

**TUCSON AIRPORT AUTHORITY | Board of Directors Regular Meeting
December 8, 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) Board of Directors and to the public that the Board of Directors will hold a meeting open to the public on **December 8, 2021, beginning at 3:00 p.m.** As indicated in the agenda, pursuant to A.R.S. §§ 38-431.03(A)(3) and (A)(4), the Board of Directors may vote to go into executive session, which will not be open to the public, to discuss certain matters.

The public portions of 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 President | <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 of the Board of Directors Regular Meeting held on October 6, 2021.
- b. **UPDATED DISADVANTAGED BUSINESS ENTERPRISE PROGRAM POLICY STATEMENT AND AIRPORT CONCESSION DISADVANTAGED BUSINESS ENTERPRISE PROGRAM ASPIRATIONAL GOALS FOR FY 2022 THROUGH FY 2024:** Adopt Resolution No. 2021-26 approving the updated Tucson Airport Authority Disadvantaged Business Enterprise Policy Statement and approving the Airport Concession Disadvantaged Business Enterprise Program aspirational goals for FY 2022 through FY 2024.

3. CHAIRPERSON REPORT

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

4. PRESIDENT/CEO REPORT

- a. Aviation Industry | Update
- b. TAA Airport System | Update
- c. Blue Campaign | Sex Trafficking
- d. TUS “Wheels Up” Scholarship Recipients

5. EXECUTIVE SESSION

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

- a. Pursuant to A.R.S. §§ 38-431.03(A)(3) and (A)(4): For discussion or consultation with the TAA attorney or attorneys for legal advice and to consider TAA positions on contemplated litigation related to lease agreements with TAA tenants at Tucson International Airport and Ryan Airfield.
- b. Pursuant to A.R.S. § 38-431.03(A)(7): For discussion or consultation with designated representatives of the public body in order to consider its position and instruct its representatives regarding negotiations for the purchase, sale or lease of real property related to development projects known as “Project Penny” and “Project Payload.”

6. RECONVENE IN REGULAR SESSION

7. ACTION ITEMS

- a. **“PROJECT PENNY” LEASE AGREEMENT:** The Board of Directors will consider and may adopt Resolution No. 2021-27 authorizing the President/CEO or her designee to execute a 30-year lease agreement with the company known as “Project Penny,” subject to key business terms.
- b. **“PROJECT PAYLOAD” LEASE AGREEMENT:** The Board of Directors will consider and may adopt Resolution No. 2021-28 authorizing the President/CEO or her designee to execute a five-year lease agreement with the company known as “Project Payload,” subject to key business terms.
- c. **REVIEW OF 2022 TAA NOMINATIONS AND POSSIBLE DIRECTION TO THE NOMINATING COUNCIL FOR RECONSIDERATION OF NOMINATIONS:** The Board of Directors will consider and may direct reconsideration of TAA nominations by the Nominating Council to the Active Members.
- d. **AMENDMENTS TO THE TAA BYLAWS:** The Board of Directors will consider and may adopt Resolution No. 2021-29 amending the Bylaws of the Tucson Airport Authority relating to the terms of directors and corporate officers.

8. NEXT MEETING

Monday, January 25, 2022 | 10:15 a.m. or shortly following the Annual Member Meeting |
Hacienda del Sol Guest Ranch Resort, Hacienda Room

9. ADJOURN

**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 Vorhees 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, Secretary

Date: _____

Prepared by:

Byron M. Jones, CMC, TAA Clerk

Date: _____

Date: December 8, 2021

To: TAA Board of Directors
From: Tina Moore, Director of Programs and Regulatory Compliance
Re: 49 CFR Part 23 Airport Concessions Disadvantaged Business Enterprise (ACDBE) Participation Goal for Fiscal Years 2022-2024 (Three Year Submittal)

Background:

ACDBE Participation Goal:

As a condition of receiving financial assistance from the Federal Aviation Administration (FAA), the Tucson Airport Authority (TAA) is required to establish and implement an Airport Concessions Disadvantaged Business Enterprise (ACDBE) Program in compliance with the Department of Transportation regulations as outlined in 49 CFR Part 23 (Part 23). Under Part 23, TAA is required to ensure that ACDBEs, defined as small businesses that are majority owned by one or more socially and economically disadvantaged individuals, are provided a fair and equal opportunity to participate in TAA's construction contracting opportunities.

TAA must also periodically establish an aspirational ACDBE participation goal for airport concession contracts. In setting the overall goal, TAA reviews contracting opportunities, determines the types of goods and services needed, and analyzes the local market availability of ACDBEs able to provide the necessary work. After review of ACDBE participation levels, a three-year goal is established and published with a request for public comment and input. Following this public comment period, the goal must be submitted to the FAA for acceptance.

After the necessary review and analysis, TAA's proposed aspirational goal for ACDBE participation in its airport concession contracting for fiscal years 2022-2024 is:

- 9.6% for Airport Concessions (Other than Car Rental Contracts)
- 1.2% for Car Rental Contracts

Public Consultation:

As required by Part 23, TAA has taken the following actions to provide public notice of the proposed goal and solicit public input.

