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

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Tucson Airport Authority (TAA) and to the general public that the **Board of Directors** will hold a meeting open to the public on **Monday, January 11, 2021, beginning at 1:00 p.m.** The meeting will be held by video and telephonically via the remote participation platform Webex. A link for members of the public to view the meeting will be posted along with the agenda at the web address below.

<https://www.flytucson.com/taa/public-meeting-information/>

The agenda for the meeting is as follows:

CALL TO ORDER | ROLL CALL

- | | | |
|--|---|---|
| <input type="checkbox"/> Taunya Villicana, Chairperson | <input type="checkbox"/> Keri Silvyn, Director | <input type="checkbox"/> Lisa Lovallo, Ex officio |
| <input type="checkbox"/> Bruce Dusenberry, Vice Chair | <input type="checkbox"/> Judy Rich, Director | |
| <input type="checkbox"/> Rob Draper, Secretary | <input type="checkbox"/> Phil Swaim, Director | |
| <input type="checkbox"/> Bill Assenmacher, Treasurer | <input type="checkbox"/> Mike Hammond, Director | |

PRESIDENT/CEO REPORT

1. One-time Essential Critical Infrastructure Worker Hazard Pay

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.

ADJOURN

Date: Monday, January 11, 2021

To: Board of Directors
From: Danette Bewley, President/CEO; Chris Schmaltz, VP & General Counsel
Re: Proposed Bylaw amendments recommended by the Corporate Governance Council

This memorandum provides an outline of proposed amendments to the TAA Bylaws that were considered by TAA's Governance Council and recommended for approval to the Board of Directors.

The following amendments are presented in the order they were considered by the Corporate Governance Council.

Proposed Amendments

- 1) Amendment to Section 2.1.2.b.i – (relating to eligibility for Emeritus Membership)

Replace the "~~fifteen (15)~~" in Section 2.1.2.b.i, with "ten (10)" years.

- 2) Amendments to Sections 2.1.2.a.ii & 2.2.1 – (relating to the beginning of the nominating period)

Amend the nominating period applicable to ~~both~~ proposed new Members, Continuing Members, and the proposed "Advisory Members" provided below, replacing "~~August 1~~" with "April 1."

- 3) Adopt new Section 2.1.2.c – (relating to a new category of non-voting TAA Membership)

A proposed new category of non-voting TAA Membership would be created as follows:

Section 2.1.2: "The membership shall be divided into ~~two~~ three categories to be known as "Members" ~~and~~, "Emeritus Members," and "Advisory Members."

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- (c) Advisory Members.

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- (i) An elected official or any individual serving in a position of leadership at any level of government may serve only as an Advisory Member of TAA. Proposed Advisory Members may be nominated by a Member or Emeritus Member following the same process as provided in Sections 2.2.1, 2.2.2, and 2.2.3 that is applicable for the nomination of new Members. Persons who are nominated to be an Advisory Member shall be considered and voted upon by Members at the Annual Meeting, as is provided in Sections 2.7 and 2.8 of these Bylaws.
 - (ii) Advisory Members will:
 - (1) be invited to the membership business meetings of the Tucson Airport Authority, but not entitled to vote.
 - (2) be invited to all Tucson Airport Authority membership social functions.
 - (3) be invited to serve the Tucson Airport Authority as part of a regional advisory council to the Board of Directors, to provide advice, input and support for the Tucson Airport Authority's mission and vision, and to encourage coordination and cooperation with other government entities and the Tucson Airport Authority's in its efforts to support air transportation and commerce, and the prosperity of the southern Arizona region.
 - (iii) A person who is approved as an Advisory Member shall not be counted in the membership limitation provided in Section 2.2.2 of these Bylaws and is not eligible to serve on the Board of Directors or any other TAA Advisory Council.
 - (iv) On the date of the adoption of the amendment to the Bylaws adding Advisory Member as a new category of membership, any current Member who is an elected official or serves in a position of leadership at any level of government shall remain a Member and retain all voting rights, privileges and responsibilities of TAA Member.
 - (v) An Advisory Member's term ends on the date they are no longer an elected official or in a position of leadership in government. Former Advisory Members are eligible to be nominated by any Member or Emeritus Member to be a Member.

Attachments:

December 30th, 2020 Memo to the TAA Corporate Governance Council Re: Proposed TAA Bylaw Amendments related to the Nominating Process

DRAFT Minutes of the December 30th, 2020 TAA Corporate Governance Council meeting

Date: December 30, 2020

To: Governance Council

From: Danette Bewley, President/CEO
Chris Schmaltz, Vice President & General Counsel

Re: Proposed TAA Bylaw Amendments Related to the Nominating Process

This memorandum provides the Governance Council an outline of proposed amendments to the TAA Bylaws that build on the discussions made during the TAA nominating process in 2020 for new and continuing TAA members, and for nominations to the Board of Directors by the Nominating Council.

Objectives

TAA staff has received feedback on suggested changes to the TAA nominating process to modernize and improve it. The goal remains to protect, operate and improve TAA, and its stewardship of Tucson International Airport and Ryan Airfield and their transportation and economic development service to Southern Arizona. The nominating process is focused on developing a TAA membership engaged in the “promotion of air transportation and commerce” (See Section 2.1.1 of Bylaws).

Any changes to the nominating process should modernize the process to improve and strengthen TAA’s mission, as articulated in its Articles of Incorporation, its Bylaws and in the policy statements adopted by the Board over its 72 plus year history.

This is not intended to be a comprehensive recommendation of all the possible TAA Bylaw changes that could be made to modernize TAA’s governance. It is limited to the nominating process and certain related elements.

Background

Proposed changes to the nominating process that did not require amendments to the Bylaws were essentially implemented in 2020. Some of these changes included for example, increased transparency and communication during the nominating process, and a more comprehensive and rigorous assessment of potential candidates to assess their skills and experience as to proven leadership and benefit to TAA’s mission.

Following through on that effort, we identify below these amendments to the Bylaws to update and modernize the nominating process. We also suggest that these changes help to address new concerns to the nominating process that may arise around membership eligibility, conflicts of interest and preserving the continued independence of the TAA as a non-profit corporation separate from, but

working with, local governments and other public entities to support travel and economic development in Southern Arizona.

Upon approval by the Board of Directors in advance of the 2021 Annual Meeting, these amendments to the Bylaws can be in place for the 2021 nominating period to provide clear guidance to the 2021 Nominating Council on their role and deliver on their expectations to update and modernize the nominating process.

Proposed Amendments

1. **Section 2.1.2.b.i**

The current Bylaws require that a TAA Member (with an initial 15 year term) is only eligible for consideration of Emeritus Member status, if they “have completed a minimum of fifteen (15) years of service.” Emeritus membership is “limited to those members who have provided distinguished service to the Authority over a sustained period of time.” If the criteria are sustained, distinguished service, we suggest lowering the time of service requirement for eligibility to clarify eligibility, to allow for distinguished serving members to opt out of their initial 15 year term AND also be eligible for Emeritus status.

