

**AMENDED JULY 30, 2021**

**Item 2 revised to correct dollar amounts**

**Items 3, 4 and 5 added to the Consent Agenda**

**TUCSON AIRPORT AUTHORITY | Board of Directors Regular Meeting  
August 4, 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, August 4, 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"/> 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          | <input type="checkbox"/> Taunya Villicana, Ex officio |

**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 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.

**CHAIRPERSON REPORT**

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

**PRESIDENT/CEO REPORT**

7. State of the Industry | Update
8. Strategic Plan | Quarterly Update

**DISCUSSION/PRESENTATION**

9. TAA Strategic Plan 2.0 | Study Session
10. TAA Police Department | Update

**ACTION ITEMS**

**11. TUCSON AIRPORT AUTHORITY BYLAW AMENDMENTS**

The Board of Directors will consider and may adopt Resolution No. 2021-13 approving various amendments to the Bylaws of the Tucson Airport Authority.

**EXECUTIVE SESSION**

12. 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.

**RECONVENE THE REGULAR MEETING**

**NEXT MEETING**

Wednesday, September 1, 2021 | 3:00 p.m. | Remote Participation Only via Webex.

**ADJOURN**

## DRAFT MINUTES

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

THIS BOARD MEETING WAS A REMOTE PARTICIPATION ONLY MEETING. BOARD 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 3:03 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, Director Sally Fernandez, and Ex-officio Member Taunya Villicana

**Members Absent:** None

**Others Present:** Audit Partner Laura Randol, HBL CPAs, P.C.; Consultant Jan Hill, Hill Enterprises

**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, Deputy General Counsel Kim Ryan, and TAA Clerk Byron Jones

### CONSENT AGENDA

#### 1. APPROVAL OF MINUTES

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

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

**Ayes 8 – Chairperson Dusenberry, Secretary Silvyn, Treasurer Assenmacher, Director Draper, Director Rich, Director Swaim, Director Jackson, and Director Fernandez**

**Nays 0 – None**

Vice Chair Hammond joined the meeting by phone at 3:06 p.m.

### CHAIRPERSON REPORT

#### 2. Corporate Governance Council Meeting | Update

The Corporate Governance Council met to discuss the Advocacy Member category and the challenges

## DRAFT MINUTES

going into the Annual Meeting with two of the nominees having resigned. The Council is recommending elimination of the Advocacy Member category. They are also reviewing other sections of the Bylaws that need to be updated and will make recommendations to the Board in the coming months.

### 3. Upcoming Advisory Council Meetings | Schedule

- The Nominating Council and the Community Engagement and Business Opportunities Council have met and begun work for the year.
- The Corporate Governance Council will meet again in the coming weeks. The date has yet to be confirmed.

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

- The Tucson Airport Authority Police Department (TAAPD) recently completed its annual assessment by the Commission on Accreditation for Law Enforcement Accreditation. The assessor has submitted his final report and has indicated that the TAAPD is in exemplary shape. There is an additional virtual assessment at the end of June that will involve a public hearing.
- Staff will give a presentation at the July Board meeting regarding the TAA's operating standards and practices.
- President/CEO Danette Bewley has been selected by *BizTucson* magazine to receive the 2021 Women Leading the Region Award.
- Anthony Casella has joined the TAA as the new Chief Technology Officer.
- Kristen Ewing was promoted from Public Service Officer to Public Service Officer Supervisor.

## PRESIDENT AND CEO REPORT

### 5. COVID-19 Impacts and Industry Update

- Aviation activity was at its highest level since the beginning of the COVID-19 pandemic over the Memorial Day weekend. This is a positive sign for the recovery, though TUS has a lot of ground to make up to reach the 2019 aviation activity levels.
- In July scheduled flights will increase to 48 flights per day.
- Alaska Airlines will announce today that it will be adding new service to a destination that has never been served from TUS. Flights will begin around Thanksgiving.
- Southwest Airlines is evaluating restoring service to Oakland as well as to two cities that have not previously been served from TUS.

### 6. TAA Talent Alignment and Update

The TAA is in the final stages of the budget development process and updating the Strategic Plan. The revised Strategic Plan will be more aggressive in response to the faster-than-expected recovery from the COVID-19 pandemic. Staff will give a presentation to the Board in late summer or early fall.

Part of the Strategic Plan is an item about up leveling the staff. In support of this goal, the TAA has made some critical key hires in people operations, commercial development, technology, and finance. The Executive Team is now fully staffed. Leadership is continuing its commitment to modernize the

# DRAFT MINUTES

TAA's internal support system and infrastructure to ensure that the organization meets the Board's expectations, is positioned to take advantage of opportunities in the coming years, and to ensure a stable airport system. In FY22, leadership will continue to focus on and align the talent to meet the organization's needs and strategic objectives.

## PRESENTATIONS

### 7. Long-Term Terminal and Runway Planning Overview

VP/Planning and Engineering Mike Smejkal presented.

Over the last two years, staff has done an extensive review of the airport's planning documents to determine where TUS is positioned in the region, as well as current trends in the airline industry. The purpose was to ensure the TAA is making the best use of its property in furtherance of its mission to promote business opportunities.

Beginning in the 1980s, aviation activity at TUS began to near the guidelines the Federal Aviation Administration (FAA) has in place where an airport should consider planning for an additional runway. The TAA has been acquiring property over the past 40-50 years to accommodate a Far Parallel Runway (FPR) and a new terminal complex; however, over time the aviation activity has not kept pace with projections from the 1980s through the early 2000s. Based on the most recent forecast (using aviation activity data from 2019), there is no scenario through 2060 that would justify the need for the FPR. The FAA concurs with staff's analysis that there is no need to continue carrying the FPR forward in TUS' planning documents.

Without the FPR, the long-term terminal site becomes less appealing as it will lead to longer taxiing times for the airlines and will require significant infrastructure to be relocated at a significant cost. Given these conditions, staff conducted a study on whether TUS' existing terminal footprint will accommodate long-term growth. The preliminary results from the study are that the landside areas (curbside and parking) and the terminal have sufficient space, although upgrades will be needed to replace aging infrastructure. There is a need for additional capacity in the concourses to accommodate more gates and concession areas. Based on projections through 2060, the contractor developed a concept that calls for expansion of the terminal and construction of a new concourse to eventually accommodate up to 38 gates.

Staff is in the process of updating the Airport Layout Plan and other documents to remove the Far Parallel Runway and the Future Terminal Site. Economic development staff will present to the Board in the coming weeks on the best uses of the property moving forward.

#### BOARD DISCUSSION:

- Thanked staff for the presentation. This has been the subject of discussion for some time and appreciates that the TAA can move forward with developing the land.
- The TAA should consider its strategy to retain the ability to construct a third runway if the need arises.

### ATTACHMENT ONE: Terminal Siting and Far Parallel Runway Presentation

# DRAFT MINUTES

## ACTION ITEMS

### 8. FY2020 FINANCIAL STATEMENTS AND AUDIT REPORTS

Audit Partner Laura Randol with HBL CPAs, P.C., presented.

#### BASIC FINANCIAL STATEMENTS:

- The basic financial statements for FY19 and FY20 were fairly stated in all material respects (a “clean” opinion).
- Assets increased by \$21M.
- Liabilities increased by \$3.9M.
- Net position increased by \$19.8M.
- Revenues decreased by \$3.4M primarily due to travel restrictions imposed by the COVID-19 pandemic. This was offset by increases in capital contributions and nonoperating revenue.
- Total expenses decreased by \$0.4M.

#### SINGLE AUDIT REPORTS:

- There were no findings (no material weaknesses or deficiencies).
- \$20.9M expenditures of federal awards.

#### PASSENGER FACILITY CHARGE PROGRAM REPORT:

- There were no findings (no material weaknesses or deficiencies).
- \$4.5M in PFC charges were received.
- \$250,000 interest earned.
- \$4M expenditures on approved projects.

#### SUMMARY:

- No material weaknesses.
- Minor matters related to internal controls:
  - Stale-dated checks in small-dollar amounts.
  - Lack of documentation of review of bank reconciliations.
  - Staff was able to satisfy through other means (e.g., email) that these tasks were completed. The lack of documentation was due to staff navigating through new work-from-home procedures because of the COVID-19 pandemic.

### **ATTACHMENT TWO: September 30, 2020 Audited Financial Statements**

**MOTION BY Treasurer Assenmacher, SECONDED BY Director Rich, to ADOPT Resolution No. 2021-10 accepting the Financial Statements and Independent Auditor’s Reports for the fiscal year ending on September 30, 2020. 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

## 9. TUCSON AIRPORT AUTHORITY BYLAWS AMENDMENTS

Directors expressed support for the bylaw change and support giving further consideration as to how the TAA can build partnerships with community partners while eliminating potential conflicts of interest and maintaining the independence of the TAA.

**MOTION BY Secretary Silvyn, SECONDED BY Director Draper, to ADOPT Resolution No. 2021-11 adopting amendments to the Bylaws of the Tucson Airport Authority related to membership categories. 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**

## DIVISION UPDATES

### 10. FINANCE AND ADMINISTRATION

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

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

- Landed weights were 26% favorable to budget. This is the second consecutive month to see a significant recovery.
- Passenger volumes were 27% favorable to budget, continuing an upward trend.
- Operating revenues were \$500K over budget, driven by concession revenues and landing fees.
- TUS is higher than expected in all revenue categories except for reimbursed services.
- Operating expenses were greater than budget by \$300K due to timing on major maintenance projects; however, TUS is still favorable year to date by \$800K.

### **ATTACHMENT THREE: April 2021 Financial Highlights**

### 11. PLANNING AND ENGINEERING

- Airfield Safety Enhancement Program | Quarterly Update

VP/Planning and Engineering Mike Smejkal presented.

- Bids were opened for the DBB1 (end around taxiway) project. The bids came in slightly under the engineer's estimates, and staff is now proceeding with the grant process through the Federal Aviation Administration (FAA). Construction is anticipated to begin in the fall.

## **DRAFT MINUTES**

- Costs for construction materials continue to rise significantly, so the next quarterly update will include revised cost estimates for the entire Airfield Safety Enhancement Program.

### **NEXT MEETING**

The next meeting will be held on Wednesday, July 14, 2021, at 3:00 p.m., via Webex.

### **ADJOURN**

There being no further business to discuss, Chairperson Dusenberry adjourned the meeting at 4:37 p.m.

### **APPROVED BY:**

---

Keri Silvyn, Secretary

Date: \_\_\_\_\_

### **Prepared by:**

---

Byron M. Jones, CMC, CAP, TAA Clerk

Date: \_\_\_\_\_

**ATTACHMENT ONE**

Tucson Airport Authority

**TERMINAL SITING AND FAR PARALLEL RUNWAY  
PRESENTATION**

# Terminal Siting & Far Parallel Runway

Planning & Engineering

***Mike Smejkal***  
***Vice President, Planning and  
Engineering***

# TAA 3-YEAR STRATEGIC PLAN



## ***Mission***

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

## ***Vision***

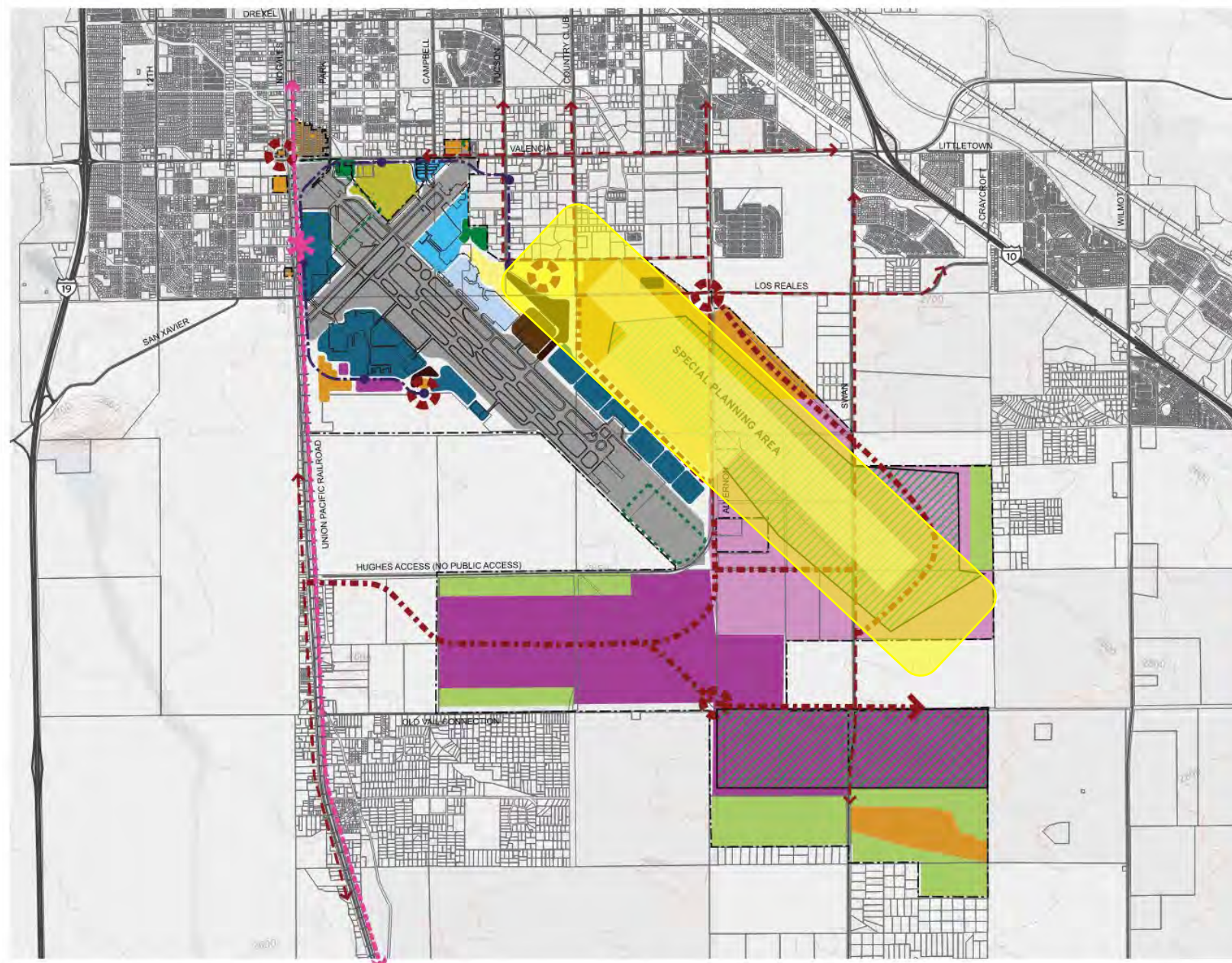
Landing prosperity in Southern Arizona

## ***Thematic Goals***

FY 2021 | Align and Engage

FY 2022 | Capitalize on Opportunities

FY 2023 | Dream Big Together



# LEGEND

- EXISTING ROAD NETWORK
- PROGRAMMED ROAD (APPROXIMATE)
- +++ EXISTING UNION PACIFIC RAILROAD
- FUTURE LOCAL TRANSIT CIRCULATOR (APPROXIMATE)
- FUTURE HIGH SPEED RAIL (HSR)
- LOCAL TRANSIT STATION
- \* HIGH SPEED RAIL STATION
- COMMERCIAL NODE
- AIRPORT PROPERTY BOUNDARY
- EXTENDED CLEAR ZONE POLICY AREA
- AIRFIELD
- EMPLOYMENT (OFFICE / INDUSTRIAL)
- INDUSTRIAL / LOGISTICS
- LARGE SCALE INDUSTRIAL
- NATURAL CORRIDOR / MITIGATION
- GENERAL AVIATION
- MIXED USE AVIATION
- AIRPORT LANDSIDE
- CARGO
- TERMINAL
- AIR NATIONAL GUARD
- AIRPORT SUPPORT
- AVIATION INDUSTRIAL
- LARGE SCALE SOLAR



# History



## 1974 Master Plan

- Identified Need for additional runway(s) and terminal

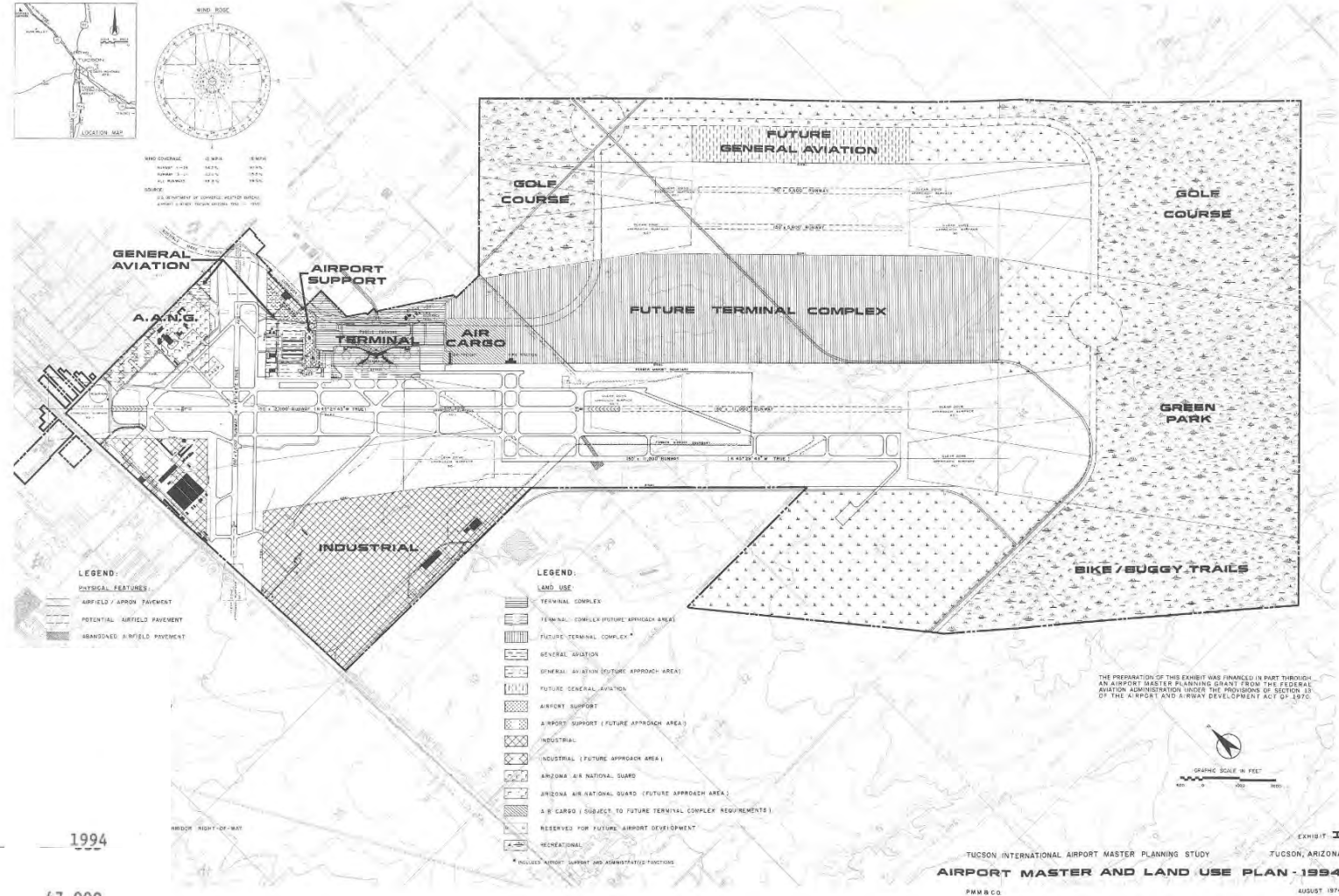


Table 21

AIR TRAFFIC FORECASTS  
Tucson International Airport  
Fiscal Years 1979, 1984, 1989, 1994

	1973	1979	1984	1989	1994
<b>Aircraft Operations</b>					
Air Carrier	31,816	32,000	40,000	44,000	47,000
Air Taxi	5,007	4,000	6,000	8,000	10,000
Military	38,958	25,000	25,000	25,000	25,000
General Aviation Itinerant	66,980	91,000	106,000	116,000	136,000
General Aviation Local	85,411	85,000	100,000	120,000	140,000
<b>Total</b>	<b>228,172</b>	<b>237,000</b>	<b>277,000</b>	<b>313,000</b>	<b>358,000</b>

# History

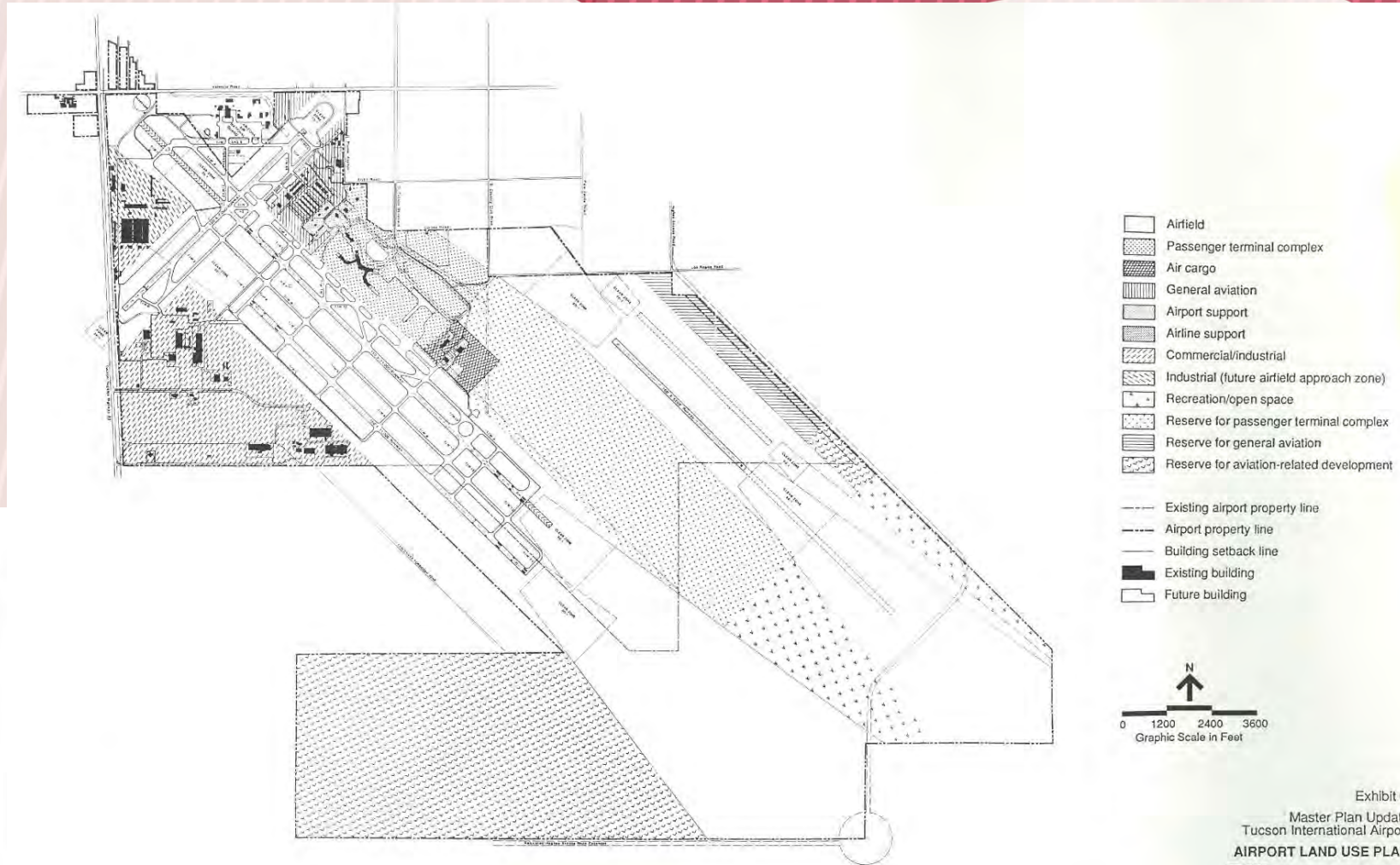


## 1986 Master Plan

Post 1978 Airline Deregulation



Operations include air carrier, air taxi, general aviation, and military.

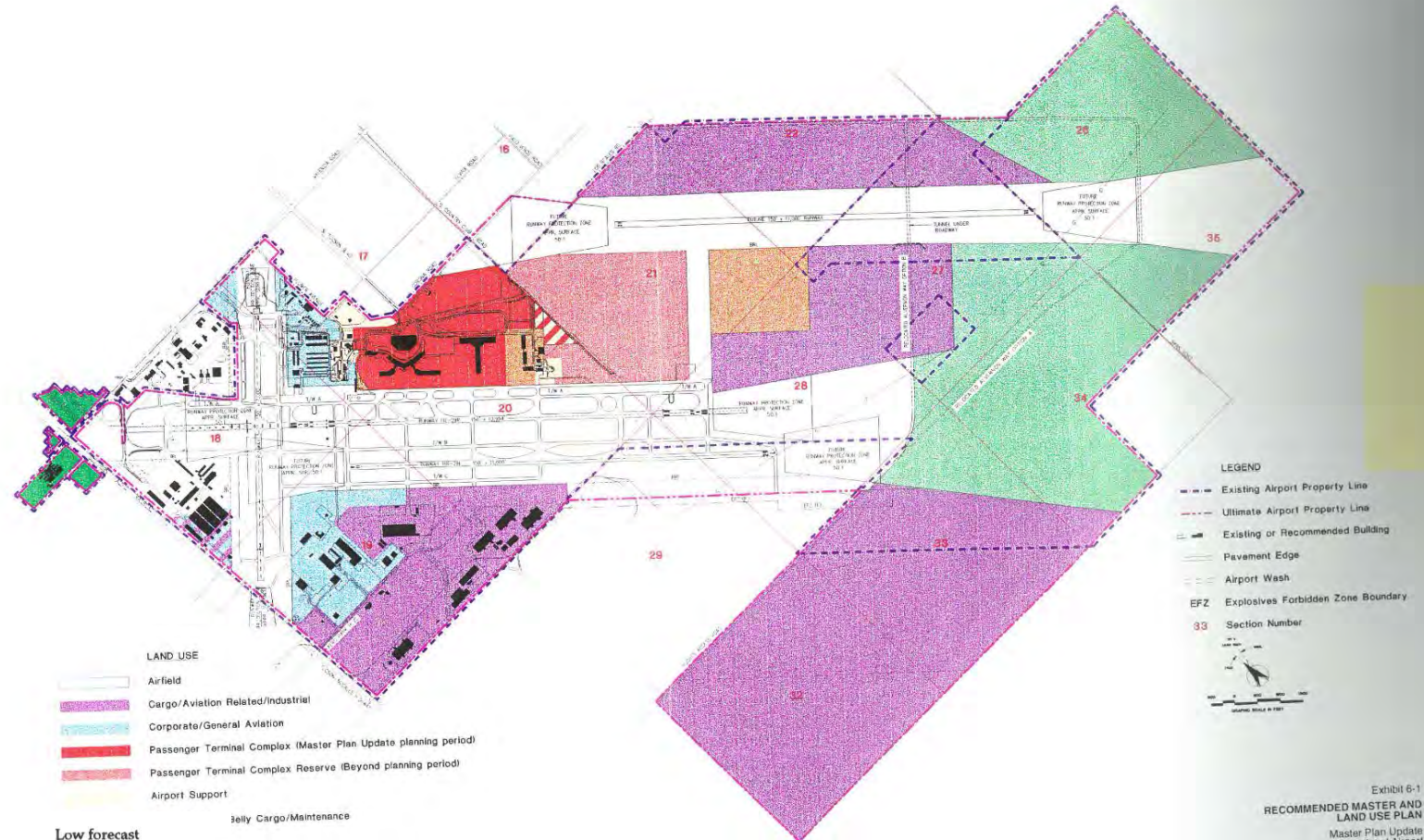


# History



## 1996 Master Plan

Formalized current layout



	Historical 1994	Base forecast			High forecast			Low forecast		
		2000	2005	2015	2000	2005	2015	2000	2005	2015
Aircraft operations										
Air carrier	46,557	64,500	72,400	88,500	70,900	85,400	115,900	57,100	60,600	66,800
Air taxi/commuter	18,901	29,800	35,400	42,300	39,400	55,300	69,400	25,300	27,900	30,200
General aviation (a)	146,849	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Military	39,267	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Total	251,574	284,300	297,800	320,800	300,300	330,700	375,300	272,400	278,500	287,000

Exhibit 6-1  
RECOMMENDED MASTER AND  
LAND USE PLAN  
Master Plan Update  
Tucson International Airport  
November 1996

LEIGH FISHER ASSOCIATES

# History

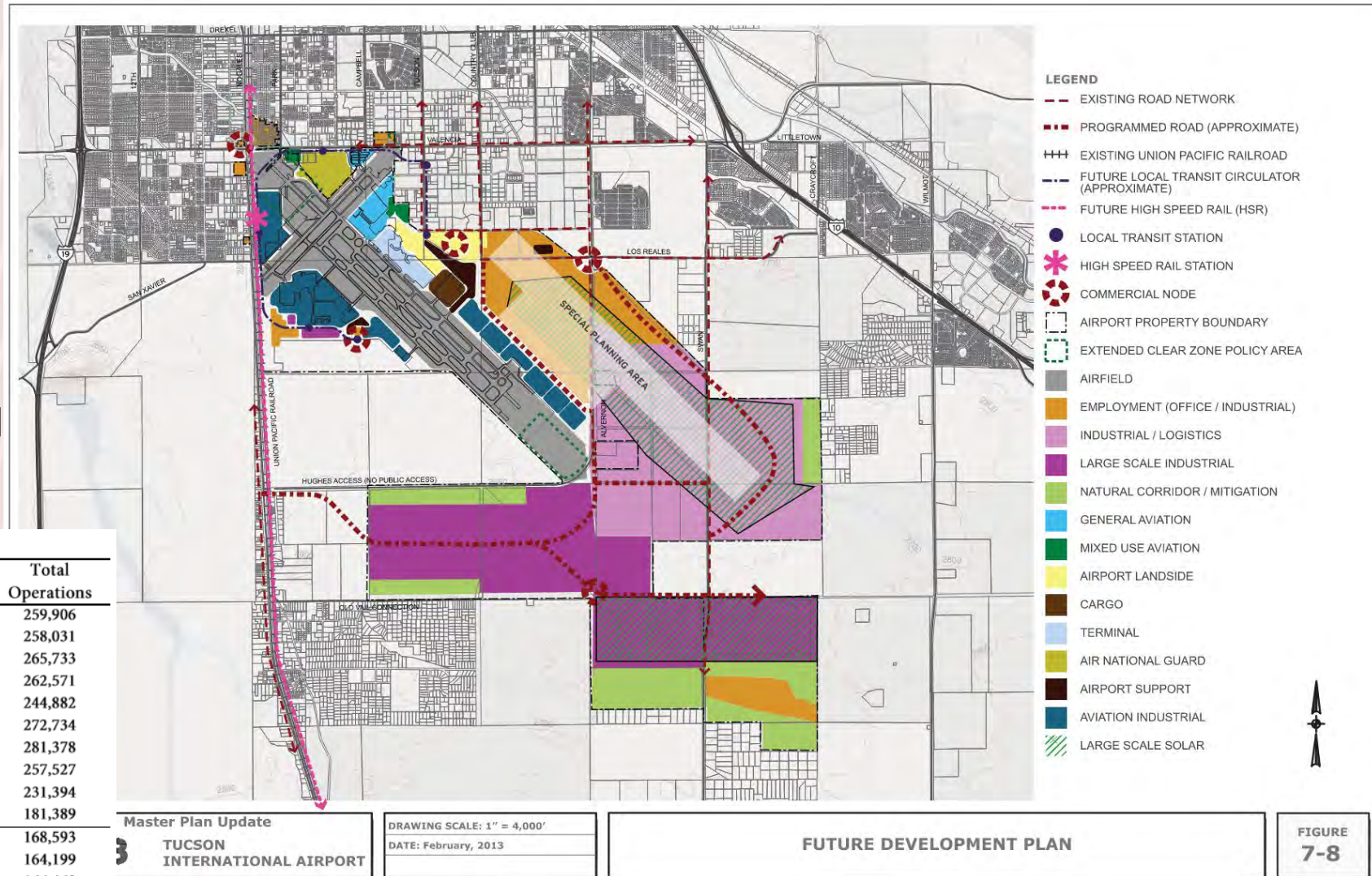


## 2014 Master Plan

Focused on ASE  
Special Planning Area remained  
on Master Plan Documents

Table 3-9: Forecast of Aviation Activity - High

	Calendar Year	Enplanements Air Carrier	Operations Air Carrier	Other Operations		Total Operations
				GA	Military	
Historical	2000	1,781,018	58,767	153,304	47,835	259,906
	2001	1,805,655	59,275	155,614	43,142	258,031
	2002	1,651,267	59,491	157,996	48,246	265,733
	2003	1,708,236	53,644	162,483	46,444	262,571
	2004	1,815,504	55,453	141,593	47,836	244,882
	2005	2,009,608	71,026	158,026	43,682	272,734
	2006	2,087,544	74,003	164,343	43,032	281,378
	2007	2,157,125	71,414	154,408	31,705	257,527
	2008	2,146,141	73,565	129,526	28,303	231,394
	2009	1,808,043	57,505	94,471	29,413	181,389
Forecast	2010	1,822,212	58,535	79,363	30,695	168,593
	2011	1,835,332	58,664	74,839	30,695	164,199
	2012	1,883,051	59,961	75,812	30,695	166,468
	2013	1,937,659	61,463	76,798	30,695	168,955
	2014	1,999,664	63,185	77,873	30,695	171,753
	2015	2,069,652	65,145	79,041	30,695	174,881
	2020	2,493,918	76,991	85,150	30,695	192,836
	2025	3,034,232	91,850	91,730	30,695	214,275
	2030	3,691,608	109,556	98,820	30,695	239,071



