them to be at the airport each day—are the core group that keep the airport functioning, especially during the height of the COVID-19 pandemic. This group includes 121 full-time employees, 41 public-safety employees, and 15 part-time employees. Although there were some operational challenges due to staffing shortages caused by the pandemic, these employees continued to perform at a high level, ensuring that the airport always remained open. To recognize this, the Executive Team proposed paying these employees a one-time hazard payout of \$500. The payout is plussed up to compensate for the various payroll taxes to ensure the individual receives the full net of approximately \$500. The fiscal impact to the TAA would be approximately \$137,000. The Executive Team believes it is important to demonstrate to employees that their work is appreciated and to encourage workforce retention as we start the new year.

Ex-officio Lisa Lovallo joined the meeting at 1:04 p.m.

BOARD DISCUSSION

- **How does this tie in with the budget?** Bewley explained that there are a significant number of positions on hold, and there are vacancies in our forecast model. If everything remains as forecast, there will be a favorable variance of approximately \$211,000. This estimate could shift somewhat, but the budget is being and will continue to be tracked very closely. This variance also includes the \$137,000 figure for the one-time hazard payout.
- **Several board members expressed support for the initiative, stating it is a good investment in the workforce and well thought out by staff.**

BUSINESS

2. The Board of Directors will consider and may adopt Resolution No. 2021-01 adopting amendments to the Bylaws of the Tucson Airport Authority related to Emeritus Members, the annual nominating period, and membership categories.

Corporate Governance Council Chair Michael Duran explained that the issue of what to do when an elected official or senior government administrator is nominated for TAA membership has been an ongoing discussion for several years; however, this issue came to the forefront due to the nominations this year of Tucson Mayor Regina Romero and Pima County Economic Development Director Dr. John Moffatt.

The issue was discussed at length during the Nominating Council meeting on November 16, 2020, and part of the motion nominating the Mayor and Dr. Moffatt was a recommendation that the Corporate Governance Council and the Board of Directors consider amending the TAA bylaws to create an opportunity for elected officials and senior government administrators to become TAA members, but to eliminate potential conflicts of interest, they would be unable to serve on the Board of Directors.

The Corporate Governance Council took the suggestion a step further and suggested the creation of a special membership category for these individuals, whether they are already elected when they are nominated or become elected during their membership term. The same would apply to senior government officials while they are employed with a government entity. The Council felt it was important not only to recognize the current nominees, but also to create a forum for elected officials from other jurisdictions within the airport's service area to provide input and guidance, and possibly to meet with the Board regularly to discuss matters of mutual concern.

What the Board has in front of it would be a first step towards a comprehensive review of the bylaws that would modernize them and bring them up to date with how the TAA currently operates.

BOARD DISCUSSION: ADVISORY MEMBERS

- **Director Silvyn: Pleased with the way this came together. Some members have been wanting to take an in-depth look at the nominating process, and the Nominating Council has made some good recommendations. Regional economic development is an important issue, and the TAA should have a space where it can engage with elected officials while maintaining its autonomy. The resolution does a good job of balancing these concerns.**
- **Director Silvyn: Requested clarification regarding the proposed Section pertaining to Advisory**

Members. When does the resolution become effective, and are there any current Members who fall into this category? Vice President and General Counsel Christopher Schmaltz stated that the changes to the bylaws would be in effect as of today if adopted by the Board. There are currently three TAA Members who fall into this category: Lea Marquez Peterson (Corporation Commissioner), Herb Kai (Marana Town Council Member) and Ned Norris (Chairman of the Tohono O'odham Nation).

