

**TUCSON AIRPORT AUTHORITY | Corporate Governance Council Meeting
July 6, 2021 | 3:00 p.m. | Remote Participation Only**

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

Vice Chair Jackson called the meeting to order at 3:03 p.m.

Members Present: Vice Chair Todd Jackson, Council Member Michael McGrath, Council Member David Hameroff, Council Member Larry Lang, Council Member Steve Holmes, and Council Member Lee Lambert

Members Absent: Chair Michael Duran, Council Member Rob Draper, and Council Member Judy Rich

Others Present: TAA Chairperson Bruce Dusenberry

Staff Present: President/Chief Executive Officer Danette Bewley, VP/General Counsel Christopher Schmaltz, Deputy General Counsel Kim Ryan, and TAA Clerk Byron Jones

WELCOME AND INTRODUCTIONS

Vice Chair Jackson chaired the meeting as Chair Duran was unable to attend.

APPROVAL OF MINUTES

1. Approve the minutes from the Corporate Governance Council meeting held on May 11, 2021.

MOTION BY Council Member McGrath, SECONDED BY Council Member Lang, to APPROVE the minutes of the Corporate Governance Council meeting held on May 11, 2021. The motion carried by the following vote:

Ayes 6 Vice Chair Jackson, Council Member McGrath, Council Member Hameroff, Council Member Lang, Council Member Holmes, and Council Member Lambert

Nays 0 None

DISCUSSION ITEM

2. PROPOSED BYLAW AMENDMENTS

VP/General Counsel Christopher Schmaltz explained that the memo summarizing the proposed bylaw changes reflects feedback from members of the Board and the Governance Council. Mr. Schmaltz also said that the memo includes recommended changes to update, clarify, and modernize various provisions of the Bylaws.

The Council reviewed and discussed, the following bylaw amendments (referring to the memo presented to the Council as part of the meeting packet):

1. Amend Section 1.3 (relating to corporate seals)

There were no comments from the Council.

2. Amend Membership terms (clarification of when terms begin and end)

Schmaltz explained that no provisions in the Bylaws address when membership terms begin and end. This amendment clarifies what has been the general approach.

There were no comments from the Council.

3. Amend Section 2.1

a. Section 2.1.2(a)(iii) becomes Section 2.1.2(a)(iv)

There were no comments from the Council.

4. Membership eligibility (from May 11, 2021 meeting) (updated per previous meeting discussion)

Schmaltz explained that the proposed amendment contains two substantive changes from the previous meeting. First, the language defines what constitutes a high-level government employee. Because agencies have differing standards for classifying their employees, the Nominating Council would have the authority to determine whether a nominee is a high-level government employee on the advice of the General Counsel. Second, per the Council's direction, language was added to allow individuals affiliated with governmental entities that do not typically have conflicts of interest with the TAA. These include indigenous or tribal nations and public educational institutions.

The discussion of the Council was in support of the proposed changes. Because this issue has a direct effect on the current nominating process, the Council elected to vote on it so a recommendation could be presented to the Board of Directors for its meeting on August 4, 2021. See "Action Items."

5. Amendment Sections 2.1.2.a.i – (relating to Membership conflicts of interest)

Schmaltz explained that Section 2.1.2.a.1 of the Bylaws addresses the responsibilities of membership. The issue of potential conflicts of interest has come up in previous discussions, and it would be beneficial to state that a member may not act in ways that are contrary to the best interests of the TAA. A further update makes it more difficult to remove a member from the organization by requiring a majority of the entire Board of Directors to vote to remove a member. The Bylaws as currently written allow for a member to be removed by a simple majority of directors present.

There were no comments from the Council.

6. Amend Section 2.2 – (relating to Member voting)

Schmaltz explained that this is a substantive change to the Bylaws in that it removes the provision that gives one quarter of the votes in an election a veto over a candidate or a nominee. Currently, a candidate or nominee could receive a majority vote, but their election would fail if a potentially small minority voted against them. This became more of a possibility during this past nominating period with the nomination of the Mayor of Tucson. The amendment also updates the language to allow for voting by electronic means as permitted by Arizona law.