- September 9, 2021 – TAA sent out a notice for a public consultation meeting to discuss the availability of ACDBE and non-ACDBE firms, the effects of discrimination on opportunities for ACDBEs and TAA's efforts to establish a level playing field for the participation of ACDBEs.
- September 22, 2021– TAA held a public consultation meeting in the Tucson Airport Authority Board Room. There were no attendees to the public meeting, but TAA received several calls in advance of the consultation from individual firms requesting information about ACDBEs and future contracting opportunities at Tucson International Airport.
- September 24, 2021 – TAA published a notice with the proposed goal for ACDBE participation at 9.6% for Other than Car Rental Concessions and 1.2% for Car Rental contracts for the fiscal years beginning October 1, 2021, through September 30, 2024. Comments with respect to the proposed goal and the rationale for its determination were accepted until November 24, 2021. TAA has received no comments regarding the proposed goal and its development.

Recommendation:

TAA Management recommends that the Board of Directors adopt the updated DBE policy and the ACDBE aspirational overall goals for airport concession contracts at 9.6% (Other than Car Rental) and 1.2% (Car Rental) for fiscal years 2022-2024 and authorize TAA management to submit this goal to the FAA.

Attachment:

- TAA Disadvantaged Business Enterprise Program Policy Statement (*Exhibit A of Resolution No. 2021-26*)

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., APPROVING THE UPDATED TUCSON AIRPORT AUTHORITY DISADVANTAGED BUSINESS ENTERPRISE PROGRAM POLICY STATEMENT AND APPROVING THE AIRPORT CONCESSION DISADVANTAGED BUSINESS ENTERPRISE PROGRAM ASPIRATIONAL GOALS FOR FY 2022 THROUGH FY 2024.

WHEREAS the U.S. Department of Transportation (USDOT) requires entities receiving financial assistance from the Federal Aviation Administration (FAA) to establish and implement an Airport Concession Disadvantaged Business Enterprise (ACDBE) Program in compliance with regulations specified in the Code of Federal Regulations Title 49, Part 23 (“49 CFR Part 23” or “Part 23”); and

WHEREAS the Tucson Airport Authority (TAA) desires to apply for and receive financial assistance from the FAA to fund various programs and initiatives; and

WHEREAS USDOT regulations require the TAA to establish aspirational goals every three years for ACDBE participation in airport concession contracts; and

WHEREAS the TAA conducted a review and analysis and solicited feedback from interested parties and developed its proposed ACDBE aspirational goals for FY 2022 through FY 2024 as follows:

- 9.6% for Airport Concessions (Other than Car Rental Contracts)**
- 1.2% for Car Rental Contracts**

WHEREAS the Board of Directors accepts the staff recommendations as detailed in the Board Memorandum and supports the updated *Tucson Airport Authority Disadvantaged Business Enterprise Program Policy Statement*, a copy of which is attached hereto as Exhibit A.

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

1. The updated *Tucson Airport Authority Disadvantaged Business Enterprise Program Policy Statement*, a copy of which is attached hereto as Exhibit A, is approved, and the Chair of the Board is authorized to sign the policy statement.
2. The President/CEO or her designee is authorized to submit the ACDBE aspirational goals for FY 2022 through FY 2024 to the FAA.

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

Bruce Dusenberry, Chair of the Board

ATTEST:

APPROVED AS TO FORM:

Keri Silvyn, Secretary

Christopher Schmaltz, Vice President and
General Counsel

EXHIBIT A

**TUCSON AIRPORT AUTHORITY
DISADVANTAGED BUSINESS ENTERPRISE PROGRAM POLICY STATEMENT**

Tucson Airport Authority Disadvantaged Business Enterprise Program

DISADVANTAGED BUSINESS ENTERPRISE PROGRAM POLICY STATEMENT

TAA has received Federal financial assistance from the United States Department of Transportation ("DOT") and, as a condition of receiving this assistance, has signed an assurance that it will comply with the requirements of DOT regulations (49 CFR Parts 23 and 26; hereinafter, the "DBE Regulations") concerning the participation of disadvantaged business enterprises ("DBEs") in DOT programs.

It is the policy of TAA to comply with the requirements of the DBE Regulations and to ensure that DBEs, as defined in the DBE Regulations, have a fair and equal opportunity to participate in TAA's DOT-assisted projects or concession contracts. Specifically, to the extent reasonably possible and consistent with other legal requirements it is the goal of TAA:

To ensure nondiscrimination in the award and administration of TAA's DOT-assisted or concession contracts.

To create a level playing field on which DBEs can compete fairly for TAA's DOT-assisted or concession contracts.

To ensure that the DBE program is narrowly tailored in accordance with applicable law.

To ensure that only firms that fully meet this part's eligibility standards are permitted to participate as DBEs at our airport.

To help remove barriers to the participation of DBEs in TAA's DOT assisted contracts and opportunities for concessions at our airport; and

To provide appropriate flexibility to our airports in establishing and providing opportunities for DBEs.

The Compliance Audit Administrator has been designated as the DBE Liaison Officer (DBELO). In that capacity, the Compliance Audit Administrator is responsible for implementing all aspects of the DBE program. The DBE Liaison Officer shall report directly to the CEO with respect to the implementation of the TAA DBE Program. Implementation of the DBE program is accorded the same priority as compliance with all other legal obligations incurred by TAA in its financial assistance agreements with the United States Department of Transportation.

TAA has disseminated this policy statement to the TAA Board of Directors and all the components of our organization. TAA has distributed this policy statement to DBE and non-DBE business communities in our area. The policy statement was distributed at the public comment meeting for the DBE program and via the TAA website. A copy of this policy statement shall be available through the solicitation processes for all DOT-assisted or concession contracts.

