

**TUCSON AIRPORT AUTHORITY | Board of Directors Regular Meeting
September 1, 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, September 1, 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 no less than 24 hours prior to the meeting.

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

The agenda for the meeting is as follows:

1. CALL TO ORDER | ROLL CALL

- | | |
|--------------------------------------------------------------------------|----------------------------------------------------|
| <input type="checkbox"/> Bruce Dusenberry, Chair | <input type="checkbox"/> Rob Draper, Director |
| <input type="checkbox"/> Mike Hammond, Vice Chair | <input type="checkbox"/> Judy Rich, Director |
| <input type="checkbox"/> Keri Silvyn, Secretary | <input type="checkbox"/> Phil Swaim, Director |
| <input type="checkbox"/> Bill Assenmacher, Treasurer | <input type="checkbox"/> Todd Jackson, Director |
| <input type="checkbox"/> Taunya Villicana, Director/Immediate Past Chair | <input type="checkbox"/> Sally Fernandez, Director |

2. 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.

- a. **APPROVAL OF MINUTES:** Approve the minutes from the Board of Directors regular meeting held on August 4, 2021.

3. CHAIRPERSON REPORT

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

4. PRESIDENT/CEO REPORT

- a. State of the Industry | Update

5. DISCUSSION

- a. Strategic Planning Review | Discussion
- b. FY 2022 Budget Review | Discussion

6. ACTION ITEMS

- a. **TAA STRATEGIC PLAN 2.0:** The Board of Directors will consider and may adopt Resolution No. 2021-17 accepting and supporting the Tucson Airport Authority Strategic Plan 2.0.

- b. TAA FY 2022 BUDGET AND CAPITAL IMPROVEMENT PROGRAM:** The Board of Directors will consider and may adopt Resolution No. 2021-18 approving the budget and capital improvement program for the Tucson Airport Authority for the fiscal year beginning October 1, 2021 and ending September 30, 2022.
- c. ANG ECF | TENANT HANGAR REPLACEMENT BUDGET AMENDMENT:** The Board of Directors will consider and may adopt Resolution No. 2021-19 approving a budget increase to the Air National Guard Entry Control Facility (ANG ECF) – Tenant Replacement Hangar Project from \$8,500,000 to \$10,100,000.
- d. LAND DISPOSAL – ANG ECF:** The Board of Directors will consider and may adopt Resolution No. 2021-20 authorizing the President/CEO or her designee to take all necessary actions to obtain Federal Aviation Administration approval for the release of the Entry Control Facility (ECF) land from federal obligations and to execute the land transaction related to the ECF land and Relocated Hangar.
- e. LAND TRANSACTION – ASE/USAF PARCELS F and G:** The Board of Directors will consider and may adopt Resolution No. 2021-21 authorizing the President/CEO or her designee to take all necessary actions to obtain Federal Aviation Administration approval for the release of Parcel G from federal obligations and to execute the land transactions related to Parcels F and G with the United States Air Force (USAF) as part of the Airfield Safety Enhancement (ASE) Program.

7. DIVISION UPDATES

a. FINANCE AND ADMINISTRATION:

- 1. July 2021 YTD Financials | Financial Summary/Aviation Activity Report

8. NEXT MEETING

Wednesday, October 6, 2021 | 3:00 p.m. | Remote participation via Webex

9. ADJOURN

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

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

CALL TO ORDER | ROLL CALL

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

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

Members Absent: Director Judy Rich

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

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

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

CONSENT AGENDA

1. APPROVAL OF MINUTES

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

2. AEROPARK REHABILITATION BUDGET AMENDMENT

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

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

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

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

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

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

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

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

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

Nays 0 None

ACTION ITEMS

TUCSON AIRPORT AUTHORITY BYLAW AMENDMENTS

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

BOARD DISCUSSION REGARDING PROPOSED AMENDMENT NO. 8:

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

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

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

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

Nays 0 None

CHAIRPERSON REPORT

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

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

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

The TAA recently added several employees in leadership positions:

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

PRESIDENT/CEO REPORT

7. State of the Industry | Update

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

Leisure Travel:

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

Recovery:

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

Tucson Market:

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

8. Strategic Plan | Quarterly Update

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

PRESENTATIONS

9. TAA STRATEGIC PLAN 2.0 | STUDY SESSION

President/CEO Danette Bewley presented.

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

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

ATTACHMENT ONE: Strategic Plan V2.0 Presentation

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

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

BOARD DISCUSSION:

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

10. TAA POLICE DEPARTMENT | UPDATE

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

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

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

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

BOARD DISCUSSION:

▪ **How large is the department?**

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

EXECUTIVE SESSION

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

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

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

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

Nays 0 None

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

RECONVENE THE REGULAR MEETING

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

NEXT MEETING

The next meeting will be held on Wednesday, September 1, 2021, at 3:00 p.m., via Webex.

ADJOURN

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

APPROVED BY:

Keri Silvyn, Secretary

Date: _____

Prepared by:

Byron M. Jones, CMC, TAA Clerk

Date: _____

DRAFT

ATTACHMENT ONE

Tucson Airport Authority

**STRATEGIC PLAN V2.0
PRESENTATION**

DRAFT



Strategic Plan V2.0

Board of Directors | Study Session
August 4, 2021

Why 1.0 to 2.0?



Annually review and update

Lessons learned from Strategic Plan 1.0

New perspectives from new executives on the Executive Team

Recovery from COVID-19

What hasn't changed?



Mission

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

Vision

Landing prosperity in Southern Arizona

Guiding Principles

We Deliver Results

We Work Smart

We Are Curious

We Play For The Team

What has changed?



Transition from tasks to initiatives

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



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

Improve structure and integration of initiatives year over year

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

Summary

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

Strategic Initiatives

	FY22	FY23	FY24	FY25+
Rally Cry	Take Off	Climb Out	Open Skies	New Destinations
Why	Invest for Success	Connected, Functioning Systems	High Performance	Employee Driven and Community Engaged Culture
Expand Prosperity	Staging the Resources	Execution and Engagement	Sustained Growth	Investigating New Opportunities

STRATEGIC INITIATIVES

FOCUSES

- 1 Commercial Development Planning and Marketing
- 2 Shovel Ready Infrastructure (both TAA land and with our utility and community partners)
- 3 Negotiate and Implement New Airline Use Agreement (AUA)
- 4 Air Service Development

Strategic Initiatives

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

Strategic Initiatives

	FY22	FY23	FY24	FY25+
Rally Cry	Take Off	Climb Out	Open Skies	New Destinations
Why	Invest for Success	Connected, Functioning Systems	High Performance	Employee Driven and Community Engaged Culture
Upgrade to First Class Systems and Efficiencies	Growing to Efficient Systems	Achieve Efficiency	Systems are Centers of Excellence	

STRATEGIC INITIATIVES

FOCUSES	<ol style="list-style-type: none"> 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
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Strategic Initiatives

	FY22	FY23	FY24	FY25+
Rally Cry	Take Off	Climb Out	Open Skies	New Destinations
Why	Invest for Success	Connected, Functioning Systems	High Performance	Employee Driven and Community Engaged Culture
Create External TAA Champions	Create Champions	We are the Champions	Engage the Futurists	TAA as Fulcrum for Regional Prosperity

STRATEGIC INITIATIVES

<p>FOCUSES</p> <ul style="list-style-type: none"> 1 Tourism 2 Activate Community Value Proposition 3 Identify and cultivate Member Value Proposition 4 External Communications and Marketing Delivers Results

Success Indicators

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

THANK YOU!
Q&A SESSION



Tucson Airport Authority Police Department Update

August 4th, 2021

Tucson Airport Authority Police Department

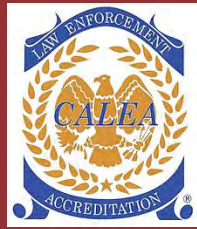
Honor. Respect. Valor.

- Safety, Security and Customer Service are the foundation for how we operate.
 - Safety:
 - Ensures a safe environment for employees, tenants, travelers, and others within TAA jurisdiction at TUS and RYN.
 - Security:
 - Ensures TSA regulatory requirements are in compliance for aviation security.
 - Customer Service:
 - Provide community oriented policing practices and serve as ambassadors for the public as they travel through TUS.
 - Treat every person with dignity and respect





Certification and Accreditation



- The TAA enabling legislation authorizes the Tucson Airport Authority to have a Police Department
- Officers are certified by the Arizona Peace Officer Training and Standards Board (AZPOST)
 - Consistent with all other law enforcement in the state
 - Ensures ethical standards are met
 - Officers are required to complete mandatory annual training
- Aviation Security
 - Enforce Transportation Security Administration (TSA) regulatory requirements
 - Certified Explosive Detection Canine Teams
- Accredited by the Commission on Accreditation for Law Enforcement Agencies (CALEA)
 - Ensures best practices are followed
 - Annual policy review and audit
 - Establishes standards to quickly address the challenges of modern policing
 - Reduces exposure to civil lawsuits

Community Oriented Policing

- Body-Worn Cameras
 - This technology provides another layer of accountability
 - Deployed at TAA earlier this year
 - Video from the cameras are randomly audited to ensure officers are following department policies and procedures
 - Reduces exposure to false claims
 - Provides transparency to interactions to address complaints
- Inter-agency Cooperation Local, State, Federal Partners
 - EOD
 - Canine teams
 - SWAT team
 - Mutual Aid
 - PCWIN
 - 3rd party Critical Incident Investigation
 - Aviation Assets



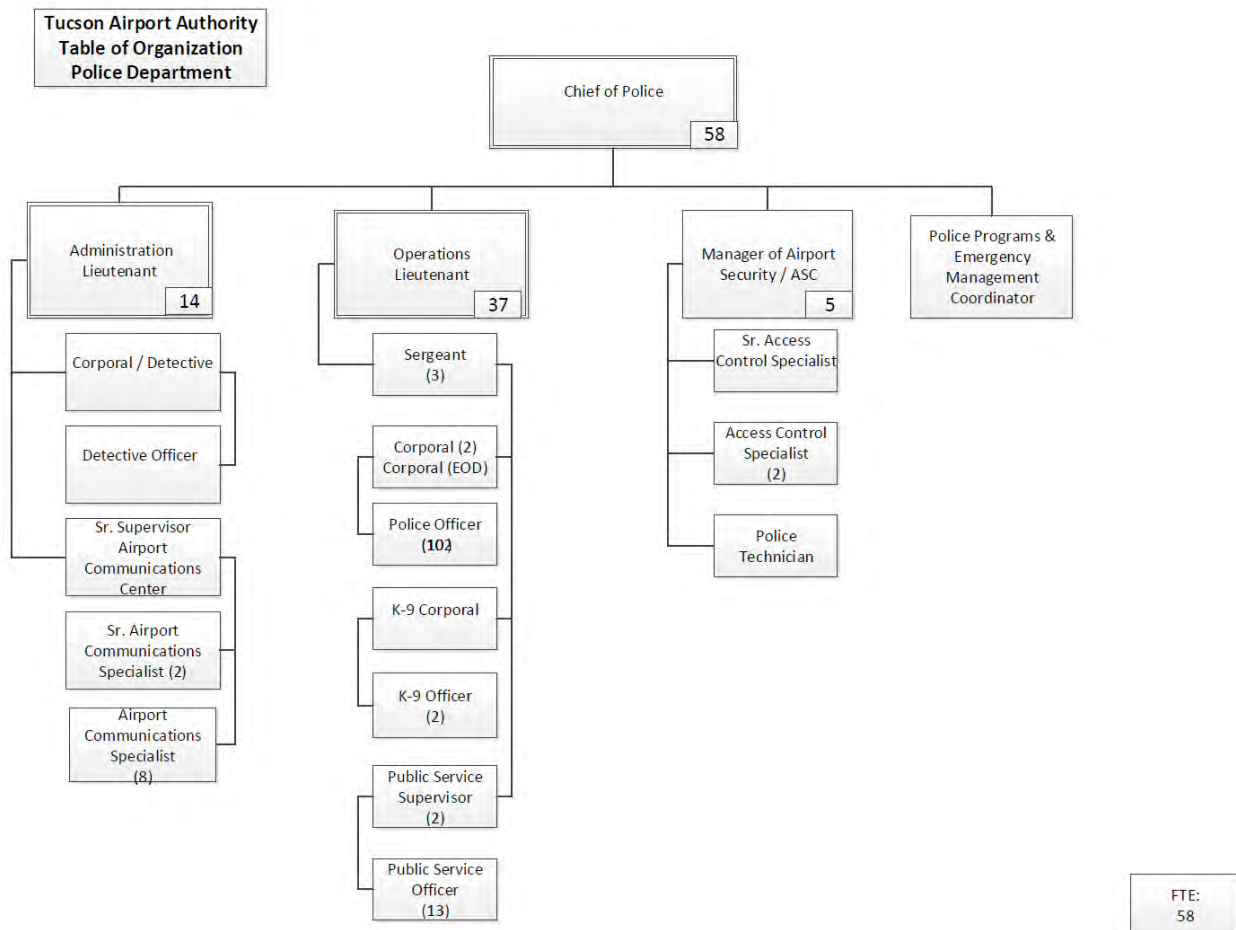


Questions?

Date: September 1, 2021

To: TAA Board of Directors
From: Danette Bewley, President/CEO
Re: TAA Police Department | Follow Up

The July 30, 2021 Board of Directors meeting included a presentation about the TAA Police Department by TAA Police Department Chief Scott Bader. During the question period, Director Sally Fernandez requested additional information about the composition of the TAA Police Department and number of people. At the present time, the TAA Police Department is organized and supported as follows:



Please note that the state of national security is subject to change and may require the TAA escalate the complement of sworn officers to meet emerging threats.

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., ACCEPTING AND SUPPORTING THE TUCSON AIRPORT AUTHORITY STRATEGIC PLAN 2.0.

WHEREAS the Board of Directors approved the Tucson Airport Authority’s (TAA) Three-Year Strategic Plan (Strategic Plan) at its regular meeting on August 5, 2020; and

WHEREAS the Strategic Plan serves as a long-term roadmap for the TAA as it positions itself to emerge from the COVID-19 pandemic in a strong position to maintain pre-COVID air service, to expand air service, and to take advantage of future economic development opportunities; and

WHEREAS the Strategic Plan is designed to adapt to changing conditions and that staff has determined that adjustments to the some of the plan’s initiatives and timelines are necessary due to the faster-than-expected recovery from COVID-19 and other positive indicators; and

WHEREAS the Strategic Plan and the proposed Strategic Plan 2.0 fully support the TAA’s mission to “Provide a sustainable airport system and constantly pursue initiatives that promote and grow business opportunities.”

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

The Board of Directors formally accepts and supports the Tucson Airport Authority Strategic Plan 2.0, attached as Exhibit A, incorporated by reference herein and made a part thereof, and authorizes the President/CEO and her designees to take all actions to carry out the initiatives outlined in the plan, subject to the requirements of the Resolution on Delegated Authority adopted by the Board of Directors on June 2, 2009.

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

Bruce Dusenberry, Chair of the Board

ATTEST:

APPROVE AS TO FORM:

Keri Silvyn, Secretary

Christopher Schmaltz, Vice President and General Counsel

EXHIBIT A

**TUCSON AIRPORT AUTHORITY
STRATEGIC PLAN 2.0**



STRATEGIC PLAN 2.0

Tucson Airport Authority





“Strategic Plan 2.0 includes ambitious yet achievable goals that set our organization on a four-year course of action to long-term success.”

DANETTE BEWLEY, TAA PRESIDENT AND CEO

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PRESIDENT AND CEO LETTER

TAA Strategic Plan 2.0

It is an honor to introduce the Tucson Airport Authority (TAA) Strategic Plan Update (v2.0). Strategic Plan 2.0 includes ambitious yet achievable goals that set our organization on a four-year course of action to long-term success, and positions Tucson International Airport (TUS) and Ryan Airfield (RYN) to continue to build on their status as vital economic engines for the Southern Arizona region.

There may never have been a more important time for this plan. After all, how many airports had a pandemic in their plans? The TAA did. While creating a plan, a process that began more than two years ago, the global pandemic forced our team to pivot. With a strong belief in the future, our first task was to develop immediate goals to navigate through the crisis while making changes that would be sustainable. Our first plan is now referred to as "Strategic Plan 1.0."

Much was accomplished in Strategic Plan 1.0. Of 29 tasks identified, two were not completed in FY2021 and one was changed due to the lingering pandemic. The most pivotal items accomplished were:

- **Span of Control:** Organization structure and resources were realigned for current and future demand.
- **Human Resources Technology:** Automated resources were acquired to support organizational and business continuity.
- **Airline Use Agreement:** A significant modification to the basic agreement with airlines adjusted the cost structure for use of baggage claim.
- **Business Development:** Priorities were defined, and an implementation plan was developed for commercial and industrial businesses.



- **Marketing:** The "Nonstop for Tucson" advertising campaign that promotes the benefits of TUS was introduced.

The accomplishments of Strategic Plan 1.0 also provided the TAA with valuable practical insight for moving forward. While the approach to Strategic Plan 2.0 is like 1.0, it includes refinements to the organization and provides a flow that builds on achievements. To reach our goals, it is important to continue to invest for success and develop strategies and systems that set the stage for our TAA members and the community. Then, we execute and refine the efforts to position the TAA to be a fulcrum for regional prosperity. Through each step of this plan, key performance indicators are included to measure our success.

I ask you to share in the excitement and possibilities of Strategic Plan 2.0 and support your dedicated TAA team as we Take Off, Climb Out, ascend to Open Skies and reach New Destinations.

Sincerely,

A handwritten signature in cursive script that reads "Danette Bewley".

Danette Bewley
President and CEO
Tucson Airport Authority



MISSION

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

VISION

Landing Prosperity in Southern Arizona.

GUIDING PRINCIPLES

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.





DESIGN

CONTENT



“To reach our goals, it is important to continue to invest for success.”

DANETTE BEWLEY, TAA PRESIDENT AND CEO



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STRATEGIC PLAN 2.0 AT A GLANCE



PAGE 9
UPGRADE TO FIRST CLASS SYSTEMS
AND EFFICIENCIES



PAGE 11
EXPAND PROSPERITY



PAGE 13
CREATE EXTERNAL TAA CHAMPIONS



PAGE 15
ACCELERATE PERFORMANCE



STRATEGIC INITIATIVES



UPGRADE TO
FIRST CLASS
SYSTEMS AND
EFFICIENCIES

FY 2022	TAKE OFF: <i>Invest for Success</i>
FY 2023	CLIMB OUT: <i>Connected, Functioning Systems</i>
FY 2024	OPEN SKIES: <i>High Performance</i>
FY 2025+	NEW DESTINATIONS: <i>Employee-Driven and Community- Engaged Culture</i>

Growing to Efficient Systems

Achieve Efficiency

*Systems are Centers of
Excellence*

TAA has established four “Strategic Initiatives” or rally cries that will be sustained over the years of the plan and will build on themselves each year. Each fiscal year has a “Rally Cry” which is our annual call to action or focus for the year.



**EXPAND
PROSPERITY**



**CREATE
EXTERNAL TAA
CHAMPIONS**



**ACCELERATE
PERFORMANCE**

Staging the Resources

Create Champions

Embed Capacity

Execution and Engagement

We are the Champions

Connected Flow

Sustained Growth

Engage the Futurists

*High-Performing, Engaged
Workforce*

Investigating New Opportunities

*TAA as Fulcrum for Regional
Prosperity*

*Recognition as Great Place
to Work*

UPGRADE TO FIRST CLASS SYSTEMS AND EFFICIENCIES



"We will empower our team to strive for excellence, offer their expertise, and set a course for continuous improvement in how we conduct business."