# History

## 2019 Forecast

Figure 1: Summary of Aircraft Operations Forecasts

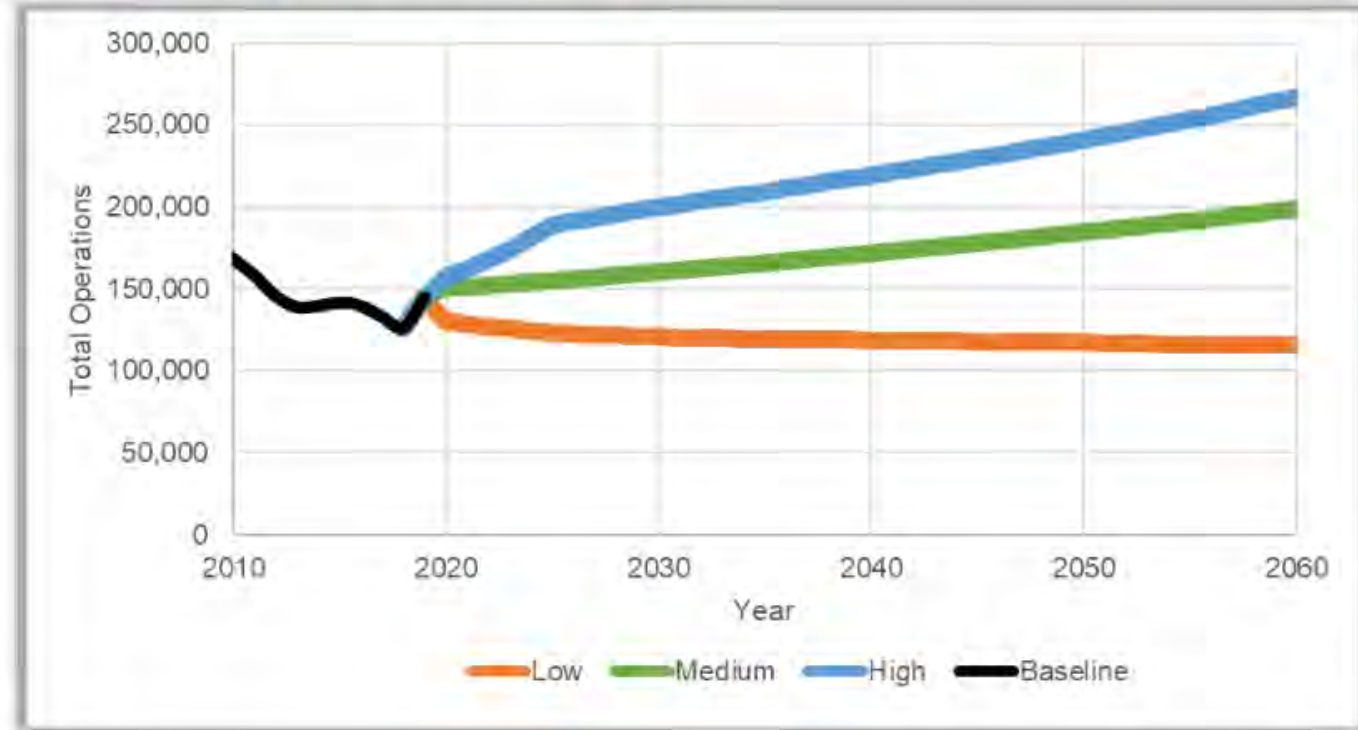
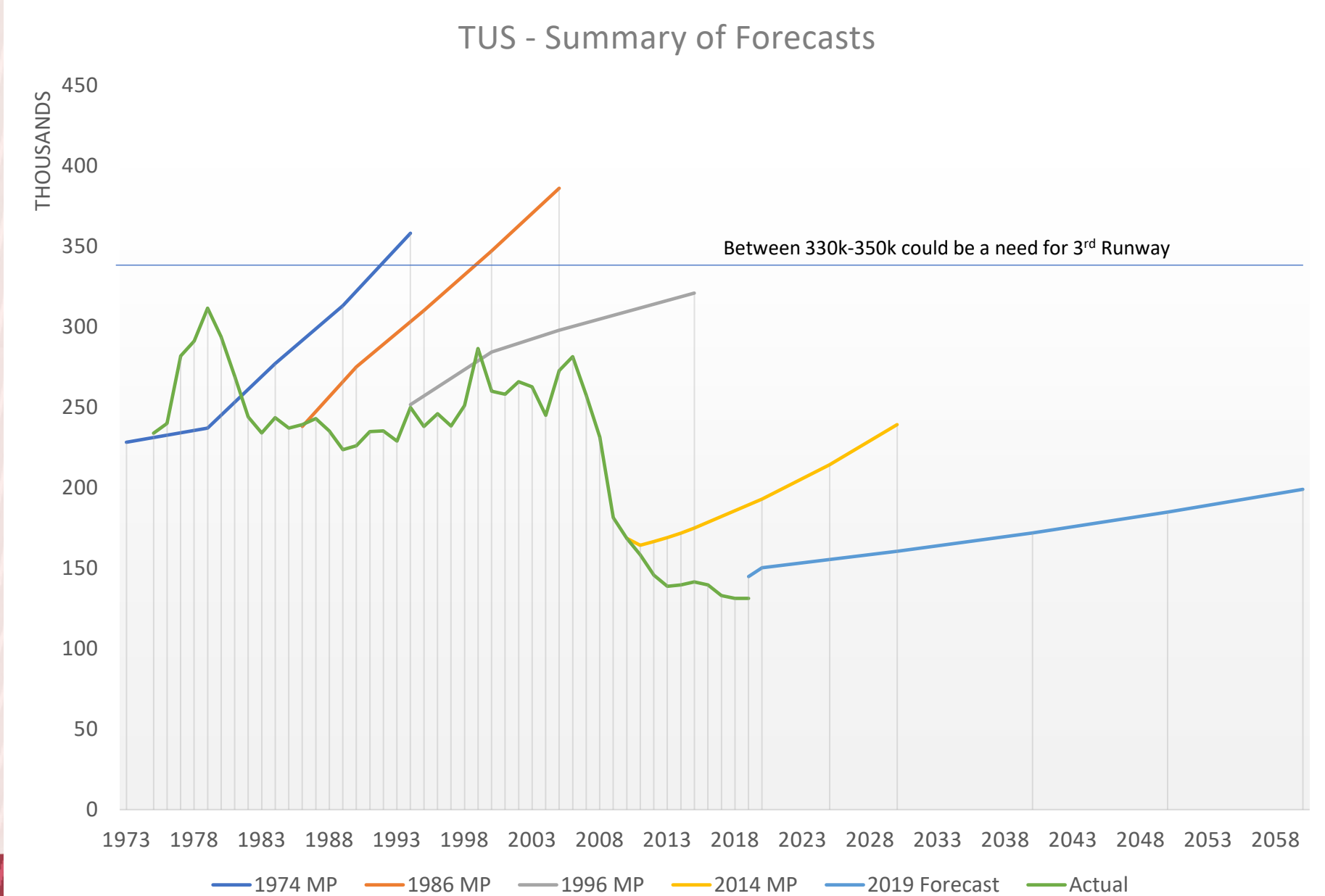


Table 1: Summary of Aircraft Operations Forecasts

Year	Baseline	Low	Medium	High
2009	181,389			
2019	144,800	144,800	144,800	144,800
2020		130,600	150,300	157,200
2030		120,600	160,500	199,900
2040		118,800	171,900	219,500
2050		117,400	184,800	241,000
2060		116,300	199,000	267,100
CAGR	-2.2%	-0.3%	0.7%	1.3%

CAGR = Compound Average Growth Rate, calculated for 2009-2019 for the baseline, and 2020-2060 for the forecasts.

# Forecast Fails to Justify Need for Far Parallel Runway



# Long Term Terminal Site

*Without Runway future site loses appeal*

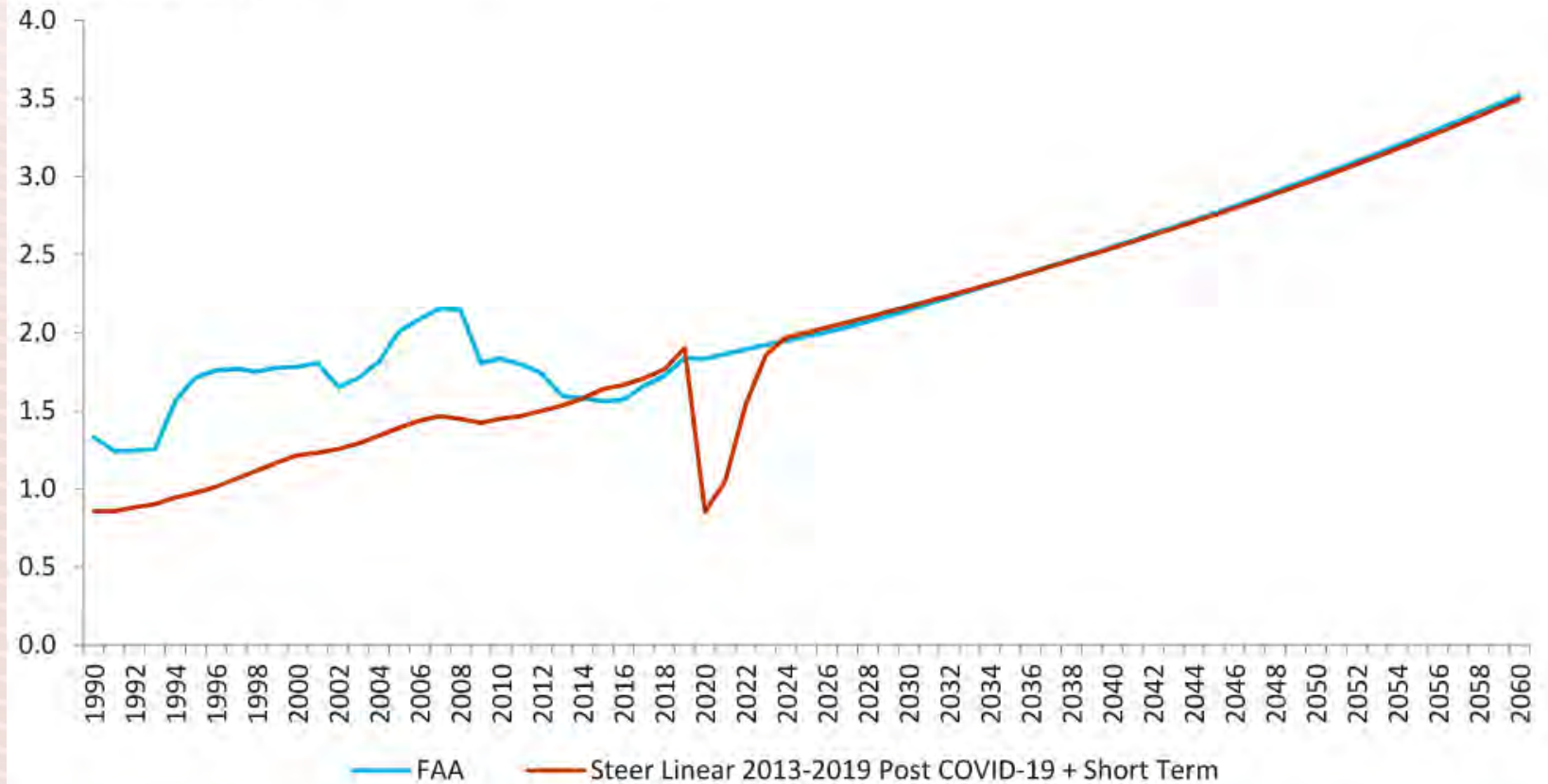


- *Longer Taxi times for airlines*
- *Significant support infrastructure must be relocated*
- *Significant cost*

*Completed Study to confirm existing Terminal Footprint is sized for long term growth*

# Enplanements

TAF 2021 vs Steer High level regression analysis and forecast  
Enplanements (m)



	2019	2020	2040	2060	2019-60
Steer	1,902,412	852,415	2,542,104	3,497,086	1.50%
TAF	1,836,293	1,831,614	2,548,290	3,522,421	1.60%

# Long Term Terminal Site Study

## *Preliminary Results*



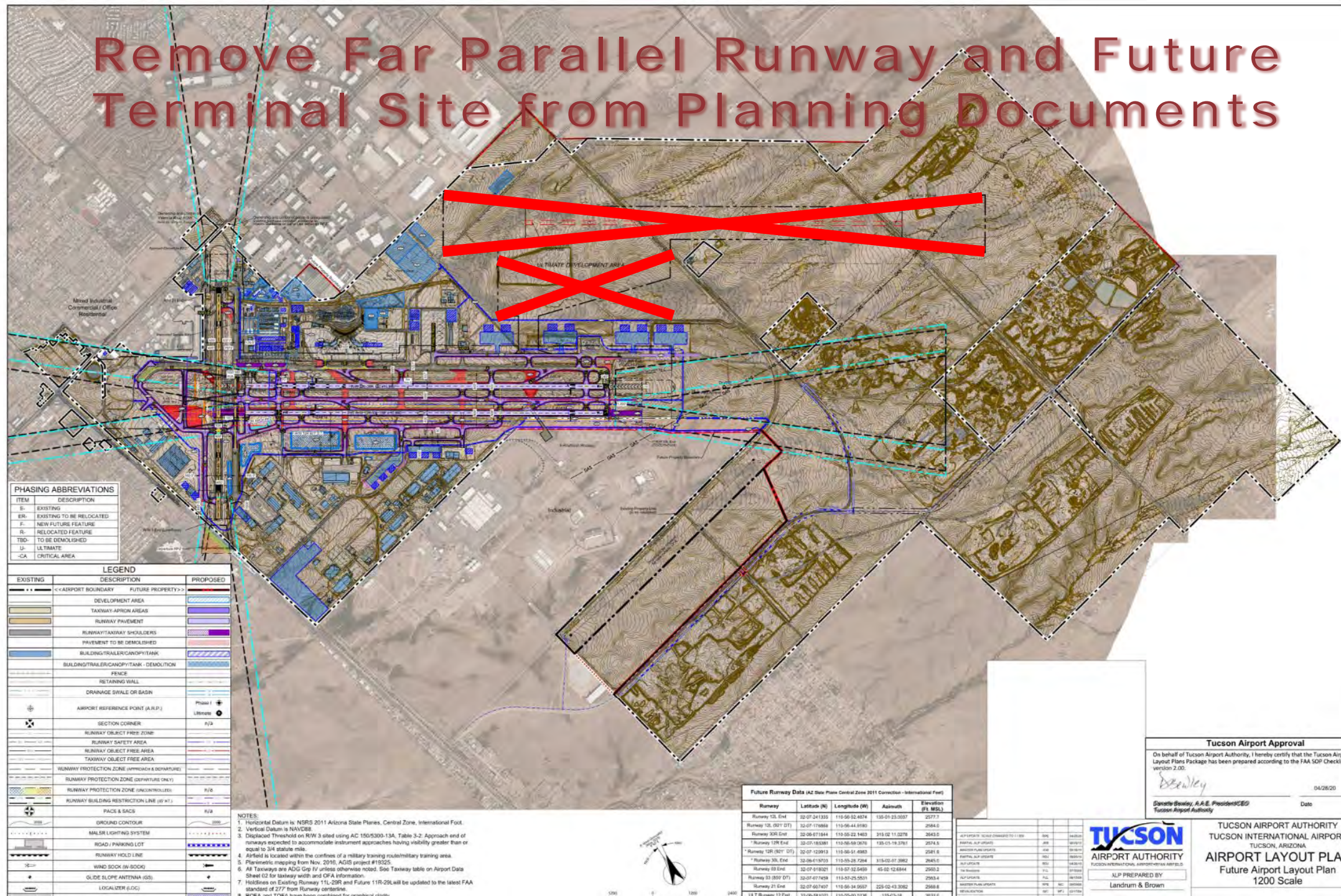
- *Landside Sufficient*
  - *Curbside and Parking*
- *Terminal Sufficient*
  - *Upgrades due to age*
- *Concourses*
  - *Need additional capacity*

# One Preliminary Concept Example

## Concept 3



# Remove Far Parallel Runway and Future Terminal Site from Planning Documents



## PHASING ABBREVIATIONS

ITEM	DESCRIPTION
E	EXISTING
ER	EXISTING TO BE RELOCATED
F	NEW FUTURE FEATURE
R	RELOCATED FEATURE
TBD	TO BE DEMOLISHED
U	ULTIMATE
CA	CRITICAL AREA

## LEGEND

EXISTING	DESCRIPTION	PROPOSED
--->---<---	ADAPTOR BOUNDARY	--->---<---
	DEVELOPMENT AREA	
	TAXIWAY-APRON AREAS	
	RUNWAY PAVEMENT	
	RUNWAY/TAXIWAY SHOULDERS	
	PAVEMENT TO BE DEMOLISHED	
	BUILDING/TRAILER/CANOPY/TANK	
	BUILDING/TRAILER/CANOPY/TANK - DEMOLITION	
	FENCE	
	RETAINING WALL	
	DRAINAGE SWALE OR BASIN	
	AIRPORT REFERENCE POINT (A.R.P.)	
	SECTION CORNER	
	RUNWAY OBJECT FREE ZONE	
	RUNWAY SAFETY AREA	
	RUNWAY OBJECT FREE AREA	
	TAXIWAY OBJECT FREE AREA	
	RUNWAY PROTECTION ZONE (APPROACH & DEPARTURE)	
	RUNWAY PROTECTION ZONE (DEPARTURE ONLY)	
	RUNWAY PROTECTION ZONE (UNCONTROLLED)	
	RUNWAY BUILDING RESTRICTION LINE (BY AT)	
	PAVING & SACS	
	GROUND CONTOUR	
	MAJOR LIGHTING SYSTEM	
	ROAD / PARKING LOT	
	RUNWAY HOLD LINE	
	WIND SOON (W-SOON)	
	GLIDE SLOPE ANTENNA (GS)	
	LOCALIZER (LOC)	

## NOTES:

1. Horizontal Datum is: NAD83 2011 Arizona State Planes, Central Zone, International Foot.
2. Vertical Datum is: NAVD83.
3. Displaced Threshold on RWY 3 cited using AC 150/5300-13A, Table 3-2. Approach end of runways expected to accommodate instrument approaches having visibility greater than or equal to 3/4 statute mile.
4. Airfield is located within the confines of a military training route/military training area.
5. Planimetric mapping from Nov. 2016, AGIS project #19325.
6. All Taxiways are ADG Grp IV unless otherwise noted. See Taxiway table on Airport Data Sheet 02 for taxiway width and OFA information.
7. Holdlines on Existing Runway 11L-29R and Future 11R-29L will be updated to the latest FAA standard of 277' from Runway centerline.
8. All data was prepared for aerial photography.

## Future Runway Data (AZ State Plane Central Zone 2011 Correction - International Feet)

Runway	Latitude (N)	Longitude (W)	Azimuth	Elevation (ft. MSL)
Runway 13L End	32-07-24.1335	110-50-52.4074	135-01-23.0387	2577.7
Runway 13L (3071 DT)	32-07-17.8869	110-50-44.3580		2564.0
Runway 30R End	32-06-07.8444	110-50-52.1403	315-02-11.2276	2643.5
Runway 12R End	32-07-16.5381	110-50-58.2676	135-01-18.3761	2574.5
Runway 12R (3071 DT)	32-07-12.0913	110-50-51.4983		2581.6
Runway 30L End	32-06-01.9703	110-50-28.7264	315-02-07.3862	2645.0
Runway 03 End	32-07-01.9321	110-57-52.5439	45-02-12.6814	2503.2
Runway 03 (3071 DT)	32-07-07.7458	110-57-25.5551		2593.4
Runway 21 End	32-07-02.7437	110-50-34.9937	225-02-43.3362	2558.8
Runway 11L-29R End	32-09-58.1031	110-50-50.7236	135-01-18.3761	2633.6

## Tucson Airport Approval

On behalf of Tucson Airport Authority, I hereby certify that the Tucson Airport Layout Plans Package has been prepared according to the FAA SGP Checklist version 2.00.

*Donna Bentley*

04/28/20

Donna Bentley, A.A.E. President/CEO  
Tucson Airport Authority

Date



ALP PREPARED BY  
Landrum & Brown

TUCSON AIRPORT AUTHORITY  
TUCSON INTERNATIONAL AIRPORT  
TUCSON, ARIZONA  
AIRPORT LAYOUT PLAN  
Future Airport Layout Plan  
1200 Scale

**THANK YOU!**  
Q&A SESSION

**ATTACHMENT TWO**

**SEPTEMBER 30, 2020 AUDITED FINANCIAL STATEMENTS**

*Presented by Laura Randol, CPA, CFE | Audit Partner  
HBL, CPAs, P.C.*

# Tucson Airport Authority

SEPTEMBER 30, 2020 AUDITED FINANCIAL STATEMENTS



Board of Directors' Meeting  
June 2, 2021



# FINANCIAL STATEMENT COMPONENTS

## Financial statements:

- Management's discussion and analysis (MD&A) – no audit opinion
- Basic financial statements
- Required supplementary information (pension and OPEB) – no opinion

## Single Audit reports:

- *Government Auditing Standards* report on internal control and compliance
- Uniform Guidance report on compliance and internal control over compliance
- Schedule of expenditures of federal awards
- Schedule of findings and questioned costs

## Passenger Facility Charge (PFC) reports:

- FAA format report on compliance and internal control over compliance
- Schedule of PFCs collected and expended
- Schedule of findings and questioned costs

# INDEPENDENT AUDITORS' REPORT

The auditors' report gives the opinion that the September 30, 2020 and 2019 basic financial statements are fairly stated in all material respects.



# BASIC FINANCIAL STATEMENTS

## Statements of Net Position

Assets increased \$21.2 million:

(in millions)	<u>2020</u>	<u>2019</u>	<u>Variance</u>
In order of liquidity:			
Current	\$ 190.3	\$ 180.2	\$ 10.1
Noncurrent	\$ 333.1	\$ 322.0	\$ 11.1
By restriction:			
Unrestricted	\$ 500.4	\$ 480.6	\$ 19.8
Restricted	\$ 23.0	\$ 21.6	\$ 1.4
By asset type:			
Cash and cash equivalents	\$ 81.6	\$ 30.6	\$ 51.0
Investments	\$ 95.7	\$ 142.3	\$ (46.6)
Grants receivable	\$ 9.3	\$ 1.8	\$ 7.5
Capital assets, net	\$ 332.8	\$ 321.5	\$ 11.3

Deferred outflows related to pensions also increased \$2.3 million

# BASIC FINANCIAL STATEMENTS

## Statements of Net Position

Liabilities increased \$3.9 million:

(in millions)	<u>2020</u>	<u>2019</u>	<u>Variance</u>
Construction contracts payable	\$ 5.2	\$ 2.4	\$ 2.8
Bonds payable	\$ 29.8	\$ 32.8	\$ (3.0)
Net pension / OPEB liability	\$ 47.9	\$ 44.1	\$ 3.8

# BASIC FINANCIAL STATEMENTS

## Statements of Net Position

Net position increased \$19.8 million:

(in millions)	<u>2020</u>	<u>2019</u>	<u>Variance</u>
Investment in capital assets	\$ 303.0	\$ 288.7	\$ 14.3
Restricted for capital projects and debt service	\$ 22.6	\$ 21.5	\$ 1.1
Unrestricted net position	\$ 90.6	\$ 86.2	\$ 4.4

# BASIC FINANCIAL STATEMENTS

## Statements of Revenues, Expenses and Changes in Net Position

Revenues decreased \$3.4 million:

(in millions)	<u>2020</u>	<u>2019</u>	<u>Variance</u>
Operating revenue	\$ 38.9	\$ 47.3	\$ (8.4)
Capital contributions	\$ 16.8	\$ 3.4	\$ 13.4
Nonoperating revenue	\$ 17.4	\$ 12.4	\$ 5.0

### Nonoperating revenue by type:

Interest income/increase in fair value of investments	\$ 2.4	\$ 4.8	\$ (2.4)
Passenger facility charges	\$ 4.3	\$ 7.2	\$ (2.9)
Gain on disposal	\$ 5.5	\$ 0.1	\$ 5.4
Grants-in-aid	\$ 5.1	\$ 0.3	\$ 4.8

# BASIC FINANCIAL STATEMENTS

## Statements of Revenues, Expenses and Changes in Net Position

Total expenses decreased \$0.4 million:

(in millions)	<u>2020</u>	<u>2019</u>	<u>Variance</u>
Operating expenses	\$ 33.3	\$ 32.6	\$ 0.7
Nonoperating expenses	\$ 1.4	\$ 2.7	\$ (1.3)

# Notes to the Financial Statements

- Note 3 *Cash and investments* – includes credit risk, concentrations and fair value measurement
- Note 5 *Capital assets* – p33
- Note 7 *Long-term debt* – p35
- Note 8 *Pension/OPEB Plans* – p37
- Note 11 *Passenger Facility Charges* - p55
- Note 14 *Environmental matters, contingencies, subsequent events* – p56
- Note 15 *Restricted net position* – p59

# SINGLE AUDIT REPORTS

## NO FINDINGS

- \$20.9 million expenditures of federal awards
- Included in *capital contributions* and in *nonoperating grants-in-aid* on the statement of revenues, expenses and changes in net position

# PASSENGER FACILITY CHARGE PROGRAM REPORT

## NO FINDINGS

- \$4.9 million PFC charges received
- \$254,000 interest earned
- \$4.0 million expenditures on approved projects

# LETTER TO THOSE CHARGED WITH GOVERNANCE/MEMO TO MGMT

- No material weaknesses
- Two other matters related to internal control:
  - Stale-dated checks in small dollar amounts
  - Lack of documentation of review of bank reconciliations

# Highlights of Required Communications

Generally accepted auditing standards require the auditor to promote effective two-way communication between the auditor and those charged with governance. The following are highlights of our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility in overseeing the financial reporting process.

<u>Item</u>	<u>Comment</u>
Audit adjustments	None other than post-closing entries provided by management
Disagreements with management	None
Significant difficulties encountered in performing the audit	None

# Upcoming GASB standards

- GASB 87, *Leases*, effective FY 2022
- GASB 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective FY 2021
- GASB 91, *Conduit Debt Obligations*, effective FY 2022
- GASB 92, *Omnibus 2020*, effective FY 2022
- GASB 93, *Replacement of Interbank Offered Rates*, effective FY 2021

## **ATTACHMENT THREE**

Tucson Airport Authority

### **APRIL 2021 FINANCIAL HIGHLIGHTS**

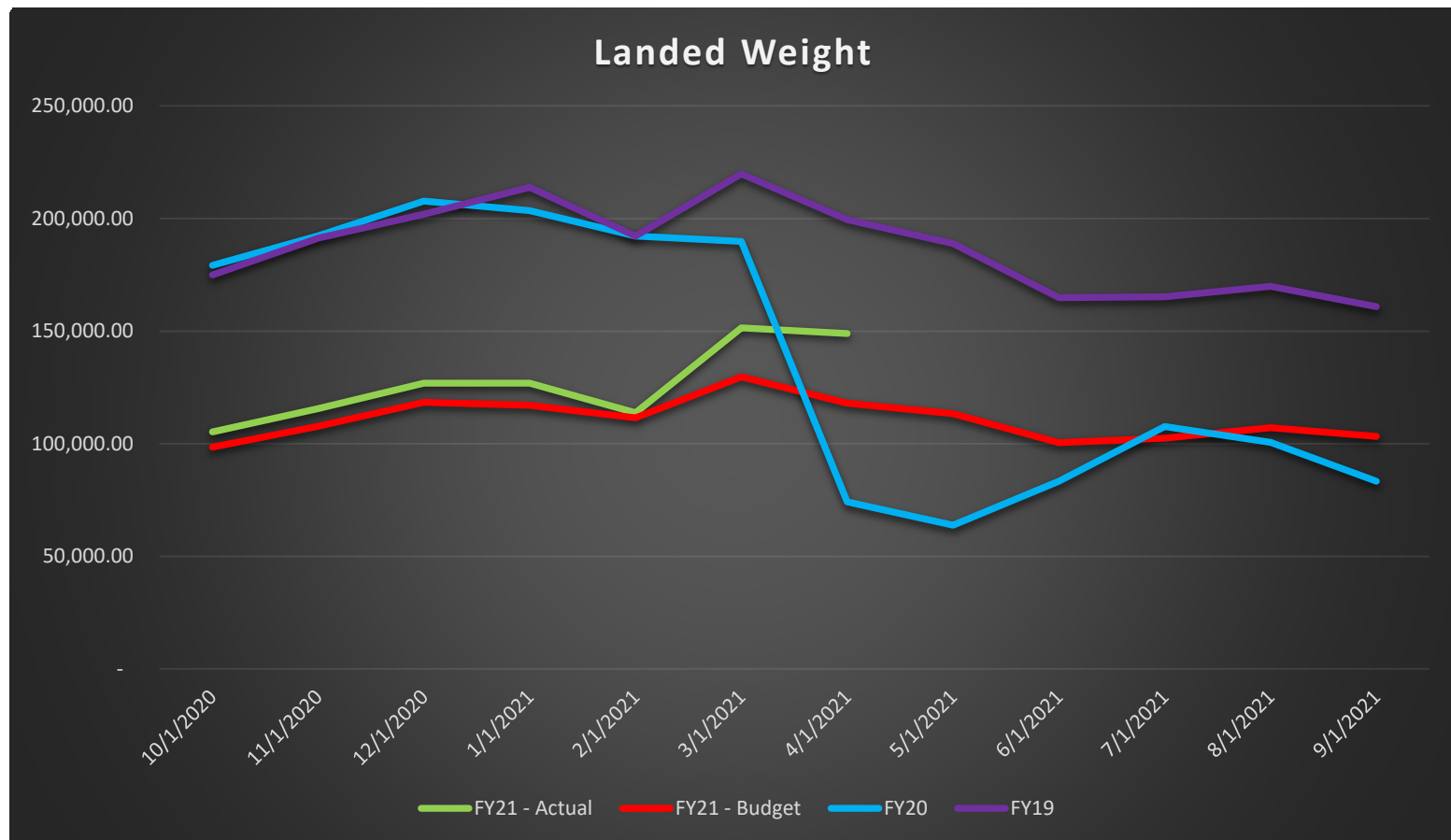


## **April 2021 Financial Highlights**

Board of Directors Meeting

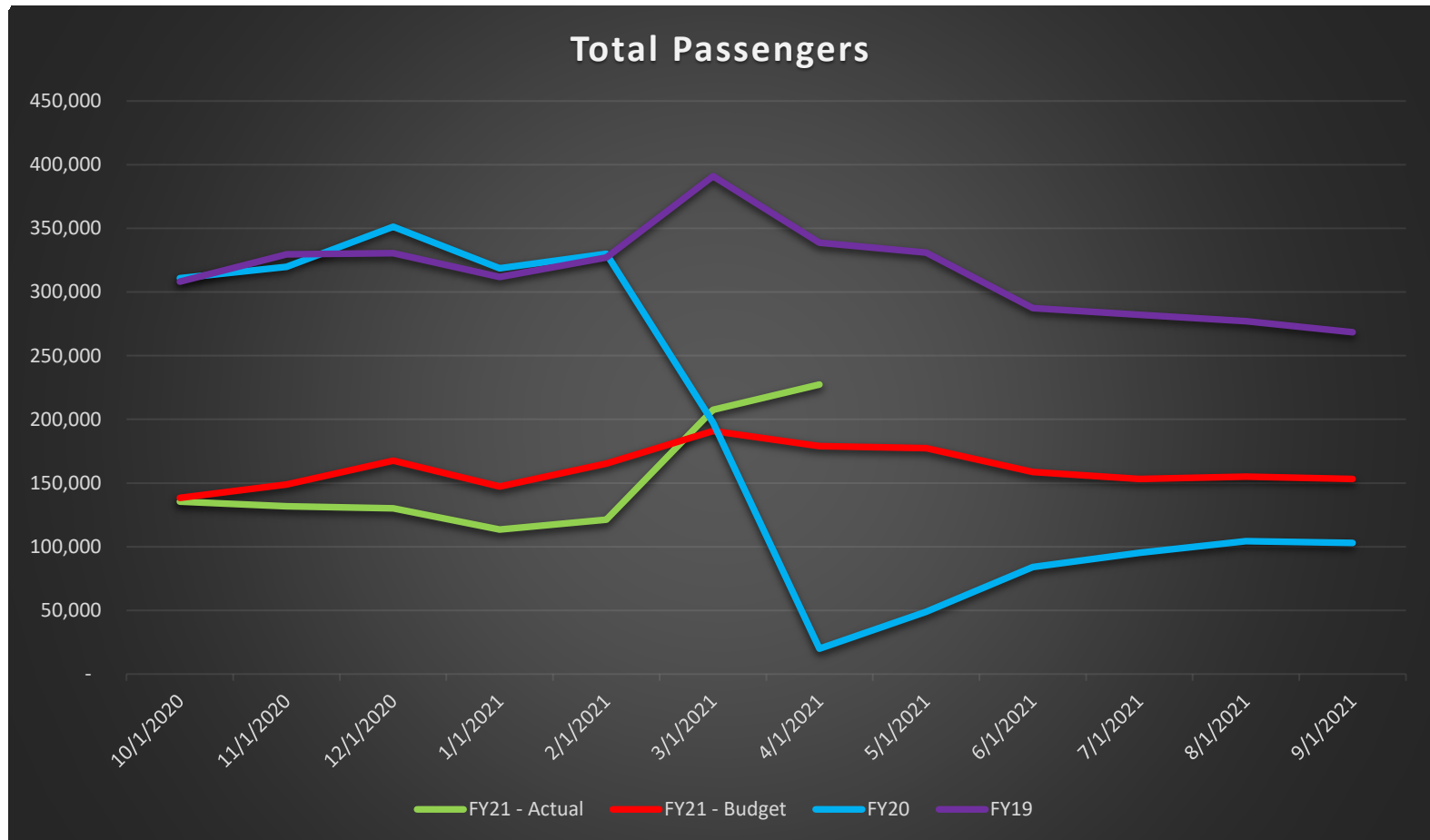
June 2, 2021

# April 2021 YTD Operating Statistics



- April Landed Weight is 26.10% greater than budget and 25.4% lower than FY2019
- YTD Landed Weight is 11.0% greater than budget and 42.5% lower than FY2019

# April 2021 YTD Operating Statistics



- April Passengers are 27.0% greater than budget and 32.9% lower than FY2019
- YTD Passengers are 6.2% below budget and 54.4% lower than FY2019

# April 2021 Flight & Passenger Activity

<u>Month</u>	<u>FY2021</u>	<u>FY2020</u>	<u>FY2019</u>
Total Passengers	227,369	19,812	338,785
Average Load Factor	81.2%	9.8%	86.7%
Average Daily Departures	42.1	31.5	59.0
Average Daily Seat Capacity	4,834	3,590	6,779

## Seven Months Year-To-Date

Total Passengers	1,066,748	1,848,565	2,337,378
Average Load Factor	62.9%	71.1%	82.7%
Average Daily Seat Capacity	3,996	6,124	6,666

# April 2021 Financial Results

(\$ Millions)

	<u>Actual</u>	<u>Budget</u>	<u>Actual vs. Budget</u>		<u>Prior Year</u>	<u>Current vs. Prior Year</u>	
<u>Month</u>							
Operating Revenues	3.2	2.7	0.5	18.5%	2.3	0.9	39.1%
Operating Expenses	3.1	2.8	(0.3)	-10.7%	2.6	(0.5)	-19.2%
Operating Income (Loss)	0.1	(0.1)	0.2		(0.3)	0.4	

## Seven Months Year-To-Date

Operating Revenues	19.4	18.1	1.3	7.2%	25.7	(6.3)	-24.5%
Operating Expenses	18.8	20.0	1.2	6.0%	18.9	0.1	0.5%
Operating Income	0.6	(1.9)	2.5		6.8	(6.2)	

# April 2021 Revenue vs Historical

(\$ Millions)	FY2021		FY2020	FY2019
	<u>Actual</u>	<u>Budget</u>		
<u>Month</u>				
Revenue From Signatory Airlines	\$ 942,822	\$ 921,109	\$ 1,031,506	\$ 1,202,066
Land and Space (not including SAs)	708,020	693,572	779,148	825,820
Concessions	1,252,835	815,135	195,301	1,570,311
Other	338,093	243,797	283,294	536,980
Total	\$ 3,241,770	\$ 2,673,613	\$ 2,289,249	\$ 4,135,177

# April 2021 Financial Highlights

Questions?

