

**TUCSON AIRPORT AUTHORITY | Board of Directors Regular Meeting
June 2, 2021 | 3:00 p.m. | Remote Participation Only**

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Tucson Airport Authority (TAA) and to the public that the **Board of Directors** will hold a meeting open to the public on **Wednesday, June 02, 2021, beginning at 3:00 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"/> Bruce Dusenberry, Chairperson | <input type="checkbox"/> Judy Rich, Director | <input type="checkbox"/> Taunya Villicana, Ex officio |
| <input type="checkbox"/> Mike Hammond, Vice Chair | <input type="checkbox"/> Phil Swaim, Director | |
| <input type="checkbox"/> Keri Silvyn, Secretary | <input type="checkbox"/> Todd Jackson, Director | |
| <input type="checkbox"/> Bill Assenmacher, Treasurer | <input type="checkbox"/> Sally Fernandez, Director | |
| <input type="checkbox"/> Rob Draper, Director | | |

CONSENT AGENDA

Matters listed under the Consent Agenda are routine and will be enacted by one motion and one vote. There will be no separate discussion of the items on the Consent Agenda unless removed from the Consent Agenda by the Chairperson after a request of a member of the Board of Directors. If removed from the Consent Agenda, the item(s) will be considered separately and individually.

1. APPROVAL OF MINUTES

Approve the minutes from the Board of Directors Regular Meeting held on April 7, 2021.

CHAIRPERSON REPORT

2. Corporate Governance Council Meeting | Update
3. Upcoming Advisory Council Meetings | Schedule
4. TAA and Staff Recognition | New or Promoted Employees, Awards and Acknowledgments

PRESIDENT AND CEO REPORT

5. COVID-19 Impacts and Industry Update
6. TAA Talent Alignment and Update

DISCUSSION/PRESENTATION

7. Long-Term Terminal and Runway Planning Overview

ACTION ITEMS

8. **FY2020 FINANCIAL STATEMENTS AND AUDIT REPORTS**

The Board of Directors will consider and may adopt Resolution No. 2021-10 accepting the Financial Statements and Independent Auditor's Reports for the fiscal year ending on September 30, 2020.

9. **TUCSON AIRPORT AUTHORITY BYLAWS AMENDMENTS**

The Board of Directors will consider and may adopt Resolution No. 2021-11 adopting amendments to the Bylaws of the Tucson Airport Authority related to membership categories.

DIVISION UPDATES

10. **FINANCE AND ADMINISTRATION**

- April 2021 YTD Financials | Financial Summary/Aviation Activity Report

11. **PLANNING AND ENGINEERING**

- Airfield Safety Enhancement Program | Quarterly Update

NEXT MEETING

Wednesday, July 14, 2021 | 3:00 p.m. | Remote Participation Only via Webex.

ADJOURN

DRAFT MINUTES

TUCSON AIRPORT AUTHORITY | Board of Directors Regular Meeting
April 7, 2021 | 3:00 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 Dusenberry called the meeting to order at 3:01 p.m.

Members Present: Chairperson Bruce Dusenberry, Vice Chair Mike Hammond, Secretary Keri Silvyn, Treasurer Bill Assenmacher, Director Rob Draper, Director Judy Rich, Director Phil Swaim, Director Todd Jackson, and Director Sally Fernandez

Members Absent: Ex-officio Member Taunya Villicana

Others Present: Sun Corridor President and CEO Joe Snell and Volaire Aviation Managing Partner Jack Penning

Staff Present: President/CEO Danette Bewley, VP/Chief Operating Officer Bruce Goetz, VP of Planning and Engineering Mike Smejkal, VP/General Counsel Christopher Schmaltz, VP/Chief Commercial Officer John Voorhees, VP/Chief Financial Officer Kirk Eickhoff, VP/Chief People Officer Twyla Salaisz, and TAA Clerk Byron Jones

CONSENT AGENDA

1. **APPROVAL OF MINUTES**

Approve the draft minutes from the Board of Directors Regular Meeting held on March 3, 2021.

2. **SOUTHWEST AIRPORT SERVICES AIR CARGO LEASE AGREEMENT EXTENSION**

Adopt Resolution No. 2021-08 approving an extension of the air cargo lease agreement with Southwest Airport Services, Inc., at Tucson International Airport.

MOTION BY Director Fernandez, SECONDED BY Treasurer Assenmacher, to APPROVE Consent Items 1 and 2. The motion carried by the following vote:

Ayes 9 – Chairperson Dusenberry, Vice Chair Hammond, Secretary Silvyn, Treasurer Assenmacher, Director Draper, Director Rich, Director Swaim, Director Jackson, and Director Fernandez

Nays 0 – None

DRAFT MINUTES

CHAIRPERSON REPORT

3. Staff Recognition | New or Promoted Employees, Awards and Acknowledgments

Chairperson Dusenberry recognized employees who recently started at TAA and current employees who were recently promoted:

NEW

- Juan Villa – Ground Transportation Coordinator
- Twyla Salaisz – Vice President and Chief People Officer

PROMOTED

- Kirk Eickhoff – promoted to Vice President and Chief Financial Officer
- Allen Kinnison – promoted to Director of Airside Operations
- William Allphin – promoted to Fleet Mechanic

RETIRING

- Dick Gruentzel – last day is April 9, 2021
- Sylvia Granillo – last day is April 9, 2021

4. Bylaw Analysis | Information

The Corporate Governance Council is revisiting the Advocacy Member membership category. Vice Chair Hammond will work with the Council to develop recommendations to the Board of Directors regarding whether to modify the category or remove it entirely.

- President and CEO Danette Bewley was appointed to the Board of Directors of Airports Council International (ACI).
- The Federal Aviation Administration (FAA) has selected Tucson International Airport (TUS) as the Airport of the Year for 2020.

Ex-officio Member Taunya Villicana the meeting at 3:07 p.m.

PRESIDENT AND CEO REPORT

5. Strategic Plan Quarterly Update

President/CEO Danette Bewley presented an overview of the progress made in key areas of the Three-Year Strategic Plan. She noted that TAA is making excellent progress in some areas. The deadlines for other areas—primarily related to People Operations and personnel—have been extended. The Executive Team wanted to leverage the expertise and talent that the new Chief People Officer would bring to TAA. With the hiring of Twyla Salaisz to fill this role, Bewley is confident these goals will be met.

TAA has been in negotiations with its airline partners to develop a new Airline Use Agreement (AUA). Due to the economic uncertainty caused by the COVID-19 pandemic, the airlines have requested a two-year amendment to the current agreement rather than a complete overhaul.

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6. Pima County Health Department | Airport designated as a Point of Distribution for COVID-19 Vaccine

Tucson International Airport was selected by the Pima County Health Department to be a point of distribution for the COVID-19 vaccine. They began distributing the Moderna two-shot vaccine a month ago and were recently offered the opportunity to distribute the Johnson & Johnson one-shot vaccine. A clinic is being held tomorrow (April 8, 2021) at the TAA Fire Department.

VP/Chief Operating Officer Bruce Goetz invited the Board members, their families, and friends to attend the clinic if they have not been vaccinated.

PRESENTATIONS

7. Airline Industry | TUS Air Service Update

Voltaire Aviation Managing Partner Jack Penning presented an overview of the current state of air service in the United States considering the COVID-19 pandemic.

- ➔ Airlines in the United States lost \$42B in 2020.
- ➔ Small carriers such as Allegiant and SkyWest fared the best.
- ➔ Cases of COVID-19 are falling significantly. Arizona is among the lowest per capita in the United States. Travelers are looking at these statistics when they decide where to travel.
- ➔ The summer season is likely to be better than average due to the pent-up demand for leisure travel.
- ➔ The current challenge is that airlines do not have enough capacity for the increasing demand due to pilot shortages and deferred aircraft maintenance.

ATTACHMENT ONE: Presentation: *TUCSON RECOVERY - Trends for the Post-Pandemic - April 2021*

8. Sun Corridor | Economic Development Presentation

Sun Corridor President/CEO Joe Snell addressed a question that was brought up at the March 3, 2021 Board of Directors meeting as to whether Sun Corridor acts as a broker on TAA's behalf. Sun Corridor is not a broker. It only provides economic development/marketing services for TAA. Sun Corridor does not receive any commissions and will never be involved in contractual agreements TAA negotiates with other parties.

Snell gave an overview of Sun Corridor's deliverables to TAA during Phase One of its contract and previewed what they will focus on during Phase Two.

Phase One (2017-2020)

- ➔ Created the *Tucson International Airport 2019 Blueprint* – long-range commercial development plan.
- ➔ Developed a messaging/marketing plan (web pages, newsletters, social media, etc.) geared towards site selectors, influencers, and local stakeholders.
- ➔ Conducted forty-one sales meetings and five sales missions locally and nationally. This resulted in forty-three qualified prospects. TUS is also the finalist for two major MRO (maintenance, repair, and operations) facilities. A decision is anticipated by Fall 2021. Other companies such as Amazon, Home Depot, and Harsch Investment Properties have selected

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sites due to their proximity to the airport.

Phase Two (2020-2023)

- ➔ Continue to pursue projects that were delayed due to COVID-19.
- ➔ Tucson will continue to see strong interest from the manufacturing, distribution, MRO, and biotech industries. An impediment to growth is the lack of shovel-ready properties and 150,00 sq ft spec facilities in the area. This presents an opportunity for TAA to leverage its large land holdings.
- ➔ Focus on the three key areas identified in the scope of work: 1) Direct outreach to site selectors, 2) Implement a nationwide public relations campaign towards targeted industries, and 3) Continue to generate commercial development opportunities through outbound sales missions and hosting site selectors locally.
- ➔ Assist in finding a development partner that can help TAA bring some of its infrastructure projects to fruition.

Director Fernandez left the meeting at 4:08 p.m.

ACTION ITEMS

9. APPOINTMENT OF 2021 TAA ADVISORY COUNCILS

There was no discussion.

MOTION BY Secretary Silvyn, SECONDED BY Treasurer Assenmacher, to ADOPT Resolution No. 2021-09 approving the recommended appointments to the TAA Advisory Councils for 2021. The motion carried by the following vote:

Ayes 8 – Chairperson Dusenberry, Vice Chair Hammond, Secretary Silvyn, Treasurer Assenmacher, Director Draper, Director Rich, Director Swaim, and Director Jackson
Nays 0 – None

10. SUN CORRIDOR CONTRACT AMENDMENT

There was no discussion.

MOTION BY Vice Chair Hammond, SECONDED BY Director Swaim, to ADOPT Resolution No. 2021-05 authorizing a contract amendment to the existing Sun Corridor contract that will extend the term of the contract to align it with Sun Corridor's fiscal year. The motion carried by the following vote:

Ayes 8 – Chairperson Dusenberry, Vice Chair Hammond, Secretary Silvyn, Treasurer Assenmacher, Director Draper, Director Rich, Director Swaim, and Director Jackson
Nays 0 – None

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11. SUN CORRIDOR AGREEMENT (TWO-YEAR AGREEMENT - \$175,000; \$350,000)

There was no discussion.

MOTION BY Vice Chair Hammond, SECONDED BY Treasurer Assenmacher, to ADOPT Resolution No. 2021-06 authorizing the execution of a contract with Sun Corridor for the purpose of continuing its economic development services for another two-year term, beginning July 1, 2021. The motion carried by the following vote:

Ayes 8 – Chairperson Dusenberry, Vice Chair Hammond, Secretary Silvyn, Treasurer Assenmacher, Director Draper, Director Rich, Director Swaim, and Director Jackson
Nays 0 – None

DIVISION UPDATES

12. FINANCE AND ADMINISTRATION

- February 2021 YTD Financials: Financial Summary/Aviation Activity Report

VP/Chief Financial Officer Kirk Eickhoff reviewed the operating and financial statistics for the month of February 2021.

- ➔ Landed weights were favorable to budget though still significantly lower than 2020.
- ➔ Passenger volumes were at 30% of pre-COVID levels during weeks one and two, but they picked up in weeks three and four to end at 48%. This upward trend has continued through March.
- ➔ Despite the unfavorable passenger volumes, operating revenues were even with budget.

ATTACHMENT TWO: February 2021 Financial Highlights

13. BUSINESS AND COMMERCIAL DEVELOPMENT

VP/Chief Commercial Officer John Voorhees presented. The Business and Commercial Development (BCD) Division has been working to streamline business processes as part of the Three-Year Strategic Plan. Their focus has been to standardize the default processes pertaining to tenants who are behind in their rents and fees, with the goals of bringing them current, recovering revenues, and re-establishing relationships. They are currently identifying impacted tenants and will be reaching out to them soon.

14. OPERATIONS

- FAA | Federal Aviation Regulations Part 139 Inspection Update

VP/Chief Operating Officer Bruce Goetz reported that the FAA inspector was onsite last week to conduct the airfield review, and TUS received a perfect inspection. The inspector praised

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the work of the airside operations team and complimented the overall condition of the airfield. This year's inspection process is now complete.

15. MARKETING AND AIR SERVICE

A. Marketing Update

- ➔ Director of Communications and External Relations Jessie Butler shared a slideshow of the welcoming home of the University of Arizona (U of A) Women's Basketball team from the NCAA Championship Tournament. The TAA Fire Department gave the aircraft a water-cannon salute, and senior officials from the U of A were on hand. The players were appreciative of the recognition.
- ➔ Butler also shared photos of the newly installed billboard signs, roadway signs, and parking shuttle branded for the *Nonstop for Tucson* marketing campaign. All four parking shuttles will be wrapped during the next several weeks.

B. Air Service Update

- ➔ Senior Director of Air Service Development and Marketing David Hatfield reported that seat capacity is making significant improvements and that the post-COVID recovery is beginning earlier than anticipated. He gave an overview of air service highlights for the summer months.
- ➔ Hatfield also reported that the U.S. Department of Transportation released its preliminary passenger data for 2020 for the top one hundred airports in the United States. All three major airports in Arizona moved up in the rankings. TUS ranked at 66 (up from 74), with 821,000 passengers for the year.

NEXT MEETING

The next meeting will be held on Wednesday, May 5, 2021 at 3:00 p.m. via Webex.

ADJOURN

There being no further business to discuss, Chairperson Dusenberry adjourned the meeting at 4:45 p.m.

APPROVED BY:

Keri Silvyn, Secretary

Date: _____

Prepared by:

Byron M. Jones, CMC, CAP, TAA Clerk

Date: _____

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ATTACHMENT ONE

TUCSON RECOVERY
Trends for the Post-Pandemic
April 2021

(Prepared by Volaire Aviation Consulting)

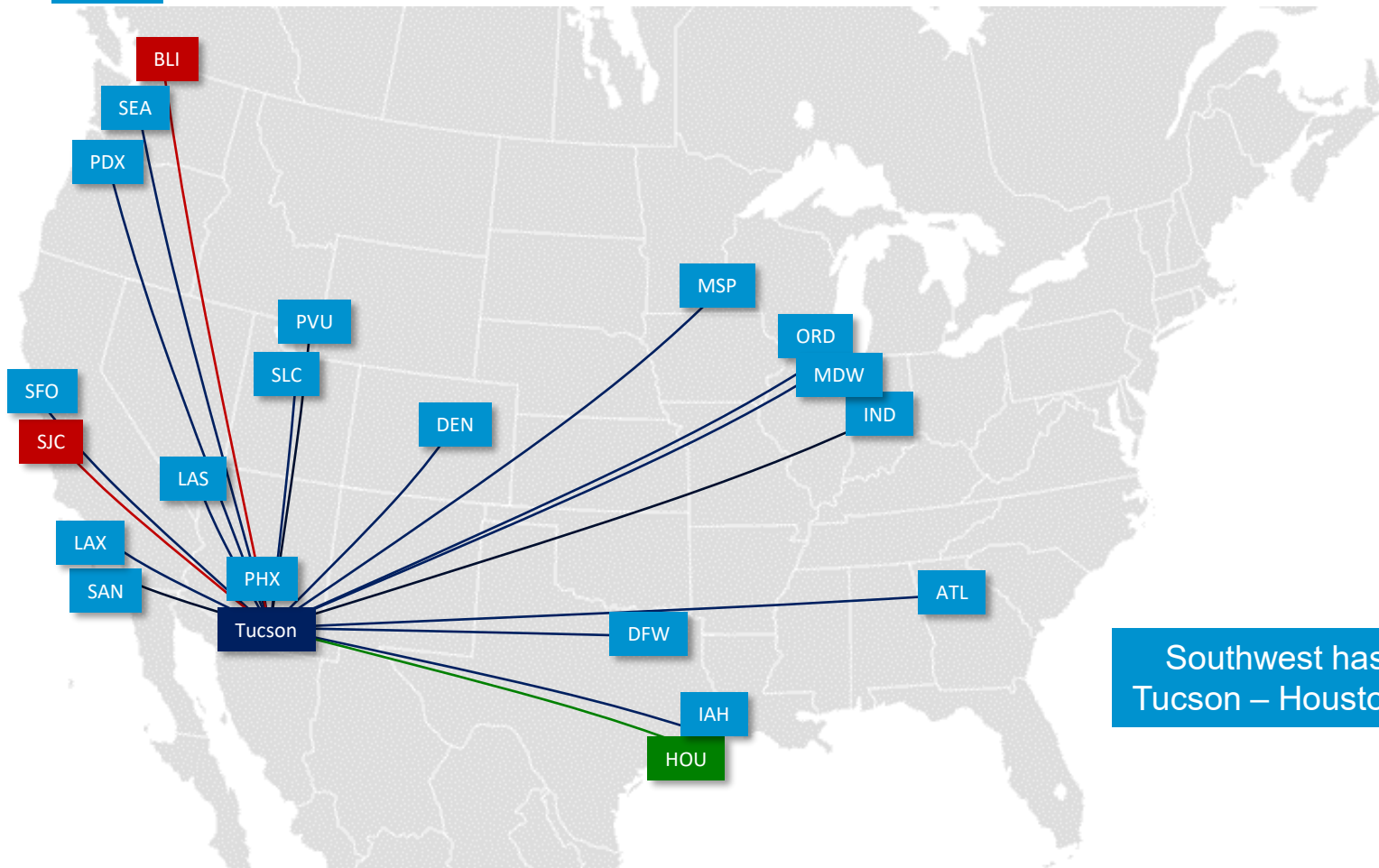
Tucson Recovery

Trends for the Post-Pandemic

APRIL 2021

Most Service Has Returned to Tucson

Map of Scheduled Airline Service at Tucson International Airport
Pre-Pandemic vs. Current, as of April 2021



Southwest has launched new Tucson – Houston Hobby service.

State of the Industry

Nearing the Pandemic's End

APRIL 2021

Airlines Lost \$42 Billion in 2020

North American Major Airlines Financial Condition Calendar Year 2020

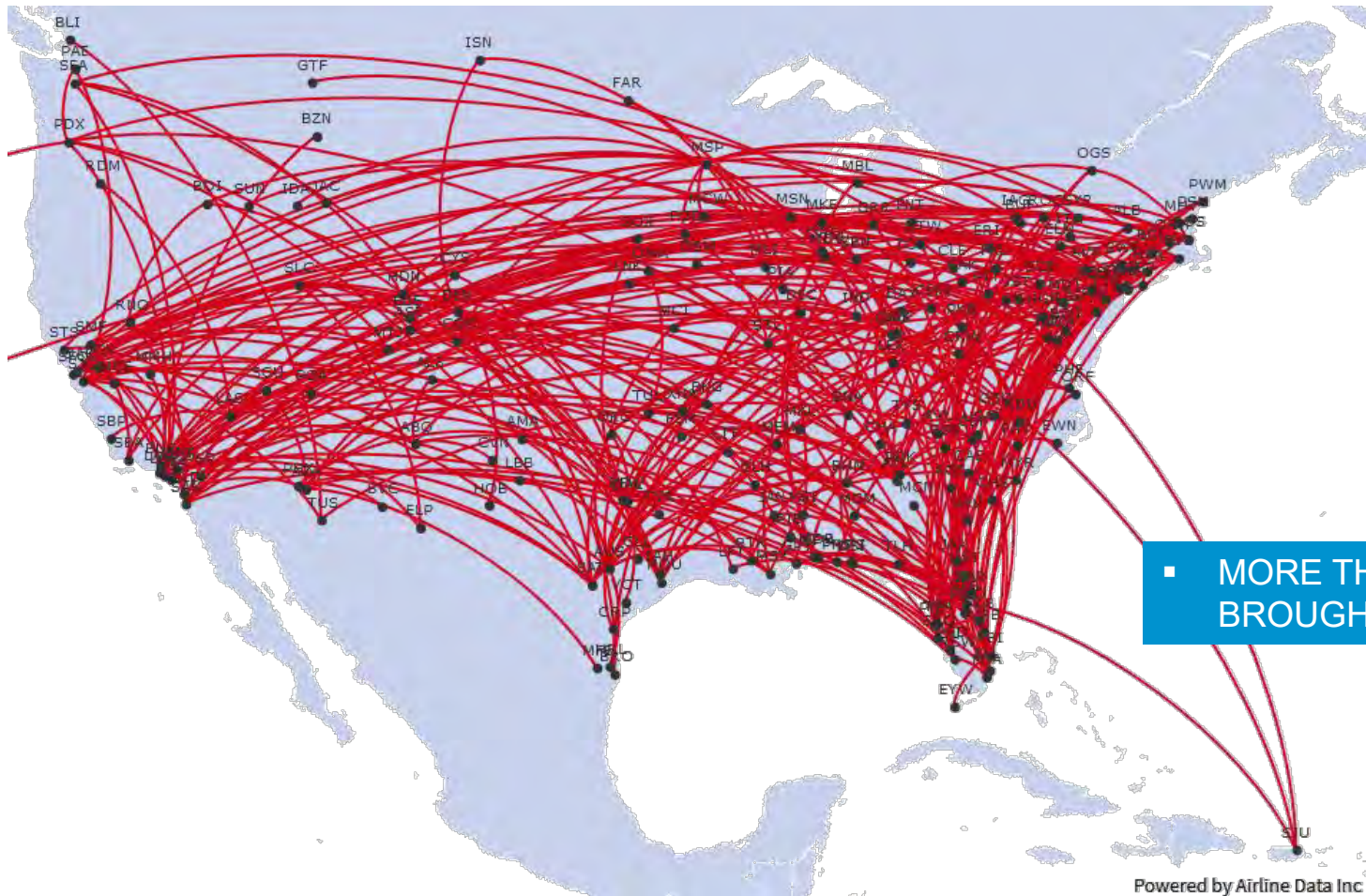
Airline	Revenue	Profit/Loss	Operating Profit/Loss	Margin	Operating Margin
Air Canada	\$5,833	(\$4,647)	(\$3,776)	-79.7%	-64.7%
Alaska	\$3,566	(\$1,307)	(\$1,753)	-36.7%	-49.2%
Allegiant	\$990	(\$149)	(\$140)	-15.1%	-14.1%
American	\$17,337	(\$10,421)	(\$8,885)	-60.1%	-51.2%
Delta	\$17,095	(\$12,385)	(\$15,587)	-72.4%	-91.2%
Hawaiian	\$845	(\$647)	(\$511)	-76.6%	-60.5%
JetBlue	\$2,957	(\$1,714)	(\$1,362)	-58.0%	-46.1%
Mesa	\$545	\$28	\$80	5.1%	14.7%
SkyWest	\$2,127	(\$9)	\$109	-0.4%	5.1%
Spirit	\$1,766	(\$429)	(\$508)	-24.3%	-28.8%
Southwest	\$9,048	(\$3,074)	(\$3,816)	-34.0%	-42.2%
United	\$15,355	(\$7,069)	(\$6,359)	-46.0%	-41.4%
Total	\$77,464	(\$41,823)	(\$42,508)	-54.0%	-54.9%