UPGRADE TO FIRST CLASS SYSTEMS AND EFFICIENCIES

STATEMENT:

The TAA has been fortunate to have many tenured employees who have served the organization with unparalleled dedication. As we have welcomed new employees to the TAA team, the historical knowledge (or intellectual property) of our systems and processes has not been well-documented. We anticipate faster growth in the coming years; to be prepared, we must standardize and update internal and external policies and procedures to remain nimble and responsive to our new team members and to better assist our customers. We will empower our team to strive for excellence, offer their expertise, and set a course for continuous improvement in how we conduct business.



INITIATIVE SUMMARY:

For TAA to operate at maximum efficiency, we need to improve how we document our systems, processes, and procedures to accommodate future growth. This will allow our team to fulfill our guiding principle to work smarter. To start, it is necessary to conduct a system-wide analysis and capture historical knowledge (or intellectual property), prioritize systems for updates and create a sensible plan that identifies all critical systems and outlines an established timeline for upgrades or updates to the flow of the business. As we progress, the intent is that each system and process will become a self-sustaining center of excellence where all employees are working towards continuous improvement of the respective system.

METRICS:

- New Standard Operating Procedures (SOPs) established where identified gaps exist
- Existing SOPs are refreshed
- Service Level Agreements (SLA) for IT are developed
- Master Flow of Business Calendar is published
- Critical infrastructure intellectual property is documented
- Baseline Measures and goals for sustainability plan are developed
- Down time, repair time for critical infrastructure is reported
- CO2 emission per passenger is reduced by 10%
- Project on-time completion percentage improves by 10% to ensure an overall on-time completion rate above 90%
- New financial reporting is implemented, and training is completed

EXPAND PROSPERITY

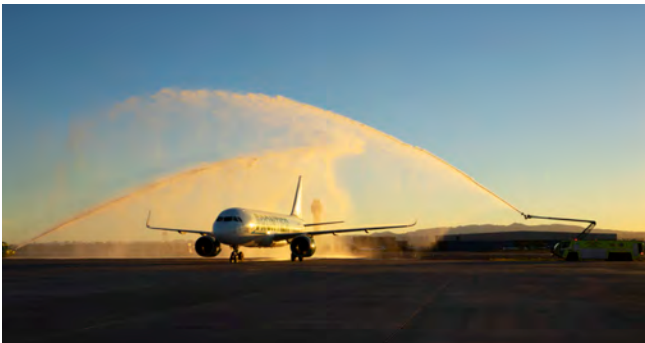


"TUS is in a favorable position to leverage expanded local marketing efforts and a more aggressive air service development plan."

EXPAND PROSPERITY

STATEMENT:

TUS and RYN possess land resources that will be leveraged to increase both aeronautical and non-aeronautical TAA revenue and enhance economic development for the region. With continued regional economic and population growth, TUS is in a favorable position to leverage expanded local marketing efforts and a more aggressive air service development plan to restore air service to pre-Great Recession levels.



INITIATIVE SUMMARY:

In a period where large developable parcels are few for businesses contemplating relocation to the Southern Arizona region, the vast land opportunities at TUS and RYN are commodities that position the TAA for long-term economic success. The TAA will define a process to develop land resources (in collaboration with local community partners) and market these opportunities to targeted industries. Air service growth is possible through the development of a new Airline Use Agreement (AUA), one that positions TUS as an attractive, cost-effective airport to low-cost and low-volume carriers.

METRICS:

- Priority land regulatory restrictions are mitigated (FAA process)
- Non-Aeronautical land broker/developer selected
- AUA finalized and executed
- Director of Air Service Development hired; new air service Development Plan developed
- 200 Acres successfully leased
- Non-Aeronautical Land - SW50 acres site prepared
- Non-Aeronautical Land - SS/SW rezoned for industrial use
- TUS air cargo capacity reviewed
- Community Infrastructure Plan completed
- Air Service Development has established a meeting schedule with target airlines
- TAA requests disposal of 500 acres of priority land (FAA process)
- Broker leases have increased by 10%
- Additional 50 acres of airside land is shovel ready
- 100KSF speculative hangar space is created
- Air Cargo expansion has been evaluated

CREATE EXTERNAL TAA CHAMPIONS



"It is imperative that we all share the important story of TUS and RYN with our community to garner widespread support of our mission."



CREATE EXTERNAL TAA CHAMPIONS

STATEMENT:

Activating community champions that support the mission and vision of the TAA is critical to the success of the TAA, and the critical role it plays in the economic vitality of Southern Arizona. When people are actively engaged in the mission of the TAA, we can expect region-wide success and regional prosperity through aeronautical and non-aeronautical economic development. It is imperative that we all share the important story of TUS and RYN with our community to garner widespread support of our mission. We will experience success with the support of our Board, Membership and Community.



INITIATIVE SUMMARY:

The priorities are to assess the level of engagement from TAA Membership and external stakeholders in the TAA, its mission and its goals for the community. Creating champions means to cultivate and support TAA Members who are interested in being a vocal champion for the TAA, and to ensure the TAA message is effectively communicated to all communities in Southern Arizona. The goal is to promote community pride and instill a sense of ownership in the TAA and its airport system, including TUS and RYN.

METRICS:

- Collaborative tourism network with increased outreach is developed
- Board and Membership Advocacy Plan is developed (and updated annually)
- Survey and baseline the Community Value Proposition (CVP) and Member Value Proposition (MVP)
- Increase in CVP and MVP Survey results
- Media training for TAA Champions is developed
- Board and Membership composition reflects the diversity of the community
- Marketing outreach reduces leakage by 3%
- Marketing media impressions show increase of 10% year-over-year

ACCELERATE PERFORMANCE



"Our goal is to become recognized as an "employer of choice" for the southern Arizona region and state."

ACCELERATE PERFORMANCE

STATEMENT:

The TAA plan is to accelerate performance of our team members between 2021 – 2025, and beyond. To accomplish this, we will invest in talent and People Operations infrastructures, consistently analyze, as well as act on, people data to realize talent contribution, and leverage an engaged, high-performing workforce. Our goal is to become recognized as an “employer of choice” for the Southern Arizona region and state.



INITIATIVE SUMMARY:

Several focus areas will help the TAA realize this goal, such as providing a total employment package that attracts top-tier talent and offering individual employee and leadership development at all levels of the organization. Building a strong leader and employee connection that empowers our workforce to act will be essential. TAA will continuously review our workforce talent to understand strengths and weaknesses to make investments where needed. By 2025, we will fully realize TAA’s employee value proposition of what it means to work, grow and engage as a TAA employee.

METRICS:

- All employees have a performance plan in BambooHR
- Learning Strategy is approved by the TAA Executive Team with two courses completed by all leaders annually
- Talent Reviews are completed annually
- Employee Satisfaction Survey is launched
- All leaders and high-potential employees have active development plans
- Standardized employee data sets are available with real-time analytics
- 20% increase in satisfaction from employees and candidates
- Employee Engagement Survey is launched
- 90% of Glassdoor employee reviews reflect the TAA Employee Value Proposition
- Skills based Talent Review managed at director level
- Recognized externally as a “Great Place to Work”
- Continuous Organizational Assessment
- People Operations Assessment



WELCOME TO TUCSON INTERNATIONAL



INTERNATIONAL AIRPORT

Southwest

sun Country

Frontier





7250 South Tucson Blvd
Suite 300
Tucson, AZ 85756
520.573.8100

Date: August 23, 2021

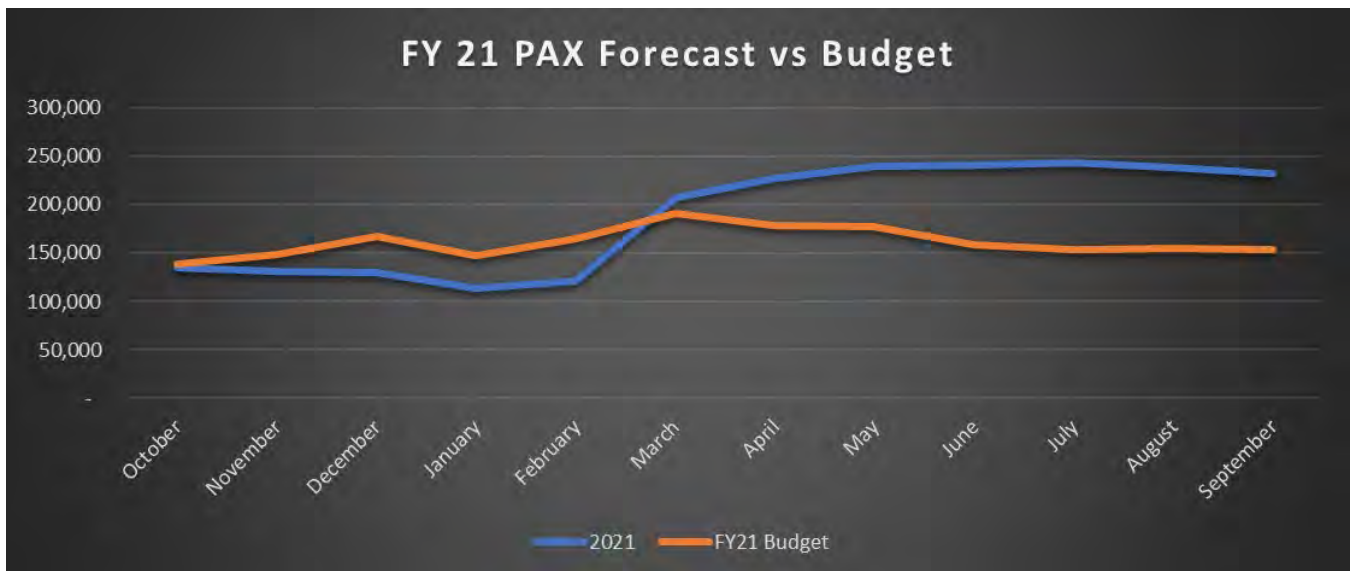
To: TAA Board of Directors
From: Kirk Eickhoff, Vice President & CFO
Re: FY2022 Operating Budget

Purpose:

Attached for your review is the FY 2022 Tucson Airport Authority (TAA) Operating Budget. The document entitled, "Statement of Airport System Requirements" (Exhibit A) presents a comparative analysis of major revenue and expenditure categories for FY 2022, and the current fiscal year forecast and approved budget (FY 2021).

FY 2021 Forecast vs FY 2021 Budget:

The fiscal year began with a lower than expected passenger volumes trend, which extended through early February. However, beginning in mid-February 2021, the passenger volume trend began to show improvement and actual passengers have continued to exceed budget. This trend is expected to continue (see chart below). As a result, TAA expects FY2021 operating revenue to exceed budget by \$4.1M. The increase is mostly attributable to passenger driven revenues such as concessions (rental cars, food/beverage/merchandise, and parking). Operating expenses are also favorable by \$1.6M, largely due to personnel savings attributable to reduced public safety pension rates (from eliminating pension liability) and vacancy savings from positions held or eliminated during the first five months of the year. While FY2021 projections are favorable to budget, operating income is still significantly below pre-covid level and TAA expects to deploy \$7.0M of federal rescue funds to balance the airport system residual calculation.



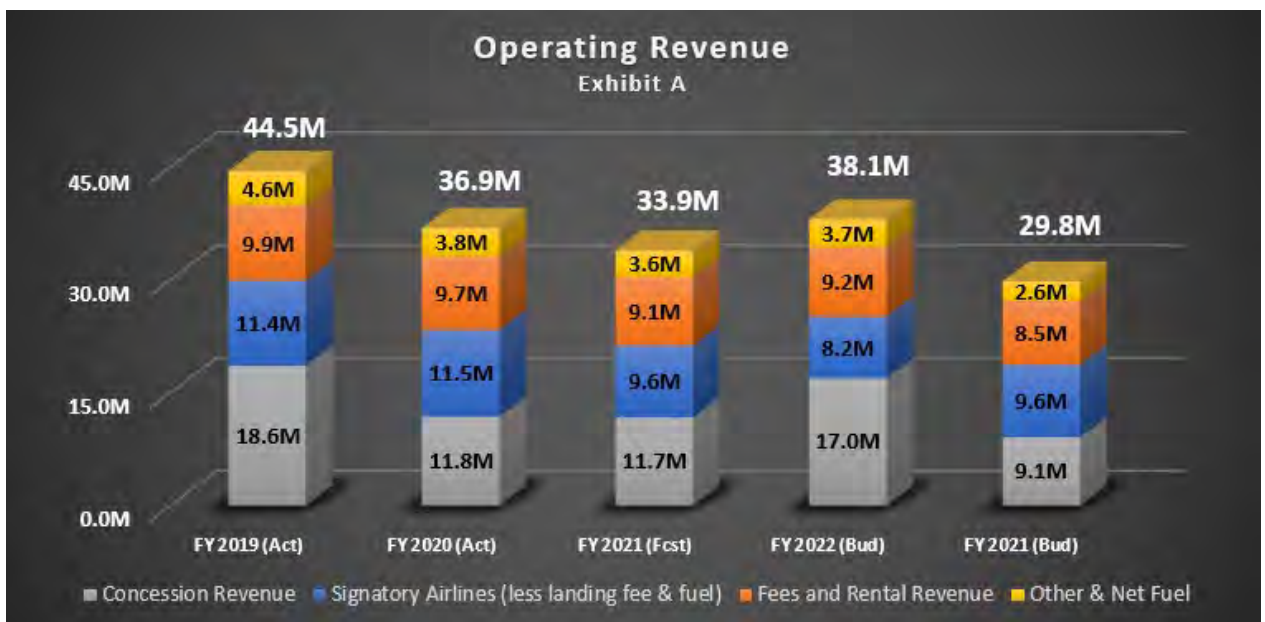
FY 2022 Budget Volume Assumptions and Targets:

FY 2022 passenger activity is expected to average 91% of pre-COVID volumes. The budget assumes a very gradual increase over the course of the year, beginning at 87% in October and finishing the year at 95%. Load factors have already returned to pre-COVID levels, so the signatory airline landed weight budget mirrors the passenger assumption of 91% of pre-COVID levels.

Revenue vs FY2021 Budget:

The FY2022 operating revenues are expected to grow \$8.3M or 27.7% vs the FY2021 budget and \$4.1M or 12.1% vs FY 2021 forecast (see chart below). The major components are as follows:

- Concession Revenue - \$7.8M (86.1%) increase due to higher passenger volumes and reinstatement of Minimum Annual Guarantees (MAG) for Food & Beverage and News & Gift. MAGs for rental car tenants (RAC) will remain suspended while the national emergency for COVID-19 remains in effect in accordance with the agreement. However, the rental car revenue is expected to exceed the foregone MAG, so there is no anticipated financial impact from the MAG waiver on RAC tenants.
- Revenue from Signature Airlines (other than landing fees and fuel) - \$1.4M (15.0%) decrease which is largely attributable to a 30% reduction in the bag claim rent calculation provided by the two-year use agreement amendment/extension.
- Other Revenue - \$1.1M (41.8%) increase due to increased rental car customer facility charges, sand and gravel royalties, and project reimbursements.
- Fees and Rental Revenue - \$0.8M (8.9%) increase due to higher non-signatory landing fees, higher anticipated count of per-turn gate use fees, and new leases.

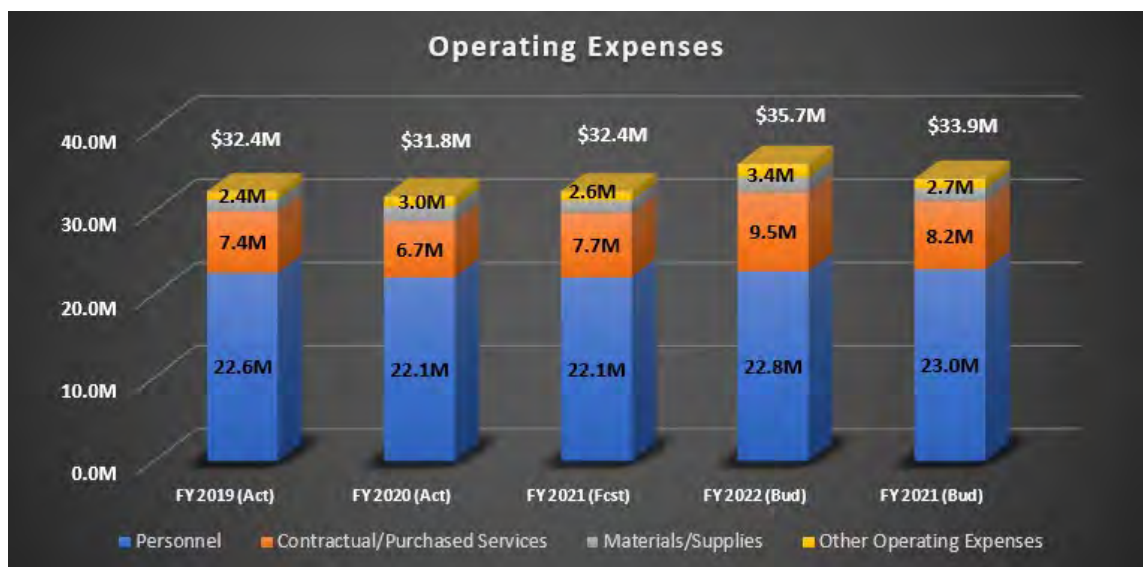


- Non-operating revenue is comprised solely of interest earnings on federally guaranteed debt securities, mainly agency notes and treasury bonds. Interest revenue is expected to decrease \$0.1M from the FY 2021 budget as Federal Reserve rates cuts implemented in March of 2020 are expected to continue throughout FY 2022.

Operating Expenses vs FY 2021 Budget:

The FY 2022 operating expenses are budgeted \$1.7M or 5.0% higher vs the FY2021 budget and \$3.3M or 10.2% vs FY 2021 forecast (see chart below). The major components are as follows:

- Personnel expense represents the majority of TAA’s operating expenses. This year’s budget is \$22.8M which is \$0.3M lower than FY21 budget. The decrease is attributable to reduced public safety pension expense resulting from TAA’s elimination of the public safety pension liability in April of FY2021. The pension savings are partially offset by several necessary and strategic investments in TAA personnel, including cost of living adjustments, bringing compensation in-line with a competitive market, and restoring and adding personnel to appropriate levels to meet long-term needs.
- Contractual/purchased services is another investment focus area and is expected to increase \$1.3M or 22% compared to FY21 budget. Investments include a local marketing campaign, engineering design for land development, IT upgrades, and an increase in parking management fees.
- Materials and supplies are budgeted to increase by \$0.2M to meet the demand of increased passenger volumes on operating and maintenance supplies.
- Other operating expenses are up \$0.4M mainly due to restored travel and training and community events.



Debt Service:

Airport system debt service will increase by \$2.1M from FY2021 budget primarily due to an inter-fund loan used to eliminate the public safety pension liability. In April 2021, TAA deployed \$27.2M from its Special Reserve Fund to eliminate its public safety pension liability. This loan will be serviced by the airport system over 16 years at an interest rate of 2.50%. Over the life of the loan, the interest charges paid to the airport system will total \$4.5M. The net anticipated savings to the airport system over this period is \$15.4M. TAA's only series of outstanding revenue bonds are fully funded by passenger facility charges (PFCs) and do not impact the airport system or landing fee calculation.

Fund Transfers:

With the exception of the federal rescue funds, fund transfers are budgeted and executed in accordance with the terms of the Airport Use Agreement (AUA).

