

**TUCSON AIRPORT AUTHORITY | Board of Directors Regular Meeting
Wednesday, October 6, 2021 | 3:00 p.m. | Remote Meeting**

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

1. CALL TO ORDER | ROLL CALL

Chair Dusenberry called the meeting to order at 3:01 p.m.

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

Members Absent: None

Staff Present: President/Chief Executive Officer Danette Bewley, Vice President/Planning and Engineering Mike Smejkal, Vice President/General Counsel Christopher Schmaltz, Vice President/Chief Commercial Officer John Voorhees, Vice President/Chief Financial Officer Kirk Eickhoff, Vice President/Chief People Officer Twyla Salaiz, Deputy General Counsel Kim Ryan, IT Systems Administrator Matt Chandler, and TAA Clerk Byron Jones

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

2. CONSENT AGENDA

- a. **APPROVAL OF MINUTES:** Approve the minutes from the Board of Directors Regular Meeting held on September 1, 2021.
- b. **MATHESON FLIGHT EXTENDERS HANGAR LEASE:** Adopt Resolution No. 2021-22 authorizing the President/CEO or her designee(s) to take all actions and to execute all documents necessary to enter a new five-year lease agreement with Matheson Flight Extenders, for the use of Air Cargo Two, Bays One through Three, subject to key business terms.

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

Ayes 10 Chair Dusenberry, Vice Chair Hammond, Secretary Silvyn, Treasurer Assenmacher, Director Villicana, Director Draper, Director Rich, Director Swaim, Director Jackson, and Director Fernandez

Nays 0

3. CHAIRPERSON REPORT

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

The TAA is in the process of expanding the Information Technology Department to meet current and future needs. Aaron Shepherd recently joined the TAA as the new Director of Applications and Support.

4. PRESIDENT/CEO REPORT

a. State of the Industry | Update

President/CEO Danette Bewley reported on the following:

Legislative Update

- ❑ The United States Senate approved a continuing resolution to keep the federal government funded through December 3, 2021.
- ❑ The bipartisan infrastructure bill (which includes \$25B earmarked for airports) remains in limbo in the United States House of Representatives due to divisions on the size and scope of the measure. Speaker of the House Nancy Pelosi expressed confidence that the chamber will pass the legislation by October; however, the TAA is mindful that the vote may be delayed. President/CEO Bewley committed to keeping the Board informed of future developments that will affect the aviation industry and the TAA specifically.

Disrupters in the Skies

- ❑ The United States Congress is considering stricter deterrence measures for unruly passengers in addition to the fines that are already in place.
- ❑ Since January, there have been a reported 4,300 cases of disruptive behavior committed by passengers.
- ❑ Because this trend of unruly behavior is continuing, airlines are considering sharing lists of offending passengers to create a “no fly” list that will prevent these individuals from flying on other airlines. Another option being considered is for the Federal Aviation Administration (FAA) to establish a central database which airlines can access.

Avelo Airlines will begin flights to Hollywood-Burbank Airport in December. They will add additional flights over the holidays.

President/CEO Bewley shared an article that she had authored regarding the “Nonstop for Tucson” marketing campaign. It was recently published in Airport Council International’s *Centerline Magazine*.

5. DISCUSSION | PRESENTATION

a. **NEW ENTRY MONUMENT SIGN – FINAL DESIGN CONCEPT:**

President/CEO Danette Bewley and Vice President/Planning and Engineering Mike Smejkal presented.

- The TAA contracted with Wheat Design Group in 2019 to design an updated monument sign for the airport’s main entrance and the return loop using a design and color palette like that used in the terminal. The goal was to enhance the entrance, so travelers clearly recognize when they are entering and leaving the airport. The project was halted due to COVID-19; however, staff is now ready to resume the project in FY 2022.
- In addition to the TAA design palette, the final concept design also makes use of the Sonoran Desert landscape through the incorporation of desert brown and copper coloring, and mountain backgrounds.
- LED lighting will enhance the sign. This lighting will have the ability to be changed throughout the year to reflect different holidays and events.
- Due to supply chain issues, staff is not certain when the project will begin; however, they anticipate it will be completed in the current fiscal year.

BOARD DISCUSSION:

- Supports the concept and stated that it is long overdue.

