
**TUCSON AIRPORT AUTHORITY | Executive Council Meeting
Thursday, November 4, 2021 | 1:30 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 **Executive Council** will have hold a meeting open to the public on **Thursday, November 4, 2021, beginning at 1:30 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 | WELCOME AND INTRODUCTIONS

- | | |
|---|--|
| <input type="checkbox"/> Bruce Dusenberry, Chair | <input type="checkbox"/> Bill Assenmacher, Treasurer |
| <input type="checkbox"/> Mike Hammond, Vice Chair | <input type="checkbox"/> Phil Swaim, Director |
| <input type="checkbox"/> Keri Silvyn, Secretary | |

2. ACTION ITEM

- a. **APPROVAL OF MINUTES:** Approve the minutes of the Executive Council meeting held on August 23, 2021.

3. EXECUTIVE SESSION

The Executive Council, upon a majority vote, may convene into executive session as posted for the following:

- a. Pursuant to A.R.S. § 38-431.03(A)(1): Discussion and/or consideration regarding the employment and performance evaluation of TAA President/CEO Danette Bewley; and
- b. Pursuant to A.R.S. § 38-431.03(A)(3): Discussion and/or consultation for legal advice with the attorney for the Tucson Airport Authority regarding the contract with TAA President/CEO Danette Bewley.

4. RECONVENE IN REGULAR SESSION

5. ACTION ITEM

- a. **ANNUAL PERFORMANCE REVIEW OF THE PRESIDENT/CEO:** The Executive Council will consider and may provide direction to the TAA attorney to proceed as discussed in executive session regarding the performance evaluation of TAA President/CEO Danette Bewley.

6. ADJOURN

**TUCSON AIRPORT AUTHORITY | Executive Council Meeting
Monday, August 23, 2021 | 3:30 p.m. | Remote Meeting**

THIS ADVISORY COUNCIL MEETING WAS HELD BY REMOTE PARTICIPATION ONLY, WITH COUNCIL MEMBERS 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 | WELCOME AND INTRODUCTIONS

Chair Dusenberry called the meeting to order at 3:31 p.m.

Members Present: Chair Bruce Dusenberry, Vice Chair Mike Hammond, Secretary Keri Silvyn, Treasurer Bill Assenmacher, and Director Phil Swaim

Members Absent: None

Staff Present: President/Chief Executive Officer Danette Bewley, Vice President/General Counsel Christopher Schmaltz, 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

Treasurer Assenmacher left the meeting at 3:32 p.m.

2. ACTION ITEMS

a. APPROVAL OF MINUTES:

MOTION BY Vice Chair Hammond, SECONDED BY Secretary Silvyn, to APPROVE the minutes of the Executive Council meeting held on June 2, 2021. The motion carried by the following vote:

Ayes 3 Chair Dusenberry, Vice Chair Hammond, and Secretary Silvyn

Nays 0

Vice President/Chief People Officer Twyla Salaiz presented on Items 2.b. through 2.d.

LEAVE POLICY

The recommended updates to the TAA's leave policies are in support of the strategic plan goal to make TAA an Employer of Choice. Staff studied the leave policies from 28 companies which have been recognized as Employers of Choice, as well as studies on the overall effect leave policies have on employees' health and wellness and the benefits to the organizations.

FINDINGS:

- ❑ It has been documented in multiple studies that generous leave policies have a significant, positive impact on employee productivity, creativity, quality of work, and overall health and wellness.
- ❑ Leave policies—including the consistent application and management of these policies for all employees—heavily factor into the recognition of organizations as Employers of Choice.
 - Of the 28 companies, the average vacation time offered to new employees ranged from 20 days to 40 days on the first day of employment.
 - Employers consistently offered paid maternity leave and parental leave. The TAA does not currently provide this benefit.
- ❑ Benefits and compensation are the primary reasons job seekers choose a company. Offering generous benefits packages is crucial to attracting the best talent in the aviation and adjacent industries.
- ❑ The TAA’s current leave policies discourage employees from using vacation time and instead using sick time first. Having employees schedule their time off in advance rather than calling in at the last minute enables the airport to function more efficiently in a 24/7 work environment.

Treasurer Assenmacher rejoined the meeting at 3:38 p.m.