- The operations and maintenance reserve fund is required to be maintained at a balance of 25% of budgeted operating expenses. The \$0.5M transfer is required to maintain this balance.
- The transfer to the capital improvement fund is budgeted to increase 5.0% in FY 2022, as prescribed by the AUA.
- Transfers to the special reserve fund are expected to increase slightly due to anticipated industrial area revenues.
- Common area maintenance transfers are largely flat.
- The transfer from the federal rescue fund of \$8.1M is used to balance the Airport System and maintain a prescribed landing fee rate of \$1.15 per thousand-pound unit, as required by the AUA amendment.

Total Capital Requirements:

Total capital requirements are budgeted to increase by \$2.1M compared to FY2021 budget. Attached are three separate exhibits detailing budgeted project information for FY 2022 Major Maintenance (Exhibit B), Capital Outlay (Exhibit C), and the Capital Improvement Program (CIP) (Exhibit D).

Net Results and Summary:

All of the budgeted items described above result in a signatory landing fee requirement of \$2.1M, which is 51% higher than FY 2021 budget. When divided by the budgeted landed weight, the calculated landing fee is \$1.15 per thousand-pound unit, as required by the AUA amendment.

The total cumulative anticipated used of the federal rescue funds at the end of FY 2022 is \$17.4M (\$2.3M FY2020, \$7.0M FY2021, and \$8.1M budgeted for FY2022). In total, the three federal relief bills have provided TAA with \$44.5M in rescue grants. TAA is periodically submitting qualified payroll expenses to the FAA for reimbursement through these grant programs and expects to collect all available funds without issue. Once the rescue dollars are received, they are accounted for in a separate fund apart from the Airport System. At the close of each year, TAA transfers from these funds into the airport system the amount required to balance the residual calculation.

An anticipated remainder of \$27.1M of rescue funds will be available to carry forward to FY 2023 and beyond. The planning for this remainder was aimed to help ensure adequate funding of the airport system into the future and reduce the likelihood of a net shortfall situation (for which the signatory airlines are residually responsible) in FY 2022 or future fiscal years, should passenger volumes not recover to the budgeted amount. Should passenger trends continue favorably, as the airport system returns to self-sustainability, any remaining rescue funds will be used to offset the local portion of the capital costs associated with the Airfield Safety Enhancement Project.

Additional Information:

The TAA met with the Airline and Airport Affairs Committee (Airlines) on July 27, 2021 to discuss the TAA FY 2022 proposed budget. The Airlines commended the TAA for its responsible approach to budget management during the pandemic; they had no objections to the TAA proposed FY 2022 Budget.

Included with your agenda packet are updated summaries of the rates and charges that will become effective October 1, 2021. The information provided includes terminal rentals, general rental rates and charges and baggage claim allocations for the next six months of the fiscal year. The referenced rates will also be communicated to each airline's local station manager and accounts payable contact person.

Staff will be available at the September 1, 2021 board meeting to provide a high-level review and answer any questions you may have. Should you wish to discuss the information prior to the meeting, feel free to call me at (520) 573-4862. You may also contact me through email at keickhoff@flytucson.com.

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., APPROVING THE BUDGET AND CAPITAL IMPROVEMENT PROGRAM FOR THE TUCSON AIRPORT AUTHORITY FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2021 AND ENDING SEPTEMBER 30, 2022.

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

1. The FY 2022 Budget as presented in the attached Exhibit A (“Statement of Airport System Requirements 2022”), incorporated by reference herein and made a part thereof, is hereby approved.
2. The FY 2022 Capital Improvement Program requirements as detailed in the attached Exhibit B (“2022 Major Maintenance”), Exhibit C (“2022 Capital Outlay”), and Exhibit D (“FY 2022 Capital Improvement Program”), all incorporated by reference herein and made a part thereof, are hereby approved.
3. The President/CEO and her designee(s) are authorized to take all actions to implement the FY 2022 Budget and Capital Improvement Program, subject to the requirements of the Resolution on Delegated Authority adopted by the Board of Directors on June 2, 2009.

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

Bruce Dusenberry, Chair of the Board

ATTEST:

Keri Silvyn, Secretary

APPROVED AS TO FORM:

Christopher Schmaltz, Vice President and
General Counsel

EXHIBIT A

TUCSON AIRPORT AUTHORITY
STATEMENT OF AIRPORT SYSTEM REQUIREMENTS 2022

EXHIBIT A

TUCSON AIRPORT AUTHORITY
STATEMENT OF AIRPORT SYSTEM REQUIREMENTS 2022

	2022	2021		2020	2022 Budget vs 2021 Forecast	
	Budget	Forecast	Budget	Actual	\$ Inc/(Dec)	% Inc/(Dec)
Operating Revenue						
Revenue from Signatory Airlines						
(Other than landing fees and fuel sales)	\$ 8,184,184	\$ 9,611,645	\$ 9,633,325	\$ 11,536,423	\$ (1,427,460)	-14.9%
Fees and Rental Revenue	9,218,097	9,050,775	8,467,343	9,719,799	167,323	1.8%
Concession Revenue	16,955,814	11,717,916	9,113,134	11,847,739	5,237,898	44.7%
Fuel Sales (net of cost of sales)	35,365	32,696	25,743	23,989	2,669	8.2%
Other System Revenue	3,684,385	3,531,634	2,571,485	3,780,776	152,751	4.3%
	38,077,846	33,944,665	29,811,031	36,908,726	4,133,181	13.9%
Non-Operating Revenue						
Interest Revenue	143,373	120,538	268,333	677,243	22,836	18.9%
	143,373	120,538	268,333	677,243	22,836	8.5%
Total Revenue (1)	38,221,219	34,065,203	30,079,363	37,585,969	4,156,017	13.8%
Operating Expenses						
Personnel Expenses	22,769,868	22,064,183	23,036,573	22,088,911	705,686	3.2%
Contractual/Purchased Services	9,251,676	7,051,466	7,561,333	6,673,116	2,200,209	31.2%
Portion of Major Maintenance Expensed	236,268	615,259	615,259	-	(378,991)	(61.6%)
Materials/Supplies	1,652,658	1,430,146	1,439,894	1,728,912	222,512	15.6%
Other Operating Expenses	1,594,278	1,054,040	1,172,549	1,185,128	540,238	51.3%
	35,504,748	32,215,094	33,825,607	31,676,066	3,289,654	10.2%
Net Operating Income (1)	2,716,471	1,850,108	(3,746,244)	5,909,903	866,362	46.8%

(1) Excludes Signatory Landing Fees

EXHIBIT A

TUCSON AIRPORT AUTHORITY
STATEMENT OF AIRPORT SYSTEM REQUIREMENTS 2022

	2022 Budget	2021		2020 Actual	2022 Budget vs 2021 Forecast	
		Forecast	Budget		\$ Inc/(Dec)	% Inc/(Dec)
Debt Service						
Airport Revenue Bonds (Subordinate Lien) (2)	4,003,208	3,998,498	3,998,498	4,010,869	4,710	0.1%
PFC Payment	(4,003,208)	(3,998,498)	(3,998,498)	(4,010,869)	(4,710)	0.1%
Special Reserve Advances	2,916,751	1,370,464	829,455	1,388,695	1,546,287	112.8%
Insurance Reserve Advances	956,829	956,829	956,829	956,829	-	0.0%
Total Debt Service	3,873,580	2,327,293	1,786,284	2,345,524	1,546,287	66.4%
Fund Transfers						
Operations & Maintenance Reserve	514,533	(113,197)	(113,197)	436,374	627,730	(554.5%)
Capital Improvement Fund	1,429,485	1,361,414	1,361,414	1,296,585	68,071	5.0%
Special Reserve Fund	2,194,491	2,019,868	1,935,005	1,851,369	174,623	8.6%
Maintenance Reserve Fund	-	2,000,000	-	-	(2,000,000)	(100.0%)
Common Area Major Maintenance Funds	144,014	143,785	144,932	143,688	230	0.2%
Airline Reserve Fund	-	-	-	-	-	0.0%
Federal Rescue Fund	(8,128,504)	(6,968,388)	(10,209,572)	(2,331,682)	(1,160,116)	16.6%
Total Fund Transfers	(3,845,981)	(1,556,519)	(6,881,418)	1,396,334	(2,289,462)	147.1%
Capital Requirements						
Capital Improvement Projects (CIP)	2,008,390	2,663,534	2,663,534	6,022,704	(655,144)	(24.6%)
Capital Outlay	1,114,858	1,147,906	1,147,906	-	(33,048)	(2.9%)
Capitalized Major Maintenance	4,463,533	912,462	912,462	-	3,551,071	389.2%
Special Funding Sources						
Capital Improvement Fund	(1,429,485)	(1,361,414)	(1,361,414)	(1,296,585)	(68,071)	5.0%
Special Reserve Fund	-	(607,316)	(607,316)	-	607,316	(100.0%)
Maintenance Reserve Fund	(750,000)	-	-	-	(750,000)	100.0%
FAA Land Fund	-	-	-	-	-	0.0%
Common Area Major Maintenance Funds	(623,791)	(22,110)	(22,110)	-	(601,681)	2721.3%
Total Capital Requirements	4,783,505	2,733,062	2,733,062	4,726,119	2,050,443	75.0%
Airline Reserve Fund (Beginning Balance)						
Coverage from prior fiscal year	-	-	-	-	-	0.0%
Excess / (Shortfall) from prior fiscal year operati	-	-	-	867,482	-	0.0%
Total Beginning Balance	-	-	-	867,482	-	
Signatory Landing Fee Requirement						
(Residual)	\$ 2,094,633	\$ 1,653,727	\$ 1,384,171	\$ 1,690,593	440,906	26.7%
Landed Weight Signatory Airlines	1,821,420	1,438,024	1,205,380	1,470,938	383,396	26.7%
Calculated Landing Fee	\$ 1.15		\$ 1.15		\$ -	0.0%

EXHIBIT B

**TUCSON AIRPORT AUTHORITY
2022 MAJOR MAINTENANCE**

**TUCSON AIRPORT AUTHORITY
2022 MAJOR MAINTENANCE**

Tucson Airport Authority
FY22 Schedule of Major Maintenance

DESCRIPTION	AMOUNT	
<u>Planning & Engineering</u>		
10219230 (802)	Entry Monument and Roadside Landscaping	415,000
10220436	Office Upgrades for Post-COVID Normal	400,000
10219243 (802)	Terminal Needs Assessment - Phase 2	400,000
10217924 (802)	B-23 Q Restroom Improvements	586,502 *
10219141	Sealcoat Runway 11L Shoulders	303,957
10220420	Sustainability Study for TUS	250,000
10220427	Taxiway A Patch and Repair	442,000
10220363	Plasma (Ionization) Systems for Air Handling Units	206,404
10213377	2" Mill & Overlay Executive Terminal Area Parking Lots (EXEC1-04 & FLTL-03)	191,335
10220378	Sealcoat Airport Drive (APT-20,21,FIRE-05) & Taxiway A Service Road (AROAD-10)	58,300
20220426	Sealcoat Airfield Drive (RYN)	32,450
20220355	Replace Reils Lights on RWY 6R	18,875
20220428	Sealcoat Aviator Lane & Tower Parking (RYN)	17,029
20220397	Sealcoat Aviator Lane Roadway & Parking Lot (ALROAD-02,03,04 & NPARK-01)	14,280
	Planning & Engineering Total	3,336,132
<u>Maintenance (Facilities)</u>		
10219049 (802)	B-422 Modify Fleet Rollup Doors - Phase II	46,677
10220284	B-422 Maintenance Facility - Clean HVAC Ducts	41,731
10220283	B-419 RAC Bldg. - Clean HVAC Ducts	21,683 *
10219148	B-420 Replace Drywall and Flooring	15,606 *
10220422	B-299 Design for Boiler Replacement	12,942
	Maintenance (Facilities) Total	138,639
<u>Maintenance</u>		
10220425	Land Improvements	110,000
1022-0401	B-230 Maintenance Shop Breakroom, Correct Health and Safety Issues	94,323
10220402	B-422 Maintenance Facility HVAC Service Improvement	20,211
10220403 (801)	B-230 Holdroom Seating Power Upgrade	23,452
	Maintenance (Fleet) Total	247,986
<u>Fire</u>		
10213403	Fire Station Sound Attenuation (Health and Safety Project)	335,000
	Fire Total	335,000
	Materials Contingency for Major Maintenance Projects	405,776
Total Major Maintenance		<u><u>4,463,533</u></u>

(*) Project funded with Common Area Maintenance (CAM) reserve. Total: \$623,791

EXHIBIT C

TUCSON AIRPORT AUTHORITY
2022 CAPITAL OUTLAY

**TUCSON AIRPORT AUTHORITY
2022 CAPITAL OUTLAY**

Tucson Airport Authority

FY22 Schedule of Capital Outlay

PROJECT NUMBER	DESCRIPTION	AMOUNT
<u>Fire</u>		
10314486	AED Replacement	41,669
		41,669
<u>Marketing and External Relations</u>		
10395002 (803)	FY 22 Art Acquisition	25,000
		25,000
<u>Maintenance</u>		
10313442	Rubber and Paint Removal System	614,510
		614,510
<u>Fleet</u>		
10320406	2021 Chevrolet Silverado with K9 Package	68,427
10320441	Ford Transit Van	50,500
10320343	2021 Chevrolet Silverado	36,515
		155,442
<u>Information Technology</u>		
10320444	Video Management System for CCTV	136,206
10320418	EOC Technology Refresh	108,100
10320442	IDF UPS Battery Backup Replacement	33,931
		278,237
Total Capital Outlay		\$ 1,114,858

EXHIBIT D

TUCSON AIRPORT AUTHORITY
FY 2022 CAPITAL IMPROVEMENT PROGRAM

EXHIBIT D

TUCSON AIRPORT AUTHORITY
Tucson International Airport (TUS) / Ryan Airfield (RYN)

FISCAL YEAR 2022 CAPITAL IMPROVEMENT PROGRAM

<u>2022 TUS AIP Projects:</u>		<u>Total</u>	<u>Federal</u>	<u>State</u>	<u>TAA</u>	<u>See Note</u>
10119102	ASE Program	\$ 34,691,478	\$ 32,845,212	\$ 1,846,266	\$ -	*
TUS AIP Total:		\$ 34,691,478	\$ 32,845,212	\$ 1,846,266	\$ -	
<u>2022 TUS ADOT Projects:</u>		<u>Total</u>	<u>Federal</u>	<u>State</u>	<u>TAA</u>	
		\$ -	\$ -	\$ -	\$ -	
TUS ADOT Total:		\$ -	\$ -	\$ -	\$ -	
<u>2022 RYN AIP Grant Projects:</u>		<u>Total</u>	<u>Federal</u>	<u>State</u>	<u>TAA</u>	
		\$ -	\$ -	\$ -	\$ -	*
RYN AIP Total:		\$ -	\$ -	\$ -	\$ -	
<u>2022 RYN ADOT Grant Projects:</u>		<u>Total</u>	<u>Federal</u>	<u>State</u>	<u>TAA</u>	
10114596 (801)	Access Control System (ACS) Design	\$ 158,843	\$ -	\$ 142,959	\$ 15,884	*
10120379	Rehabilitate G Service Road (DROAD-01, GROAD2-01, 02 & GROAD-02,02A,03,04,05,06)	\$ -	\$ -	\$ -	\$ -	
RYN ADOT Total:		\$ 158,843	\$ -	\$ 142,959	\$ 15,884	
Grant Total:		\$ 34,850,321	\$ 32,845,212	\$ 1,989,225	\$ 15,884	
<u>2022 TAA Funded Projects:</u>		<u>Total</u>	<u>Federal</u>	<u>State</u>	<u>TAA</u>	
10114596 (801)	Access Control System (ACS) Design	\$ 300,000	\$ -	\$ -	\$ 300,000	
10120379	Rehabilitate G Service Road (DROAD-01, GROAD2-01, 02 & GROAD-02,02A,03,04,05,06)	\$ 1,332,506	\$ -	\$ -	\$ 1,332,506	
TAA Total:		\$ 1,632,506	\$ -	\$ -	\$ 1,632,506	
TOTAL TAA FUNDS NEEDED:					\$ 1,648,390	
<u>Special Reserve Financing</u>		<u>Total</u>	<u>AANG</u>	<u>State</u>	<u>TAA</u>	
10119102 (806)	ASE Program Design	\$ 704,906	\$ 704,906			*
10119102 (808)	ASE Program Construction - Arm/De-Arm	\$ 5,382,000	\$ 5,382,000			*
10119102 (819)	ASE Program Construction - BAK	\$ 6,006,000	\$ 6,006,000			*
10116836	Control Tower Elevator Modernization (B-040)	\$ 720,000	\$ 360,000		\$ 360,000	
Special Reserve Financing Total:		\$ 12,812,906	\$ 12,452,906	\$ -	\$ 360,000	

Note:

* Project does not require Majority-In-Interest (MI) approval pursuant to the threshold limit of Section 6.1 or is covered under an exception listed under section 6.3 of the Airline Use Agreement.

Tucson International Airport (TUS)

Effective October 1, 2021 – September 30, 2022

Space/Charge Type	FY 2021 Signatory Rates (through 9/30/21)	Signatory	Non- Signatory	Fee Basis
Landing fee/9	\$1.15	\$1.15	\$1.44	per 1,000 lbs
Ticket counter, kiosk, phone bank	\$65.21	\$65.21	\$81.51	per sq/ft per year
Airline ticket office (ATO)	\$65.21	\$65.21	\$81.51	per sq/ft per year
Baggage makeup	\$21.73	\$21.73	\$27.16	per sq/ft per year
Baggage storage	\$65.21	\$65.21	\$81.51	per sq/ft per year
Operations area	\$55.40	\$55.40	\$69.25	per sq/ft per year
Baggage claim	\$61.84	\$61.84	NA	per sq/ft per year
TSA EDS Bag Screening Pods/1	\$39.13	\$39.13	NA	per sq/ft per year
Hold room per gate/2	\$95,080.52	\$95,080.52	\$118,850.65	per gate per year
Custodial - exclusive space	\$28.24	\$28.24	\$28.24	per hour
Custodial - exclusive space with supplies	\$30.50	\$30.50	\$30.50	per hour
TAA-owned jet bridge at leased gate/2	\$4,078.95	\$4,078.95	\$5,098.69	per bridge per month
Aircraft parking position at leased gate/2	\$9,095.23	\$9,095.23	\$11,369.04	per position per year
Ramp scrubber at leased gate/2	\$2,376.00	\$2,376.00	\$2,970.00	per position per year
Terminal Operations Charge/3	NA	NA	\$1.00	per enplaned passenger
Non-leased ticket counter use fee	NA	NA	\$14.64	per turn per position
Non-leased bag makeup belt use fee	NA	NA	\$55.03	per turn
FIS facility fee - international flights	\$1.00	\$1.00	\$1.00	per deplaned passenger
Aircraft parking fees (in non-leased area):				
Remote apron RON	\$75.79	\$75.79	\$94.74	per day, max 10 days/month
Terminal apron at common use gate/4	\$75.79	\$75.79	\$94.74	per day, no max per month
Non-leased A & B Gate use fees:				
Apron and support systems	\$13.10	\$13.10	\$16.38	per turn
Bridge only	\$51.41	\$51.41	\$64.26	per turn
Apron, bridge and support systems	\$64.51	\$64.51	\$80.64	per turn
Hold room and apron	\$109.41	\$109.41	\$136.76	per turn
Hold room, apron, support systems	\$112.96	\$112.96	\$141.20	per turn
Hold room, apron, support systems, bridge	\$164.37	\$164.37	\$205.46	per turn
C Gate use fee/5:				
Narrowbody aircraft	\$340.59	\$340.59	\$340.59	per turn
Regional jet	\$136.24	\$136.24	\$136.24	per turn
Pro rata security/6	\$200,018.33	\$180,500.42	\$180,500.42	per month
Main bag claim common use - Signatory Airlines/7, Non Signatory Airlines/8	\$345,079.02	\$238,006.70	NA	per month
	NA	NA	\$2.14	per enplaned passenger
Triturator	\$5.79	\$5.79	\$5.79	per key turn
Wash rack	\$3.47	\$3.47	\$3.47	per key turn

Footnotes, page 2

Footnotes

1. 8,016 square feet. This charge is included in the pro rata security fee.
2. This rate is reduced by half for airlines qualifying as low volume carriers that elect to lease one-half of a gate.
3. Applies only to non-signatory airlines using the main terminal (A and B gates).
4. Fee applies to aircraft parked at common use gate more than three hours after flight arrival.
5. C Gates use fee includes all use of buildings and apron.
6. Total monthly charge is prorated based upon each airline's percentage of each month's total enplaned passengers and applies to all signatory and non-signatory airlines using the A, B and C gates.
7. Allocated to signatory airlines on a 90/10 common use formula based on baggage claim area of 46,185 square feet.
8. Fee is based on calculated average per enplanement cost for signatory airlines plus 25% for non-signatory airlines.
9. Non-signatory airlines pay additional 25% over signatory rates. Qualifying non-signatory cargo carriers pay the signatory landing fee rate.