- **Director Silvyn: Would the new membership category automatically be applied to the current nominees if they are ratified at the Annual Meeting?** Schmaltz stated this is correct and explained that this was the reason this special Board meeting was scheduled now because it will have an impact on the ballot materials that go out to the Members. If the Mayor and Dr. Moffatt are ratified, they would become Advisory Members rather than Members.
- **Vice Chair Dusenberry: Does the fact that the Mayor and Dr. Moffatt were nominated as Members present a problem if the bylaws are amended post-nomination?** Schmaltz stated that he does not believe it creates a problem. The amendment was drafted to ensure that the normal nomination process is followed. What the amendment alters is the membership eligibility of the current nominees into the new category. Staff purposely did not write a new nomination process so that the way they were nominated would be respected.
- **What happens if an existing Member or Director decides to run for office and gets elected?** Schmaltz stated that this contingency is not addressed in the current amendment, but it is a scenario that will likely need to be addressed by this year's Corporate Governance Council. The amendment only effects current Members whose membership will be grandfathered, and the current nominees.
- **Director Silvyn: Requested that this issue be added to the list of potential bylaw changes to be addressed by the Corporate Governance Council.**
- **Director Swaim: If Mayor Romero becomes an Advisory Member of the TAA, will she become a regular member once she leaves office?** Chairperson Villicana stated that the Mayor's membership would not automatically change, and she would have to reapply through the typical process and be considered again by the Nominating Council and the Members.

Schmaltz clarified that Subsection (v) speaks to the term of those who are Advisory Members. The Mayor was initially nominated as a Member. If the Board adopts the current amendment, she will no longer qualify to be a Member. The same would apply to Dr. Moffatt. They would only qualify to be Advisory Members for as long as they are an elected official or serving as a senior government administrator. Once they leave their position, they no longer qualify to be an Advisory Member. They would cease to be a Member in any capacity and will need to be renominated to be a Member. They would be vetted through the nominating process in place at the time.

The provision in Subsection (iv) in the new category is the grandfather provision. We are not taking rights away from current Members who are serving in elected office or in government.

- **What would happen in the scenario where a Member is elected to public office, becomes an**

Advisory Member, and then leaves public office? Would they transition back to Member?

Schmaltz stated that this scenario would require additional language and should be dealt with by the Corporate Governance Council in future amendments. The current amendment only applies to current Members. They would not be affected.

- **How do we define a high-level administrator as this can be a gray area? What would happen if an individual received a promotion once they are already a Member?** Schmaltz replied that these are good questions and that the TAA gets to define what it considers to be a high-level administrator, either through direct input from the Board, or he, as General Counsel, could draft an opinion at the Board's request. We will not be able to address every scenario because every agency classifies their positions differently. The language is written broadly to capture whether an individual is in a leadership position. This gives the TAA the flexibility to address different scenarios as they arise.
- **Vice Chair Dusenberry: According to the draft minutes of the Corporate Governance Council meeting, a Council Member stated that the amendment as proposed would cause confusion in that it would suggest that elected officials and leaders in government entities can be Members, as opposed to the initial idea of creating a regional advisory council that does not require them to be Members nor would it require amending the bylaws.**
- **Director Silvyn: Expressed similar concerns but believes that the proposed amendment is a good compromise. There are always different classifications of membership in organizations, and in reading the bylaws, this new category is a separate and an appropriate place for elected officials. Is not sure whether it is a clean solution for the Membership as it votes this month but is true to the Nominating Council's wish to bring these names forward in some capacity.**
- **Chair Duran: Asked Vice Chair Dusenberry whether his concerns stemmed from creating the special category or the use of the term Member. Explained that the purpose is to accommodate the desire of elected officials who want to be affiliated with the TAA and to expand that to include some geographical diversity. Other municipalities and county governments also have a vested interest in the airport's success in serving their needs.**
- **Vice Chair Dusenberry: Believes strongly that the issue needs to be addressed before the Annual Meeting and supports the creation of the special membership category or some structure that allows interaction with government officials. Recognizes the concerns raised at the Corporate Governance Council meeting that this would change the TAA's history of remaining separate from government influence. We are adding the safeguards of not allowing them to serve on Councils or the Board, and that they would be non-voting. It solves the problem, but the regional advisory council might be better.**
- **Secretary Draper: Explained his concerns centered on the original staff proposal, which would have allowed elected officials and senior government administrators to become Members. He does not support this but is comfortable with calling them Advocacy Members, Associate Members, or something similar. Does not believe that Advisory Member captures the purpose of what is being called for in the new category. Proposed changing the title and eliminating most of the first couple of lines of Subsection 2.1.2.c(ii)(3), which explains the category of membership, as the primary purpose is not to give advice but to advocate. TAA has been**

separate from government for 80 years, and the objective is not to bring government officials in to advise us how to run the authority. Subsection 2.1.2.c(ii)(3) should begin with “support the Tucson Airport Authority’s missions and vision, and to encourage coordination and cooperation with other government entities...”