Adopted by TAA Board of Directors: December 8, 2021

Supersedes: Disadvantaged Business Enterprise Program Policy Statement
Dated September 12, 2018

Bruce Dusenberry
Chair of the Board of Directors



WHEN YOU CAN'T WALK AWAY

If you are controlled and do not have the freedom to leave,
you may be a victim of human trafficking.

To report suspected human trafficking, call the
U.S. Department of Homeland Security (DHS) tip line:

1-866-347-2423

If you are a victim and need help, call the
National Human Trafficking Hotline:

1-888-373-7888

 **BLUE CAMPAIGN**
One Voice. One Mission. End Human Trafficking.™

TUS "WHEELS UP"

FOR AVIATION TECHNOLOGY SCHOLARSHIP RECIPIENTS



Eddie Contreras

AVIONICS
TECHNICIAN
CERTIFICATE
PROGRAM



Forest Karulski

AVIATION
TECHNOLOGY -
ASSOCIATES DEGREE
PROGRAM



Joseph Harty

AVIATION
TECHNOLOGY -
ASSOCIATES DEGREE
PROGRAM

Date: December 8, 2021

To: TAA Board of Directors
From: John Voorhees, Vice President/Chief Commercial Officer
Re: **Project Penny Lease Terms and TAA Roadway Extension and Intersection Improvements**

Background:

TAA and the company known as Project Penny have negotiated business terms for the construction of a new Maintenance, Repair and Overhaul (MRO) facility at TUS. Currently the Project Penny occupies a hangar on the Bombardier MRO campus. Bombardier has expressed a long-term desire to expand its operation into the leasehold occupied by Project Penny. Bombardier has given Project Penny 18 months to vacate the facility. Project Penny has elected to relocate to the MRO 50 parcel on TUS. The MRO 50 facility will be a new construction on the TAA greenfield site. In fact, it will be the first construction in this speculative site on the southeast corner of the airfield. Project Penny will design and construct a 100,000 square foot hangar and approximately 1000,000 of office, storage, and support facilities. The project will also construct associated parking and apron facilities. Once complete, the campus will occupy about 14 acres of land. Project Penny will also have first right of refusal on 7 acres of additional land for expansion of its facilities to the west.

TAA is working on a project to ultimately connect Country Club Road to Aeronautical Way that will provide better access to both the MRO 50 site and open additional aeronautical parcels for development. We were planning to include this project in the FY23 CIP budget; however, a portion of this project needs to be brought forward and expedited to accommodate access for Project Penny. As part of the agreement with Project Penny TAA will extend Aeronautical Way 1000' to the northeast which will connect to Project Penny vehicle parking lot. In addition, we anticipate that intersections improvements (adding turn lanes) at the existing Alvernon and Aeronautical Way will be needed to accommodate Project Penny. Exhibit A (see attached) shows the layout of the site and the proposed construction.

Strategic Plan | Analysis

The requested action supports the Strategic Plan to increase aeronautical revenue to the airport financial system by leasing this property to Project Penny. This is the first construction on MRO 50 – land that was prepared as “shovel-ready” in anticipation of aeronautical growth at TUS.

Cost Analysis:

TAA has proposed a twenty (20) year initial lease term, and six (6) 5-year extension options, with Project Penny for approximately 14 acres of shovel ready land. The exact lease area will be finalized as Project Penny progresses with their design. The business terms include a lease rate of nearly \$0.35 per square foot /per year with an adjustment every two (2) years based on the Consumer Price Index (CPI adjustment). The lease rate was developed from property comparisons of similarly developed land on

the north side of the airfield. The average subject value of the land comps was \$3.30/SF. Using a market lease rate of 10.6% for aeronautical property the lease rate becomes \$.35/SF. Pending final design, this equates to approximately \$213,444 of revenue in the first year of lease. Over the life of the initial term of the lease, the TAA would realize approximately \$4,268,880 in revenue (before the CPI adjustment).

To facilitate access to the site, the TAA must complete the initial 1000' roadway extension, which is \$918,404, and intersection improvements of \$838,567, respectively, for a combined project cost (10219214 – Phase 1A) of \$1,756,971. TAA staff propose to fund this project by an internal loan from TAA's Special Reserve Fund, which can be amortized over the estimated useful life of the roadway at a reasonable market-based interest rate.

Recommendation:

TAA management recommends the Board adopt Resolution No. 2021-27 authorizing the President/CEO or her designee to execute a 20-year lease with the company known as Project Penny consistent with the terms outlined above. TAA management further recommends the Board adopt Resolution No. 2021-27 to adopt a budget amendment for the Roadway Extension Project (10219214 - Phase 1A) in the amount of \$1,756,971.

Exhibit A: Site Layout



A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., AUTHORIZING THE PRESIDENT/CEO OR HER DESIGNEE TO EXECUTE A 20-YEAR LEASE AGREEMENT WITH THE COMPANY KNOWN AS "PROJECT PENNY," SUBJECT TO KEY BUSINESS TERMS.

WHEREAS the Tucson Airport Authority and the company known as "Project Penny" have negotiated business terms for the construction of a new 100,000 square foot Maintenance, Repair and Overhaul (MRO) facility at Tucson International Airport; and

WHEREAS "Project Penny" desires to enter into a 20-year lease agreement for the use of the facility, which will be located on the parcel designated as MRO 50; and

WHEREAS the Tucson Airport Authority plans to extend South Country Club Way to Aeronautical Way for the purpose of providing better access to the MRO 50 site and to aid in future development in the area; and

WHEREAS the proposed lease agreement and roadway improvements will be in furtherance of the TAA's Strategic Plan objective to increase aeronautical revenue to the airport system; and

WHEREAS the Board of Directors accepts the staff recommendations as detailed in the attached Board Memorandum.