- ALLEGIAN AND SKYWEST FARED BEST WITH REILIENT BUSINESS MODELS

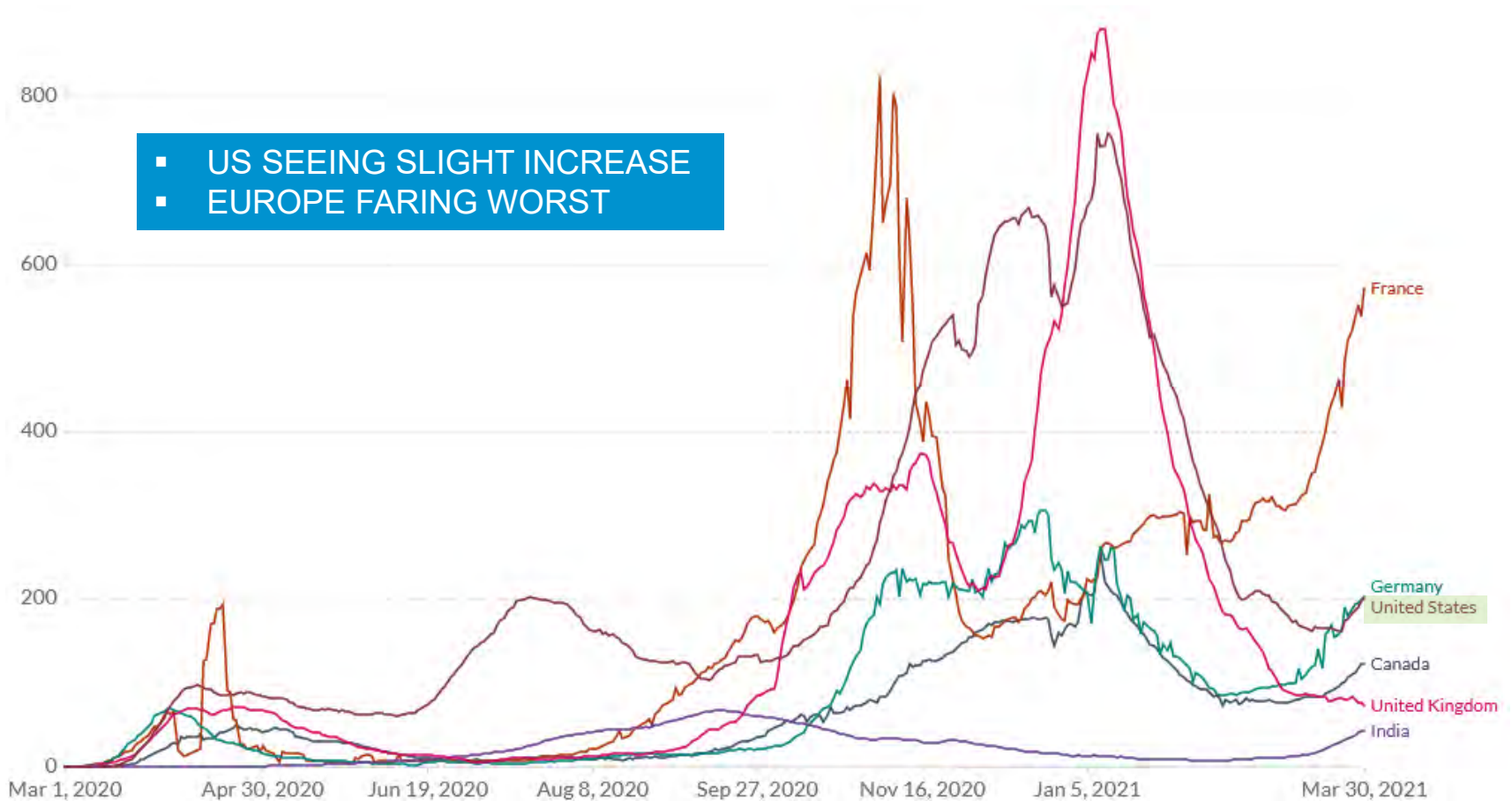
Airlines Have Cancelled 385 Routes

US Routes Permanently Cancelled During the Pandemic
Since March 2020



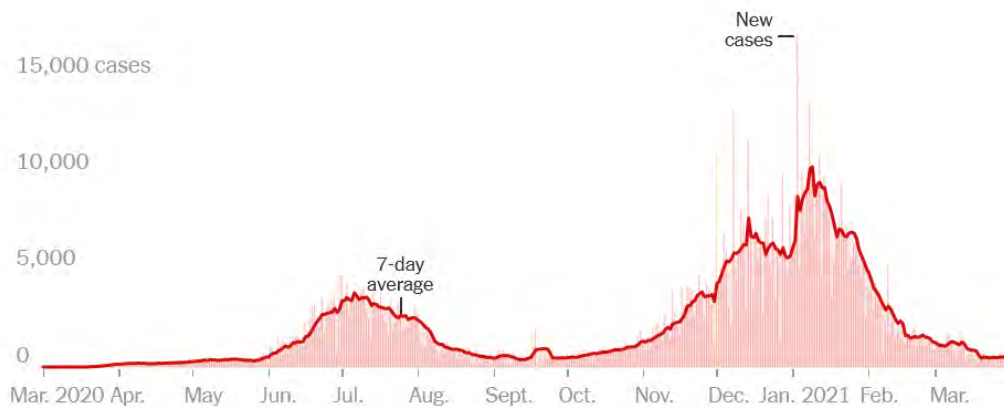
Cases Falling in Most of the World

COVID-19 Confirmed Cases per 100,000 Residents by Country
March 1, 2020 – March 30, 2021

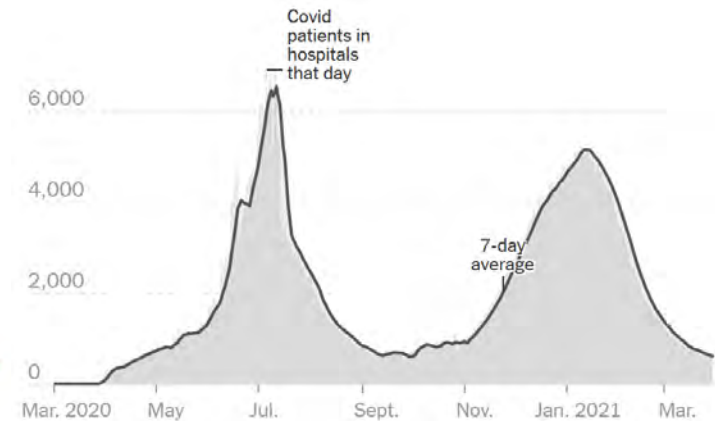


Arizona Trends Are Better than Average

Daily Cases in Arizona
March 1, 2020 – March 31, 2021



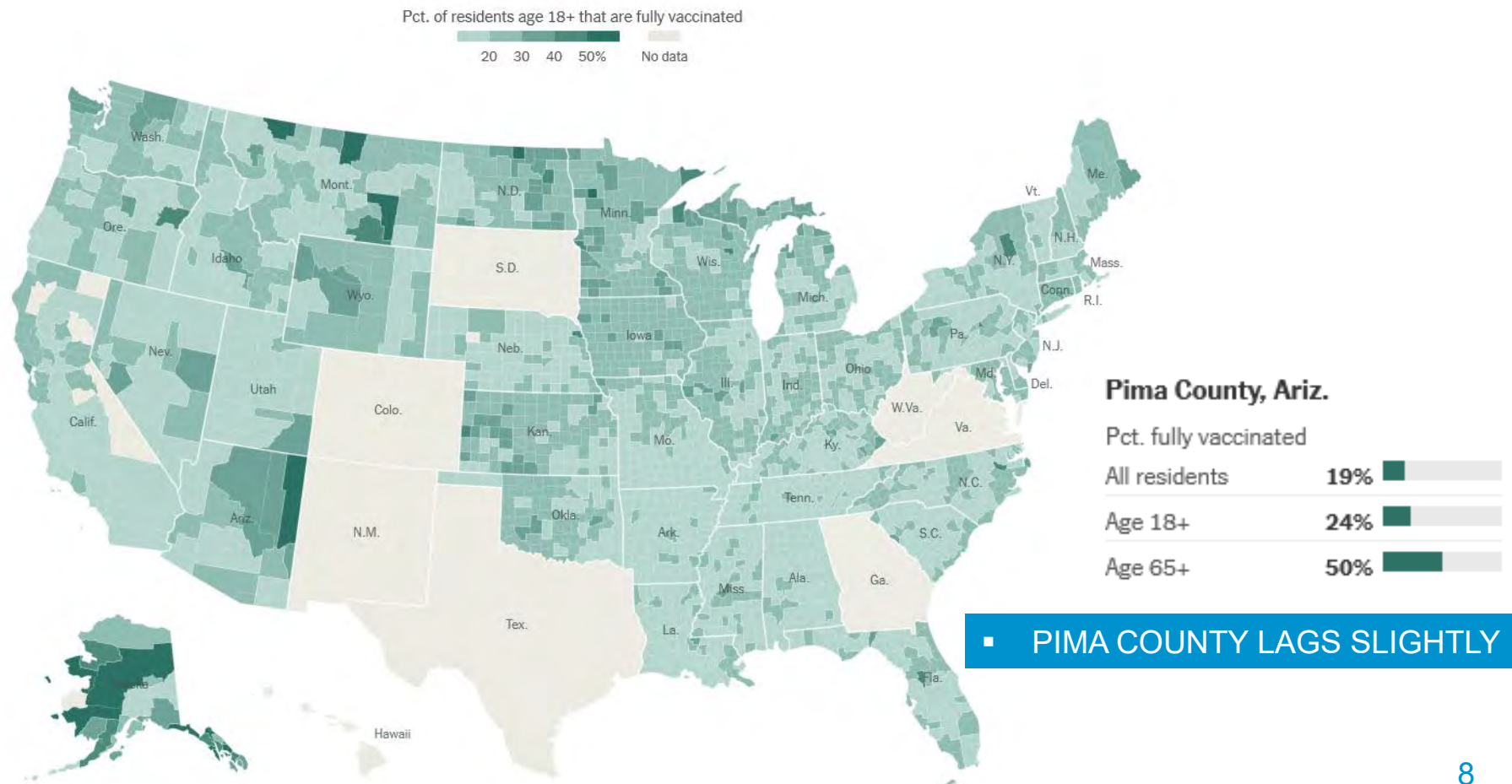
Daily Hospitalizations in Arizona
March 1, 2020 – March 31, 2021



- MANY INBOUND VISITORS ARE CHECKING THESE STATS
- CRITICAL TO KEEP THEM LOW FOR SUMMER TRAVEL SEASON

29% of Americans Have Had One Dose

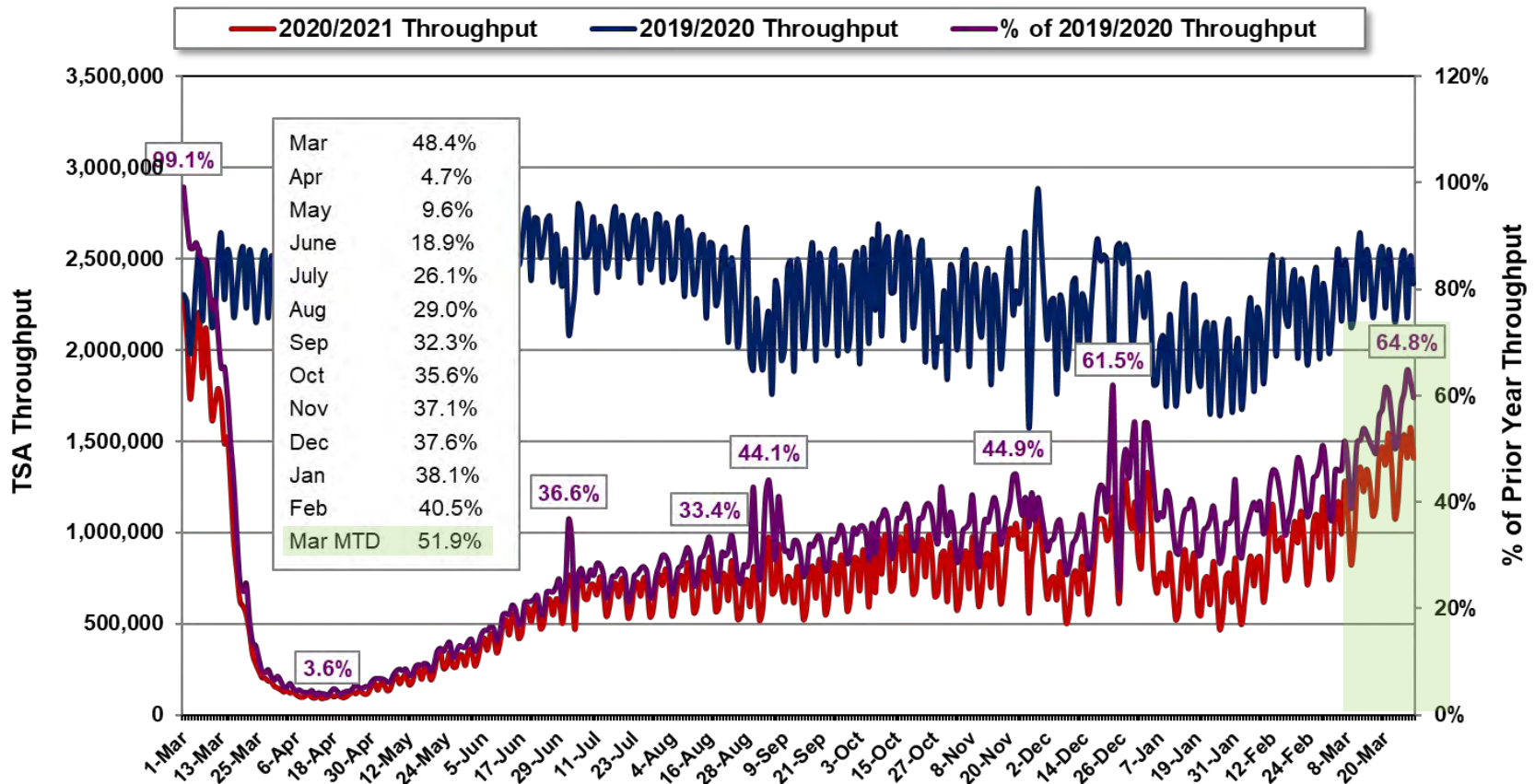
Percentage of Vaccinated Population by County
As of March 31, 2021



Source: Volaire Aviation Consulting Analysis of CDC Data Plotted by the New York Times

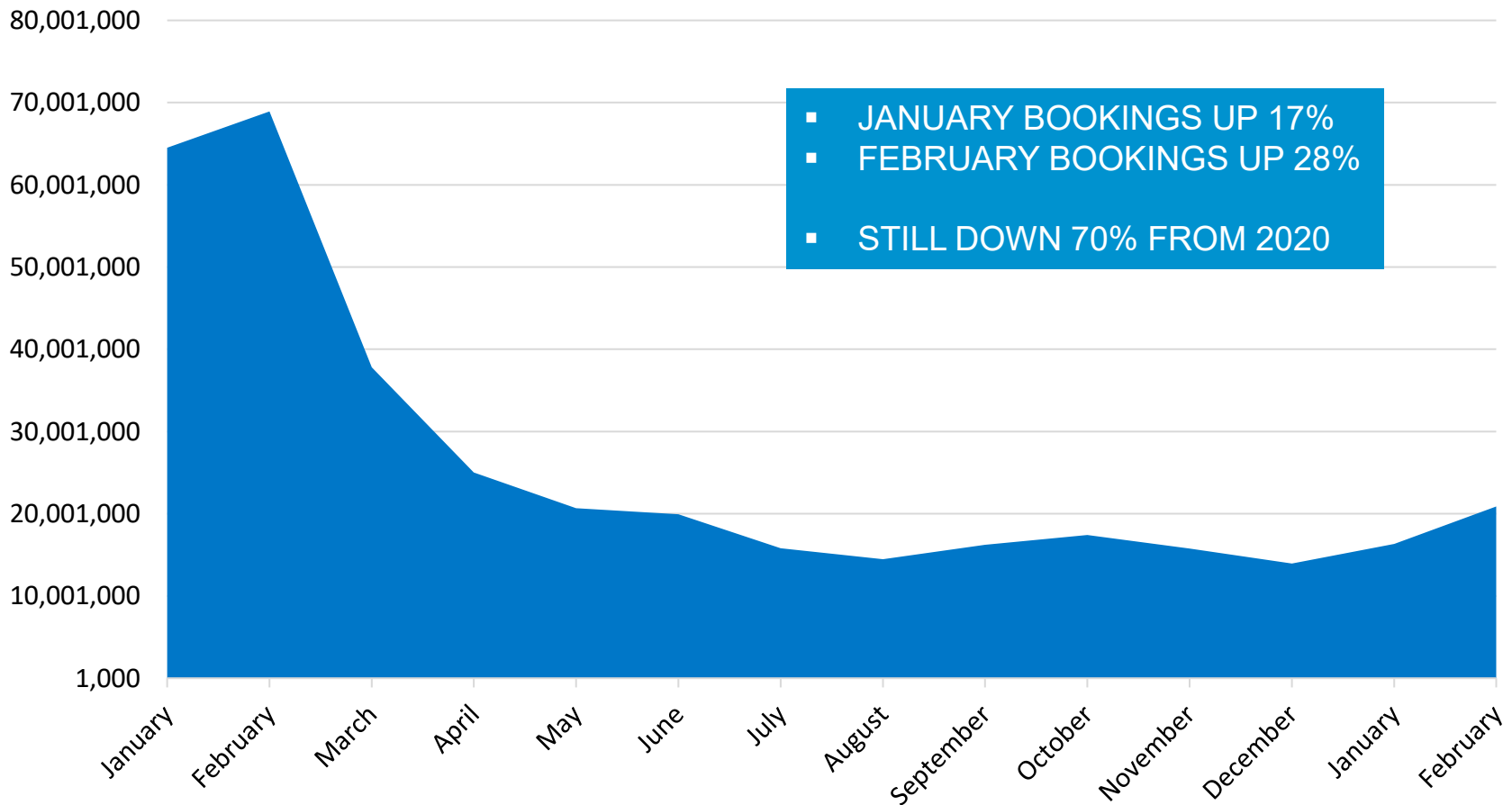
Passengers Are Rapidly Improving

TSA Throughput at US Airports
Current Year as Compared to 2019 Baseline



Domestic US Bookings Are Creeping Up

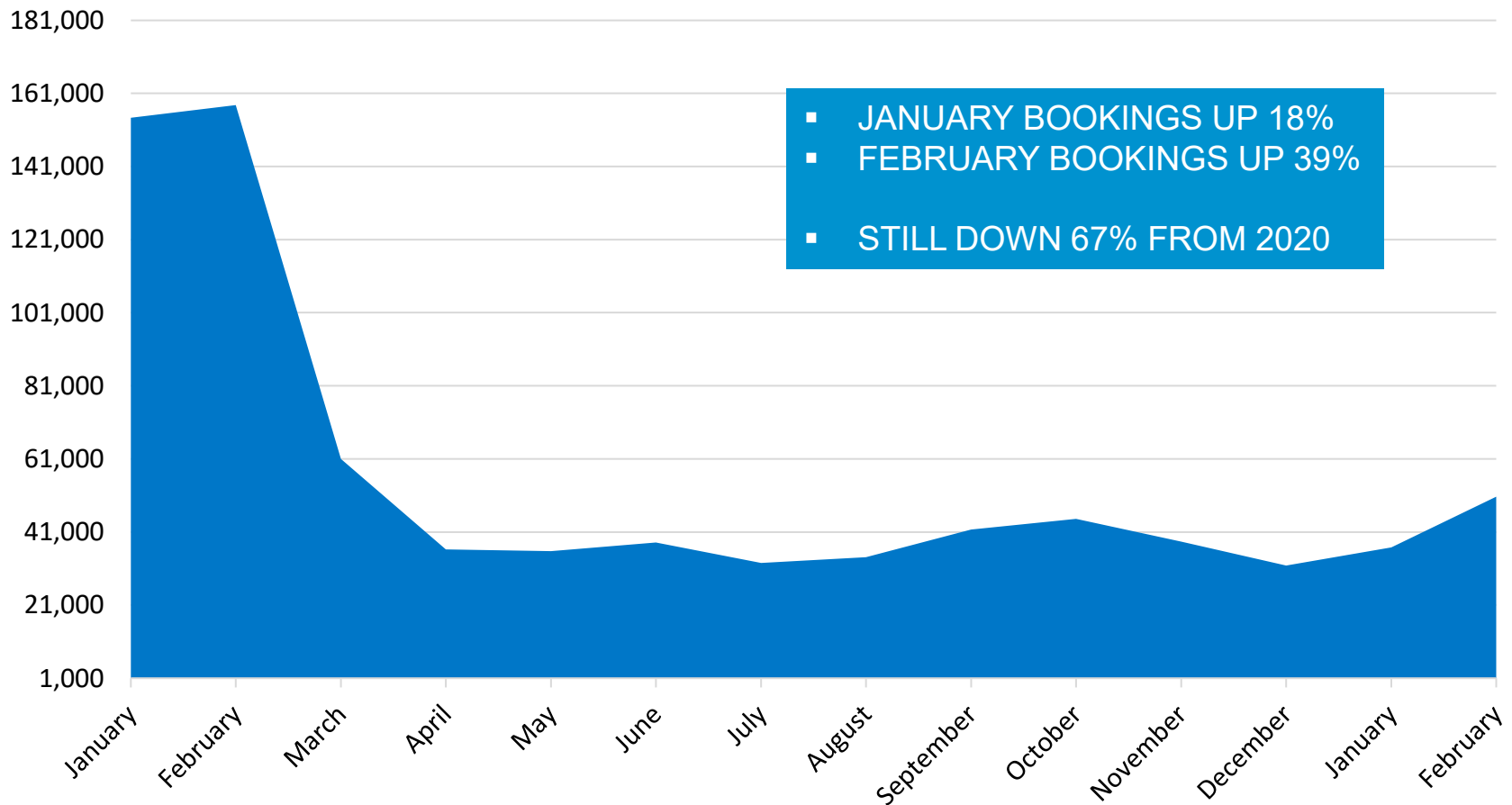
US Major Carriers Domestic Passenger Bookings
January 2020 to February 2021