RECOMMENDATIONS:

- ❑ The TAA’s approach is shifted to encourage employees to take vacation.
- ❑ Time is available from the first day of employment regardless of how much is earned.
- ❑ The amount of time is based on an employee’s total work experience, tenure, and the criticality of the role.
- ❑ One week of sick time is moved over to vacation time, so there is no significant increase to the budget.
- ❑ The vacation bank will be reduced, and the vacation sellback policy will be eliminated. The ability to sell back vacation time discourages employees from taking time off and may lead to repercussions from the Internal Revenue Service. Employees will be permitted to bank more sick time so it can be used for serious illnesses.
- ❑ Additional leaves will be offered. These include maternity leave, parental leave, and emergency family care.

**CURRENT AND PROPOSED CHANGES TO THE
TUCSON AIRPORT AUTHORITY LEAVE POLICY**

Leave Type	Current	Proposed*
Vacation	<ul style="list-style-type: none"> 10 – 20 days accrued by pay period <ul style="list-style-type: none"> - 1-5 years 10 days - 6-10 years 15 days - 10+ 20 days Increases in 5-year increments Available as earned after 6-month probation Bank limit of 400 hours, paid-in-full at separation Vacation payout of banked hours 	<ul style="list-style-type: none"> 12-25 days based on tenure, experience, and/or role <ul style="list-style-type: none"> - Tier 1: New Hire, 0-5 years 12 days - Tier 2: 5-10 years 17 days - Tier 3: 10-15 years 22 days - Tier 4: 15+ years 25 days Tiered system with new hire entry at every Tier, move to next Tier with tenure/promotion Front loaded, available to use on day 1 of employment Bank limit of 320 hours, paid-in full upon separation No vacation payout of banked hours
Sick	<ul style="list-style-type: none"> 80 hours annually, use or lose Accrued by pay period, use as accrue 	<ul style="list-style-type: none"> 40 hours annually, bank up to 160 hour and no pay out at termination Accrued by pay period but front loaded at hire, available to use on day 1 of employment
Maternity/ Parental	<ul style="list-style-type: none"> FMLA, unpaid 	<ul style="list-style-type: none"> 12 weeks/4 weeks paid
Emergency Family Care	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> 4 weeks, entire tenure of employee
Compassionate Leave	<ul style="list-style-type: none"> 1 Week, can be granted multiple times 	<ul style="list-style-type: none"> Goes away replaced by Emergency Family Care

**All leave time is front loaded and/or available from Day 1 of employment*

Staff is requesting approval of the revised leave policy.

Director Swaim joined the meeting at 3:46 p.m.

COMPENSATION PLAN

The TAA implemented a comprehensive market-driven compensation plan in 2020. After a full year of analysis, staff is recommending some changes, such as adjusting the grades of some positions, adjusting the middle quartiles from forty percent to fifty percent, and adjusting the non-competitive base pay for some positions in the lower grades. Staff is requesting approval of the updated compensation plan.

HOLIDAY

The federal government recently adopted Juneteenth as a federal holiday, and some of TAA’s federal partners also include it as a paid holiday. While the State of Arizona and Arizona municipalities have yet to adopt Juneteenth as an official holiday, staff believes observing it will aid in the TAA’s path to becoming an Employer of Choice as it demonstrates the organization’s dedication to diversity and inclusion. Staff is requesting to add Juneteenth as an eleventh paid holiday for TAA employees.

BOARD DISCUSSION:

- Will TAA have to buyout employees' accrued vacation time that is over the maximum allotment?** Salaiz stated that TAA will not have to offer buyouts as employees will have a year to reduce their overages to the new maximum of 320 hours. Employees are still able to use the time. The only change is that employees will no longer be able to sell back their time.
- Expressed overall support for the changes and commended staff for putting safeguards in place (e.g., eliminating the vacation sellback policy) to prevent employees from abusing the system.** Salaiz stated that the shift from sick to vacation will aid in this as well as training leaders in performance management so that disciplinary issues can be dealt with before they become more serious.
- What effect do the proposed changes have on the budget?** Bewley stated that there will be a slight increase to the budget, but the offset will be better productivity, use of vacation and sick leave for their intended purposes, improved health and wellness, and more time to deal with family-related issues. In FY2022, staff is recommending the addition of certain key positions in areas that have been underfunded for a long time. This will increase the budget, but the additional staff will be beneficial as TAA moves forward with implementing Strategic Plan 2.0.
- TAA has historically underpaid some positions, which made it harder to attract and retain employees. Many companies are increasing their compensation and benefits. Supports TAA's strategy to remain competitive.**

b. UPDATES TO THE TAA HOLIDAY SCHEDULE:

MOTION BY Vice Chair Hammond, SECONDED BY Secretary Silvyn, to ADOPT Resolution No. EXEC 2021-02 approving an eleventh paid holiday benefit for TAA employees. The motion carried by the following vote:

**Ayes 5 Chair Dusenberry, Vice Chair Hammond, Secretary Silvyn,
Treasurer Assenmacher, and Director Swaim**

Nays 0

c. UPDATES TO THE TAA LEAVE POLICY:

MOTION BY Secretary Silvyn, SECONDED BY Treasurer Assenmacher, to ADOPT Resolution No. EXEC 2021-03 approving changes to the TAA Leave Policy. The motion carried by the following vote:

**Ayes 5 Chair Dusenberry, Vice Chair Hammond, Secretary Silvyn,
Treasurer Assenmacher, and Director Swaim**

Nays 0

d. UPDATES TO THE COMPENSATION PLAN:

MOTION BY Director Swaim, SECONDED BY Vice Chair Hammond, to ADOPT Resolution No. 2021-04 approving the updated Tucson Airport Authority Compensation Plan, to be effective October 1, 2021. The motion carried by the following vote:

**Ayes 5 Chair Dusenberry, Vice Chair Hammond, Secretary Silvyn,
Treasurer Assenmacher, and Director Swaim**

Nays 0

3. NEXT MEETING

Wednesday, November 4, 2021 | 1:30 p.m. | Remote participation via Webex

4. ADJOURN

There being no further business to discuss, Chair Dusenberry adjourned the meeting at 4:07 p.m.

Prepared by:

Byron M. Jones, CMC, TAA Clerk

Date: _____

TUCSON AIRPORT AUTHORITY

PRESIDENT/ CHIEF EXECUTIVE OFFICER EMPLOYMENT CONTRACT

This Agreement (“Agreement”) is made and effective as of January 1, 2021 (the “Effective Date”) by and between the Tucson Airport Authority, an Arizona non-profit corporation (“TAA”) and Danette Bewley (“President/CEO”) (TAA and President/CEO collectively, are sometimes referred to as the “Parties”) and supersedes any prior employment-related agreement or agreements between TAA and President/CEO.

AGREEMENT

TAA and President/CEO hereby agree to employ President/CEO on the following terms and conditions and, except to the extent specifically superseded by this Agreement, subject to all of TAA’s policies and procedures regarding its employees:

1. **Position.** As of the Effective Date, President/CEO shall serve as the president and chief executive officer of TAA and shall perform all duties and assume any and all responsibilities that may be assigned to her from time-to-time by the TAA Board of Directors (the “Board”) or its duly authorized representative(s). President/CEO will devote her full time, energy and skill to the performance of her duties and will exercise due diligence, loyalty, and care in the performance of her duties.
2. **Specific Authority and Responsibility.** Subject to the provisions of any delegation of authority document adopted by the Board, TAA by-laws and Board adopted objectives, policies, and directives, President/CEO shall have authority and responsibility for the overall operation, management and administration of the Tucson Airport Authority and the activities and operations of the TUS and RYN airport systems. In addition, as chief executive officer, President/CEO shall perform any special duties assigned or delegated to President/CEO by the Board and, unless otherwise directed by the Board, shall include, but not be limited to, the following:
 - a. In consultation with the Board Chairperson and TAA General Counsel, prepare notices and agendas of and attend meetings of the Board and its Executive Council, and report to the Board and any duly authorized TAA committees as they shall require on all phases of operation of TAA.
 - b. Place items on the Board meeting agenda as requested by the Board Chairperson.
 - c. Supervise the implementation and operation of TAA’s policies and operating programs, budgets, procedures, and directions adopted by the Board.
 - d. Organize, reorganize and arrange the staff of TAA and develop and establish internal regulations, rules and procedures deemed necessary by the President/CEO for the efficient and effective operation of TAA consistent with the lawful directives, policies, ordinances, and applicable law.