- a. The change to the bylaws would simply replace the “**fifteen (15)**” in Section 2.1.2.b.i, to “**ten (10)**” years. The focus then shifts to emphasize the criteria for Emeritus Membership status to that of sustained, distinguished service rather than a measurement of how much time a member has put in.

This proposed change continues to recognize the value of institutional wisdom of past leadership, current leadership and active Members, and also allows those members to request Emeritus status earlier who may not have the time to commit to serving as an active Member of TAA. Finally, the proposed change has the potential to expand the reach of the current Membership and cultivate support from the greater Tucson community by increasing the opportunity for new, diverse, and energized potential candidates to be elected and join as new members.

2. **Section 2.1.2.a.ii & 2.2.1**

The current Bylaws establish the nominating period (for new and continuing memberships) from August 1 through October 1 each year. This artificial limitation severely restricts the timeline for this process and therefore, the level of consideration, vetting and robust review of candidates for membership that is a best practice for modern non-profit corporations. Expanding the nomination period to allow for greater time that our volunteer members on the Nominating Council have to identify, recruit and consider potential candidates, and to consider requests for continuing memberships (5 additional years for current members up to the maximum 20 years) would benefit the process.

- a. The change to the bylaws would simply replace the “**August 1**” date to “**April 1.**” This allows time at the beginning of the year for the Nominating Council to meet and to

evaluate TAA's membership needs, and to identify potential candidates that the Nominating Council or other members might want to recruit and recommend for membership by the October 1 deadline.

3. Section 3.1.1

Member and Board of Directors eligibility and potential conflicts of interest and the independence of TAA have been highlighted as concerns this year.

- a. To directly address the concerns that have been raised, we propose adding the following to Section 3.1.1, after the sentence, **"All Directors must be Members of this corporation."**

"Members who are elected officials, from any level of government, and Members who serve in positions of leadership in any level of government, are not eligible for and may not serve on the Board of Directors. Members who, while on the Board of Directors, are elected to public office at any level of government, or who are appointed, hired or begin to serve in a leadership position in any level of government, must resign from the Board of Directors upon certification of their election to the position, or their date of hire/assumption to the governmental leadership position."

4. Section 10.2

This section addresses the composition and length of terms on the Nominating Council. TAA would benefit from enhancing the institutional memory and stability in the Nominating Council.

The Bylaws state:

"The Nominating Council shall consist of seven active TAA Members who will be appointed for one-year terms and who may not serve for more than 3 consecutive years. The Council Chair shall rotate each year. The Council shall include two former Directors, one of whom shall serve as the Nominating Council Chair, three Members who have never served as Directors and two current voting Directors who are not the Board Chair. To the extent reasonably possible under the circumstances, each year there will be at least 3 continuing Members. Nominating Council members are not eligible to be nominated for a first term on the Board of Directors."

- a. Create a standing Nominating Council that does not change year over year for an extended period of time.
1. The change to the bylaws would change to the terms of members of the Nominating Council from 1 year to **"3 years,"** and allow for a second 3-year term, as warranted. This limits the changeover that may occur from one Chair to the other annually, and provides continuity, stability and resistance to influences that might not be in TAA's best and long term interests. The first and second 3-year term can also be managed to stagger appointments to

transition in new members while maintaining institutional knowledge and continuity.

Conclusion

These proposed amendments are offered in the spirit of the Guiding Principles articulated in the TAA Strategic Plan, adopted by the TAA Board of Directors on August 5, 2020, to be curious, to work smarter, and play for the team; and, last to facilitate a robust and meaningful discussion.

DRAFT

TUCSON AIRPORT AUTHORITY | Corporate Governance Council Meeting December 30, 2020 | 2:00 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

Chair Duran called the meeting to order at 2:00 p.m.

Members Present: Chair Michael Duran, Council Member Todd Jackson, Council Member Michael McGrath, Council Member David Hameroff, Council Member Lee Lambert, Council Member Rob Draper, Council Member Lisa Israel, and Council Member Larry Lang

Members Absent: Council Member Kathy Ward and Council Member Steve Holmes

Others Present: TAA Chairperson Taunya Villicana and TAA Vice Chair Bruce Dusenberry

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

WELCOME AND INTRODUCTIONS

Chair Duran thanked the Council members for attending the meeting. He also serves on the Nominating Council and stated that the Council met several times this year. It incorporated into the nominating process the feedback received from many Members. This year's process was more robust than in previous years and will serve as a guide for 2021.

APPROVAL OF MINUTES

1. Approve the minutes from the Corporate Governance Council meeting held on October 3, 2019.

It was noted that the draft minutes contained a typographical error on page 2: The "a" in Lisa was omitted on line 3.

MOTION BY Council Member Hameroff, SECONDED BY Council Member Lang, to APPROVE, as amended, the minutes of the Corporate Governance Council meeting held on October 3, 2019. The motion carried by the following vote:

Ayes 6 – Chair Duran, Council Member Jackson, Council Member McGrath, Council Member Hameroff, Council Member Lambert and Council

Member Draper

Abstentions 1 – Council Member Lang

Council Member Israel joined the meeting at 2:05 p.m.

BUSINESS

2. The Council will consider and may recommend to the Board of Directors amendments to the TAA Bylaws related to the New, Continuing, and Emeritus members, the Board membership nominating process and qualifications, and Nominating Council provisions.

NOTE: For reference purposes, the memo provided to the Council is appended to the end of the minutes.

Vice President and General Counsel Christopher Schmaltz referred to the December 2020 memo distributed to the Council in advance of this meeting for review and discussion which explains proposed amendments to the bylaws. Mr. Schmaltz further explained that these proposed amendments were prepared as a direct response to feedback received from the TAA Board of Directors during 2020 regarding updates to the nominating process and TAA membership composition. Mr. Schmaltz continued to discuss a separate Spring 2020 memo staff prepared at the request of the TAA Chairperson earlier in the year to examine some of the issues the Board of Directors raised regarding the nominating process and to make recommendations on how the nominating process might be improved by implementing some of the best practices of nonprofit corporate governance. Some of these changes which did not require amending the bylaws were implemented this year, including a more robust compilation of existing nomination materials and updates to the nomination forms.

Mr. Schmaltz continued to explain that the proposed bylaw amendments are suggestions, which the Council may accept or reject in total or in part, and further, that it is also within the Council's purview to change the amendments or propose new amendments.

PROPOSED AMENDMENT NO. 1

In 2020, two Members expressed that they no longer were able to fulfill the time commitments involved with active membership and requested to transition to Emeritus status prior to the end of their initial terms. The bylaws require that Active Members serve for 15 years before they can be considered for Emeritus status. This bylaw amendment reduces this requirement to 10 years. The Nominating Council and the Board of Directors will continue to have the flexibility of considering a member's service to TAA when deciding whether to approve these requests.