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

1. The President/CEO or her designee is authorized to execute a 20-year lease with the company known as "Project Penny" consistent with the key business terms as outlined in Exhibit A.
2. A budget amendment in the amount of \$1,756,971 for TAA expenditures for the Roadway Extension Project (10219214 -Phase 1A) is approved.

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

Bruce Dusenberry, Chair of the Board

ATTEST:

APPROVED AS TO FORM:

Keri Silvyn, Secretary

Christopher Schmaltz, Vice President and
General Counsel

EXHIBIT A

**“Project Penny”
Key Business Terms**

Date:	November 22, 2021
Facility Lease Landlord:	Tucson Airport Authority, Inc. (TAA)
Tenant:	Project Penny
Premises:	Approximately 14-acres or 609,840 sq.ft. of green field space
Lease Term:	Twenty (20) years with six (6) 5-year extensions.
Commencement Date:	Sooner of construction completion or June 1, 2022
Base Rent:	Green field space at \$0.35 per square foot per year or \$213,444 annually (or \$17,787 monthly)
Rate Adjustments:	Base rent shall be adjusted every two years based on the adjustment in the Consumer Price Index, except that rent shall never be adjusted downward.
Maintenance Responsibilities:	Tenant is responsible for all facility maintenance
Site Development:	<p><u>Tenant Responsibilities:</u> Tenant shall develop a 100,000 square foot hangar, as well as 100,000 square feet of support offices and shop facilities, and related site improvements to include, parking, access driveway, and any other improvements required by Tenant in compliance with TAA’s Tenant Improvement Standards.</p> <p><u>TAA Responsibilities:</u> TAA has provided water (12”) and sanitary sewer (8”) to the site. In addition, TAA has provided duct bank as pathways for power, telecom and natural gas to be ordered by the Tenant. Landside access will be via the existing Aeronautical Way. Airside access will be via the existing Taxiway G. TAA will be responsible for obtaining any required NEPA clearance from FAA.</p> <p><u>Shared Responsibilities:</u> The parties agree that the Taxiway G tie in and the AOA fence relocation costs will be shared.</p>
TAA Approval of Terms:	Lease terms are subject to approval of TAA’s Board of Directors.

Date: December 8, 2021

To: TAA Board of Directors
From: John Voorhees, Vice President/Chief Commercial Officer
Re: Project Payload Lease Terms

Background:

TAA and the company known as Project Payload have negotiated business terms for the construction of a rocket engine test facility at TUS. Project Payload is a local rocket manufacturer. They have tested their aerospace vehicles at various locations out of town in the past. As the company transitions to steady state operations, they wish to establish a local test base. The company desires to use 165 acres of green field land south of the airport along Aerospace Parkway. The area is named Sonora West in the TAA Commercial and Industrial Business Implementation Plan. This land has been disrupted by prior sand and gravel operations. The geographic features that were created by the operation are beneficial to the company to attenuate the noise of the engine tests and therefore the land is attractive to the company (otherwise it would be unmarketable in its current condition). The site will consist of two open air vertical engine test stands as well as facilities for secure fuel storage and CCTV monitoring stations.

TAA has already provided the necessary utilities to the site boundary. TAA's only responsibility will be to execute the required FAA environmental processes.

Strategic Plan | Analysis

The requested action supports the Strategic Plan to increase aeronautical revenue to the airport financial system by leasing this property to Project Payload. Permitting the lease of this property will likely guarantee the company's long-term investment in the community. TAA will produce revenue on land that was previously considered unmarketable without additional infrastructure investment.

Cost Analysis:

TAA has proposed a five (5) year lease and the option for two 5-year extensions for approximately 165 acres of green field land. The exact lease area will be finalized as Project Payload progresses with their design. The business terms include a market lease rate of \$.04/SF for 119 acres of land and \$.08/SF for 46 acres of land with a 2.5% growth factor each year. These lease rates were derived from an appraisal of the land accomplished on November 9, 2021. TAA Staff utilized a 9% market lease rate to calculate the total value of the lease agreement.

The prospective tenant has requested to graduate lease payments over the life of the lease. TAA staff have provided the prospective tenant with a payment schedule that includes an annual 2.5% growth rate. Over the 5-year life of the lease, the TAA would realize approximately \$1,977,380.66 in revenue.

Recommendation:

TAA management recommends the Board adopt Resolution No. 2021-28 authorizing the President/CEO or her designee to execute a 5-year lease with the company known as Project Payload consistent with the terms outlined above.

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., AUTHORIZING THE PRESIDENT/CEO OR HER DESIGNEE TO EXECUTE A FIVE-YEAR LEASE AGREEMENT WITH THE COMPANY KNOWN AS "PROJECT PAYLOAD," SUBJECT TO KEY BUSINESS TERMS.

WHEREAS the Tucson Airport Authority and the company known as "Project Payload" have negotiated business terms for the construction of a rocket engine test facility on a greenfield parcel generally located south of Tucson International Airport along Aerospace Parkway, designated as Sonora West in the *TAA Commercial and Industrial Business Implementation Plan*; and

WHEREAS "Project Payload" desires to enter into a five-year lease agreement with the option of two five-year extensions; and

WHEREAS the proposed lease agreement will be in furtherance of the TAA's Strategic Plan objective to increase aeronautical revenue to the airport system; and

WHEREAS the Board of Directors accepts the staff recommendations as detailed in the attached Board Memorandum.