**Date:** July 22, 2021

**To:** TAA Board of Directors  
**From:** Victor R Palma, Director of Civil Development  
**Re:** 10219157 – Rehabilitate Aeropark Blvd – Budget Amendment

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**Background:**

The Rehabilitation of Aeropark Boulevard was originally approved by the TAA Board as part of the fiscal year 2020 Major Maintenance Budget in the amount of \$484,421. Aeropark Blvd is utilized for tenants on the west side of the Airport including Raytheon, Bombardier, MHIG, FAA, AZDPS, Lourdes and Flight Safety.

**Analysis:**

The project is one of many that was put on temporary hold at the beginning of the pandemic until TAA could be more certain of overall budget impacts. With the delay in starting the project the pavement further deteriorated which changed the type and amount rehabilitation need to complete the project. In addition, price escalations in the construction industry have increased much more than historical norms during the pandemic.

Due to these cost escalations and scope increases TAA staff analyzed several possibilities including breaking the project into multi-year project. However, TAA did not want to extend the overall construction impact to the number of critical tenants this road serves. In addition, by extending the project for multiple years increases the risk of additional cost escalation.

Therefore, the team developed a plan to complete the full rehabilitation this calendar year while several tenants still have staff working from home to minimize impacts. The new project budget to complete the entire rehabilitation is \$840,823 or an increase of \$356,402.

**Recommendation:**

TAA staff recommends that the Board approve a budget amendment to increase the Rehabilitate Aeropark Boulevard project budget from \$484,421 to \$840,823. The increase of \$356,402 will be funded with the Maintenance Reserve Fund.

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC.,  
APPROVING A BUDGET AMENDMENT FOR THE AEROPARK BOULEVARD REHABILITATION PROJECT.**

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

1. The Board of Directors approves the requested budget amendment for the Aeropark Boulevard Rehabilitation Project to increase the project budget from \$484,421 to \$840,823.
2. The Board of Directors approves transferring \$356,402 from the Maintenance Reserve Fund to the Aeropark Boulevard Rehabilitation Project budget account to cover the budget increase.

\_\_\_\_\_  
Bruce Dusenberry, Chair

ATTEST:

\_\_\_\_\_  
Keri Silvyn, Secretary

APPROVED AS TO FORM:

\_\_\_\_\_  
Christopher Schmaltz, Vice President and  
General Counsel

**To:** TAA Board of Directors

**From:** Kirk Eickhoff, Vice President/CFO  
Andrew R. Votava, Director of People Operations

**Re:** TAA Employee Group Insurance Renewals  
October 1, 2021 – September 30, 2022

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**Background:**

The Tucson Airport Authority (“TAA”) provides a comprehensive benefits program for its employees designed to be competitive with other local employers in order to attract and retain a quality workforce. To achieve this goal in a cost-effective manner, TAA contracts with an employee benefits consultant, Lovitt & Touché (L&T). Services provided by L&T are on a fixed fee basis, with no commissions included in premiums.

**Medical Insurance** – Based on the L&T’s recommendation, TAA elected not to market group medical coverage and continue coverage with Cigna in exchange for a 3.00% rate increase. L&T worked with Cigna to help TAA realize additional savings by adding a third plan, which is another high deductible plan. In total, TAA expects the cost of group medical insurance to increase 2.37% (\$53,259). *See **Exhibit A** for proposed coverage and premium details.*

**Dental Insurance** – Based on the L&T’s recommendation, TAA elected not to market dental insurance coverage and continue coverage with Cigna in exchange for a 3.00% rate increase. There are no proposed changes to the offered coverages. In total, TAA expects the cost of group dental insurance to increase 3.00% (\$4,682). *See **Exhibit A** for proposed coverage and premium details.*

**Vision Insurance** – TAA remains under a rate guarantee with EyeMed to provide vision insurance. Continuing coverage with EyeMed would result in no changes to coverage or premiums.

**Other Product Lines** – No proposed changes in coverages or premiums for other products. See summary table below for premium information.

**Recommendation:**

TAA management requests the TAA Board of Directors affirm the unanimous recommendation of the Finance and Risk Management Council that the President/CEO or her designee be authorized to purchase the employee benefit coverages discussed above and summarized below, beginning October 1, 2021.

*A summary of the total cost and the renewal details are shown below. Detailed information from L&T is attached and follows this memorandum.*

**Medical Insurance Recommendation:**

- Continue Coverage with Cigna
- Maintain Plan A - \$1500 High Deductible Health Plan – No Change to Plan Design
- Maintain Plan B - \$500 Deductible Open Access Plan – No Change to Plan Design
- Add New Plan C - \$3,000 High Deductible Health Plan as recommended by L/T
- Maintain \$600/\$1200 Employer Contribution to Health Savings Accounts (Both Plan A and C)
- Total Increased Cost: 2.37%

**Dental Insurance Recommendation:**

- Continue Coverage with Cigna
- Maintain Dental HMO – No Change to Plan Design
- Maintain Dental PPO – No Change to Plan Design
- Total Increased Cost: 3.00%

**Maintain All Other Additional Products:**

- Maintain Current Vision Plan – EyeMed – No Change in Cost
- Maintain Current Basic and Supplemental Life Programs – Hartford – No Change in Cost
- Maintain Current Short Term and Long-Term Disability Programs – No Change in Cost
- Maintain Current Employee Assistance Program – No Change in Cost
- Maintain Flexible Spending Accounts and COBRA Administration – Basic – No Change in Cost
- Maintain AFLAC Program – 100% Employee Paid
- Add Identity Theft Program – Allstate – 100% Employee Paid

**Summary Tables:**

**Medical**

Plan Name	Plan Description	Expiring Annual Cost	Recommended Renewal Annual Cost*	\$ Change	% Change	Carrier	A.M. Best Rating
Plan A	HDHP - \$1,500	\$ 971,127	\$ 896,757	\$ (74,370)	-7.66%	Cigna	A
Plan B	OAP - \$500	\$ 1,278,472	\$ 1,316,783	\$ 38,311	3.00%	Cigna	A
Plan C	HDHP - \$3,000	N/A	\$ 89,318	\$ 89,318		Cigna	A
	Total	\$ 2,249,599	<b>\$ 2,302,858</b>	\$ 53,259	2.37%		

**Dental**

Plan Name	Plan Description	Expiring Annual Cost	Recommended Renewal Annual Cost*	\$ Change	% Change	Carrier	A.M. Best Rating
DHMO	\$0 E/E Premium	\$ 7,418	\$ 7,362	\$ 214	2.99%	Cigna	A

DPPO	25% E/E Premium	\$ 149,028	\$ 153,496	\$ 4,468	3.00%	Cigna	A
	Total	\$ 156,176	<b>\$ 160,858</b>	\$ 4,682	3.00%		

### Vision

Plan Name	Plan Description	Expiring Annual Cost	Recommended Renewal Annual Cost*	\$ Change	% Change	Carrier	A.M. Best Rating
In Network	Vision	\$ 26,808	<b>\$ 26,808</b>	\$ 0	0.00%	EyeMed	A

### Additional Products

Product	Coverage Description	Expiring Annual Cost	Recommended Renewal Annual Cost*	\$ Change	% Change	Provider	A.M. Best Rating
EAP	E/E Assistance	\$ 5,587	\$5,587	\$ 0	0.00%	Cigna	A
Basic Life	Inc AD & PL	\$34,579	\$34,579	\$ 0	0.00%	Hartford	A
STD/LTD	Disability	\$ 50,642	\$ 50,642	\$ 0	0.00%	Hartford	A
COBRA	Administration	\$1,737	\$1,737	\$ 0	0.00%	Basic	N/A
Flex Spend	Administration	\$2,266	\$2,266	\$ 0	0.00%	Basic	N/A
Health Savings	Bank Fee	\$2,037	\$2,037	\$ 0	0.00%	HSA Bank	N/A
	Total	\$ 96,848	<b>\$ 96,848</b>	\$ 0	0.00%		

*\*Renewal Cost is an estimate based on anticipated employee enrollment elections and is subject to change.*

## EXHIBIT A

### Proposed Group Medical Coverage and Premium Details:

Carrier	Cigna - Option B		
Benefit Feature (In Network)	HDHP/HSA \$1,500 80/50	OAP \$500 80/50 LP	HSA OAP \$3,000 80/50
Current Enrollment	64	101	0
Network	Open Access Plus	Local Plus	Open Access Plus
Deductible (Single / Family)	\$1,500 / \$3,000	\$500 / \$1,000	\$3,000 / \$6,000
Coinsurance	20%	20%	20%
OOP Maximum (Single / Family)	\$3,000 / \$6,000	\$3,500 / \$7,000	\$6,000 / \$12,000
Office Visit Copays (PCP / Specialist)	20% after deductible	\$20 / \$40	20% after deductible
Emergency Room	20% after deductible	\$400	20% after deductible
Advanced Imaging - MRI, CT, PET	20% after deductible	20% after deductible	20% after deductible
Retail Rx	20% after deductible	\$15 / \$40 / \$60 / \$80	20% after deductible
Monthly Gross Rates	Renewal	Renewal	Proposed
	\$574.85	\$601.61	\$496.22
	\$1,207.17	\$1,263.35	\$1,042.04
	\$1,092.20	\$1,143.04	\$942.80
	\$1,724.53	\$1,804.79	\$1,488.64
Monthly Premium	\$74,730	\$109,732	\$7,443
Annual Premium	\$896,757	\$1,316,783	\$89,318
Annual Premium		\$2,302,858	
Total Change (%)		2.4%	
Total Change (\$)		\$53,259	

### Proposed Dental Coverage and Premium Details:

Carrier	Cigna - Current / Renewal					
Benefit Features (In Network)	DHMO P4XV0			DPPO 100/100/60		
Current Enrollment	21			172		
Office Visit Copay	\$5			None		
Deductible (Single / Family)	See schedule P4XV0			\$50 / \$150		
Plan Maximum	See schedule P4XV0			\$1,500		
Diagnostic & Preventive Care	See schedule P4XV0			0% no deductible		
Basic Care	See schedule P4XV0			0%		
Major Care	See schedule P4XV0			40%		
Orthodontics	See schedule P4XV0 to Max benefit of 24 months			50% to \$1,000		
OON Reimbursement	None			90th Percentile		
Monthly Gross Rates	Lives	Current	Renewal	Current	Renewal	
Employee	12 60	\$16.16	\$16.64	\$32.99	\$33.98	
Employee + Spouse	2 31	\$36.99	\$38.10	\$75.48	\$77.75	
Employee + Child(ren)	3 23	\$38.30	\$39.45	\$78.20	\$80.55	
Family	4 58	\$53.22	\$54.81	\$108.64	\$111.89	
Monthly Premium		\$596	\$613	\$12,419	\$12,791	
Annual Premium		\$7,148	\$7,362	\$149,028	\$153,496	
Annual Premium		Current \$156,176		Renewal \$160,857		
Total Change (%)		-		3%		
Total Change (\$)		-		\$4,681		

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC.,  
APPROVING THE TAA'S GROUP INSURANCE COVERAGES FOR FISCAL YEAR 2022.**

WHEREAS, TAA seeks to continue providing a comprehensive benefits program for its employees designed to be competitive with other local employers in order to attract and retain a quality workforce; and

WHEREAS, TAA contracted with Lovitt & Touché to obtain renewal quotes for Fiscal Year 2022 that would result in an overall increase in premium cost of less than 3.0%; and

WHEREAS, Cigna continues to remain the most competitive provider for TAA's medical, dental and employee assistance programs; and

WHEREAS, Lovitt & Touché was able to maintain agreements for no coverage or rate changes for the Employee Assistance Program, Basic Life Insurance, Short-Term and Long-Term Disability, Cobra Administration, Flex Spending Administration, and HSA Bank fees; and

WHEREAS, EyeMed has quoted a flat renewal with a four year rate guarantee for vision coverage; and

WHEREAS, the Finance and Risk Management Council reviewed the proposals at its meeting on July 23, 2021, and voted unanimously to forward a recommendation of approval to the Board of Directors; and

WHEREAS, the Board of Directors accepts the recommendations of staff as detailed in the Board Memorandum;

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

1. The President/CEO or her designee is hereby authorized to execute the medical plan design changes with Cigna as presented in Exhibit A of the accompanying memo, beginning October 1, 2021.
2. The President/CEO or her designee is hereby authorized to enter into agreements to provide employee benefit coverages for the proposed renewal rates with the carriers outlined in the summary tables of the accompanying memo, beginning October 1, 2021.

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

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Bruce Dusenberry, Chair of the Board

ATTEST:

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Keri Silvyn, Secretary

APPROVED AS TO FORM:

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Christopher Schmaltz, Vice President and  
General Counsel

**Date:** July 28, 2021

**To:** TAA Board of Directors

**From:** Kirk Eickhoff, Vice President/CFO

**Re:** TAA Commercial Lines Insurance Renewals  
August 15, 2021 – August 15, 2022

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**Background:**

Alliant Insurance Services, Inc. (Alliant) is the commercial insurance broker assisting TAA with consultation and broker services related to the following commercial lines insurance coverages, with incumbent carriers noted:

Coverage	Incumbent Carrier
Property	Affiliated FM
Airport Liability	Global Aerospace
Commercial Auto	Philadelphia Ins. Co.
Inland Marine	Travelers
Management Liability (Directors & Officers)	RUSI
Crime and Special Risk	Chubb
Cyber Security	Beazley
Law Enforcement Liability	AXA/Indian Harbor Ins. Co.
Deadly Weapon Response Program	<i>N/A - new coverage under consideration</i>

Services provided by Alliant relating to the procurement of these coverages are on a fixed fee basis, with no commissions included in premiums. **Appendix A**, provided by Alliant, is a summary of current and proposed renewal premiums for the above coverages, with the addition of a new Deadly Weapon Response Program policy. This attachment also includes Alliant's assessment of the current state of the insurance market, descriptions of their marketing efforts for each line, and a summary of the available options.

Excluding Cyber Liability, which will require special consideration and discussion, the recommended renewal quotes reflect an increase of 1.31% compared to the expiring premiums.

**Summary of Specific Coverage Recommendations:**

**Property** – FM Global quoted a renewal premium of \$185,750, an increase of 8.79% (\$34,424). This quote includes changes in coverage compared to prior year policy, such as the elimination of Business Income

coverage and an increase in the deductible. A key driver in the increase in property premiums is an increase in total insured values, attributable to an increase in the stated replacement value of the TAA parking garage, which was previously listed at the historical cost. Because AFM is proposing to eliminate Business Income coverage, TAA management recommends transitioning this coverage to Travelers at an annual premium of \$200,978.

**Airport Liability** – Global Aerospace quoted a renewal premium of \$105,785, an increase of 10.0% (\$9,617). Competitive quotes were requested. AIG provided the most attractive quote, offering substantially identical coverage for \$89,970. TAA management recommends renewal of its airport liability policy with AIG.

**Commercial Auto** – Philadelphia Ins. Co. proposed a renewal premium of \$178,581, an increase of 9.4% (\$15,320) from the expiring premium. Competitive quotes were requested. Preferred Aviators provided the most attractive quote, offering substantially identical coverage for \$131,298. However, Preferred Aviators requires at least one other coverage be bound with them or AIG. Because TAA is already recommending AIG to cover Airport Liability, TAA management recommends renewal of its Commercial Auto policy with Preferred Aviators.

**Inland Marine** – Travelers Companies, Inc. proposed a premium of \$14,705, an increase of 22.5% (\$2,703). Competitive quotes were requested. Preferred Aviators provided the most attractive quote, offering substantially identical coverage for \$11,091. TAA management recommends transitioning this coverage to Preferred Aviators.

**Management Liability (Directors and Officers)** – RSUI Indemnity Co. proposed a renewal of \$54,430, an increase of 15.8% (\$7,410). Alliant indicated that the initial quote from RSUI was originally 25% higher than prior year, but they were able to negotiate the rate and that the 15% increase reflected changes in the market. It should be noted that the renewed coverage would now exclude both Sexual Abuse and Network Security/Privacy coverage. TAA management recommends renewal of this policy with RSUI.

**Crime and Special Risk** – Chubb Group proposed a renewal premium of \$13,219 (same as expiring). Competitive quotes were solicited. AIG provided a quote that excluded the Special Risk coverage CHUBB provides. Therefore, TAA management recommends renewal of this policy with Chubb Group.

**Cyber Liability** – According to Alliant, the marketplace for this coverage is experiencing tumultuous change due to catastrophic losses, historically underpriced coverage that was unsustainable, and insurers exiting the business altogether. Public entities are perceived as a less than desirable risk due to their lower investment in cyber security controls and training as compared to private sector businesses. The incumbent carrier, Beazley, proposed a renewal premium of \$150,000. This is substantially higher than the expiring premium of \$11,000. Additionally, Beazley would reduce coverage from \$3M to \$1M. With this proposal, Beazley appears to be disinterested in continuing to hold this risk for TAA. Fortunately, Alliant was

able to secure a coverage offer from Obsidian (Cowbell) at a premium of \$13,273 for \$1M of coverage. TAA management recommends renewal of this policy with Cowbell.

**Law Enforcement Liability** – AXA/Indian Harbor Ins. Co quoted a renewal premium of \$23,800, which is 14.0% (\$3,884) lower than the expiring coverage. With this premium decrease, the retention will increase from \$10,000 to \$25,000. Competitive quotes were requested. QBE provided the most attractive quote of \$21,965 (with \$25,000 retention. TAA management recommends transitioning this coverage to QBE.

**Deadly Weapon Response Program** – TAA management is recommending the addition of a Deadly Weapon Response Program as an enhancement to existing Airport Liability coverages. This product provides third party bodily injury liability, first party property damage, business interruption & crisis management consulting for deadly weapon events occurring at a scheduled location. These coverages may not otherwise be included in TAA's airport liability or property coverages. According to Alliant, this program can provide meaningful financial protection and services for minimal cost. TAA Management recommends binding coverage with Lloyd's of London for an annual fee of \$5,527.

*See **Appendix A** (attached) provided by Alliant for descriptions of each coverage, marketing strategy, key considerations, costs, and recommendations.*

**Recommendation:**

TAA management requests the TAA Board of Directors affirm the unanimous recommendation of the Finance and Risk Management Council that the President/CEO or her designee be authorized to purchase the commercial lines insurance policies as outlined above, effective August 15, 2021.

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., APPROVING THE TAA'S COMMERCIAL LINES OF INSURANCE FOR THE PERIOD AUGUST 15, 2021, THROUGH AUGUST 15, 2022.**

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WHEREAS, TAA maintains several commercial lines of insurance to indemnify itself against various risks associated with the operation of its two airports; and

WHEREAS, contracted with Alliant Insurance Services, Inc., for broker-related services pertaining to TAA's commercial lines of insurance with the obtaining the most competitive renewal rates; and

WHEREAS, Alliant Insurance Services, Inc., negotiated the renewal rates detailed in the accompanying memo and outlined in Appendix A; and

WHEREAS, the Finance and Risk Management Council reviewed the proposals at its meeting on July 23, 2021, and voted unanimously to forward a recommendation of approval to the Board of Directors; and

WHEREAS, the Board of Directors accepts the staff recommendations as detailed in the Board Memorandum;

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

The President/CEO or her designee is hereby authorized to enter into agreements with the insurance carriers for the proposed renewal rates outlined in the attached Appendix A and detailed in the Board Memorandum for TAA's commercial lines of insurance, including Property, Airport Liability, Commercial Auto, Inland Marine, Management Liability (Directors and Officers), Crime and Special Risk, Cyber Liability, Law Enforcement Liability, and Deadly Weapon Response Program, for the period August 15, 2021, through August 15, 2022.

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

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Bruce Dusenberry, Chair of the Board

ATTEST:

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Keri Silvyn, Secretary

APPROVED AS TO FORM:

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Christopher Schmaltz, Vice President and  
General Counsel



As of: 7/23/21

## Appendix A



## 2020-21 Expiring Insurance Program and Quoted / Not To Exceed Premium for 2021-22 Renewal

Line of Coverage	Insurance Carrier	Expiring			Renewal			Exposure Change	Premium Change Year over Year %	Alliant Recommendation	Notes
		Premium	Policy Limit	Deductible/SIR	Premium	Policy Limit	Deductible/SIR				
1 Property	Affiliated FM	\$ 151,326	\$ 225,387,289	\$ 10,000	185,750	\$254,600,000	\$50,000	13%	22.75%		\$20MM flood limit in zone A&V; 1% deductible for wind/hail damage (new this yr.) e.g. \$975k ded. for main terminal; Business Interruption coverage excluded unless worksheet completed (new this yr.)
Option:	Travelers	\$ -	\$ -	\$ -	200,978	\$261,880,866	\$50,000	13%	32.81%	X	\$5MM flood zone A&V; \$50k wind/hail deductible; No Business Interruption exclusion
2 Airport Liability	Global Aerospace	\$ 96,168	\$ 200,000,000	\$ -	\$ 105,785	\$ 200,000,000	\$ -	-	10.00%		AIG premium=\$98,390 (incl. optional TRIA); Incumbent premium=\$129,206
Option:	AIG	N/A	N/A	N/A	\$ 89,970				-6.44%	X	
3 Commercial Auto	Philadelphia Ins. Co.	\$ 163,251	\$ 1,000,000	\$ 1,000	\$ 178,571	\$1,000,000	\$1,000		9.38%		
Option:	Preferred Aviators				\$ 131,298	\$1,000,000	\$1,000		-19.57%	X	Preferred Aviators require the binding of at least one other line of coverage, i.e. Airport Liability and/or Inland Marine
4 Inland Marine	Travelers	\$ 12,000	\$ 4,896,189	\$ 2,500	\$ 14,705	\$5,947,561	\$2,500	21%	22.54%		Travelers still trying to improve loss ratio stemming from 2018 loss; initially offered 30% increase
Option:	Preferred Aviators	N/A	N/A	N/A	\$ 11,091	\$5,947,561	\$2,500	21%	-7.58%	X	Satisfies requirement for bundling multiple lines of coverage with Preferred Aviators, offers competitive coverage and reduced cost
5 Management Liability (Directors & Officers)	RSUI	\$ 47,020	\$ 5,000,000	\$ 50,000	\$ 54,430	\$5,000,000	\$50,000	NIL	15.76%		
6 Crime and Special Risk	CHUBB	\$ 13,219	\$ 5,000,000	\$ 20,000	\$ 13,219	\$5,000,000	\$50,000	NIL	0.00%	X	Chubb provided automatic renewal at flat premium
Option:	AIG	N/A	N/A	N/A	\$ 10,140	\$5,000,000	\$50,000	NIL	N/A		AIG quote does not include kidnap & ransom cover; Chubb policy does provide coverage for K&R
7 Cyber Security	Beazley Lloyd's Syndicate	\$ 11,000	\$ 3,000,000	\$ 25,000	\$ 200,000	\$1,000,000	\$150,000	NIL	1718.18%		Cyber market experiencing unparalleled market correction for pricing and limits being offered by insurance carriers. Public sector insureds being one of the most adversely effected segment; quote not yet received as of 7/15/21 so premium amount reflects worst case scenario
Option:	Obsidian (Cowbell)	N/A	N/A	N/A	\$ 13,273	\$1,000,000	\$25,000	NIL	20.66%	X	Cowbell is much more competitive than Beazley's renewal of \$150,000 premium and a \$500,000 retention. 19 insurers were approached for this coverage. Only two provided quotes.
8 Law Enforcement Liability	Indian Harbor Ins. Co. (AXA/XL)	\$ 27,684	\$ 1,000,000	\$ 10,000	\$ 23,800	\$1,000,000	\$25,000	23%	-14.03%		23% increase in Class A officer count year-over-year
	QBE	N/A	N/A	N/A	\$ 21,965	\$1,000,000	\$25,000	23%	-20.66%	X	QBE outstanding claims service/resources and lower cost
TOTALS (Expiring)		\$ 521,668									
TOTALS (Recommended Renewal)					\$ 536,224				2.79%		Not including the cyber, the renewal premium is 2% over expiring

## New Coverage for Consideration

9 Deadly Weapon Response Program	Lloyd's of London				\$ 5,528	\$500,000	\$10,000	NIL	NIL	X	New coverage for TAA's consideration
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**Date:** July 28, 2021

**To:** TAA Board of Directors

**From:** Kirk Eickhoff, Vice President/CFO  
Andrew R. Votava, Director of People Operations

**Re:** Workers Compensation Renewal  
September 1, 2021 – August 31, 2022

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**Background:**

Crest Insurance Group is TAA's broker for workers compensation insurance. AmTrust North America (AmTrust) is the incumbent carrier and has provided TAA's workers compensation coverage since September 1, 2020.

Primarily due to TAA's diverse workforce, which includes public safety personnel (police and fire), very few insurers have historically been willing to quote workers compensation coverage for TAA. Last year, TAA's longtime incumbent carrier, CopperPoint, announced it was cancelling all Arizona workers compensation policies for employers with firefighters on the payroll. This was due to a recent law enacted in Arizona that requires workers compensation policies to cover all cancer claims filed by firefighters regardless of cause. TAA was fortunate to contract AmTrust who provided coverage at a premium lower than CopperPoint's expiring rates.

Workers compensation insurance is subject to specific statutory requirements and standard premium rates for defined job classifications. Additional rate modifications and discounts may be applied by insurers to these standardized rates based on favorable claims experience and specific actions and programs by employers that create safer environments and reduce exposure to workplace accidents and injuries.

This year Crest requested proposals from 24 carriers and all carriers declined to offer coverage except for AmTrust. The 2021 quote from AmTrust is a premium of \$152,849 which is a decrease of \$2,695 or 1.73% from the current year's premium of \$155,544.

AmTrust specializes in small business workers compensation insurance and is rated "A-" by insurance rating agency A.M. Best. In prior years Crest clients have had good experience with AmTrust's handling of claims. TAA has not had any issues with claims handling during the first year with AmTrust.

**Recommendation:**

TAA management requests the TAA Board of Directors affirm the unanimous recommendation of the

Finance and Risk Management Council that the President/CEO or her designee be authorized to purchase its Workers Compensation policy with AmTrust North America as described above effective September 1, 2021.

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., APPROVING THE PURCHASE OF A WORKERS COMPENSATION POLICY FROM AMTRUST NORTH AMERICA, EFFECTIVE SEPTEMBER 1, 2021.**

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WHEREAS, TAA contracted with Crest Insurance Group to find providers willing to provide workers compensation insurance at an affordable rate; and

WHEREAS, Crest was able to negotiate a renewal offer with AmTrust with an anticipated 1.73% decrease in premium; and

WHEREAS, the Finance and Risk Management Council reviewed the proposal at its meeting on July 23, 2021, and voted unanimously to forward a recommendation of approval to the Board of Directors; and

WHEREAS, the Board of Directors accepts the staff recommendation as detailed in the Board Memorandum;

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

The President/CEO or her designee is hereby authorized to enter into an agreement with AmTrust North America to purchase workers compensation insurance for the terms detailed in the Board Memorandum, effective September 1, 2021.

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

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Bruce Dusenberry, Chair of the Board

ATTEST:

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Keri Silvyn, Secretary

APPROVED AS TO FORM:

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Christopher Schmaltz, Vice President and  
General Counsel

**Date:** August 4, 2021

**To:** TAA Board of Directors

**From:** Danette Bewley, President/CEO

**Re:** **Three-Year Strategic Plan (FY2021 – 2023) | 2021 Quarterly Update**

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### **Strategic Plan | Summary**

The TAA Board of Directors adopted the Tucson Airport Authority Three-Year Strategic Plan (for the period FY 2021 – 2023) on August 5, 2020, which became effective on October 1, 2020. The FY 2021 Thematic Goal is Align and Engage. The TAA Executive Team has enthusiastically embraced the challenge and is actively pursuing the key actions of each strategic initiative and deliverable.

### **FY 2021 | Align and Engage Highlights:**

- ➔ **Re-align our organization to deliver the Strategic Plan**
  - ➔ Cascaded the Strategic Plan through the organization
  - ➔ Organizational realignment completed
  - ➔ Division/Department Strategic Plans completed (that support the TAA Strategic Plan)
  - ➔ Cultural change critical discussions continue with forward progress on change management; process improvements continue
  - ➔ Identified unmet personnel needs / Succession Plan development; identified positions, critical/single points of failure; and have developed an implementation plan based on latest budget forecasts
- ➔ **Transform “HR” into a strategic resource known as People Operations**
  - ➔ Acquired Human Resources technology; Employee Data and Hiring Modules active; phased implementation continuing
  - ➔ Rolled out People Operations Handbook (employee resource guide)
- ➔ **Develop a sustainable business model aligned to post-COVID-19 financial reality**
  - ➔ Regularly evaluated revenue vs. costs, and controlled spending; managed use of federal relief funds to offset revenue loss (ongoing)
  - ➔ Developed and aligned TAA business model to post-COVID 19 realities
  - ➔ Supported airline and tenant partners (through use of federal relief funds) to ensure sustainability (ongoing)
  - ➔ Completed Phase 1 of Terminal Study and Development Implementation Plan which confirmed long term plan for terminal complex is to remain within existing footprint.
- ➔ **Inspire travel**
  - ➔ Air service restoration (ongoing)
  - ➔ Continued adding content to marketing/branding strategy (“Nonstop for Tucson” campaign)
  - ➔ Delivered exceptional and proactive response to “COVID-19” through TUS CARES campaign; implemented a myriad of initiatives focused on technology improvements and the “touchless journey,” and accredited by Global Biorisk Advisory Council; implemented COVID on site testing; served as a Point of Distribution (POD) to provide COVID vaccine (shots).
  - ➔ Engaged civic partners (Visit Tucson, City of Tucson, Pima County), Board appointments on Tucson Metro Chamber, Southern Arizona Leadership Council, etc. (ongoing)

The following information provides a snapshot of the progress achieved during the April – June 2021 period.