Date: August 20, 2021

To: TAA Board of Directors
From: Mike Smejkal, V.P. Planning and Engineering
Re: Budget Amendment – ANG ECF | Tenant Hangar Replacement

Background:

For several years, the TAA and Air National Guard (ANG) have been working together to complete a land transaction that will allow the ANG to construct a new Entry Control Facility (ECF) for the Morris Air National Guard Base off Park Avenue. The current ECF for the base is substandard and inhibits their ability to complete their mission. To complete the land transaction, ANG has previously agreed to fund the cost to construct an in-kind replacement hangar for the existing TAA tenant (Aerovation).

On December 4, 2019, the TAA Board of Directors approved and authorized the TAA \$8,500,000 to begin the project; the funding source was an internal loan from the TAA Special Reserve Fund to be reimbursed by the sale of the land transaction.

Analysis:

The TAA has completed the design, and selected Sundt Construction to complete the hangar under a Construction Manager at Risk Contract (CMAR) project delivery method. As we have progressed through the design, we have been mindful of the significant escalations that the construction industry has experienced this last year due to the COVID pandemic and associated supply chain issues.

In early 2021 the TAA entered into Guaranteed Maximum Price #1 with Sundt Construction to acquire the pre-engineered metal hangar portion of the project; this acquisition was to lock in the cost. The design for the entire project is complete and the TAA has Guaranteed Maximum Price #2 for the remaining portions of the work. However, due to the continued escalation of material pricing in construction, the project budget (including a 3% construction contingency) has escalated to \$10,100,000, which is \$1,600,000 above the limit authorized by the TAA Board on December 4, 2019.

As a reminder, the ANG has committed to pay for the in-kind replacement of the hangar. During the design process, TAA and ANG identified a few items that were not “in-kind” yet should be constructed as part of this project. The items that are not “in kind” replacement include additional sewer and pavement that will accommodate adjacent parcels, landscaping and lighting. The cost for these items is approximately \$300,000.

TAA has had numerous meetings with the ANG and National Guard Bureau (NGB). The ANG remains committed to pay for the in-kind replacement.

To lock in pricing and avoid further cost escalations, TAA staff recommends that the project continue into the construction phase at the new budget amount of \$10,100,000. TAA will use Special Reserve Financing to cover the ANG costs in the amount of \$9,800,000 until the land transaction and reimbursement occurs. The TAA share of \$300,000 will be paid for with Maintenance Reserve Funds.

Recommendation:

TAA management recommends that the Board of Directors adopt Resolution No. 2021-19 approving a budget increase to the Air National Guard Entry Control Facility (ANG ECF) – Tenant Replacement Hangar Project from \$8,500,000 to \$10,100,000.

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., APPROVING A BUDGET INCREASE TO THE AIR NATIONAL GUARD ENTRY CONTROL FACILITY PROJECT (ANG ECF) – TENANT REPLACEMENT HANGAR PROJECT FROM \$8,500,000 TO \$10,100,000.

WHEREAS the Tucson Airport Authority, Inc., (TAA) and the Air National Guard (ANG) have worked jointly to complete a land transaction that will enable the construction of a new Entry Control Facility (ECF) for the Morris ANG Base; and

WHEREAS the ANG agreed as part of the land transaction to fund the construction of an in-kind replacement hangar for the current TAA tenant (Aerovation); and

WHEREAS on December 4, 2019, the Board of Directors authorized an expenditure of \$8,500,000 to begin the ANG ECF – Tenant Replacement Hangar Project; and

WHEREAS subsequent escalations in the costs of construction materials, in addition to further required improvements identified during the design phase, have caused the project budget to increase \$1,600,000 above the amount approved by the Board of Directors; and

WHEREAS it is in the best interests of the TAA to lock in pricing and to avoid further cost escalations; 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 Board of Directors approves a budget increase for the Air National Guard Entry Control Facility (ANG ECF) – Tenant Replacement Hangar Project from \$8,500,000 to \$10,100,000.

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

Bruce Dusenberry, Chair of the Board

ATTEST:

APPROVED AS TO FORM:

Keri Silvyn, Secretary

Christopher Schmaltz, Vice President and General Counsel

Date: August 20, 2021

To: TAA Board of Directors
From: Mike Smejkal, V.P. Planning and Engineering
Re: Entry Control Facility (ECF) | Land Transaction

Background:

For several years, the TAA and Air National Guard (ANG) have been working together to complete a land transaction that will allow the ANG to construct a new Entry Control Facility (ECF) for the Morris Air National Guard Base off Park Avenue. The current ECF for the base is substandard and inhibits their ability to complete their mission.

TAA tenant, Aerovation, has a lease with the TAA and occupies a hangar and a portion of the land to conduct their business. To affect the land transaction, it is necessary to relocate Aerovation. To complete the land transaction, ANG will fund the cost to construct an in-kind replacement hangar for the existing TAA tenant.

Analysis:

TAA and the ANG have been working closely over several months to finalize the details of the hangar relocation project and the ECF land disposal. The ANG has submitted the project into their Military Construction (MILCON) Program and are pursuing priority funding for the project. While the exact timing of the funding is uncertain, the TAA continues to complete all necessary actions to sell the parcel once ANG has funding.

One of the final steps the TAA must act upon is to request the ECF land be released from federal obligations by the FAA. Once the FAA has completed the release process, TAA will be ready to quickly react to funding and complete all necessary actions to sell the ECF land to ANG.

Recommendation:

TAA staff recommends that the Board authorize the President/CEO or her designee to take all necessary actions to obtain Federal Aviation Administration approval for the release of the Entry Control Facility (ECF) land from federal obligations and to execute the land transaction related to the ECF land and Relocated Hangar.

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., AUTHORIZING THE PRESIDENT/CEO OR HER DESIGNEE TO TAKE ALL NECESSARY ACTIONS TO OBTAIN FEDERAL AVIATION ADMINISTRATION APPROVAL FOR THE RELEASE OF THE ENTRY CONTROL FACILITY (ECF) LAND FROM FEDERAL OBLIGATIONS AND TO EXECUTE THE LAND TRANSACTION RELATED TO THE ECF LAND AND RELOCATED HANGAR.

WHEREAS the Tucson Airport Authority, Inc., (TAA) and the Air National Guard (ANG) have worked jointly to complete a land transaction that will enable the construction of a new Entry Control Facility (ECF) for the Morris ANG Base; and

WHEREAS to affect the land transaction it is necessary to relocate the hangar currently leased by Aerovation; and

WHEREAS prior to completing the land transaction, approval from the Federal Aviation Administration (FAA) is required to release the ECF land from federal obligations; and

WHEREAS construction of a new ECF that meets current standards and will allow the ANG to complete its mission is in the best interests of the TAA.

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

1. Subject to final agreement with ANG on payment and reimbursement to TAA associated with the land and replacement hangar for the ECF, the President/CEO or her designee is authorized to take all necessary actions to obtain FAA approval for the release of the ECF land from federal obligations.
2. Subject to final agreement with ANG on payment and reimbursement to TAA associated with the land and replacement hangar for the ECF, the President/CEO or her designee is authorized to complete all necessary actions to execute the land transaction related to the ECF land and Relocated Hangar.

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

Bruce Dusenberry, Chair of the Board

ATTEST:

APPROVED AS TO FORM:

Keri Silvyn, Secretary

Christopher Schmaltz, Vice President and General Counsel

Date: August 20, 2021

To: TAA Board of Directors
From: Mike Smejkal, Vice President of Planning & Engineering
Re: Parcel F and G | Land Transaction

Background:

As part of the Airfield Safety Enhancement (ASE) Program, there are numerous land transactions that must take place for the project to be successful. First, TAA must acquire a portion of United States Air Force (USAF) Plant 44 (Parcel F) and demolish twelve earth covered magazines (ECM) utilized by Raytheon to fulfill their mission on USAF Plant 44. Second, the USAF must acquire a portion of TAA property south of the Old Hughes Access Road (Parcel G), which is property within the existing explosive arcs for USAF Plant 44. TAA, USAF, FAA executed a MOU in June 2016, where all parties agreed to the Parcel F and G land transactions. The TAA will pay for the in-kind replacement costs of the ECMs as part of the land transaction under the ASE Program.

Analysis:

The TAA is currently working with USAF and the Corps of Engineers (CoE) to finalize the Parcel F and G Land Transactions. Surveys for both parcels have been completed. The TAA and USAF have agreed to the final language of the Purchase Agreements. TAA and the CoE are updating the appraisals and Raytheon is updating the costs for the ECM replacements to complete the Purchase Agreement.

One of the final steps the TAA must act upon is to request Parcel G be released from federal obligations from the FAA. It is anticipated that the land transaction will be complete in early 2022.

Recommendation:

TAA staff recommends that the Board authorize the President/CEO or her designee to take all necessary actions to obtain FAA approval for the release of Parcel G from federal obligations. The Board further authorizes the President/CEO to execute the land transactions related to Parcels F and G.

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., AUTHORIZING THE PRESIDENT/CEO OR HER DESIGNEE TO TAKE ALL NECESSARY ACTIONS TO OBTAIN FEDERAL AVIATION ADMINISTRATION APPROVAL FOR THE RELEASE OF PARCEL G FROM FEDERAL OBLIGATIONS AND TO EXECUTE THE LAND TRANSACTIONS RELATED TO PARCELS F AND G WITH THE UNITED STATES AIR FORCE (USAF) AS PART OF THE AIRFIELD SAFETY ENHANCEMENT (ASE) PROGRAM.

WHEREAS land transactions are required to allow for the successful completion of the Airfield Safety Enhancement (ASE) Program; and

WHEREAS to complete the ASE Program, the Tucson Airport Authority, Inc. (TAA), must acquire portions of the United States Air Force Plant 44 (Parcel F) to demolish twelve earth-covered magazines (ECMs) utilized by Raytheon Missile systems, and to obtain property necessary for the ASE Program's new full commercial runway; and

WHEREAS to complete the ASE Program, the USAF will acquire portions of TAA property south of the Old Hughes Access Road (Parcel G) to allow for the installation of new ECMS for use by USAF and Raytheon; and

WHEREAS the TAA, FAA and the USAF executed a memorandum of understanding in June 2016 where all parties agreed to the Parcel F and Parcel G land transactions; and

WHEREAS a purchase agreement is nearing the final stages of completion and approval from the Federal Aviation Administration (FAA) is required to release the land from federal obligations before the land transactions may occur.

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 authorized to take all necessary actions to obtain FAA approval for the release of Parcel G from federal obligations.
2. The President/CEO or her designee is authorized to complete all necessary actions to complete the land transactions related to Parcel F and Parcel G, including but not limited to execution of the final Purchase Agreement on the ASE Program land transaction, and all necessary documents to complete the land transfers.

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

Bruce Dusenberry, Chair of the Board

ATTEST:

Keri Silvyn, Secretary

APPROVED AS TO FORM:

Christopher Schmaltz, Vice President and
General Counsel

Date: August 23, 2021

To: TAA Board of Directors

From: Kirk Eickhoff, Vice President/CFO

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

Financial Performance

- Operating Income before Depreciation and Amortization (MTD & YTD vs budget)
 - Tucson Airport Authority generated operating income before depreciation and amortization of \$1,015,150 for July 2021, which is \$1,239,723 favorable to budget.
 - Year-to-date, TAA's operating income before depreciation and amortization of \$3,421,278 is favorable to budget by \$5,780,159 due to favorable operating revenues and expenses described below.

- Operating Revenues (MTD & YTD vs budget)
 - Total monthly operating revenue of \$3,353,536 is favorable to budget by \$776,854 or 30.1% and favorable to prior year by \$650,560 or 24.1%. 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 \$379,845 (10.2%) compared to FY 2019 (pre-COVID).
 - Year-to-date operating revenues were greater than budgeted by \$3,697,469 or 14.2%, with favorable variances in all categories. Concession revenues and other operating revenues contributed the largest variances.
 - The favorable variance in concession revenue is largely attributable to higher-than-expected rental car revenues and parking revenues. The variance in other operating revenues is largely attributable to higher-than-expected tie-down fees, royalties on sand and gravel mining, and fuel flowage.

- Operating Expenses (MTD vs YTD vs budget)
 - In July, total operating expenses were lower than budget by \$462,869, largely due to lower-than-anticipated personnel expenses resulting from TAA's reduced employer contribution requirement to the Arizona Public Safety Personnel Retirement System (PSPRS). The reduction is due to the substantial elimination of the PSPRS pension liability through a one-time lump sum payment in April.
 - Year-to-date operating expenses of \$26,240,421 are favorable to budget by \$2,082,690 or 7.4%. All expense categories were lower than budgeted, with personnel expenses and contractual services driving most of the favorable variance due to timing on maintenance and repair contracts, airport consultant fees, advertising, and a reduction in TAA's public safety pension expense.

FINANCIAL SUMMARY



For the ten months ending July 31, 2021

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

	CURRENT MONTH - July			July 2020	July 2019
	BUDGET	ACTUAL	FAV (UNFAV)	ACTUAL	ACTUAL
OPERATING REVENUES:					
Landing fees	\$ 112,397	\$ 178,050	\$ 65,653	\$ 128,310	\$ 223,540
Space rentals	978,876	1,007,941	29,065	1,094,878	1,245,523
Land rent	296,440	306,426	9,986	385,429	292,053
Concession revenue	751,216	1,399,919	648,703	579,113	1,463,495
Reimbursed services	261,459	240,605	(20,854)	249,475	280,817
Other operating revenues	176,294	220,595	44,301	265,771	227,953
Total Operating Revenues	2,576,682	3,353,536	776,854	2,702,976	3,733,381
OPERATING EXPENSES:					
Personnel expenses	1,943,739	1,566,006	377,733	1,718,161	2,564,278
Contractual services	643,372	579,647	63,725	456,163	533,867
Materials and supplies	123,985	113,292	10,693	156,262	176,074
Other operating expenses	90,159	79,441	10,718	49,218	71,628
Total Operating Expenses	2,801,255	2,338,386	462,869	2,379,804	3,345,847
NET OPERATING INCOME (LOSS) BEFORE DEPRECIATION AND AMORTIZATION	(224,573)	1,015,150	1,239,723	323,172	387,534
Depreciation and Amortization	1,576,294	1,626,485	(50,191)	1,544,034	1,547,854
OPERATING INCOME (LOSS)	(1,800,867)	(611,335)	1,189,532	(1,220,862)	(1,160,320)
NONOPERATING INCOME (EXPENSES)					
Interest Income	76,667	34,194	(42,473)	76,607	291,958
Net increase/(decrease) in fair value of investments	-	318,188	318,188	(25,724)	(97,378)
Passenger facility charges	286,150	448,573	162,423	174,066	368,717
Interest expense and fiscal charges	(70,591)	(70,591)	-	(78,028)	(85,244)
Gain/(Loss) on disposition of capital assets	-	-	-	11,355	(3,639)
Other nonoperating revenues (expenses)	-	1,643,692	1,643,692	6,475	35,630
Total nonoperating revenues (expenses)	292,225	2,374,056	2,081,831	164,751	510,044
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(1,508,642)	1,762,721	3,271,363	(1,056,111)	(650,276)
CAPITAL CONTRIBUTIONS:					
Federal	919,384	2,578,344	1,658,960	-	995,075
State	45,131	48,786	3,655	-	73,671
Total capital contributions	964,515	2,627,130	1,662,615	-	1,068,746
INCREASE (DECREASE) IN NET POSITION	\$ (544,127)	\$ 4,389,851	\$ 4,933,978	\$ (1,056,111)	\$ 418,470

TUCSON AIRPORT AUTHORITY
STATEMENT OF REVENUES , EXPENSES AND
CHANGES IN NET POSITION
For the ten months ending July 31, 2021

	CURRENT YEAR TO DATE			YTD -	YTD -
	BUDGET	ACTUAL	FAV (UNFAV)	JULY 2020	JULY 2019
OPERATING REVENUES:					
Landing fees	\$ 1,214,888	\$ 1,609,052	\$ 394,164	\$ 1,807,358	\$ 2,618,786
Space rentals	9,790,572	9,987,519	196,947	12,202,303	12,556,045
Land rent	2,964,397	3,088,892	124,495	3,173,268	2,929,853
Concession revenue	7,559,532	9,724,513	2,164,981	10,764,811	15,839,091
Reimbursed services	2,614,586	2,695,138	80,552	2,918,017	2,659,441
Other operating revenues	1,820,255	2,556,585	736,330	2,358,806	2,587,749
Total operating revenues	25,964,230	29,661,699	3,697,469	33,224,563	39,190,965
OPERATING EXPENSES:					
Personnel expenses	19,189,440	18,355,303	834,137	18,327,552	17,915,617
Contractual services	6,838,999	5,861,767	977,232	5,447,348	5,276,516
Materials and supplies	1,303,025	1,206,870	96,155	1,507,657	1,211,152
Other operating expenses	991,647	816,481	175,166	1,028,982	796,650
Total Operating Expenses	28,323,111	26,240,421	2,082,690	26,311,539	25,199,935
NET OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	(2,358,881)	3,421,278	5,780,159	6,913,024	13,991,030
Depreciation and Amortization	15,713,121	15,863,429	(150,308)	15,393,623	15,192,622
OPERATING INCOME (LOSS)	(18,072,002)	(12,442,151)	5,629,851	(8,480,599)	(1,201,592)
NONOPERATING REVENUES (EXPENSES):					
Interest Income	766,667	391,905	(374,762)	2,144,225	2,521,491
Net increase/(decrease) in fair value of investments	-	11,818	11,818	190,871	1,543,516
Passenger facility charges	3,038,286	3,557,460	519,174	3,868,963	6,022,031
Interest expense and fiscal charges	(730,392)	(730,392)	-	(804,038)	(906,675)
Gain/(Loss) on disposition of capital assets	-	(22,866)	(22,866)	2,186,601	5,989
Other nonoperating revenues (expenses)	13,982,489	15,632,564	1,650,075	79,015	124,400
Total nonoperating revenues (expenses)	17,057,050	18,840,489	1,783,439	7,665,637	9,310,752
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(1,014,952)	6,398,338	7,413,290	(814,962)	8,109,160
CAPITAL CONTRIBUTIONS:					
Federal	5,546,410	5,641,312	94,902	8,680,742	2,414,422
State	277,665	612,334	334,669	568,928	91,101
Total capital contributions	5,824,075	6,253,646	429,571	9,249,670	2,505,523
INCREASE (DECREASE) IN NET POSITION	\$ 4,809,123	12,651,984	\$ 7,842,861	8,434,708	10,614,683
TOTAL NET POSITION, (BEGINNING)		416,225,900		396,401,145	386,970,849
TOTAL NET POSITION, (ENDING)		\$ 428,877,884		\$ 404,835,853	\$ 397,585,532