6. ACTION ITEMS

a. **PIMA COUNTY SHERIFF’S DEPARTMENT HANGAR LEASE:**

Vice President/Chief Commercial Officer John Voorhees presented.

- Staff is seeking the Board’s approval to execute a thirty-year ground lease with Pima County to construct a hangar for the Sheriff’s Department Aviation Unit and for TAA to build a taxi lane to connect Pima County’s lease hold with Taxiway C.
- Pima County currently operates out of several facilities in the Valencia General Aviation Business Park. They recently purchased two additional aircraft and desire to consolidate all their operations into a single facility.
- Staff chose the site to consolidate all the public safety aviation units in the same general area. The Arizona Department of Safety Aviation Unit operates out of an adjacent facility.
- In addition to supporting the Sheriff’s Department facility, construction of the taxi lane is an investment in the TAA’s infrastructure that will facilitate future development in the area.

BOARD DISCUSSION:

- How does staff perform a marketing analysis to determine the appropriate lease rates?** VP/CCO Voorhees stated that the TAA does comparisons with local developments for purchase and lease prices. The lease rate is generally \$.36 per

square foot. Staff is in the process of updating the appraisals, particularly the undeveloped land along Alvernon Way. They are confident that the current lease rate is competitive and reasonable in the current market.

- Requested that staff reports in the future include a brief market analysis.**
- Is there utility infrastructure that needs to be constructed to facilitate this development and future developments?** Vice President/Planning and Engineering Mike Smejkal explained that there are existing electrical, telephone, water, and sewer lines along Aero Park Boulevard up to the lot line. The only infrastructure not in place is the taxi lane.

MOTION BY Vice Chair Hammond, SECONDED BY Director Swaim, to ADOPT Resolution No. 2021-23 authorizing the President/CEO or her designee(s) to take all actions and to execute all documents necessary to enter a thirty-year ground lease with Pima County, and a budget amendment in the amount of \$1,776,037 to fund a new Capital Improvement Program project to construct an entrance taxiway to accommodate the lease and future developments. The motion carried by the following vote:

Ayes 10 Chair Dusenberry, Vice Chair Hammond, Secretary Silvyn, Treasurer Assenmacher, Director Villicana, Director Draper, Director Rich, Director Swaim, Director Jackson, and Director Fernandez

Nays 0

b. NEW JET BRIDGE – GATE B6:

Vice President/Planning and Engineering Mike Smejkal presented.

- Gate B6 does not currently have a jet bridge. United Airlines owned the previous jet bridge and moved it when they relocated to the A Concourse in 2013. At the time, the TAA did not have the demand to justify installing a new jet bridge.
- Based on recent discussions involving air service development, staff believes there is a need to reactivate Gate B6 to prepare for increased traffic. However, due to supply chain disruptions, the lead time to install a new jet bridge has increased from five-to-six months to almost nine months. Staff believes it is advantageous to the TAA's marketability to have the gate reactivated before new air service is announced.

BOARD DISCUSSION:

- Requested clarification on whether this item is in the current budget.** President/CEO Danette Bewley explained that the TAA is currently negotiating with an international air carrier that is interested in serving the Tucson market. Because this carrier flies internationally, it will be required to use the Federal Inspection Services (FIS) facility, which is located near Gates A1 and A2. Frontier Airlines is currently using these gates, so they will have to be realigned to accommodate the international air carrier. This project has been added in anticipation of new air service.
- Where will the funds come from?** VP/P&E Smejkal stated that the project would be

funded through a loan from the Special Reserve Fund. The loan would be paid back from the rates and charges assessed to the airline for using the gate.

MOTION BY Treasurer Assenmacher, SECONDED BY Secretary Silvyn, to ADOPT Resolution No. 2021-24 authorizing the creation of a new Capital Improvement Program project to furnish and install a new jet bridge at Gate B6. The motion carried by the following vote:

Ayes 10 Chair Dusenberry, Vice Chair Hammond, Secretary Silvyn, Treasurer Assenmacher, Director Villicana, Director Draper, Director Rich, Director Swaim, Director Jackson, and Director Fernandez

Nays 0

c. BYLAW AMENDMENTS:

Chair Dusenberry reviewed the timeline of the discussion between the Board and the Corporate Governance Council regarding the Board’s role in the nominating process.