- JANUARY BOOKINGS UP 17%
- FEBRUARY BOOKINGS UP 28%
- STILL DOWN 70% FROM 2020

Tucson Bookings Increasing Faster than Average

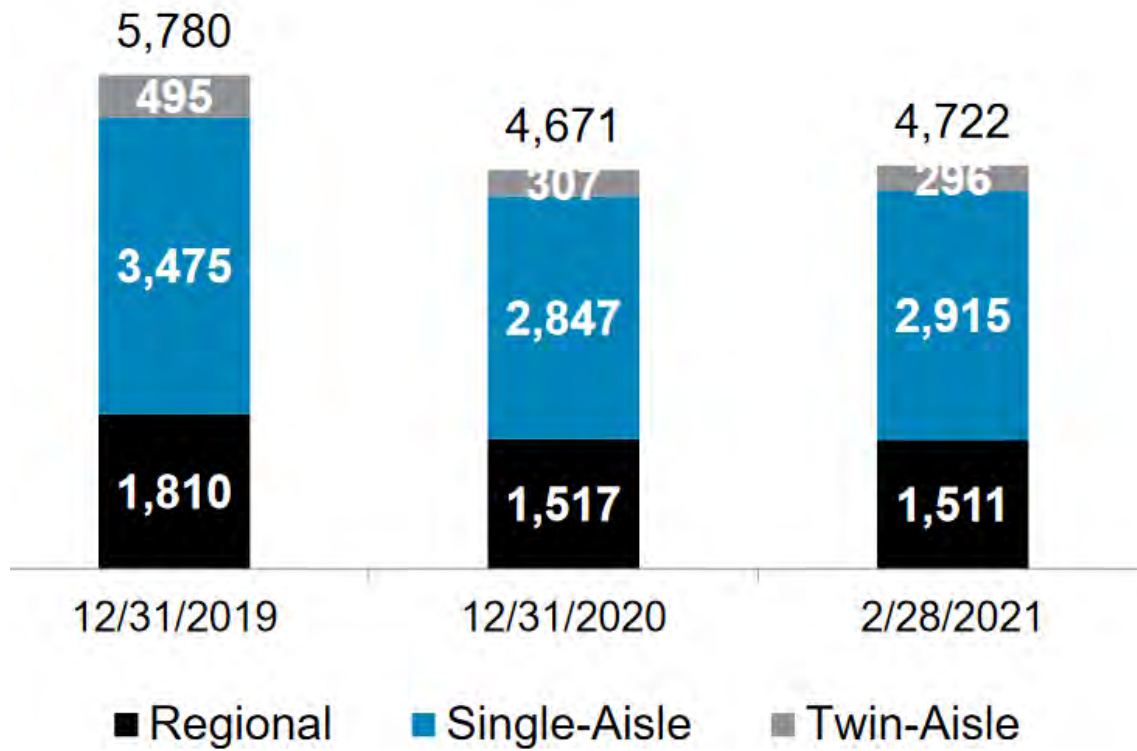
US Major Carriers Domestic Passenger Bookings at Tucson
January 2020 to February 2021



- JANUARY BOOKINGS UP 18%
- FEBRUARY BOOKINGS UP 39%
- STILL DOWN 67% FROM 2020

Airlines Are Bringing Planes Back

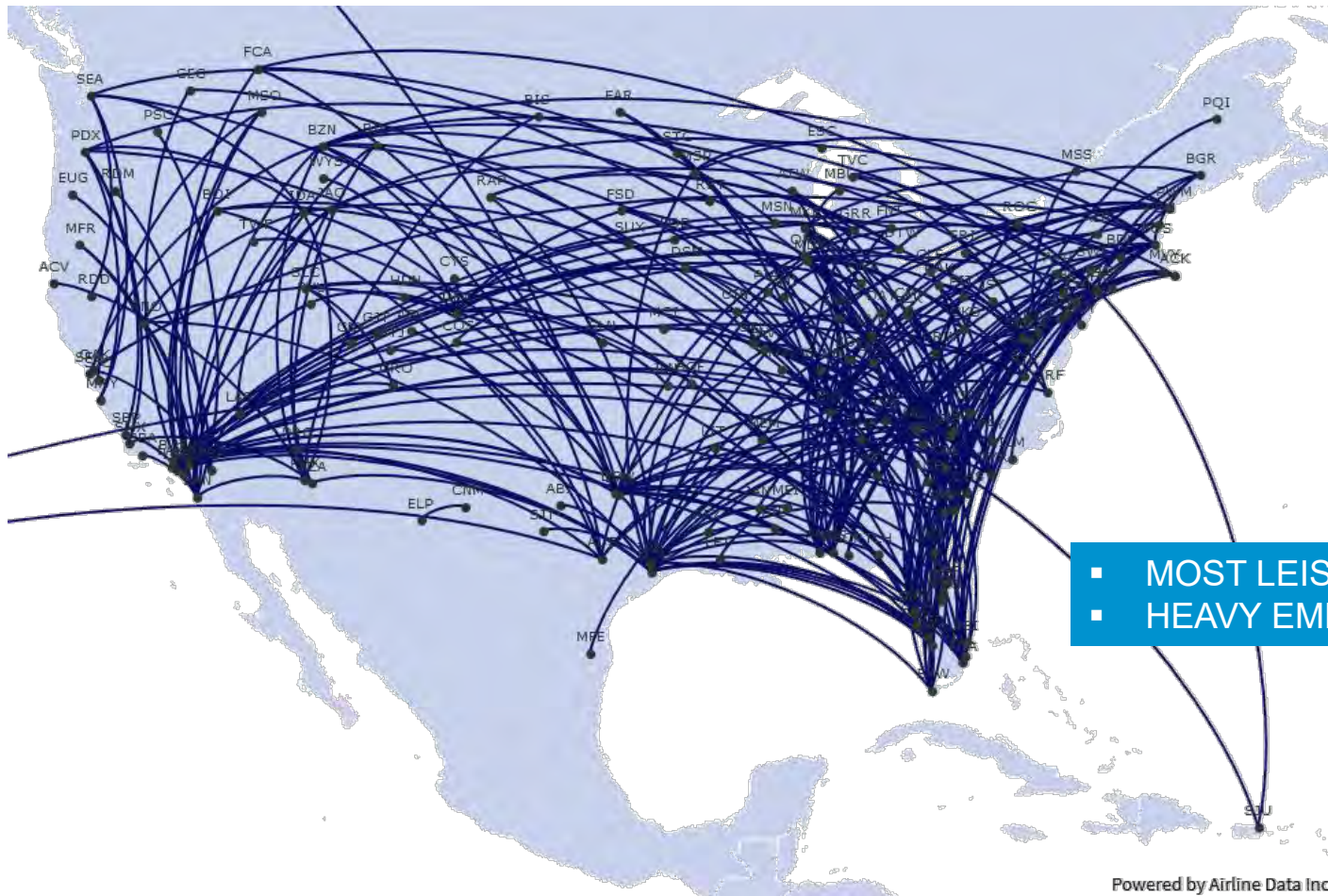
Aircraft in Operation with US Major Airlines
December 2019 to February 2021



- US AIRLINES HAVE ADDED BACK 68 NARROWBODY PLANES SINCE LAST DECEMBER
- FLEET IS STILL 18% SMALLER

Airlines Have Added 323 New Routes

New US Routes Added During the Pandemic
Since March 2020



- MOST LEISURE FOCUSED
- HEAVY EMPHASIS ON FLORIDA

The Evolution of Industry Challenges

PRE-PANDEMIC

POST-PANDEMIC

The Evolution of Industry Challenges

PRE-PANDEMIC



Shortage

POST-PANDEMIC



Early Retirement Buyouts

The Evolution of Industry Challenges

PRE-PANDEMIC



Shortage

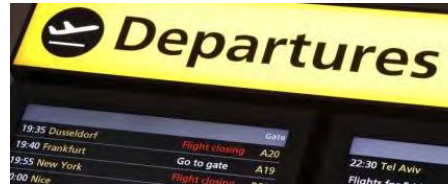


Hub Gate Shortages

POST-PANDEMIC



Early Retirement Buyouts



Schedule Depth

The Evolution of Industry Challenges

PRE-PANDEMIC



Shortage



Hub Gate Shortages



Shortage

POST-PANDEMIC



Early Retirement Buyouts



Schedule Depth



Backlog

The Evolution of Industry Challenges

PRE-PANDEMIC



Shortage



Hub Gate Shortages



Shortage

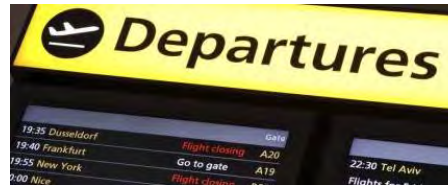


Premium Loyalty

POST-PANDEMIC



Early Retirement Buyouts



Schedule Depth



Backlog



Determining Profile of New Customer Base

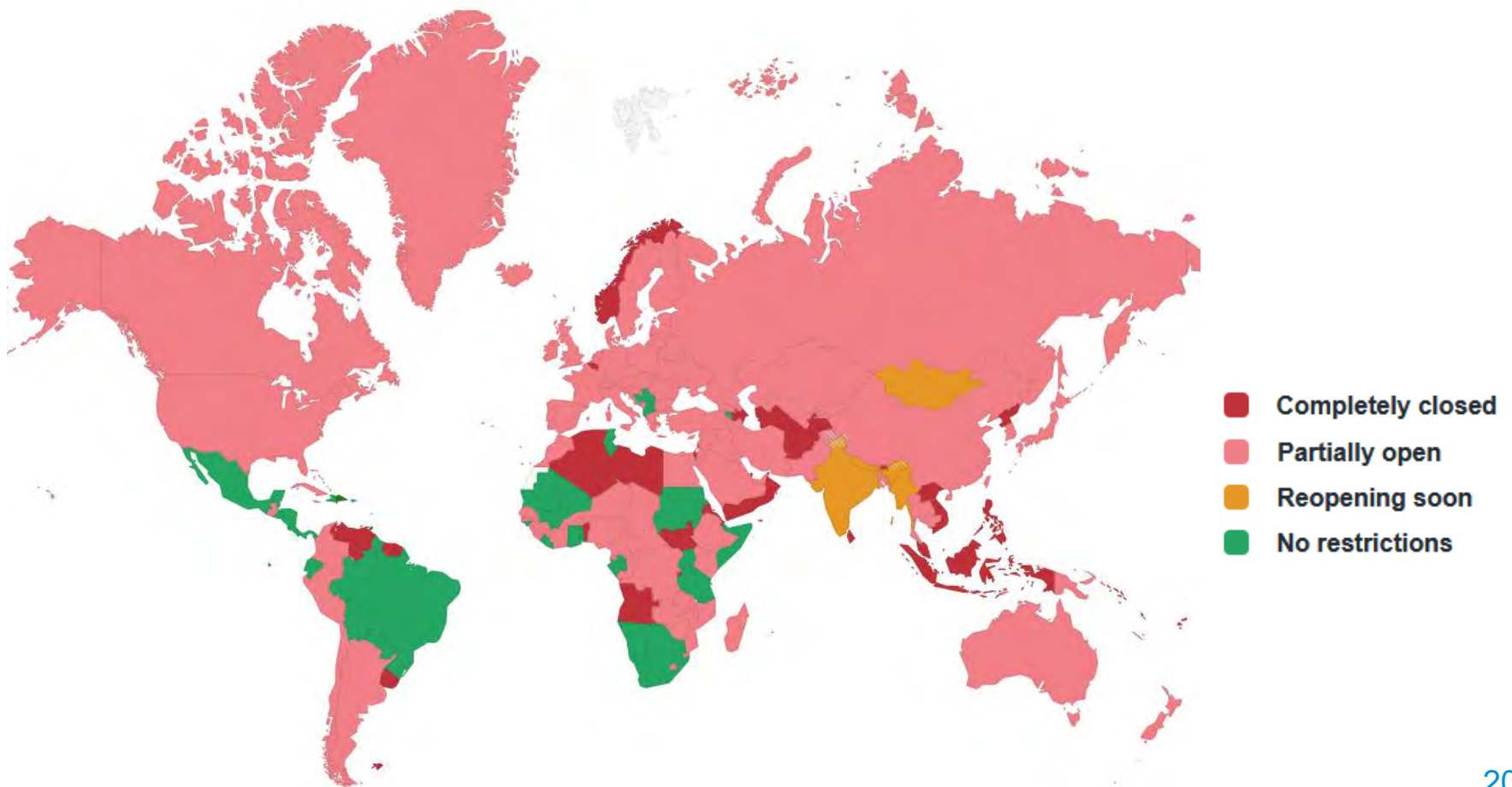
Tucson's Post-Pandemic Position

Bright Spots and Areas of Growth

APRIL 2021

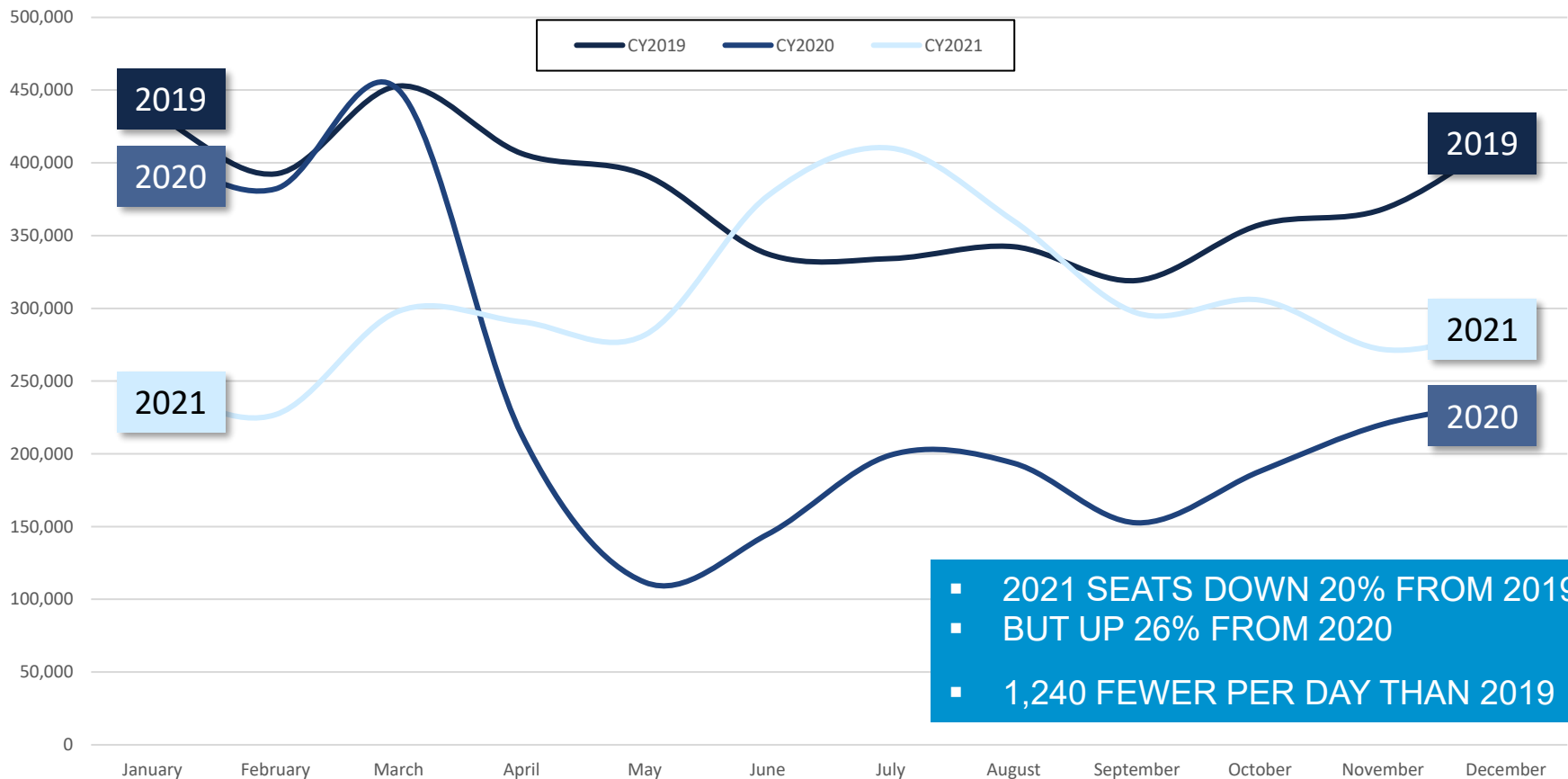
Most of the World Is Still Closed

Travel Restrictions by Country
As of April 2021



Tucson Summer Seats Will Be Higher than 2019

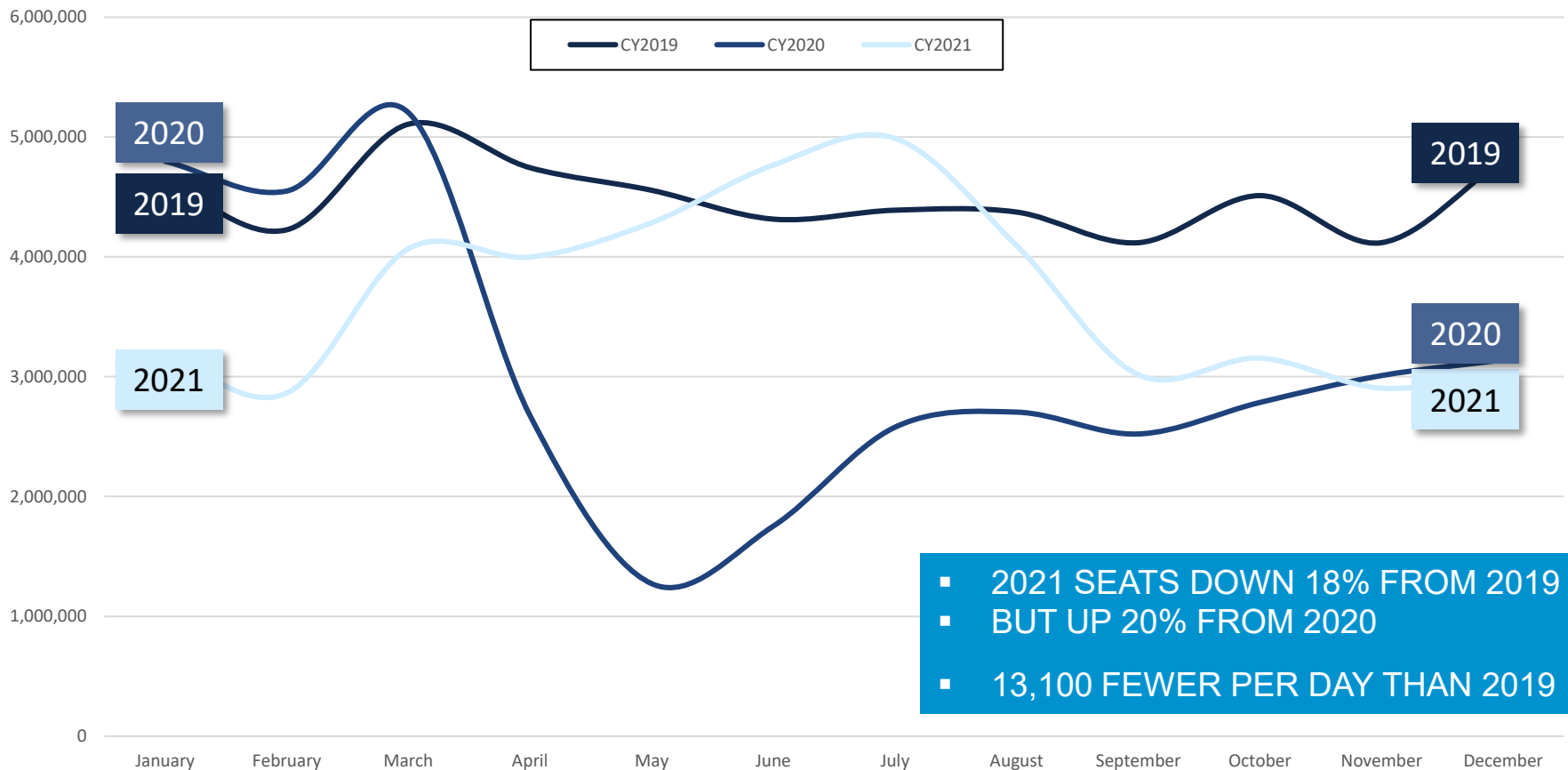
Scheduled Airline Seats at Tucson
January 2019 to December 2021



