
**TUCSON AIRPORT AUTHORITY | Board of Directors Regular Meeting
August 4, 2021 | 3:00 p.m. | Remote Meeting**

THIS BOARD MEETING WAS HELD BY REMOTE PARTICIPATION ONLY. BOARD MEMBERS PARTICIPATED VIA WEBEX. MEMBERS OF THE PUBLIC WERE PROVIDED A WEBEX LINK AND PHONE NUMBER/CODE INCLUDED IN THE PUBLIC MEETING NOTICE IN ORDER TO ATTEND.

CALL TO ORDER | ROLL CALL

Chairperson Dusenberry called the meeting to order at 3:00 p.m.

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

Members Absent: Director Judy Rich

Staff Present: President/Chief Executive Officer Danette Bewley, Executive Vice President/Chief Operating Officer Bruce Goetz, Vice President/Planning and Engineering Mike Smejkal, Vice President/General Counsel Christopher Schmaltz, Vice President/Chief Financial Officer Kirk Eickhoff, Vice President/Chief Commercial Officer John Voorhees, Vice President/Chief People Officer Twyla Salaiz, Deputy General Counsel Kim Ryan, Police Chief Scott Bader, and TAA Clerk Byron Jones

Director Draper joined the meeting at 3:02 p.m.

Chairperson Dusenberry announced that Item 11 would be considered immediately after the Consent Agenda to ensure Director Jackson as Vice Chair of the Corporate Governance Council could report on the Council's actions prior to leaving the meeting at 4:00 p.m.

CONSENT AGENDA

1. APPROVAL OF MINUTES

Approve the minutes from the Board of Directors regular meeting held on June 2, 2021.

2. AEROPARK REHABILITATION BUDGET AMENDMENT

The Board of Directors will consider and may adopt Resolution No. 2021-12 approving a budget increase in the amount of \$356,402 for the Aeropark Boulevard Rehabilitation Project, bringing the total project budget to \$840,823.

3. PURCHASE OF TAA'S GROUP INSURANCE COVERAGES FOR FY2022

The Board of Directors will consider and may adopt Resolution No. 2021-14 approving the TAA's group insurance coverages for Fiscal Year 2022.

4. PURCHASE OF TAA'S COMMERCIAL LINES OF INSURANCE (2021-2022)

The Board of Directors will consider and may adopt Resolution No. 2021-15 approving the TAA's commercial lines of insurance for the period August 15, 2021, through August 15, 2022.

5. RENEWAL OF TAA'S WORKERS COMPENSATION POLICY WITH AMTRUST NORTH AMERICA (2021-2022)

The Board of Directors will consider and may adopt Resolution No. 2021-16 approving the purchase of a Workers Compensation Policy from AmTrust North America, effective September 1, 2021.

MOTION BY Treasurer Assenmacher, SECONDED BY Director Swaim, to APPROVE the consent agenda. The motion carried by the following vote:

Ayes 8 Chairperson Dusenberry, Vice Chair Hammond, Secretary Silvyn, Treasurer Assenmacher, Director Draper, Director Swaim, Director Jackson, and Director Fernandez

Nays 0 None

ACTION ITEMS

TUCSON AIRPORT AUTHORITY BYLAW AMENDMENTS

Director Jackson reported that the Corporate Governance Council had a robust debate on Proposed Amendment No. 8, and that there were two main points of consensus: 1) Proposed Amendment No. 4 from the staff memo addresses the scenario encountered during last year's nominating period by expressly prohibiting elected officials and high-level government employees from TAA membership; the amendment clarifies what constitutes a high-level government employee; and 2) Concern was expressed that the amendment invests too much power in the Board to control aspects of governance—mainly the nomination of new members, continuing members, and membership on the Board.