3. Term.

- a. **Initial Term.** The initial term of employment shall begin as of the Effective Date set forth above, and continue until December 31, 2025, unless terminated earlier by voluntary resignation or death of President/CEO or by termination as provided in this Agreement.
- b. **Extension of Term.** Unless written notice of intent to not renew the Agreement is given by TAA to President/CEO at least ninety (90) days prior to the expiration of the initial term, this Agreement may be renewed for one two (2) year term, upon terms and conditions to be agreed upon by the Parties, but, in any event, no less favorable than the terms and conditions of the initial term. President/CEO shall provide notice to the Board of President/CEO's interest in extending the Term of the Agreement at least one hundred twenty days prior to the expiration of the then current Term.

4. Compensation

- a. **Base Salary.** TAA agrees to pay or cause to be paid to President / CEO for President/CEO's services during the term of this Agreement a base salary ("Base Salary") at the gross annual rate (prior to all taxes and other withholdings) as follows:
 - i. Year 1: January 1, 2021 to December 31, 2021; annual salary of \$274,019.20.
 - ii. Year 2: From January 1, 2022 to December 31, 2022: \$289,036.80
 - iii. Year 3: From January 1, 2023 to December 31, 2023: \$300,580.80.
 - iv. Year 4: From January 1, 2024 to December 31, 2024: \$312,582.40.
 - v. Year 5: From January 1, 2025 to December 31, 2025: \$325,104.00

The Base Salary shall be payable in bi-weekly installments in accordance with TAA's customary payroll practices applicable to its employees and shall be subject to all required federal, state, local or other mandated withholdings.

- b. **Cost of Living Adjustment.** The President/CEO shall be entitled to receive any cost of living adjustments to the Base Salary that are approved by the Board for all TAA employees. Any cost of living adjustment to the Base Salary shall be recorded via a document signed by the then current TAA

Chair of the Board and President/CEO at the time of the adjustment.

- c. **Merit/Bonus Pay.** TAA, under the direction of its Board, acting through the Executive Council, may pay or cause to be paid to President/CEO such merit/bonus pay as it from time to time determines appropriate in its sole and absolute discretion. Any such bonus/merit pay shall be paid at such time or times and in such amounts and manner as TAA's Board, acting through the Executive Council, and President/CEO jointly agree; provided, however, that President/CEO shall not be entitled to any such bonus/merit if President/CEO is not employed by TAA on the date such bonus/merit is payable; and provided that the bonus/merit for any year shall be paid by a date no later than December 1st or the next business day.

The parties agree that the potential bonus/merit pay, subject to the above authority, shall be as follows:

Year	Date(s)	Meets Expectations Performance Review	Exceeds Expectations Performance Review (maximum amount)
1	January 1, 2021 to December 31, 2021	\$17,500	\$35,000
2	January 1, 2022 to December 31, 2022	\$20,000	\$40,000
3	January 1, 2023 to December 31, 2023	\$22,500	\$45,000
4	January 1, 2024 to December 31, 2024	\$25,000	\$50,000
5	January 1, 2025 to December 31, 2025	\$25,000	\$50,000

- d. **Benefit Plans.** President/CEO shall be entitled to participate in all employee benefit plans, practices, and programs offered and maintained by TAA and made available to employees generally and as may be in effect from time to time. Not in limitation of the foregoing, President/CEO shall also be entitled to the following:

- i. **Vacation.** President/CEO shall be entitled to accrue and be paid for vacation (which may be taken at such times and in such increments as President/CEO may choose) on the same basis as other full time employees of TAA. On and after the Effective Date, President/CEO shall retain all currently accrued vacation as a current employee of TAA. The parties acknowledge that, because of President/CEO's responsibilities, she is often unable to use her accrued and accruing vacation time in any one period. The parties therefore agree that notwithstanding any general policy to the contrary, President/CEO's unused vacation time

may be carried forward not to exceed ninety (90) days (720 hours).