- 2021 SEATS DOWN 20% FROM 2019
- BUT UP 26% FROM 2020
- 1,240 FEWER PER DAY THAN 2019

Phoenix Will Also Have More Summer Seats

Scheduled Airline Seats at Phoenix Sky Harbor
January 2019 to December 2021



- 2021 SEATS DOWN 18% FROM 2019
- BUT UP 20% FROM 2020
- 13,100 FEWER PER DAY THAN 2019

Phoenix Has Lost 15 Nonstop Routes

Map of Permanently Cancelled Routes from Phoenix Sky Harbor
Updated April 2021

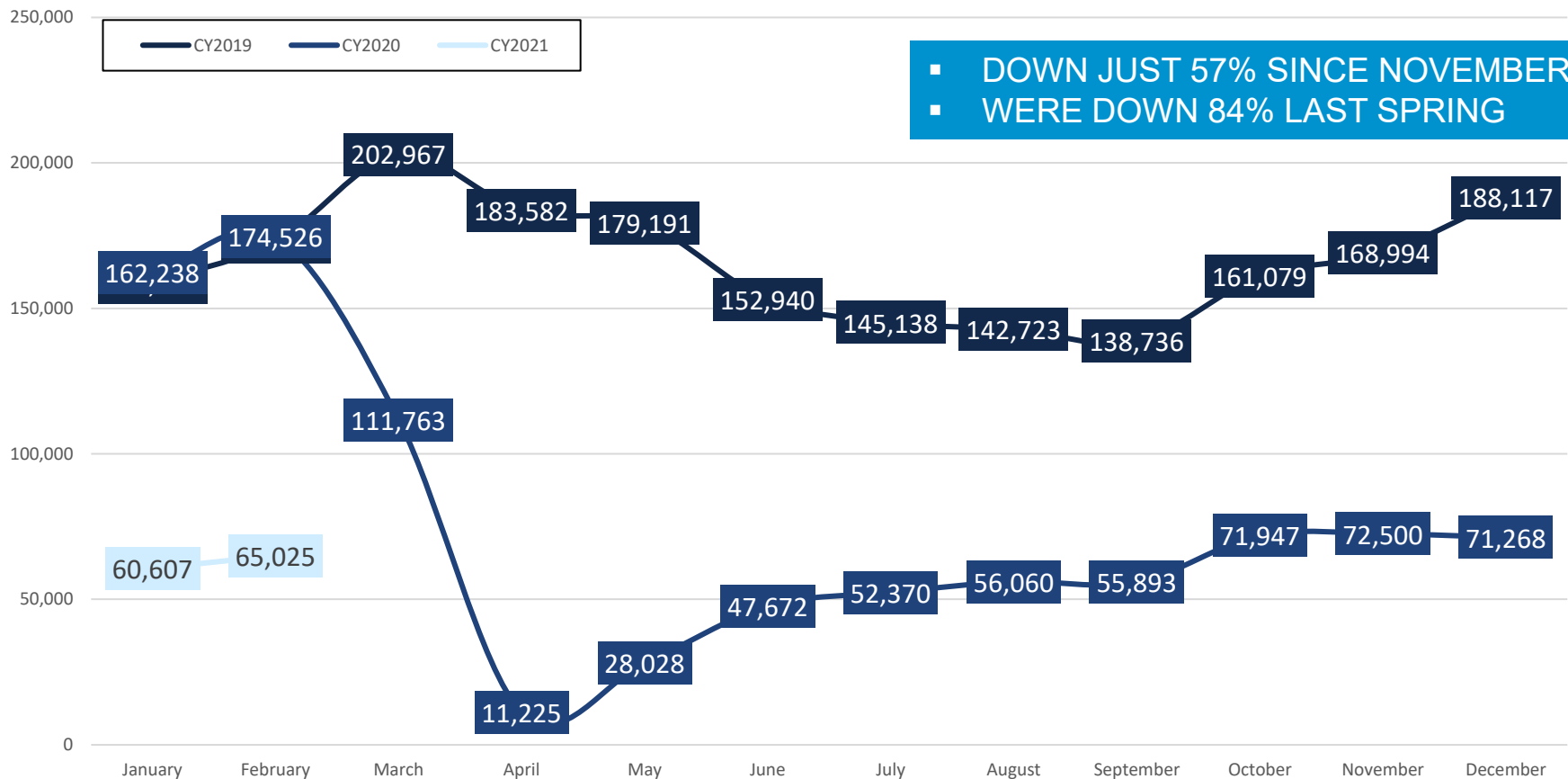


■ 11 NONSTOP ROUTES RESTORED

Powered by Airline Data Inc

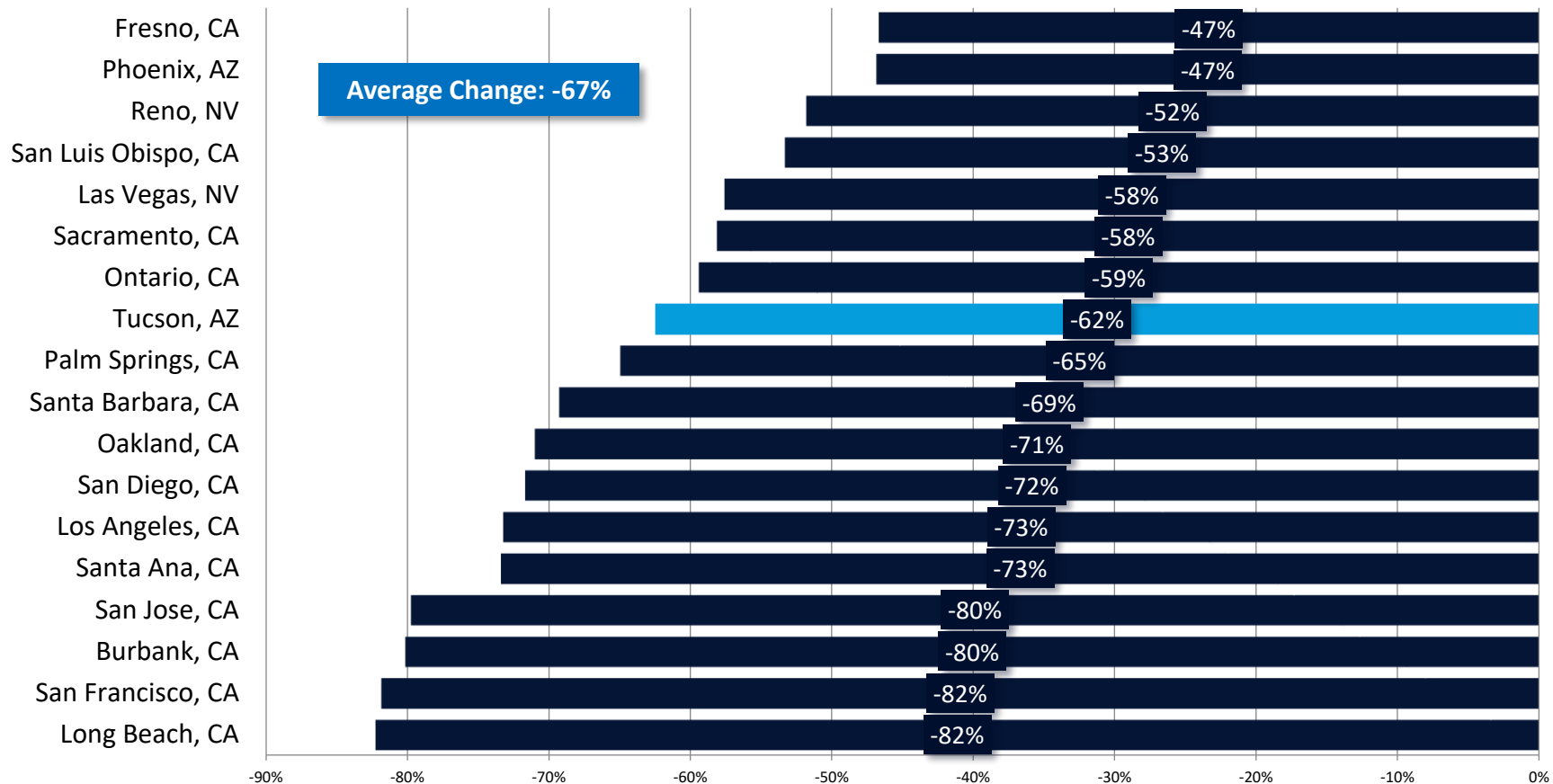
Tucson Passengers Are Slowly Increasing

Tucson Monthly TSA Screenings
January 1, 2019 – February 28, 2021



Tucson Is Still Outperforming the Region

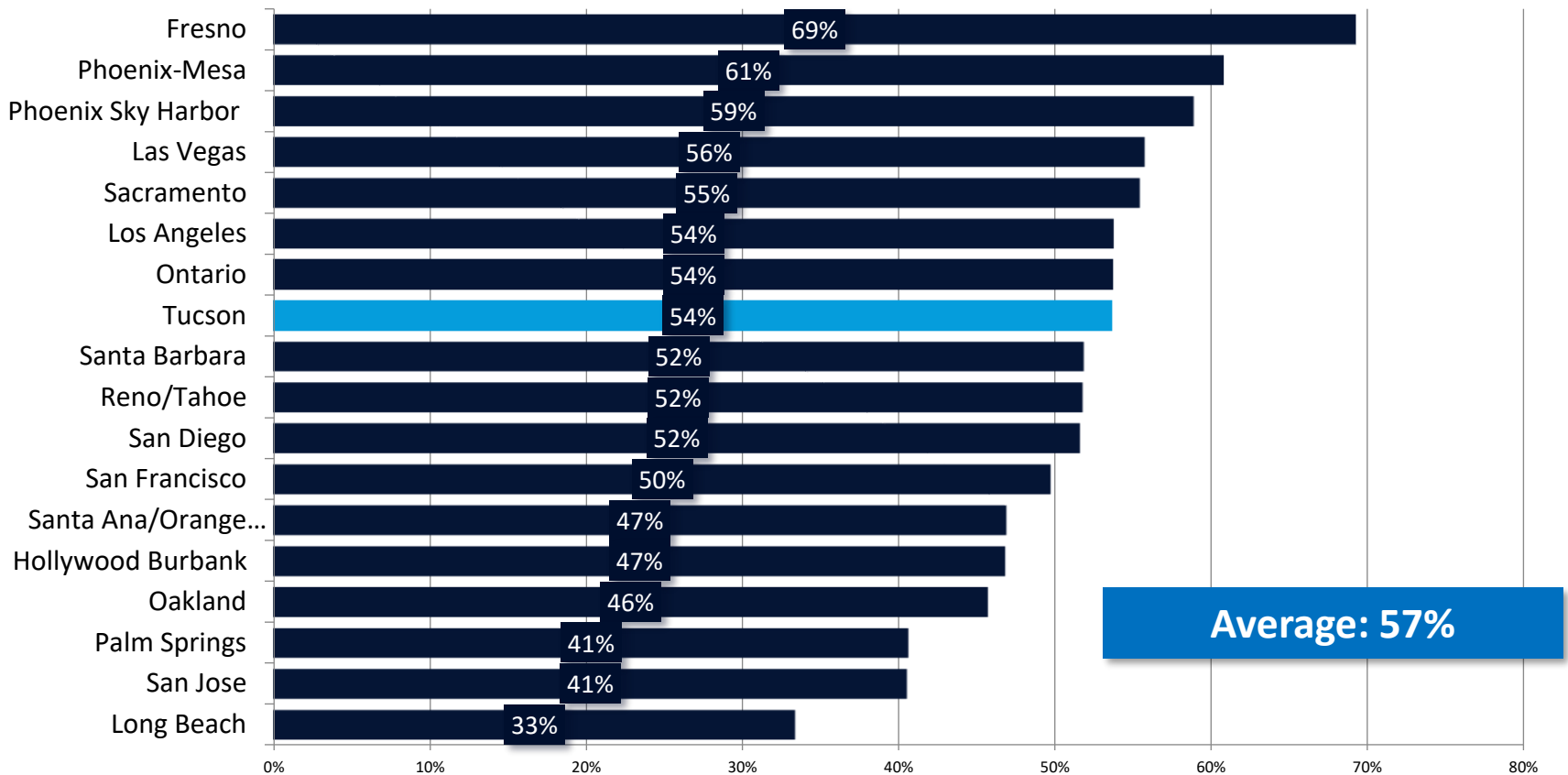
Estimated Passenger Change in Southwest US Markets
January and February 2021 vs 2020 (Includes Arizona, California, and Nevada)



Tucson Lags Slightly on Seats Filled

Load Factor in Southwest US Markets

November and December 2020 (Includes Arizona, California, and Nevada)



Building Air Service

Recruitment in the Post-Pandemic

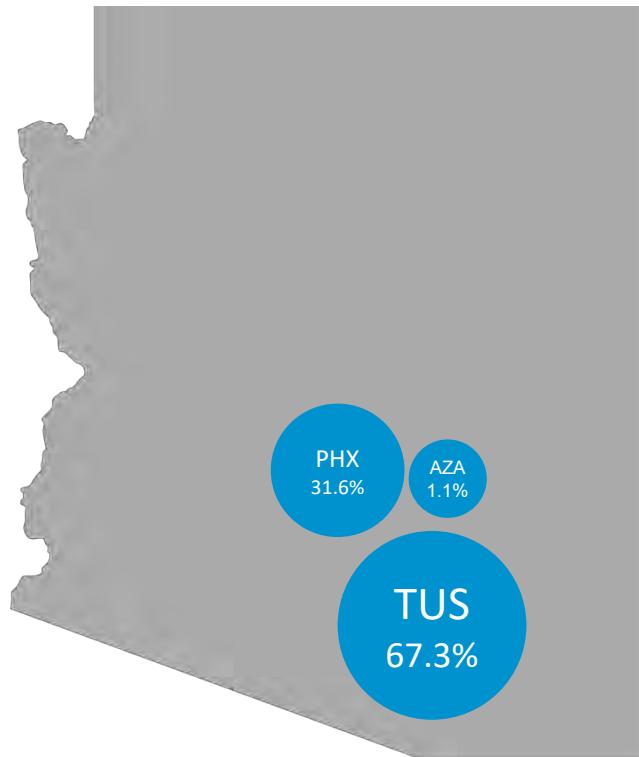
APRIL 2021



Tucson Advantage: Large Market to Re-Educate

Originating Airport for Tucson Catchment Area Passengers

Study Period: Year Ended First Quarter 2019



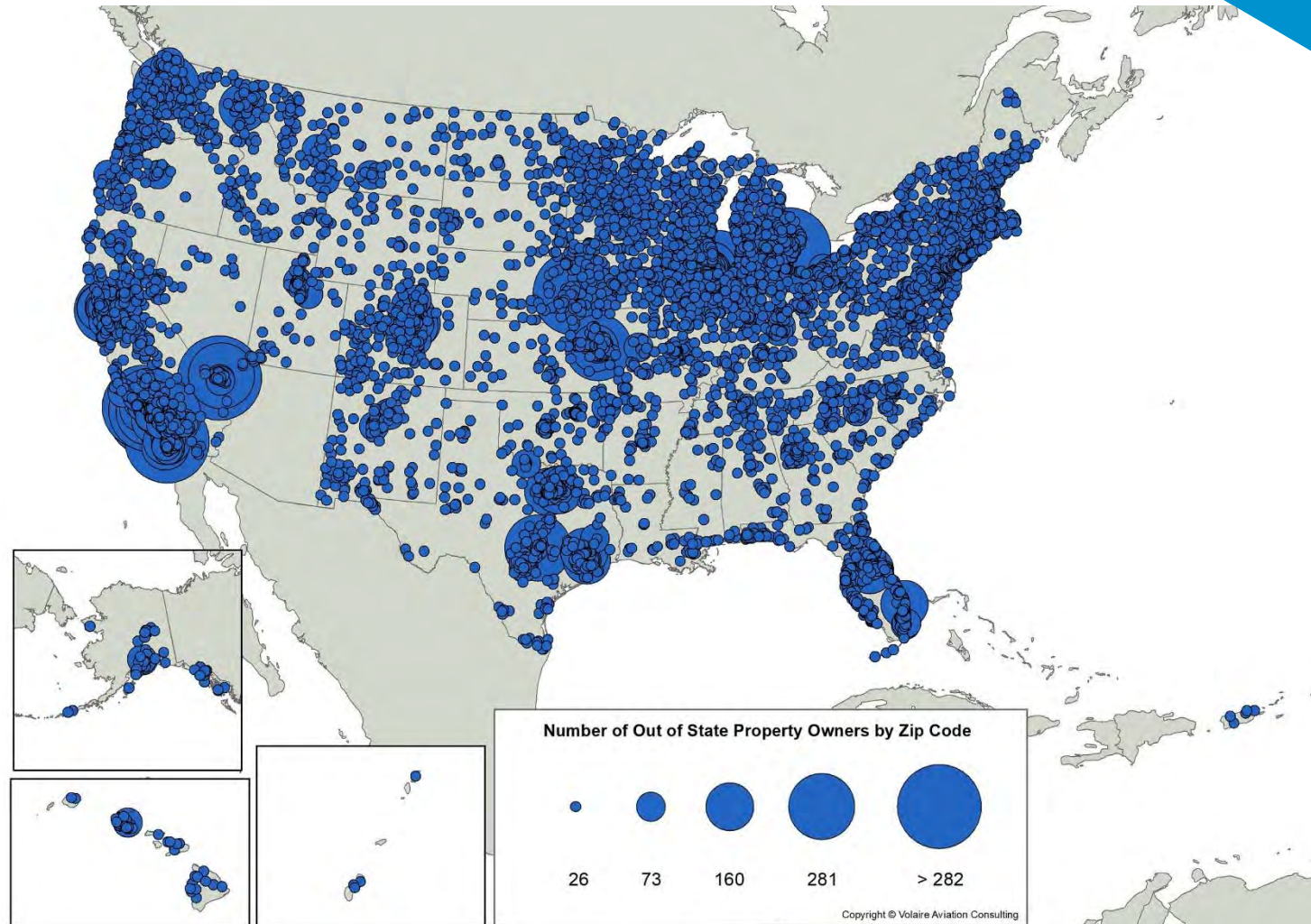
67% of those traveling to and from the area use TUS

2,300 passengers per day lost to Phoenix

Fewer nonstops from Phoenix – less advantage to driving

There are 115,000 Tucson Second Homeowners Nationwide

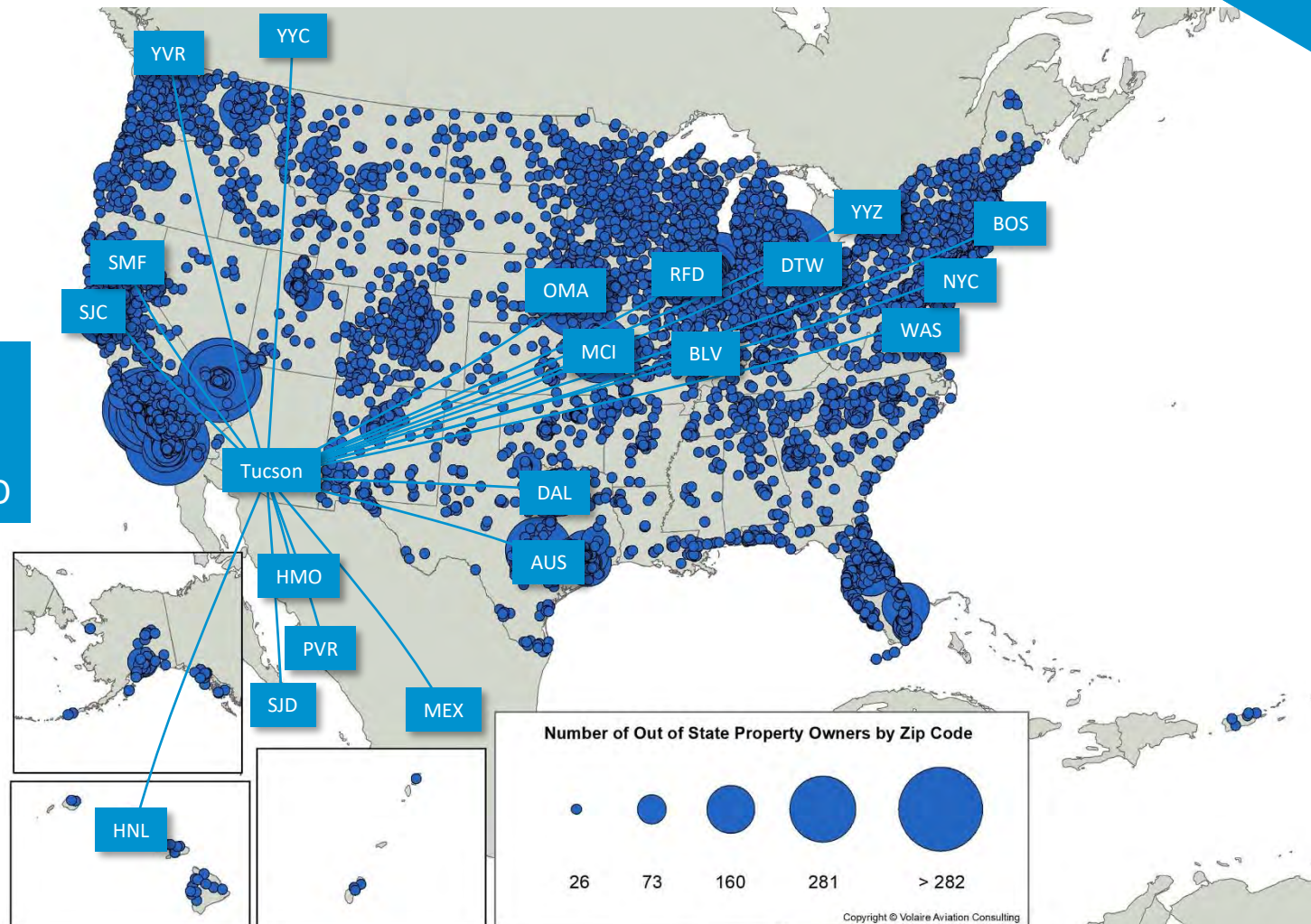
Origin of Owners of Second Homes in Pima County, Arizona, by Zip Code
Represents Data from Fiscal Year 2020



There are 115,000 Tucson Second Homeowners Nationwide, with Concentrations from Coast to Coast

Origin of Owners of Second Homes in Pima County, Arizona, by Zip Code
Represents Data from Fiscal Year 2020

DATA HELPS LOCATE MARKETS WITH BUILT-IN DEMAND



New Carriers Launching in 2021

Well-Capitalized Carriers Certificated for US Service
As of April 2021



- DAVID NEELEMAN, JETBLUE FOUNDER



- ANDREW LEVY, ALLEGIANT PRESIDENT



Tucson Targets: Summer/Fall/Winter Meetings



Contact Information

Jack Penning
Managing Partner
Volaire Aviation, Inc.
jack.penning@volaireaviation.com