Legend	<input checked="" type="checkbox"/> Completed	
	<input checked="" type="checkbox"/> Complete / Ongoing	
	In Development	
	Incomplete / Adjusted Deadline	
	Temporary Hold	

1 Re-Align Our Organization to Deliver the Strategic Plan					
Item	Description	Date Due	Date Delivered	Status	Executive Team Owner
1.1	Cascade the Strategic Plan Through the organization	Oct-20	Oct-20	<input checked="" type="checkbox"/>	Bewley
1.2	Evaluate span of control; functionally realign the organizational structure; align resources to meet current and future demand	Oct-20	Oct-20	<input checked="" type="checkbox"/>	Bewley
1.3	Each Division and Department will develop a plan to support and align to deliver on the key actions (for the year)	Nov-20	Nov-20	<input checked="" type="checkbox"/>	Bewley
1.4	Lead behavior, have critical conversations that communicate expectations for effective teamwork, tied to updated job descriptions; follow through and achieve results	Dec-20 Revised to Jul-21	Jul-21	<input checked="" type="checkbox"/> /Ongoing	Salaiz
1.5	Build succession and development for key roles to deliver the Strategic Plan and provide business continuity	Dec-20 Revised to Aug-21		In Development	Salaiz
1.6	Invest in leadership development for the Executive Team; execute Year 2 of consultant contract	Jan-21	Jan-21	<input checked="" type="checkbox"/>	Bewley
1.7	Develop best practices on how to work effectively based on learning experience from COVID-19 realities	Apr-21	Apr-21	<input checked="" type="checkbox"/> /Ongoing	Salaiz
1.8	Review performance vs. Strategic Plan monthly and adapt and adjust FY 2022	May-21	Monthly Review	<input checked="" type="checkbox"/> /Ongoing	Bewley

There are adjustments to key action item deliverable dates to allow the new Chief People Officer (CPO), who started on 4/5/21, to review goals and outline the best approach to achieve success:

1. Implement an updated performance management and reward system by 2/21, for evaluations period beginning 5/21; revised deliverable date to 9/21 to allow staff to fully implement the new Human Resources Information System (BambooHR).

Legend	<input checked="" type="checkbox"/> Completed	
	<input checked="" type="checkbox"/> Complete / Ongoing	
	In Development	
	Incomplete / Adjusted Deadline	
	Temporary Hold	

2	Transform “HR” into a Strategic Resource Known as People Operations				
Item	Description	Date Due	Date Delivered	Status	Executive Team Owner
2.1	Shift mindset, policies, and practices from traditional HR into a strategic People Operations that melds HR with Talent and puts TAA on a path to becoming an Employer of Choice in our industry and region	Dec-20 (Revised to Aug 21)		<input checked="" type="checkbox"/> /Ongoing	Salaiz
2.2	Acquire automated Human Resources technology to support the organization and business continuity; improve the customer (employee) experience by 12/20	Dec-20	Feb-21	<input checked="" type="checkbox"/> /Ongoing	Schmaltz
2.3	Develop and roll out a People Operations (Employee Handbook) manual by 12/20	Dec-20	Dec-20	<input checked="" type="checkbox"/>	Salaiz
2.4	Identify unmet personnel needs for each division; ensure each division has outlined expectations that support organizational success and the Strategic Plan by 12/20	Dec-20 (Revised to Jul 21)	June-21	<input checked="" type="checkbox"/>	Salaiz
2.5	Establish and communicate expectations to meet the goals of the Strategic Plan in 1/21	Jan-21	Jan-21	<input checked="" type="checkbox"/>	Schmaltz
2.6	Implement an updated performance management and reward system by 2/21, for evaluations period beginning 5/21	Feb-21 (Revised to Sept 21)		Incomplete	Salaiz
2.7	Research options to launch a “Leadership Academy” by 9/21	Sep-21		In Development	Salaiz

Legend	<input checked="" type="checkbox"/> Completed	
	<input checked="" type="checkbox"/> Complete / Ongoing	
	In Development	
	Incomplete / Adjusted Deadline	
	Temporary Hold	

3 Develop a Sustainable Business Model Aligned to Post COVID 19 Financial Reality					
Item	Description	Date Due	Date Delivered	Status	Executive Team Owner
3.1	Evaluate revenue forecasts (quarterly); develop low-mid-high revenue and expenditure forecasts; adjust FY21 budget	Dec-20	Dec-20	<input checked="" type="checkbox"/> /Ongoing	Eickhoff
3.2	Align TAA controlled elements with post-COVID-19 airline business model realities (revenue/expenses) by 1/21	Jan-21	Jan-21	<input checked="" type="checkbox"/> /Ongoing	Eickhoff
3.3	Manage/control resources/spending, use of CARES Act funds; guarantee break-even (per AUA), focused on FY21/FY22; position TUS as low-cost airport; retain / attract air service	Dec-20	Dec-20	<input checked="" type="checkbox"/> /Ongoing	Eickhoff
3.4	Incorporate Strategic Plan initiatives into the budget process; provide business case analyses and establish investment priorities and identify resources by 2/21s	Feb-21	Feb-21	<input checked="" type="checkbox"/> /Ongoing	Eickhoff
3.5	Develop 2-year amendment to the current Airline Use Agreement with changes to critical terms by 5/21	May-21	May-21	<input checked="" type="checkbox"/>	Eickhoff
3.6	Update select outward facing business processes (review/adjust TAA business processes; make processes clear, transparent, and business-friendly) by 7/21	Jul-21	Jul-21	<input checked="" type="checkbox"/> /Ongoing	Voorhees
3.7	Define priorities and develop a Commercial and Industrial Business Implementation Plan by 7/21	Jul-21	Jul-21	<input checked="" type="checkbox"/>	Voorhees

Due to the challenges of the pandemic and social distancing requirements, a few key action items are on “temporary hold.”

1. Community outreach programs that attract the community to the airport (tours, events) by 11/20. As CDC guidance changes, staff will re-visit this deliverable and determine a revised deliverable deadline.
2. Engage TAA Members as ambassadors for the TAA and advocates who promote travel from TUS by 1/21. This initiative involved on-site training, discussion of presentation materials and handouts. Due to COVID-19, this item was delayed until 5/21. Although training was conducted, and presentation and collateral materials are now available for use, community outreach/external meetings remain limited due to the pandemic and the TAA Members’ comfort of attending such gatherings. Throughout 2021, TAA staff have been conducting all external outreach and presentations to various groups (in person/virtual).

Legend	<input checked="" type="checkbox"/> Completed	
	<input checked="" type="checkbox"/> Complete / Ongoing	
	In Development	
	Incomplete / Adjusted Deadline	
	Temporary Hold	

4 Inspire Travel					
Item	Description	Date Due	Date Delivered	Status	Executive Team Owner
4.1	Work with airline partners to restore air service	Dec-20	Dec-20	<input checked="" type="checkbox"/> /Ongoing	Bewley
4.2	Engage Visit Tucson, Tucson Metro Chamber, and other community organizations to support and advocate for TAA/TUS air service	Dec-20	Dec-20	<input checked="" type="checkbox"/> /Ongoing	Bewley
4.3	Introduce marketing/branding campaign by 10/20	Oct-20	Oct-20	<input checked="" type="checkbox"/>	Bewley
4.4	Focus on the airport-managed “touchless journey” passenger experience by investment in health and safety measures/technologies to inspire confidence in the health and safety of the airport by 10/20	Oct-20	Oct-20	<input checked="" type="checkbox"/> /Ongoing	Goetz
4.5	Develop community outreach programs that attract the community to the airport (tours, events) by 11/20	Nov-20	TBD	Temporary Hold	Bewley
4.6	Engage TAA Members as ambassadors for the TAA and advocates who promote travel from TUS; provide materials by 1/21	Jan-21 (Revised to May 21)	May-21	<input checked="" type="checkbox"/>	Bewley
4.7	Complete Terminal Study and Development Implementation Plan for long term improvements by 4/21	Apr-21	Jun 21	<input checked="" type="checkbox"/>	Smejkal



# **Tucson Airport Authority Three-Year Strategic Plan FY 2021 – 2023**

**October 1, 2020**

## FOREWORD

The Tucson Airport Authority (TAA), formed in 1948, is dedicated to providing Tucsonans and visitors to Southern Arizona with excellence in aviation services and facilities, hallmarked by unparalleled safety, security and customer service. Running airports is our passion and we are great at it!

We are in the midst of an unprecedented time in our history; one that has devastated our economy and impacted airports and air service in ways we are yet to fully realize. That said, the TAA, operator of Tucson International Airport (TUS) and Ryan Airfield (RYN), is proactive and has charted a plan to navigate through these difficult times.

The Three-Year Strategic Plan for FY 2021-2023 outlines the path which best allows us to adapt to changing circumstances and immerse ourselves in recovery in 2021, capitalize on opportunities and adjust to the new reality of the known and unknown in 2022, and to dream big in 2023 and beyond. Throughout this process, we will ensure that the TAA continues to be self-sustaining and delivers operational success for the benefit of the metro Tucson community and Southern Arizona.

We look to our Board of Directors and our community leaders and partners to engage fully and supportively with us on this important journey forward.

Our plans are ambitious but achievable. Together, we commit to deliver results, work smart, remain curious, and play for the team! Tucson's future is bright, and we are excited to continue our work.

Sincerely,



Danette M. Bewley, A.A.E.  
President/Chief Executive Officer  
Tucson Airport Authority



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## Mission, Vision and Guiding Principles

### Our Mission

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

### Our Vision

**Landing Prosperity in Southern Arizona.**

### Our Guiding Principles

**Our guiding principles shape our culture; who we are and who we want to be. The members of the Executive Team are ambassadors of our culture, and will engage everyone in these expectations.**

#### **We deliver results.**

- ➔ We manage an airport system where safety, security and customer service are our top priorities.
- ➔ We are accountable. We do what we say we will do.
- ➔ We clearly communicate expectations and listen to make sure others understand and agree with them.
- ➔ We work collaboratively for the greater good of travelers, customers, employees, business and community partners.

#### **We work smart.**

- ➔ We are good at what we do, and we learn from each other.
- ➔ We are critical thinkers who anticipate, analyze, prioritize, and act with urgency.
- ➔ We move quickly with what works and commit to continuous improvement.
- ➔ We not only identify problems, we offer solutions.

#### **We are curious.**

- ➔ We embrace change, are unafraid to question our assumptions, and use mistakes for learning.
- ➔ We value feedback, growth, agility and self-improvement.
- ➔ We anticipate future needs and possibilities.
- ➔ We see opportunities others may miss.

#### **We play for the team.**

- ➔ Because we care, we contribute to the quality of the lives of our employees and the people we serve.
- ➔ We embrace diversity, equity and inclusion, working in furtherance of these principles.
- ➔ We are transparent and treat everyone with respect and dignity.
- ➔ We are connected. We make sure everyone understands their unique contribution to our overall success.
- ➔ We encourage leadership from everyone.

Thematic Goals	
Our Thematic Goals	<p>To focus and drive our Strategic Plan, we developed a thematic goal for each year. An annual thematic goal helps us answer the question:</p> <p><b><u>What is most important, right now?</u></b>  It provides a rallying cry for our entire organization.  For the remainder of 2020, our thematic goal is to <b><u>Adapt and Strategize.</u></b></p> <p>While finalizing our 5-Year Strategic Plan in February, COVID-19 appeared and changed everything in our environment, making the future for air travel and our organization extremely uncertain. Therefore, we have had to adapt to our circumstances and come together as a team to strategize a path forward into a 3-Year Strategic Plan.</p> <p>Our priority for the remainder of fiscal year 2020 is to develop our Executive Team and provide organization-wide leadership during this time of transition.</p> <ul style="list-style-type: none"> <li>➔ We will secure commitment to this Strategic Plan as a “living document” that will guide our actions and evolve as circumstances change.</li> <li>➔ The Executive Team’s role is to cascade this plan through our respective functions, and ensure that every member of the TAA team knows what is expected of them, and how they will contribute to our overall success.</li> <li>➔ We will work to align personnel and resources, and make the smart choices required to maximize our results.</li> </ul> <p>Our original Strategic Plan was to be a 5-year guiding document. In light of the challenging times we find ourselves in, we have done our best to envision and strategize for the next 3 years in a way that provides stability and focus for the TAA.</p> <p>Our Thematic Goals for the next 3 years are:</p> <ul style="list-style-type: none"> <li>➔ <b>FY2021   Align and Engage</b></li> <li>➔ <b>FY2022   Capitalize on Opportunities</b></li> <li>➔ <b>FY2023   Dream Big Together</b></li> </ul>

Thematic Goal		FY2021   Align and Engage		
1 Success Means				
By the end of 2021, the TAA team is engaged and understands the Strategic Plan; the organization is aligned by roles and responsibilities; a baseline model for future Airline Use Agreement (AUA) negotiations is developed; a marketing plan focused on earning confidence from travelers is in place; and, as the economy recovers, business plans and processes are updated that welcome and encourage commercial and industrial development.				
2 Strategic Initiatives (Big Rocks)				
Re-align Our Organization to Deliver the Strategic Plan		Transform “HR” into a Strategic Resource Known as People Operations	Develop a Sustainable Business Model Aligned to Post-COVID-19 Financial Reality	Inspire Travel
3 Key Actions and Deadlines				
<ul style="list-style-type: none"><li>➔ Cascade the Strategic Plan through the organization by 10/20</li><li>➔ Evaluate span of control; functionally realign the organizational structure; align resources to meet current and future demand by 10/20</li><li>➔ Each Division and Department will develop a plan to support and align to deliver on the key actions (for the year) by 11/20</li><li>➔ Lead behavior, have critical conversations that communicate expectations for effective teamwork, tied to updated job descriptions; follow through and achieve results by 12/20</li></ul>	<ul style="list-style-type: none"><li>➔ Shift our mindset, policies and practices from traditional HR into a strategic People Operations that melds HR with Talent and puts TAA on a path to becoming an Employer of Choice in our industry and region</li><li>➔ Acquire automated Human Resources technology to support the organization and business continuity, and improve the customer (employee) experience by 12/20</li><li>➔ Develop and roll out a People Operations (Employee Handbook) manual by 12/20</li></ul>	<ul style="list-style-type: none"><li>➔ Evaluate revenue forecasts (quarterly); develop low, mid and high revenue and expenditure forecasts and make adjustments to FY21 budget</li><li>➔ Align elements TAA can control with post-COVID-19 airline business model realities (revenue and expenses) by 1/21</li><li>➔ Manage resources, control spending, use of CARES Act funds, and guarantee break-even (per Residual Agreement, focused on FY21 and FY22; position TUS as attractive, low cost airport to retain and attract air service (ongoing)</li></ul>	<ul style="list-style-type: none"><li>➔ Work with airline partners to restore air service (ongoing)</li><li>➔ Engage Visit Tucson, Tucson Metro Chamber and other community organizations to support and advocate for TAA/TUS air service (ongoing)</li><li>➔ Introduce new marketing / branding campaign by 10/20</li><li>➔ Focus on the airport-managed “touchless journey” passenger experience by investment in health and safety measures / technologies to inspire confidence in the health and safety of the airport by 10/20</li></ul>	

<ul style="list-style-type: none"> <li>➔ Build succession and development for key roles to deliver the Strategic Plan and provide business continuity by 12/20</li> <li>➔ Invest in leadership development for the Executive Team; execute Year 2 of consultant contract by 1/21</li> <li>➔ Develop best practices on how to work effectively based on learning experience from COVID-19 realities by 4/21</li> <li>➔ Review performance vs. Strategic Plan monthly and adapt and adjust FY 2022 by 5/21</li> </ul>	<ul style="list-style-type: none"> <li>➔ Identify unmet personnel needs for each division; ensure each division has outlined expectations that support organizational success and the Strategic Plan by 12/20</li> <li>➔ Establish and communicate expectations to meet the goals of the Strategic Plan in 1/21</li> <li>➔ Implement a updated performance management and reward system by 2/21, for evaluations period beginning 5/21</li> <li>➔ Research options to launch a “Leadership Academy” by 9/21</li> </ul>	<ul style="list-style-type: none"> <li>➔ Incorporate Strategic Plan initiatives into the budget process (Resource Allocation Plan; O&amp;M); provide business case analyses and establish investment priorities and identify resources by 2/21</li> <li>➔ Develop a preliminary cost model, and prepare and refine the terms for the Airline Use Agreement by 5/21</li> <li>➔ Update select outward facing business processes (review and adjust TAA business processes to make them clear, transparent and business-friendly) by 7/21</li> <li>➔ Define priorities and develop a Commercial and Industrial Business Implementation Plan by 7/21</li> </ul>	<ul style="list-style-type: none"> <li>➔ Develop community outreach programs that attract the community to the airport (tours, events) by 11/20</li> <li>➔ Engage TAA Members as ambassadors for the TAA and advocates who promote travel from TUS; provide materials by 1/21</li> <li>➔ Complete Terminal Study and Development Implementation Plan for long term improvements by 4/21</li> </ul>
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Thematic Goal		FY2022   Capitalize on Opportunities			
1 Success Means					
By end of 2022, the TAA has created a foundation for organizational resilience, completed negotiations with the airlines for a new Airline Use Agreement, selected a partner for commercial and industrial development (partnership plan), updated the terminal with permanent post-COVID-19 improvements, and air service has expanded.					
2 Strategic Initiatives (Big Rocks)					
Inspire Performance-Based Culture		Implement Commercial and Industrial Business Plan	Update Terminal Complex to Meet Post-COVID-19 Norms	Airline Use Agreement and Air Service Growth	
3 Key Action and Deadlines					
<ul style="list-style-type: none"><li>➔ Conduct an “after action” review of how work is performed; review and optimize space utilization, digital tools, and paths to improve customer service by 2/22</li><li>➔ Develop “TAA University” using internal / external training resources; develop a curriculum for each Division to improve leadership / supervisory skills by 3/22; launch training by 4/22</li><li>➔ Develop additional tools to search for and hire talented thought leaders; benchmark key policies against peer airports and talent competitors by 4/22</li><li>➔ Develop comprehensive end-to-end people experience that integrates the workforce with the TAA brand, culture and customer perspective by 6/22</li></ul>		<ul style="list-style-type: none"><li>➔ Develop GIS datasets for commercial and industrial development promotion and opportunity by 10/21</li><li>➔ Solicit Request for Proposal for partners in the development of commercial and industrial property by 10/21</li><li>➔ Select commercial and industrial development partner by 2/22</li><li>➔ Begin Phase 1 development of commercial and industrial infrastructure by 9/22</li><li>➔ Construct Country Club Road Extension to open access for property development by 8/22</li></ul>	<ul style="list-style-type: none"><li>➔ Design Airside Operations and Police space by 4/22; start construction 8/22</li><li>➔ Design Outbound Baggage System Overhaul by 5/22</li><li>➔ Develop and implement flexible gate and ticket counter management by 6/22</li><li>➔ Open the Far Parallel Taxiway (Airfield Safety Enhancement Project) by 7/22</li><li>➔ Design and install new Access Control System by 9/22</li><li>➔ Develop Sustainability Master Plan by 9/22</li><li>➔ Identify and implement additional “touchless journey” elements and technologies to enhance the passenger journey (ongoing)</li></ul>	<ul style="list-style-type: none"><li>➔ Negotiate final terms of new Airline Use Agreement with airlines by 6/22</li><li>➔ Update “Air Carrier Incentive Program” to attract new entrant air carriers, and encourage incumbent air carriers to start passenger routes between TUS and certain unserved or underserved targeted destinations by 6/22</li><li>➔ Continue to improve community engagement efforts with Visit Tucson, Tucson Metro Chamber, and other community organizations; garner support / advocates for TAA/air service (ongoing)</li><li>➔ Continue to adapt and drive expansion of air service; enhance/add new service to targeted destinations (ongoing); highlight low (competitive) cost structure (ongoing)</li></ul>	

<ul style="list-style-type: none"> <li>➤ Invest and implement employee engagement measurement tools by 6/22</li> <li>➤ Review performance vs. Strategic Plan monthly and adapt and adjust FY 2023 by 7/22</li> </ul>			
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Thematic Goal		FY2023 and Beyond   Dream Big Together	
1 Success Means			
Coming in to 2023, we have proven our ability to react to challenging external circumstances, refined and upgraded our internal operations and are ready to lift off into a new era of leadership in our industry and our community. We envision a future state where we break down the barriers and silos that exist internally and externally so that we can all co-create a more compelling future out of the trials of the past. We create Centers of Excellence within the TAA and with our community and industry partners as platforms to innovate and dream big. We make connections, collaborate, and ensure that we bring excellence to all endeavors.			
2 Strategic Initiatives (Big Rocks)			
Build Connected Centers of Excellence		Prosper	
3 Key Actions			
<ul style="list-style-type: none"><li>➔ Build training platforms to focus on excellence across lines of business; ensure best practices are the norm</li><li>➔ Enhance and build skills to break down barriers and silos; build connected functional expertise to run organization expertly</li><li>➔ Optimize assets (physical, technological, human capital) to maximize performance</li><li>➔ Become Employer of Choice, recognized for industry leading initiatives; others seek us out because they believe we have the capacity and leadership to make important things happen</li><li>➔ Adopt “Lean” principles; train personnel</li></ul>	<ul style="list-style-type: none"><li>➔ Focus on the strength of a multi-generational, diverse organization of the future</li><li>➔ Enhance expertise of staff through professional development and support of industry certifications and accreditation</li><li>➔ Create an atmosphere and culture that quickly moves from ideas to action to best practices</li><li>➔ Continue to build the skills of agility to react and respond to major external forces (pandemics, economy, social equity, etc.)</li><li>➔ Activate work streams to analyze the future (think tanks, blending data and ideas)</li></ul>	<ul style="list-style-type: none"><li>➔ Maximize and accentuate the value of the airport system as an asset to the community</li><li>➔ Drive passenger growth</li><li>➔ Maintain a cost per enplanement (CPE) that is at or below the average of our peer airports</li><li>➔ Complete Airfield Safety Enhancement Project</li><li>➔ Construct Phase 1 Commercial/Industrial Site at RYN by 8/23</li><li>➔ Support Aerospace and Defense Corridor through infrastructure development partnerships</li><li>➔ Imagine the future with an open mind toward continuous improvement</li></ul>	<ul style="list-style-type: none"><li>➔ Work with our community and airline partners to recapture our annual regional \$7.4B economic impact of TUS and RYN, and then dream and plan ways to approach \$10B in the future</li><li>➔ Accelerate property development to benefit airport activity and economic development</li><li>➔ All levels of TAA are immersed in community and professional groups, and add value to the partnerships to improve the sustainability of our region</li><li>➔ Embrace and implement sustainability measures; continue to invest in innovation</li></ul>

## Conclusion

Our strategic plan is a “*living document*” that acts as a compass to guide us through the ever-changing, ever-challenging business dynamics we face in the industry and at the TAA.

Our Thematic Goals for the next 3 years are:

- ➔ **FY2021 | Align and Engage**
- ➔ **FY2022 | Capitalize on Opportunities**
- ➔ **FY2023 | Dream Big Together**

To ensure success, everyone associated with the TAA has an important role to play to help us continually:

- ➔ Focus on the priority “big rocks” and not succumb to distractions
- ➔ Live the behaviors in our guiding principles that make it easy and fun to work together
- ➔ Celebrate the positive impact of our choices and results

Running airports is our passion and we are great at it! At all times, we understand the importance to provide Tucsonans and visitors to Southern Arizona with excellence in aviation services and facilities, hallmarked by unparalleled safety, security and customer service. This is a top priority for us. When we do this well, our region prospers.

This is why our **Mission Statement** is:

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

And our **Vision Statement** is:

**Landing Prosperity in Southern Arizona**

We invite our Board of Directors and our community leaders and partners to fully and supportively engage with us as we embark on this important journey forward.



# NONSTOP FOR TUCSON



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

**THANK YOU!**  
Q&A SESSION

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., ADOPTING VARIOUS AMENDMENTS TO THE BYLAWS OF THE TUCSON AIRPORT AUTHORITY.**

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

WHEREAS, the Corporate Governance Council, at its meetings on July 6, 2021, and July 19, 2021, voted to recommend to the Board of Directors various amendments to update the Bylaws to reflect current business practices, conform to updates to Arizona law, to clarify and to simplify certain provisions, and to streamline TAA's non-profit organizational processes; and

WHEREAS, the Board of Directors accepts the recommendations of the Corporate Governance Council and agrees that the recommended amendments are in the best interests of the organization.

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

1. The amendments to the Bylaws of the Tucson Airport Authority, Inc., as reflected in the redlined version of the Bylaws adopted on June 2, 2021, attached hereto as Exhibit A, are accepted, and approved.
2. The Chair is authorized to execute the revised Bylaws of the Tucson Airport Authority, Inc., incorporating all amendments through August 4, 2021, attached hereto as Exhibit B, and incorporated by reference herein.

\_\_\_\_\_  
Bruce Dusenberry, Chair

ATTEST:

\_\_\_\_\_  
Keri Silvyn, Secretary

APPROVED AS TO FORM:

\_\_\_\_\_  
Christopher Schmaltz, Vice President and  
General Counsel

**EXHIBIT A**

**Tucson Airport Authority Bylaws  
Incorporating all amendments through June 2, 2021**

**(REDLINED WITH RECOMMENDED AMENDMENTS)**

# REDLINED

## BYLAWS

### TUCSON AIRPORT AUTHORITY

Incorporating all amendments through ~~June 2, 2021~~ AUGUST 4, 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.~~ THE CORPORATION SHALL HAVE A CORPORATE SEAL WHICH SHALL BE OF SUCH FORM AS THE BOARD OF DIRECTORS MAY DETERMINE. THE BOARD SHALL DETERMINE THE CUSTODY, NUMBER AND USE OF THE CORPORATE SEAL. THE SEAL SHALL HAVE INSCRIBED ON IT THE NAME OF THIS CORPORATION AND THE YEAR OF THE CORPORATION'S CREATION AND THE WORDS "CORPORATE SEAL, ARIZONA." THE BOARD OF DIRECTORS MAY CHANGE THE FORM AND INSCRIPTION OF THE SEAL AS THEY DEEM APPROPRIATE.

## 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.

## REDLINED

(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; **NOT ACT IN CONFLICT WITH THE INTERESTS OF THE AUTHORITY**; 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~~ **CHAIR** of the Board, the President/CEO or the ~~Chairman~~ **CHAIR** 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.~~ **IF A MEMBER DOES NOT MEET THESE MEMBERSHIP REQUIREMENTS, THE BOARD OF DIRECTORS MAY, BY VOTE OF THE MAJORITY OF THE MEMBERSHIP OF THE BOARD OF DIRECTORS (E.G., IF A BOARD OF 9 TOTAL DIRECTORS, 5 VOTES ARE REQUIRED), 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~~ **CHAIR** 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) **TERMS OF MEMBERS AND CONTINUING MEMBERS SHALL BEGIN ON THE DATE OF THE ANNUAL MEETING AT WHICH THEIR MEMBERSHIP OR CONTINUING MEMBERSHIP WAS APPROVED AND END AFTER FIFTEEN (15) YEARS FOR MEMBERS, OR FIVE (5) ADDITIONAL YEARS FOR CONTINUING MEMBERS, ON THE DAY PRIOR TO THE DATE THEIR MEMBERSHIP OR CONTINUING MEMBERSHIP WAS APPROVED.**

(iv) 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:

## REDLINED

(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.

2.1.3 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

## REDLINED

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.

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.~~ IF A MEMBER OR EMERITUS MEMBER OF THE AUTHORITY IN GOOD STANDING DESIRES TO NOMINATE FOR MEMBERSHIP IN THE AUTHORITY A QUALIFIED PERSON WHO IS NOT THEN A MEMBER, TO BE VOTED UPON PURSUANT TO THE PROVISIONS OF THESE BYLAWS, SUCH MEMBER OR EMERITUS MEMBER SHALL NOMINATE THE PERSON, PURSUANT TO THE PROCESS ESTABLISHED FOR SUCH NOMINATIONS BY THE NOMINATING COUNCIL, NO SOONER THAN APRIL 1 AND NO LATER THAN OCTOBER 1 IN THE YEAR PRECEDING EACH REGULAR ANNUAL MEETING DATE. MEMBERS WHO DESIRE TO BE CONSIDERED FOR A DIRECTOR POSITION SHALL SUBMIT THEIR APPLICATION FORM AND MATERIALS TO THE NOMINATING COUNCIL BY OCTOBER 1 IN THE YEAR PRECEDING EACH REGULAR 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~~ 3.5.1 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

## REDLINED

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.~~

### ARTICLE 3

#### MEETINGS OF THE CORPORATION

Section 3.1 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~~ CHAIR OF THE BOARD, 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.

~~3.1.1 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.~~ NOTICE OF THE DATE, TIME AND LOCATION OF THE ANNUAL MEETING SHALL BE PROVIDED AT LEAST TWENTY-ONE (21) DAYS PRIOR TO THE MEETING TO EACH MEMBER AND EMERITUS MEMBER. NOTICE MAY BE PROVIDED VIA REGULAR MAIL OR ELECTRONICALLY OR BOTH, AT THE ADDRESSES OF EACH MEMBER AND EMERITUS MEMBER IN THE RECORDS OF THE CORPORATION. FAILURE OF A MEMBER AND EMERITUS MEMBER TO RECEIVE A NOTICE, OR ANY IRREGULARITY IN THE SENDING OR RECEIVING OF SUCH NOTICE, SHALL NOT AFFECT THE VALIDITY OF ANY ANNUAL MEETING OR OF ANY PROCEEDINGS OR ACTIONS TAKEN AT ANY SUCH MEETING.

Section 3.2 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.~~ SPECIAL MEETINGS OF THE MEMBERS OF THE CORPORATION MAY BE HELD IN ACCORDANCE WITH ARIZONA LAW, INCLUDING IN PERSON, VIA TECHNOLOGICAL MEANS OR A COMBINATION THEREOF. SPECIAL MEETINGS MAY BE HELD WHEN DEMANDED IN WRITING BY MEMBERS HAVING AT LEAST TEN PERCENT (10%) OF THE VOTES ENTITLED TO BE CAST AT SUCH A MEETING, WHEN CALLED BY THE CHAIR OF THE BOARD, OR WHEN CALLED BY VOTE OF A MAJORITY OF THE MEMBERS OF

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THE BOARD OF DIRECTORS. SPECIAL MEETINGS SHALL BE VALID FOR ALL CORPORATE PURPOSES AND ANY ACTION UNDER CORPORATE AUTHORITY GRANTED TO MEMBERS UNDER THESE BYLAWS MAY BE TAKEN AT SUCH A MEETING.

3.2.1 ~~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.~~ NOTICE OF ANY SPECIAL MEETING, PROVIDING THE DATE, TIME, MANNER OF HOLDING THE MEETING, AND AGENDA FOR THE MEETING, SHALL BE SENT AT LEAST TWENTY-ONE (21) DAYS PRIOR TO THE SPECIAL MEETING TO EACH MEMBER VIA REGULAR MAIL OR ELECTRONICALLY OR BOTH, AT THE ADDRESSES OF EACH MEMBER IN THE RECORDS OF THE CORPORATION. FAILURE OF A MEMBER TO RECEIVE A NOTICE, OR ANY IRREGULARITY IN THE SENDING OR RECEIVING OF SUCH NOTICE, SHALL NOT AFFECT THE VALIDITY OF ANY SPECIAL MEETING OR OF ANY PROCEEDINGS OR ACTIONS TAKEN AT ANY SUCH MEETING.

3.2.2 ~~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 3.3 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 3.4 VOTING.

3.4.1 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 3.5 REGULAR ELECTIONS.

3.5.1 ~~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~~

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~~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.~~ THE NOMINATING COUNCIL, AT ITS MEETING HELD UNDER SECTION 2.2.2 ABOVE, SHALL DIRECT THE TAA PRESIDENT/CEO, AND HER/HIS DESIGNEES, TO COMPILE ELECTION MATERIALS FOR ALL NOMINEES FORWARDED TO THE MEMBERS FOR ELECTION AT THE NEXT ANNUAL MEETING. THE ELECTION MATERIALS SHALL INCLUDE BALLOTS FOR THE ELECTION, AND ALL MATERIALS SUBMITTED BY A MEMBER OR EMERITUS MEMBER AS PART OF THE NOMINATION PACKET, OR AS MAY BE SUBMITTED AS PART OF A DIRECTOR NOMINATING PETITION.

THE PRESIDENT/CEO SHALL CAUSE THE ELECTION MATERIALS (INCLUDING THE SLATE OF NOMINEES) TO BE SENT TO ALL MEMBERS AT LEAST TWENTY-ONE (21) DAYS PRIOR TO THE DATE OF THE ANNUAL MEETING VIA REGULAR MAIL OR ELECTRONICALLY OR BOTH, AT THE ADDRESSES OF EACH MEMBER IN THE RECORDS OF THE CORPORATION. FAILURE OF A MEMBER AND EMERITUS MEMBER TO RECEIVE THE ELECTION MATERIALS, OR ANY IRREGULARITY IN THE SENDING OR RECEIVING OF SUCH MATERIALS, SHALL NOT AFFECT THE VALIDITY OF THE ELECTIONS CONDUCTED AT THE ANNUAL MEETING.

3.5.2 ~~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.~~ IN THE EVENT THAT ANY NOMINEE SHALL BE UNABLE TO SERVE IF ELECTED BY THE MEMBERS (THROUGH DEATH, INELIGIBILITY, INCAPACITY, RESIGNATION, OR SIMILAR), AT ANY TIME BETWEEN THE SENDING OF ALL ELECTION MATERIALS TO THE MEMBERS AND THE DATE OF THE ANNUAL MEETING, UPON NOTICE TO HER/HIM, THE PRESIDENT/CEO SHALL CAUSE A NOTICE TO BE SENT PRIOR TO THE ANNUAL MEETING, AS SOON AS IS PRACTICABLE UNDER THE CIRCUMSTANCES, TO ALL MEMBERS OF THE INELIGIBILITY OF THE NOMINEE TO SERVE IF ELECTED BY THE MEMBERS. PRIOR TO THE CASTING OF BALLOTS AT THE ANNUAL MEETING, THE CHAIR OF THE BOARD OR THE CHAIR OF THE BOARD'S DESIGNEE SHALL MAKE A REMINDER ANNOUNCEMENT AS TO THE INABILITY OF THE NOMINEE TO SERVE. THE ELECTION SHALL PROCEED WITH THE BALLOTS AS WERE DISTRIBUTED TO THE MEMBERS.