BOARD DISCUSSION REGARDING PROPOSED AMENDMENT NO. 8:

- Believes the issues encountered last year with the nomination of political and government leaders would have been avoided if the Board had oversight at the time of the Nominating Council's recommendations.
- Does not feel comfortable ceding any final decisions on membership or other issues to an advisory council.
- There is representation from the Board on the Nominating Council.
- There is no element of perceived conflict between the Board and councils. It is a matter of proper governance for the Board to exercise its oversight responsibility for the organization.
- A potential compromise would be that the Nominating Council submits its recommendations to the Board to review. If the Board had concerns, they would send the slate back to the Nominating Council, which may or may not have the ability to override the Board's recommendations.
- The Board has final decision-making authority over every other advisory council.

The consensus of the Board was to delay consideration of Proposed Amendment No. 8, to direct staff to revise the amendment based on the discussion, and to refer the matter back to the Corporate Governance Council for further consideration.

MOTION BY Director Fernandez, SECONDED BY Treasurer Assenmacher, to ADOPT Resolution No. 2021-13 approving various amendments to the Bylaws of the Tucson Airport Authority. The motion carried by the following vote:

Ayes 8 Chairperson Dusenberry, Vice Chair Hammond, Secretary Silvyn, Treasurer Assenmacher, Director Draper, Director Swaim, Director Jackson, and Director Fernandez

Nays 0 None

CHAIRPERSON REPORT

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

The TAA was awarded the *Spirit of Service Crisis Response Award* by the Governor's Council on Tourism. The award honors entities that have demonstrated an above-and-beyond response to the global health crisis. There were over thirty submissions, and the TAA was honored for its innovative marketing of the *TUS Cares* health and safety campaign.

Vice President/Planning and Engineering Mike Smejkal received the Arizona Airports Association's *President's Award*. VP/P&E Smejkal previously served as the president of the Association.

The TAA recently added several employees in leadership positions:

- Director of Properties and Concessions Michael Musca
- Senior Supervisor of Airfield and Landscape Maintenance Blake Vernon
- Manager of Airport Security Jeff Palmer
- Financial Controller Clark Wager

PRESIDENT/CEO REPORT

7. State of the Industry | Update

The airline industry has been severely affected by the COVID-19 pandemic. Industry revenues in 2020 totaled \$328B, which is forty percent of the previous year's revenues. However, there is some encouraging news on the horizon.

Leisure Travel:

Leisure travel is leading the demand. Business travel will take longer to recover and is estimated to reach only 80% of pre-pandemic levels by 2024 as the trend of remote work is likely to continue after the pandemic.

Recovery:

Earlier this week Congress released the text of its infrastructure framework. \$25B in additional funding has been included for airports during the next five fiscal years.

Tucson Market:

Daily scheduled departures are expected to rise to 54 flights by December. This would represent a ninety-three percent recovery of the pre-pandemic flights.

8. Strategic Plan | Quarterly Update

The TAA is in the final quarter of Year One of the Three-Year Strategic Plan approved by the Board in August 2020. There has been considerable progress in many of the areas, although some deadlines have been adjusted to streamline the workflow or to evaluate better ways to accomplish some tasks. A copy of the quarterly report was included in the Board packet.

PRESENTATIONS

9. TAA STRATEGIC PLAN 2.0 | STUDY SESSION

President/CEO Danette Bewley presented.

Staff continuously evaluates the progress towards achieving the Strategic Plan objectives. Looking ahead to Year Two, it was determined that adjustments were needed considering the pandemic recovery and stronger than expected economic indicators. They also wanted to incorporate the perspectives of new members of the Executive Team and focus more on long-term initiatives rather than short-term tasks. The purpose is to improve the structure and integration of initiatives year over year so that the Board's time is not spent having to approve tasks. The new plan also provides clarity of purpose, actions, and how progress is measured.

Other members of the TAA Executive Team presented a high-level overview of the strategic initiatives in *Strategic Plan V2.0*.

ATTACHMENT ONE: Strategic Plan V2.0 Presentation

Director Draper left the meeting at 3:52 p.m.

Director Jackson left the meeting at 3:58 p.m.