DRAFT MINUTES

ATTACHMENT TWO

Tucson Airport Authority

February 2021 Financial Highlights

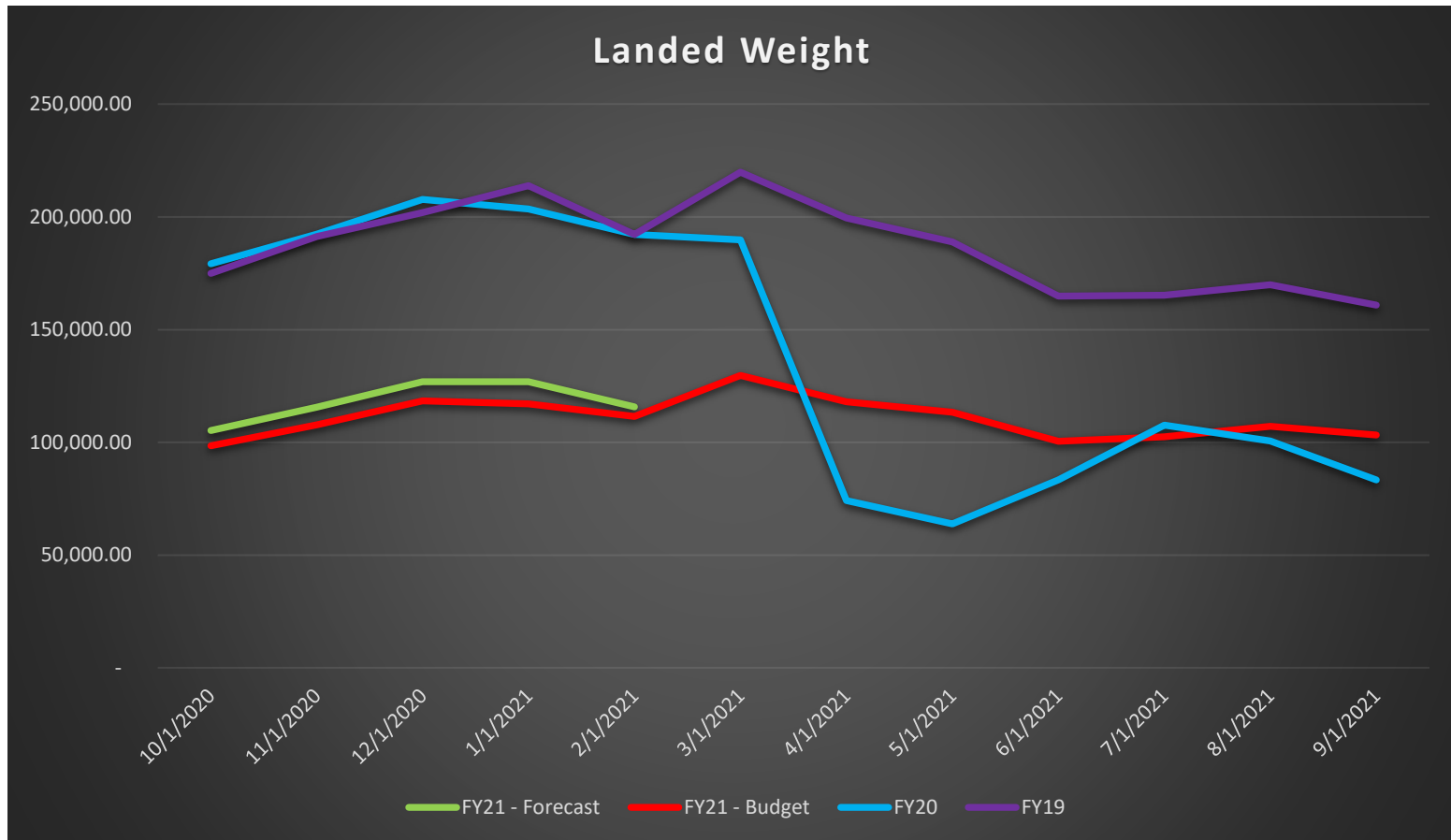


February 2021 Financial Highlights

Board of Directors Meeting

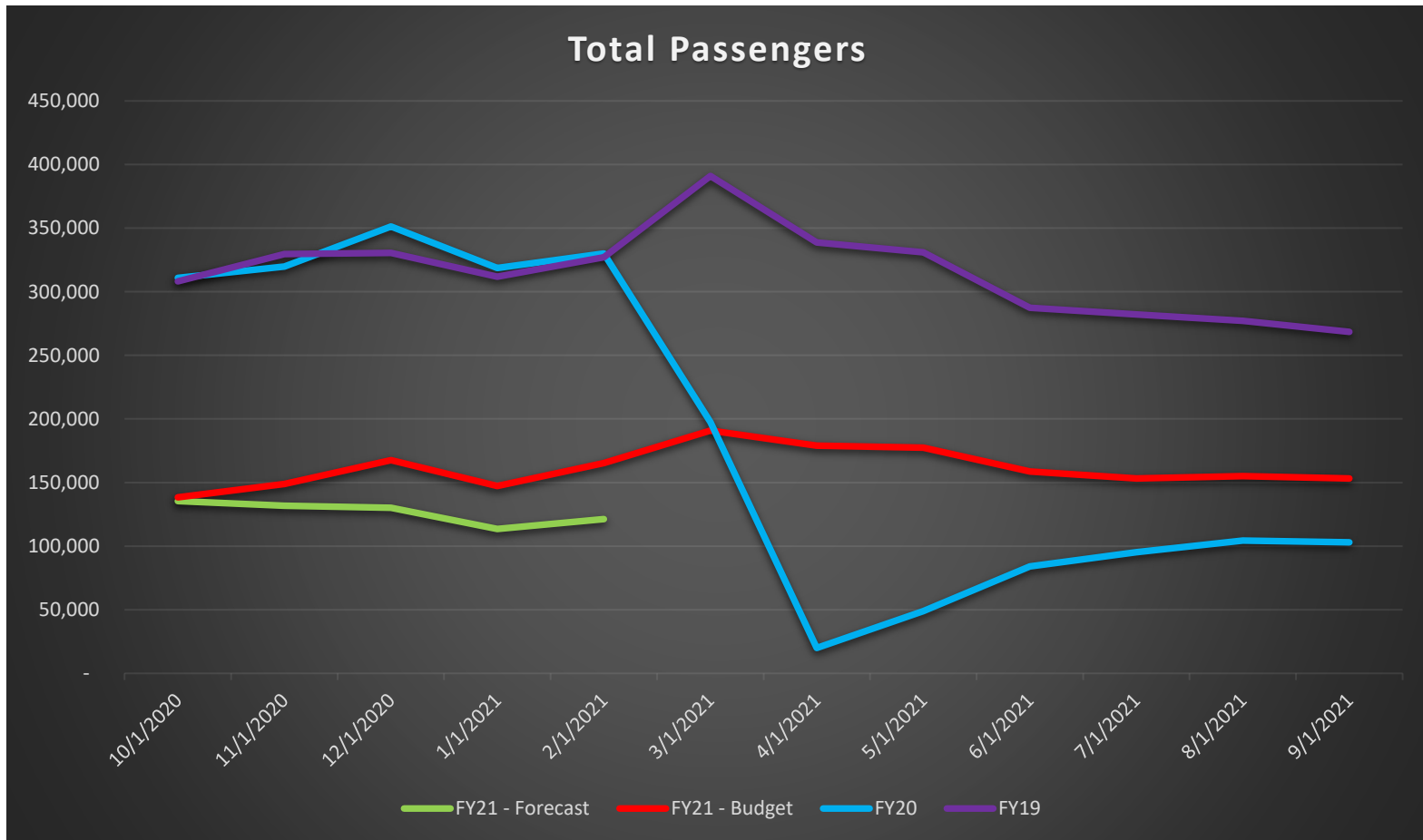
April 7, 2021

February 2021 YTD Operating Statistics



-February Landed Weight is 3.9% greater than budget and 39.7% lower than prior year
-YTD Landed Weight is 6.7% greater than budget and 39.4% lower than FY2020

February 2021 YTD Operating Statistics



- February Passengers are 26.6% below budget and 63.3% lower than prior year
- YTD Passengers are 17.7% below budget and 61.3% lower than FY2020

February 2021 Flight & Passenger Activity

<u>Month</u>	<u>Current Year</u>	<u>Prior Year</u>	<u>Change</u>	
Total Passengers	121,348	330,235	(208,887)	-63.3%
Average Daily Seat Capacity	3,913	6,826	(2,913)	-42.7%
Average Load Factor	54.8%	87.1%	-32.3%	
Average Daily Departures	34.9	59.0	(24.1)	-40.8%
 <u>Five Months Year-To-Date</u>				
Total Passengers	631,915	1,631,168	(999,253)	-61.3%
Average Daily Seat Capacity	3,663	6,378	(2,715)	-42.6%
Average Load Factor	56.7%	84.0%	-27.3%	

February 2021 Financial Results

(\$ Millions)			Actual vs.		Prior	Current vs.	
	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>		<u>Year</u>	<u>Prior Year</u>	
<u>Month</u>							
Operating Revenues	2.6	2.6	-	0.0%	4.1	(1.5)	-36.6%
Operating Expenses	2.6	2.5	0.1	4.0%	2.6	-	0.0%
Operating Income (Loss)	-	0.1	(0.1)	-100%	1.5	(1.5)	-100%
 <u>Five Months Year-To-Date</u>							
Operating Revenues	13.1	12.7	0.4	3.1%	19.7	(6.6)	-33.5%
Operating Expenses	13.0	14.3	(1.3)	-9.1%	13.4	(0.4)	-3.0%
Operating Income	0.1	(1.6)	1.7	na	6.3	(6.2)	-98.4%

Resolution No.	2021-10
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A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., ACCEPTING THE FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR’S REPORTS FOR THE FISCAL YEAR ENDING ON SEPTEMBER 30, 2020.

BE IT RESOLVED by the Board of Directors of the Tucson Airport authority, Inc., as follows:

The Board of Directors hereby accepts the financial statements and independent auditor’s reports for the fiscal year ending on September 30, 2020, relating to the following items:

- Audited Financial Statements
- A-133 Single Audit Reports and Schedules
- Passenger Facility Charge Program

PASSED AND ADOPTED by the Board of Directors of the Tucson Airport Authority, Inc., this second day of June 2021.

Bruce Dusenberry, Chairperson

ATTEST:

Keri Silvyn, Secretary

APPROVED AS TO FORM:

Christopher Schmaltz, Vice President and
General Counsel

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., ADOPTING AMENDMENTS TO THE BYLAWS OF THE TUCSON AIRPORT AUTHORITY RELATED TO 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 Corporate Governance Council, at its meeting on Wednesday, May 11, 2021, voted to recommend to the Board of Directors a bylaw amendment to eliminate that certain category of membership created for elected officials and other high-level local government officials; and

WHEREAS, the Board of Directors accepts the recommendation of the Corporate Governance Council and hereby amends the Tucson Airport Authority bylaws in accordance with that recommendation.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., AS FOLLOWS:

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

The membership shall be divided into **TWO** ~~three~~ categories to be known as “Members”, **and** “Emeritus Members.”, ~~and “Advocacy Members.”~~

2. Section 2.1.2(c) of the Tucson Airport Authority Bylaws shall be deleted in its entirety.

3. The TAA Chairperson is authorized to execute the revised Bylaws of the Tucson Airport Authority, incorporating all amendments through June 2, 2021, attached hereto as Exhibit A, and incorporated by reference herein.

Bruce Dusenberry, Chairperson

ATTEST:

Keri Silvyn, Secretary

APPROVED AS TO FORM:

Christopher Schmaltz, Vice President and
General Counsel

EXHIBIT A

Tucson Airport Authority Bylaws
Dated as of June 2, 2021
As Amended

BYLAWS

TUCSON AIRPORT AUTHORITY

Incorporating all amendments through June 2, 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 two categories to be known as "Members", and "Emeritus 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.

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.

thereof. (b) Reading of the minutes of the preceding meeting and action

(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 June 2, 2021.

Bruce Dusenberry, Chairperson
Tucson Airport Authority, Inc.

Date: May 26, 2021

To: TAA Board of Directors

From: Kirk Eickhoff, Vice President/CFO

Re: **Summary of Financial Performance for April 2021**

Financial Performance

- Operating Income before Depreciation and Amortization (MTD & YTD vs budget)
 - Tucson Airport Authority generated operating income before depreciation and amortization of \$107,440 for April 2021, which is \$279,300 favorable to budget.
 - Year-to-date, TAA's operating income before depreciation and amortization of \$584,423 is favorable to budget by \$2,531,560 due to favorable operating revenues and expenses described below.

- Operating Revenues (MTD & YTD vs budget)
 - Total monthly operating revenue of \$3,241,770 is favorable to budget by \$568,157 or 21.3% and favorable to prior year by \$952,521 or 41.6%. The increase from prior year is largely due to the increased concession revenue attributable to the recovery passenger volumes related to COVID-19 from PY. Total monthly operating revenues were down \$1,000,847 (21.6%) compared to FY 2019 (pre-COVID).
 - Year-to-date operating revenues were greater than budgeted by \$1,327,120 or 7.3%, with favorable variances in all categories, except reimbursed services. Other operating revenues and concession revenues contributed the largest variances.
 - The favorable variance in other operating revenue is largely attributable to additional unbudgeted tie-down revenue and higher than expected royalties on sand and gravel mining.

- Operating Expenses (MTD vs YTD vs budget)
 - In April, total operating expenses were greater than budget by \$288,857, largely due to timing on contractual services, partially offset by lower than anticipated personnel expenses.
 - Year-to-date operating expenses of \$118,842,397 are favorable to budget by \$1,204,440 or 6.0%. All expense categories were lower than budgeted, with contractual services driving most of the favorable variance due to timing on maintenance and repair contracts, airport consultant fees, advertising, and lower than expected utilities expense.

FINANCIAL SUMMARY



For the seven months ending April 30, 2021

**TUCSON AIRPORT AUTHORITY
STATEMENT OF REVENUES , EXPENSES AND
CHANGES IN NET POSITION**

	CURRENT MONTH - April			PRIOR YEAR - April
	BUDGET	ACTUAL	FAV (UNFAV)	ACTUAL
OPERATING REVENUES:				
Landing fees	\$ 128,406	\$ 180,819	\$ 52,413	\$ 91,659
Space rentals	977,934	985,061	7,127	1,193,857
Land rent	296,440	306,355	9,915	323,503
Concession revenue	817,528	1,252,835	435,307	203,056
Reimbursed services	261,459	227,938	(33,521)	338,117
Other operating revenues	191,846	288,762	96,916	139,057
Total Operating Revenues	2,673,613	3,241,770	568,157	2,289,249
OPERATING EXPENSES:				
Personnel expenses	1,903,393	1,805,050	98,343	1,837,431
Contractual services	729,532	1,129,673	(400,141)	494,592
Materials and supplies	124,329	124,740	(411)	105,379
Other operating expenses	88,219	74,867	13,352	125,821
Total Operating Expenses	2,845,473	3,134,330	(288,857)	2,563,223
NET OPERATING INCOME (LOSS) BEFORE DEPRECIATION AND AMORTIZATION	(171,860)	107,440	279,300	(273,974)
Depreciation and Amortization	1,575,216	1,594,978	(19,762)	1,549,829
OPERATING INCOME (LOSS)	(1,747,076)	(1,487,538)	259,538	(1,823,803)
NONOPERATING INCOME (EXPENSES)				
Interest Income	76,667	37,678	(38,988)	215,772
Net increase/(decrease) in fair value of investments	-	85,598	85,598	(167,461)
Passenger facility charges	334,313	432,890	98,577	36,881
Interest expense and fiscal charges	(70,591)	(74,671)	(4,080)	(78,028)
Gain/(Loss) on disposition of capital assets	-	24	24	-
Other nonoperating revenues (expenses)	-	(50)	(50)	(157,844)
Total nonoperating revenues (expenses)	340,388	481,469	141,081	(150,680)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(1,406,688)	(1,006,069)	400,619	(1,974,483)
CAPITAL CONTRIBUTIONS:				
Federal	196,691	-	(196,691)	664,663
State	9,655	-	(9,655)	35,237
Total capital contributions	206,346	-	(206,346)	699,900
INCREASE (DECREASE) IN NET POSITION	\$ (1,200,341)	\$ (1,006,069)	\$ 194,273	\$ (1,274,583)

TUCSON AIRPORT AUTHORITY
STATEMENT OF REVENUES , EXPENSES AND
CHANGES IN NET POSITION
For the seven months ending April 30, 2021

	CURRENT YEAR TO DATE			PRIOR YEAR
	BUDGET	ACTUAL	FAV (UNFAV)	ACTUAL
OPERATING REVENUES:				
Landing fees	\$ 867,946	\$ 1,083,010	\$ 215,064	\$ 1,494,055
Space rentals	6,855,239	6,998,755	143,516	8,704,214
Land rent	2,075,078	2,168,985	93,907	2,142,069
Concession revenue	5,195,675	5,649,629	453,954	9,461,348
Reimbursed services	1,830,210	1,787,004	(43,206)	2,107,565
Other operating revenues	1,275,552	1,739,437	463,885	1,759,109
Total operating revenues	18,099,700	19,426,820	1,327,120	25,668,360
OPERATING EXPENSES:				
Personnel expenses	13,424,403	13,196,100	228,303	12,829,915
Contractual services	4,969,425	4,192,240	777,185	4,211,812
Materials and supplies	927,610	870,753	56,857	1,088,228
Other operating expenses	725,399	583,304	142,095	772,374
Total Operating Expenses	20,046,837	18,842,397	1,204,440	18,902,329
NET OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	(1,947,137)	584,423	2,531,560	6,766,031
Depreciation and Amortization	10,980,438	11,036,261	(55,823)	10,746,009
OPERATING INCOME (LOSS)	(12,927,575)	(10,451,838)	2,475,737	(3,979,978)
NONOPERATING REVENUES (EXPENSES):				
Interest Income	536,666	278,515	(258,151)	1,772,618
Net increase/(decrease) in fair value of investments	-	(73,324)	(73,324)	354,662
Passenger facility charges	2,124,243	1,885,515	(238,728)	3,605,811
Interest expense and fiscal charges	(518,620)	(522,700)	(4,080)	(569,953)
Gain/(Loss) on disposition of capital assets	-	(22,866)	(22,866)	2,175,246
Other nonoperating revenues (expenses)	13,982,489	13,988,922	6,433	79,814
Total nonoperating revenues (expenses)	16,124,778	15,534,062	(590,716)	7,418,198
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	3,197,203	5,082,224	1,885,021	3,438,220
CAPITAL CONTRIBUTIONS:				
Federal	3,370,720	2,792,965	(577,755)	3,375,233
State	170,864	458,783	287,919	190,560
Total capital contributions	3,541,584	3,251,748	(289,836)	3,565,793
INCREASE (DECREASE) IN NET POSITION	\$ 6,738,787	8,333,972	\$ 1,595,185	7,004,013
TOTAL NET POSITION, (BEGINNING)		416,225,900		396,401,145
TOTAL NET POSITION, (ENDING)		\$ 424,559,872		\$ 403,405,158

**TUCSON AIRPORT AUTHORITY
STATEMENT OF NET POSITION**

ASSETS

CURRENT ASSETS

Unrestricted assets:

	<u>April-21</u>	<u>April-20</u>
Cash and cash equivalents	\$ 6,652,599	\$ 42,887,520
Investments	130,168,973	110,105,711
of \$313,380 and \$210,550 for FY2021 and FY2020, respectively	2,859,636	1,986,612
Accrued interest receivable	289,215	384,932
Grants receivable	1,426,156	703,505
Inventories	379,286	332,279
Prepaid expenses and other assets	276,829	247,002
Total unrestricted current assets	<u>142,052,694</u>	<u>156,647,561</u>

Restricted assets:

Cash and cash equivalents	246,412	7,736,428
Investments	22,193,147	22,312,994
Accounts receivable	111,049	402,796
Accrued interest receivable	63,854	85,312
Total restricted current assets	<u>22,614,462</u>	<u>30,537,530</u>

Total restricted current assets	<u>22,614,462</u>	<u>30,537,530</u>
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Total current assets	<u>164,667,156</u>	<u>187,185,091</u>
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Noncurrent assets:

Unrestricted assets:

Accounts receivable	172,754	376,036
Capital assets		
Not depreciated	141,226,141	120,085,047
Depreciated, net	191,969,990	197,853,779
Net capital assets	<u>333,196,131</u>	<u>317,938,826</u>

Total unrestricted noncurrent assets	<u>333,368,885</u>	<u>318,314,862</u>
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Total noncurrent assets	<u>333,368,885</u>	<u>318,314,862</u>
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TOTAL ASSETS	<u>498,036,041</u>	<u>505,499,953</u>
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DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows from pensions	6,091,332	3,992,003
Total deferred outflows of resources	<u>6,091,332</u>	<u>3,992,003</u>

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 504,127,374</u>	<u>\$ 509,491,956</u>
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**TUCSON AIRPORT AUTHORITY
STATEMENT OF NET POSITION**

LIABILITIES

CURRENT LIABILITIES

Payable from unrestricted assets:

	<u>April-21</u>	<u>April-20</u>
Accounts payable	\$ 1,200,133	\$ 614,084
Accrued expenses	1,839,088	1,954,329
Unearned revenue	3,321,217	2,839,480
Current portion of environmental remediation payable	4,656,081	4,656,439
Current portion of bonds payable:		
Airport Subordinate Lien Revenue Bonds, Series 2018	1,510,000	1,465,000
Total payable from unrestricted assets	<u>12,526,519</u>	<u>11,529,332</u>

Payable from restricted assets

Accrued interest payable:

Airport Subordinate Lien Revenue Bonds, Series 2018	79,832	83,926
	<u>79,832</u>	<u>83,926</u>

Current portion of environmental remediation payable	402,420	149,762
--	---------	---------

Total payable from restricted assets	<u>482,252</u>	<u>233,688</u>
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Total current liabilities	<u>13,008,771</u>	<u>11,763,020</u>
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NONCURRENT LIABILITIES

Payable from unrestricted assets

Bonds payable, net of current portion:

Airport Subordinate Lien Revenue Bonds, Series 2018	26,698,251	29,833,862
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Net pension liability	20,684,399	44,126,998
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Environmental Remediation Payable, net of current portion	18,306,912	19,019,746
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Total payable from unrestricted assets	<u>65,689,562</u>	<u>92,980,606</u>
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Total noncurrent liabilities	<u>65,689,562</u>	<u>92,980,606</u>
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TOTAL LIABILITIES

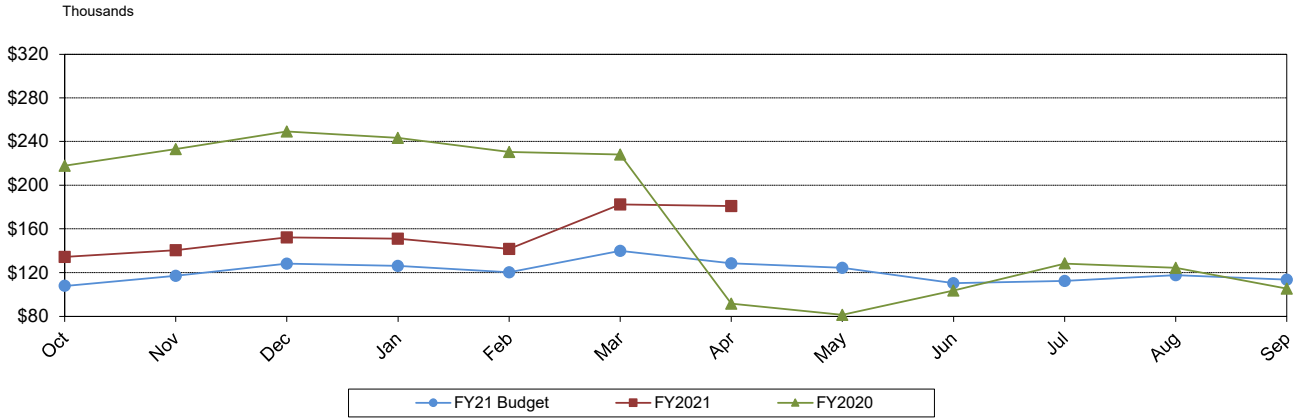
	<u>\$ 78,698,333</u>	<u>\$ 104,743,626</u>
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**TUCSON AIRPORT AUTHORITY
STATEMENT OF NET POSITION**

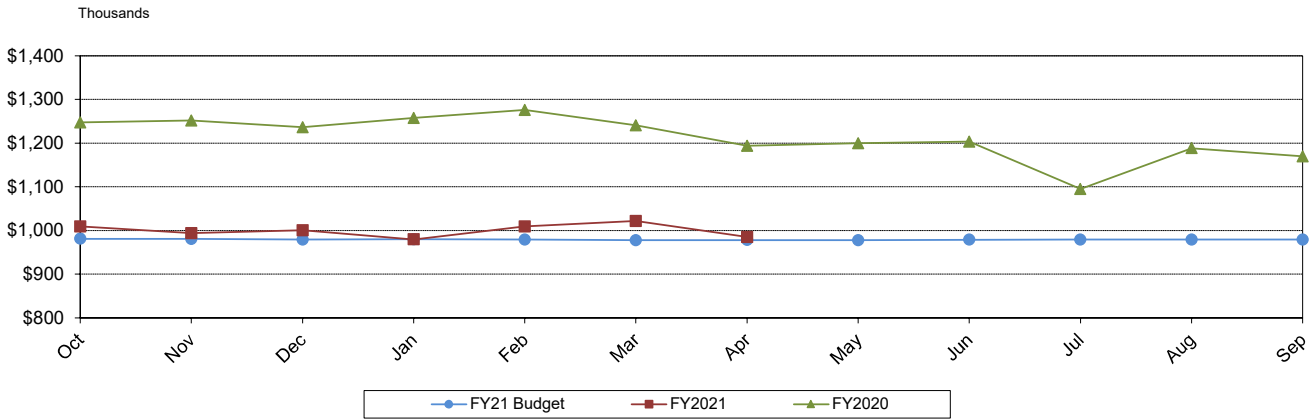
LIABILITIES & NET ASSETS (Con't)