3.5.3 ~~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.~~ IF A NOMINEE WHO IS UNABLE TO SERVE IS ELECTED BY THE MEMBERS, THAT ELECTION SHALL BE DEEMED NULL AND VOID AND THE

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POSITION SHALL BE DEEMED AS VACANT, EXCEPT FOR ANY NOMINEE TO BE A NEW DIRECTOR. IN THAT CASE, THE POSITION REMAINS UNFILLED, AND MAY BE FILLED UNDER THE NORMAL NOMINATION PROCESS SET FORTH IN SECTION 2.2.1 AND 2.2.2.

~~3.5.4 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.~~

~~3.5.5 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 3.6 ORDER OF BUSINESS. The following shall be the order of business at all annual meetings of the Members:

~~(a) All persons claiming to hold proxies shall present them to the Chairperson and the secretary for verification.~~

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

~~(c) Reports of officers.~~

~~(d) Reports of councils.~~

~~(e) Election of Members.~~

~~(f) Election of directors.~~

~~(g) Unfinished business.~~

~~(h) New business.~~ THE ORDER OF BUSINESS FOR ALL ANNUAL MEETINGS SHALL INCLUDE (1) A PRESENTATION OF ALL PROXIES HELD BY MEMBERS TO THE CHAIR OF THE BOARD AND SECRETARY FOR VERIFICATION; (2) A REVIEW OF THE MINUTES OF THE PRECEDING ANNUAL MEETING (AND ANY SPECIAL MEETING HELD SINCE THE LAST ANNUAL MEETING), AND ACTION ON THEM; (3) REPORTS FROM OFFICERS AND COUNCILS AS THE CHAIR OF THE BOARD DEEMS NECESSARY OR APPROPRIATE; (4) ELECTIONS AND THEIR

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RESULTS, AND (5) ANY OTHER MATTER PROVIDED ON THE AGENDA SENT TO MEMBERS PRIOR TO THE ANNUAL MEETING.

### ARTICLE 4

#### BOARD OF DIRECTORS

Section 4.1 ELIGIBILITY, ELECTION, TERM, NUMBER AND QUALIFICATION AND TERM OF OFFICE.

4.1.1 ~~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.~~ THE BOARD OF DIRECTORS SHALL CONSIST OF AT LEAST SEVEN (7) AND NO MORE THAN ELEVEN (11) MEMBERS. THE IMMEDIATE PAST CHAIR OF THE BOARD REMAINS A DIRECTOR ON THE BOARD FOR 1 YEAR AFTER HER/HIS TERM AS CHAIR OF THE BOARD EXPIRES.

4.1.2 ~~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.~~ EACH DIRECTOR SHALL SERVE FOR THE TERM, EITHER 1, 2 OR 3 YEARS, AS PROVIDED FOR IN THE ACTION THAT RESULTED IN THEIR ELECTION TO DIRECTOR, EITHER BY MEMBER BALLOT OR WHEN FILLING A BOARD VACANCY. A PERSON MAY BE NOMINATED AND APPROVED TO SERVE SUBSEQUENT SUCCESSIVE TERMS; HOWEVER, NO PERSON MAY SERVE FOR MORE THAN SIX (6) CONSECUTIVE YEARS ON THE BOARD, EXCEPT IF THE SEVENTH (7TH) CONSECUTIVE YEAR IS TO SERVE AS IMMEDIATE PAST CHAIR OF THE BOARD. TERMS SHALL BE STAGGERED IN A WAY TO PRESERVE EXPERIENCE AND INSTITUTIONAL KNOWLEDGE ON THE BOARD.

Section 4.2 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.~~ IN THE CASE OF ANY VACANCY ON THE BOARD OF DIRECTORS CAUSED BY DEATH, RESIGNATION, DISQUALIFICATION OR OTHER

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REASON, THE NOMINATING COUNCIL SHALL RECOMMEND ONE OR MORE NOMINEES TO FILL THE VACANCY TO THE BOARD OF DIRECTORS. THE REMAINING DIRECTORS MAY ELECT A NOMINEE, BY MAJORITY VOTE, TO FILL THE VACANCY ON THE BOARD, TO SERVE ONLY FOR THE PERIOD BETWEEN THE ELECTION OF THE NOMINEE TO THE BOARD AND THE NEXT ANNUAL MEETING.

### Section 4.3 REGULAR MEETINGS.

~~4.3.1 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.~~ AFTER THE ADJOURNMENT OF THE ANNUAL MEMBERSHIP MEETING, AT THE SAME LOCATION IF IN PERSON, THE BOARD OF DIRECTORS SHALL HOLD ITS FIRST REGULAR MEETING OF THE YEAR. AT THAT MEETING, THE BOARD SHALL ELECT ITS OFFICERS AND ESTABLISH THE SCHEDULE FOR AT LEAST 3 ADDITIONAL REGULAR BOARD MEETINGS FOR THE YEAR. REGULAR MEETINGS SHALL BE HELD AS SCHEDULED UNLESS CANCELLED BY THE CHAIR OF THE BOARD BY PROVIDING NOTICE TO THE BOARD MORE THAN TWENTY-FOUR (24) HOURS PRIOR TO THE MEETING DATE AND TIME.

~~4.3.2 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.~~ ANY DIRECTOR WHO IS ABSENT WITHOUT BEING EXCUSED BY THE CHAIR OF THE BOARD OF MORE THAN FIFTY PERCENT (50%) OF ALL REGULAR AND SPECIAL BOARD MEETINGS IN ANY CALENDAR YEAR, SHALL BE SUBJECT TO REMOVAL FROM THE BOARD BY A MAJORITY VOTE OF THE MEMBERSHIP OF THE BOARD.

Section 4.4 SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by the ~~Chairperson~~ CHAIR OF THE BOARD 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~~

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~~Directors either in electronic or paper writing, by telephone or orally in person at least twenty four hours prior to such meeting.~~ NOTICE OF EACH SPECIAL MEETING SHALL BE PROVIDED TO ALL DIRECTORS AS REQUIRED BY APPLICABLE ARIZONA LAW, BUT IN NO EVENT SHALL SUCH NOTICE BE LESS THAN 24 HOURS PRIOR TO SUCH MEETING.

Section 4.5 QUORUM. A majority of the voting Members of the Board of Directors then serving shall constitute a quorum.

~~Section 4.6 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 5

### OFFICERS

Section 5.1 ~~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.~~ THE OFFICERS OF THIS CORPORATION SHALL CONSIST OF A CHAIR (OF THE BOARD), VICE CHAIR (OF THE BOARD), SECRETARY AND TREASURER. SUCH OFFICERS SHALL BE ELECTED AT THE FIRST BOARD MEETING HELD FOLLOWING THE ANNUAL MEETING. THE SLATE OF OFFICERS TO BE CONSIDERED BY THE BOARD SHALL BE AS APPROVED BY THE NOMINATING COUNCIL UNDER SECTION 2.2.2 OF THESE BYLAWS.

Section 5.2 The ~~Chairperson~~ CHAIR OF THE BOARD 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~~ CHAIR OF THE BOARD 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 5.3 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

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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~~ CHAIR OF THE BOARD to ensure that the business and affairs of the corporation are conducted within the framework of Board-approved objectives and policies.

Section 5.4 The Vice Chair OF THE BOARD 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~~ CHAIR OF THE BOARD, the Vice Chair OF THE BOARD shall perform and be vested with all of the duties and powers of the ~~Chairperson~~ CHAIR OF THE BOARD.

Section 5.5 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 Chair OF THE BOARD, 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 5.6 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 5.7 Officers shall serve one-year terms. The ~~Chairperson~~ CHAIR OF THE BOARD 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~~ CHAIR of the Board shall be extended to end at the end of the Director's term as Chair of the Board.

## ARTICLE 6

### 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.

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## ARTICLE 7

### 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 8

### BOOKS, ACCOUNTS AND RECORDS

Section 8.1 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 8.2 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 8.3 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 9

### 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.~~ **NO BYLAW AMENDMENT MAY BE ACTED ON BY THE BOARD UNLESS IT HAS FIRST BEEN CONSIDERED BY THE CORPORATE GOVERNANCE COUNCIL. THE BOARD OF DIRECTORS SHALL, BY MAJORITY VOTE, DIRECT THE CORPORATE GOVERNANCE COUNCIL TO CONSIDER BYLAW AMENDMENTS IT DEEMS APPROPRIATE AND IN THE BEST INTERESTS OF THE CORPORATION. IF THE CORPORATE GOVERNANCE COUNCIL FAILS TO TIMELY MEET TO CONSIDER A PROPOSED BYLAW AMENDMENT AND MAKE A RECOMMENDATION TO THE BOARD ON THE PROPOSED BYLAW AMENDMENT, THE CHAIR OF THE BOARD MAY PLACE THE PROPOSED BYLAW AMENDMENT ON THE BOARD'S AGENDA FOR CONSIDERATION AND ACTION.**

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## 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 1010

### 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.~~THE TAA ADVISORY COUNCILS SHALL INCLUDE THE CORPORATE GOVERNANCE COUNCIL, THE NOMINATING COUNCIL, THE AUDIT COUNCIL, AND THE FINANCIAL COUNCIL (TO INCLUDE AN ENVIRONMENTAL/SUSTAINABILITY SUB-COUNCIL) AND SUCH OTHER COUNCILS AS THE CHAIR OF THE BOARD MAY DETERMINE IS APPROPRIATE. NO COUNCIL SHALL HAVE AN EVEN NUMBER OF MEMBERS AND SHALL NOT HAVE MORE THAN SEVEN (7) NOR LESS THAN THREE (3) MEMBERS. THE CHAIR OF THE BOARD SHALL APPOINT, WITH THE ADVICE AND CONSENT OF THE BOARD, MEMBERS TO EACH COUNCIL, AND THE CHAIR OF EACH COUNCIL. THE TERMS OF SUCH APPOINTMENTS SHALL BE TWO (2) YEARS. THE CHAIR OF THE BOARD AND VICE CHAIR OF THE BOARD MAY ATTEND AND PARTICIPATE IN ALL COUNCIL MEETINGS AS NON-VOTING MEMBERS OF A COUNCIL.

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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.~~ **NOMINATING COUNCIL. THE NOMINATING COUNCIL SHALL CONSIST OF SEVEN MEMBERS, WHO WILL BE APPOINTED FOR UP TO TWO, TWO-YEAR TERMS, AND MAY NOT SERVE MORE THAN 4 CONSECUTIVE YEARS. THE CHAIR OF THE NOMINATING COUNCIL SHALL SERVE 2 YEARS. THE COUNCIL ROSTER SHALL INCLUDE, 2 FORMER DIRECTORS, TWO CURRENT DIRECTORS WHO ARE NOT THE CHAIR OF THE NOMINATING COUNCIL OR VICE CHAIR OF THE NOMINATING COUNCIL, AND 3 MEMBERS WHO HAVE NEVER SERVED AS DIRECTORS. 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~~ **CHAIR OF THE BOARD**, Vice Chair **OF THE BOARD**, Secretary, Treasurer and one other board member appointed by the ~~Chairperson~~ **CHAIR OF THE BOARD**. 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~~ **AUGUST 4, 2021**.

---

Bruce Dusenberry, ~~Chairperson~~ **CHAIR OF THE**

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BOARD

~~Tucson Airport Authority, Inc.~~

ATTEST:

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Keri Silvyn, Secretary

APPROVED AS TO FORM:

---

Christopher Schmaltz, Vice President and  
General Counsel

**EXHIBIT B**

**Tucson Airport Authority Bylaws  
Incorporating all amendments through August 4, 2021**

**(FINAL)**

## **BYLAWS**

### **TUCSON AIRPORT AUTHORITY**

Incorporating all amendments through August 4, 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 as the Board of Directors may determine. The Board shall determine the custody, number and use of the corporate seal. The seal shall have inscribed on it the name of this corporation and the year of the corporation's creation and the words "Corporate Seal, Arizona." The Board of Directors may change the form and inscription of the seal as they deem appropriate.

## **ARTICLE 2**

### **MEMBERSHIP**

#### **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; not act in conflict with the interests of the Authority; 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 Chair of the Board, the President/CEO or the Chair of the Council; and contribute his or her expertise as requested. If a Member does

not meet these membership requirements, the Board of Directors may, by vote of the majority of the membership of the Board of Directors (e.g., if a Board of 9 total directors, 5 votes are required), 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 Chair 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) Terms of Members and continuing Members shall begin on the date of the annual meeting at which their membership or continuing membership was approved and end after fifteen (15) years for Members, or five (5) additional years for continuing Members, on the day prior to the date their membership or continuing membership was approved.

(iv) 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.

2.1.3 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 a 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.

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 nominate for membership in the Authority a qualified person who is not then a Member, to be voted upon pursuant to the provisions of these bylaws, such Member or Emeritus Member shall nominate the person, pursuant to the process established for such nominations by the Nominating Council, no sooner than April 1 and no later than October 1 in the year preceding each regular annual meeting date. Members who desire to be considered for a Director position

shall submit their application form and materials to the Nominating Council by October 1 in the year preceding each regular 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 3.5.1 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.

## **ARTICLE 3**

### **MEETINGS OF THE CORPORATION**

Section 3.1 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 Chair of the Board, 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.

3.1.1 NOTICE. Notice of the date, time and location of the annual meeting shall be provided at least twenty-one (21) days prior to the meeting to each Member and Emeritus Member. Notice may be provided via regular mail or electronically or both, at the addresses of each Member and Emeritus Member in the records of the corporation. Failure of a Member and Emeritus Member to receive a notice, or any irregularity in the sending or receiving of such notice, shall not affect the validity of any annual meeting or of any proceedings or actions taken at any such meeting.

Section 3.2 SPECIAL MEETINGS. Special meetings of the Members of the corporation may be held in accordance with Arizona law, including in person, via technological means or a combination thereof. Special meetings may be held when demanded in writing by Members having at least ten percent (10%) of the votes entitled to be cast at such a meeting, when called by the Chair of the Board, or when called by vote of a majority of the members of

the Board of Directors. Special meetings shall be valid for all corporate purposes and any action under corporate authority granted to Members under these Bylaws may be taken at such a meeting.

3.2.1 Notice of any special meeting, providing the date, time, manner of holding the meeting, and agenda for the meeting, shall be sent at least twenty-one (21) days prior to the special meeting to each Member via regular mail or electronically or both, at the addresses of each Member in the records of the corporation. Failure of a Member to receive a notice, or any irregularity in the sending or receiving of such notice, shall not affect the validity of any special meeting or of any proceedings or actions taken at any such meeting.

Section 3.3 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 3.4 VOTING.

3.4.1 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 3.5 REGULAR ELECTIONS.

3.5.1 The Nominating Council, at its meeting held under Section 2.2.2 above, shall direct the TAA President/CEO, and her/his designees, to compile election materials for all nominees forwarded to the Members for election at the next annual meeting. The election materials shall include ballots for the election, and all materials submitted by a Member or Emeritus Member as part of the nomination packet, or as may be submitted as part of a Director nominating petition.

The President/CEO shall cause the election materials (including the slate of nominees) to be sent to all Members at least twenty-one (21) days prior to the date of the annual meeting via regular mail or electronically or both, at the addresses of each Member in the records of the corporation. Failure of a Member and Emeritus Member to receive the election materials, or any irregularity in the sending or receiving of such materials, shall not affect the validity of the elections conducted at the annual meeting.

3.5.2 In the event that any nominee shall be unable to serve if elected by the Members (through death, ineligibility, incapacity, resignation, or similar), at any time between the sending of all election materials to the Members and the date of the annual meeting, upon notice to her/him, the President/CEO shall cause a notice to be sent prior to the annual meeting,

as soon as is practicable under the circumstances, to all Members of the ineligibility of the nominee to serve if elected by the Members. Prior to the casting of ballots at the annual meeting, the Chair of the Board or the Chair of the Board's designee shall make a reminder announcement as to the inability of the nominee to serve. The election shall proceed with the ballots as were distributed to the Members.

3.5.3 If a nominee who is unable to serve is elected by the Members, that election shall be deemed null and void and the position shall be deemed as vacant, except for any nominee to be a new Director. In that case, the position remains unfilled, and may be filled under the normal nomination process set forth in Section 2.2.1 and 2.2.2.

Section 3.6 ORDER OF BUSINESS. The order of business for all annual meetings shall include (1) a presentation of all proxies held by Members to the Chair of the Board and Secretary for verification; (2) a review of the minutes of the preceding annual meeting (and any special meeting held since the last annual meeting), and action on them; (3) Reports from officers and councils as the Chair of the Board deems necessary or appropriate; (4) Elections and their results, and (5) any other matter provided on the Agenda sent to Members prior to the annual meeting.

## **ARTICLE 4**

### **BOARD OF DIRECTORS**

Section 4.1 ELIGIBILITY, ELECTION, TERM, NUMBER AND QUALIFICATION AND TERM OF OFFICE.

4.1.1 The Board of Directors shall consist of at least seven (7) and no more than eleven (11) members. The Immediate Past Chair of the Board remains a Director on the Board for one (1) year after her/his term as Chair of the Board expires.

4.1.2 TERMS. Each Director shall serve for the term, either one (1), two (2) or three (3) years, as provided for in the action that resulted in their election to Director, either by Member ballot or when filling a Board vacancy. A person may be nominated and approved to serve subsequent successive terms; however, no person may serve for more than six (6) consecutive years on the Board, except if the seventh (7th) consecutive year is to serve as Immediate Past Chair of the Board. Terms shall be staggered in a way to preserve experience and institutional knowledge on the Board.

Section 4.2 VACANCIES. In the case of any vacancy on the Board of Directors caused by death, resignation, disqualification or other reason, the Nominating Council shall recommend one or more nominees to fill the vacancy to the Board of Directors. The remaining Directors may elect a nominee, by majority vote, to fill the vacancy on the Board, to serve only for the period between the election of the nominee to the Board and the next annual meeting.

Section 4.3 REGULAR MEETINGS.

4.3.1 After the adjournment of the annual membership meeting, at the same location if in person, the Board of Directors shall hold its first regular meeting of the year. At that meeting, the Board shall elect its officers and establish the schedule for at least three (3) additional regular Board meetings for the year. Regular meetings shall be held as scheduled unless cancelled by the Chair of the Board by providing notice to the Board more than twenty-four (24) hours prior to the meeting date and time.

4.3.2 Any Director who is absent without being excused by the Chair of the Board of more than fifty percent (50%) of all regular and special board meetings in any calendar year, shall be subject to removal from the Board by a majority vote of the membership of the Board.

Section 4.4 SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by the Chair of the Board 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 provided to all Directors as required by applicable Arizona law, but in no event shall such notice be less than twenty-four (24) hours prior to such meeting.

Section 4.5 QUORUM. A majority of the voting Members of the Board of Directors then serving shall constitute a quorum.

## **ARTICLE 5**

### **OFFICERS**

Section 5.1 The officers of this corporation shall consist of a Chair (of the Board), Vice Chair (of the Board), Secretary and Treasurer. Such officers shall be elected at the first Board meeting held following the annual meeting. The slate of officers to be considered by the Board shall be as approved by the Nominating Council under Section 2.2.2 of these Bylaws.

Section 5.2 The Chair of the Board 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 Chair of the Board 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 5.3 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 Chair of the Board to ensure that the business and affairs of the corporation are conducted within the framework of Board-approved objectives and policies.

Section 5.4 The Vice Chair of the Board 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 Chair of the Board, the Vice Chair of the Board shall perform and be vested with all of the duties and powers of the Chair of the Board.

Section 5.5 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 Chair of the Board, 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 5.6 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 5.7 Officers shall serve one-year terms. The Chair of the Board 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 Chair of the Board shall be extended to end at the end of the Director's term as Chair of the Board.

## **ARTICLE 6**

### **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 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 7**

### **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 8**

### **BOOKS, ACCOUNTS AND RECORDS**

Section 8.1 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 8.2 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 8.3 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 9**

### **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. No bylaw amendment may be acted on by the Board unless it has first been considered by the Corporate Governance Council. The Board of Directors shall, by majority vote, direct the Corporate Governance Council to consider bylaw amendments it deems appropriate and in the best interests of the corporation. If the Corporate Governance Council fails to timely meet to consider a proposed bylaw amendment and make a recommendation to the Board on the proposed bylaw amendment, the Chair of the Board may place the proposed bylaw amendment on the Board's agenda for consideration and action.

## **ARTICLE 10**

### **APPOINTMENT OF ADVISORY COUNCILS**

Section 10.1 The TAA Advisory Councils shall include the Corporate Governance Council, the Nominating Council, the Audit Council, and the Financial Council (to include an environmental/sustainability sub-council) and such other councils as the Chair of the Board may determine is appropriate. No Council shall have an even number of members and shall have not more than seven (7) or less than three (3) Members. The Chair of the Board shall appoint, with the advice and consent of the Board, Members to each council, and the Chair of each Council. The terms of such appointments shall be two (2) years. The Chair of the Board and Vice Chair of the Board may attend and participate in all Council meetings as non-voting members of a Council.

Section 10.2 NOMINATING COUNCIL. The Nominating Council shall consist of seven Members, who will be appointed for up to two (2), two-year terms, and may not serve more than four (4) consecutive years. The Chair of the Nominating Council shall serve two (2) years. The Council roster shall include, two (2) former Directors, two (2) current Directors who are not the Chair of the Nominating Council or Vice Chair of the Nominating Council, and three (3) Members who have never served as Directors. 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 Chair of the Board, Vice Chair of the Board, Secretary, Treasurer and one other board member appointed by the Chair of the Board. 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 August 4, 2021.

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Bruce Dusenberry, Chair of the Board

ATTEST:

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Keri Silvyn, Secretary

APPROVED AS TO FORM:

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Christopher Schmaltz, Vice President and  
General Counsel

**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:**

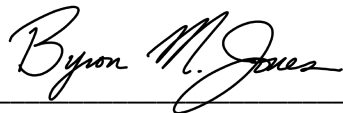
**Ayes    6    Vice Chair Jackson, Council Member McGrath, Council Member Hameroff, Council Member Lang, Council Member Holmes, and Council Member Lambert**

**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, reading "Byron M. Jones". The signature is written in a cursive style with a large, stylized "B" and "J".

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Byron M. Jones, CMC, TAA Clerk

Date: July 20, 2021

## DRAFT MINUTES

### TUCSON AIRPORT AUTHORITY | Corporate Governance Council Meeting July 19, 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

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

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

**Members Absent:** Council Member Michael McGrath, Council Member Rob Draper, and Council Member Judy Rich

**Others Present:** TAA Chairperson Bruce Dusenberry

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

#### WELCOME AND INTRODUCTIONS

Chair Duran welcomed everyone to the meeting.

Vice Chair Jackson and VP/General Counsel Schmaltz summarized the Council's discussion of the proposed bylaw amendments at the meeting on July 6, 2021 as reflected in the minutes.

#### APPROVAL OF MINUTES

1. Approve the minutes from the Corporate Governance Council meeting held on July 6, 2021.

**MOTION BY Council Member Hameroff, SECONDED BY Vice Chair Jackson, to APPROVE the minutes of the Corporate Governance Council meeting held on July 6, 2021. The motion carried by the following vote:**

**Ayes 5** Chair Duran, Vice Chair Jackson, Council Member Hameroff, Council Member Lang, and Council Member Holmes

**Nays 0** None

**NOTE:** Due to technical issues, Council Member Lambert did not participate in the vote.

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## DISCUSSION ITEM

### 2. PROPOSED BYLAW AMENDMENTS

The Council voted on Proposed Amendment Nos. 1 through 3, No. 5, and No. 7, (as numbered in the memo to the Council presented at the July 6, 2021 meeting) which were reviewed and discussed at the meeting on July 6, 2021.

**MOTION BY Vice Chair Jackson, SECONDED BY Council Member Hameroff, to RECOMMEND to the Board of Directors that the Bylaws of the Tucson Airport Authority be amended by adopting Proposed Amendments Nos. 1 through 3, No. 5, and No. 7, from the staff memo dated June 29, 2021, attached hereto as Exhibit 1. The motion carried by the following vote:**

**Ayes    5    Chair Duran, Vice Chair Jackson, Council Member Hameroff, Council Member Lang, and Council Member Holmes**

**Nays    0    None**

**NOTE: Due to technical issues, Council Member Lambert did not participate in the vote.**

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

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

VP/General Counsel Schmaltz: The proposed amendment changes the nomination process by requiring the Nominating Council to submit its recommendations to the Board of Directors for consideration. The Board would vote on whether to forward any or all the nominees for consideration by the full membership.

#### COUNCIL DISCUSSION:

- The adoption of Amendment No. 4 regarding elected officials and government employees eliminates the need for the Board to review the nominations.
- Removing nominating authority from the Nominating Council potentially negates the purpose of the Council.
- The Board would review the nominations from a fresh perspective, and it could potentially stop a controversial nomination before it goes to the full membership. The Board would accept the Nominating Council's recommendations in most cases.
- The Nominating Council as an advisory body should make recommendations to the Board as the decision-making authority.
- A possible conflict of interest exists by the Board having the authority to reject current members from continuing their membership.

**MOTION BY Council Member Lang, SECONDED BY Council Member Holmes, to RECOMMEND to the Board of Directors that it REJECT Proposed Amendment No. 8 from the staff memo dated June 29, 2021, attached hereto as Exhibit 1. The motion carried by the following vote:**

**Ayes    6    Chair Duran, Vice Chair Jackson, Council Member Hameroff, Council Member Lang, Council Member Holmes, and Council**

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Member Lambert

Nays 0 None

## 9. Delete Section 2.2.3.

VP/General Counsel Schmaltz: The language in this section is redundant to other sections of the Bylaws.

There were no comments from the Council.

**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 by adopting Proposed Amendment No. 9 from the staff memo dated June 29, 2021, attached hereto as Exhibit 1. The motion carried by the following vote:**

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

**Nays 0 None**

## 10. Amend Section 2.3.1 NOTICE. (relating to Notices for annual meeting)

VP/General Counsel Schmaltz: The proposal seeks to simplify the notification requirements for the Annual Meeting by consolidating them to twenty-one days prior to the meeting. This would reduce the staff time required to meet multiple and overlapping deadlines and would allow all the meeting materials to be sent in one mailing.

**MOTION BY Council Member Vice Chair Jackson, SECONDED BY Council Member Lang, to RECOMMEND to the Board of Directors that the Bylaws of the Tucson Airport Authority be amended by adopting Proposed Amendment No. 10 from the staff memo dated June 29, 2021, attached hereto as Exhibit 1. The motion carried by the following vote:**

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

**Nays 0 None**

## 11. Amend Section 2.4 SPECIAL MEETINGS. (relating to procedures to call special meetings of the Members)

VP/General Counsel Schmaltz: The amendment modernizes the language to permit special meetings to occur in person, via technological means, or a combination of both. It does not change substantively how special meetings may be called.

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**MOTION BY Council Member Lambert, SECONDED BY Council Member Lang, to RECOMMEND to the Board of Directors that the Bylaws of the Tucson Airport Authority be amended by adopting Proposed Amendment No. 11 from the staff memo dated June 29, 2021, attached hereto as Exhibit 1. The motion carried by the following vote:**

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

**Nays    0    None**

## **12. Amend Section 2.4.1 (relating to Notices of Special membership meetings)**

VP/General Counsel Schmaltz: Changes the notification requirement from five days prior to the meeting to twenty-one days prior to the meeting to be consistent with the notification requirements in previous sections.

**MOTION BY Vice Chair Jackson, SECONDED BY Council Member Lang, to RECOMMEND to the Board of Directors that the Bylaws of the Tucson Airport Authority be amended by adopting Proposed Amendment No. 12 from the staff memo dated June 29, 2021, attached hereto as Exhibit 1. The motion carried by the following vote:**

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

**Nays    0    None**

## **13. Delete Section 2.4.2**

VP/General Counsel Schmaltz: Section 2.4.2 may be removed as the language was consolidated into Section 2.4 (Amendment No. 11).

**MOTION BY Vice Chair Jackson, SECONDED BY Council Member Lang, to RECOMMEND to the Board of Directors that the Bylaws of the Tucson Airport Authority be amended by adopting Proposed Amendment No. 13 from the staff memo dated June 29, 2021, attached hereto as Exhibit 1. The motion carried by the following vote:**

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

**Nays    0    None**

## **14. Amend Section 2.7.1 (relating to election procedures and materials)**

## **15. Delete Sections 2.7.2, 2.7.3, 2.7.4, and 2.7.5**

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VP/General Counsel Schmaltz: Updated to conform with the changes adopted by Amendment Nos. 10 through 14. The proposed amendment also assumes the adoption of Amendment No. 8; however, the reference to the Board of Directors may be replaced by the Nominating Council and would require no further substantive changes. The revised procedure streamlines the election process and simplifies the language by consolidating Sections 2.7.1 through 2.7.5 into a single section. Amendment Nos. 14 and 15 are related and may be approved in a single motion.

**MOTION BY Council Member Lambert, SECONDED BY Council Member Lang, to RECOMMEND to the Board of Directors that the Bylaws of the Tucson Airport Authority be amended by adopting Proposed Amendment Nos. 14 and 15 from the staff memo dated June 29, 2021, attached hereto as Exhibit 1, with the reference to the Board of Directors deleted and replaced by the Nominating Council. The motion carried by the following vote:**

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

**Nays    0    None**

**16. New Section 2.7.2 language (relating to nominated members unable to serve, prior to annual meeting date)**

**17. New Section 2.7.3 language (relating to ineligible members who are elected)**

VP/General Counsel Schmaltz: Clarifies the procedure for staff to follow if, during the period after the nominating materials are sent to the Members and prior to the date the Annual Meeting, a nominee is unable to serve due to death, ineligibility, incapacity, resignation, or similar circumstances. Amendment Nos. 16 and 17 are related and may be approved in a single motion.

**MOTION BY Council Member Holmes, SECONDED BY Vice Chair Jackson, to RECOMMEND to the Board of Directors that the Bylaws of the Tucson Airport Authority be amended by adopting Proposed Amendment Nos. 16 and 17 from the staff memo dated June 29, 2021, attached hereto as Exhibit 1. The motion carried by the following vote:**

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

**Nays    0    None**

**18. Amend Section 2.8 ORDER OF BUSINESS (relating to agenda for annual meeting)**

VP/General Counsel Schmaltz: Modernizes and simplifies the language to reflect what is required by state statute.

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**MOTION BY Council Member Lang, SECONDED BY Council Member Hameroff, to RECOMMEND to the Board of Directors that the Bylaws of the Tucson Airport Authority be amended by adopting Proposed Amendment No. 18 from the staff memo dated June 29, 2021, attached hereto as Exhibit 1. The motion carried by the following vote:**

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

**Nays    0    None**

**19. Amend Section 3.1 ELIGIBILITY, ELECTION, TERM, NUMBER AND QUALIFICATION AND TERM OF OFFICE (relating to composition of Board)**

VP/General Counsel Schmaltz: Simplifies the language with the substantive change that the Immediate Past Chair remains a director with voting privileges rather than a non-voting, ex officio member, for one year after her/his term as chair expires.

**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 by adopting Proposed Amendment No. 19 from the staff memo dated June 29, 2021, attached hereto as Exhibit 1. The motion carried by the following vote:**

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

**Nays    0    None**

**20. Amend Section 3.1.2 TERMS (relating to Board terms)**

VP/General Counsel Schmaltz: Assumes the adoption of Amendment No. 19 and updates the language to reflect that a director may serve for seven consecutive years if the seventh year is as the Immediate Past Chair.

Council Member Holmes stated that he would need to leave the meeting and requested that the remaining items be presented and voted on in a combined motion.

**21. Amend Section 3.2 VACANCIES (relating to vacancies on the Board)**

VP/General Counsel Schmaltz: Removes language that is now inconsistent with state statute and clarifies that the nominee filling the vacancy will serve only serve from the date of their election to the next annual meeting.

**22. Amend Section 3.3 REGULAR MEETINGS (relating to Board meeting schedule)**

VP/General Counsel Schmaltz: Simplifies the language to reflect modern best practices and reduces the number of required Board meetings from eight to four during the calendar year. It does not preclude the ability to schedule special meetings if required.

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## **23. Amend Section 3.3.2 (relating Board attendance expectations)**

VP/General Counsel Schmaltz: Reflects the change in the minimum number of Board meetings by allowing for the removal of a director if they miss more than fifty percent of the regular and special meetings during the calendar year. It requires affirmative action by a majority of the entire Board.

## **24. Amend Section 3.4 (relating to special Board meeting notices)**

VP/General Counsel Schmaltz: Simplifies the language to state that notices shall be given in compliance with the Open Meeting Law.

## **25. Delete Section 3.6 in its entirety.**

VP/General Counsel Schmaltz: The entire section may be deleted to remove reference to the ex officio member. The Immediate Past Chair remains a voting director per Amendment No. 19.

**MOTION BY Council Member Holmes, SECONDED BY Council Member Hameroff, to RECOMMEND to the Board of Directors that the Bylaws of the Tucson Airport Authority be amended by adopting Proposed Amendment Nos. 20 through 25 from the staff memo dated June 29, 2021, attached hereto as Exhibit 1. The motion carried by the following vote:**

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

**Nays    0    None**

Council Member Holmes left the meeting at 4:10 p.m.

## **26. Amend Section 4.1 (relating to Board officers of the non-profit corporation)**

VP/General Counsel Schmaltz: Simplifies the language and clarifies the officers of the corporation. Removes the reference to the President/CEO being an officer of the corporation. It assumes adoption of Amendment No. 8; therefore, it will need to be updated depending on whether Amendment No. 8 is adopted by the Board.

## **27. Amend Section 4.7 (relating to the terms of office of the Chair and Vice-Chair of the Board)**

VP/General Counsel Schmaltz: Changes the terms of the Chair and the Vice Chair from one year to two years. This gives the incumbents additional time to become familiar with their roles in year one and to guide the organization in year two.