- **Vice Chair Dusenberry: Agreed with the proposed change.**
- **Is there a limitation on the number of members in the new category?** Schmaltz answered that there is no limitation. They are not counted towards the limit of 60 Active Members, so there could be as many as are nominated. These are details that can be ironed out by the 2021 Corporate Governance Council.
- **Director Swaim: Requested clarification on the issue the Board is being asked to resolve. Is it trying to eliminate a potential conflict of interest? If that is the case, the simplest answer would be to include in the bylaws that any elected official or high-ranking government administrator does not have voting rights on Councils and cannot be a Board member. Creating a new category may be the best way to do accomplish this, but at some point, we may start to be feel obligated to not exclude anybody. Where do we stop at that point? Are we going to offend somebody when we have representation from some entities but not others? We need to be careful to not create another problem for the TAA.** Schmaltz stated that the original language presented to the Corporate Governance Council was simply to prevent elected leaders from ever serving on a Council or the Board, but the Corporate Governance Council chose the path represented by the proposed amendment before the Board.
- **Director Draper: During the discussions by the Corporate Governance Council, it was clear that they wanted to include as many elected or government officials as possible but not have them count against the 60 Active Members who are tasked with doing the work of the TAA. He considered the question of what the main purpose of this effort is, and it seemed that the main purpose is for them to support and advocate for the airport while at the same time retaining the separation that has always existed between the TAA and local government. This was the main purpose behind creating the new membership category.**
- **Chair Duran: Both the Nominating Council and the Corporate Governance Council felt writing a simple bylaw change stating that they could not serve on the Board does not advance the mission of the TAA, especially when we are looking at modernizing the bylaws. The Councils wanted to reach out to those communities that are important to the TAA and add some geographic diversity to the Membership. Creating this special category was meant to be something especially important and prominent, a way for elected officials and high-level administrators to be part of the TAA, but in a special class.**

Schmaltz summarized the discussion up to this point:

- i. Change the new membership category from Advisory Member to Associate Member; and
 - ii. Subsection 2.1.2.c(ii)(3) will now read: “...be invited to support the Tucson Airport Authority’s mission and vision and to encourage coordination and cooperation...”
- **Chairperson Villicana: Agreed with the suggestion made by Secretary Draper that the word “advocate” be added to the description.**

- **Vice Chair Dusenberry: Delete the words “provide advice”.**

President and CEO Danette Bewley asked for clarification as to whether the new category should be called Associate Member or Advocacy Member.