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

The President/CEO or her designee is authorized to execute a five-year lease agreement with the company known as "Project Payload," subject to the key business terms as outlined in Exhibit A. .

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

Bruce Dusenberry, Chair of the Board

ATTEST:

APPROVED AS TO FORM:

Keri Silvyn, Secretary

Christopher Schmaltz, Vice President and General Counsel

EXHIBIT A

**“Project Payload”
Key Business Terms**

Date:	November 22, 2021
Facility Lease Landlord:	Tucson Airport Authority, Inc. (TAA)
Tenant:	Project Payload
Premises:	Approximately 165-acres or approximately 7,187,400 sq.ft. of green field space. See depiction in Exhibit A.
Lease Term:	Five (5) years, with 2 5-year renewable terms
Commencement Date:	Sooner of construction completion or January 1, 2022
Base Rent:	<p>119 acres of partially excavated green field space at \$.49/SF and 9% market lease rate or \$228,600 annual NNN lease amount (\$19,049.88 per month).</p> <p>46 acres of green field space at \$.84/SF and 9% market lease rate or \$151484.26 annual NNN lease amount (\$12,623.69 per month)</p> <p>This is based on the appraisal conducted on November 9, 2021.</p>
Rate Adjustments:	Rent shall be graduated from the commencement date to the end of the lease. Base rent shall be adjusted 2.5% every year.
Maintenance Responsibilities:	Tenant is responsible for all facility maintenance
Site Development:	<p><u>Tenant Responsibilities:</u> Tenant shall develop two concrete slabs with natural berms surrounding the parcel for sound attenuation. Tenant will construct systems to control dust and sound attenuation on the test pads. Dust will be contained within the lease hold. Tenant will apply all principles of the City of Tucson Code Section 16:31 regarding excessive noise. Tenant will also construct restroom, CCTV stations, and support facilities IAW tenant construction guidance.</p> <p><u>TAA Responsibilities:</u> TAA will provide electrical power to the site boundary. TAA will be responsible for obtaining any required NEPA clearance from FAA. TAA may provide utilities to the site if tenant wishes to capitalize infrastructure costs into the lease payment.</p>
TAA Approval of Terms:	Lease terms are subject to approval of TAA’s Board of Directors.

EXHIBIT A – Site Layout





Date: December 8, 2021

To: TAA Board of Directors
From: Byron M. Jones, TAA Clerk
Re: Report on Nominations made by the Nominating Council for New Members, Continuing Members, Director Nominations, and Corporate Officers | 2022 Nominating Period

Background:

By the close of the 2022 nominating period on October 1, 2021, the TAA received eight nominations for new TAA members, four requests from Active Members requesting to transition to Emeritus Member, one Active Member requesting to extend his active membership for an additional five years, and one self-nomination for election as a director.

The Nominating Council is required to submit its recommendations to the Board of Directors by November 20 for consideration and action. The Board of Directors, by a majority vote of its membership, may direct that the Nominating Council reconsider its recommendation of an individual for membership or director. Any nominations that are not returned to the Nominating Council are automatically placed on the ballot for ratification at the Annual Business Meeting (TAA Bylaws § 2.2.2).

The following is a summary of the Nominating Council's recommendations.

New Members

The Nominating Council considered the eight applications for new TAA members at its meeting on October 13, 2021. With five of the seven members present, the Council voted to recommend that the following individuals be placed on the ballot to be elected by the Active Membership during the Annual Business Meeting on January 24, 2022:

- CRISTINA BAENA** – *President, Employee Benefits and Partner, Crest Insurance Group*
 - Nominated by: Ellen Wheeler
 - Vote: Unanimous

- ISAAC FIGUEROA** – *Director of Leasing and Sales, Larsen Bakker, LLC*
 - Nominated by: Vance Falbaum
 - Vote: Unanimous

- ANGELA GEE** – *Architect, Dean Alan Architects*
 - Nominated by: Keri Silvyn
 - Vote: Unanimous

- TRINDY LEFORGE** – *Associate Director, Strategy & Development, Raytheon Technologies*
 - Nominated by: Ellen Wheeler
 - Vote: Unanimous

- TIMOTHY MEDCOFF** – *Attorney, Co-Managing Partner, Farhang & Medcoff*
 - Nominated by: Todd Jackson
 - Vote: Unanimous

- JOHN PARKER** – *Investor/Founding Partner, 718 Partners, LLC; former President/CEO, Wells Fargo Clearing Corporation*
 - Nominated by: Steve Pagnucco
 - Vote: Unanimous

- RHONDA PINA** – *Retired (from financial industry) and former town council member, Oro Valley*
 - Nominated by: Keri Silvyn
 - Vote: Unanimous

- CAROL STEWART** – *Associate Vice President, University of Arizona TECH PARKS ARIZONA*
 - Nominated by: Ellen Wheeler
 - Vote: Unanimous

Continuing Members

The Nominating Council considered the Continuing Member application submitted by Steve Cole at its meeting on September 29, 2021. Mr. Cole’s term expires on January 23, 2022. The Council voted unanimously to recommend that Mr. Cole’s term extension be placed on the ballot to be elected by the Active Membership during the Annual Business Meeting on January 24, 2022. Mr. Cole abstained from the vote.