### COUNCIL DISCUSSION:

- Because an individual who serves as Vice Chair and Chair could occupy those roles for four years, it limits the opportunity for other individuals to serve since the Bylaws limit a director to two, consecutive terms, or six years total.

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**28. Amend Article 5, VACANCIES IN OFFICE (relating to cleanup of superfluous language)**

VP/General Counsel Schmaltz: Removes unnecessary language. A public body cannot meet or take action without a quorum being present.

**29. Amend Article 8, AMENDMENT TO BYLAWS (relating to bylaw amendment process requirements)**

VP/General Counsel Schmaltz: Removes confusing language from the section and codifies that bylaw amendments may not be acted on by the Board of Directors unless they are considered first by the Corporate Governance Council. It preserves the right of the Board to take action on an amendment if the Corporate Governance Council fails to consider it.

**30. Delete Article 9 in its entirety.**

VP/General Counsel Schmaltz: The entire section is inconsistent with state statute and must be deleted. State statute does not permit a public body to act by written consent.

**31. Amend existing Article 10 as Article 9, APPOINTMENT OF ADVISORY COUNCILS (relating to the nature, amount and purpose of the advisory councils)**

VP/General Counsel Schmaltz: Cleans up the paragraph by listing all of the relevant councils and proposes that the Superfund Council becomes a sub-council under the Finance and Risk Management Council. It also sets a minimum and maximum number of council members and extends the terms from one year to two years. Limiting the number of council member simplifies the process of scheduling meetings and ensuring a quorum is met.

COUNCIL DISCUSSION:

- The sentence including, “No council shall have an **odd** number of members...” should be corrected to say: “No council shall have an **even** number of members...”.

**32. Clean up references to corporation officers**

VP/General Counsel Schmaltz: Modernizes the language and ensures consistent references to officer titles throughout the document.

**33. Rename Article 2 as “Membership.”**

**34. Insert new Article 3 called “Meetings of the Corporation.”**

VP/General Counsel Schmaltz: Improves the flow of the Bylaws by separating the sections pertaining to membership and corporation meetings.

**35. Renumber current Articles 3 through 12 to conform to previous changes, if approved.**

VP/General Counsel Schmaltz: Purpose is to conform all the changes adopted by the Board of Directors.

**MOTION BY Council Member Lang, SECONDED BY Council Member Lambert, to RECOMMEND to the Board of Directors that the Bylaws of the Tucson Airport Authority be amended by adopting Proposed Amendment Nos. 26 through 35 from the staff memo dated June 29, 2021, attached hereto as Exhibit 1, with**

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modifications to Amendment No. 26 to reflect congruence with the previously approved items, and Amendment No. 31, to reflect the word “even” instead of “odd.”

## COUNCIL DISCUSSION:

- Concerned that extending the terms of both the Chair and Vice Chair to two years will limit the number of individuals who are eligible to serve in those roles given the six-year cap on serving as a director.
- Suggested making the terms of the Chair and Vice Chair exempt from the six-year cap. This could result in an individual serving a total of eleven years on the Board, which is lengthy amount of time for such service.
- Previously on a board where the term of the chair was extended to two years, but the term of the vice chair was left at one year. This gave the vice chair the flexibility of deciding whether they wanted to serve as chair without committing an extended term.

The consensus of the Council was to delay consideration of Proposed Amendment No. 27. Staff was requested to draft an alternate amendment taking into to consideration the Council’s discussion and propose revisions to the adopted Amendment No. 20 to reflect the further changes to Proposed Amendment No. 27.

**Council Member Lang amended the motion as follows: to RECOMMEND to the Board of Directors that the Bylaws of the Tucson Airport Authority be amended by adopting Proposed Amendment Nos. 26 and 28 through 35 from the staff memo dated June 29, 2021, attached hereto as Exhibit 1, with Amendment No. 31 revised to reflect the word “even” instead of “odd.”**

**Council Member Lambert seconded the amended motion.**

**The motion carried by the following vote:**

**Ayes    5    Chair Duran, Vice Chair Jackson, Council Member Hameroff,  
Council Member Lang, and Council Member Lambert**

**Nays    0    None**

## **ACTION ITEM**

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

## **NEXT MEETING**

The Council directed TAA Clerk to schedule the next meeting in August so that the additional recommendations may be considered in time to present to the Board of Directors at its meeting in September.

## **ADJOURN**

There being no further business to discuss, Chair Duran adjourned the meeting at 4:42 p.m.

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**Prepared by:**

\_\_\_\_\_  
Byron M. Jones, CMC, TAA Clerk

Date: \_\_\_\_\_

# EXHIBIT 1



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**Date:** 6/29/2021

**To:** TAA Corporate Governance Council

**From:** Danette Bewley, President/CEO; Chris Schmaltz, VP & General Counsel; Kim Ryan, Deputy General Counsel

**Re:** Proposed Bylaw amendments for consideration by the Corporate Governance Council

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This memorandum provides an outline of proposed amendments to the TAA Bylaws based upon input from Board members, TAA Members and the TAA legal team.

## **Proposed Amendments**

### **1. Amend Section 1.3 (relating to corporate seals)**

Delete existing and replace language of Section as follows:

*The corporation shall have a corporate seal which shall be of such form as the Board of Directors may determine. The Board shall determine the custody, number and use of the corporate seal. The seal shall have inscribed on it the name of this corporation and the year of the corporation's creation and the words "Corporate Seal, Arizona." The Board of Directors may change the form and inscription of the seal as they deem appropriate.*

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

New Section 2.1.2(a)(iii)

*Terms of Members and continuing Members shall begin on the date of the annual meeting at which their membership or continuing membership was approved and end after fifteen (15) years for Members, or five (5) additional years for continuing Members, on the day prior to the date their membership or continuing membership was approved.*

### **3. Amend Section 2.1**

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

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

New Article 2.1.3:

*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.*

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

Amend the sub-paragraph by adding the phrase “*not act in conflict with the interests of the Authority,*” after the phrase “support the interests of the Authority.”

Delete existing and replace the last sentence of the sub-paragraph with the following:

*If a Member does not meet these membership requirements, the Board of Directors may, by vote of the majority of the membership of the Board of Directors (e.g., if a Board of 9 total directors, 5 votes are required), terminate such person’s membership in the Tucson Airport Authority.*

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

Delete existing and replace language of Section as follows:

*The election of new and continuing Members shall be by secret ballot of the existing Members in accordance with Arizona law (in person, by proxy or via remote attendance/electronic voting) at the annual meeting of the Members. A majority of the votes cast are required for approval of the election of new and continuing Members.*

**7. Amend Section 2.2.1 – (relating to Nominations)**

Delete existing and replace language of Section as follows:

*If a Member or Emeritus Member of the Authority in good standing desires to nominate for membership in the Authority a qualified person who is not then a Member, to be voted upon pursuant to the provisions of these bylaws, such Member or Emeritus Member shall nominate the person, pursuant to the process established for such nominations by the Nominating Council, no sooner than April 1 and no later than October 1 in the year preceding each regular annual meeting date. Members who desire to be considered for a Director position shall submit their application form and materials to the Nominating Council by October 1 in the year preceding each regular annual meeting date.*

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

Delete existing and replace language of Section as follows:

*All nominations for new or continuing Members of the Authority shall follow the process described in Sections 2.2.1 and 2.2.2. The Nominating Council shall review and consider all timely submitted new membership, continuing membership, and Director submittals. By November 30 of each year, the Nominating Council shall act on its recommendations for new members, continuing membership, and Directors to the Board of Directors for the Board's consideration and action.*

*Nominations for the office of Director may also be submitted by written petitions signed by not less than twenty-one (21) voting Members in good standing; provided each petition includes all information required to be submitted by Members filing a nomination/or their own request for a director position. Such petitions must be submitted to TAA by November 30, for consideration by the Board prior to the next annual meeting.*

*The Board of Directors shall review the recommendations made by the Nominating Council on nominations for new members, continuing membership, Director nominations (including those submitted by petition) and slate of officers, and may, by majority vote in favor on each nomination, approve a slate of nominees for new members, continuing members, and Directors,*

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*including their proposed terms, to be voted on by the Members at the next annual meeting. The slate of nominees shall be forwarded to the Members in accordance with Section 2.7.1 below.*

*The maximum number of TAA Members shall be sixty.*

**9. Delete Section 2.2.3.**

**10. Amend Section 2.3.1 NOTICE. (relating to Notices for annual meeting)**

Delete existing and replace language of Section as follows:

*Notice of the date, time and location of the annual meeting shall be provided at least twenty-one (21) days prior to the meeting to each Member and Emeritus Member. Notice may be provided via regular mail or electronically or both, at the addresses of each Member and Emeritus Member in the records of the corporation. Failure of a Member and Emeritus Member to receive a notice, or any irregularity in the sending or receiving of such notice, shall not affect the validity of any annual meeting or of any proceedings or actions taken at any such meeting.*

**11. Amend Section 2.4 SPECIAL MEETINGS. (relating to procedures to call special meetings of the Members)**

Delete existing and replace language of Section as follows:

*Special meetings of the Members of the corporation may be held in accordance with Arizona law, including in person, via technological means or a combination thereof. Special meetings may be held when demanded in writing by Members having at least ten percent (10%) of the votes entitled to be cast at such a meeting, when called by the Chair of the Board, or when called by vote of a majority of the members of the Board of Directors. Special meetings shall be valid for all corporate purposes and any action under corporate authority granted to Members under these Bylaws may be taken at such a meeting.*

**12. Amend Section 2.4.1 (relating to Notices of Special membership meetings)**

Delete existing and replace language of Section as follows:

*Notice of any special meeting, providing the date, time, manner of holding the meeting, and agenda for the meeting, shall be sent at least twenty-one (21) days prior to the special meeting to each Member via regular mail or electronically or both, at the addresses of each Member in the records of the corporation. Failure of a Member to receive a notice, or any irregularity in the sending or receiving of such notice, shall not affect the validity of any special meeting or of any proceedings or actions taken at any such meeting.*

**13. Delete Section 2.4.2.**

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**14. Amend Section 2.7.1 (relating to election procedures and materials)**

Delete existing and replace language of Section 2.7.1 as follows:

*The Board of Directors, at its meeting held under Section 2.2.2 above, shall direct the TAA President/CEO, and her/his designees, to compile election materials for all nominees forwarded to the Members for election at the next annual meeting. The election materials shall include ballots for the election, and all materials submitted by a Member or Emeritus Member as part of the nomination packet, or as may be submitted as part of a Director nominating petition.*

*The President/CEO shall cause the election materials (including the slate of nominees) to be sent to all Members at least twenty-one (21) days prior to the date of the annual meeting via regular mail or electronically or both, at the addresses of each Member in the records of the corporation. Failure of a Member and Emeritus Member to receive the election materials, or any irregularity in the sending or receiving of such materials, shall not affect the validity of the elections conducted at the annual meeting.*

**15. Delete Sections 2.7.2, 2.7.3, 2.7.4, and 2.7.5.**

**16. New Section 2.7.2 language (relating to nominated members unable to serve, prior to annual meeting date)**

*In the event that any nominee shall be unable to serve if elected by the Members (through death, ineligibility, incapacity, resignation, or similar), at any time between the sending of all election materials to the Members and the date of the annual meeting, upon notice to her/him, the President/CEO shall cause a notice to be sent prior to the annual meeting, as soon as is practicable under the circumstances, to all Members of the ineligibility of the nominee to serve if elected by the Members. Prior to the casting of ballots at the annual meeting, the Chair or Chair's designee shall make a reminder announcement as to the inability of the nominee to serve. The election shall proceed with the ballots as were distributed to the Members.*

**17. New Section 2.7.3 language (relating to ineligible members who are elected)**

*If a nominee who is unable to serve is elected by the Members, that election shall be deemed null and void and the position shall be deemed as vacant, except for any nominee to be a new Director. In that case, the position remains unfilled, and may be filled under the normal nomination process set forth in Section 2.2.1 and 2.2.2.*

**18. Amend Section 2.8 ORDER OF BUSINESS (relating to agenda for annual meeting)**

Delete existing and replace language of Section 2.8 as follows:

*The order of business for all annual meetings shall include (1) a presentation of all proxies held by Members to the Chair and Secretary for verification; (2) a review of the minutes of the*

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*preceding annual meeting (and any special meeting held since the last annual meeting), and action on them; (3) Reports from officers and councils as the Chair deems necessary or appropriate; (4) Elections and their results, and (5) any other matter provided on the Agenda sent to Members prior to the annual meeting.*

**19. Amend Section 3.1 ELIGIBILITY, ELECTION, TERM, NUMBER AND QUALIFICATION AND TERM OF OFFICE (relating to composition of Board)**

Delete existing and replace language of Section 3.1.1 as follows:

*The Board of Directors shall consist of at least seven (7) and no more than eleven (11) members. The Immediate Past Chair remains a Director on the Board for 1 year after her/his term as Chair expires.*

**20. Amend Section 3.1.2 TERMS (relating to Board terms)**

Delete existing and replace language of Section 3.1.2 as follows:

*Each Director shall serve for the term, either 1, 2 or 3 years, as provided for in the action that resulted in their election to Director, either by Member ballot or when filling a Board vacancy. A person may be nominated and approved to serve subsequent successive terms; however, no person may serve for more than six (6) consecutive years on the Board, except if the seventh (7<sup>th</sup>) consecutive year is to serve as Immediate Past Chair on the Board. Terms shall be staggered in a way to preserve experience and institutional knowledge on the Board.*

**21. Amend Section 3.2 VACANCIES (relating to vacancies on the Board)**

Delete existing and replace language of Section 3.2 as follows:

*In the case of any vacancy on the Board of Directors caused by death, resignation, disqualification or other reason, the Nominating Council shall recommend one or more nominees to fill the vacancy to the Board of Directors. The remaining Directors may elect a nominee, by majority vote, to fill the vacancy on the Board, to serve only for the period between the election of the nominee to the Board and the next annual meeting.*

**22. Amend Section 3.3 REGULAR MEETINGS (relating to Board meeting schedule)**

Delete existing and replace language of Section 3.3.1 as follows:

*After the adjournment of the annual membership meeting, at the same location if in person, the Board of Directors shall hold its first regular meeting of the year. At that meeting, the Board shall elect its officers and establish the schedule for at least 3 additional regular Board meetings for the year. Regular meetings shall be held as scheduled unless cancelled by the Chair by*

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*providing notice to the Board more that twenty-four (24) hours prior to the meeting date and time.*

**23. Amend Section 3.3.2 (relating Board attendance expectations)**

Delete existing and replace language of Section 3.3.2 as follows:

*Any Director who is absent without being excused by the Chair of more than fifty percent (50%) of all regular and special board meetings in any calendar year, shall be subject to removal from the Board by a majority vote of the membership of the Board.*

**24. Amend Section 3.4 (relating to special Board meeting notices)**

Delete last sentence of paragraph and replace as follows:

*Notice of each special meeting shall be provided to all Directors as required by applicable Arizona law, but in no event shall such notice be less than 24 hours prior to such meeting.*

**25. Delete Section 3.6 in its entirety.**

**26. Amend Section 4.1 (relating to Board officers of the non-profit corporation)**

Delete existing and replace language of Section 4.1 as follows:

*The officers of this corporation shall consist of a Chair, Vice Chair, Secretary and Treasurer. Such officers shall be elected at the first Board meeting held following the annual meeting. The slate of officers to be considered by the Board shall be as approved by the Board under Section 2.2.2 of these Bylaws.*

**27. Amend Section 4.7 (relating to the terms of office of the Chair and Vice-Chair of the Board)**

Delete existing and replace language of Section 4.7 as follows:

*The Chair and Vice-Chair shall serve two-year terms. All other officers serve one-year terms. If a Director's term as Chair would extend beyond the Chair's eligibility to serve on the Board under Section 3.1.2 of these bylaws, the term of the Director shall be extended to end at the end of the Director's term as Immediate Past Chair of the Board.*

**28. Amend Article 5, VACANCIES IN OFFICE (relating to cleanup of superfluous language)**

Delete the phrase "*although less than a quorum.*"

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**29. Amend Article 8, AMENDMENT TO BYLAWS (relating to bylaw amendment process requirements)**

Delete final sentence of the paragraph.

Replace with the following:

*No bylaw amendment may be acted on by the Board unless it has first been considered by the Corporate Governance Council. The Board of Directors shall, by majority vote, direct the Corporate Governance Council to consider bylaw amendments it deems appropriate and in the best interests of the corporation. If the Corporate Governance Council fails to timely meet to consider a proposed bylaw amendment and make a recommendation to the Board on the proposed bylaw amendment, the Chair may place the proposed bylaw amendment on the Board's agenda for consideration and action.*

**30. Delete Article 9 in its entirety.**

**31. Amend existing Article 10 as Article 9, APPOINTMENT OF ADVISORY COUNCILS (relating to the nature, amount and purpose of the advisory councils)**

Delete existing and replace language of Section 9.1 as follows:

*The TAA Advisory Councils shall include the Corporate Governance Council, the Nominating Council, the Audit Council, and the Financial Council (to include an environmental/sustainability sub-council) and such other councils as the Chair may determine is appropriate. No Council shall have an odd number of members, and shall have more than seven (7) or less than three (3) Members. The Chair shall appoint, with the advice and consent of the Board, Members to each council, and the Chair of each Council. The terms of such appointments shall be two (2) years. The Chair and Vice-Chair of the Board may attend and participate in all Council meetings as non-voting members of a Council.*

Delete existing and replace language of Section 9.2 as follows:

*Nominating Council. The Nominating Council shall consist of seven Members, who will be appointed for up to two, two-year terms, and may not serve more than 4 consecutive years. The Council Chair shall serve 2 years. The Council roster shall include, 2 former Directors, two current Directors who are not the Chair or Vice-Chair, and 3 Members who have never served as Directors. Nominating Council Members are not eligible to be nominated for a first term on the Board of Directors.*

**32. Clean up references to corporation officers:**

- a. Amend all instances in the bylaws which refer to Chairperson and/or the presiding officer of the Board of Directors and replace with Chair of the Board.

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- b. Amend all instances in the bylaws which refer to Vice Chair and/or the Vice Chair of the Board of Directors and replace with Vice Chair of the Board.
  - c. Amend all instances in the bylaws which reference the chair of an advisory council and replaced with Chair of the Council. References to specific councils will be amended as appropriate (e.g., Chair of the Nominating Council).

**33. Rename Article 2 as “Membership.”**

**34. Insert new Article 3 called “Meetings of the Corporation.”**

- a. Move Sections 2.3, 2.4, 2.5., 2.6, and 2.7 to the new Article 3 and number them Sections 3.1, 3.2, 3.3, 3.4, and 3.5.
- b. Move Section 2.8 (ORDER OF BUSINESS) to the new Article 3 and insert as Section 3.1.1.

**35. Renumber current Articles 3 through 12 to conform to previous changes, if approved.**

Attachments: Current Bylaws

Date: July 27, 2021

**To:** TAA Board of Directors

**From:** Kirk Eickhoff, Vice President/CFO

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

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Financial Performance

- Operating Income before Depreciation and Amortization (MTD & YTD vs budget)
  - Tucson Airport Authority generated operating income before depreciation and amortization of \$808,759 for June 2021, which is \$933,652 favorable to budget.
  - Year-to-date, TAA's operating income before depreciation and amortization of \$2,406,126 is favorable to budget by \$4,540,434 due to favorable operating revenues and expenses described below.
- Operating Revenues (MTD & YTD vs budget)
  - Total monthly operating revenue of \$3,371,055 is favorable to budget by \$759,538 or 29.1% and favorable to prior year by \$847,029 or 33.6%. The increase from prior year is largely due to increased concession revenue, driven by a higher than anticipated recovery of passenger volumes. Total monthly operating revenues were down \$319,057 (10.4%) compared to FY 2019 (pre-COVID).
  - Year-to-date operating revenues were greater than budgeted by \$2,920,613 or 12.5%, with favorable variances in all categories. Other operating revenues and concession revenues contributed the largest variances.
    - The favorable variance in concession revenue is largely attributable to higher-than-expected rental car revenues. The variance in other operating revenues is the result of higher-than-expected tie-down fees and royalties on sand and gravel mining.
- Operating Expenses (MTD vs YTD vs budget)
  - In June, total operating expenses were lower than budget by \$174,114, largely due to lower-than-anticipated personnel expenses and contractual services.
  - Year-to-date operating expenses of \$23,902,036 are favorable to budget by \$1,619,821 or 6.3%. 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 nine months ending June 30, 2021

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

	CURRENT MONTH - June			June 2020	June 2019
	BUDGET	ACTUAL	FAV (UNFAV)	ACTUAL	ACTUAL
<b>OPERATING REVENUES:</b>					
Landing fees	\$ 110,255	\$ 172,818	\$ 62,563	\$ 103,678	\$ 222,690
Space rentals	978,711	989,573	10,862	1,203,425	1,256,691
Land rent	296,440	306,426	9,986	327,892	291,900
Concession revenue	785,935	1,327,478	541,543	443,569	1,496,270
Reimbursed services	261,459	347,449	85,990	261,971	270,072
Other operating revenues	178,717	227,311	48,594	183,491	224,489
<b>Total Operating Revenues</b>	<b>2,611,517</b>	<b>3,371,055</b>	<b>759,538</b>	<b>2,524,026</b>	<b>3,762,112</b>
<b>OPERATING EXPENSES:</b>					
Personnel expenses	1,903,393	1,833,388	70,005	1,874,919	1,710,994
Contractual services	616,531	526,722	89,809	375,157	603,961
Materials and supplies	128,562	118,601	9,961	167,447	106,737
Other operating expenses	87,924	83,585	4,339	47,541	74,490
<b>Total Operating Expenses</b>	<b>2,736,410</b>	<b>2,562,296</b>	<b>174,114</b>	<b>2,465,064</b>	<b>2,496,182</b>
<b>NET OPERATING INCOME (LOSS) BEFORE DEPRECIATION AND AMORTIZATION</b>	<b>(124,893)</b>	<b>808,759</b>	<b>933,652</b>	<b>58,962</b>	<b>1,265,930</b>
Depreciation and Amortization	1,578,190	1,598,012	(19,822)	1,545,379	1,517,136
<b>OPERATING INCOME (LOSS)</b>	<b>(1,703,083)</b>	<b>(789,253)</b>	<b>913,830</b>	<b>(1,486,417)</b>	<b>(251,206)</b>
<b>NONOPERATING INCOME (EXPENSES)</b>					
Interest Income	76,667	50,226	(26,440)	138,612	270,798
Net increase/(decrease) in fair value of investments	-	(308,607)	(308,607)	(73,615)	159,926
Passenger facility charges	296,416	788,869	492,453	(4,728)	492,490
Interest expense and fiscal charges	(70,591)	(70,591)	-	(78,028)	(85,244)
Other nonoperating revenues (expenses)	-	-	-	-	28,251
<b>Total nonoperating revenues (expenses)</b>	<b>302,491</b>	<b>459,897</b>	<b>157,406</b>	<b>(17,759)</b>	<b>866,221</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>	<b>(1,400,592)</b>	<b>(329,356)</b>	<b>1,071,236</b>	<b>(1,504,176)</b>	<b>615,015</b>
<b>CAPITAL CONTRIBUTIONS:</b>					
Federal	919,384	113,069	(806,315)	-	-
State	45,131	-	(45,131)	105,836	-
<b>Total capital contributions</b>	<b>964,515</b>	<b>113,069</b>	<b>(851,446)</b>	<b>105,836</b>	<b>-</b>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>\$ (436,077)</b>	<b>\$ (216,287)</b>	<b>\$ 219,790</b>	<b>\$ (1,398,340)</b>	<b>\$ 615,015</b>

**TUCSON AIRPORT AUTHORITY**  
**STATEMENT OF REVENUES , EXPENSES AND**  
**CHANGES IN NET POSITION**  
*For the nine months ending June 30, 2021*

	CURRENT YEAR TO DATE			YTD - JUNE 2020	YTD - JUNE 2019
	BUDGET	ACTUAL	FAV (UNFAV)	ACTUAL	ACTUAL
<b>OPERATING REVENUES:</b>					
Landing fees	\$ 1,102,491	\$ 1,431,001	\$ 328,510	\$ 1,679,048	\$ 2,395,246
Space rentals	8,811,696	8,979,578	167,882	11,107,425	11,310,523
Land rent	2,667,958	2,782,466	114,508	2,787,839	2,637,800
Concession revenue	6,808,316	8,324,594	1,516,278	10,185,698	14,375,596
Reimbursed services	2,353,127	2,454,533	101,406	2,668,542	2,378,625
Other operating revenues	1,643,961	2,335,990	692,029	2,093,035	2,359,796
<b>Total operating revenues</b>	<b>23,387,549</b>	<b>26,308,162</b>	<b>2,920,613</b>	<b>30,521,587</b>	<b>35,457,586</b>
<b>OPERATING EXPENSES:</b>					
Personnel expenses	17,245,701	16,789,297	456,404	16,609,391	15,351,339
Contractual services	6,195,628	5,282,120	913,508	4,991,185	4,742,649
Materials and supplies	1,179,040	1,093,579	85,461	1,351,395	1,035,077
Other operating expenses	901,488	737,040	164,448	979,764	725,023
<b>Total Operating Expenses</b>	<b>25,521,857</b>	<b>23,902,036</b>	<b>1,619,821</b>	<b>23,931,735</b>	<b>21,854,088</b>
<b>NET OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION</b>	<b>(2,134,308)</b>	<b>2,406,126</b>	<b>4,540,434</b>	<b>6,589,852</b>	<b>13,603,498</b>
Depreciation and Amortization	14,136,827	14,236,944	(100,117)	13,849,589	13,644,768
<b>OPERATING INCOME (LOSS)</b>	<b>(16,271,135)</b>	<b>(11,830,818)</b>	<b>4,440,317</b>	<b>(7,259,737)</b>	<b>(41,270)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Interest Income	690,000	357,711	(332,290)	2,067,618	2,229,533
Net increase/(decrease) in fair value of investments	-	(306,370)	(306,370)	216,595	1,640,894
Passenger facility charges	2,752,137	3,108,887	356,750	3,694,897	5,653,314
Interest expense and fiscal charges	(659,801)	(659,801)	-	(726,010)	(821,431)
Gain/(Loss) on disposition of capital assets	-	(22,866)	(22,866)	2,175,246	9,628
Other nonoperating revenues (expenses)	13,982,489	13,988,872	6,383	72,540	88,770
<b>Total nonoperating revenues (expenses)</b>	<b>16,764,825</b>	<b>16,466,433</b>	<b>(298,393)</b>	<b>7,500,886</b>	<b>8,800,708</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>	<b>493,690</b>	<b>4,635,615</b>	<b>4,141,924</b>	<b>241,149</b>	<b>8,759,438</b>
<b>CAPITAL CONTRIBUTIONS:</b>					
Federal	4,290,104	3,062,968	(1,227,136)	8,680,742	1,419,347
State	215,995	563,548	347,553	568,928	17,430
<b>Total capital contributions</b>	<b>4,506,099</b>	<b>3,626,516</b>	<b>(879,583)</b>	<b>9,249,670</b>	<b>1,436,777</b>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>\$ 4,999,790</b>	<b>8,262,131</b>	<b>\$ 3,262,341</b>	<b>9,490,819</b>	<b>10,196,215</b>
<b>TOTAL NET POSITION, (BEGINNING)</b>		<b>416,225,900</b>		<b>396,401,145</b>	<b>386,970,849</b>
<b>TOTAL NET POSITION, (ENDING)</b>		<b>\$ 424,488,031</b>		<b>\$ 405,891,964</b>	<b>\$ 397,167,064</b>

**TUCSON AIRPORT AUTHORITY  
STATEMENT OF NET POSITION**

**ASSETS**

**CURRENT ASSETS**

Unrestricted assets:

Cash and cash equivalents	\$ 21,914,552	\$ 40,685,788
Investments	113,562,189	109,419,082
Accounts receivable, net of allowance for doubtful accounts of \$313,380 and \$210,550 for FY2021 and FY2020, respectively	2,337,044	4,106,757
Accrued interest receivable	103,746	345,419
Grants receivable	133,325	381,871
Inventories	383,217	318,122
Prepaid expenses and other assets	184,825	181,846
Total unrestricted current assets	<u>138,618,898</u>	<u>155,438,885</u>

Restricted assets:

Cash and cash equivalents	3,301,518	7,132,380
Investments	20,064,668	23,109,129
Accounts receivable	759,645	196,591
Accrued interest receivable	32,857	77,308
Total restricted current assets	<u>24,158,688</u>	<u>30,515,408</u>

**Total current assets**

**162,777,586      185,954,293**

**Noncurrent assets:**

Unrestricted assets:

Accounts receivable	136,897	340,180
Notes receivable, net of current portion	-	-
Capital assets		
Not depreciated	143,291,984	126,172,473
Depreciated, net	<u>190,601,846</u>	<u>195,482,941</u>
Net capital assets	<u>333,893,830</u>	<u>321,655,414</u>
Total unrestricted noncurrent assets	<u>334,030,727</u>	<u>321,995,594</u>

**Total noncurrent assets**

**334,030,727      321,995,594**

**TOTAL ASSETS**

**496,808,313      507,949,887**

**DEFERRED OUTFLOWS OF RESOURCES**

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

**TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

**\$ 502,899,646      \$ 511,941,891**

**TUCSON AIRPORT AUTHORITY  
STATEMENT OF NET POSITION**

**LIABILITIES**

**CURRENT LIABILITIES**

**Payable from unrestricted assets:**

	<b>June-21</b>	<b>June-20</b>
Accounts payable	\$ 560,221	\$ 427,634
Accrued expenses	2,088,183	2,342,408
Unearned revenue	2,609,586	2,620,784
Current portion of environmental remediation payable	4,465,542	4,480,576
Current portion of bonds payable:		
Airport Subordinate Lien Revenue Bonds, Series 2018	1,510,000	1,465,000
Total payable from unrestricted assets	<u>11,233,532</u>	<u>11,336,402</u>

**Payable from restricted assets**

**Accrued interest payable:**

Airport Subordinate Lien Revenue Bonds, Series 2018	227,253	251,778
	<u>227,253</u>	<u>251,778</u>

Current portion of environmental remediation payable	402,420	149,762
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Total payable from restricted assets	<u>629,673</u>	<u>401,540</u>
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<b>Total current liabilities</b>	<b><u>11,863,205</u></b>	<b><u>11,737,942</u></b>
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**NONCURRENT LIABILITIES**

**Payable from unrestricted assets**

**Bonds payable, net of current portion:**

Airport Subordinate Lien Revenue Bonds, Series 2018	26,687,930	29,822,067
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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>65,679,241</u>	<u>92,968,811</u>
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<b>Total noncurrent liabilities</b>	<b><u>65,679,241</u></b>	<b><u>92,968,811</u></b>
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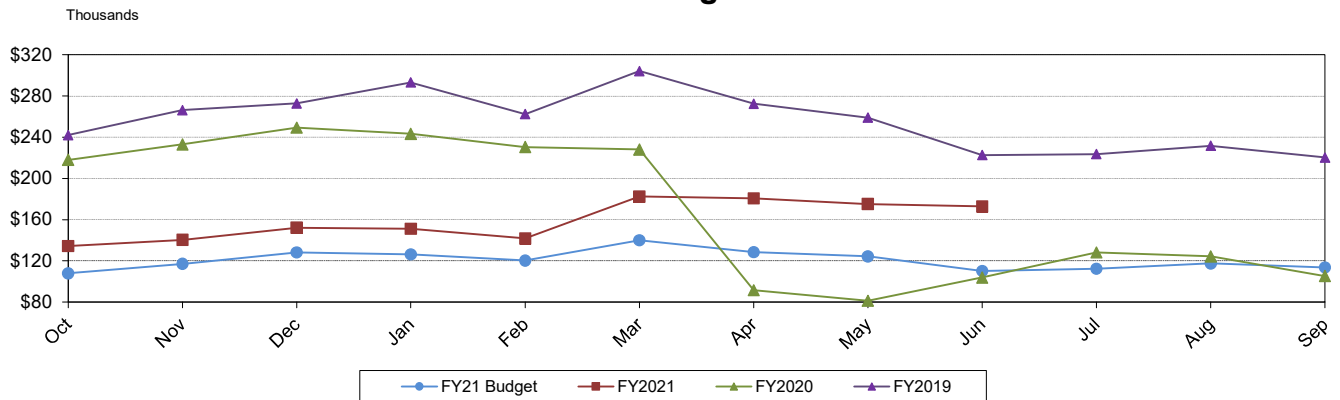
<b>TOTAL LIABILITIES</b>	<b><u>\$ 77,542,446</u></b>	<b><u>\$ 104,706,753</u></b>
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**TUCSON AIRPORT AUTHORITY  
STATEMENT OF NET POSITION**