- **Director Silvyn: Likes “Advocate” better as associate membership in most organizations is a step towards full membership as opposed to a separate classification. This is a place where we are placing individuals who have put themselves forward and moved their way to the top of elected governance. Would want the description to speak more to what the TAA is asking them to do.**
- **Vice Chair Dusenberry: Supports calling the category Advocacy Member.**
- **Chairperson Villicana: Also supports the name change. Requested that Schmaltz provide another summary of the discussion.** The new category of membership will be called Advocacy Members. All references to Advisory Member will be changed to Advocacy Members. Again, under new “Advocacy Member”, Subsection 2.1.2.c(ii)(3) will now read be: “be invited to support and advocate for the Tucson airport Authority’s mission and vision and to encourage coordination and cooperation with other government entities and the Tucson Airport Authority... And the Tucson Airport Authority and its efforts to support air transportation and commerce and the prosperity of the southern Arizona region.”
- **Secretary Draper: Stated that several issues have come up during the discussion. Should these issues be addressed in the current amendment so that the new category is fully defined rather than having to make additional changes after the fact?** Schmaltz replied that while he is an advocate of comprehensive discussion and review, he is not an advocate of constructing bylaws on the fly and by ad hoc discussion. For this reason, he proposed a simple change to the bylaws that would capture the Corporate Governance Council’s recommendation and would allow us more time to consider solutions thoroughly and with more attention. The proposed bylaw change, as amended today, addresses the issues that the TAA is confronted with in the next two weeks. He acknowledged that there are important issues that need to be addressed but cautioned the Board against making numerous changes without taking the time to consider them carefully. The list that the Board and staff have compiled can serve as direction to the incoming Corporate Governance Council, which can vet the recommendations in a thoughtful manner and make its recommendations to the Board.
- **Secretary Draper: Believes that it would be best to address now some of the scenarios which speak directly to the rights of Advocacy Members:**
 1. **How long is their term?** This is addressed in Subsection 2.1.2.c(v): “An Advocacy Member’s term ends on the date they are no longer an elected official or in a position of leadership in government. Former Advocacy Members are eligible to be nominated by any Member or Emeritus Member to be a Member.”
 2. **Some elected officials stay in their offices for many years. Should we set a specific number of years they can be an Advocacy Member?** It is unclear what the goal would be to add a specific term. Some elected and appointed officials are in office for many years, but the TAA would continuously get the benefit of their interaction with the organization.

3. **Should identical language to that in the Member category giving the Board the authority to remove an Advocacy Member if they are advocating against the TAA?** This is less of a risk as they would be non-voting Members but agrees there is some merit to adding this language for the eventuality that someone is espousing or doing things contrary to the interests of the airport. The new category gives some protection, but as the amendment is written, they could not be removed. **Chairperson Villicana expressed support for adding the additional language given the current political climate.**

4. **Can (or should) Advocacy Members become Emeritus Members?** No. The bylaws state that only Members who have served for a certain number of years may become Emeritus Members. Advocacy Members would be excluded.

BOARD DISCUSSION: EMERITUS MEMBERS

- **Chairperson Villicana:** Staff works hard to ensure members attend Council meetings so that a quorum can be met. However, it has been a challenge engaging some Members as they become involved in other organizations and no longer have the time and commitment to the TAA. The solution would be to create an opportunity for them to transition earlier into Emeritus status, which frees up an active membership that would allow the TAA to bring in individuals with new energy and the time to commit to helping the TAA move forward. Another benefit would be that the TAA could move more quickly towards its objective of increasing diversity within the organization.

- **Treasurer Assenmacher:** Supports the change if it used as a tool to encourage younger members to join the organization and to allow older members to continue serving.

BOARD DISCUSSION: MOVING THE START OF THE NOMINATING PERIOD TO APRIL 1

- **Chairperson Villicana:** Moving the beginning of the nominating period from August 1 to April 1 will allow the Nominating Council more time to thoroughly vet candidates. The Nominating Council did an amazing job this year and allowing them more time to do their work will allow for a more robust process.

- **Secretary Draper:** Supports the change.

MOTION BY Director Silvyn, SECONDED BY Treasurer Assenmacher, to ADOPT Resolution No. 2021-01 adopting amendments to the Bylaws of the Tucson Airport Authority related to Emeritus Members, the annual nominating period, and membership categories, with further amendments made by the Board of Directors. The motion carried by the following vote:

Ayes 7 – Chairperson Villicana, Vice Chair Dusenberry, Secretary Draper, Treasurer Assenmacher, Director Silvyn, Director Swaim, and Director Hammond

Nays 0 – None

ADJOURN

There being no further business to discuss, Chairperson Villicana adjourned the meeting at 2:10 p.m.

APPROVED BY:

Keri Silvyn

Keri Silvyn (Feb 4, 2021 13:24 MST)

Keri Silvyn, Secretary

Date: Feb 4, 2021

Prepared by:

Byron M. Jones

Byron M. Jones (Feb 4, 2021 15:21 MST)

Byron M. Jones, CMC, CAP, TAA Clerk

Date: Feb 4, 2021