- ii. **Health and Life Insurance.** TAA shall pay TAA costs of health, dental, vision and related insurance covering President/CEO in accordance with whatever plan President/CEO elects to enroll in that TAA maintains for its other employees during the term of this Agreement. President/CEO is responsible to pay the employee share of any TAA insurance plan President/CEO enrolls in. TAA shall pay the amount of premium due for term life insurance in the amount of three (3) times the President/CEO's annual Base Salary, including all increases in the base salary during the life of this Agreement.
- iii. **Stipend.** President/CEO shall be entitled to a benefits stipend. The stipend shall be in an amount not less than the cost of family dependent coverage as adopted annually by the Board as direct compensation, which is the sum TAA would otherwise have spent on this employment benefit. President/CEO shall direct the stipend for the use of such expenses as a Health Savings Account, Flex Spending Account, Dependent Medical Coverage, Vision or Dental Coverage, Disability Coverage, Other Voluntary Benefits or Deferred Compensation.
- iv. **Retirement Contributions.** TAA shall make all employer contributions to the Arizona State Retirement System ("AZSRS") as required by Arizona law.

e. Community Engagement.

- i. **Professional Dues.** TAA shall pay for professional dues, and subscriptions of the President/CEO necessary for continuation and full active participation in national, regional, state, and local associations, and organizations necessary and desirable for the President/CEO's continued professional participation, growth, and advancement, and for the good of TAA.
- ii. **Travel and Subsistence Expenses.** TAA agrees to budget and pay for reasonable travel and subsistence expenses of President/CEO for professional and official travel, meetings, and occasions to adequately continue the professional development of President/CEO and to pursue necessary official functions for TAA such as national, regional, state, and local airport industry groups and committees in which President/CEO serves as a member. TAA also agrees to pay for reasonable travel and subsistence expenses of President/CEO for short courses, institutes, and seminars that are necessary for President/CEO's professional development and for the good of TAA.

- iii. **Job Related Expenses.** TAA recognizes that certain expenses of a non-personal but job related nature are incurred by President/CEO, and agrees to reimburse or to pay said general expenses. Such expenses may include meals where TAA business is being discussed or conducted and participation in social events of various organizations when representing TAA. Such expenditures are subject to annual budget constraints as well as TAA ethics and purchasing policies
- iv. **Membership Dues and Fees.** TAA acknowledges the value of having President/CEO participate and be directly involved in local civic clubs or organizations. Accordingly, TAA shall pay for the reasonable membership fees and/or dues to enable President/CEO to become an active member in local civic clubs or organizations.

5. Performance Evaluation. TAA Board of Directors shall annually review the performance of the President/CEO no later than November 15th of each Term year, except as may be mutually agreed to by the Parties, subject to the process, form, criteria, and format for the evaluation, which shall be mutually agreed upon by TAA and President/CEO.

6. Termination of Employment.

- a. **Resignation.** President/CEO may terminate her employment under this Agreement at any time, by giving thirty (30) days prior written notice of resignation to the Board (the "Notice Period"). TAA's obligation to pay President/CEO's Base Salary pursuant to Section 4 shall cease as of President/CEO's last day of employment. TAA may choose to accept President/CEO's resignation immediately or at some other time prior to the expiration of the Notice Period and President/CEO's employment shall immediately cease, with TAA having no further contractual, legal or financial obligation to President/CEO other than (assuming proper notice of resignation was given by President/CEO) to continue her Base Salary until the last day of the Notice Period. If President/CEO resigns pursuant to this Section 6, she shall also be entitled to her accumulated vacation and/or PTO pay earned through her last day of employment, as well as any other accumulated and vested employee benefits, which, pursuant to the terms and conditions of TAA's benefit plans, policies, and programs, she is entitled to be paid upon termination.
- b. **Termination Without Cause.** TAA may terminate President/CEO's employment under this Agreement without Cause at any time, without prior notice or warning. If President/CEO is terminated without Cause, TAA shall pay President/CEO her pro rata Base Salary and any accumulated vacation and/or PTO pay earned through her last day of employment, as well as any other accumulated and vested employee benefits, which, pursuant to the terms and conditions of TAA's benefit

plans, policies, and programs, she is entitled to be paid upon termination.