COUNCIL DISCUSSION

- **Is there a downside to the change?** Schmaltz answered that there is not a downside as the option is "self-selecting". Members who arrive at ten years and who feel that they no longer have the time, the energy, or the inclination to continue as an Active Member have the option to continue as Emeritus, which allows them to continue engaging with TAA on a more limited basis and still maintain some of the benefits of being a Member.

- A benefit would be that slots for active Members could potentially open at a faster pace.
- Councils have struggled this year with Member participation, and it would be beneficial to give those individuals who no longer have the time or energy to focus on the organization the opportunity to remain affiliated while bringing in new Members who have the dedication and the opportunity to engage.

MOTION BY Council Member Lang, SECONDED BY Council Member Draper, to RECOMMEND to the Board of Directors approval of Proposed Amendment No. 1 in the staff memo. The motion carried by the following vote:

Ayes 8 – Chair Duran, Council Member Jackson, Council Member McGrath, Council Member Hameroff, Council Member Lambert, Council Member Draper, Council Member Israel, and Council Member Lang

PROPOSED AMENDMENT NO. 2

The current nominating period, which begins on August 1 and ends on October 1, is truncated, and limits the Nominating Council’s time to vet potential nominees. Extending the nominating period from April 1 to October 1 would give the members more time to have discussions with potential nominees, and it would also allow the Nominating Council more time to consider the needs of the TAA and to focus on recruiting community members who will add the most value to the organization.

COUNCIL DISCUSSION

- **Supports extending the nominating period. The Nominating Council often must expedite its deliberations to meet deadlines.**

MOTION BY Council Member Jackson, SECONDED BY Council Member Israel, to RECOMMEND to the Board of Directors approval of Proposed Amendment No. 2 in the staff memo. The motion carried by the following vote:

Ayes 8 – Chair Duran, Council Member Jackson, Council Member McGrath, Council Member Hameroff, Council Member Lambert, Council Member Draper, Council Member Israel, and Council Member Lang

PROPOSED AMENDMENT NO. 3

Chair Duran stated that the issues regarding membership of elected officials and senior government employees has been a topic of discussion for several years, but it has taken on immediate importance with this year’s nomination of Mayor Regina Romero. The Nominating Council had a robust discussion about how TAA engages with elected officials, especially from the City of Tucson and Pima County. TAA has a close relationship with Tucson, and issues arise from time to time with both the City and the County.

Vice President and General Counsel Christopher Schmaltz explained that the proposed amendment directly addresses the concerns raised during the Nominating Council's discussions. The goal was to formalize what has historically been an unwritten approach to nominations in response to the nominations of Mayor Regina Romero and Pima County Economic Development Director John Moffatt. There are currently two Members who became elected officials after they were elected Members, so the issue of current officials becoming members has yet to be addressed within the bylaws head on.

Staff's objective with the proposed bylaw amendment is to eliminate any apparent conflicts of interest that might arise by establishing that people in positions of authority in any level of government should not be in a position of authority at the TAA. The language was crafted to directly address the conflict issue, but the Council is free to adopt whatever wording it sees fit to recommend to the Board.

COUNCIL DISCUSSION

- **Believes the proposed language addresses conflict-of-interest concerns for the TAA, but potential conflicts of interest still arise with the Mayor as a member of the City Council. TAA is a tenant of the city, and negotiations may occur from time to time that may require the Mayor to vote in a tie-breaking capacity. Furthermore, being the Mayor, she represents the City in an official capacity, which would not be the case with TAA as a non-Board member.** Schmaltz stated that TAA's current lease with the city extends through 2098, which is well past the time any of the current members would still be involved. There currently are issues (e.g., environmental) that TAA has outstanding with the City. His role as General Counsel is to protect the interests of TAA by advising and recommending measures to mitigate any actual or apparent conflicts of interest of TAA Membership, and he asserted that the proposed language satisfies this requirement. He assented to concerns that an elected official with decision-making authority as a Member of TAA may potentially have a conflict within their organization regarding matters pertaining to the TAA airport systems, and that is a particular conflict issue they will need to address in their capacity within that organization. Mr. Schmaltz further advised that disallowing elected officials from having decision-making roles in TAA resolves part of the conflict issue, but it does not eliminate the potential for conflicts that may arise if the individual casts a vote on an issue that involves TAA as an entity.
- **Concerned with elected officials sitting on TAA councils, which make recommendations to the Board. There are potential conflicts with this, so disallowing them from serving on Councils should be considered as well.**
- **A related but different issue is the general independence and autonomy of the TAA. One of the main reasons TAA was founded was to have a separate charter and to operate a commercial airport and a general aviation airport independent of local government. Allowing elected officials as members dilutes this purpose. If this has been the organization's philosophy for 80 years, what is the purpose of changing this custom now? Would go further than the proposed amendment as conflicts may arise in areas beyond Board membership. If the goal is to invite local government officials to participate in and become champions of the TAA, but not have a decision-making role in the organization, would support creating a separate, non-voting category of membership for elected officials and other unelected, high-ranking officials of local**

governments. These nominated Members, if approved, would not count against the 60 active Members, and they would be ineligible to serve on the Board or as a Council chair. It would be easier to define rules that would apply to a whole class rather than arbitrarily selecting individuals. They would be ex officio by virtue of their elected position.

- **Expressed concerns with elected officials being members in any capacity. The TAA represents a working body of people who are committed to the airport itself and the community in general. Government officials may not have the same agenda. Furthermore, one of the responsibilities of being a Member is to actively participate in the activities of the TAA, which includes serving on Councils. Elected officials should be representing the overall community and the TAA with everything they do. What value would they bring directly to the TAA if they are not involved in the day-to-day efforts of the organization?**

- **The idea of creating a special membership category for elected officials or officials in senior government positions came up during the Nominating Council's discussions. An invitation could be extended to the mayors of cities and towns in TAA's service area as well as the chair of the Pima County Board of Supervisors and neighboring counties that use the airport and have a stake in its success. This special committee could meet with the Board of Directors once or twice a year to be briefed on TAA's strategic plan and could also bring feedback from their peer officials.** Schmaltz clarified that this suggestion was part of the motion nominating Mayor Romero. His legal opinion is that the Board has the authority under the existing bylaws to create an ad hoc, regional council of elected officials and government officials who are not TAA Members that could serve in an advisory capacity. He emphasized that the bylaws pertain to governance, qualification for membership, and provide for input from regional partners. This could be done by extending an invitation for them to meet with the Board at any point throughout the year to discuss matters of regional concern and partnership opportunities, which would not require the creation of a new membership category. Addressing the matter at hand, which is the appearance of or actual conflicts of interest of TAA Members, is solved by the amendment staff has proposed.