COUNCIL DISCUSSION:

- The issues this year involving government officials were an outlier rather than the norm and dealt with the politicization of the TAA.
- There have been few if any controversial candidates over the years.
- Civic, charitable, and philanthropic organizations typically do not elect members by majority vote. If there is sizeable opposition to a proposed member, they are usually not admitted.

7. Amend Section 2.2.1 – (relating to Nominations)

Schmaltz explained that this is a cleanup provision to consolidate all provisions pertaining to member and director nominations.

There were no comments from the Council.

8. Amend Section 2.2.2 – (relating to Nominating Council procedures and authority)

Schmaltz explained that the most substantive change in this amendment is in response to concerns that the Board of Directors has no role in the nominating process. Currently, nominations go directly from the Nominating Council to the full membership for ratification. The new process would require the Nominating Council to submit its recommendations to the Board of Directors, and the Board would consider and vote on a proposed slate of nominees to be acted upon by the full membership.

COUNCIL DISCUSSION:

- Removing nominating authority from the Nominating Council potentially negates the purpose of the Council.
- The Nominating Council has the vital role of vetting the candidates.
- Having the Board of Directors weigh in on the nominations would be a check to ensure controversial or otherwise unqualified candidates are not forwarded to the full membership.

Consideration of this amendment was continued to allow for additional input by Council Members who were not present.

ACTION ITEM

3. CONSIDER AND RECOMMEND VARIOUS BYLAW AMENDMENTS TO THE BOARD OF DIRECTORS

MOTION BY Council Member Hameroff, SECONDED BY Council Member Lang, to RECOMMEND to the Board of Directors that the Bylaws of the Tucson Airport Authority be amended to include a new Article 2.1.3 (Proposed Amendment No. 4) to read as follows:

Individuals who are elected officials or high-level employees of any branch or level of government, except for elected officials or employees of indigenous/tribal nations and public educational institutions, are not eligible for TAA Membership. For these bylaws, "high-level" shall mean any position that exercises decision making authority over a significant range of strategic or tactical matters involving that governmental entity or a division/department of that governmental entity. Determinations on whether a person is in such a "high-level" position shall be made by the Nominating Council, on advice from TAA's General Counsel. Any current TAA member, as of the effective date of the bylaws containing this amendment, who is currently an elected official or high-level government employee retains all rights and privileges under these bylaws as a Member of TAA. However, no current Member who is an elected official or high-level government employee is eligible to serve on the TAA Board of Directors.

Any current Member who becomes an elected official or high-level employee defined above after the effective date of the bylaws containing this amendment shall have their Membership suspended for the period they serve as an elected official or high-level government employee. Suspended Members retain all privileges of Emeritus Members under these Bylaws. Any suspended Member must resign from the Board or any Advisory Council on which they currently serve. The term of their Membership shall be tolled until they no longer are an elected official or a high-level government employee. When their period of service as an elected official or high-level employee ends, the Member shall regain all rights and privileges of TAA Member under these bylaws as of that date.

Any suspended Member whose active Membership plus tolling period extends for more than ten (10) years is eligible to apply for Emeritus Member status under Section 2.1.2(b).

For purposes of the numerical limitation of Members provided in Section 2.2.2, suspended Members shall be included in the count of total number of Members.

The motion carried by the following vote:

Ayes 6 Vice Chair Jackson, Council Member McGrath, Council Member Hameroff, Council Member Lang, Council Member Holmes, and Council Member Lambert

Nays 0 None

Council Member McGrath left the meeting at 3:47 p.m.

The meeting adjourned at 3:47 p.m. due to loss of the quorum.

Prepared by:

A handwritten signature in black ink that reads "Byron M. Jones". The signature is written in a cursive style and is positioned above a horizontal line.

Byron M. Jones, CMC, TAA Clerk

Date: July 20, 2021