i. **Monthly Severance Payment and Benefits.** If President/CEO first timely signs (and does not revoke) a general release agreement in form and substance reasonably acceptable to TAA (the "Release"), she shall be entitled to receive the following additional severance benefits:

a) A monthly severance payment in an amount equal to President/CEO's annual Base Salary at the time of her termination of employment, divided by twelve (12) (the "Monthly Severance Payment"). The Monthly Severance Payments shall be made for a twelve (12) month Severance Period (the "Severance Period"), which shall begin on the date she is given notice of termination or until the end of the then current term of her employment agreement, whichever is shorter. Subject to her first signing (and not revoking) the Release, the first Monthly Severance Payment shall be paid on the first TAA scheduled pay day for all employees following the month in which her termination of employment occurs and each subsequent Monthly Severance Payment shall be paid on the first TAA scheduled pay day of each Subsequent month until the expiration of the Severance Period.

b) If permitted by applicable law, including, but not limited to, statutory law and the rules and regulations prescribed by the AZSRS, President/CEO will continue to participate in the AZSRS during the Severance Period on terms and conditions no less favorable than those provided to other members of senior management. In this regard, during the Severance Period: (i) President/CEO shall continue to accrue service credit in the AZSRS; (ii) TAA shall continue to make employer contributions to the AZSRS on behalf of President/CEO's AZSRS in an amount calculated based upon her Monthly Severance Payment; and (iii) President/CEO's member contributions shall continue to be made by periodically reducing the Monthly Severance Payment by an amount equal to the required member contribution for the relevant fiscal year. If TAA concludes, in the exercise of its reasonable judgment and based upon the advice of legal or other counsel, that continued participation in the AZSRS is not permitted by statutory law and the rules and regulations prescribed by AZSRS, TAA reserves the right to immediately discontinue the benefits described in this paragraph and

will instead make a periodic payment to President/CEO in the amount equal to the amount TAA would have periodically contributed to the President/CEO's AZSRS account had she remained an active employee of TAA. Any such periodic payments shall be made at the same time TAA makes AZSRS contributions for other members of senior management and TAA shall continue to give her credit through the last day of the Severance Period. President/CEO acknowledges that any benefits provided to her pursuant to this paragraph may be taxable to President/CEO for federal and state tax purposes.

- c) During the Severance period, TAA shall continue to offer medical insurance coverage to President/CEO and a stipend to cover eligible dependents that is reasonably equivalent to the coverage offered to other members of senior management. In this regard, during the Severance Period, TAA will reimburse President/CEO for 100% of the cost of such coverage; provided, however, that the benefits provided to her pursuant to this paragraph shall immediately cease as of the date on which President/CEO becomes eligible for comparable benefits offered by a subsequent employer. President/CEO acknowledges that any reimbursements received by her pursuant to this paragraph may be taxable to President/CEO for federal and state tax purposes. Coverage under this paragraph is intended to be provided in accordance with COBRA during the period President/CEO is eligible to receive COBRA and therefore President/CEO shall make a timely election pursuant to COBRA. If during the Severance Period, President/CEO or eligible dependents are no longer eligible for COBRA, TAA will make a monthly payment to President/CEO in an amount equal to the monthly COBRA premium that TAA was paying on behalf of President/CEO and eligible dependents. Pursuant to federal health care reform legislation, penalties may be imposed upon an employer that provides discriminatory health care benefits. If TAA concludes, in the exercise of its reasonable judgment and based upon the advice of legal or other counsel, that the benefits provided pursuant to this paragraph will subject TAA to any taxes, fines, penalties or assessments under applicable federal health care reform rules, TAA reserves the right to immediately discontinue any benefits that result in the imposition of such fines, taxes, penalties or assessments. In such circumstances, TAA shall replace the benefit with other comparable health insurance alternative as has been

provided to other senior management and is allowable by law.

- d) President/CEO shall receive a general release agreement (the "Release") on the date of her termination of employment and in no event more than ten (10) days following the date on which her termination of employment occurs, the purpose of which shall be to release TAA from all liability associated from her termination. In order to receive the Monthly Severance Payment and other benefits as provided in this Agreement, the Release (1) must be executed and returned to TAA within the twenty-one (21) or forty-five (45) day period that will be described in the Release and (2) President/CEO must not revoke the Release during the seven (7) day revocation period described in the Release. Nothing in this Agreement shall be construed to prohibit Employee from waiving the 21 day or 45 day time period.