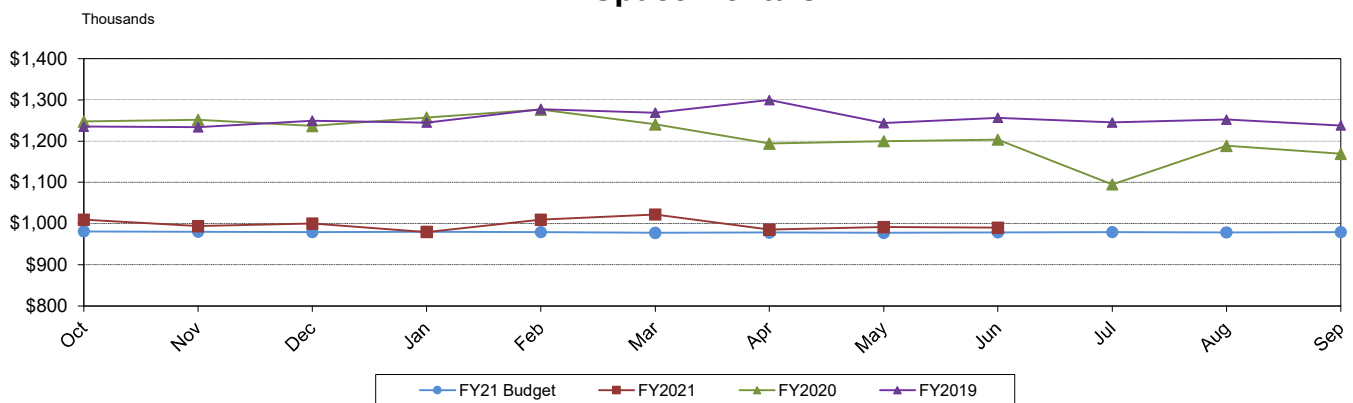
**LIABILITIES & NET ASSETS (Con't)**

	<b>June-21</b>	<b>June-20</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows from pensions	\$ 869,169	\$ 1,343,173
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>869,169</u>	<u>1,343,173</u>
<b>NET POSITION</b>		
Net Investment in capital assets	305,695,900	290,368,347
Restricted:		
Debt service	777,150	757,150
Capital projects	<u>23,154,285</u>	<u>29,506,480</u>
	23,931,435	30,263,630
Unrestricted	<u>94,860,696</u>	<u>85,259,987</u>
<b>TOTAL NET POSITION</b>	<b>424,488,031</b>	<b>405,891,964</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 502,899,646</b>	<b>\$ 511,941,891</b>

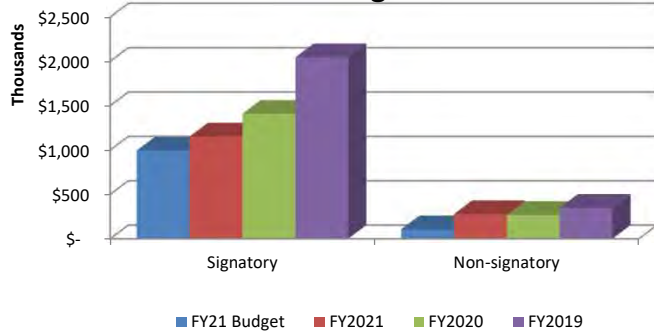
## Landing Fees



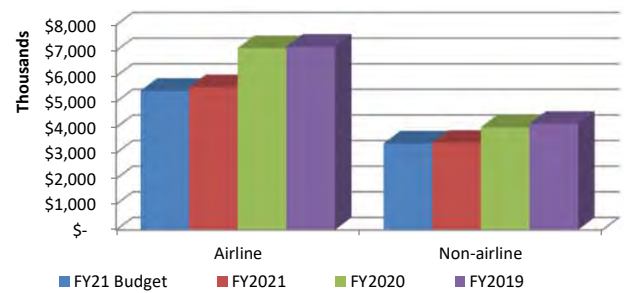
## Space Rentals



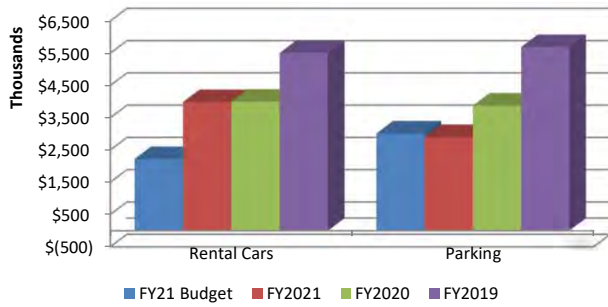
## YTD Landing Fees



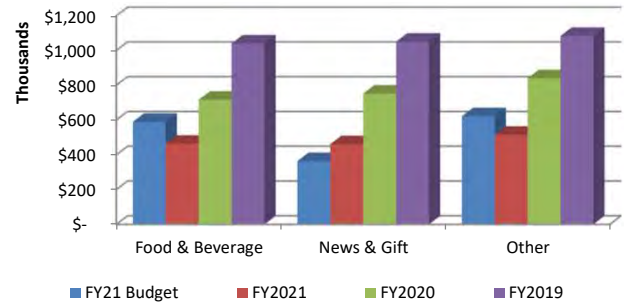
## YTD Space Rentals



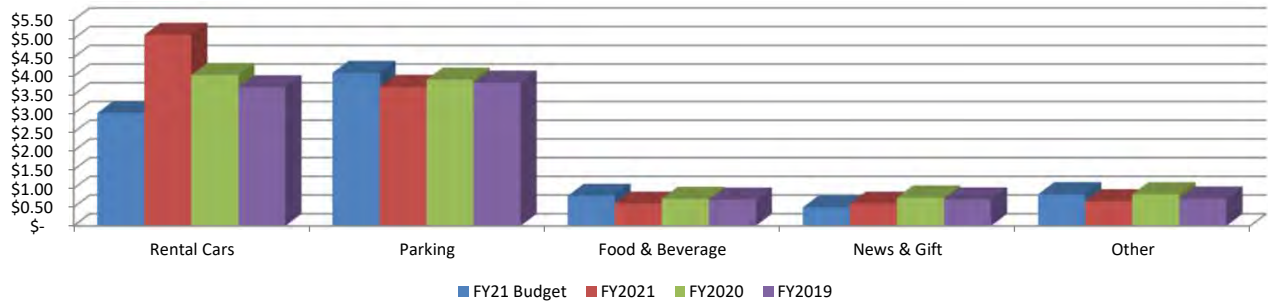
### YTD Concession Revenue



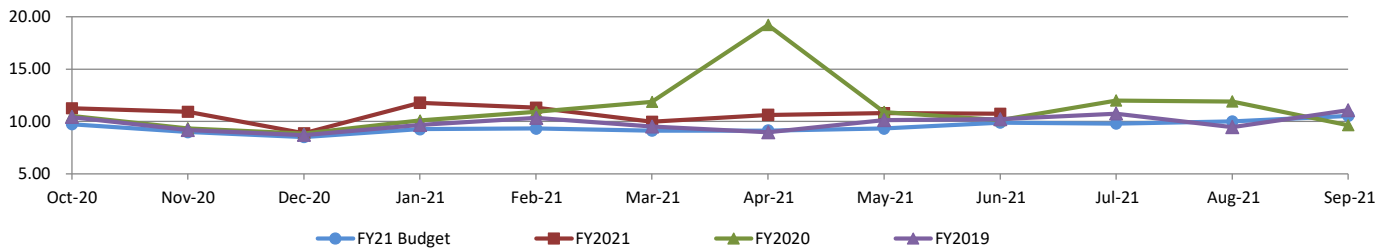
### YTD Concession Revenue



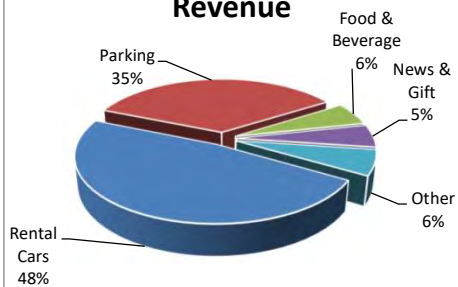
### Year-to-Date Concession Revenue per Enplaned Passenger



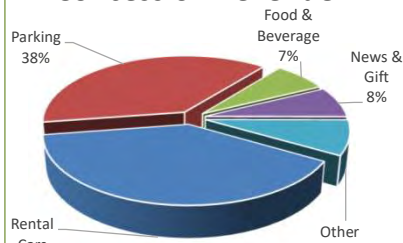
### Monthly Concession Revenue per Enplaned Passenger



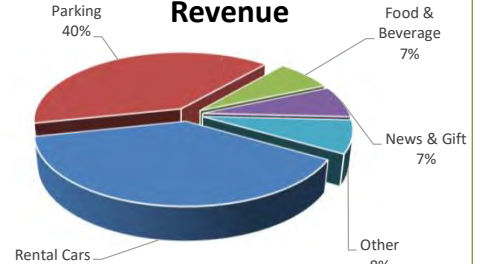
### FY-2021 YTD Concession Revenue



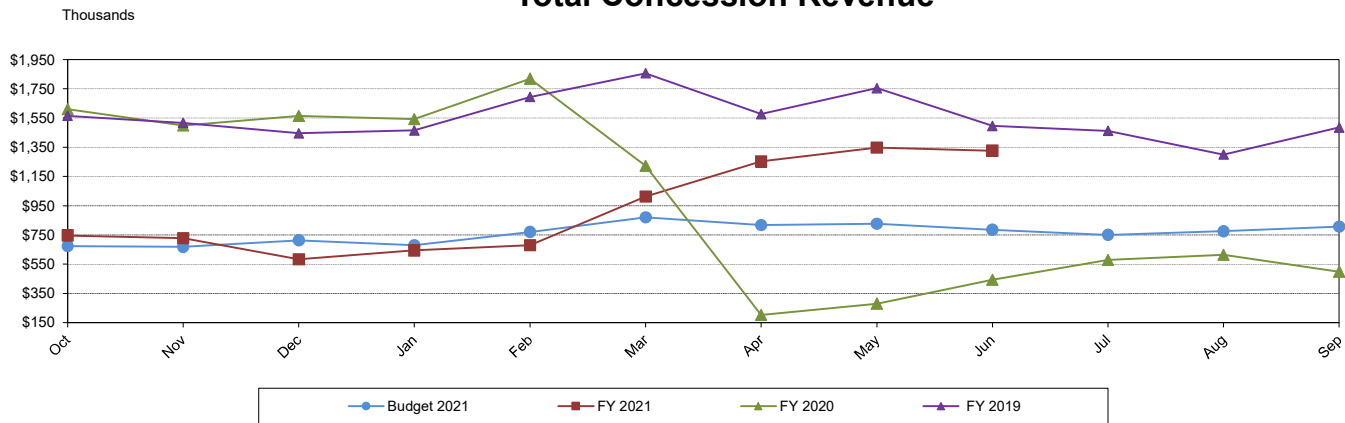
### FY-2020 YTD Concession Revenue



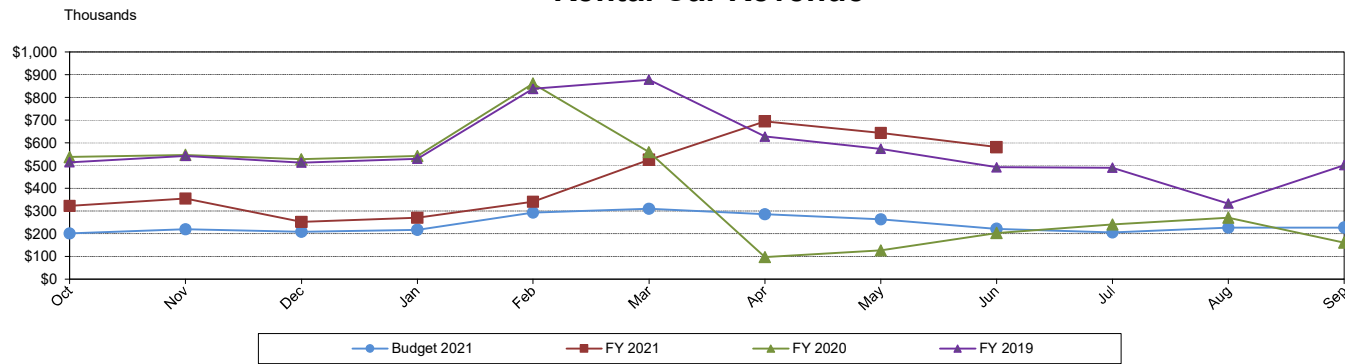
### FY-2019 YTD Concession Revenue



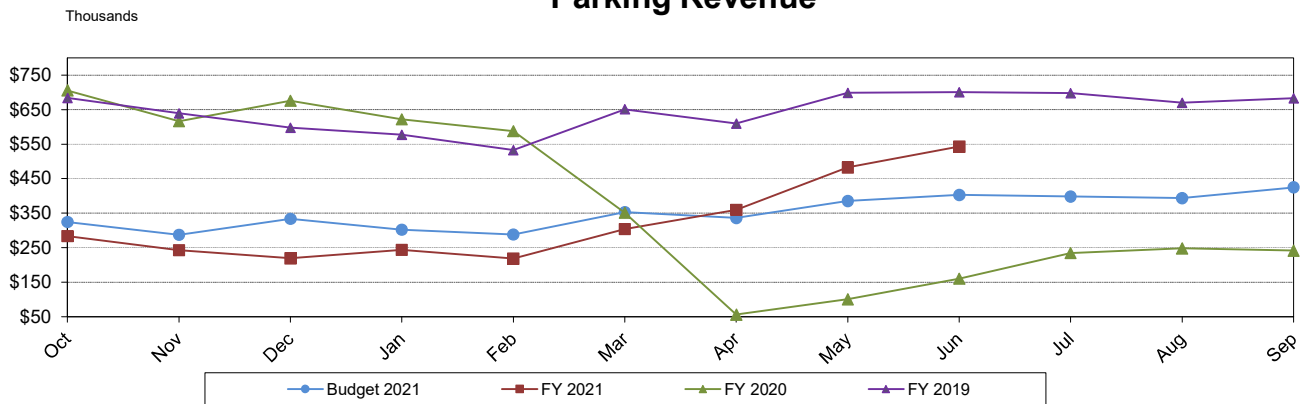
## Total Concession Revenue

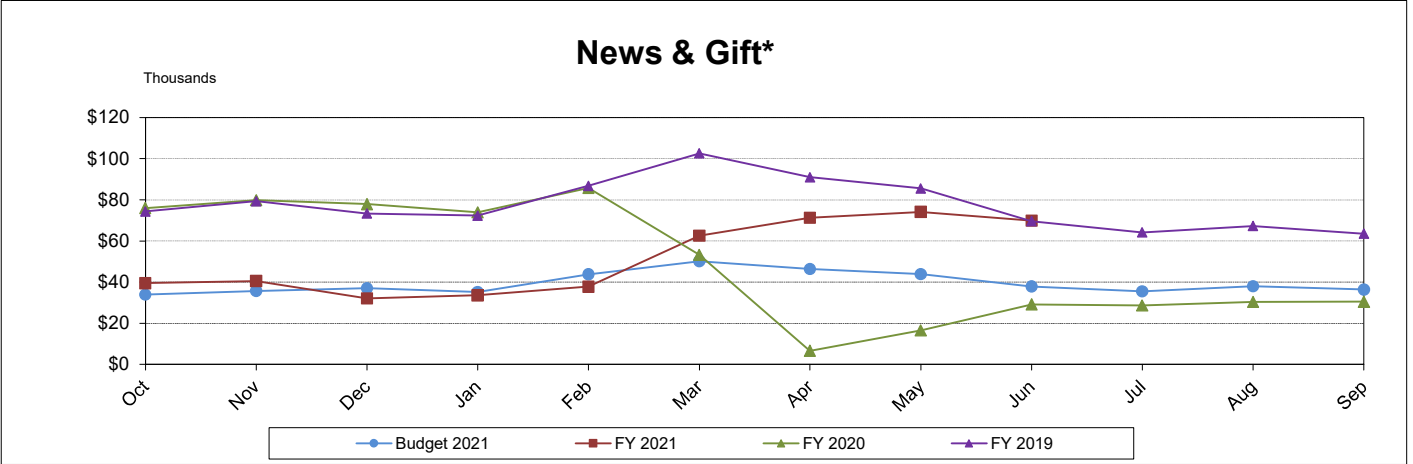
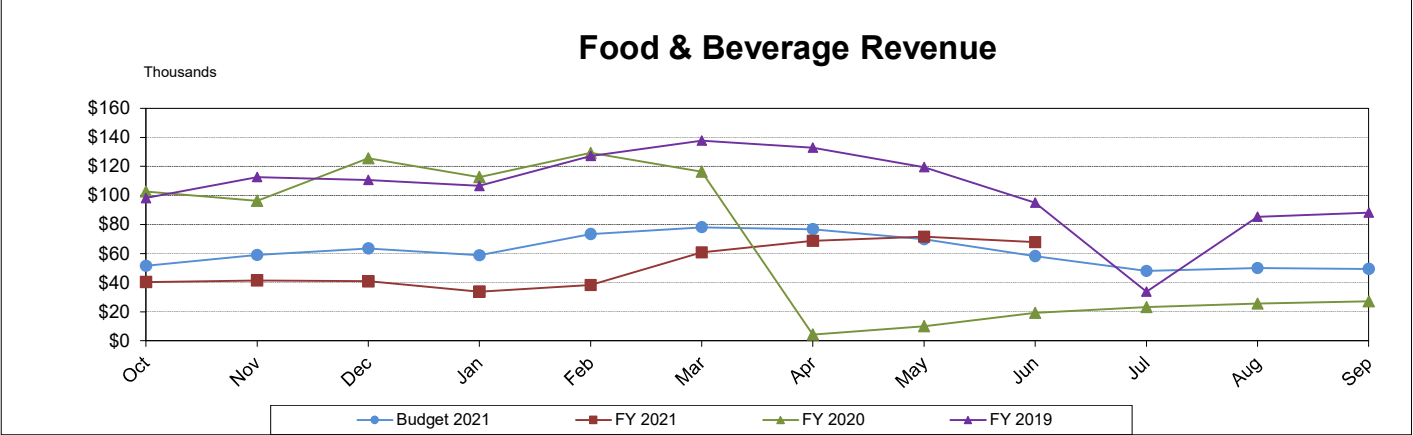


## Rental Car Revenue

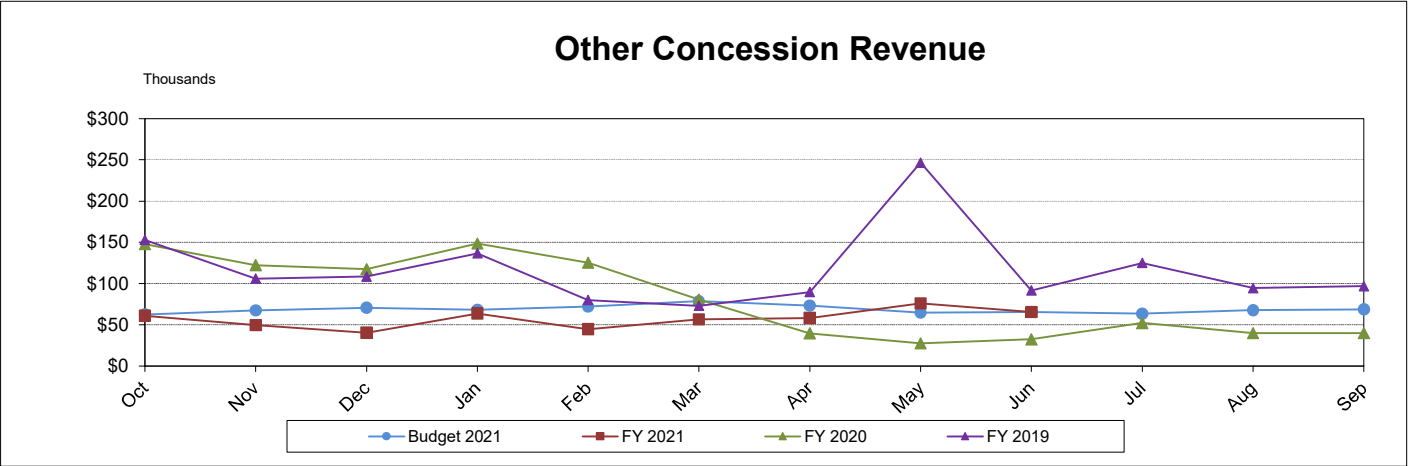


## Parking Revenue



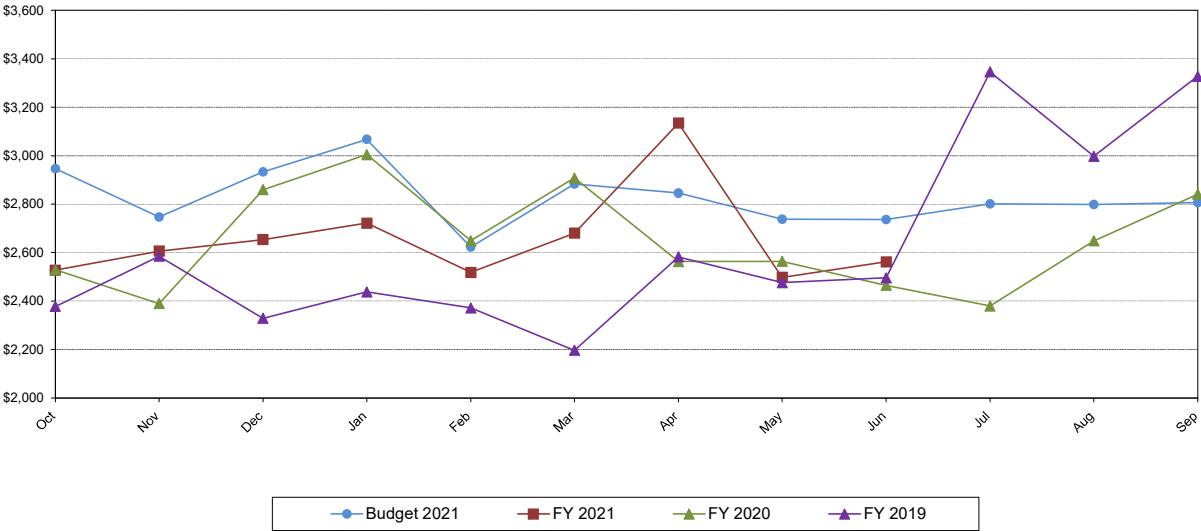


\*Hudson News is required to pay the greater of a calculated percent of gross revenue or a monthly minimum guarantee (MAG) of \$117k. However, in light of the impact of COVID -19 on passenger volume, the MAG was suspended in April 2020.



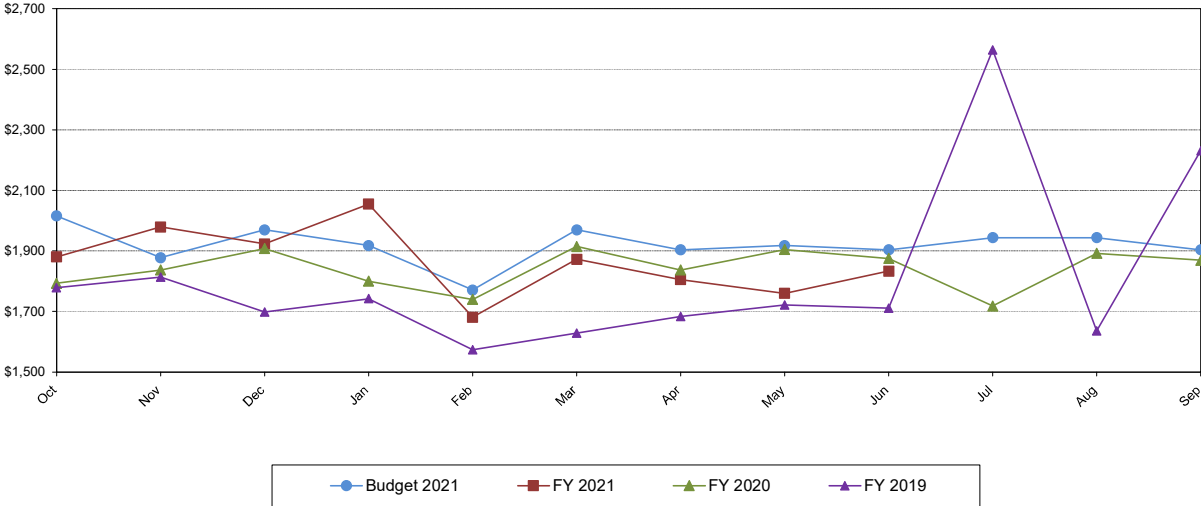
# Total Operating Expenses

Thousands

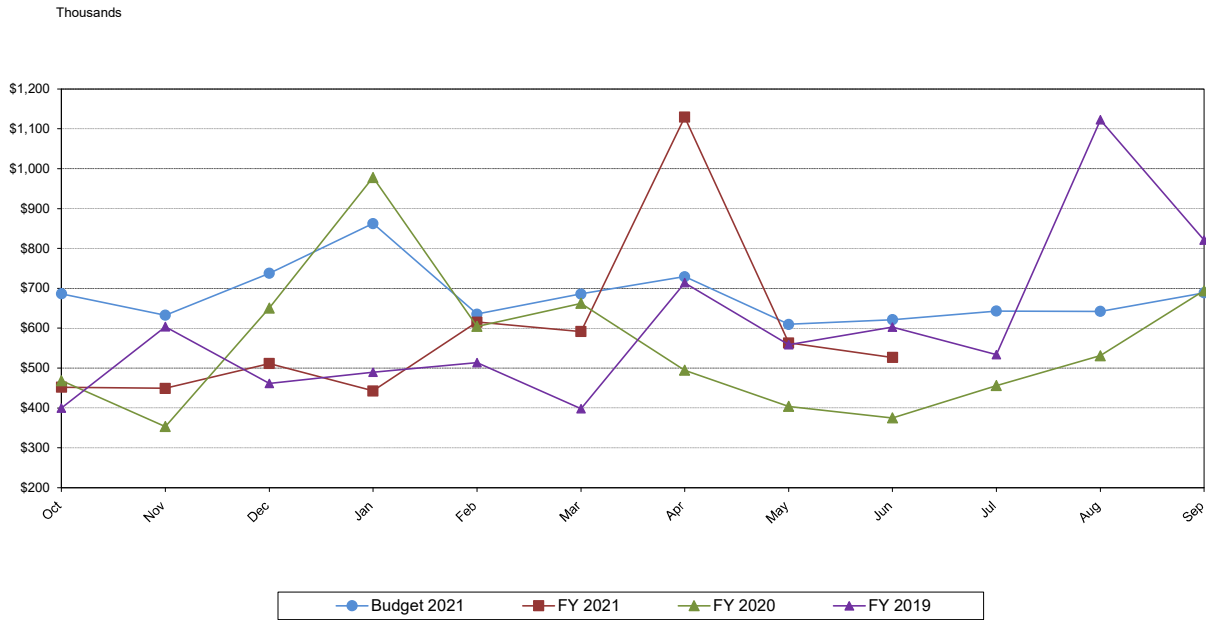


# Personnel Expenses

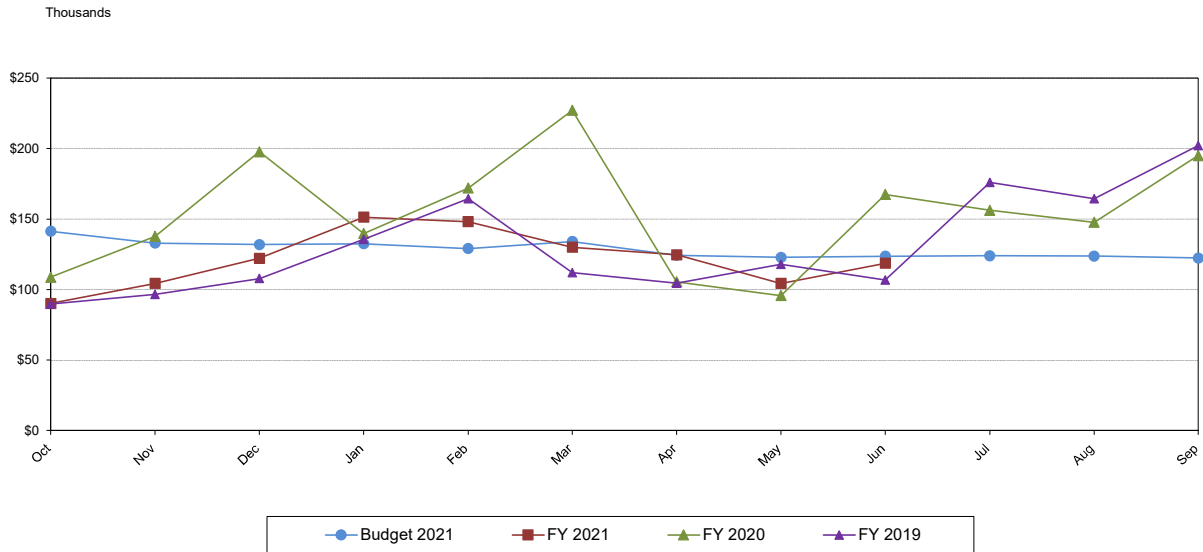
Thousands



## Contractual Services

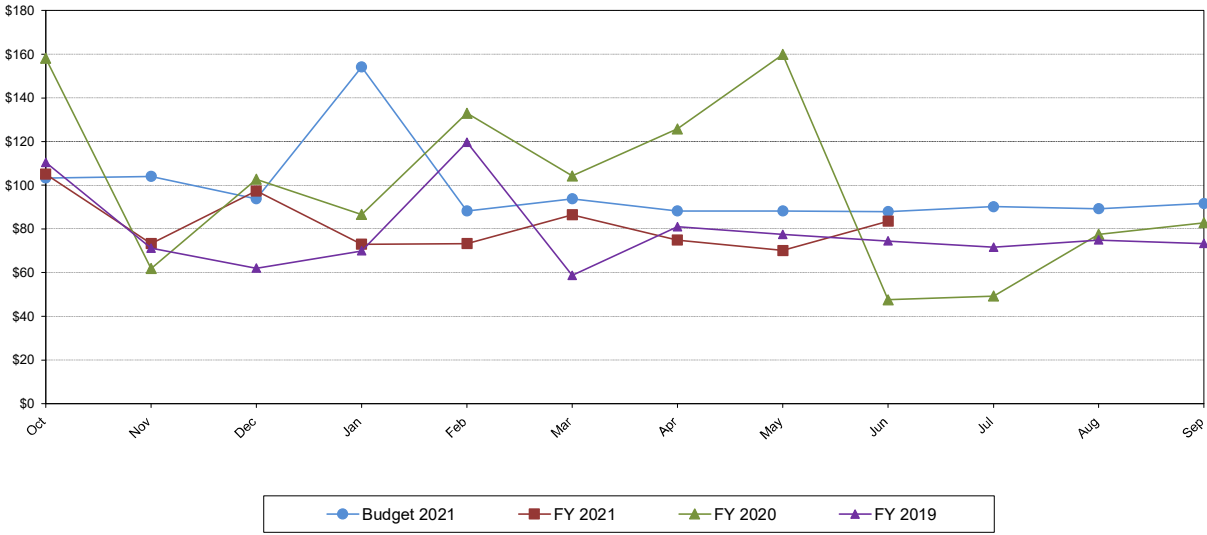


## Materials and Supplies

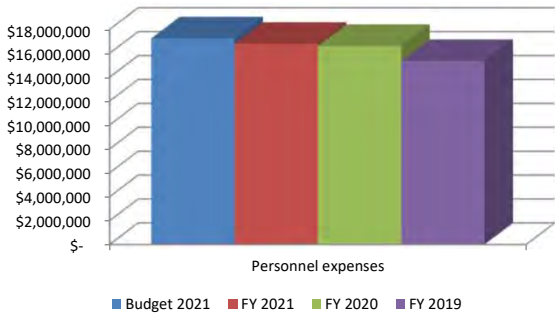


# Other Operating Expenses

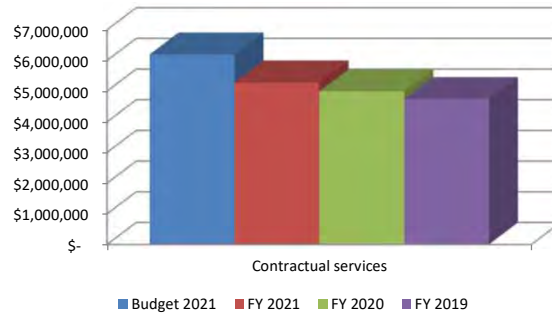
Thousands



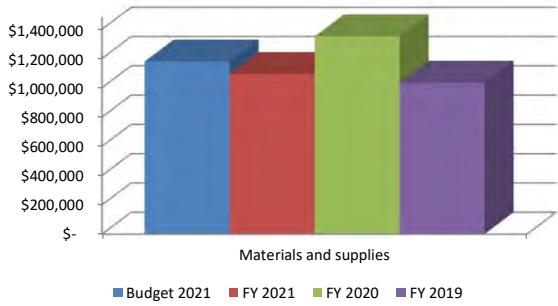
### YTD Personnel Expenses



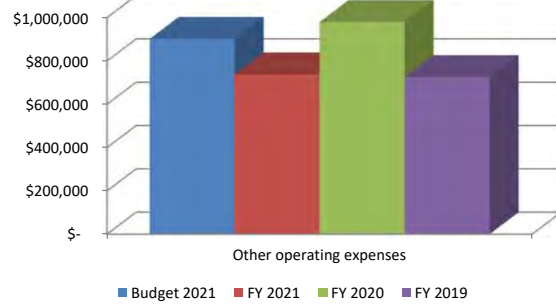
### YTD Contractual Services



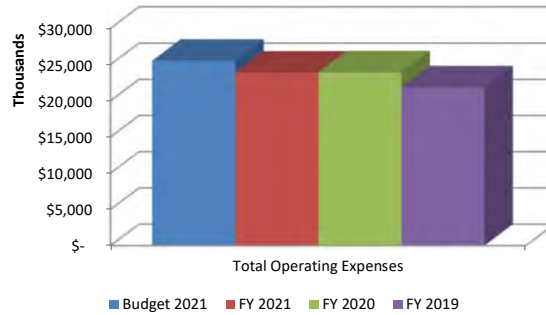
### YTD Materials and Supplies



### YTD Other Operating Expenses



### YTD Total Operating Expenses



Date: July 27, 2021

**To:** TAA Board of Directors

**From:** Kirk Eickhoff, Vice President/CFO

**Re:** Aviation Activity and Statistics for June 2021

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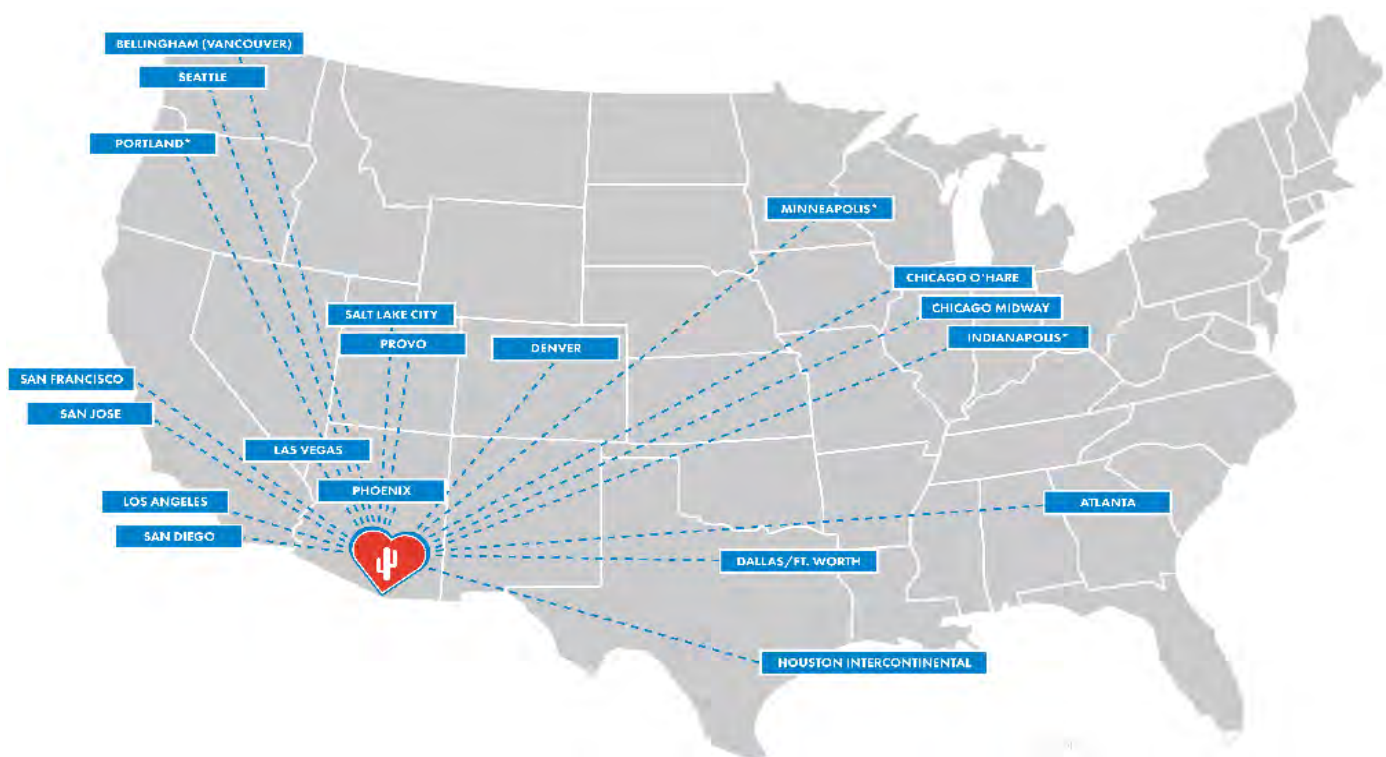
Summary of Operations and Statistics