	<u>April-21</u>	<u>April-20</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows from pensions	\$ 869,169	\$ 1,343,173
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>869,169</u>	<u>1,343,173</u>
NET POSITION		
Net Investment in capital assets	304,987,880	286,639,964
Restricted:		
Debt service	251,317	252,150
Capital projects	22,283,314	30,201,454
	<u>22,534,630</u>	<u>30,453,604</u>
Unrestricted	<u>97,037,362</u>	<u>86,311,589</u>
TOTAL NET POSITION	<u>424,559,872</u>	<u>403,405,158</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 504,127,374</u>	<u>\$ 509,491,956</u>

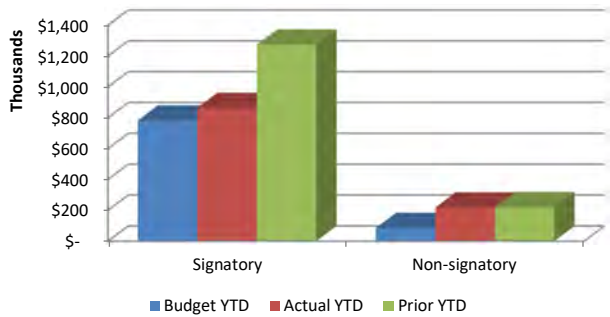
Landing Fees



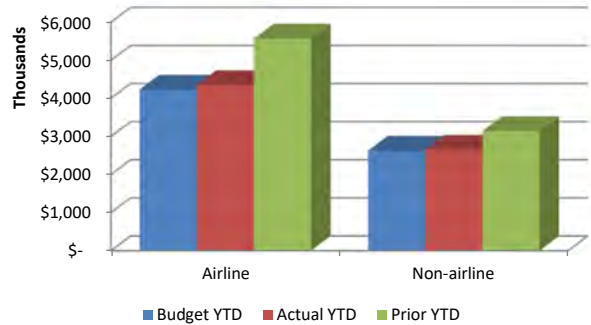
Space Rentals

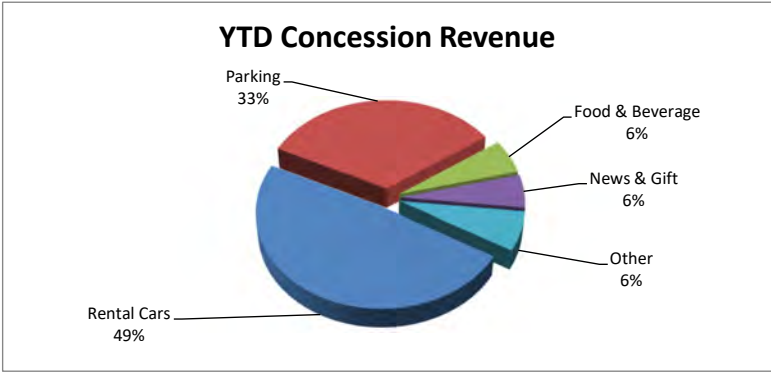
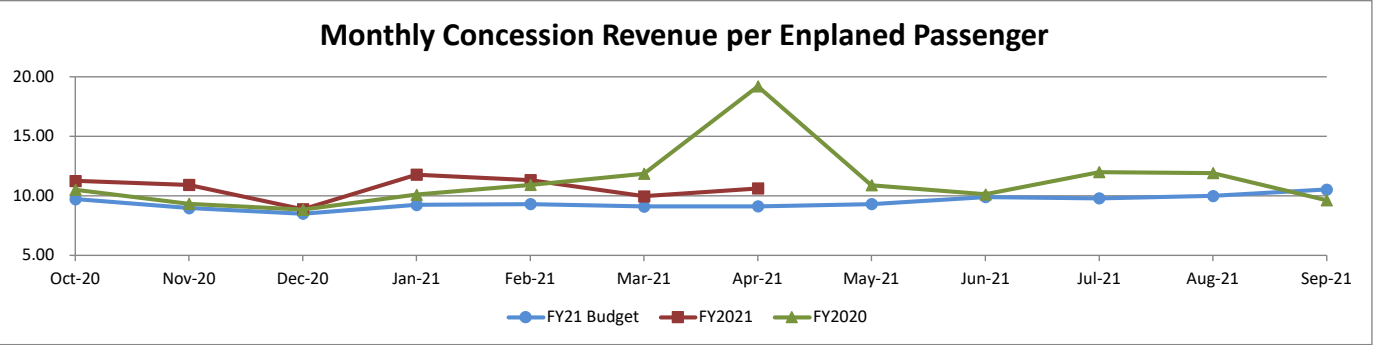
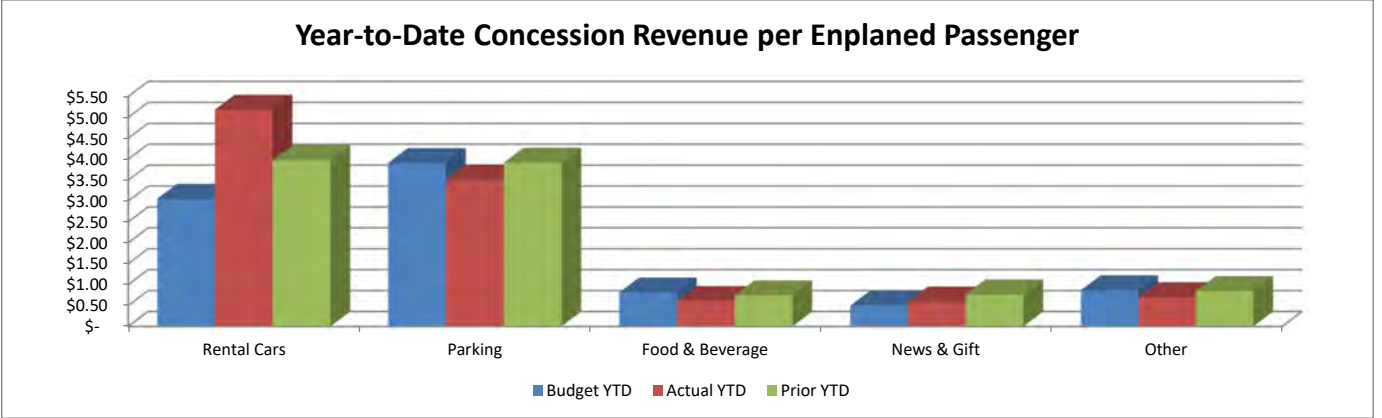
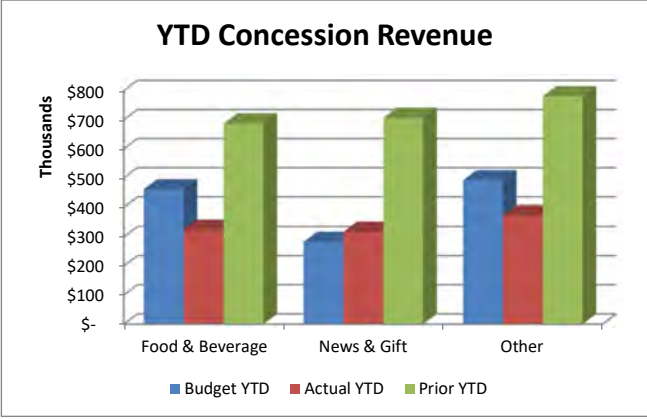
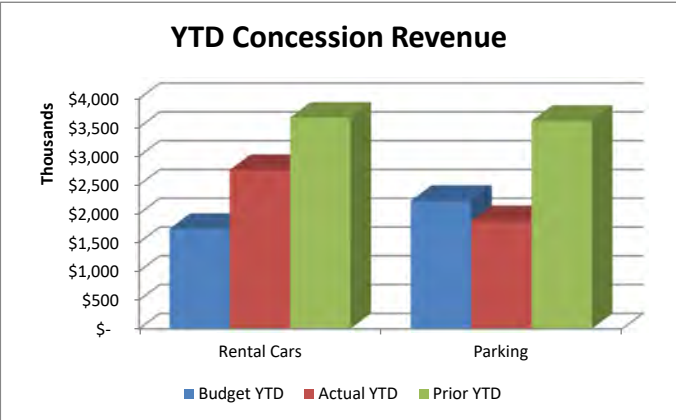


YTD Landing Fees

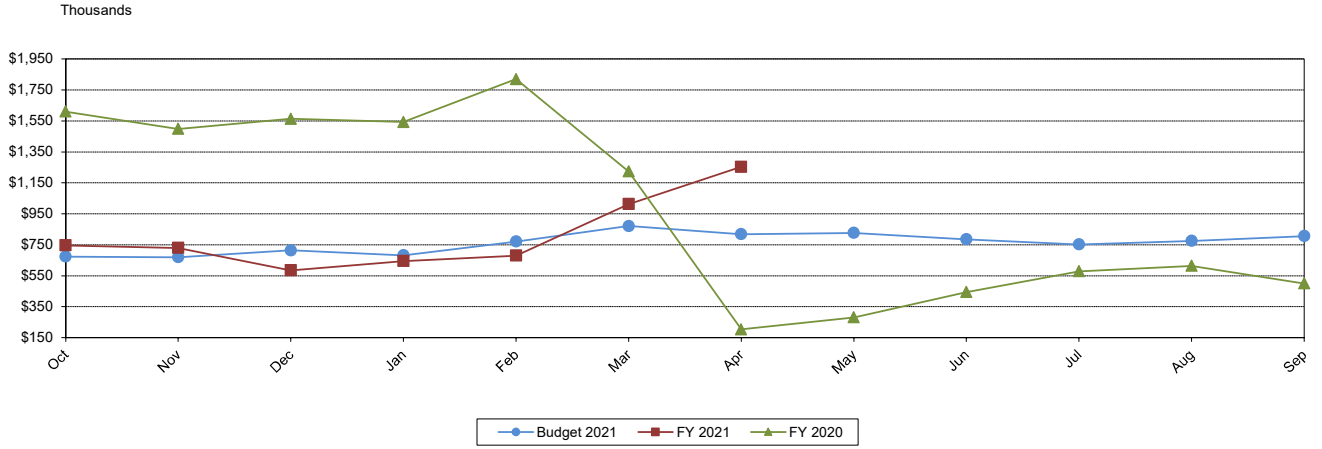


YTD Space Rentals

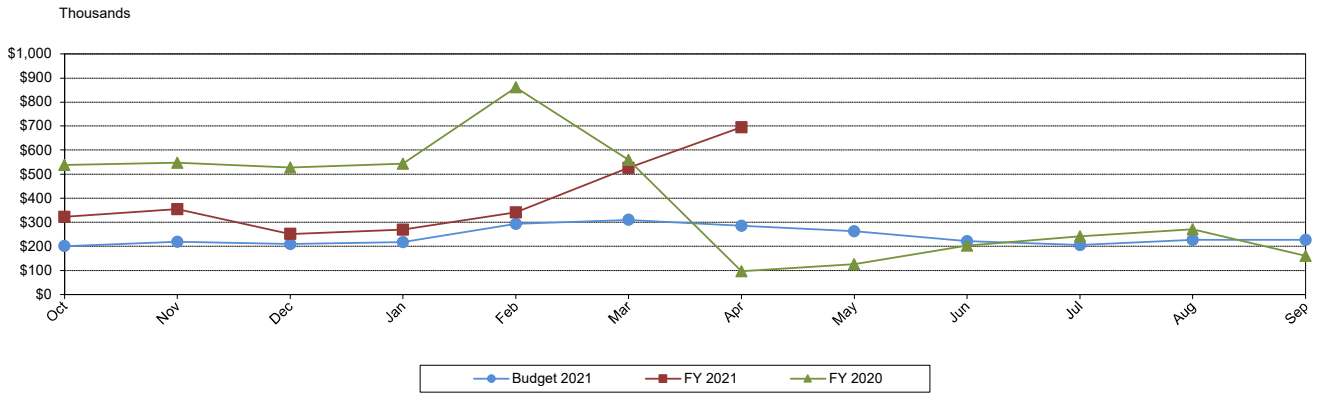




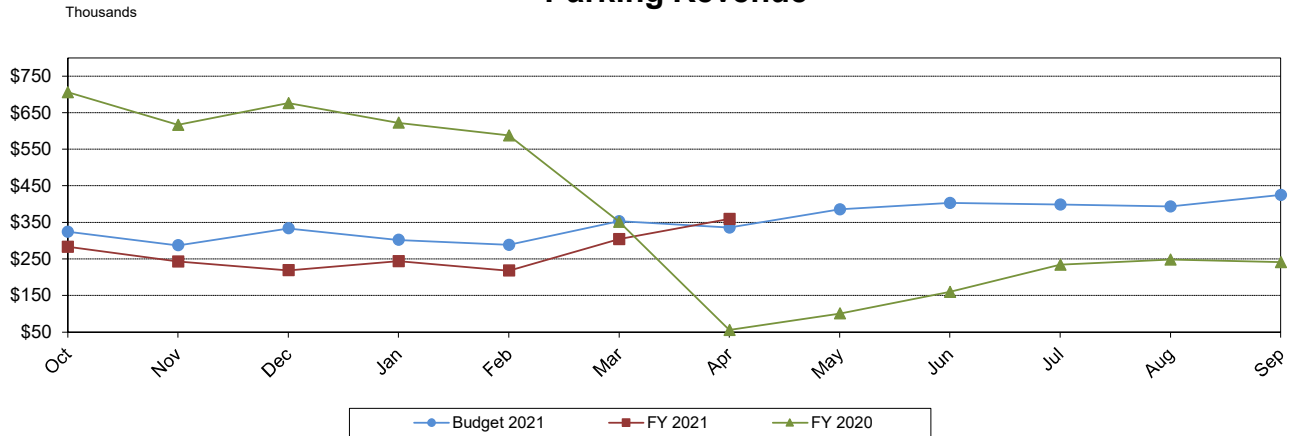
Total Concession Revenue

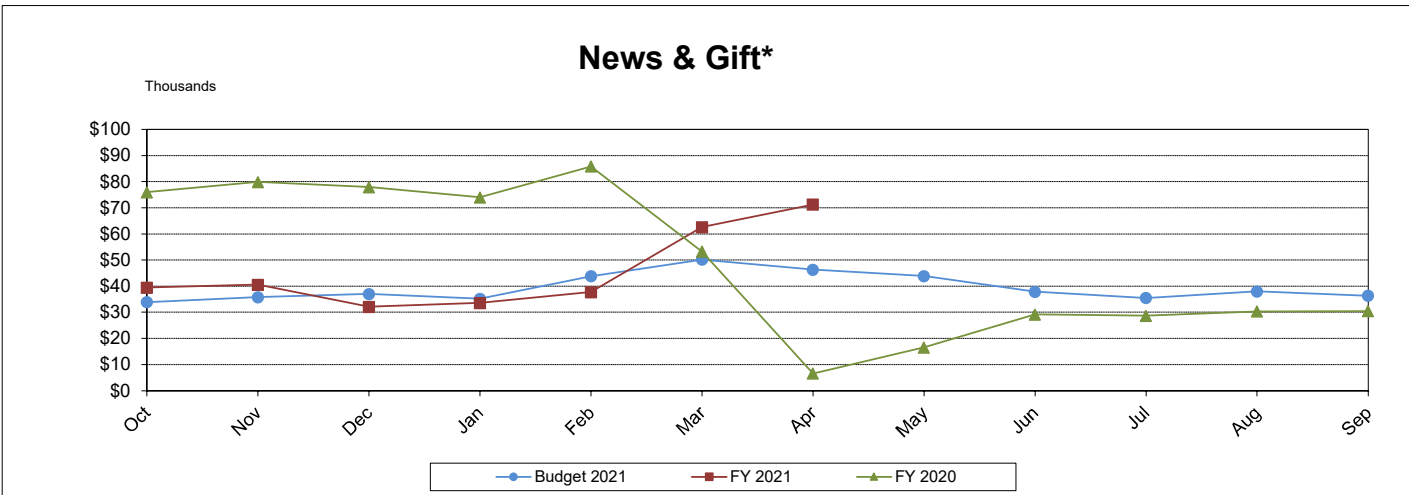
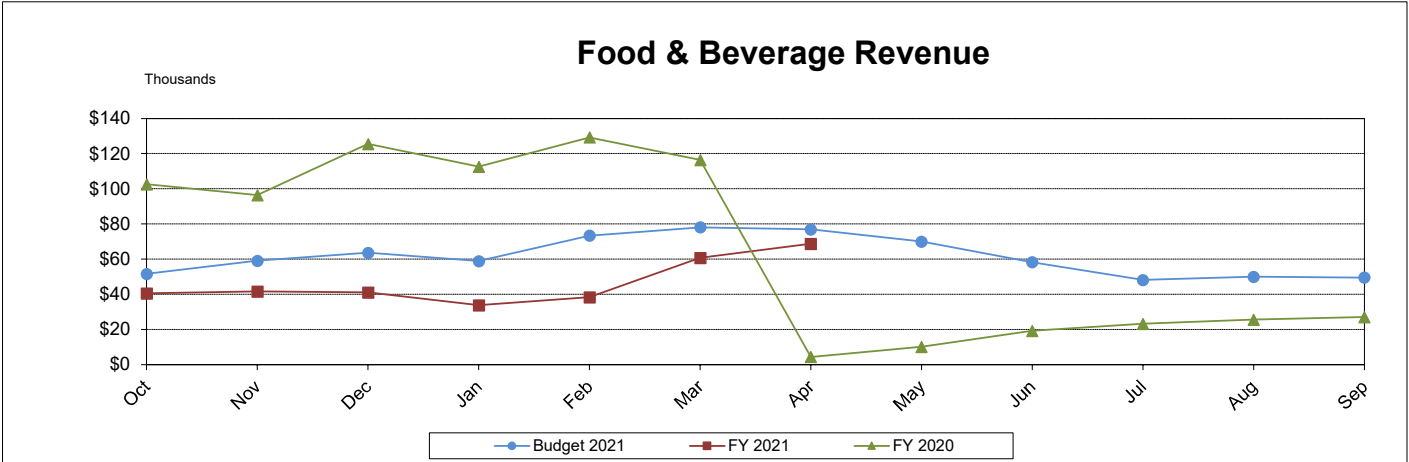


Rental Car Revenue

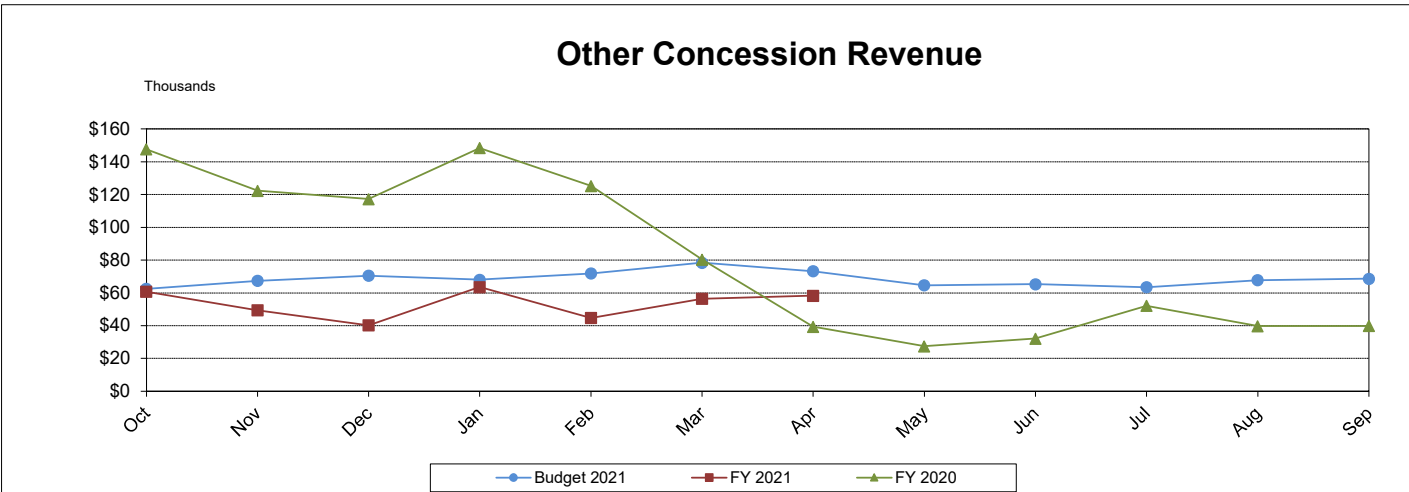


Parking Revenue

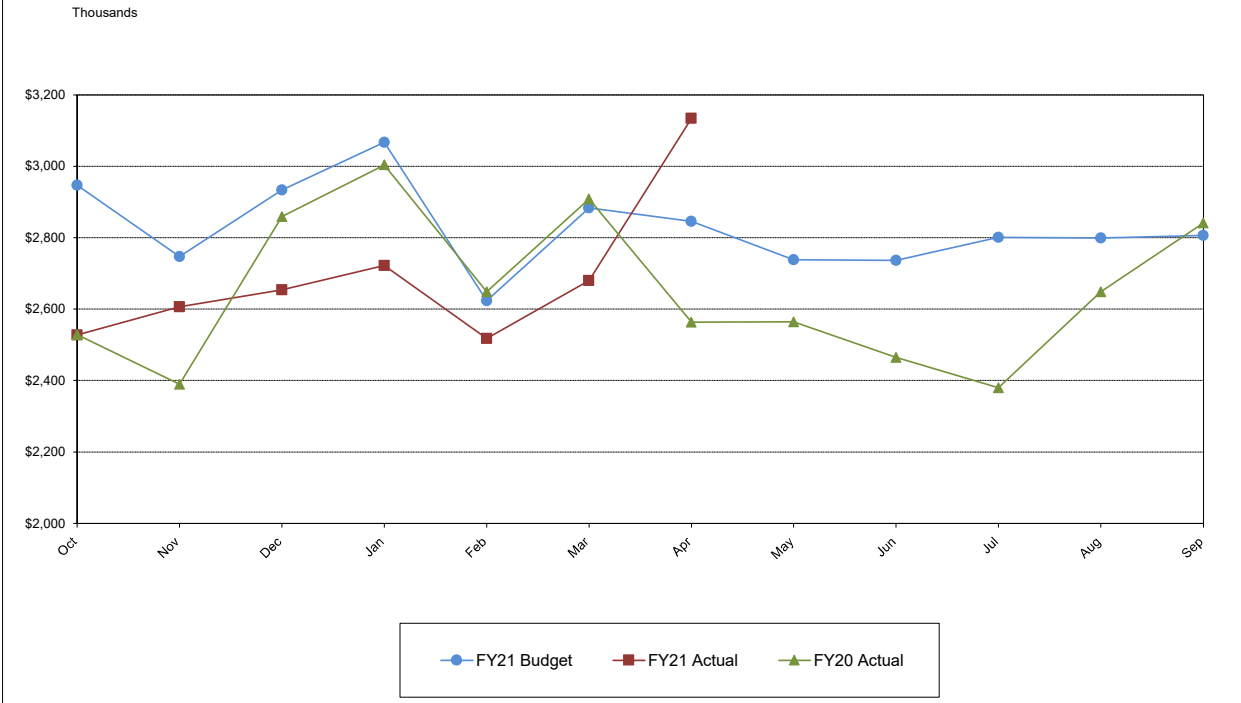




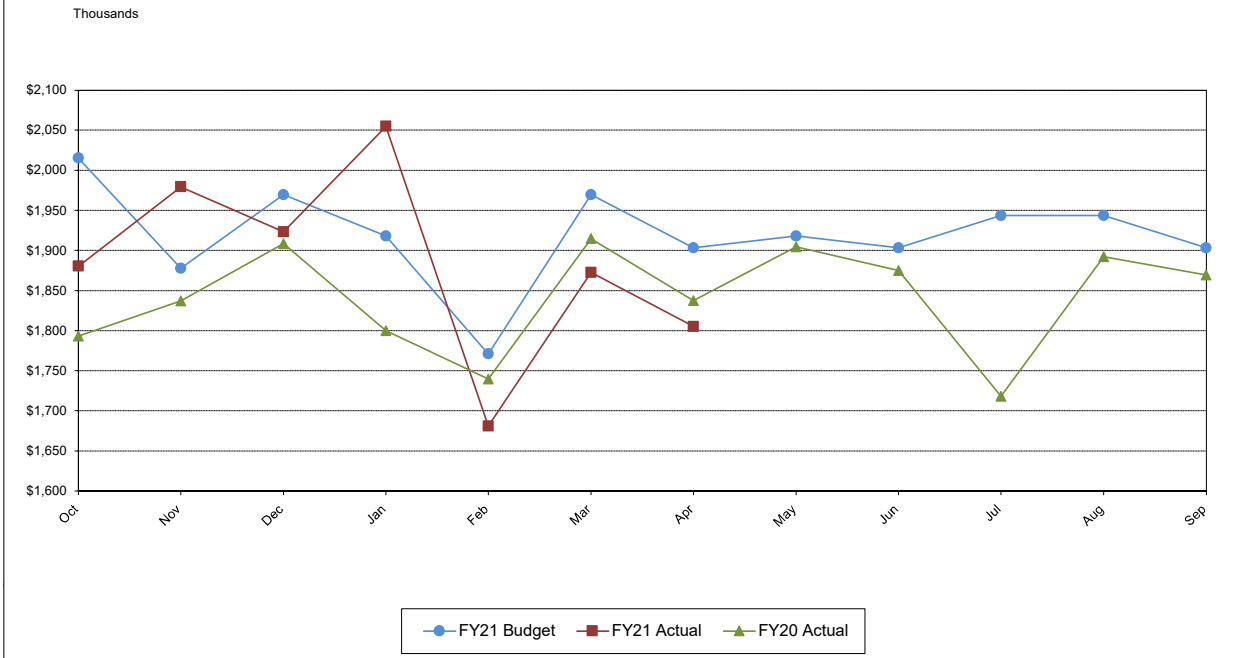
*Hudson News is required to pay the greater of a calculated percent of gross revenue or a monthly minimum guarantee (MAG) of \$117k. However, in light of the impact of COVID -19 on passenger volume, the MAG was suspended in April 2020.