- **Concerned that the amendment does not go far enough and leaves the door open for elected officials to serve on Councils. Either we want certain individuals to be members of the TAA or we do not. Suggested that local entities could be involved simply by having the CEO invite them. Does not support creating a regional council that is appointed or set up by the Board.**

- **Asked if there is any mention of elected officials in the existing bylaws. If this is the sole reference, it could be interpreted as an endorsement for the selection of elected officials.** Schmaltz replied that he would not read it as an endorsement. The language of the current proposed amendment as drafted clarifies that if an elected official becomes a TAA Member, they cannot serve on the Board or be in a position of authority.

- **Have there been prior elected officials in the membership?** President and CEO Danette Bewley responded that there have not been any during her tenure at the airport, although there have been some high-level government officials who were nominated for

membership, but their nominations were not forwarded out of the Nominating Council to be voted on by the full membership.

- **Ask for clarification on whether the Council is limited to approving or rejecting the proposed amendment. Can the Council recommend to the Board the creation of a new membership category?** Schmaltz explained that the Council has the authority to propose alternate amendments to the Board. The Council could discuss in terms of broad strokes and/or specific language, and staff would take these recommendations to the Board.
- **Is there enough time before the TAA Annual Meeting for the Board to meet and decide whether to adopt the bylaw amendments?** Schmaltz answered that the Board should meet prior to the Annual Meeting, because the current nominees, if ratified by the Membership, would join as Active Members.
- **Expressed support for Schmaltz’s proposal to invite outside groups to meet regularly with the Board without the need for a bylaw change; however, this may not be a viable option now with the current nominees on the table. Believes the Council needs to decide on a bylaw amendment that specifically states whether a public official can or cannot be a Member, or can only be a Member in a separate, non-voting category. Supports the idea that Members may move from Active Member to this special category and vice versa as they become elected or they leave public office.**
- **It is important that this special category not count against the 60 Active Members as this would impinge on the number of regular Members.**
- **Pointed out that there are currently two Members who are elected officials. This special category already extends beyond mayors and county supervisors.** Schmaltz stated that this is a primary concern from a legal perspective because in creating this new, non-voting membership category, we would be stripping active membership from two current Members. Legal concerns also arise from changing the membership categories after the current nominees have already been nominated for active membership.
- **Suggested speaking with the two current members and gauging their thoughts on moving to the new category. They could do it voluntarily, and they could head up the new group.**
- **If the two active members feel strongly, we could grandfather their membership. Asked for clarification as to whether the Mayor and Dr. Moffatt would have to voluntarily change to the new category.** Schmaltz explained that TAA has the authority to change its membership requirements. There are two issues to consider: legality and appearance. Creating the new membership category has the appearance of “changing the rules midstream”, which is concerning. Minimizing this effect was his intent in crafting the proposed language. The focus in this intervening period should be to address the current conflict-of-interest concerns in the most specific and limited manner possible.
- **Supports including high-level officials, such as the city manager, who are not elected. Believes TAA could draw from the bylaws of similar organizations to craft the ideal language.**

- **Another reason to create the special category is the potential that one or more of the nominees could be voted down during the Annual Meeting. This minimizes the risk of any political fallout from formally rejecting a nominee.**
- **Asked for clarification of the new membership category. Is the only distinction that it is non-voting?** Schmaltz, as general counsel, summarized the discussion of the Council:

The new category would be like Emeritus in that they would have some of the benefits of being connected to TAA, such as receiving the communications we put out. They would be non-voting, and their numbers would not count against the maximum of 60 active members. It would be its own separate body that would meet with the Board throughout the year. The Council would need to specify which classes of people fit into the new category, whether it be elected or appointment officials in leadership at all levels of government. The Council can, in whatever motion is crafted, create the language—or direct staff to develop draft language based on the discussions—and take it to the Board. The Board may make its own edits and has final approval on what it will adopt.

- **Is the grandfathering option viable?** Schmaltz answered that the option is completely viable.
- **Believes the consensus is that at a minimum, the Council should approve the proposed amendment as presented.**
- **Believes the amendment as proposed would cause confusion in that it would suggest that elected officials and leaders in government entities can be members.**

MOTION BY Council Member Draper, SECONDED BY Council Member McGrath, to DIRECT staff to draft a bylaw amendment(s) recommending to the Board of Directors the creation of a new membership category separate and apart from the 60 Active Members specifically limited to elected officials and other high-level local government officials. This class of membership would be non-voting, and the members would be ineligible to be appointed to TAA Councils or to be elected as a Director. The motion carried by the following vote:

Ayes 8 – Chair Duran, Council Member Jackson, Council Member McGrath, Council Member Hameroff, Council Member Lambert, Council Member Draper, Council Member Israel, and Council Member Lang

PROPOSED AMENDMENT NO. 4

Vice President and General Counsel Christopher Schmaltz explained the purpose of the amendment is straightforward. Due to turnover on the Nominating Council, the Council members feel it would be advantageous to appoint members to longer terms for continuity and to insulate it from the vagaries of whomever might be serving on the Council or the Board from year to year. Council members will know they are on the Council for a set number of years, which allows them to focus on the best interests of TAA when reviewing nominations. This is a simple change, and there are broader potential changes regarding the composition of the Council that may be

appropriate to consider in 2021.

TAA Vice Chair Bruce Dusenberry commented on the complex makeup of the Nominating Council and that the proposed amendment does not address all the issues. The current bylaws allow for the Council members to be reappointed up to three-years, so there are no immediate issues. In the context of all the other changes to the nominating process and the Nominating Council that will be addressed in 2021, he recommended that the Council table this item to a later date.

Schmaltz stated that there will be an agenda item added to the special Board meeting agenda that will allow the Board the opportunity to provide direction to the Corporate Governance Council on what its focus should be in 2021. This item can be included in that discussion. He advised Chair Duran that no action need be taken. The Chair can end the discussion by adjourning the meeting.

Chair Duran thanked the Council members for their participation.

ADJOURN

There being no further business to discuss, Chair Duran adjourned the meeting at 3:11 p.m.

Respectfully submitted by:

Byron M. Jones, CMC, CAP, TAA Clerk

Date: _____

Enclosure

A RESOLUTION ADOPTING AMENDMENTS TO THE BYLAWS OF THE TUCSON AIRPORT AUTHORITY
RELATED TO EMERITUS MEMBERS, THE ANNUAL NOMINATING PERIOD, AND MEMBERSHIP
CATEGORIES

WHEREAS, Article 8 of the Bylaws of the Tucson Airport Authority invests in the Board of Directors the authority to, with a majority vote, amend the Bylaws; and

WHEREAS, the Board of Directors desires to implement changes to the Bylaws that will modernize and improve the nominating process pertaining to the nominating period and the requirements for Emeritus status, as well as to formalize the terms under which elected officials and leaders from government entities may join the TAA; and

WHEREAS, the Corporate Governance Council, at its meeting on December 30, 2020, voted to recommend approval of certain amendments proposed by staff and to recommend approval of a bylaw amendment to the Board of Directors for the creation of a new membership category separate and apart from the 60 Active Members, for elected officials and other high-level local government officials; and

WHEREAS, the Board of Directors accepts the recommendations of the Corporate Governance Council and the staff recommendations as detailed in the Board Memorandum, as may be amended by this Resolution.