- Total Passengers (MTD & YTD vs prior year)
  - Total passengers for the month of June 2021 were 185.0% higher than prior year.
  - YTD total passengers were 22.0% lower than prior year.
- Average Daily Scheduled Departures (MTD vs prior year, changes by routes & carrier)
  - The month of June had an average daily departure count of 42, which was 20 higher than prior year.
  - The increase was attributable to service to Atlanta (2), Denver (1), Dallas/Ft. Worth (2), Houston Hobby (1), Houston Bush (1), Los Angeles (5), Chicago O'Hare (2), Phoenix (3), San Diego (1), and Seattle/Tacoma (2).
  - Departure increases by carrier included American (8), Delta (5), United (4), Southwest (2), and Alaska (1).
- Average Daily Seat capacity (MTD vs prior years)
  - Seat capacity for June 2021 was 98.1% higher than prior year and 15.4% lower than 2019.
- Load Factors (MTD & YTD vs prior years)
  - The load factor for June was 86.5%, which is 26.0% higher than FY2020 and 0.01% lower than FY2019 for the same month.
  - The June year-to-date load factor of 69.1% was 0.5% lower than FY2020 and 14.6% lower than FY2019.
- Aircraft Operations (MTD & YTD vs prior year)
  - Freight, measured in pounds, is 4.7% higher in June compared the same month last year and year-to-date is 9.0% higher than prior year.
  - Total aircraft operations were 17.5% higher than the same month last year, with increases in all categories except General Aviation (decrease of 2.9% compared to June 2020).
  - Year-to-date operations are 12.8% higher than prior year, with increases air taxi, military and general aviation offset a by decrease in air carrier.

# AVIATION ACTIVITY REPORTS

## Tucson International Airport (TUS)

For the nine months ending June 30, 2021



*Prepared by Tucson Airport Authority  
Finance Department*

**TUCSON AIRPORT AUTHORITY**  
**TUS PASSENGER ACTIVITY**  
**TUCSON AIRPORT AUTHORITY**  
**TUS ACTIVITY OVERVIEW**

PASSENGERS*	Fiscal YTD					
	Jun-21	Jun-20	% CHANGE	2021	2020	% CHANGE
ENPLANED	123,583	43,740	182.5%	781,062	992,462	-21.3%
DEPLANED	115,637	40,197	187.7%	764,322	988,801	-22.7%
<b>TOTAL</b>	<b>239,220</b>	<b>83,937</b>	<b>185.0%</b>	<b>1,545,384</b>	<b>1,981,263</b>	<b>-22.0%</b>

\*Passenger figures include non-revenue passengers.

**LANDED WEIGHT\*\***

AIR CARGO	13,107	13,135	-0.2%	122,483	122,272	0.2%
AIR CARRIER	130,505	70,288	85.7%	1,055,554	1,264,115	-16.5%
<b>TOTAL</b>	<b>143,612</b>	<b>83,423</b>	<b>72.1%</b>	<b>1,178,037</b>	<b>1,386,387</b>	<b>-15.0%</b>

\*\*In thousand pound units.

**FREIGHT (in pounds)**

ENPLANED	2,596,489	2,572,250	0.9%	23,715,278	22,481,268	5.5%
DEPLANED	3,101,554	2,869,629	8.1%	27,270,333	24,279,899	12.3%
<b>TOTAL</b>	<b>5,698,043</b>	<b>5,441,879</b>	<b>4.7%</b>	<b>50,985,611</b>	<b>46,761,167</b>	<b>9.0%</b>

**MAIL (in pounds)**

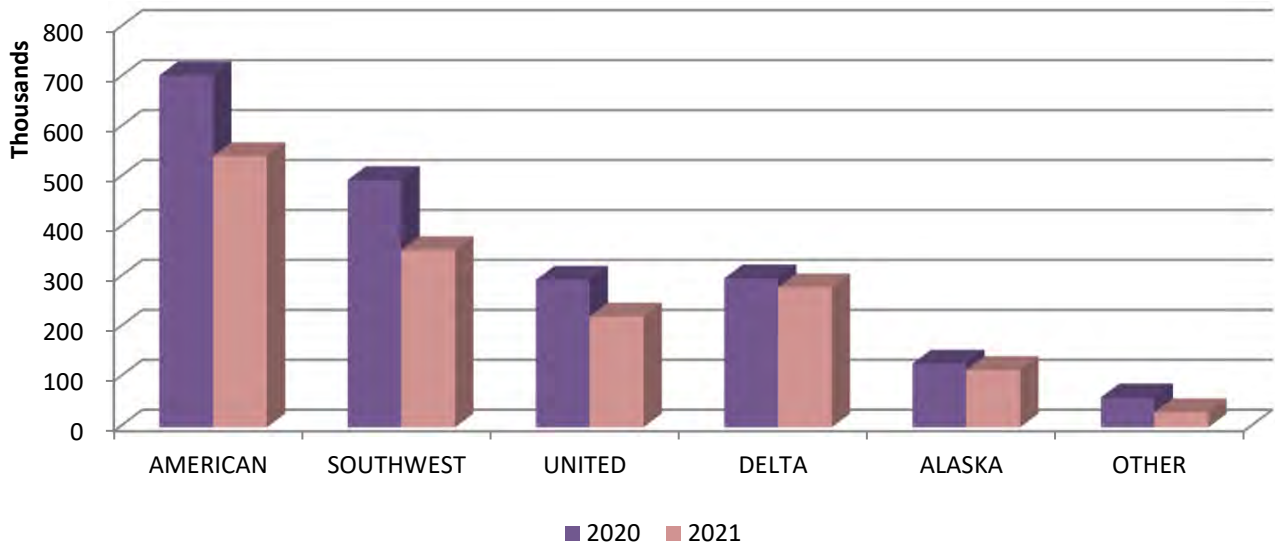
ENPLANED	0	0	0.0%	23	1,557	-98.5%
DEPLANED	1,813	1,239	46.3%	76,796	7,540	918.5%
<b>TOTAL</b>	<b>1,813</b>	<b>1,239</b>	<b>46.3%</b>	<b>76,819</b>	<b>9,097</b>	<b>744.4%</b>

**AIRCRAFT OPERATIONS**

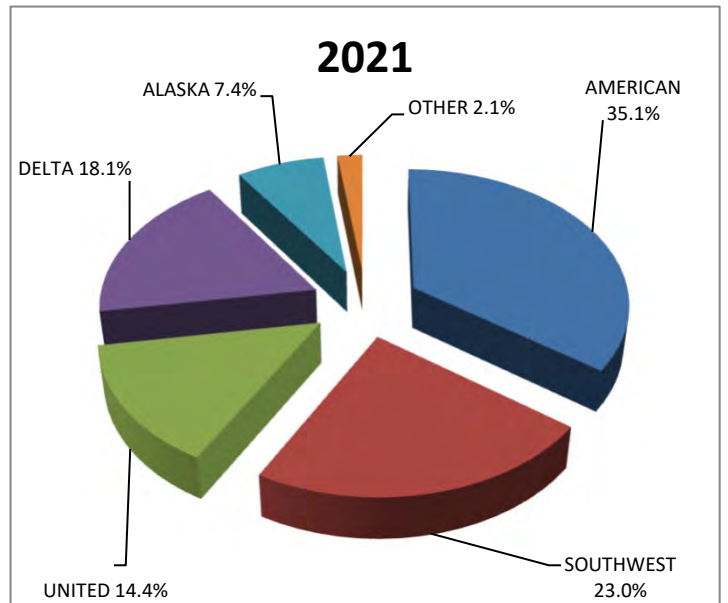
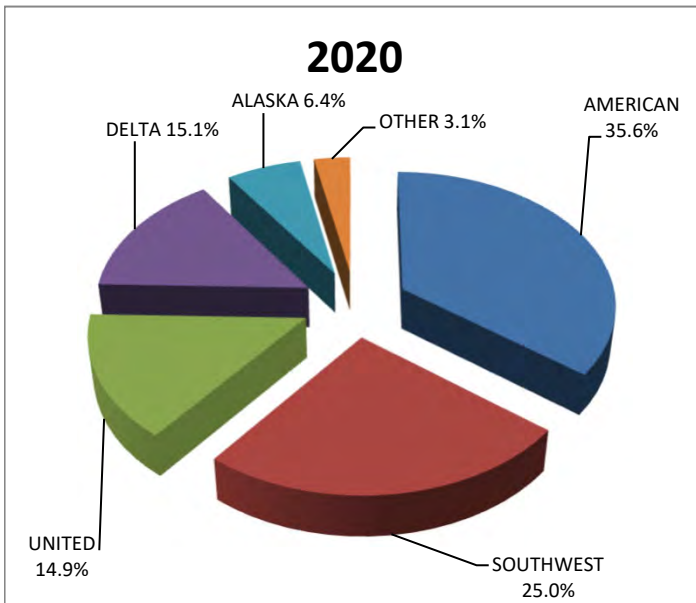
AIR CARRIER	2,344	1,506	55.6%	20,189	23,709	-14.8%
AIR TAXI	1,684	1,170	43.9%	12,982	11,262	15.3%
MILITARY	1,771	1,257	40.9%	15,698	12,680	23.8%
GENERAL AVIATION	5,600	5,765	-2.9%	57,803	46,898	23.3%
<b>TOTAL</b>	<b>11,399</b>	<b>9,698</b>	<b>17.5%</b>	<b>106,672</b>	<b>94,549</b>	<b>12.8%</b>

# TUCSON AIRPORT AUTHORITY TUS PASSENGER ACTIVITY

## TOTAL PASSENGERS YTD BY AIR CARRIER



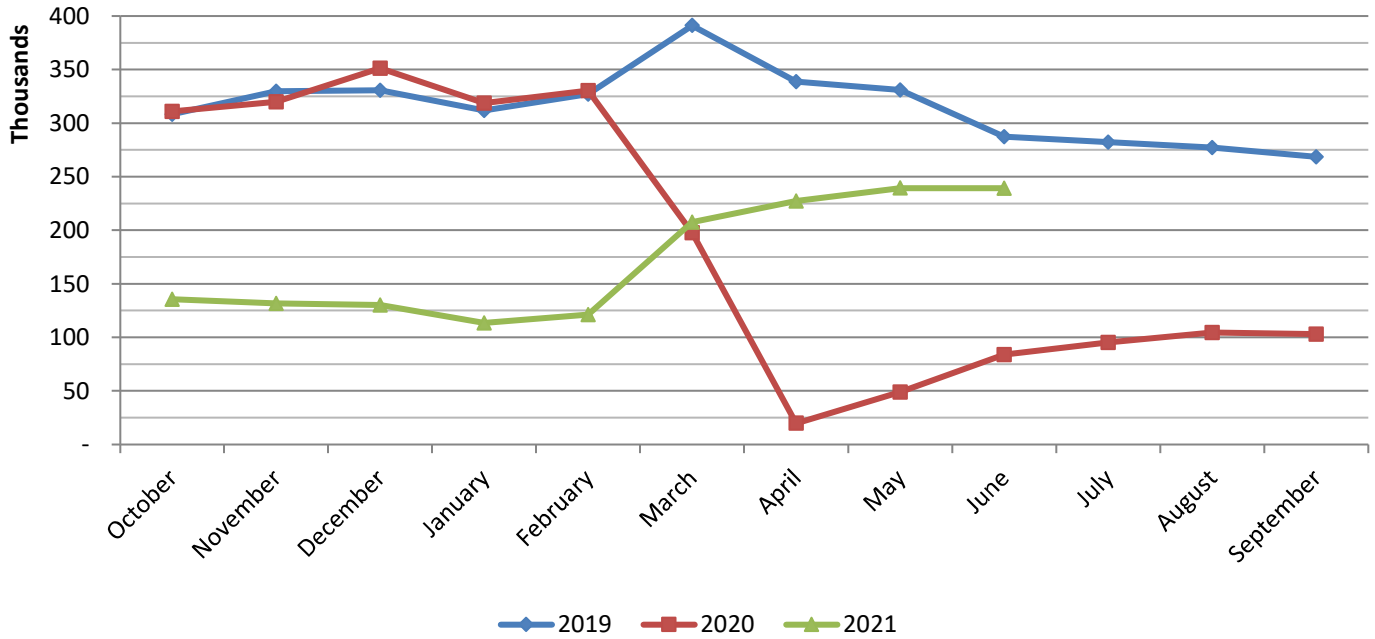
## AIR CARRIER MARKET SHARE



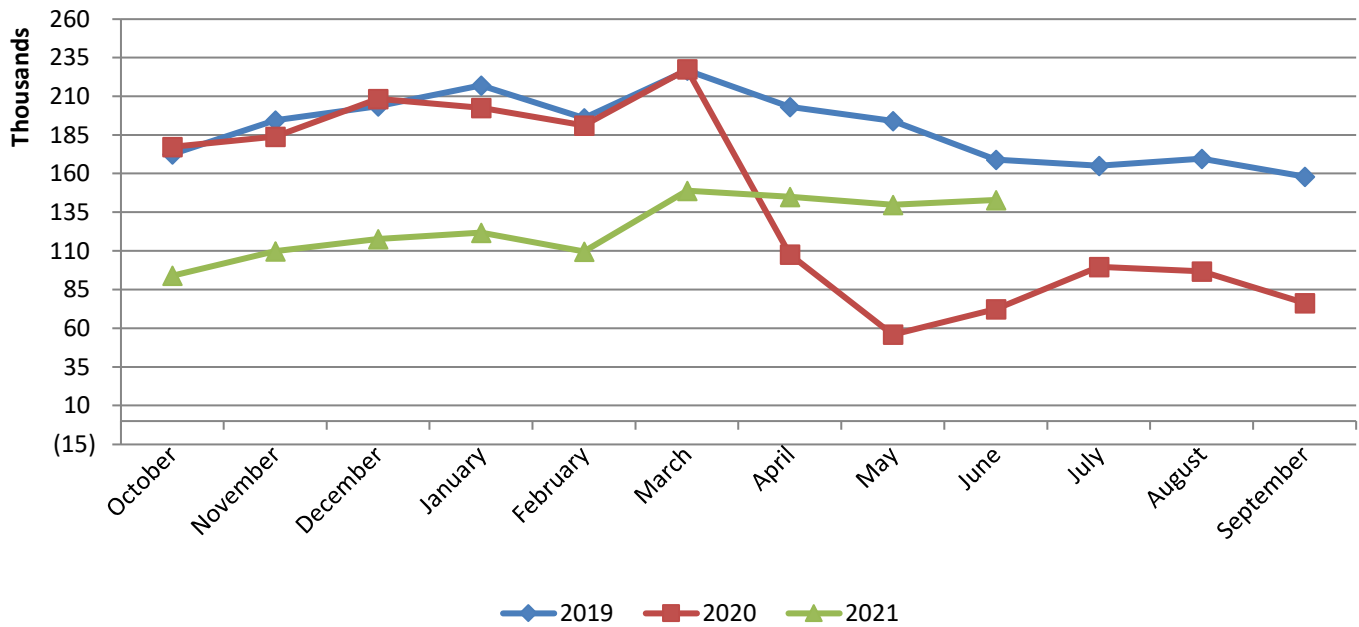
# TUCSON AIRPORT AUTHORITY

## TUS PASSENGER ACTIVITY

### TOTAL PASSENGERS BY MONTH



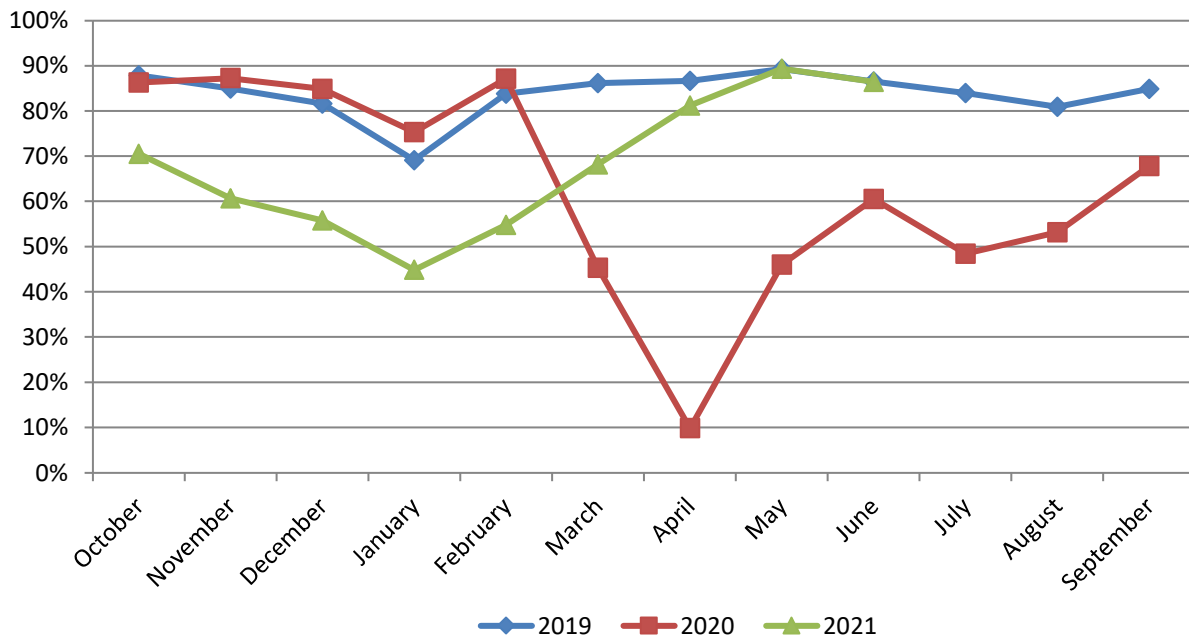
### AVERAGE SEAT CAPACITY PER MONTH



# TUCSON AIRPORT AUTHORITY

## TUS PASSENGER ACTIVITY

### LOAD FACTORS (AVAILABLE SEATS / TOTAL ENPLANEMENTS)



# TUCSON AIRPORT AUTHORITY

## TUS PASSENGER ACTIVITY

### TUS MONTHLY FLIGHT SCHEDULE SUMMARY

NONSTOP DESTINATIONS and Airline	Code	Average Daily Departures			Average Daily Seats		
		Current Year	Prior Year	Difference	Current Year	Prior Year	Difference
ATLANTA <i>Delta (1.7)</i>	ATL	1.7	0.0	1.7	318	0	318
DENVER <i>United (4), Southwest (2), Frontier (.1)</i>	DEN	6.1	4.7	1.4	547	519	28
DALLAS/FT WORTH <i>American (6)</i>	DFW	6.0	3.9	2.1	1,045	509	536
HOUSTON HOBBY <i>Southwest (1)</i>	HOU	1.0	0.0	1.0	157	0	157
HOUSTON BUSH <i>United (2)</i>	IAH	2.0	1.0	1.0	152	76	76
LAS VEGAS <i>Southwest (2) Allegiant (.3)</i>	LAS	2.3	2.6	(0.3)	350	372	(22)
LOS ANGELES <i>Delta (3), American (1.9) Southwest (.8)</i>	LAX	5.7	1.1	4.6	485	90	395
CHICAGO MIDWAY <i>Southwest (1)</i>	MDW	1.0	1.0	0.0	147	144	3
CHICAGO O'HARE <i>American (2), United (1)</i>	ORD	3.0	0.7	2.3	336	56	280
PHOENIX <i>American (4.5)</i>	PHX	4.5	1.9	2.6	384	135	249
PROVO <i>Allegiant (0.3)</i>	PVU	0.3	0.3	0.0	50	53	(3)
SAN DIEGO <i>Southwest (.7)</i>	SAN	0.7	0.0	0.7	118	0	118
SEATTLE/TACOMA <i>Alaska (2) Delta (1.0)</i>	SEA	3.0	1.0	2.0	357	107	250
SAN FRANCISCO <i>United (2)</i>	SFO	2.0	1.7	0.3	100	132	(32)
SALT LAKE CITY <i>Delta (3.1)</i>	SLC	3.1	2.8	0.3	220	213	7
<b>TOTAL</b>		<b>42.4</b>	<b>22.7</b>	<b>19.7</b>	<b>4,766</b>	<b>2,406</b>	<b>2,360</b>

**Date:** July 23, 2021

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

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### **Nonstop for Tucson Campaign**

The 'Nonstop for Tucson' campaign has officially been out to market for nearly five months now. For the final quarter of FY21 fiscal year, the TAA has upped its investment for all media outlets. Some exciting new pieces of the campaign that will begin running as of August include:

- :30 second commercials on television programming, including live sports.
- :15 second paid video ads on Facebook and Instagram
- :15 second video ads on Pandora
- 20-week transit campaign on Sun Tran and Sun Link (streetcar)
- Four new billboards in Pinal County (near Eloy)
- TAA Warehouse truck, which travels throughout the community, will be wrapped in campaign logo/colors to complement our four economy lot shuttles and TAA passenger van

### **Nonstop for Tucson Metrics**

- Digital only | **23.2 million impressions** through streaming audio, YouTube video, banners and paid social
- Combined metrics | **46.2 million impressions** through radio & digital online
- Total impressions since launch date of February 15 through June 30: **78.8 million impressions**

### **In The Media**

This summer, we have focused on organic travel communication sharing information about pandemic precautions, the touchless and innovative TUS experience and Q&As. Combined with our paid media efforts, we have seen an increase in overall followers, impressions, click-thru-rate (CTR) and media inquiries.

Noteworthy analytics between June 21 through July 18:

- Twitter (July 1-18) | impressions up 41%, profile visits up 78%
- Facebook | engagement remains above 3% for posts, page views up 9%, post reach is up 4%
- Instagram | reached more than 65k accounts (up 14%), followership grew 2%
- Media mentions | June mentions increased by 134% over May

Local and national media had an invested interest in the following stories:

- [\\$18.5 million investment announced for Tucson International Airport](#)
- [Donation helps Tucson Airport's military lounge ahead of reopening](#)
- [Authorities respond to 'security incident' at Tucson International Airport](#)

**Community Involvement**

- The FAA Safety Award trophy has now traveled to more than 15 locations throughout Tucson, including Reid Park Zoo, Sentinel Peak, University of Arizona, among others. We have seen increased community engagement through social media as our followers have provided recommendations for where the trophy should go next.
- An agreement with FC Tucson was finalized; TAA will receive impactful stadium and digital asset trade for parking and digital assets at the airport. FC Tucson flies out of TUS for all game travel.
- The Military Order of the World Wars Catalina Mountains Chapter donated \$2500 to the Military Lounge to assist with replenishing food/drinks for traveling military. The Military Lounge re-opened with scaled-back services but has been visited by more than 300 traveling active military since reopening on June 21.
- The TAA congratulated through social media the Arizona Department of Public Safety on the completion and opening of their new hangar, which houses three aircraft dedicated to serve Southern Arizona as well as the entire state in public safety matters.

**Pinal County Billboards**



**Transit Marketing**



**Date: July 26, 2021**

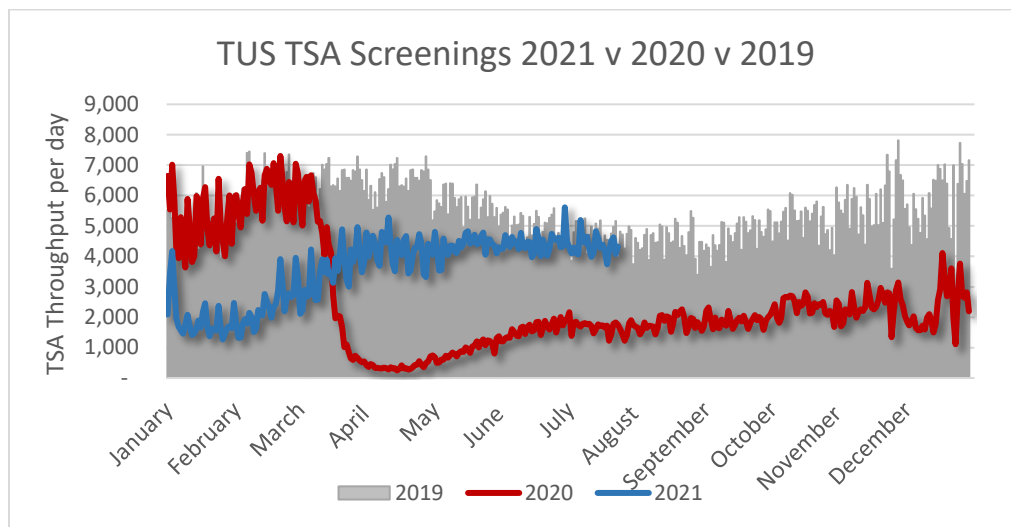
**To:** TAA Board of Directors  
**From:** Dave Hatfield, Senior Director of Air Service Development  
**Re:** **August TUS Air Service Update**

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**Summary**

As has been widely reported, the passenger recovery in airline travel has been happening much faster than was anticipated. It is stretching resources, not only for airlines but for support services such as rental cars, ground transportation, concessions, etc. Weather incidents are exacerbated for passengers when the next available flight is on another day.

In June the TSA screened 132,348 individuals through TUS checkpoints, which is 88% of the number processed the same month in 2019. July throughput is pacing at 94% of 2019.



Passengers at TUS are filling seats – more than 93% of all available seats departing TUS were filled in June and that pace is continuing. In short, flights are departing full. For the immediate short term additional passenger growth will be directly tied to airlines' ability to add capacity at TUS. Departing capacity for June was down 15.4% to an average of 4,764 seats per day. July scheduled capacity improves only slightly to 4,903 seats per day, which is still down 11.7% from 2019.

In recent weeks airlines have adjusted schedules across their systems. For the remainder of 2021, capacity at TUS is currently scheduled to go above 90% of 2019 capacity starting in September. Schedules for November and December are not necessarily final.

	Flights			Seats		
	2021	2019	Change	2021	2019	Change
August	43	48	-10.3%	4,903	5,521	-11.2%
September	43	46	-7.3%	4,817	5,320	-9.5%
October	48	52	-8.0%	5,452	5,719	-4.7%
November	50	56	-9.8%	5,638	6,196	-9.0%
December	54	59	-7.5%	6,153	6,679	-7.9%

The TAA continues to have discussions with our airline partners, and we are optimistic that we will continue to see continued growth, especially into our winter tourism season.

### State Puts \$101 Million Toward Tourism

Arizona Governor Doug Ducey recently announced the creation of the Visit Arizona Initiative, using funds from the American Rescue Plan Act. As an example, the governor's office said the money could be used to help airports recruit and support flights. The TAA is working with Visit Tucson, the City of Tucson, Pima County, Oro Valley and Rio Nuevo to present a coordinated effort in seeking funds. Applications and guidance is expected as early as July 30.

### New Flights

- **Alaska Airlines** will begin nonstop flights to **Everett, Washington** beginning November 19. This is a sign of confidence in the growing demand for travel between TUS and Seattle – Everett's Paine Field is just north of Seattle, and closer to areas north of downtown than Sea-Tac airport. TUS was the only new destination added at Paine Field. Even though Paine Field's history goes back to the 1930s, commercial airline service was only started in March 2019.
- **Frontier Airlines** will add nonstop flights to **Las Vegas** starting August 13. The ultra-low-fare airline's flights will be on Fridays and Mondays.

### TUS Load Factors

The weekend Frontier Airlines is adding flights to Las Vegas is the same weekend that Allegiant Air will be flying what we anticipate will be its final flights on the route. One of the indicators of success for a route is its load factor. For airlines, load factor is the percentage of available seat miles filled by revenue passengers.

The latest load factor data is for April 2021. Except for TUS still being without nonstop flights to San Diego and reduced service to Los Angeles, the latest data provide a snapshot of how well flights fared to other destinations.

Flights to 14 of the 19 available TUS destinations in April had load factors above the national average of 69.1% and it's reasonable to consider them safe to continue. Airlines at TUS served an additional six

destinations with load factors of 62% to 66%. Each of these flights was on an airline flying TUS passengers to feed connections at one of its hub airports. Those are also considered successful because the passenger revenue is apportioned for the entire trip.

Flights to three other destinations were above 50%, which is “on the bubble” and worth additional context. At 56.67%, Delta’s flights to Minneapolis benefitted because it fed passengers to a hub and followed a normal trend for the final month of a seasonal flight. The flights are scheduled to resume October 1. At 52% and 51%, Allegiant’s flights to Indianapolis and Provo, respectively, were not helped by the pandemic. The performance of service to both destinations will continue to be watched carefully. As of now, Indianapolis flights are scheduled to resume November 18. The Provo flights are scheduled to go on hiatus August 15 and a date for resumption has not been set.

Allegiant’s Las Vegas flights, which were less than 31% filled in April. With these kinds of numbers it should hardly be a shock if Allegiant chooses not continue with the route after August 15.

Carrier	Destination	Load Factor	Seats	Departures
Southwest	Denver	90.75	9,284	60
United	Chicago O'Hare	90.60	2,118	30
United	Denver	90.05	7,482	114
United	Houston Intercontinental	89.28	4,322	59
American	Dallas/Fort Worth	88.12	25,969	161
Southwest	Las Vegas	87.22	9,845	59
American	Phoenix	83.17	10,665	147
Alaska	Portland	82.74	2,280	30
Southwest	Chicago Midway	80.95	4,960	32
American	Chicago O'Hare	77.16	7,070	48
Frontier	Denver	77.06	900	6
United	San Francisco	76.87	4,265	79
Sun Country	Minneapolis-St. Paul	75.60	744	4
Southwest	Oakland	70.28	1,287	9
Alaska	Seattle-Tacoma	66.29	10,324	58
Southwest	Houston Hobby	64.64	4,674	30
Delta	Salt Lake City	63.03	8,848	117
Delta	Seattle-Tacoma	62.30	3,828	29
Delta	Los Angeles	62.21	5,466	78
Delta	Atlanta	62.14	10,036	53
Delta	Minneapolis-St. Paul	56.67	4,338	26
Allegiant	Provo	52.42	1,488	8
Allegiant	Indianapolis	51.04	531	3
Allegiant	Las Vegas	30.93	1,248	8
<b>TUS Totals</b>		<b>75.16</b>	<b>141,971</b>	<b>1,246</b>
<b>U.S. National Average</b>		<b>69.11</b>		