**TUCSON AIRPORT AUTHORITY
STATEMENT OF NET POSITION**

ASSETS

CURRENT ASSETS

Unrestricted assets:

	<u>July-21</u>	<u>July-20</u>
Cash and cash equivalents	\$ 10,729,914	\$ 36,843,379
Investments	124,340,085	112,132,248
Accounts receivable, net of allowance for doubtful accounts of \$313,380 and \$210,550 for FY2021 and FY2020, respectively	2,300,350	3,869,977
Accrued interest receivable	158,467	391,155
Grants receivable	3,343,338	254,306
Inventories	360,919	342,098
Prepaid expenses and other assets	259,448	151,258
Total unrestricted current assets	<u>141,492,521</u>	<u>153,984,421</u>

Restricted assets:

Cash and cash equivalents	1,317,756	6,962,814
Investments	22,525,441	23,848,145
Accounts receivable	720,664	326,713
Accrued interest receivable	42,232	86,607
Total restricted current assets	<u>24,606,093</u>	<u>31,224,279</u>

Total current assets

166,098,614

185,208,700

Noncurrent assets:

Unrestricted assets:

Accounts receivable	118,969	322,251
Capital assets		
Not depreciated	145,165,166	125,816,976
Depreciated, net	189,298,210	195,201,171
Net capital assets	<u>334,463,376</u>	<u>321,018,147</u>
Total unrestricted noncurrent assets	<u>334,582,345</u>	<u>321,340,398</u>

Total noncurrent assets

334,582,345

321,340,398

TOTAL ASSETS

500,680,959

506,549,098

DEFERRED OUTFLOWS OF RESOURCES

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

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

\$ 506,772,292

\$ 510,541,101

**TUCSON AIRPORT AUTHORITY
STATEMENT OF NET POSITION**

LIABILITIES

CURRENT LIABILITIES

Payable from unrestricted assets:

	<u>July-21</u>	<u>July-20</u>
Accounts payable	\$ 775,680	\$ 677,182
Accrued expenses	1,408,171	1,687,165
Unearned revenue	2,892,511	2,787,831
Current portion of environmental remediation payable	4,059,372	4,296,517
Current portion of bonds payable:		
Airport Subordinate Lien Revenue Bonds, Series 2018	1,510,000	1,465,000
Total payable from unrestricted assets	<u>10,645,734</u>	<u>10,913,695</u>

Payable from restricted assets

Accrued interest payable:

Airport Subordinate Lien Revenue Bonds, Series 2018	<u>303,004</u>	<u>335,705</u>
	303,004	335,705

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

Total payable from restricted assets	<u>705,424</u>	<u>485,467</u>
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Total current liabilities

11,351,158	11,399,162
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NONCURRENT LIABILITIES

Payable from unrestricted assets

Bonds payable, net of current portion:

Airport Subordinate Lien Revenue Bonds, Series 2018	26,682,770	29,816,169
Net pension liability	20,684,399	44,126,998
Environmental Remediation Payable, net of current portion	18,306,912	19,019,746
Total payable from unrestricted assets	<u>65,674,081</u>	<u>92,962,913</u>

Total noncurrent liabilities

65,674,081	92,962,913
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TOTAL LIABILITIES

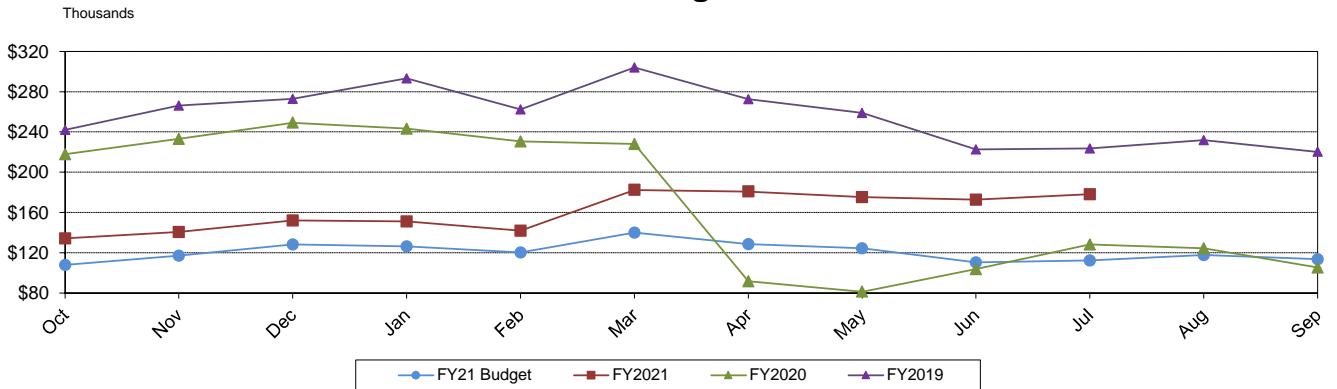
\$ 77,025,239	\$ 104,362,075
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**TUCSON AIRPORT AUTHORITY
STATEMENT OF NET POSITION**

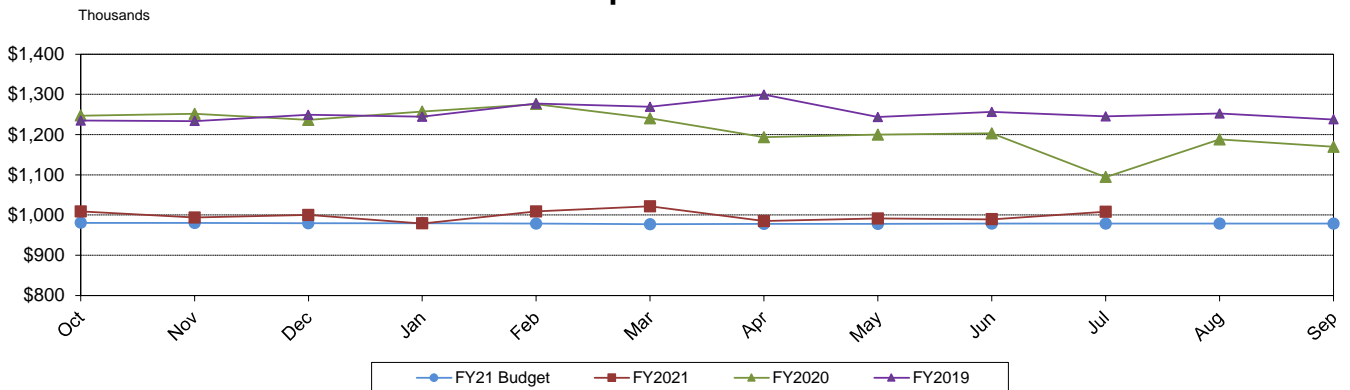
LIABILITIES & NET ASSETS (Con't)

	<u>July-21</u>	<u>July-20</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows from pensions	\$ 869,169	\$ 1,343,173
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>869,169</u>	<u>1,343,173</u>
NET POSITION		
Net Investment in capital assets	306,270,606	289,736,978
Restricted:		
Debt service	1,036,317	1,009,650
Capital projects	<u>23,266,772</u>	<u>29,878,925</u>
	24,303,089	30,888,574
Unrestricted	<u>98,304,189</u>	<u>84,210,301</u>
TOTAL NET POSITION	<u>428,877,884</u>	<u>404,835,853</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 506,772,292</u>	<u>\$ 510,541,101</u>

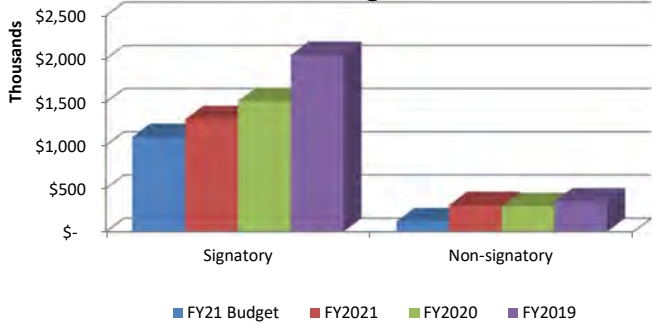
Landing Fees



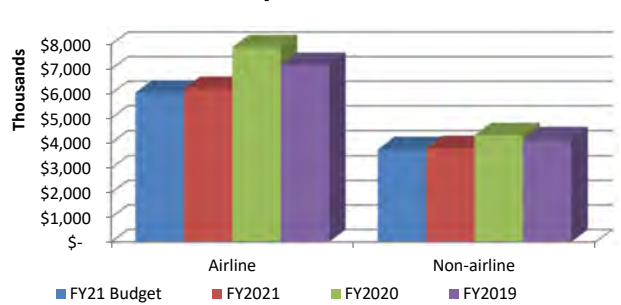
Space Rentals



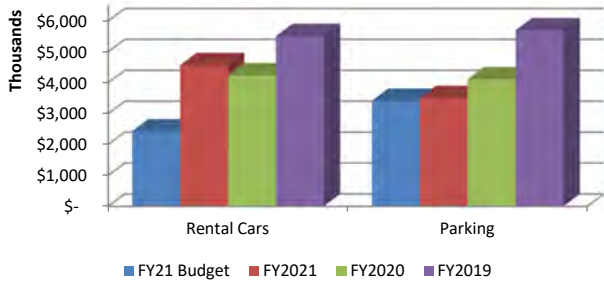
YTD Landing Fees



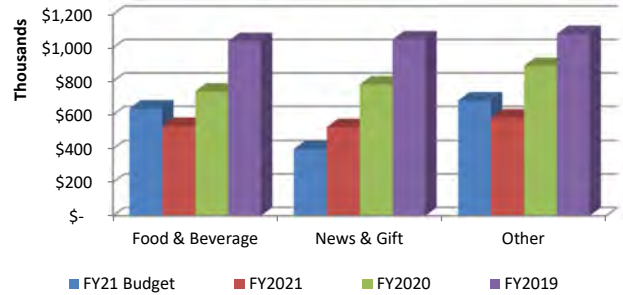
YTD Space Rentals



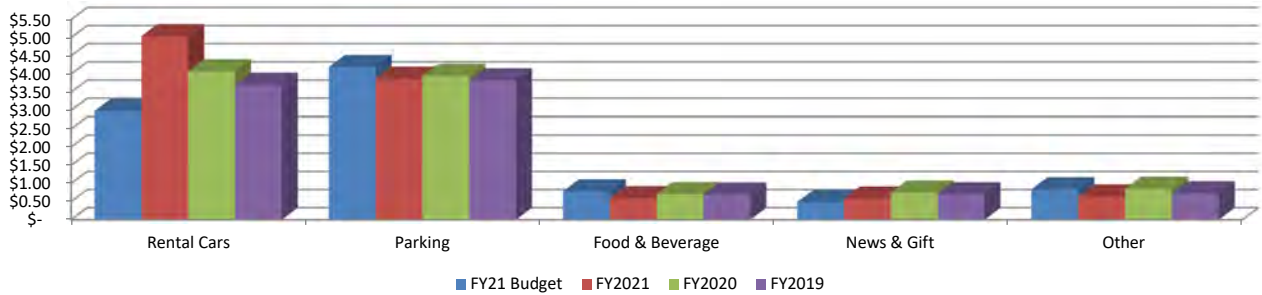
YTD Concession Revenue



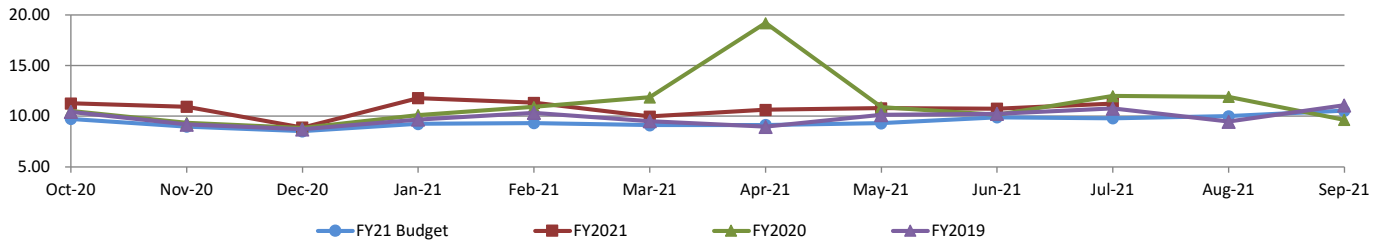
YTD Concession Revenue



Year-to-Date Concession Revenue per Enplaned Passenger



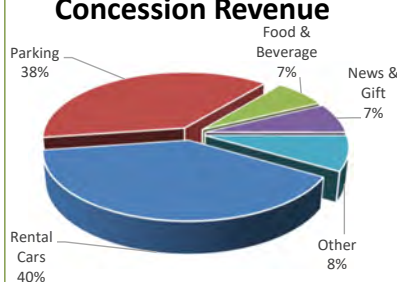
Monthly Concession Revenue per Enplaned Passenger



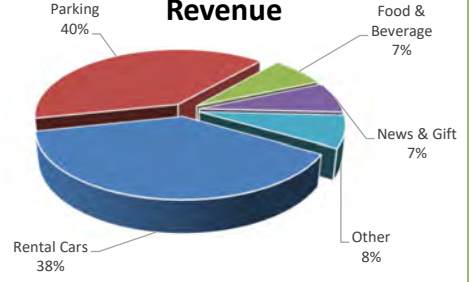
FY-2021 YTD Concession Revenue



FY-2020 YTD Concession Revenue

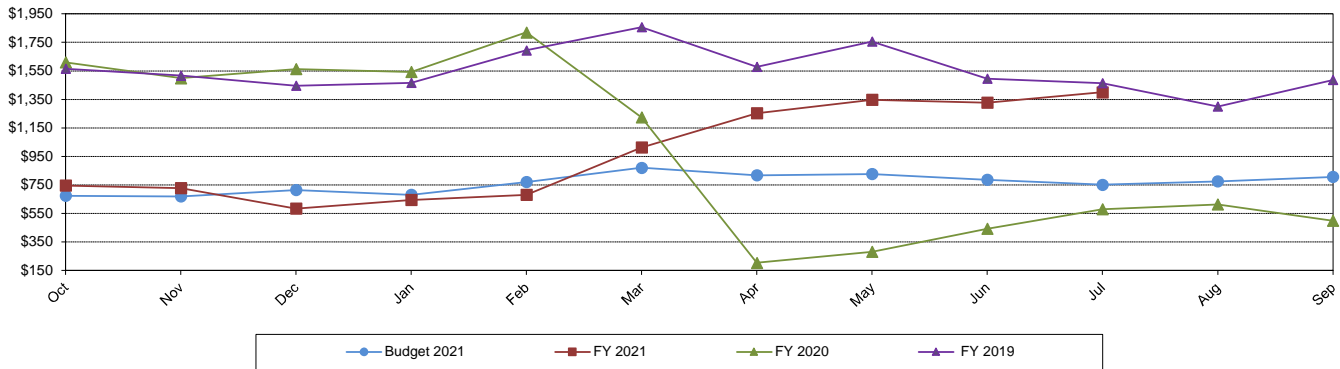


FY-2019 YTD Concession Revenue



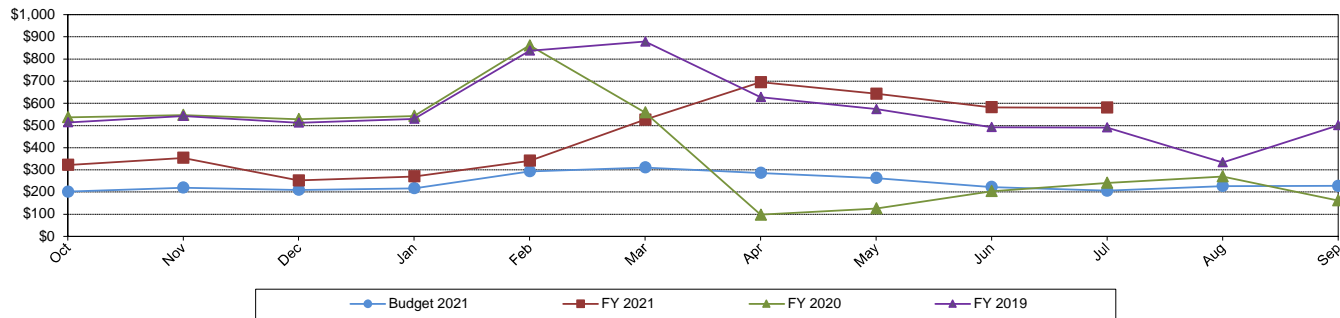
Total Concession Revenue

Thousands



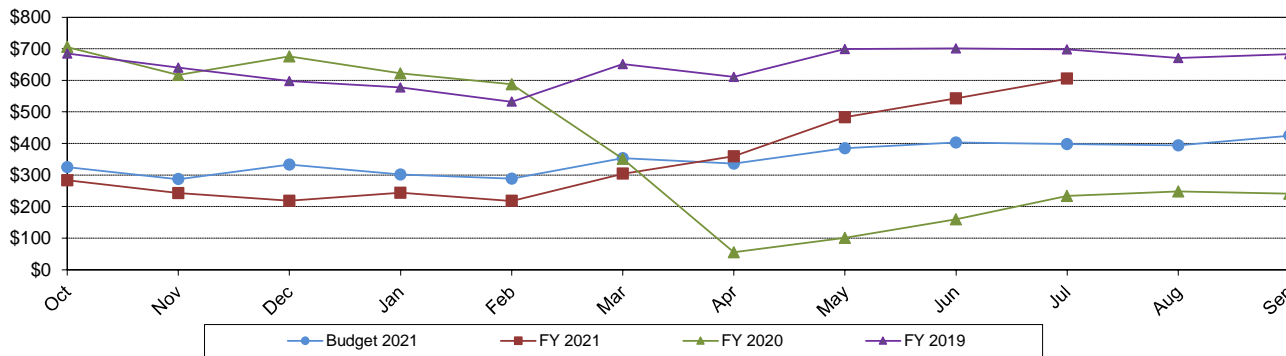
Rental Car Revenue

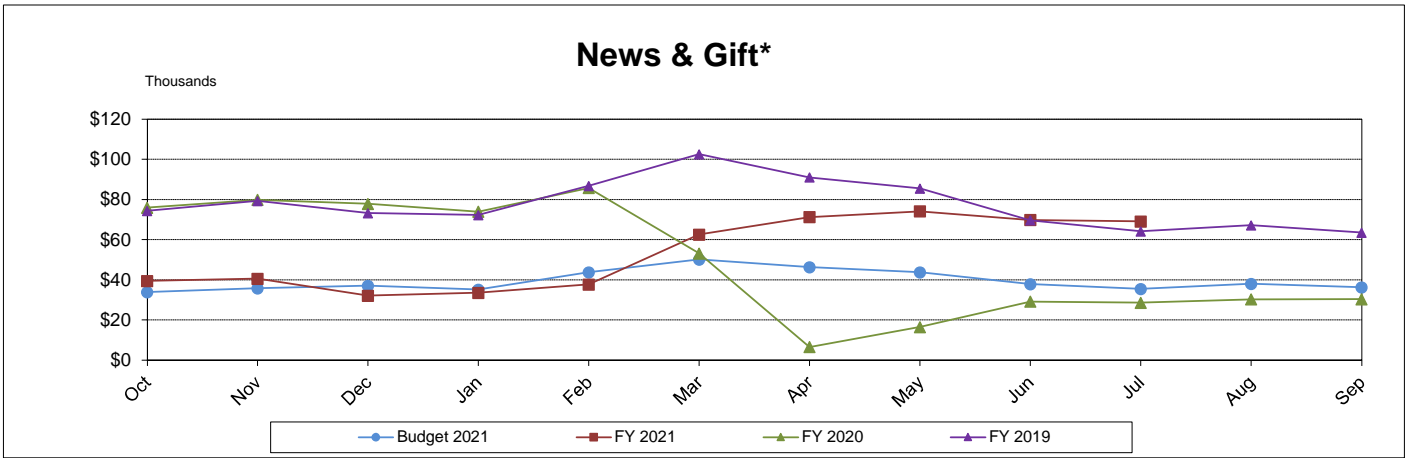
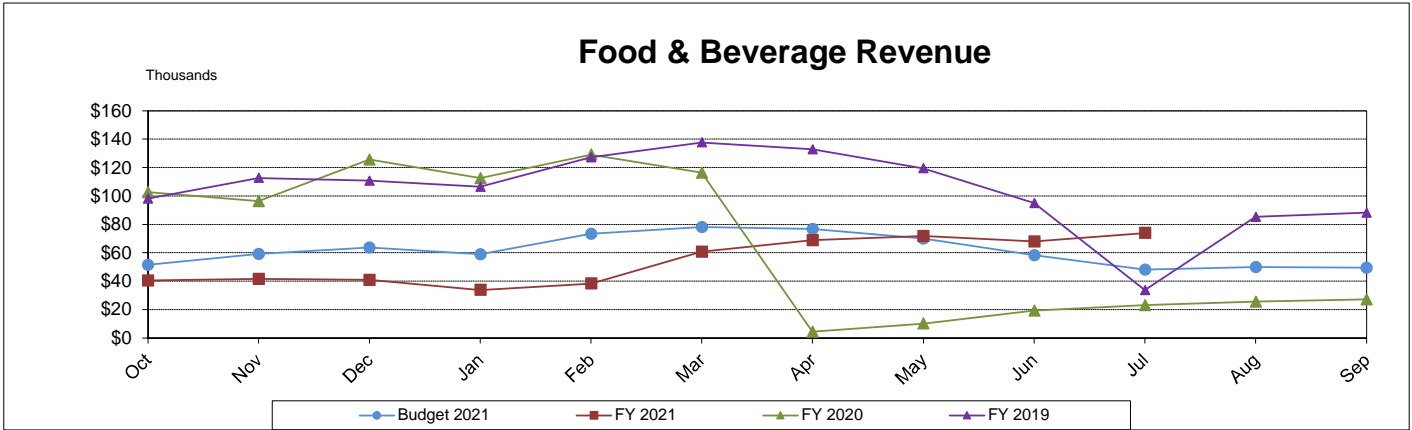
Thousands