Director Nominations

Vance Falbaum submitted a Board of Directors Interest Form by the close of the nominating period. The Nominating Council considered his application at its meeting on October 13, 2021. Pursuant to TAA Bylaws § 10.2, Council Member Falbaum resigned from the Nominating Council and left the meeting prior to the vote. The remaining council members voted unanimously to recommend that he be placed on the ballot to be elected by the Active Membership during the Annual Business Meeting on January 24, 2022.

Emeritus Members

The Nominating Council considered the four applications from active members requesting to transition to Emeritus Member. All four members have been active members for more than ten years, the minimum requirement to be considered for Emeritus member per TAA Bylaws § 2.1.2(b). The Nominating Council voted to recommend to the Board of Directors that it approve the requests from the individuals below to transition to Emeritus Member. This action requires a majority vote of the Board of Directors (TAA Bylaws § 2.1.2(b)).

- BILL ASSENMACHER:** 20 years (Vote: Unanimous)

- HENRY BOICE:** 15 years (Vote: Unanimous)

- JUNE CRAWFORD:** 15 years (Vote: Unanimous)

- RON SABLE:** 15 years (Vote: Unanimous)

2022 Corporate Officers

The Nominating Council voted to recommend the following slate of corporate officers for 2022:

- Bruce Dusenberry: Chair
- Mike Hammond: Vice Chair
- Keri Silvyn: Secretary
- Phil Swaim: Treasurer

The Board of Directors will consider and select its officers at the meeting on January 24, 2022, which will convene shortly after adjournment of the Annual Business Meeting.

Recommendation:

TAA Bylaws § 2.2.2, ¶ 3: “The Board of Directors shall review the recommendations on nominations for new members, continuing membership, Director nominations (including those submitted by petition) and slate of officers, and may, by a majority of Board membership, vote to direct reconsideration of any individual member or director nominee back to the Nominating Council. Any nominee not directed for reconsideration by the Board shall be forwarded to the Members in accordance with Section 3.5.1...” (of the TAA Bylaws).

Date: December 8, 2021

To: TAA Board of Directors
From: Danette Bewley, President/CEO; Chris Schmaltz, VP & General Counsel; Kim Ryan, Deputy General Counsel
Re: Proposed Bylaw Amendments for Consideration

Following up on the Board discussion on the Bylaw amendment related to terms of office for members of the Board, please see the proposed revised amendments below:

Proposed Amendments

- 1. Amend Section 4.1.2 (Relating to the terms of office for officers on the Board. Key element – changes current limit of 7 consecutive years on the Board to 10 total years).**

Delete existing and replace language of Section 4.1.2 as follows:

Terms. Each Director shall serve for the term, either one (1), two (2) or three (3) years, as provided for in the action that resulted in their election to Director, either by Member ballot or when filling a Board vacancy. A person may be nominated for a single term in any one election and may be elected to serve multiple subsequent successive terms. Terms shall be staggered in a way to preserve experience and institutional knowledge on the Board.

The term of the Chair of the Board shall be two years, which starts on the date of their election by the Board. All other officers shall be elected to serve one-year terms. A Director may serve as an officer for multiple one-year terms.

The maximum time a Member may serve on the Board, regardless of applicable bylaw provision, is ten (10) years.

- 2. Delete Section 5.7 (clean up related to the above amendment to Section 4.1.2).**
- 3. Delete Section 2.1.2(b)(iv) (clean-up of non-substantive transitional provision on “Life Members” to “Emeritus Members” no longer applicable or needed).**

Attachments: Current Bylaws

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., AMENDING THE BYLAWS OF THE TUCSON AIRPORT AUTHORITY RELATING TO THE TERMS OF DIRECTORS AND CORPORATE OFFICERS.

WHEREAS Article 9 of the Bylaws of the Tucson Airport Authority (TAA) invests in the Board of Directors the authority to, by a majority vote, amend the Bylaws, such amendments having first been considered by the Corporate Governance Council; and

WHEREAS the Corporate Governance Council has recommended certain Bylaw amendments pertaining to the terms of Directors and the terms of corporate officers; and

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

1. The amendments to the Bylaws of the Tucson Airport Authority, Inc., as reflected in the redlined version of the Bylaws adopted on October 6, 2021, attached hereto as Exhibit A, are approved.
2. The Chair is authorized to execute the revised Bylaws of the Tucson Airport Authority, Inc., incorporating all amendments through December 8, 2021, attached hereto as Exhibit B, and incorporated by reference herein.

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

Bruce Dusenberry, Chair of the Board

ATTEST:

APPROVED AS TO FORM:

Keri Silvyn, Secretary

Christopher Schmaltz, Vice President and
General Counsel

EXHIBIT A

**Tucson Airport Authority Bylaws
Incorporating all amendments through October 6, 2021**

(REDLINED WITH RECOMMENDED AMENDMENTS)

BYLAWS

TUCSON AIRPORT AUTHORITY

Incorporating all amendments through December 8, 2021

ARTICLE 1

TITLE, LOCATION, CORPORATE SEAL

Section 1.1 The title of this corporation shall be "TUCSON AIRPORT AUTHORITY, INC." and may be referred to herein as "Authority."

Section 1.2 The principal office of this corporation shall be in or near the City of Tucson, Arizona, but this corporation may have other offices at such places as the Board of Directors shall designate and the business of this corporation may require.