NOMINATING COUNCIL PROCEDURES AND AUTHORITY

Director Jackson stated that the fundamental issue is structural in nature and concerns the future as opposed to anything that has happened previously. The question is: Which body has the final say on which nominations go on the ballot to be voted on by the membership, the Board, or the Nominating Council?

Director Jackson, as vice chair of the Corporate Governance Council, summarized the discussions during its meeting on September 28, 2021:

- The Council is primarily concerned with the Board having decision-making authority over who becomes a director.
- Proposed Amendment A: The Council believes this option invests too much power in the Board to select its own successors.
- Proposed Amendment B: This option is a compromise based on discussions from the previous Board meeting. The Council favored Option B by a vote of five (5) to one (1) with a recommendation that it go into effect for the current nominating period.
- Proposed Amendment C: This option recognizes the historical role of councils as advisory to the main body, which has the final determination. Director Jackson supported this proposed amendment.

BOARD DISCUSSION:

- Believes the Board should have the ultimate decision but would be comfortable with the compromise solution (Proposed Amendment B). The Board would only return a nominee to the Nominating Council if there were compelling reasons, and this would be a rare occurrence.
- Supports the Board having the ability to weigh in on nominations, which has

previously not been the practice. Favors Proposed Amendment C but would support Proposed Amendment B's checks-and-balances approach.

- Favors Proposed Amendment A. The Board has the fiduciary duty to represent the TAA's interests. The councils are merely advisory to the Board, which should have the final decision-making authority. Is concerned that under Proposed Amendment B, the Board only has one opportunity to weigh in on a nominee.

TERM OF THE CHAIR OF THE BOARD

- Supports a two-year term as it gives the incumbent more time to become familiar with and be more effective in the role.
- Adds continuity in relation to some of the strategic plan initiatives.
- Supports a two-year term but believes the language as drafted is confusing and that certain sections are at odds with one another.

Because the proposed amendment needed to be re-worded, and other sections analyzed and updated considering the change, the Board delayed discussion on the terms of directors and board officers and requested that Vice President/General Counsel Chris Schmaltz re-review the proposed amendment and other sections of the Bylaws and bring the issue back for reconsideration at the next Board meeting.

MOTION BY Director Rich, SECONDED BY Secretary Silvyn, to ADOPT Resolution No. 2021-25 amending the Bylaws of the Tucson Airport Authority relating to the nominating process as recommended by the Corporate Governance Council (Proposed Amendment B), to become effective in 2022.

The Board discussed whether the Bylaw change should go into effect during the current nominating process. Several directors expressed that there was no urgency for the change to go into effect immediately and that moving forward to November 15 from November 30 the deadline by which the Nominating Council must make its recommendations would be unworkable given the difficulty of re-scheduling the meeting already on the calendar for November 18.

Other directors expressed that as a matter of governance, the Board should want to weigh in on the current nominating process. A compromise was suggested to move the deadline to November 20 to accommodate the meeting on November 18 and to avoid conflicts with the Thanksgiving holiday. With this change, it was further suggested that the Bylaw amendment should go into effect immediately.

MOTION BY Director Rich, SECONDED BY Secretary Silvyn, to ADOPT Resolution No. 2021-25 amending the Bylaws of the Tucson Airport Authority relating to the nominating process as recommended by the Corporate Governance Council (Proposed Amendment B), with all references to November 15 in Section 2.2.2. changed to November 20, to take effect immediately. The motion carried by the following vote:

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

Nays 1 Director Draper

7. MEETING SCHEDULE

Chair Dusenberry discussed the schedule for the remainder of the year with President/CEO Danette Bewley, and he made the determination that the Board did not need to hold a meeting during the month of November. He recommended moving the December Board meeting from December 1 to December 8 so that the directors would not have to review meeting materials during Thanksgiving week. There was no objection.

The next meeting will be held Wednesday, December 8, 2021, beginning at 3:00 p.m., via Webex.

8. ADJOURN

There being no further business to discuss, Chair Dusenberry adjourned the meeting at 4:33 p.m.

APPROVED BY:

Keri Silvyn

Keri Silvyn (Dec 9, 2021 11:03 MST)

Keri Silvyn, Secretary

Date: December, 9, 2021

Prepared by:

Byron Jones

Byron Jones (Dec 9, 2021 10:18 MST)

Byron M. Jones, CMC, TAA Clerk

Date: December, 9, 2021