BE IT RESOLVED by the Board of Directors of the Tucson Airport Authority, Inc. (TAA):

1. Section 2.1.2.b.i of the Tucson Airport Authority Bylaws is amended to read as follows:

Members who have completed a minimum of **ten (10)** ~~fifteen (15)~~ years of service may be considered for Emeritus Member status. Emeritus Membership shall be limited to those members who have provided distinguished service to the Authority over a sustained period of time. All applications to be considered for Emeritus Membership must be submitted to the Nominating Council, which will evaluate the application and make an appropriate recommendation to the Board of Directors. Such change in classification requires approval by a majority vote of the Board.

2. Section 2.1.2.a.ii of the Tucson Airport Authority Bylaws is amended to read as follows:

Members will serve for an initial fifteen (15) year term. Any Member may apply to continue as a Member for one successive 5-year term by providing notice to the chairperson of the Nominating Council no sooner than **April** ~~August~~ 1 and no later than October 1 in the year preceding the expiration of his or her initial term. Applications for continuing membership shall be considered and voted upon as described in Section 2.2 below.

3. Section 2.2.1 of the Tucson Airport Authority Bylaws is amended to read as follows:

If a Member or Emeritus Member of the Authority in good standing desires to recommend for membership in the Authority a qualified person who is not then a Member, to be voted upon at the ensuing annual meeting, such Member **or Emeritus Member** shall present the name of such proposed member to the chairman of the Nominating Council no sooner than **April** ~~August~~ 1 and no later than October 1 in the year preceding each January annual meeting date.

4. Section 2.1.2 of the Tucson Airport Authority Bylaws is amended to read as follows:

The membership shall be divided into **three** ~~two~~ categories to be known as "Members", ~~and "Emeritus Members;"~~ **and "Advisory Members."**

5. Section 2.1.2.c is added to the Tucson Airport Authority Bylaws to read as follows:

Advisory Members.

- (i) An elected official or any individual serving in a position of leadership at any level of government may serve only as an Advisory Member of TAA. Proposed Advisory Members may be nominated by a Member or Emeritus Member following the same process as provided in Sections 2.2.1, 2.2.2, and 2.2.3 that is applicable for the nomination of new Members. Persons who are nominated to be an Advisory Member shall be considered and voted upon by Members at the Annual Meeting, as is provided in Sections 2.7 and 2.8 of these Bylaws.
- (ii) Advisory Members will:
 - (1) be invited to the membership business meetings of the Tucson Airport Authority, but not entitled to vote;
 - (2) be invited to all Tucson Airport Authority membership social functions; and
 - (3) be invited to serve the Tucson Airport Authority as part of a regional advisory council to the Board of Directors, to provide advice, input and support for the Tucson Airport Authority's mission and vision, and to encourage coordination and cooperation with other government entities and the Tucson Airport Authority's in its efforts to support air transportation and commerce, and the prosperity of the southern Arizona region.

- (iii) A person who is approved as an Advisory Member shall not be counted in the membership limitation provided in Section 2.2.2 of these Bylaws and is not eligible to serve on the Board of Directors or any other TAA Advisory Council.
- (iv) On the date of the adoption of the amendment to the Bylaws adding Advisory Member as a new category of membership, any current Member who is an elected official or serves in a position of leadership at any level of government shall remain a Member and retain all voting rights, privileges, and responsibilities of TAA Member.
- (v) An Advisory Member's term ends on the date they are no longer an elected official or in a position of leadership in government. Former Advisory Members are eligible to be nominated by any Member or Emeritus Member to be a Member.

6. The TAA Chairperson is authorized to execute the revised Bylaws of the Tucson Airport Authority, incorporating all amendments through January 11, 2021, attached hereto as Exhibit A, and incorporated by reference herein.

Adopted this 11th day of January 2021.

CHAIR OF THE BOARD

EXHIBIT A

BYLAWS

TUCSON AIRPORT AUTHORITY

Incorporating all amendments through January 11, 2021

BYLAWS

TUCSON AIRPORT AUTHORITY

Incorporating all amendments through January 11, 2021

ARTICLE 1

TITLE, LOCATION, CORPORATE SEAL

Section 1.1 The title of this corporation shall be "TUCSON AIRPORT AUTHORITY, INC." and may be referred to herein as "Authority."

Section 1.2 The principal office of this corporation shall be in or near the City of Tucson, Arizona, but this corporation may have other offices at such places as the Board of Directors shall designate and the business of this corporation may require.

Section 1.3 The corporation shall have a corporate seal which shall be of such form and devise as the Board of Directors may determine. It shall have inscribed thereon the name of this corporation and the year of its creation and the words "Corporate Seal, Arizona." The Directors may change the form and devise and inscription of the seal at pleasure. The Directors may, if they deem advisable, provide more than one seal press for making imprints of the corporate seal and make suitable regulations and provisions for the custody and use thereof.

ARTICLE 2

MEMBERSHIP AND MEETINGS

Section 2.1 QUALIFICATIONS AND CLASSIFICATION

2.1.1 The membership of this corporation shall be confined to people who live in and maintain their primary residence in the Tucson International Airport air service area, which includes the general Southern Arizona region, who have repeatedly evidenced their interest in the promotion of air transportation and commerce.

2.1.2 The membership shall be divided into three categories to be known as "Members", "Emeritus Members" and "Advisory Members."

(a) Members.

(i) A Member shall be entitled to vote at any meeting of Members and at any meeting of a council of which he or she is a member. A Member shall be committed to accept Advisory Council appointments; support the interests of the Authority and actively participate in Authority activities; make every reasonable effort to attend Council and Membership meetings; support the Tucson Airport Authority in all reasonable ways requested by the Chairman of the Board, the President/CEO or the Chairman of the Council; and contribute his or her expertise as requested. If a Member

does not meet these participation requirements and, after reasonable attempts have been made to contact the Member, the Board of Directors may, by majority vote, terminate such person's membership in the Tucson Airport Authority.

(ii) Members will serve for an initial fifteen (15) year term. Any Member may apply to continue as a Member for one successive 5-year term by providing notice to the chairperson of the Nominating Council no sooner than April 1 and no later than October 1 in the year preceding the expiration of his or her initial term. Applications for continuing membership shall be considered and voted upon as described in Section 2.2 below.

(iii) Any Member serving on the Board of Directors or an Advisory Council shall have his or her membership term automatically extended (whether the initial term or subsequent term) until completion of his or her service as a Director or Council member.

(b) Emeritus Members.

(i) Members who have completed a minimum of ten (10) years of service may be considered for Emeritus Member status. Emeritus Membership shall be limited to those members who have provided distinguished service to the Authority over a sustained period of time. All applications to be considered for Emeritus Membership must be submitted to the Nominating Council, which will evaluate the application and make an appropriate recommendation to the Board of Directors. Such change in classification requires approval by a majority vote of the Board.