Section 1.3 The corporation shall have a corporate seal which shall be of such form as the Board of Directors may determine. The Board shall determine the custody, number and use of the corporate seal. The seal shall have inscribed on it the name of this corporation and the year of the corporation's creation and the words "Corporate Seal, Arizona." The Board of Directors may change the form and inscription of the seal as they deem appropriate.

ARTICLE 2

MEMBERSHIP

Section 2.1 QUALIFICATIONS AND CLASSIFICATION

2.1.1 The membership of this corporation shall be confined to people who live in and maintain their primary residence in the Tucson International Airport air service area, which includes the general Southern Arizona region, who have repeatedly evidenced their interest in the promotion of air transportation and commerce.

2.1.2 The membership shall be divided into two categories to be known as "Members", and "Emeritus Members."

(a) Members.

(i) A Member shall be entitled to vote at any meeting of Members and at any meeting of a council of which he or she is a member. A Member shall be committed to accept Advisory Council appointments; support the interests of the Authority; not act in conflict with the interests of the Authority; actively participate in Authority activities; make every reasonable effort to attend Council and Membership meetings; support the Tucson Airport Authority in all reasonable ways requested by the Chair of the Board, the President/CEO or the Chair of the Council; and contribute his or her expertise as requested. If a Member does

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

(ii) Members will serve for an initial fifteen (15) year term. Any Member may apply to continue as a Member for one successive 5-year term by providing notice to the Chair of the Nominating Council no sooner than April 1 and no later than October 1 in the year preceding the expiration of his or her initial term. Applications for continuing membership shall be considered and voted upon as described in Section 2.2 below.

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

(iv) Any Member serving on the Board of Directors or an Advisory Council shall have his or her membership term automatically extended (whether the initial term or subsequent term) until completion of his or her service as a Director or Council member.

(b) Emeritus Members.

(i) Members who have completed a minimum of ten (10) years of service may be considered for Emeritus Member status. Emeritus Membership shall be limited to those members who have provided distinguished service to the Authority over a sustained period of time. All applications to be considered for Emeritus Membership must be submitted to the Nominating Council, which will evaluate the application and make an appropriate recommendation to the Board of Directors. Such change in classification requires approval by a majority vote of the Board.

(ii) Emeritus Members will:

(1) be invited to the membership business meetings of the Tucson Airport Authority, but not entitled to vote;

(2) be invited to all Tucson Airport Authority membership social functions;

(3) retain parking privileges at the airport as provided to all TAA members; and

(4) be utilized as invited and, if willing, as consultants to the Tucson Airport Authority on special issues.

(iii) A person who has entered Emeritus Membership classification shall not be counted in the membership limitation provided in Section 2.2.2 hereof.

~~(iv) Those members designated as “Life Members” as of the date of these Bylaws (November 1, 2017) shall be automatically converted to Emeritus Members without further application or approval. In addition, those members with 15 years or more of service on or prior to January 31, 2018, may apply for Emeritus status directly to the Board as described in the previous version of these Bylaws, provided that such requests are submitted no later than June 1, 2018.~~

2.1.3 Individuals who are elected officials or high-level employees of any branch or level of government, except for elected officials or employees of indigenous/tribal nations and public educational institutions, are not eligible for TAA Membership. For these bylaws, “high-level” shall mean any position that exercises decision making authority over a significant range of strategic or tactical matters involving that governmental entity or a division/department of that governmental entity. Determinations on whether a person is in such a “high-level” position shall be made by the Nominating Council, on advice from TAA’s General Counsel. Any current TAA member, as of the effective date of the bylaws containing this amendment, who is currently an elected official or high-level government employee retains all rights and privileges under these bylaws as a Member of TAA. However, no current Member who is an elected official or high-level government employee is eligible to serve on the TAA Board of Directors.

Any current Member who becomes an elected official or high-level employee defined above after the effective date of the bylaws containing this amendment shall have their Membership suspended for the period they serve as an elected official or high-level government employee. Suspended Members retain all privileges of Emeritus Members under these Bylaws. Any suspended Member must resign from the Board or any Advisory Council on which they currently serve. The term of their Membership shall be tolled until they no longer are an elected official or a high-level government employee. When their period of service as an elected official or high-level employee ends, the Member shall regain all rights and privileges of a TAA Member under these bylaws as of that date.

Any suspended Member whose active Membership plus tolling period extends for more than ten (10) years is eligible to apply for Emeritus Member status under Section 2.1.2(b).

For purposes of the numerical limitation of Members provided in Section 2.2.2, suspended Members shall be included in the count of total number of Members.

Section 2.2 The election of new and continuing members shall be by secret ballot of the existing Members present in person or by proxy at the annual meeting of members and no one may be considered elected a member if more than one-quarter of the votes cast are negative.

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

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

2.2.2 All nominations for new or continuing Members of the Authority shall follow the process described in Sections 2.2.1 and 2.2.2. The Nominating Council shall review and consider all timely submitted new membership, continuing membership, and Director submittals. By November 20 of each year, the Nominating Council shall make its recommendations for new members, continuing membership, and Directors to the Board of Directors for the Board's consideration and action.

Nominations for the office of Director may also be submitted by written petitions signed by not less than twenty-one (21) voting Members in good standing; provided each petition includes all information required to be submitted by Members filing a nomination/or their own request for a director position. Such petitions must be submitted to TAA by November 20.

The Board of Directors shall review the recommendations on nominations for new members, continuing membership, Director nominations (including those submitted by petition) and slate of officers, and may, by a majority of Board membership, vote to direct reconsideration of any individual member or director nominee back to the Nominating Council. Any nominee not directed for reconsideration by the Board shall be forwarded to the Members in accordance with Section 3.5.1 below.