- c. **Termination for Cause.** The Board may terminate President/CEO's employment under this Agreement at any time for "Cause" without prior notice or warning. If President/CEO is terminated for Cause, TAA shall pay President/CEO her pro rata Base Salary and any accumulated vacation and/or PTO pay earned through her last day of employment, as well as any other accumulated and vested employee benefits, which, pursuant to the terms and conditions of TAA's benefit plans, policies, and programs, she is entitled to be paid upon termination. The Board shall meet and determine, in good faith and in its sole and absolute discretion, whether sufficient credible evidence exists to terminate President/CEO for Cause, at which time, President/CEO will have the opportunity to address the Board.

Cause shall exist if President/CEO:

- i. Is convicted of, or pleads guilty or *nolo contendere* to, a felony or any act amounting to embezzlement, fraud, or theft or involving moral turpitude (whether or not against TAA or another TAA employee).
- ii. Is convicted of, or pleads guilty or *nolo contendere* to, in a court of competent jurisdiction, a felony resulting in death or substantial bodily or psychological harm to, or other act of moral turpitude harming, any person.
- iii. Engages in conduct demonstrably and materially injurious to the property, business, goodwill and reputation of TAA;
- iv. Commits serious work-related misconduct, including, but not

limited to, gross negligence or intentional illegal conduct.

- v. Is substantially unable to perform the duties of President/CEO for a sustained period of time, which, in the reasonable opinion of the Board, detrimentally affects the business operations of TAA or upon the death of President/CEO.
- vi. Illegally uses narcotics or other controlled substances.
- vii. Intentionally injures or assaults any person in the course of her performance of services for TAA that is not justified under the circumstances.
- viii. Discloses to unauthorized persons confidential or proprietary information relating to TAA, its governance, or operations.
- ix. Commits any act, which creates an unreasonably offensive work environment for TAA employees or patrons.
- x. Fails for any reason within five (5) days after receipt of written notice thereof from an authorized representative of the Board to correct, cease, or otherwise alter any insubordination, failure to comply with legitimate and ethical instructions or other act or failure to act that the Board determines materially or adversely affects the business, governance, or operations of TAA.
- xi. Causes to violate a law, which is reasonable grounds for civil or criminal penalties against TAA or its Board;
- xii. Engages in conduct that constitutes a willful violation of the established written policies or procedures of TAA regarding the conduct of its employees, including policies regarding sexual harassment of employees and use of illegal drugs or substances.

7. **Forfeiture.** Notwithstanding any other provision to the contrary contained herein, President/CEO or her estate or other beneficiaries shall forfeit all rights to receive or retain all payments in excess of President/CEO's then Base Salary plus payment for any accrued but unused vacation and sick/PTO benefit for the periods of President/CEO's service through the effective date of termination and shall reimburse TAA for all such payments and benefits received, pursuant to this Agreement, if:

- a. President/CEO makes, except as required by law, any disparaging remark, orally or in writing, about TAA or about the Board, organization and operations except to those persons who have a need to know and a corresponding fiduciary or contractual obligation to keep such conversations confidential, provided that this obligation

shall not prohibit President/CEO from enforcing or defending any legal right she may have at law or in equity in appropriate legal proceedings against any other person;

- b. President/CEO (or her personal representative or trustee of her estate, in the case of her disability or death) does not execute a general release as described in Section 6.b.i.d above;
- c. President/CEO, directly or indirectly, falsified or caused to be falsified, any TAA book, record, or account or made or caused to be made a materially false or misleading fact necessary in order to make statements made, in light of the circumstances under which such statements were made, not misleading to an accountant in connection with any audit or examination of TAA's financial statements.

8. TAA Personnel or Employment Manual: TAA Practices or Policies. If there is any conflict between the provisions of this Agreement and any TAA Personnel or Employment Manual or any TAA employment practices or policies, then the provisions of this Agreement shall prevail. Any TAA termination appeal process shall not apply with respect to the President/CEO's employment.

9. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of TAA, its successors and assigns and shall be binding upon President/CEO, President/CEO's administrators, executors, legatees, heirs, and legal representatives.