(ii) Emeritus Members will:

(1) be invited to the membership business meetings of the Tucson Airport Authority, but not entitled to vote;

(2) be invited to all Tucson Airport Authority membership social functions;

(3) retain parking privileges at the airport as provided to all TAA members; and

(4) be utilized as invited and, if willing, as consultants to the Tucson Airport Authority on special issues.

(iii) A person who has entered Emeritus Membership classification shall not be counted in the membership limitation provided in Section 2.2.2 hereof.

(iv) Those members designated as "Life Members" as of the date of these Bylaws (November 1, 2017) shall be automatically converted to Emeritus Members without further application or approval. In addition, those members with 15 years or more of service on or prior to January 31, 2018, may apply for Emeritus

status directly to the Board as described in the previous version of these Bylaws, provided that such requests are submitted no later than June 1, 2018.

(c) Advisory Members.

(i) An elected official or any individual serving in a position of leadership at any level of government may serve only as an Advisory Member of TAA. Proposed Advisory Members may be nominated by a Member or Emeritus Member following the same process as provided in Sections 2.2.1, 2.2.2, and 2.2.3 that is applicable for the nomination of new Members. Persons who are nominated to be an Advisory Member shall be considered and voted upon by Members at the Annual Meeting, as is provided in Sections 2.7 and 2.8 of these Bylaws.

(ii) Advisory Members will:

(1) be invited to the membership business meetings of the Tucson Airport Authority, but not entitled to vote;

(2) be invited to all Tucson Airport Authority membership social functions; and

(3) be invited to serve the Tucson Airport Authority as part of a regional advisory council to the Board of Directors, to provide advice, input and support for the Tucson Airport Authority's mission and vision, and to encourage coordination and cooperation with other government entities and the Tucson Airport Authority's in its efforts to support air transportation and commerce, and the prosperity of the southern Arizona region.

(iii) A person who is approved as an Advisory Member shall not be counted in the membership limitation provided in Section 2.2.2 of these Bylaws and is not eligible to serve on the Board of Directors or any other TAA Advisory Council.

(iv) On the date of the adoption of the amendment to the Bylaws adding Advisory Member as a new category of membership, any current Member who is an elected official or serves in a position of leadership at any level of government shall remain a Member and retain all voting rights, privileges, and responsibilities of TAA Member.

(v) An Advisory Member's term ends on the date they are no longer an elected official or in a position of leadership in government. Former Advisory Members are eligible to be nominated by any Member or Emeritus Member to be a Member.

Section 2.2 The election of new and continuing members shall be by secret ballot of the existing Members present in person or by proxy at the annual meeting of members and no one may be considered elected a member if more than one-quarter of the votes cast are negative.

2.2.1 If a Member or Emeritus Member of the Authority in good standing desires to recommend for membership in the Authority a qualified person who is not then a Member, to be voted upon at the ensuing annual meeting, such Member or Emeritus Member shall present the name of such proposed member to the chairman of the Nominating Council no sooner than April 1 and no later than October 1 in the year preceding each January annual meeting date.

2.2.2 The Nominating Council shall consider all proposed new and continuing members submitted to it by Members in accordance with Section 2.1.2(a)(ii) and Section 2.2.1, and any and all other qualified persons; it shall have the right to reject any or all proposed new or continuing members submitted to it. The Nominating Council shall prepare a written slate of nominees of new and continuing members in the Authority qualified in accordance with the foregoing provisions and such list shall be distributed to the Members along with biographical information regarding each nominee by the same date the list of Director nominations is required to be mailed pursuant to Section 2.7.2 of these Bylaws. The slate of nominees for new and continuing membership shall be voted upon at the annual meeting of Members. The number of nominees submitted at any such meeting, and the number of Members in good standing, shall not exceed 60 in the aggregate. Notwithstanding the foregoing, during a limited transition period, which shall begin in 2017, the total number of Members may temporarily exceed this maximum while reasonable efforts are made to reduce the number of Members to no more than 60. During this transition period, the Nominating Council may continue to make nominations in accordance with this Section, but shall consider the need to reduce the number of Members overall, while continuing to seek out qualified candidates who can best represent and contribute to the ongoing success of TAA.

2.2.3 No nomination for new or continuing Members of the Authority shall be made except by the nominating council and in accordance with the foregoing provisions.

Section 2.3 ANNUAL MEETING. A meeting of the Members of the corporation shall be held annually on the fourth Monday in January of each year or on such other date in January as is established by a vote of the Board of Directors or by the Chairperson, for the purpose of electing Directors and for transaction of such other business as may be brought before the meeting. Such meetings shall be held at the principal office of the corporation or at such other place in Pima County, Arizona, as is reflected in the meeting notice.

2.3.1 NOTICE. Written notice containing the date, time and location of the annual meeting shall be mailed at least ten (10) days prior to the meeting to each Member and each Life Member at his or her address as the same appears in the records of the corporation. Notice may be sent electronically to those members who have provided electronic contact information to the corporation. A failure to mail such notice, or any irregularity in such notice, shall not affect the validity of any annual meeting, or of any proceedings at any such meeting.

Section 2.4 SPECIAL MEETINGS. Special meetings of the Members of the corporation may be held at the principal office of the corporation in the State of Arizona, or at such other place as designated, when demanded in writing by Members having at least ten percent (10%) of the votes entitled to be cast at such meeting, when called by the Chairperson, or when called by vote by a majority of the Board of Directors.

2.4.1 Except as provided in Section 2.7.2 hereof, written notice of such special meeting, stating the day, hour and place thereof, and in general terms the business to be transacted thereat, shall be mailed at least five (5) days prior to the meeting to each Member at his or her address last shown on the records of the corporation. No notice of such meeting shall be required if all Members waive notice, and whenever all Members shall meet in person or by proxy, such meeting shall be valid for all purposes without call or notice and at such meeting any corporate action may be taken.

2.4.2 Special meetings may be held for any purpose stated in the notice thereof, including but not limited to the purpose of electing Directors pursuant to Section 2.7.2 hereof.

Section 2.5 QUORUM. At any meeting of the Members, those present in person or represented by proxy, if in excess of fifty percent (50%) of the total Membership, shall constitute a quorum for all purposes. If at any meeting insufficient Members are present to constitute a quorum, a majority of the Members present in person and by proxy may adjourn from time to time, without notice other than by announcement at the meeting until enough Members in person and by proxy to constitute a quorum shall be present; at such time any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2.6 VOTING.

2.6.1 At all meetings of the Members the Members may vote in person or by proxy, and all questions except such questions the manner of deciding which is specially regulated by law or regulation or by contrary provision in these bylaws, shall be determined by a majority vote of the voting Members present in person and by proxy. In the election of Members and of Directors, each voting Member shall be entitled to cast one vote for each position to be filled at the election; not more than one vote may be cast by any Member for any nominee.

Section 2.7 REGULAR ELECTIONS.