BOARD DISCUSSION:

- Commended the plan's vision for post-pandemic recovery.
- As the plan is implemented, would like to have discussions on how the TAA can leverage its financial resources to accelerate some of the initiatives so that TUS can be well positioned in relation to other airports.

10. TAA POLICE DEPARTMENT | UPDATE

TAA Police Chief Scott Bader presented an overview of police department operations considering recent national events involving law enforcement.

- The department emphasizes community-oriented policing.
- They view themselves as ambassadors for the airport and the community in general.
- All officers are certified through the Arizona Peace Officer Training and Standards Board (AZPOST).
- Accredited by the Commission on Accreditation for Law Enforcement Agencies (CALEA).
 - Ensures policies incorporate best practices and procedures.
 - Policies are reviewed and audited annually.

- Establishes standards to quickly address the challenges of modern policing.
- Reduces exposure to civil lawsuits.

Vice Chair Hammond left the meeting at 4:10 p.m.

BOARD DISCUSSION:

▪ **How large is the department?**

Police Chief Bader: There are currently 20 sworn officers, with several recruitments currently underway. The TAAPD is authorized to have up to 26 officers.

EXECUTIVE SESSION

11. The Board of Directors, upon a majority vote, may convene into executive session as posted for the following:

- a. Pursuant to A.R.S. § 38-431.03(A)(3) for discussion or consultation for legal advice with the attorney or attorneys of the public body regarding the City of Tucson’s decision to suspend operations at the Tucson Airport Remediation Project (TARP) water treatment facility.
- b. Pursuant to A.R.S. § 38-431.03(A)(3) for discussion or consultation for legal advice with the attorney or attorneys of the public body regarding Air Ventures’ Ryan Airfield lease extensions.

MOTION BY Director Swaim, SECONDED BY Secretary Silvyn, to CONVENE into executive session as posted. The motion carried by the following vote:

Ayes 5 Chairperson Dusenberry, Secretary Silvyn, Treasurer Assenmacher, Director Swaim, and Director Fernandez

Nays 0 None

The Board of Directors convened into executive session at 4:21 p.m.

RECONVENE THE REGULAR MEETING

The regular meeting reconvened at 4:44 p.m.

NEXT MEETING

The next meeting will be held on Wednesday, September 1, 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 (Sep 1, 2021 19:37 PDT)

Keri Silvyn, Secretary

Date: September, 1, 2021

Prepared by:



Byron Jones (Sep 1, 2021 17:18 PDT)

Byron M. Jones, CMC, TAA Clerk

Date: September, 1, 2021

ATTACHMENT ONE

Tucson Airport Authority

**STRATEGIC PLAN V2.0
PRESENTATION**

Strategic Plan V2.0

Board of Directors | Study Session
August 4, 2021

Why 1.0 to 2.0?



Annually review and update

Lessons learned from Strategic Plan 1.0

New perspectives from new executives on the Executive Team

Recovery from COVID-19

What hasn't changed?



Mission

Provide a sustainable airport system and constantly pursue initiatives that promote and grow business opportunities

Vision

Landing prosperity in Southern Arizona

Guiding Principles

We Deliver Results

We Work Smart

We Are Curious

We Play For The Team

What has changed?



Transition from tasks to initiatives

- Align and Engage
- Capitalize on Opportunities
- Dream Big Together



- Take Off
- Climb Out
- Open Skies
- New Destinations

Improve structure and integration of initiatives year over year

Provide clarity to our purpose, actions and how progress is measured

Summary

		FY22	FY23	FY24	FY25+
Rally Cry		Take Off	Climb Out	Open Skies	New Destinations
Why		Invest for Success	Connected, Functioning Systems	High Performance	Employee Driven and Community Engaged Culture
STRATEGIC INITIATIVES	Expand Prosperity	Staging the Resources	Execution and Engagement	Sustained Growth	Investigating New Opportunities
	Accelerate Performance	Embed Capacity	Connected Flow	High Performing, Engaged Workforce	Recognition as Great Place to Work
	Upgrade to First Class Systems and Efficiencies	Growing to Efficient Systems	Achieve Efficiency	Systems are Centers of Excellence	
	Create External TAA Champions	Create Champions	We are the Champions	Engage the Futurists	TAA as Fulcrum for Regional Prosperity