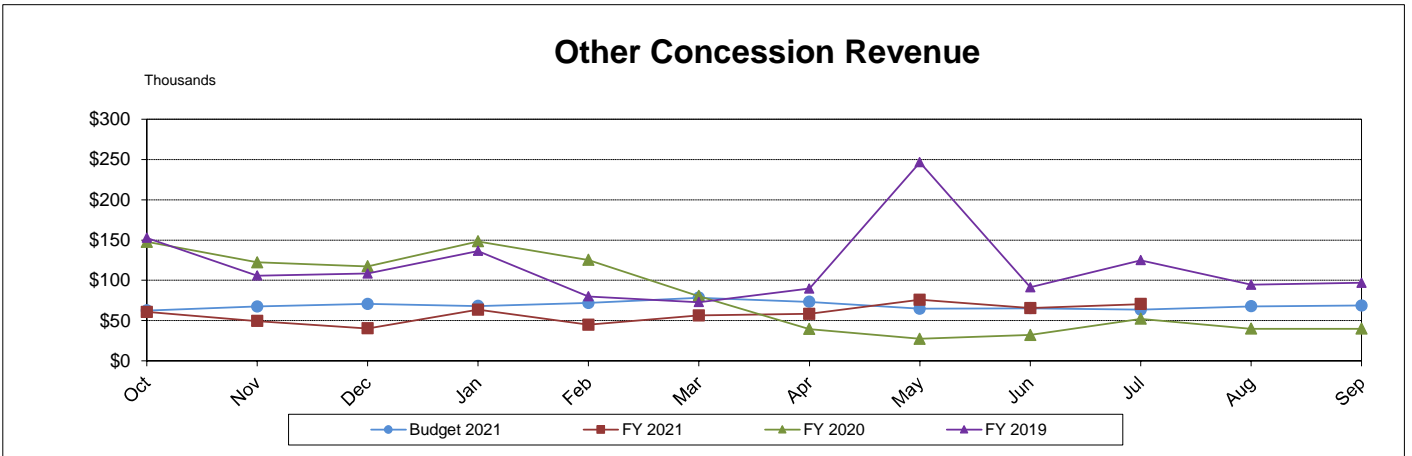
Parking Revenue

Thousands



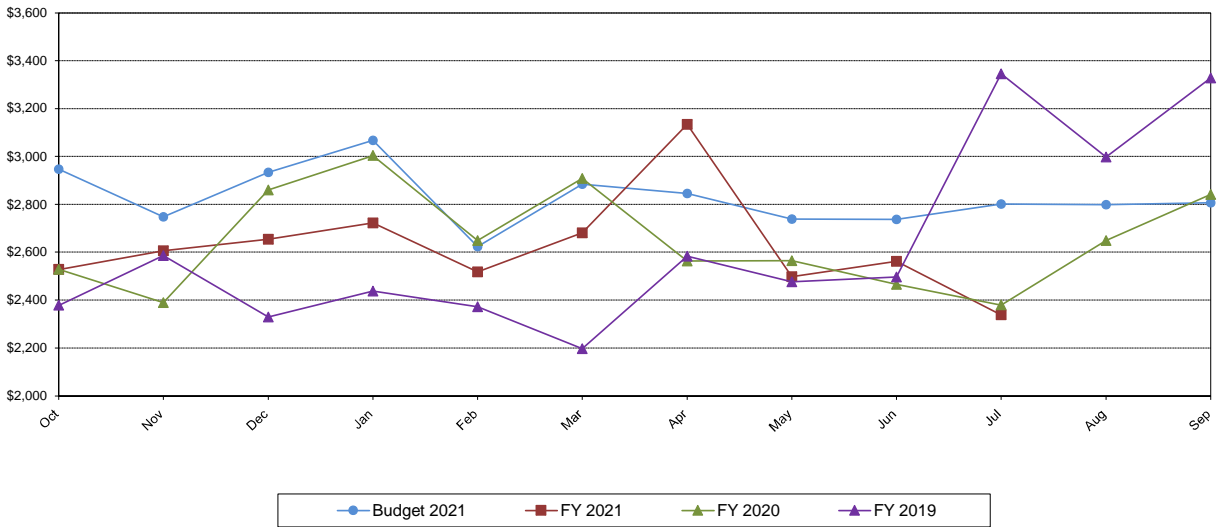


*Hudson News is required to pay the greater of a calculated percent of gross revenue or a monthly minimum guarantee (MAG) of \$117k. However, in light of the impact of COVID -19 on passenger volume, the MAG was suspended in April 2020.