2.7.1 In preparation for the regular election of Members and Directors at the annual meeting, the Nominating Council shall meet and determine its nominations for Memberships and its nominations for the office of Director and shall prepare a biography for each nominee. The Nominating Council shall also determine and assign the term for which each Director nominee shall be nominated pursuant to the standards set forth in Section 3.1.2 below. To the extent feasible, based on schedules and availability of members, the Nominating Council meeting shall occur before November 15 and in any case shall occur on or before the last business day of November. Nominations for the

office of Director may also be made by written petitions each signed by not less than twenty-one (21) voting Members in good standing; provided that each such petition has attached to it a biography of the nominee; and provided further that such petition is delivered to the Chairman of the Nominating Council not later than December 31. No nominations for the office of Director for election at the annual meeting shall be made except in conformity with this Section 2.7.1 or with Section 2.7.5 below.

2.7.2 The Nominating Council shall be responsible to mail the list of all of its nominees for Membership and all of its nominees for Director, together with the biography of each, to each voting Member in good standing no later than December 15.

2.7.3 The Nominating Council shall present to the annual meeting the names of those whom it nominates for election to Membership, the names of those whom it nominates for election to the Board of Directors and the names of those who have been nominated for Director by petition.

2.7.4 The ballots for Director shall contain the names of the nominees nominated by the Nominating Council and those nominated by petition; biographies of those nominated by petition shall be distributed to each voting Member in good standing who is present.

2.7.5 If a Nominating Council Nominee for Director or a Director whose term will not expire at the next annual meeting is disqualified (through death, incapacity, unwillingness to serve or other inability) at any time between the Nominating Council's mailing and the annual meeting, the Nominating Council shall immediately reconvene and shall select another nominee to be presented to the Membership at the annual meeting. The Nominating Council may meet informally or telephonically for such purpose. If there is sufficient time to prepare one, a biography for such nominee shall be distributed at the annual meeting to each voting member in good standing who is present. Also in such event, the ballot may be modified accordingly at the Annual Meeting using whatever method is practicable under the circumstances.

Section 2.8 ORDER OF BUSINESS. The following shall be the order of business at all annual meetings of the Members:

- (a) All persons claiming to hold proxies shall present them to the Chairperson and the secretary for verification.
- (b) Reading of the minutes of the preceding meeting and action thereof.
- (c) Reports of officers.
- (d) Reports of councils.
- (e) Election of Members.
- (f) Election of directors.

- (g) Unfinished business.
- (h) New business.

ARTICLE 3

BOARD OF DIRECTORS

Section 3.1 ELIGIBILITY, ELECTION, TERM, NUMBER AND QUALIFICATION AND TERM OF OFFICE.

3.1.1 The Board of Directors shall consist of at least seven (7) and no more than eleven (11) members, including the immediate past Chairperson as described in Section 3.6. All Directors must be Members of this corporation. Except for the immediate past Chairperson described in Section 3.6, and except as provided in Section 3.2 of this Article, Directors shall be elected by the Membership at the annual meeting pursuant to the applicable procedure set forth in Article 2, Section 2.7 hereof.

3.1.2 TERMS. Each elected Director shall serve for the term assigned by the Nominating Council or until his or her successor has been duly elected and qualified. The Nominating Council shall assign a one, two or three year term to each nominee. An individual may be nominated to serve subsequent successive terms, provided that no individual shall be elected to serve a term that would cause that individual to serve on the Board of Directors for more than 6 consecutive years. In assigning terms to nominees, the Nominating Council shall stagger the terms as deemed necessary to establish and maintain both reasonably consistent and regular addition of new directors and sufficient experience and longevity on the Board during any given year.

Section 3.2 VACANCIES. In case of any mid-year vacancies on the Board of Directors caused by death, resignation, disqualification or other cause, the Nominating Council shall suggest one or more nominees to the Board of Directors. The remaining Directors, even though less than a quorum, may elect a Member to serve on the Board of Directors only for the period between the effective date of the vacancy and the next election of Directors by Members, at the annual meeting. In the case of any vacancy that is not filled by vote of the Board of Directors, the vacancy shall be considered a new opening on the Board of Directors which shall be filled pursuant to Section 3.1.1.

Section 3.3 REGULAR MEETINGS.

3.3.1 Immediately after adjournment of the annual membership meeting, the Board of Directors shall hold its first regular meeting of the year at the same location. At such meeting, the new Chairperson shall preside and the Board shall elect its officers and establish the schedule for at least 7 additional regular Board meetings for the year. Regular meetings shall thereafter be held in those months designated in the adopted schedule unless the Chairperson, upon the recommendation of the President/CEO, provides written notice of meeting cancellation to all Directors within 24 hours before the scheduled meeting time. Regular meetings shall be held at the principal office of the

corporation, or at such other place in Pima County, Arizona, as is reflected in the meeting notice. Except for the January meeting, regular meetings shall be held on the first Tuesday of the selected months at the hour of 12:05 p.m., or on such other day of the month and such other hour as it may from time to time designate by majority vote of the Board. If the first Tuesday of any month other than January is a legal holiday, the Board shall, by resolution, either waive the regular meeting for that month or require that it be held on another business day in said month. Except in the case of waiver, cancellation or change in scheduled date, no notice shall be required for regular meetings.

3.3.2 Any Director who is absent from more than two (2) regular board meetings per calendar year without being expressly excused by the Chairperson and any Director who is absent from more than 40% of the regular and special board meetings in any calendar year, whether or not excused by the Chairperson, shall be deemed to have resigned his or her office subject to the reasonable discretion of the Chairperson regarding extraordinary circumstances that may justify retention of such director.

Section 3.4 SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by the Chairperson or any three (3) Directors. Such meetings shall be held at the time and at any place within Pima County, Arizona, determined by the party or parties calling such meetings. Notice of each special meeting shall be given to all Directors either in electronic or paper writing, by telephone or orally in person at least twenty-four hours prior to such meeting.

Section 3.5 QUORUM. A majority of the voting Members of the Board of Directors then serving shall constitute a quorum.

Section 3.6 EX OFFICIO MEMBER. The immediate past Chairperson of this corporation, if he or she has not been elected as a member of the Board of Directors, shall be entitled, but not required, to attend meetings of the Board of Directors and to participate in all discussions at such meeting, but he or she shall have no vote upon questions coming before the Board.

ARTICLE 4

OFFICERS

Section 4.1 The officers of this corporation shall consist of a Chairperson, Vice Chair, President, a Secretary and a Treasurer, and such other officers as shall from time to time be chosen and appointed from the Board of Directors. Such officers, except the President, shall be elected at the meeting of Directors held immediately following the annual meeting of the Members of the corporation. The Nominating Council shall submit to the Chairperson of the corporation prior to the annual meeting a list of nominees for all offices to be filled by election. Such nominees shall be placed in nomination. Additional nominations may be made by any Director at the organizational meeting of the Board of Directors. The election of officers shall be by a majority vote of Directors present, except as provided in Section 4.7 below.