10. Indemnification. To the extent allowed by law, TAA shall defend, save harmless and indemnify President/CEO against any obligation to pay money or perform or not perform action, including without limitation, any and all losses, damages, judgments, interests, settlements, penalties, fines, court costs and other reasonable costs and expenses of legal proceedings including attorney's fees, and any other liabilities arising from, related to, or connected with any tort, professional liability claim or demand or any other threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrate or investigation, whether groundless or otherwise, arising out of an alleged act or omission occurring in the course and scope of the performance of President/CEO's duties or resulting from the exercise of judgment or discretion in connection with the course and scope of her performance of duties or responsibilities, unless the act or omission involves criminal, willful or wanton conduct. The provisions of this paragraph do not apply to any actions President/CEO takes on her own behalf to negotiate the terms of her employment or termination (other than as set forth in paragraph 14 herein), obtain opinions about the tax treatment of compensation, challenge an action or decision of the TAA Board in connection with this Agreement, or pursue legal action adverse to TAA.

11. Entire Agreement. This Agreement contains the entire agreement between the Parties concerning employment related matters. Neither this Agreement, nor

any provision thereof may be waived, modified, or amended, except by written instrument signed by the President/CEO and approved by the Board.

- 12. Waiver and Severability.** No waiver of any default or breach of any provision contained herein shall be deemed a waiver of any other default or breach thereof or any other provisions contained herein. If any provision of this Agreement is determined to be illegal or unenforceable it shall be deemed severed from this Agreement and shall not affect the enforceability of the remaining provisions herein.
- 13. Governing Law.** This Agreement shall be construed and enforced under and in accordance with the laws of the State of Arizona without giving effect to the conflict of law principles thereof.
- 14. Internal Revenue Code and Section 409A Compliance.** This Agreement shall be operated in compliance with Section 409A of the Internal Revenue Code ("Code") or an exception thereto and each provision of this Agreement shall be interpreted, to the extent possible, to comply with Section 409A of the Code or to qualify for an applicable exception. In addition, the following applies to any compensation, deferral, or payout of benefits under this Agreement:
 - a. TAA does not guarantee any particular tax effect or treatment of the amounts due under this Agreement.
 - b. President/CEO shall be responsible for any costs associated with obtaining legal or accounting advice concerning the particular tax effect or treatment of the amounts due under this Agreement.
 - c. Except for TAA's responsibility to withhold applicable income and employment taxes from compensation paid or provided to President/CEO, TAA will not be responsible for the payment of any applicable taxes on the compensation paid or provided to President/CEO pursuant to this Agreement.
 - d. Notwithstanding anything in this Agreement to the contrary, no benefits or payments shall be paid pursuant to Section 6 of this Agreement prior to President/CEO's Separation from Service as defined in Treasury Regulation Section 1.409A-1(h).
 - e. For purposes of this Agreement, the term "termination of employment" shall mean a "Separation from Service."
 - f. If TAA fails to make any payment, either intentionally or unintentionally, within the time period specified in this Agreement, but the payment is made within the same calendar year, such payment will be treated as being made within the time period specified in this Agreement pursuant to Treasury Regulation Section 1.409A-3(d). In addition, if payment is not made due to a dispute with respect to such payment, the payment may be delayed in accordance with Treasury

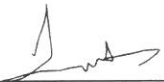
Regulation Section 1.409A-3(g).

- g. Under no circumstances may the time or schedule of any payment made or benefit provided pursuant to this Agreement be accelerated or subject to a further deferral except as otherwise permitted or required pursuant to regulations and other guidance issued pursuant to Section 409A of the Code. President/CEO does not have any right to make any election regarding the time or form of any payment due under this Agreement.
- h. Notwithstanding anything in this Agreement to the contrary, with respect to expenses reimbursements and in-kind benefits provided pursuant to this Agreement: (i) the amount of expenses eligible for reimbursement or in-kind benefits provided to President/CEO during any one calendar year shall not affect the amount of expenses eligible for reimbursement or in-kind benefits provided to the President/CEO in any other calendar year; (ii) all expenses incurred in one calendar year shall be reimbursed no later than the last day of the next calendar year; and (iii) President/CEO's right to payment or reimbursement or in-kind benefits are not subject to liquidation or exchange for any other benefit.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the date first set forth above.

TUCSON AIRPORT AUTHORITY

PRESIDENT/CEO



By Taunya Villicana
Chair, Board of Directors

Danette Bewley

Date 12.21.2020

Date 12/21/20