Total Operating Expenses

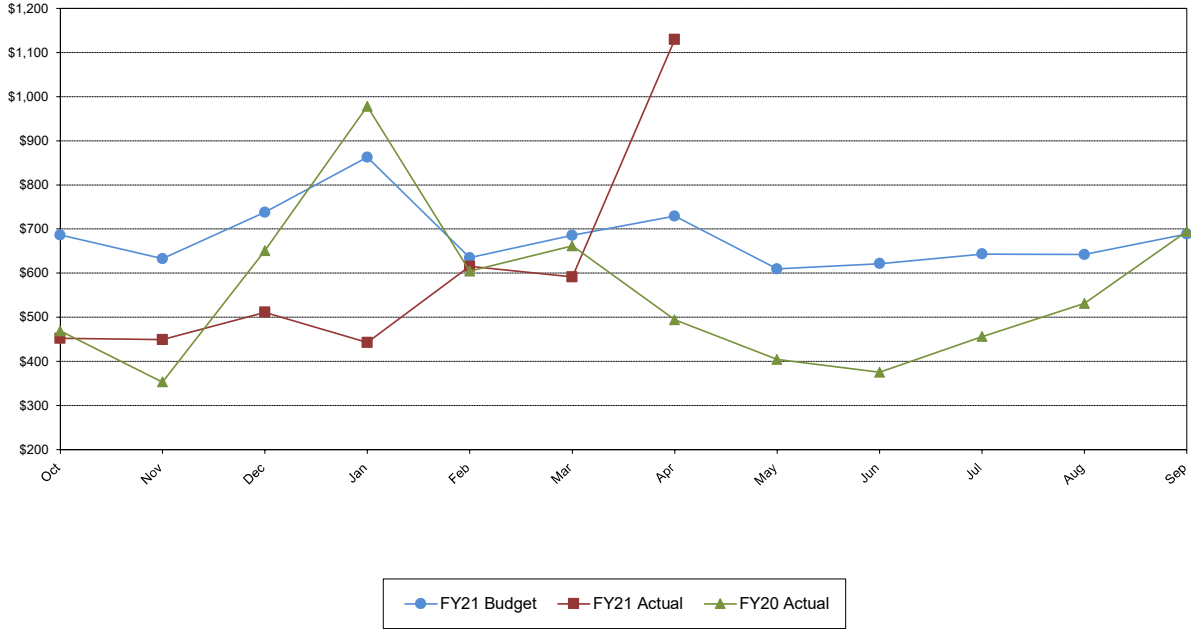


Personnel Expenses



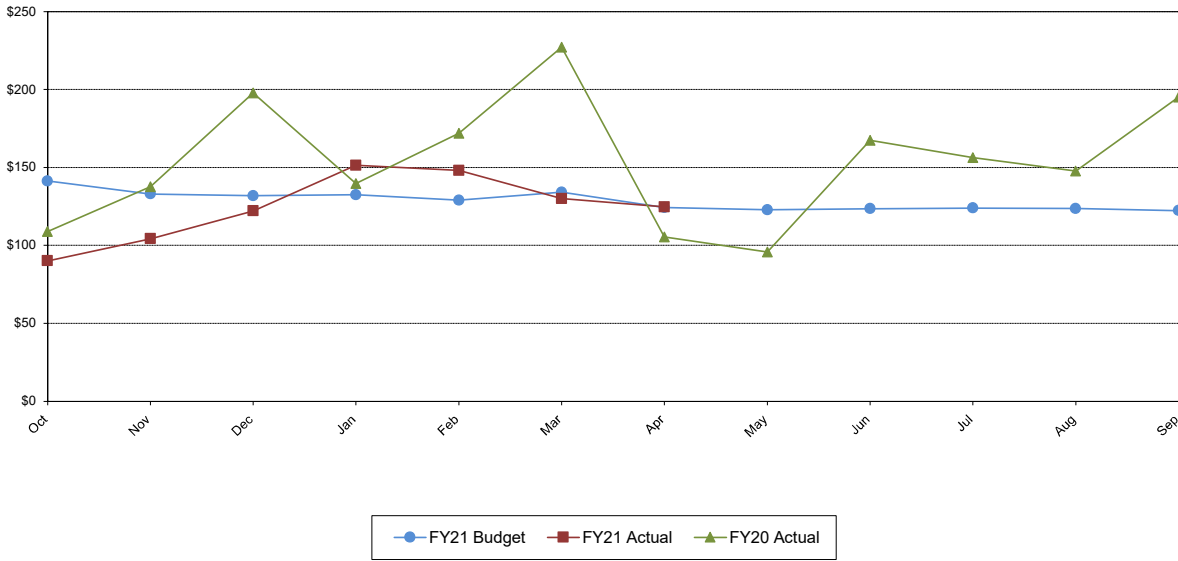
Contractual Services

Thousands



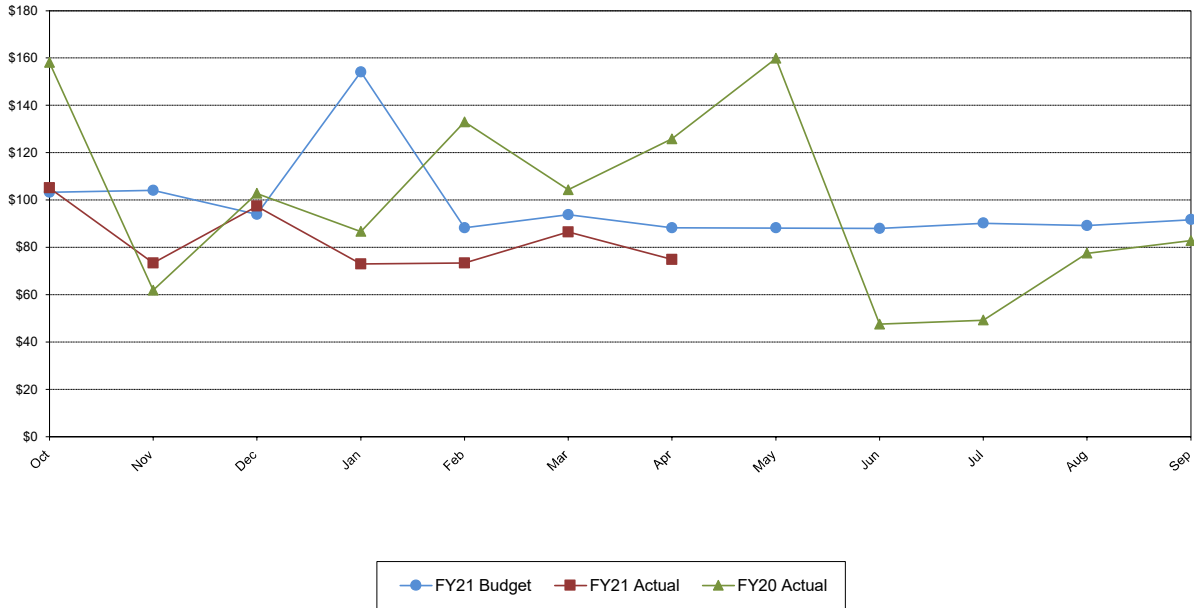
Materials and Supplies

Thousands

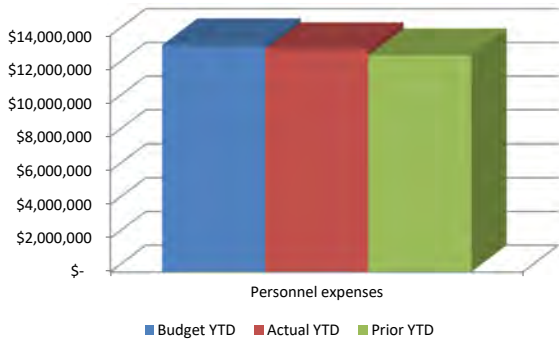


Other Operating Expenses

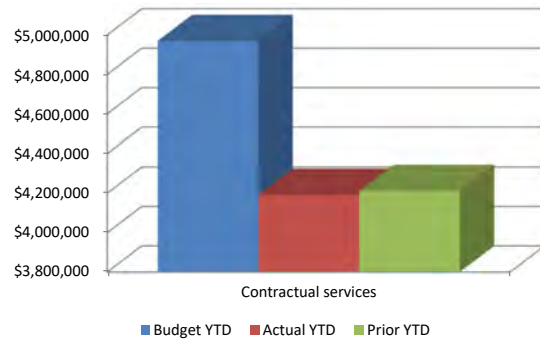
Thousands



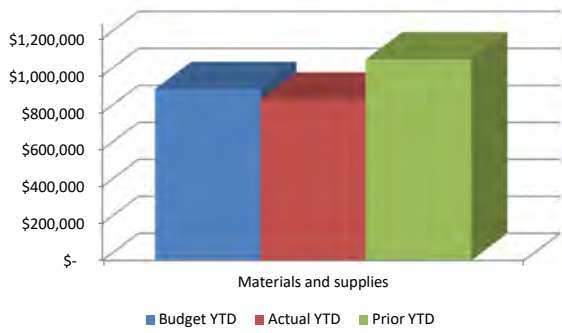
YTD Personnel Expenses



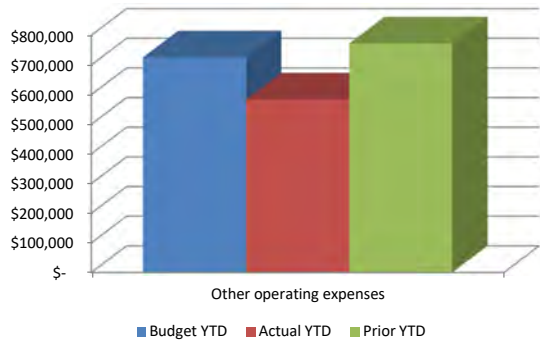
YTD Contractual Services



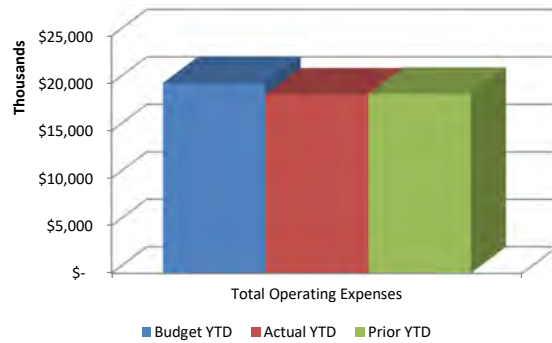
YTD Materials and Supplies



YTD Other Operating Expenses



YTD Total Operating Expenses



Date: May 26, 2021

To: TAA Board of Directors
From: Kirk Eickhoff, Vice President/CFO
Re: **Aviation Activity and Statistics for April 2021**

Summary of Operations and Statistics

- Total Passengers (MTD & YTD vs prior year)
 - Total passengers for the month of April 2021 were 1047.6% higher than prior year.
 - YTD total passengers were 42.3% lower than prior year.
- Average Daily Scheduled Departures (MTD vs prior year, changes by routes & carrier)
 - The month of April had an average daily departure count of 42, which was 10 higher than prior year.
 - The increase was attributable to service to Atlanta (1), Dallas/Ft. Worth (2), Houston Hobby (1), Minneapolis (1), Chicago O'Hare (1), Portland (1), Phoenix (2), Seattle (2), and Salt Lake City (2), offset by decreases to Los Angeles (1), San Diego (2).
 - Departure increases by carrier included Delta (6), American (4), Alaska (2), offset by decreases by Southwest (3).
- Average Daily Seat capacity (MTD vs prior years)
 - Seat capacity for April 2021 was 34.6% higher than prior year and 28.6% lower than 2019.
- Load Factors (MTD & YTD vs prior years)
 - The load factor for April was 81.2%, which is 71.1% higher than FY2020 and 5.5% lower than FY2019 for the same month.
 - The April year-to-date load factor of 62.9% was 8.2% lower than FY2020 and 19.8% lower than FY2019.
- Aircraft Operations (MTD & YTD vs prior year)
 - Freight, measured in pounds, is 24.9% higher in April compared the same month last year and year-to-date is 10.4% higher than prior year.
 - Total aircraft operations were 78.7% higher than the same month last year, with increases in all areas.
 - Year-to-date operations are 9.0% higher than prior year, with increases air taxi, military and general aviation offset a by decrease in air carrier.

AVIATION ACTIVITY REPORTS

PREPARED BY:
TUCSON AIRPORT AUTHORITY FINANCE DEPARTMENT

April 2021

Tucson International Airport



PASSENGERS*	Apr-21	Apr-20	% CHANGE	Fiscal YTD		
				2021	2020	% CHANGE
ENPLANED	117,753	10,572	1013.82%	532,602	922,953	-42.29%
DEPLANED	109,616	9,240	1086.32%	534,146	925,612	-42.29%
TOTAL	227,369	19,812	1047.63%	1,066,748	1,848,565	-42.29%

*Passenger figures include non-revenue passengers.

LANDED WEIGHT**

AIR CARGO	13,767	14,394	-4.36%	96,653	95,973	0.71%
AIR CARRIER	135,134	59,763	126.12%	792,173	1,143,121	-30.70%
TOTAL	148,901	74,157	100.79%	888,826	1,239,094	-28.27%

**In thousand pound units.

FREIGHT (in pounds)

ENPLANED	2,747,029	2,177,192	26.17%	18,655,444	17,454,020	6.88%
DEPLANED	3,236,392	2,614,798	23.77%	21,275,841	18,725,864	13.62%
TOTAL	5,983,421	4,791,990	24.86%	39,931,285	36,179,884	10.37%

MAIL (in pounds)

ENPLANED	0	0	100.00%	23	1,557	-98.52%
DEPLANED	0	255	-100.00%	66,733	4,608	1348.20%
TOTAL	0	255	-100.00%	66,756	6,165	982.82%

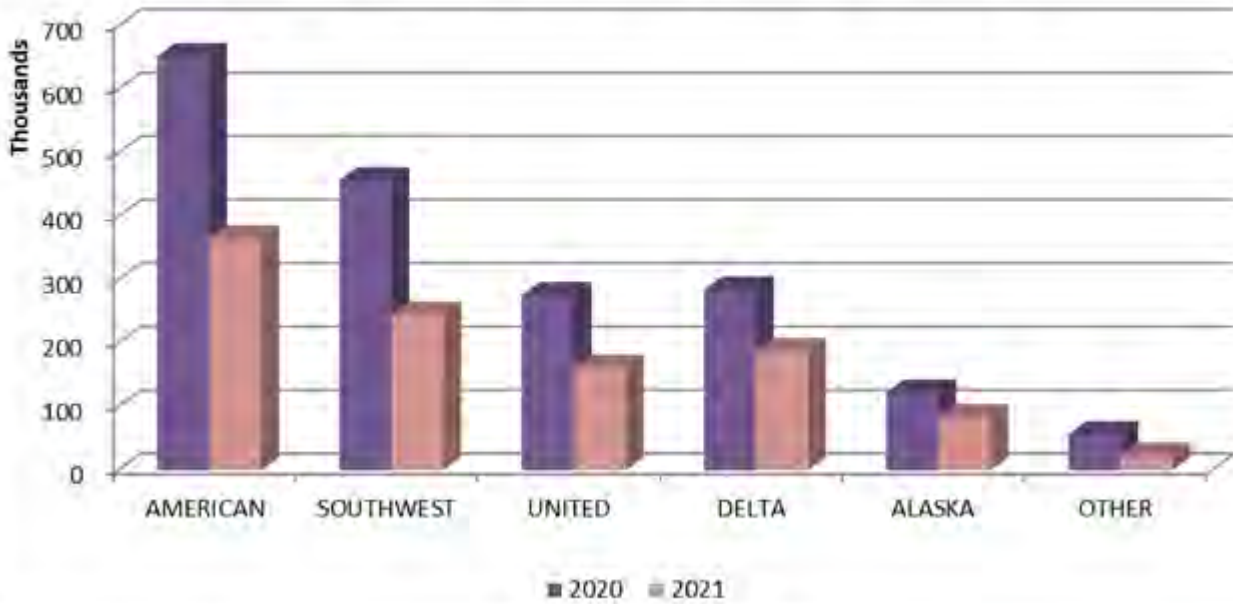
AIRCRAFT OPERATIONS

AIR CARRIER	2,523	1,225	105.96%	15,280	21,003	-27.25%
AIR TAXI	1,488	824	80.58%	9,733	9,116	6.77%
MILITARY	2,061	1,187	73.63%	12,360	10,214	21.01%
GENERAL AVIATION	6,707	3,917	71.23%	45,510	35,741	27.33%
TOTAL	12,779	7,153	78.65%	82,883	76,074	8.95%

Tucson International Airport



TOTAL PASSENGERS YTD BY AIR CARRIER



PASSENGERS BY AIR CARRIER

2020



2021



AIR CARRIER MARKET SHARE

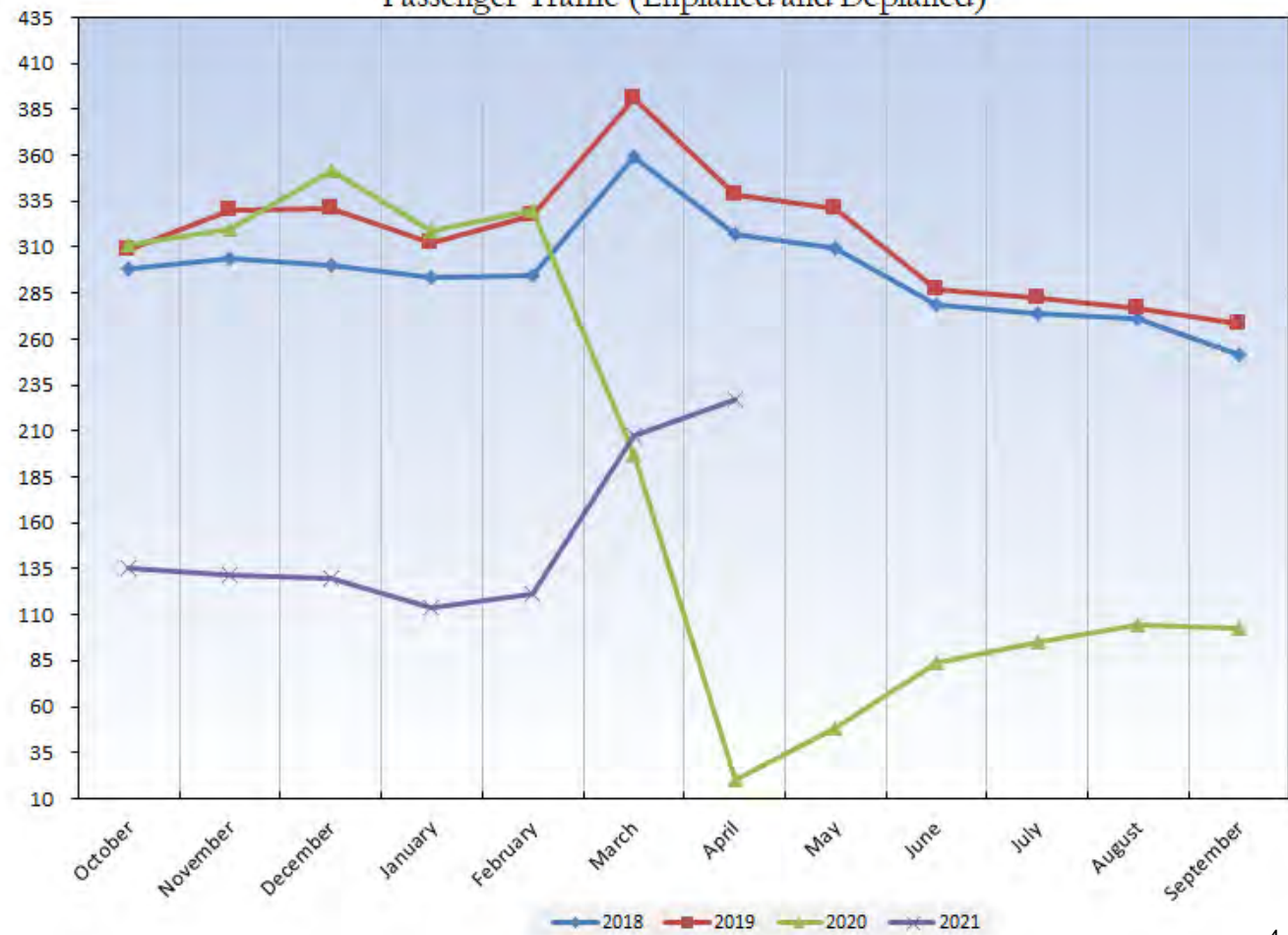
Tucson International Airport

Passenger Traffic (Enplaned and Deplaned)