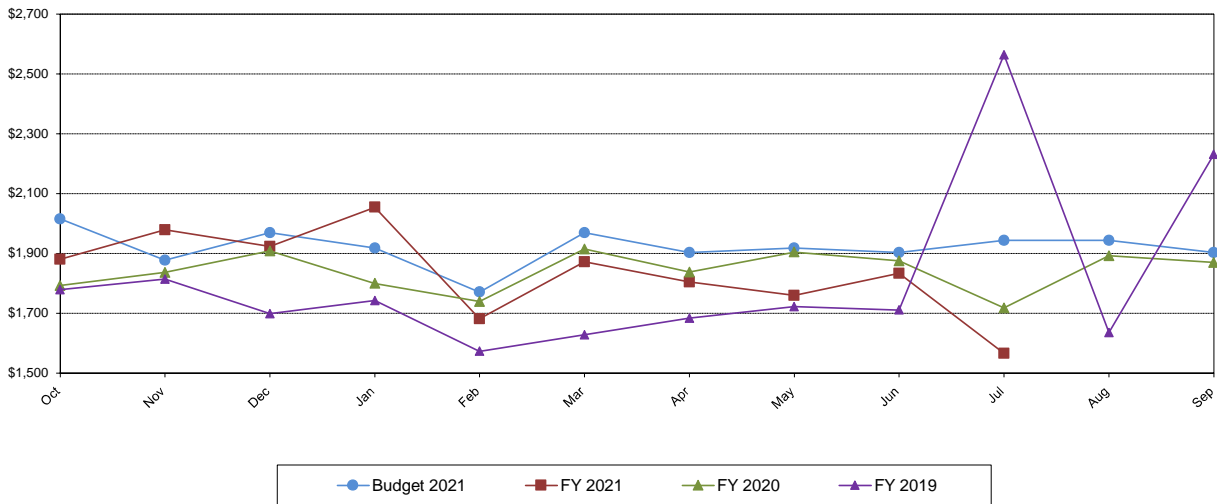
Total Operating Expenses

Thousands



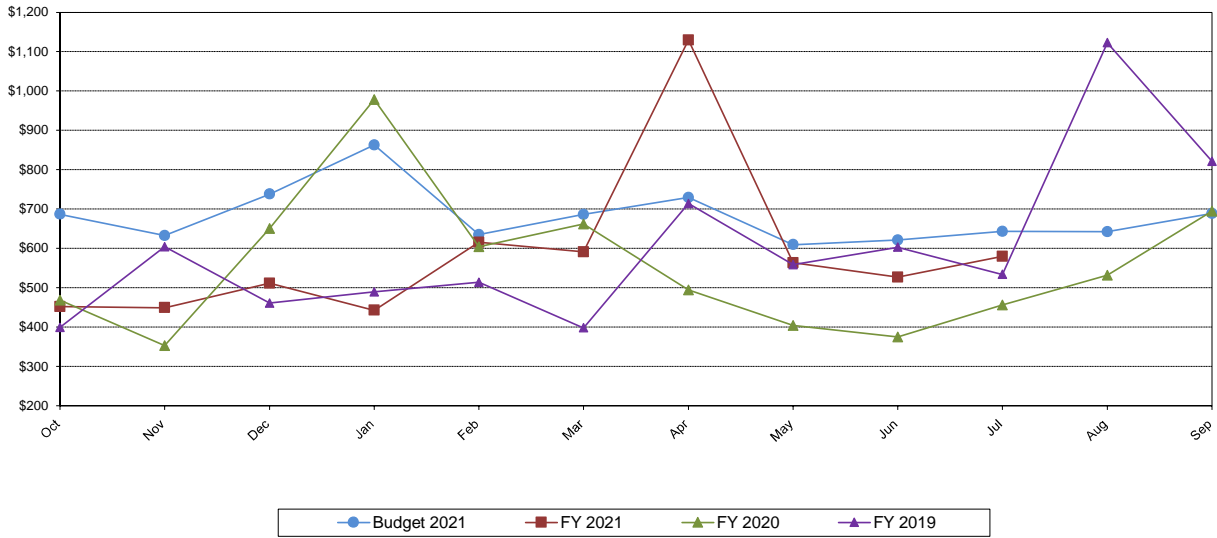
Personnel Expenses

Thousands



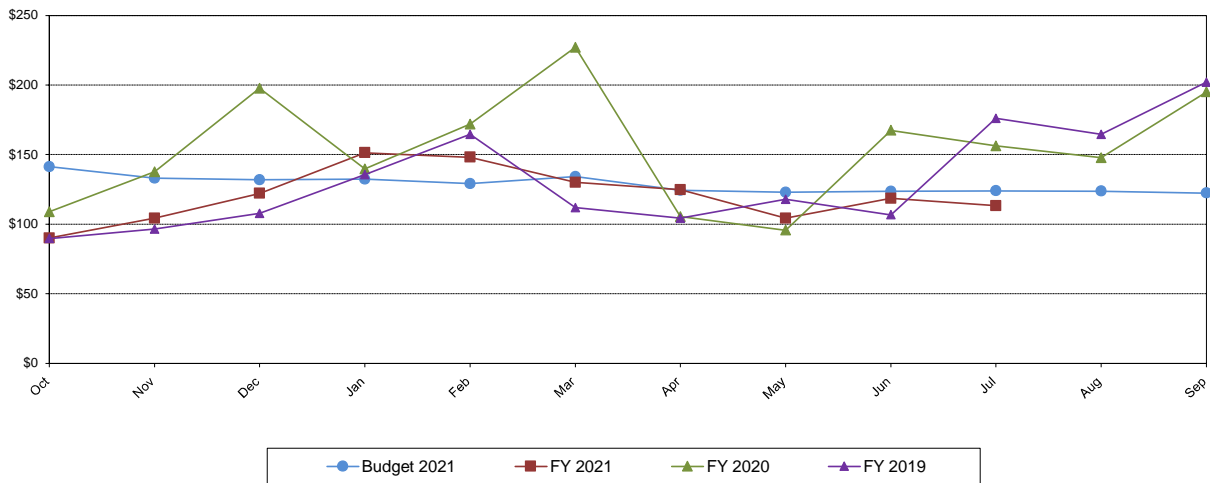
Contractual Services

Thousands



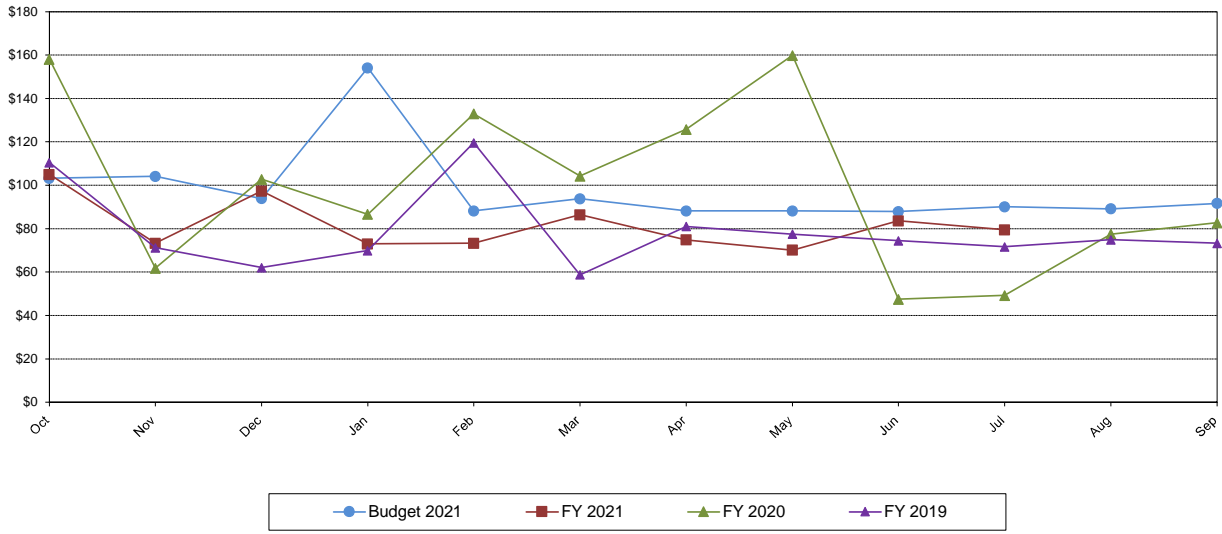
Materials and Supplies

Thousands

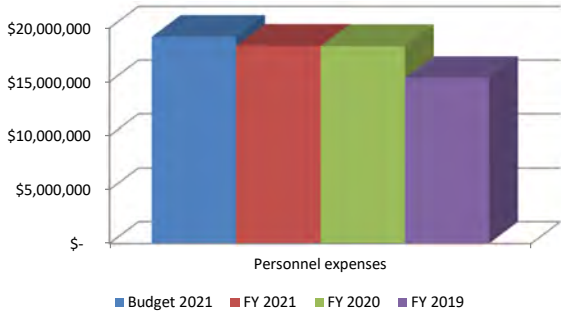


Other Operating Expenses

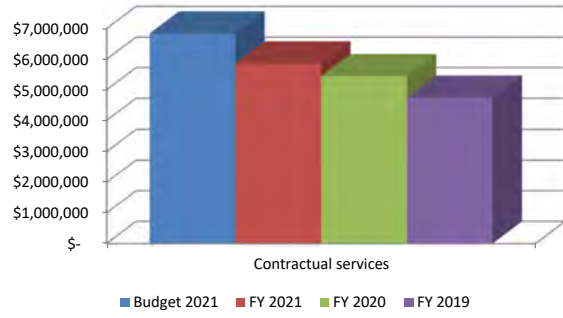
Thousands



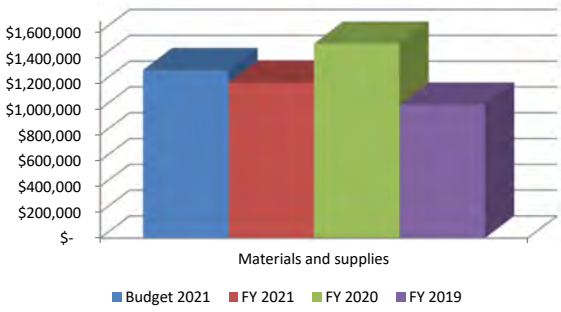
YTD Personnel Expenses



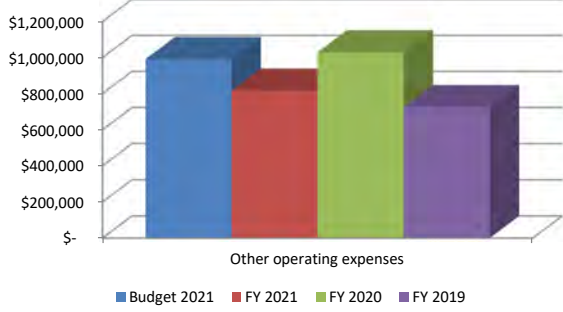
YTD Contractual Services



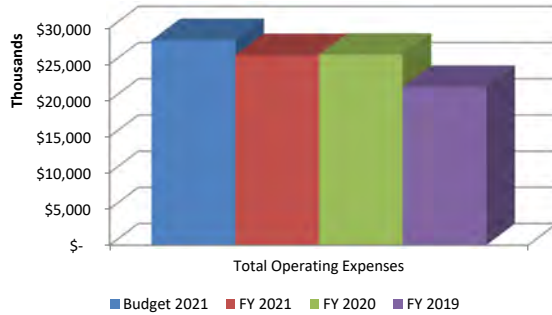
YTD Materials and Supplies



YTD Other Operating Expenses



YTD Total Operating Expenses



Date: August 23, 2021

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

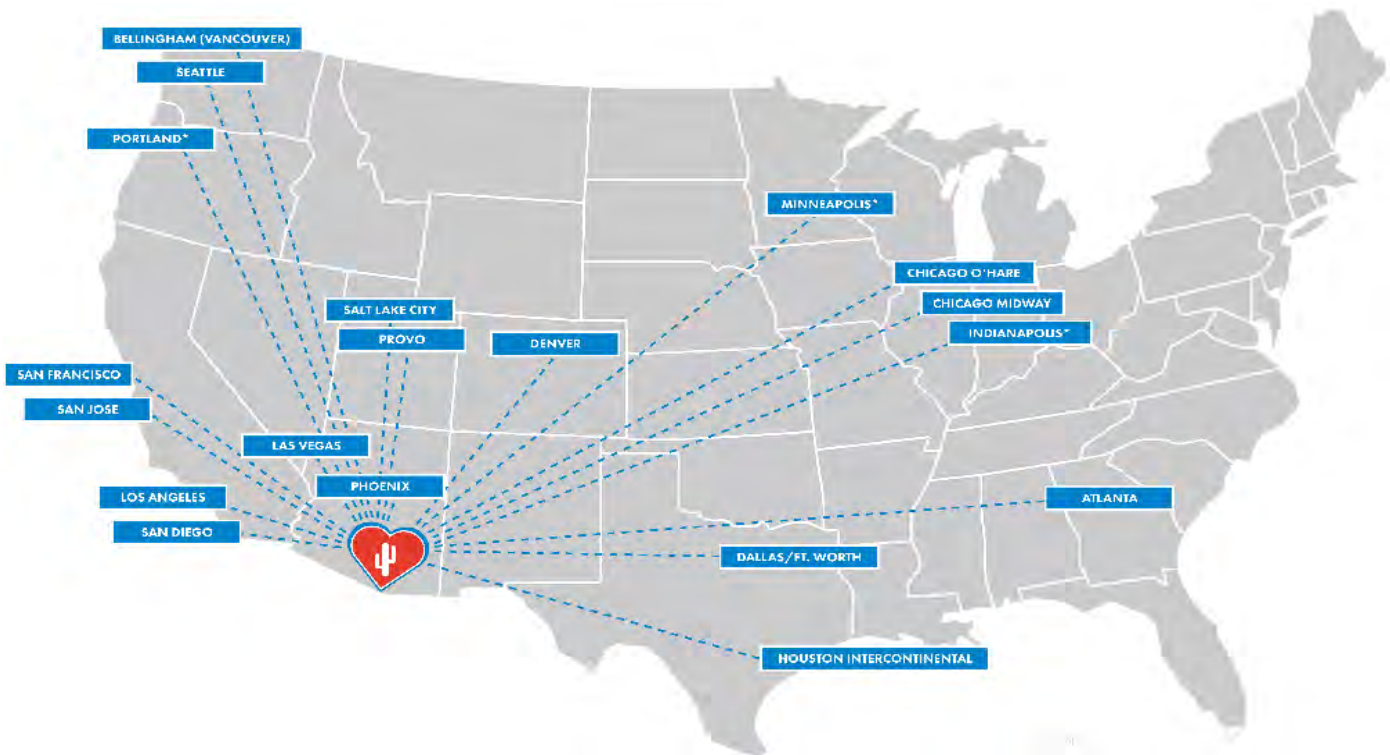
Summary of Operations and Statistics

- Total Passengers (MTD & YTD vs prior year)
 - Total passengers for the month of July 2021 were 161.7% higher than prior year.
 - YTD total passengers were 13.6% lower than prior year.
- Average Daily Scheduled Departures (MTD vs prior year, changes by routes & carrier)
 - The month of July had an average daily departure count of 42, which was 14 higher than prior year.
 - The increase was attributable to service to Atlanta (1), Denver (1), Dallas/Ft. Worth (1), Houston Hobby (1), Houston Bush (1), Los Angeles (3), Chicago O'Hare (2), Phoenix (2), San Diego (1), and Seattle/Tacoma (2) and offset by a decrease of service to Las Vegas (1).
 - Departure increases by carrier included American (5), Delta (4), United (4), and Alaska (1).
- Average Daily Seat capacity (MTD vs prior years)
 - Seat capacity for July 2021 was 48.1% higher than prior year and 10.5% lower than 2019.
- Load Factors (MTD & YTD vs prior years)
 - The load factor for July was 84.3%, which is 35.8% higher than FY2020 and 0.3% higher than FY2019 for the same month.
 - The July year-to-date load factor of 70.9% was 2.7% higher than FY2020 and 12.9% lower than FY2019.
- Aircraft Operations (MTD & YTD vs prior year)
 - Freight, measured in pounds, is 7.3% lower in July compared the same month last year and year-to-date is 7.2% higher than prior year.
 - Total aircraft operations were 12.7% higher than the same month last year, with increases in all categories except General Aviation (decrease of 0.9% compared to July 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 ten months ending July 31, 2021



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

PASSENGERS*	Fiscal YTD					
	Jul-21	Jul-20	% CHANGE	2021	2020	% CHANGE
ENPLANED	124,390	48,267	157.7%	905,452	1,040,729	-13.0%
DEPLANED	124,773	46,943	165.8%	889,095	1,035,744	-14.2%
TOTAL	249,163	95,210	161.7%	1,794,547	2,076,473	-13.6%

*Passenger figures include non-revenue passengers.

LANDED WEIGHT**

AIR CARGO	13,379	14,281	-6.3%	135,862	136,553	-0.5%
AIR CARRIER	138,479	93,368	48.3%	1,194,033	1,357,484	-12.0%
TOTAL	151,858	107,649	41.1%	1,329,895	1,494,037	-11.0%

**In thousand pound units.

FREIGHT (in pounds)

ENPLANED	2,527,816	2,889,597	-12.5%	26,243,094	25,370,865	3.4%
DEPLANED	3,101,954	3,186,168	-2.6%	30,372,287	27,466,067	10.6%
TOTAL	5,629,770	6,075,765	-7.3%	56,615,381	52,836,932	7.2%

MAIL (in pounds)

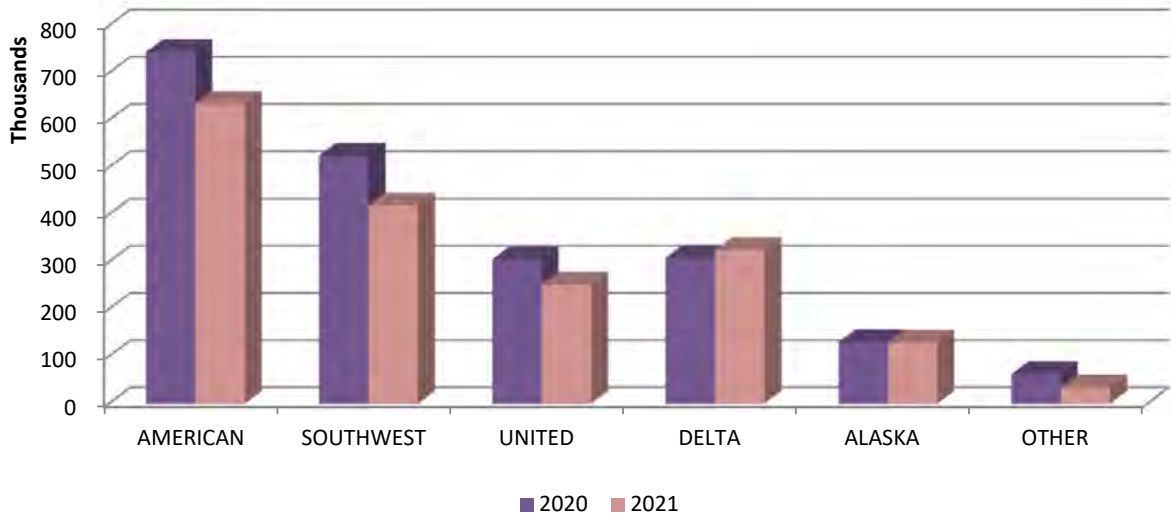
ENPLANED	0	0	0.0%	23	1,557	-98.5%
DEPLANED	2,404	1,660	44.8%	79,200	9,200	760.9%
TOTAL	2,404	1,660	44.8%	79,223	10,757	636.5%

AIRCRAFT OPERATIONS

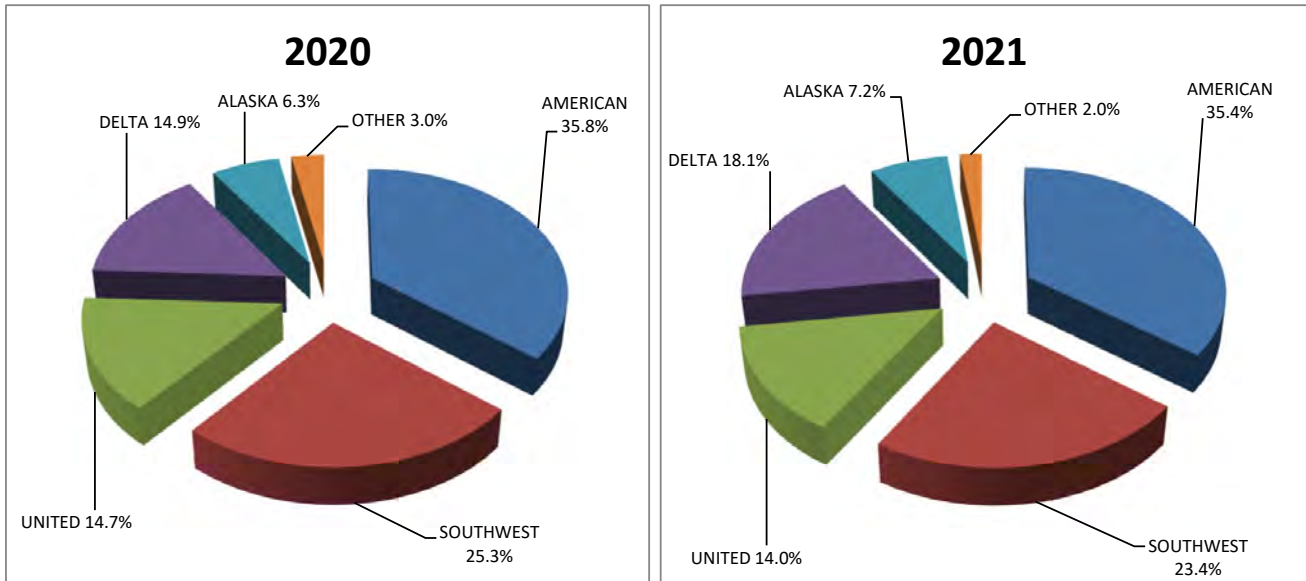
AIR CARRIER	2,428	1,907	27.3%	22,617	25,616	-11.7%
AIR TAXI	1,422	950	49.7%	14,404	12,212	17.9%
MILITARY	1,494	1,212	23.3%	17,192	13,892	23.8%
GENERAL AVIATION	5,536	5,588	-0.9%	63,339	52,486	20.7%
TOTAL	10,880	9,657	12.7%	117,552	104,206	12.8%

TUCSON AIRPORT AUTHORITY TUS PASSENGER ACTIVITY

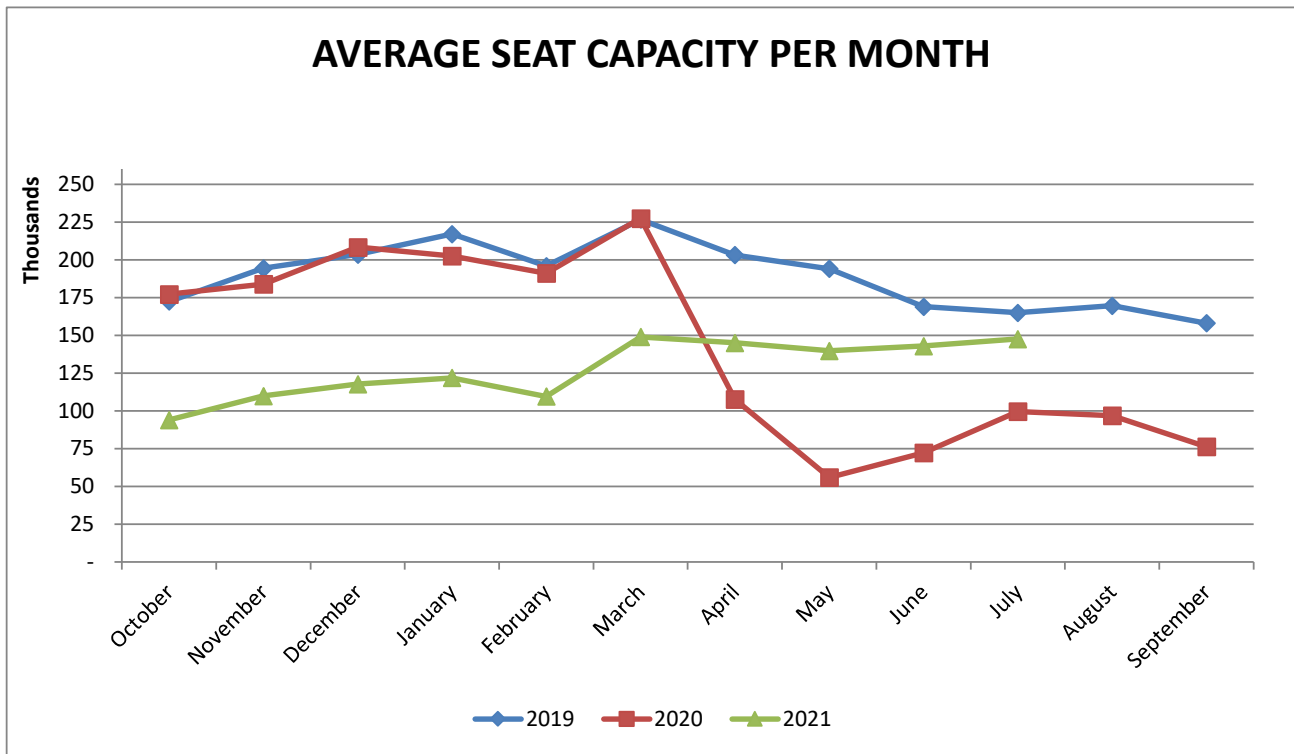
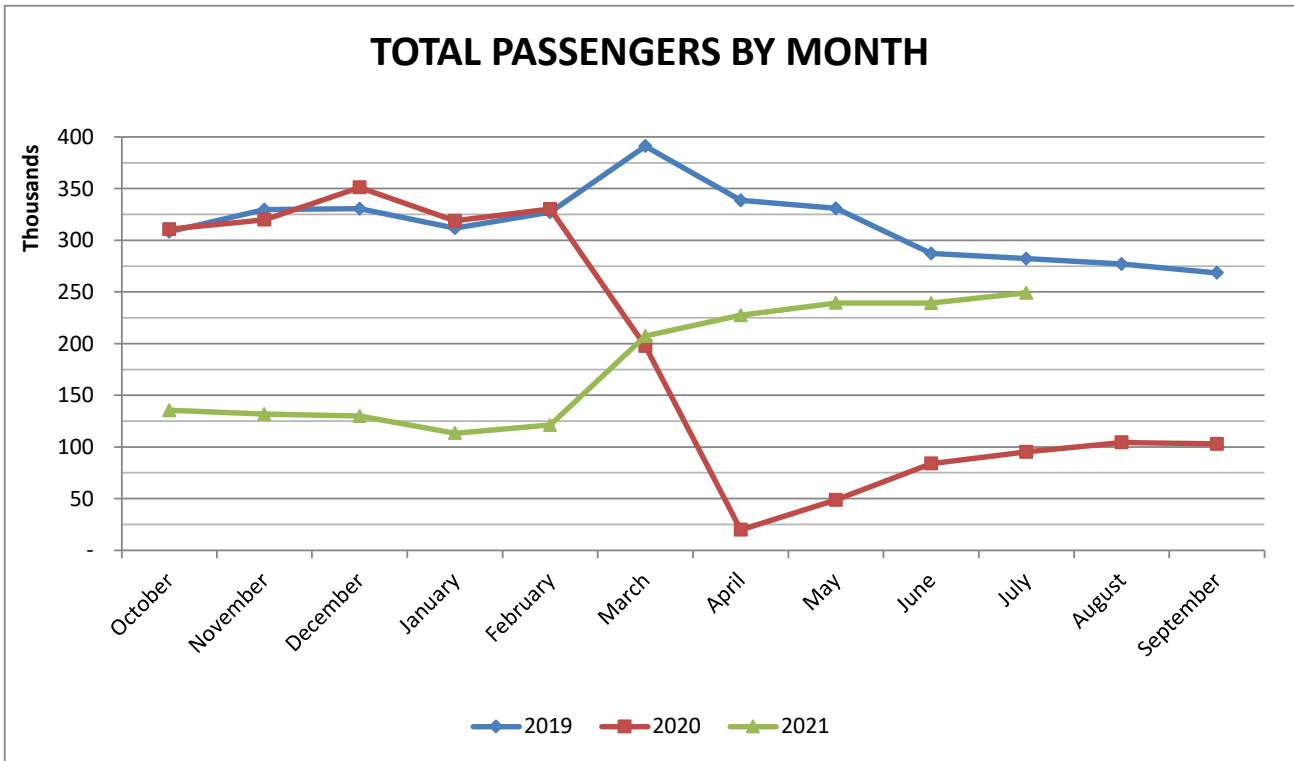
TOTAL PASSENGERS YTD BY AIR CARRIER