Strategic Initiatives

		FY22	FY23	FY24	FY25+
Rally Cry		Take Off	Climb Out	Open Skies	New Destinations
Why		Invest for Success	Connected, Functioning Systems	High Performance	Employee Driven and Community Engaged Culture
Expand Prosperity		Staging the Resources	Execution and Engagement	Sustained Growth	Investigating New Opportunities
STRATEGIC INITIATIVES	FOCUSES	1 Commercial Development Planning and Marketing 2 Shovel Ready Infrastructure (both TAA land and with our utility and community partners) 3 Negotiate and Implement New Airline Use Agreement (AUA) 4 Air Service Development			

Strategic Initiatives

		FY22	FY23	FY24	FY25+
Rally Cry		Take Off	Climb Out	Open Skies	New Destinations
Why		Invest for Success	Connected, Functioning Systems	High Performance	Employee Driven and Community Engaged Culture
Accelerate Performance		Embed Capacity	Connected Flow	High Performing, Engaged Workforce	Recognition as Great Place to Work
STRATEGIC INITIATIVES	FOCUSES	1 Implement Workforce Planning 2 Drive Performance Management 3 Develop Employees to Increase Engagement 4 Target Growth of Internal Talent			

Strategic Initiatives

		FY22	FY23	FY24	FY25+
Rally Cry		Take Off	Climb Out	Open Skies	New Destinations
Why		Invest for Success	Connected, Functioning Systems	High Performance	Employee Driven and Community Engaged Culture
STRATEGIC INITIATIVES	Upgrade to First Class Systems and Efficiencies	Growing to Efficient Systems	Achieve Efficiency	Systems are Centers of Excellence	
	FOCUSES	1 Develop process that documents institutional knowledge and shift to a continuous improvement mindset 2 Refine system functionality in key business area 3 Critical infrastructure replacements 4 Drive for Sustainability			

Strategic Initiatives

		FY22	FY23	FY24	FY25+
Rally Cry		Take Off	Climb Out	Open Skies	New Destinations
Why		Invest for Success	Connected, Functioning Systems	High Performance	Employee Driven and Community Engaged Culture
Create External TAA Champions		Create Champions	We are the Champions	Engage the Futurists	TAA as Fulcrum for Regional Prosperity
STRATEGIC INITIATIVES	FOCUSES	1 Tourism 2 Activate Community Value Proposition 3 Identify and cultivate Member Value Proposition 4 External Communications and Marketing Delivers Results			

Success Indicators

FY22	FY23	FY24	FY25+
Take Off	Climb Out	Open Skies	New Destinations
Invest for Success	Connected, Functioning Systems	High Performance	Employee Driven and Community Engaged Culture
<ul style="list-style-type: none"> • Broker/Developer Selected Q4 • 100% employees have performance plan in BambooHR • Baseline documentations of critical infrastructure • Media impressions show increase of 10% 	<ul style="list-style-type: none"> • AUA signed by all parties and in place by 9/30/2023 • Satisfaction measured from Candidate thru Tenured Employee, with 20% increase from previous year • Reduce CO2 emission per passenger 10% YOY • Survey 9/22 for CVP and MVP to see trends and refine next FY plan 	<ul style="list-style-type: none"> • Broker leases increase by 10% • TAA skills-based Talent Review managed at Director level • New financial reporting implemented, and training completed • Effective marketing outreach; leakage reduced by 3% 	<ul style="list-style-type: none"> • Evaluate Air Cargo Ramp expansion • Recognized externally as a “Great Place to Work” • Collaborate with tourism partners to refine initiatives

THANK YOU!
Q&A SESSION