PASSENGER TRAFFIC

Thousands



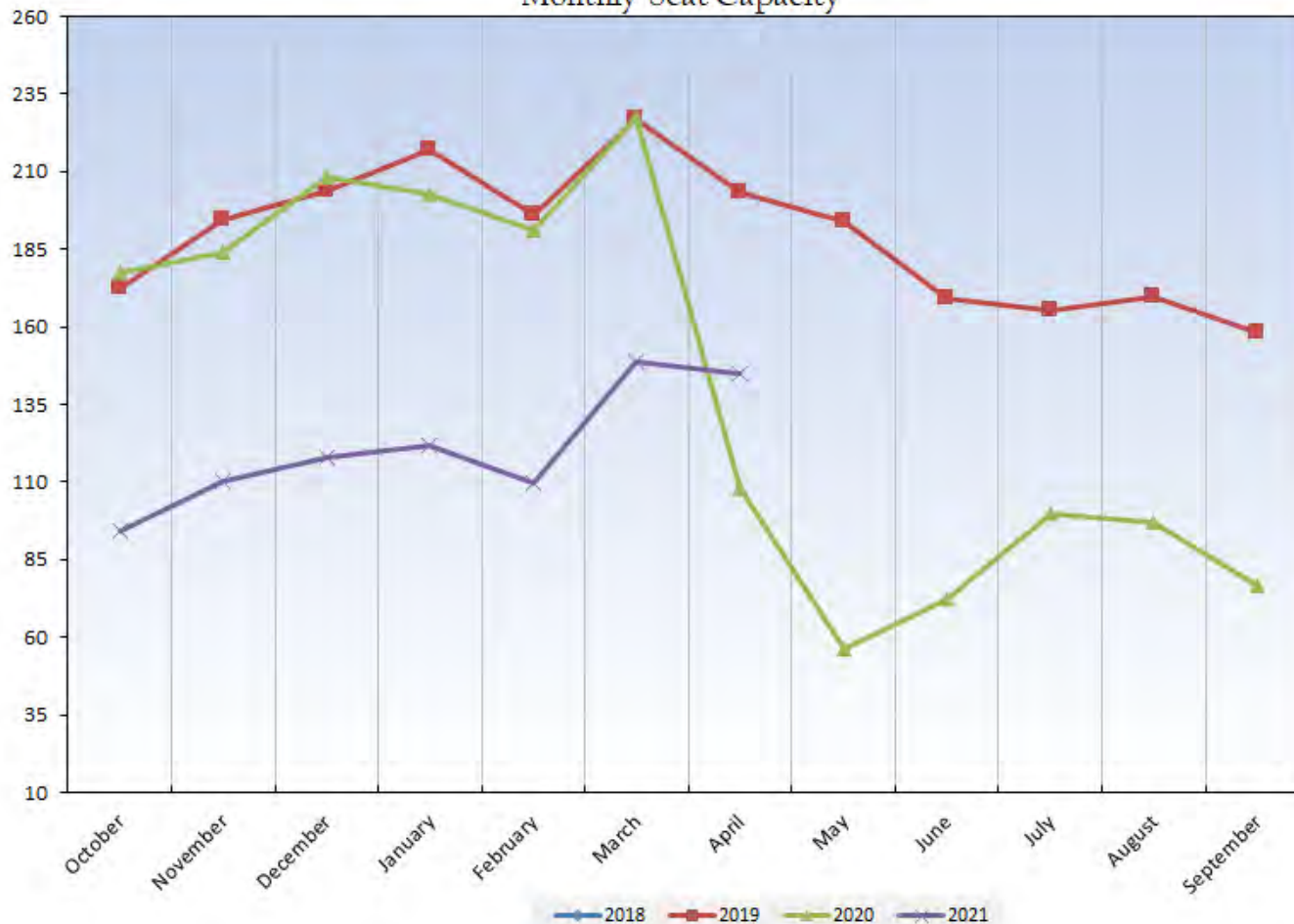
Tucson International Airport

Monthly Seat Capacity

Thousands



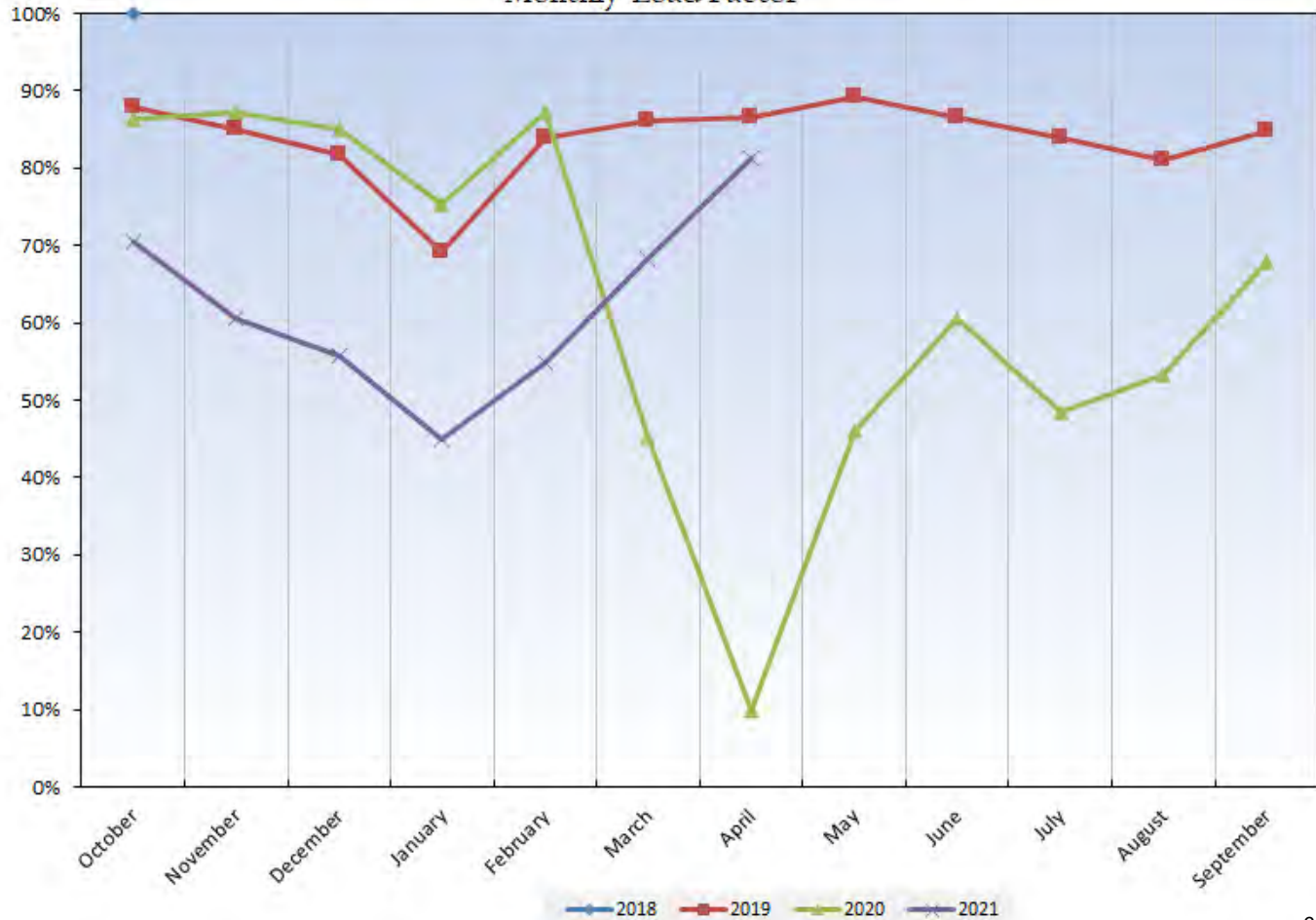
SEAT CAPACITY



Tucson International Airport



Monthly Load Factor



LOAD FACTOR

Note: This summary provides flight schedule information only. It does not reflect the impact of any unscheduled cancellations.



MONTHLY FLIGHT SCHEDULE SUMMARY

NONSTOP DESTINATIONS and Airline	Code	Average Daily Departures			Average Daily Seats		
		Current			Current Year	Prior Year	Difference
		Year	Prior Year	Difference			
ATLANTA <i>Delta (1.8)</i>	ATL	1.8	0.5	1.30	344	92	252
BELLINGHAM <i>Allegiant (0.0)</i>	BLI	0.0	0.0	0.00	0	0	0
DENVER <i>United (3.6), Southwest (2), Frontier (.4)</i>	DEN	6.0	6.0	0.00	583	630	(47)
DALLAS/FT WORTH <i>American (5.4)</i>	DFW	5.4	3.7	1.70	870	586	284
HOUSTON HOBBY <i>Southwest (1)</i>	HOU	1.0	0.0	1.00	157	0	157
HOUSTON BUSH <i>United (2)</i>	IAH	2.0	2.2	(0.20)	147	170	(23)
LAS VEGAS <i>Southwest (2.3)</i>	LAS	2.3	2.0	0.30	381	288	93
LOS ANGELES <i>Delta (2.6)</i>	LAX	2.6	3.5	(0.90)	198	384	(186)
CHICAGO MIDWAY <i>Southwest (1.1)</i>	MDW	1.1	1.1	0.00	166	169	(3)
MINNEAPOLIS <i>Delta (0.9), Sun Country (0.1)</i>	MSP	1.0	0.0	1.00	173	4	169
INDIANAPOLIS <i>Allegiant (0.1)</i>	IND	0.1	0.1	0.00	25	24	1
OAKLAND <i>Southwest (.3)</i>	OAK	0.3	0.0	0.30	43	0	43
CHICAGO O'HARE <i>American (1.7), United (1.0)</i>	ORD	2.7	1.5	1.20	312	160	152
PORTLAND <i>Alaska (1.0)</i>	PDX	1.0	0.3	0.70	76	23	53
PHOENIX <i>American (4.9)</i>	PHX	4.9	2.8	2.10	356	246	110
PROVO <i>Allegiant (0.3)</i>	PVU	0.3	0.1	0.20	55	24	31
SAN DIEGO <i>Southwest (0.1)</i>	SAN	0.1	1.9	(1.80)	10	306	(296)
SEATTLE/TACOMA <i>Alaska (2) Delta (1.0)</i>	SEA	3.0	1.2	1.80	489	132	357
SAN FRANCISCO <i>United (2.6)</i>	SFO	2.6	2.1	0.50	150	128	22
SALT LAKE CITY <i>Delta (3.9)</i>	SLC	3.9	2.1	1.80	299	162	137
TOTAL		42.1	31.5	10.60	4,834	3,590	1244

SUMMARY	Current	Prior Year	Difference	Current Year	Prior Year	Difference
DOMESTIC	42.1	31.5	33.65%	4,834	3,590	34.65%
TOTAL	42.1	31.5	33.65%	4,834	3,590	34.65%

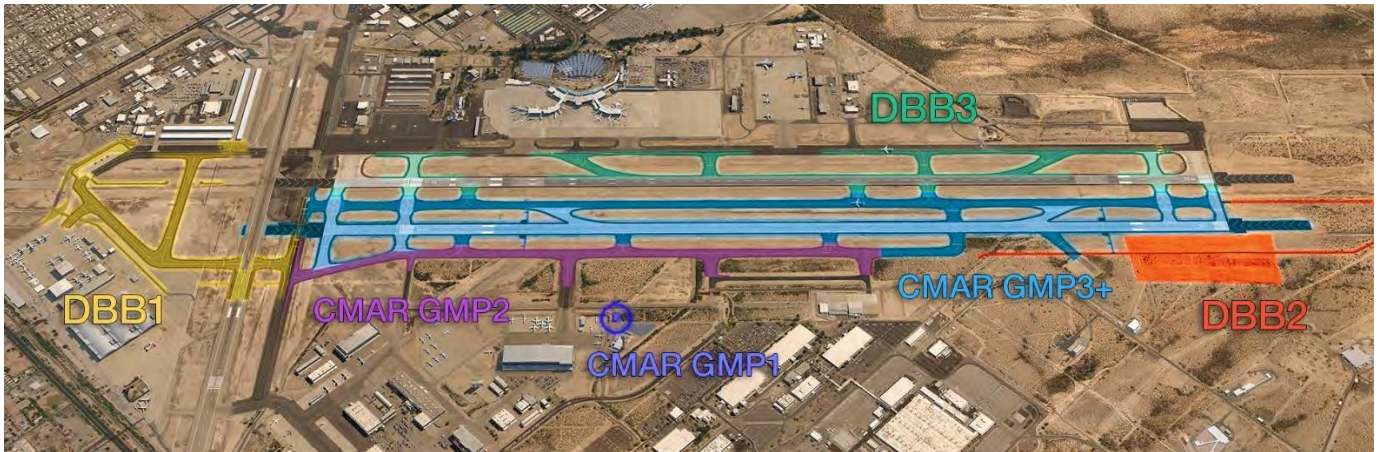


Date: May 20, 2021

To: TAA Board of Directors
From: Mike Smejkal, PE, AAE – VP of Planning & Engineering
Re: ASE Quarterly Update

Scope Overview:

The Airfield Safety Enhancement Program is a safety and standards project that brings the TUS airfield up to date with FAA standards and removes two (2) Hot Spots from the Airfield. The program includes 4 projects (CMAR, DBB1, DBB2, DBB3), land transactions with TAA, USAF and COT (Parcel F, G & H), and noise mitigation programs including sound insulation for residences and acquisition/relocation program.



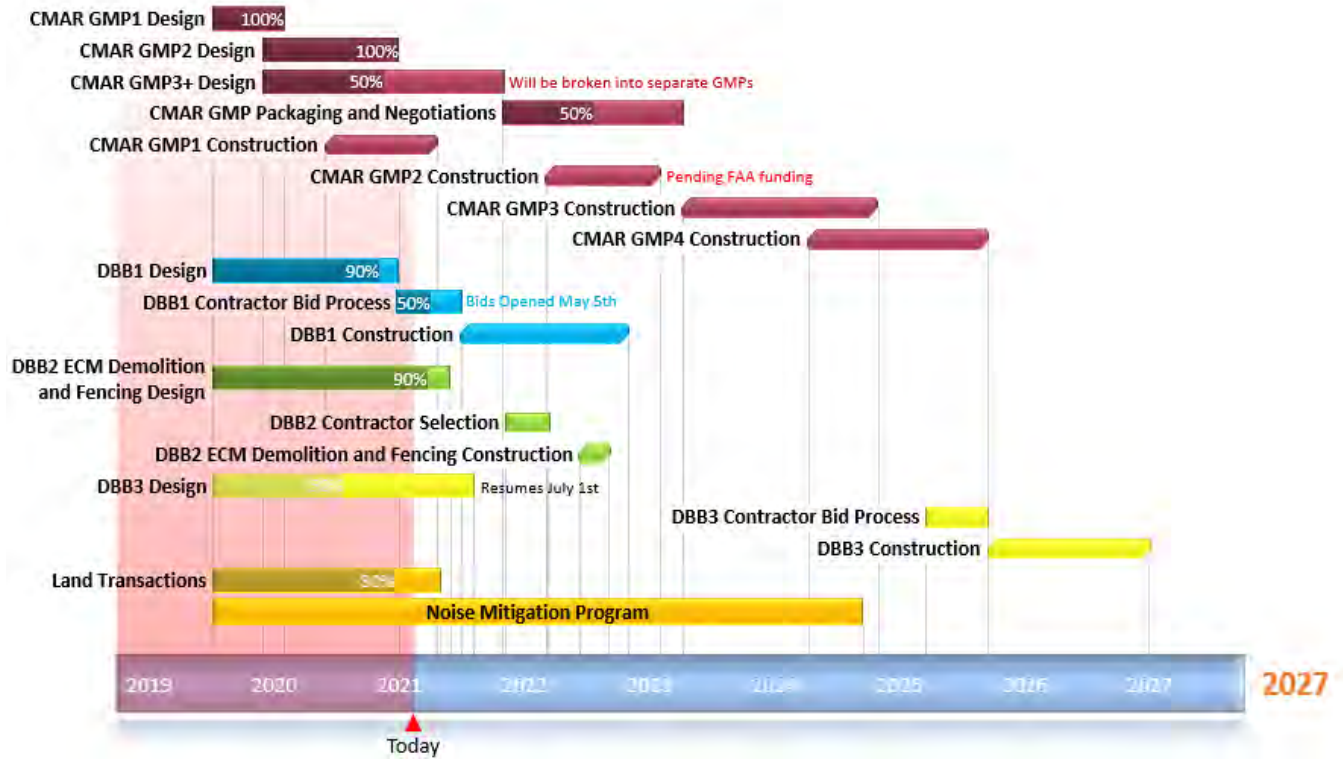
Milestones reached in last Quarter:

- CMAR GMP#1 (South Airfield Lighting Vault) – Construction Ongoing
- DBB1 (End Around Taxiway) – 2 Bids Opened under engineer’s estimate
- CMAR GMP#2 (Taxiway C) – 100% Plans and CMAR Pricing Received
- CMAR GMP#3+ (Runway 12R/30L) – 60% Plans Submitted

3 Month Look ahead

- Execute Purchase Agreement on Parcels F & G (Summer 2021)
- Receive AIP/ADOT Grant and Award Construction Contract for DBB1
- ACIP Planning Meeting w/ FAA & ADOT to refine funding plan for remaining work
 - Work with federal representatives to position ASE for infrastructure bills
- Substantial Completion on CMAR GMP#1

Milestone Program Schedule



Program Costs:

	Committed Cost	Invoiced to Date
Administrative	\$ 977,475	\$ 251,012
Design	\$ 13,199,575	\$ 9,737,486
PM/CM	\$ 5,350,818	\$ 3,587,868
Construction	\$ 6,674,900	\$ 2,105,795
Land Acquisition	\$ 141,993	\$ 141,993
Noise Mitigation	\$ 1,069,095	\$ -
Misc. Costs	\$ 197,951	\$ 197,951
Totals	\$ 27,611,807	\$ 16,022,105
Current Budget	\$ 326,667,448	**
Percent Committed	8.5%	
Percent Spent	4.9%	



Date: May 21, 2021

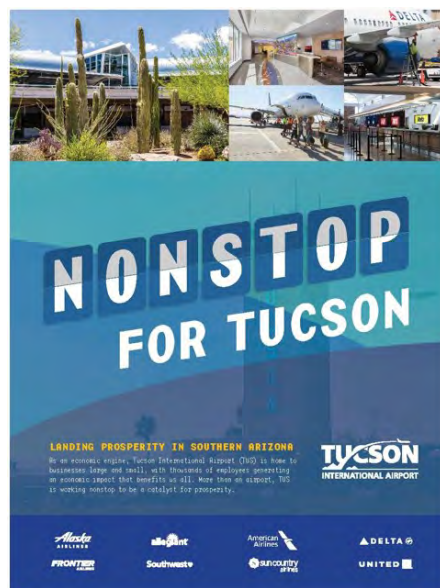
To: TAA Board of Directors
From: Jessie Butler, Director of Communications and External Relations
Re: Marketing Update

Nonstop for Tucson Campaign

In the first six weeks of the ‘Nonstop for Tucson’ campaign, there were more than 32.5 million impressions through out-of-home billboards, spot radio, digital video and audio and display ads. This is the most success we have tracked for any TAA-sponsored campaign. In addition to our paid advertising efforts, all TAA parking lot shuttles, van and warehouse truck will be wrapped in the ‘Nonstop for Tucson’ theme.

We will continue to advertise in the following spaces, and will evaluate additional opportunities as we receive them:

- Display Ads (banner ads)
- Digital Video (YouTube)
- Billboards (along I-10 in Pima and Pinal counties)
- Social Ads (Facebook, Instagram)
- Pandora and Spot Radio
- Cable television, ESPN+
- FC Tucson and Tucson Roadrunners stadium signage
- BizTucson and OnMedia print publications



In The Media

We began tracking our advertising value equivalency (AVE) for all earned media coverage. Since February, we have earned nearly \$1 million in coverage. The AVE widget helps place a monetary value on earned media coverage by measuring the column inches or seconds and multiplying these figures by a medium’s average advertising rate.

Organic social media posts continue to be one of the best ways for the TAA to share messaging.

Noteworthy analytics between April 1 to May 18:

- Twitter | reached 10k followers, 168k impressions
- Facebook | page views up 14%, 175k unique people reached in April
- Instagram | more than 4,100 followers, average of at least 5 tagged posts per day by passengers/community members
- Received significant coverage from local and national outlets regarding TAA personnel announcements.

Community Involvement

- TAA Leadership has continued to schedule numerous presentations to local community groups throughout the summer.
- We are in the final stages of completing the long-awaited video walls at each concourse escalator leading down to baggage claim. Images on these screens will be solely “Welcome to Tucson” messaging.

Date: May 24, 2021

To: TAA Board of Directors
From: Dave Hatfield, Senior Director of Air Service Development
Re: **June TUS Air Service Update**

Air Service Overview

The passenger recovery is continuing to outpace airlines' ability to meet demand. Through May 23, the TSA at Tucson International Airport screened 99,925 people through the checkpoints, an average of about 4,345 per day for the month. That is 75.5% of what was screened over the same period in 2019 and a 10 percentage point gain over April.

With airlines allowing passengers to change flights up to an hour before flight time, in some cases, this has created a unique situation where the TSA screened more passengers than could depart on some days. While TSA security normally screens more people than just passengers – escorts, some airport employees, etc. – the airlines have told us more stand-bys are showing up to the gate in hopes of finding a seat. This phenomenon is shown on the chart on the following page where the top line shows the percentage of persons screened by TSA versus the available seat capacity. Not all passengers are able to be accommodated. The bottom line represents the increase over 2020.

Airlines at TUS provided an average of 4,435 seats per day in May, which was 71.4% of the seat capacity compared they offered in 2019.

For June, TUS daily departures are scheduled to increase by 2 per day over May to 42 and then to 43 in July. The positive news is that San Diego nonstop flights Sundays-Fridays finally resume June 6 on Southwest Airlines, the same day it is also resuming its LAX flights. On June 3, American Airlines will also resume its nonstop flights to LAX.

Despite, the adds the available capacity from TUS will be down compared to 2019 by about 850 seats per day, or 15%, in June and about 500 seats per day, or 11% in July, which is likely inhibit our potential growth in those months.

The July 4th holiday weekend is already shaping up to push capacity, with east-bound flights around the holiday showing fewer than 10% of seats still available. This is especially true to Chicago, Denver, Dallas/Fort Worth and Atlanta. There are more seats available on flights to Seattle, Salt Lake City, Provo, Las Vegas and the newly restarted flights to LAX and San Diego.

The rate at which passengers are returning is not unique to TUS. What is more unique is that summer is not typically the busiest time of the year for airlines at Tucson. So as airlines put more of their aircraft back into to service – as of the Memorial Day weekend about one-fifth of fleets were still parked – the priority is going to be responding to airports with high-demand summer travel.

The positive for Tucson is that in the 4th quarter when demand increases, airlines are looking to respond to our needs and we are having conversations about more service, including the possibility of additional flights to destinations that are not currently served.