Section 4.2 The Chairperson shall preside at, and in conjunction with the President/CEO, shall set the agenda for all regular meetings of the directors, members, and executive council; shall appoint members of standing and special councils; and shall represent the interests of the Board of Directors when it is not in session. The Chairperson may also be designated or referred to as the "Chair, Chairman or Chairwoman of the Board" or any other title that accurately reflects such Officer's duties.

Section 4.3 The President shall be the Chief Executive Officer of the corporation and shall be selected by and shall serve at the pleasure of the Board of Directors. The President/CEO shall have responsibility for the overall operation and management of TAA in accordance with its Mission and within the framework of Board adopted objectives and policies. The President/CEO shall have full responsibility for the management and administration of all TAA activities and operations and shall report to the Board on a regular basis. The President/CEO shall have the authority to act on behalf of the Board of Directors and TAA in all respects except as may be specifically limited from time to time by Resolution of the Board of Directors. During recess of the Board and the Executive Council, the President shall work closely with the Chairperson to ensure that the business and affairs of the corporation are conducted within the framework of Board-approved objectives and policies.

Section 4.4 The Vice Chair shall perform such duties as may be assigned to him or her by the Board of Directors. In the case of the death, disability or absence of the Chairperson, the Vice Chair shall perform and be vested with all of the duties and powers of the Chairperson.

Section 4.5 The Secretary shall keep the seal of the corporation and affix the same to all instruments requiring its seal, as may be directed by the Board, the Executive Council, the Chairperson, or the President/CEO. The Secretary shall also review and sign the minutes of meetings of Directors and general membership, shall authorize meeting notices to be issued by the President/CEO as required in these bylaws, and shall perform such other duties as may be required by the Board.

Section 4.6 The Treasurer shall be familiar with the financial affairs of TAA and shall chair the Advisory Council that is responsible for the budget. The financial records will be in the custody of the President/CEO and all records shall be maintained at the corporate office of TAA.

Section 4.7 Officers shall serve one-year terms. The Chairperson shall be limited to a single one-year term except that, in extraordinary circumstances where the continuity of Board leadership would substantially benefit TAA, he or she may be elected to a second consecutive one-year term upon a 2/3 vote of all voting Directors then serving. In the event that a proposed second one-year term of the Chair of the Board would extend beyond the Director's eligibility to serve on the Board as set forth in Section 3.1.2 of these bylaws, the term of the Director of the Board shall be extended to end at the end of the Director's term as Chair of the Board.

ARTICLE 5

VACANCIES IN OFFICE

In the case of the death, disability or resignation of one or more of the officers, the majority of the remaining Directors, although less than a quorum, shall fill the vacancies for the unexpired term. One or more nominees shall be suggested by the Nominating Council to fill each such vacancy.

ARTICLE 6

COMPENSATION OF DIRECTORS, OFFICERS AND MEMBERS

Neither the Directors nor the officers (other than the President/CEO) nor the Members, as such, shall receive any salary or compensation for their services, but by resolution of the Board of Directors may be reimbursed for their actual expenses paid or obligated to be paid in connection with service rendered solely for the benefit of the corporation.

ARTICLE 7

BOOKS, ACCOUNTS AND RECORDS

Section 7.1 This corporation shall keep at its principal office in the State of Arizona records of the meetings of Members and a book showing a true and complete list of all Members, their residences, and books containing a record of the affairs of this corporation.

Section 7.2 The books, accounts and records of this corporation shall be open to the inspection of any member of the Board of Directors at all times in business hours.

Section 7.3 It shall be the duty of the Board of Directors at least once a year and within one hundred twenty (120) days after the close of the fiscal year to cause the books and accounts of the corporation to be examined and audited by a Certified Public Accountant. Thereafter it shall cause a copy of the report of said accountant, or a summary to be mailed to each of the Members of this corporation as part of the annual report of the operations of Tucson Airport Authority, Inc.

ARTICLE 8

AMENDMENT TO BYLAWS

Subject to notice requirements below, any of these bylaws may be altered, amended or repealed by majority vote of the Board of Directors at any regular meeting; or at any special meeting called for the purpose, when all the Directors are present; or by a majority vote of the Members at any regular meeting; or at any special meeting called for the purpose. Any alteration, amendment or repeal shall be accomplished only after

written notice of the sense of the change has been given at least five (5) days prior to the meeting at which the action is taken.

ARTICLE 9

ACTION BY WRITTEN CONSENT

Any action which may be taken at a meeting of the Directors or of a council may be taken without a meeting if all Directors or Council Members, as the case may be, consent thereto in writing. Such consent shall have the same effect as a unanimous vote; provided, however, that the Article shall not apply to any action required by statute to be taken in an open meeting after notice.

ARTICLE 10

APPOINTMENT OF ADVISORY COUNCILS

Section 10.1 Following the annual meeting, the Chairperson shall designate advisory councils which shall be composed of members who shall act in an advisory capacity to the Corporation and its Board of Directors. The advisory councils may also be called "Councils". The Chairperson shall appoint Members to and shall designate a chairperson of each Council. There shall be an Executive Council, Councils relating to audit, budget and finance, nominations, and such other Councils as the Chairperson may deem appropriate. Such appointments shall be subject to approval by the Board of Directors. The Chairperson and the Vice Chair shall be entitled to attend and participate in meetings of all Councils and to receive notice of all such meetings; however, unless expressly designated as a voting member of a particular council, neither shall have a vote at a Council meeting.

Section 10.2 The Nominating Council shall consist of seven active TAA Members who will be appointed for one-year terms and who may not serve for more than 3 consecutive years. The Council Chair shall rotate each year. The Council shall include two former Directors, one of whom shall serve as the Nominating Council Chair, three Members who have never served as Directors and two current voting Directors who are not the Board Chair. To the extent reasonably possible under the circumstances, each year there shall be at least 3 continuing Members. Nominating Council Members are not eligible to be nominated for a first term on the Board of Directors.

ARTICLE 11

EXECUTIVE COUNCIL

The Executive Council will be comprised of the Chairperson, Vice Chair, Secretary, Treasurer and one other board member appointed by the Chairperson. The Executive Council may exercise the full authority of the Board of Directors with respect to setting the compensation and benefits for the President/Chief Executive Officer and with respect to such other matters as are specified by the Board of Directors from time to time.

ARTICLE 12

INDEMNIFICATION

The corporation shall and does hereby indemnify and agree to save harmless each director, officer, employee, agent or member of said corporation, who was or is in the future a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director, officer, employee, agent or member of said corporation, or is or was serving at the request of said corporation in any of said capacities, from any damages, costs, expenses, attorney fees, fines and amounts paid in settlement, actually and reasonably incurred, to the extent that such persons may be indemnified under the applicable provisions of the Arizona Revised Statutes pertaining to nonprofit corporations.

THE FOREGOING was approved and adopted on January 11, 2021.

Chairperson
Tucson Airport Authority, Inc.