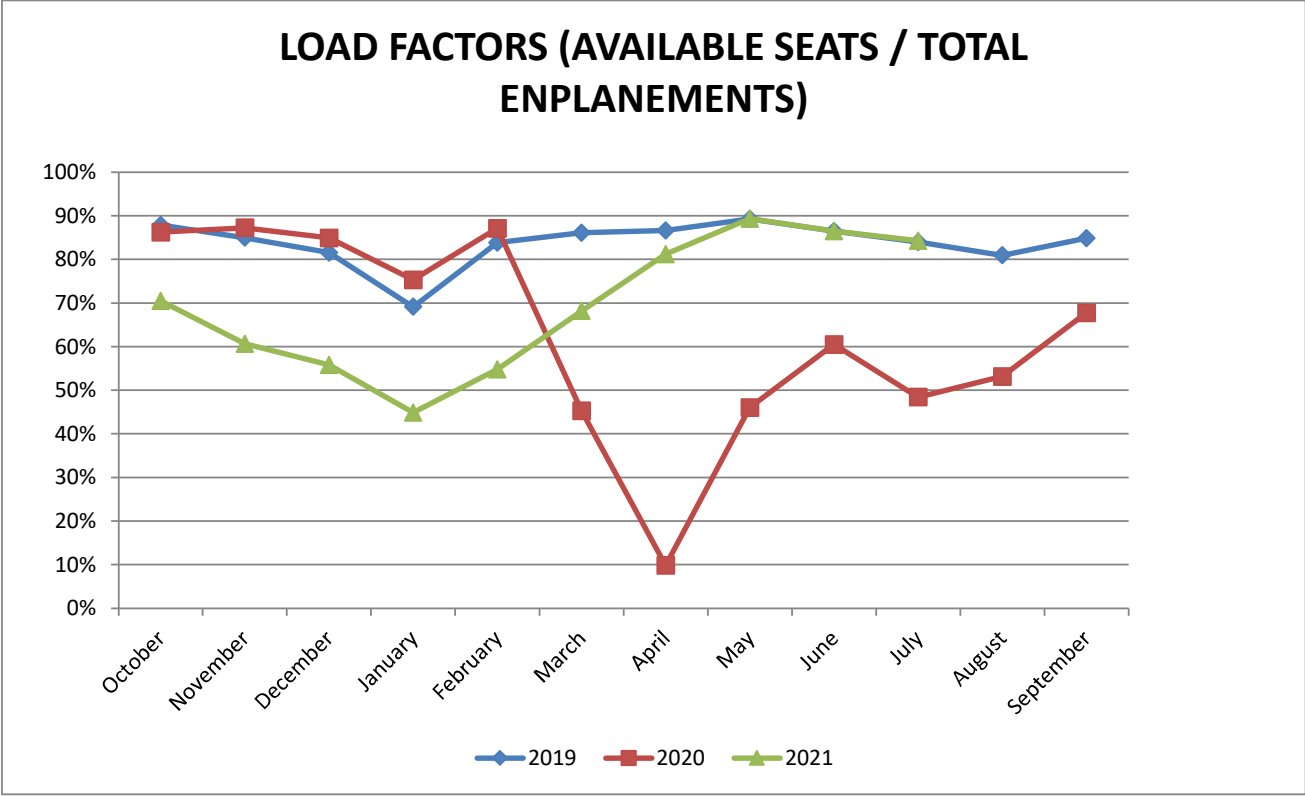
AIR CARRIER MARKET SHARE



TUCSON AIRPORT AUTHORITY TUS PASSENGER ACTIVITY



TUCSON AIRPORT AUTHORITY TUS PASSENGER ACTIVITY



**TUCSON AIRPORT AUTHORITY
TUS PASSENGER ACTIVITY**

TUS MONTHLY FLIGHT SCHEDULE SUMMARY

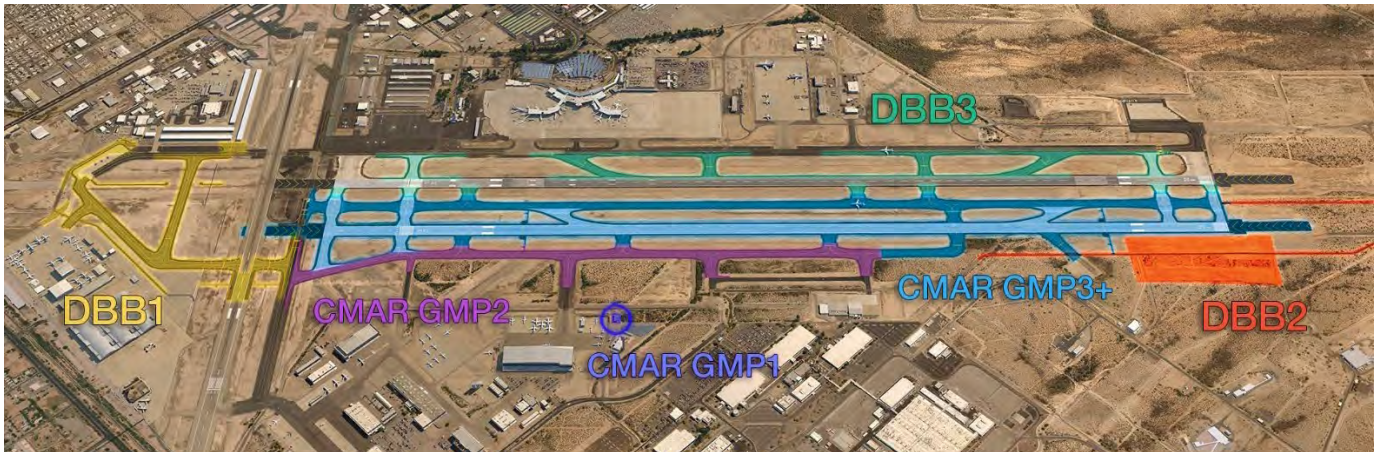
NONSTOP DESTINATIONS <i>and Airline</i>	Code	Average Daily Departures			Average Daily Seats		
		Current Year	Prior Year	Difference	Current Year	Prior Year	Difference
ATLANTA <i>Delta (1.6)</i>	ATL	1.6	1.0	0.6	308	128	180
DENVER <i>United (4), Southwest (2), Frontier (.2)</i>	DEN	6.2	5.1	1.1	548	597	(49)
DALLAS/FT WORTH <i>American (5.7)</i>	DFW	5.7	5.0	0.7	995	763	232
HOUSTON HOBBY <i>Southwest (1)</i>	HOU	1.0	0.0	1.0	163	0	163
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	3.2	(0.9)	355	456	(101)
LOS ANGELES <i>Delta (3), American (2) Southwest (1)</i>	LAX	6.0	2.8	3.2	517	275	242
CHICAGO MIDWAY <i>Southwest (1)</i>	MDW	1.0	1.0	0.0	143	143	0
CHICAGO O'HARE <i>American (1.9), United (1)</i>	ORD	2.9	0.5	2.4	324	59	265
PHOENIX <i>American (4.4)</i>	PHX	4.4	2.8	1.6	382	211	171
PROVO <i>Allegiant (0.3)</i>	PVU	0.3	0.3	0.0	54	52	2
SAN DIEGO <i>Southwest (.8)</i>	SAN	0.8	0.0	0.8	132	0	132
SEATTLE/TACOMA <i>Alaska (2) Delta (1.0)</i>	SEA	3.0	1.0	2.0	361	79	282
SAN FRANCISCO <i>United (2)</i>	SFO	2.0	2.0	0.0	100	150	(50)
SALT LAKE CITY <i>Delta (3)</i>	SLC	3.0	3.0	0.0	228	226	2
TOTAL		42.2	28.7	13.5	4,762	3,215	1,547

Date: August 20, 2021

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

Scope Overview:

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



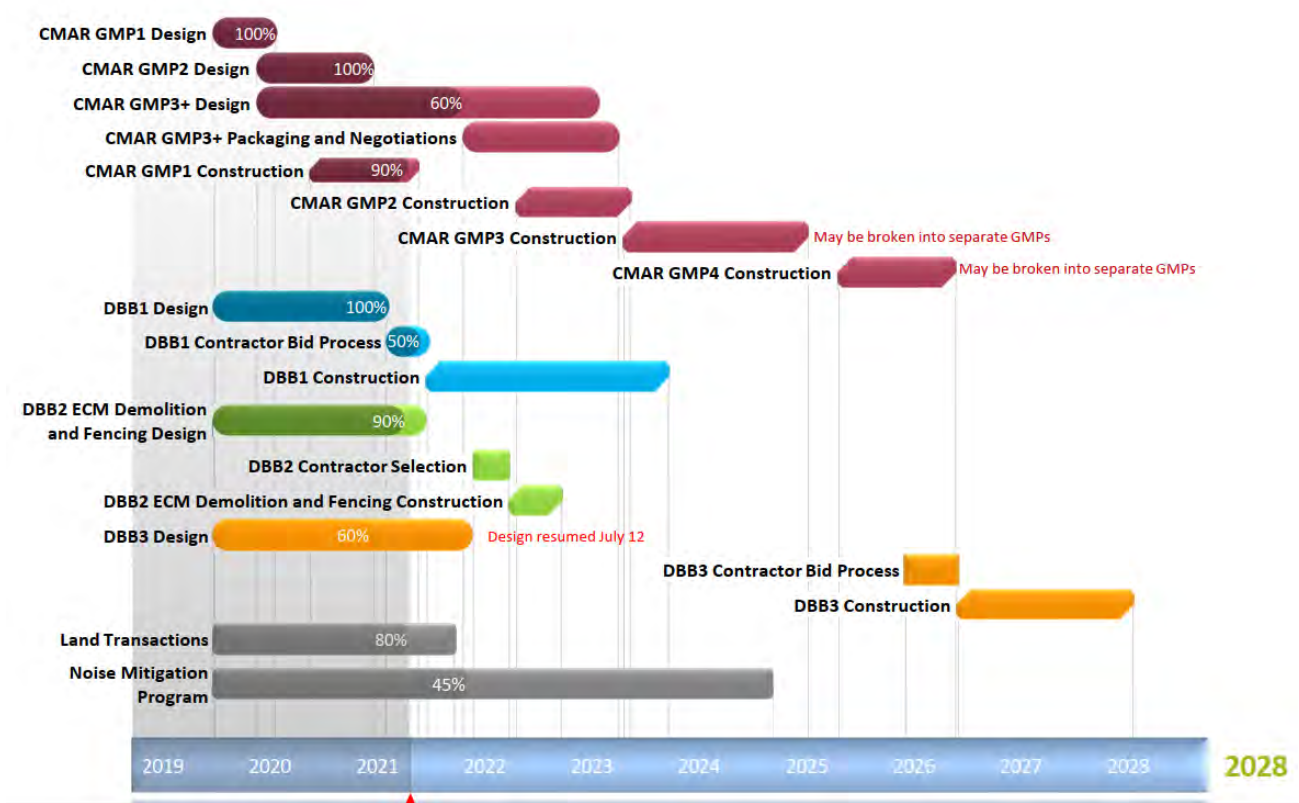
Milestones reached in last Quarter:

- CMAR GMP#1 (South Airfield Lighting Vault) – Construction Wrapping up.
- DBB1 (End Around Taxiway) - Received Grant and executed Construction Contract w/ Granite
- TAA, USAF and CoE have established new reasonable schedule for Parcel F & G closing to occur in early CY2022
- Received Grants and executed contracts for Noise Mitigation Programs.

3 Month Look ahead

- SRMP for CMAR GMP 3+ (RW 12R-30L)
- NTP Construction for DBB1
- 60% Design Submittal for DBB3 (RW 12L-30R Connector Taxiways)
- 90% Design Submittal for CMAR GMP3+ (RW 12R-30L)

Milestone Program Schedule



Program Costs:

	Committed Cost	Invoiced to Date
Administrative	\$ 976,056	\$ 251,162
Design	\$ 14,012,832	\$ 10,691,617
PM/CM	\$ 8,642,431	\$ 4,425,735
Construction	\$ 32,408,046	\$ 4,533,221
Land Acquisition	\$ 141,993	\$ 141,993
Noise Mitigation	\$ 1,069,095	\$ -
Misc. Costs	\$ 197,951	\$ 197,951
Totals	\$ 57,448,404	\$ 20,241,679
Current Budget	358,327,566	**
Percent Committed	16.0%	
Percent Spent	5.6%	
**Current budget increased from last quarter primarily due to program being extended additional year and continued material shortage driving escalations.		



Date: August 23, 2021

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

Nonstop for Tucson Campaign:

The 'Nonstop for Tucson' campaign continues to garner positive feedback from the community. It is worth noting that the campaign is currently being advertised in the following venues:

- :30 second commercials on television programming, including live sports.
- 20-week transit campaign on Sun Tran and Sun Link (streetcar)
- Four new billboards in Pinal County (near Eloy)

We received our third quarter media analytics for the campaign. Below is the performance from March 29-June 30, 2021.

- Digital impressions: 23.6 million
- 36k clicks on digital ads
- Radio (including Pandora) impressions: 3.2 million
- Pima County Billboards in-market impressions: 12.6 million

In the Media:

Noteworthy analytics for the first part of August:

- Twitter (August 1-15) | 26.4k impressions
 - July 27 aircraft incident tweet garnered 26k impressions, reduced media calls by 80%
- Facebook | engagement remains above 3% for posts, 350.5k people reached
- Instagram | reached more than 50k accounts, followership grew .2% to 4,313
- Media mentions | 837 media mentions for July, \$147k in advertising value equivalency (AVE) which is the value on earned media coverage

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

- [87-year-old pilot dead, flight observer severely injured in plane crash at Ryan Airfield \(kvoa.com\)](https://www.kvoa.com/news/87-year-old-pilot-dead-flight-observer-severely-injured-in-plane-crash-at-ryan-airfield/)
- [Tucson International Airport getting \\$18.5M federal grant - AZPM](https://www.azpm.com/news/tucson-international-airport-getting-185-million-federal-grant/)

Community Involvement and Recognition:

- The TAA has partnered with Pima County Health Department (PCHD), Arizona Department of Health Services (ADHS) and Premier Medical Group USA to provide COVID-19 vaccines to travelers, employees, and the community. The vaccines will be administered within an office space located on the TUS baggage claim level near bag belt #7. All three types of the COVID-19 vaccine (Moderna, Johnson & Johnson and Pfizer) will be available for people to choose from.

Find more details here: [Partnership Provides COVID-19 Vaccines at Tucson International Airport / Fly Tucson](#).

- TAA was awarded with an Oro Valley Chamber of Commerce Noteworthy Award for Exceptional Performance at its annual meeting and awards breakfast on August 19. The TAA was nominated by a chamber member for its health and safety initiatives during the global health crisis. The TAA was a sponsor of the event.
- TAA was recognized by the Arizona Office of Tourism on August 4 with the 2021 Spirit of Service Crisis Response award for its 'TUS Cares' initiative; this recognition honors an individual, group, event or attraction for their above-and-beyond response to the global COVID-19 pandemic.
- The FAA Safety Award trophy has now traveled to more than 30 locations throughout Tucson, including Tucson Botanical Gardens, the Southern Arizona Heritage and Visitor Center, Oro Valley Chamber of Commerce's Annual Meeting, among others. We continue to experience an increase in community engagement through social media as our followers have provided recommendations for where the trophy should go next.

Warm Welcome Volunteers:

Our Warm Welcome Volunteers enjoyed a "welcome back" presentation on August 18. Nearly 15 of our volunteers attended the meeting. Since the program name was rebranded as the Warm Welcome Volunteers, we have experienced an overwhelmingly supportive response. The volunteers have shared their love for the new uniforms and are excited to slowly return to their normal volunteer hours.

Concessions Marketing:

Restaurants at TUS are gradually returning to normal business hours as passenger numbers continue to increase. Most recently, hours for El Charro, Thunder Canyon Brewery and Sir Veza's were changed to ensure passengers on our early morning flights can purchase food and beverages. As well, Empire Pizza is now open daily from 10 a.m. to the last departure of the day.

We continue to promote the use of the grab app for travelers interested in maintaining their "touchless journey" through TUS with mobile ordering. Most of the restaurants in our terminal will fulfill food and beverage purchases through the app and deliver to specific pick-up locations. This allows passengers to skip concession lines and maintain a safe, social distance.

Date: August 23, 2021

To: TAA Board of Directors
From: Dave Hatfield, Senior Director of Air Service Development
Re: **September 2021 TUS Air Service Update**

Recovery Hits Headwinds

More than 15,000 airline pilots, about 12% of the workforce, took early retirement buyouts or were furloughed last year and that has now created the latest obstacle in the industry’s recovery.

While airlines began recalling employees earlier this year after vaccinations indicated passengers were returning to travel, summer demand proved to be more than anticipated. As of the beginning of 2021, airline employment in the United States was at its lowest level since 1986. The challenge for pilots is particularly acute due to the expense and time needed for training. Even if the airlines had enough candidates in the pipeline, it takes a minimum of 1,500 hours of training to be a commercial pilot.

The airline system is stressed, as anyone who flew over the summer probably experienced. What might be considered a routine weather delay at any other time would cause ripple effects delaying and cancelling other scheduled flights as crews timed out and aircraft were out of position.

As a result, the airlines are re-evaluating future schedules. At Tucson International Airport (TUS), we already know of two changes that impact our passengers:

- **American Airlines** in mid-August eliminated its 6 a.m. departure to **Phoenix**, and its companion late-night arrival. The earliest morning departure for PHX is now 7:35 a.m., which means TUS passengers now miss the first bank of connections departing Phoenix between 8 and 9:30 a.m. This is something that was not expected. It appears to be an oversight by American’s scheduling department. The flight was heavily used and will impact PHX as well as TUS. We hope and expect the flight will be reinstated but so far American cannot give us a date.
- **Delta Air Lines** is reducing flight schedules at its **Minneapolis** hub in the first quarter of 2022, including the elimination of seasonal flights. That includes TUS. Again, Delta says this is caused by a lack of flight crews and not due to poor performance. In this case, Sun Country Airlines, which flies three days a week between TUS and Minneapolis, is aware of the change but it remains to be seen if it will be able to respond with more flights.

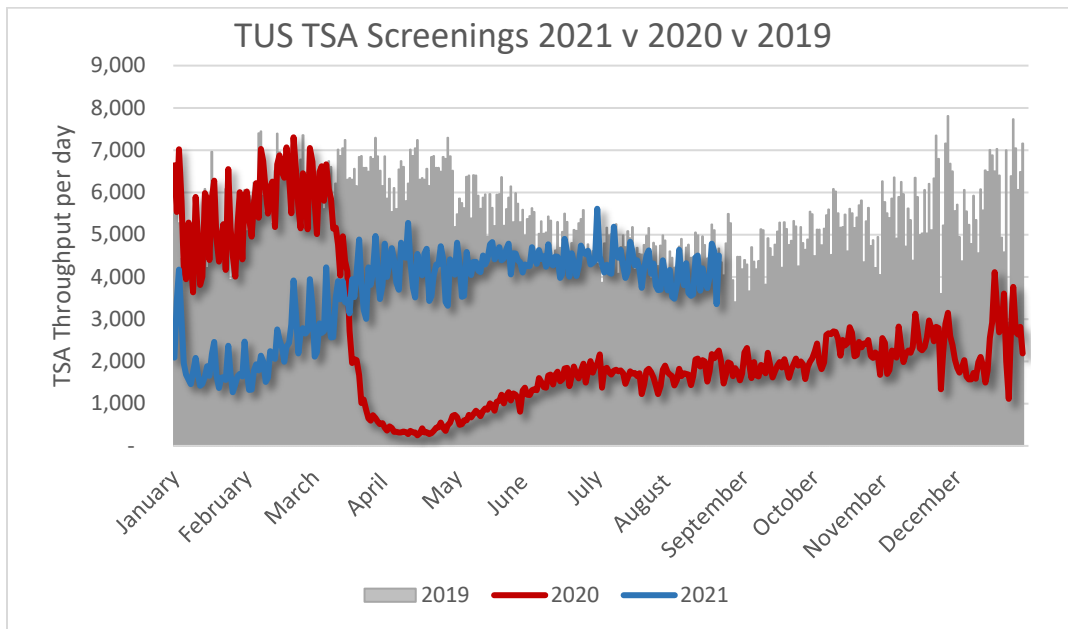
Adding Flights at TUS

Despite scheduling setbacks, TUS remains in a relatively good position for our winter tourism season. While we no longer expect to reach our 2019 average of 60 departures per day this year, airlines are adding more flights each month.

Daily Departures and Seats at TUS 2021 v 2019				
	Flights	% Change	Seats	% Change
September	43	-7.9%	4,786	-10.2%
October	47	-15.2%	5,306	-11.4%
November	50	-15.3%	5,691	-12.5%
December	55	-9.7%	6,267	-10.1%

Leisure continues to drive airline travel and winter sun destinations such as Tucson are a priority. Looking ahead, Southwest Airlines is due to release its first quarter 2022 schedule on September 16. Other airlines, including American, Frontier, Allegiant and United, also have not finalized their early 2022 schedules.

Passengers Decline



TSA’s passenger numbers at TUS dropped in mid-August, about the same time the delta variant caused a spike in COVID-19 cases. While that probably contributed to some of the downturn, it’s worth noting that airline travel typically declines in mid-August as vacation season ends and schools reopen. In the above chart, the blue line shows 2021 TSA screenings that were down 11% in August (through Aug. 23) but followed comparable trending to 2019, shown in the gray background.

Future Flight Plans

- The **TAA** is actively talking with **five airlines** – existing and new carriers at TUS – about adding new air service. Two are looking at expansion within the next few months and three are looking to later in 2022.
- **Frontier Airlines** reports initial bookings for its new **Las Vegas** flights that started in August were strong. There was a noticeable slowdown later in the month. Frontier says it happened across all flights to Las Vegas, which has been especially susceptible to the impact of the pandemic, since so much of its appeal is indoors.
- **Allegiant Air flights to/from Indianapolis** return Thursdays and Sundays starting November 18.
- **Alaska Airlines**, which on November 19 is starting new daily flights to **Everett** north of Seattle, reports bookings are about 2 percentage points below average. That is soft but not bad for a new market.
- **Alaska Airlines** daily flights to/from **Portland** resume November 19.
- **Sun Country Airlines** flights to/from **Minneapolis-St. Paul** return on Tuesdays, Thursdays and Sundays starting December 16.