The Nominating Council, at a special meeting scheduled for this purpose, shall reconsider any nominee the Board so directs, and by simple majority vote, shall act on that nominee's nomination. Any nominee approved by the Nominating Council after reconsideration shall then be forwarded to the Members in accordance with Section 3.5.1 below.

The maximum number of TAA Members shall be sixty.

ARTICLE 3

MEETINGS OF THE CORPORATION

Section 3.1 ANNUAL MEETING. A meeting of the Members of the corporation shall be held annually on the fourth Monday in January of each year or on such other date in January as is established by a vote of the Board of Directors or by the Chair of the Board, for the purpose of electing Directors and for transaction of such other business as may be brought before the meeting. Such meetings shall be held at the principal office of the corporation or at such other place in Pima County, Arizona, as is reflected in the meeting notice.

3.1.1 NOTICE. Notice of the date, time and location of the annual meeting shall be provided at least twenty-one (21) days prior to the meeting to each Member and Emeritus Member. Notice may be provided via regular mail or electronically or both, at the addresses of each Member and Emeritus Member in the records of the corporation. Failure of a Member and Emeritus Member to receive a notice, or any irregularity in the sending or receiving

of such notice, shall not affect the validity of any annual meeting or of any proceedings or actions taken at any such meeting.

Section 3.2 SPECIAL MEETINGS. Special meetings of the Members of the corporation may be held in accordance with Arizona law, including in person, via technological means or a combination thereof. Special meetings may be held when demanded in writing by Members having at least ten percent (10%) of the votes entitled to be cast at such a meeting, when called by the Chair of the Board, or when called by vote of a majority of the members of the Board of Directors. Special meetings shall be valid for all corporate purposes and any action under corporate authority granted to Members under these Bylaws may be taken at such a meeting.

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

Section 3.3 QUORUM. At any meeting of the Members, those present in person or represented by proxy, if in excess of fifty percent (50%) of the total Membership, shall constitute a quorum for all purposes. If at any meeting insufficient Members are present to constitute a quorum, a majority of the Members present in person and by proxy may adjourn from time to time, without notice other than by announcement at the meeting until enough Members in person and by proxy to constitute a quorum shall be present; at such time any business may be transacted which might have been transacted at the meeting as originally notified.

Section 3.4 VOTING.

3.4.1 At all meetings of the Members the Members may vote in person or by proxy, and all questions except such questions the manner of deciding which is specially regulated by law or regulation or by contrary provision in these bylaws, shall be determined by a majority vote of the voting Members present in person and by proxy. In the election of Members and of Directors, each voting Member shall be entitled to cast one vote for each position to be filled at the election; not more than one vote may be cast by any Member for any nominee.

Section 3.5 REGULAR ELECTIONS.

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

The President/CEO shall cause the election materials (including the slate of nominees) to be sent to all Members at least twenty-one (21) days prior to the date of the annual meeting via regular mail or electronically or both, at the addresses of each Member in the records of the corporation.

Failure of a Member and Emeritus Member to receive the election materials, or any irregularity in the sending or receiving of such materials, shall not affect the validity of the elections conducted at the annual meeting.

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

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

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

ARTICLE 4

BOARD OF DIRECTORS

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

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

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

THAT RESULTED IN THEIR ELECTION TO DIRECTOR, EITHER BY MEMBER BALLOT OR WHEN FILLING A BOARD VACANCY. A PERSON MAY BE NOMINATED FOR A SINGLE TERM IN ANY ONE ELECTION AND MAY BE ELECTED TO SERVE MULTIPLE SUBSEQUENT SUCCESSIVE TERMS. TERMS SHALL BE STAGGERED IN A WAY TO PRESERVE EXPERIENCE AND INSTITUTIONAL KNOWLEDGE ON THE BOARD.

THE TERM OF THE CHAIR OF THE BOARD SHALL BE TWO YEARS, WHICH STARTS ON THE DATE OF THEIR ELECTION BY THE BOARD. ALL OTHER OFFICERS SHALL BE ELECTED TO SERVE ONE-YEAR TERMS. A DIRECTOR MAY SERVE AS AN OFFICER FOR MULTIPLE ONE-YEAR TERMS.

THE MAXIMUM TIME A MEMBER MAY SERVE ON THE BOARD, REGARDLESS OF APPLICABLE BYLAW PROVISION, IS TEN (10) YEARS.

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

Section 4.3 REGULAR MEETINGS.

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

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

Section 4.4 SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by the Chair of the Board or any three (3) Directors. Such meetings shall be held at the time and at any place within Pima County, Arizona, determined by the party or parties calling such meetings. Notice of each special meeting shall be provided to all Directors as required by applicable Arizona law, but in no event shall such notice be less than twenty-four (24) hours prior to such meeting.

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

ARTICLE 5

OFFICERS

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

Section 5.2 The Chair of the Board shall preside at, and in conjunction with the President/CEO, shall set the agenda for all regular meetings of the directors, members, and executive council; shall appoint members of standing and special councils; and shall represent the interests of the Board of Directors when it is not in session. The Chair of the Board may also be designated or referred to as the "Chair, Chairman or Chairwoman of the Board" or any other title that accurately reflects such Officer's duties.

Section 5.3 The President shall be the Chief Executive Officer of the corporation and shall be selected by and shall serve at the pleasure of the Board of Directors. The President/CEO shall have responsibility for the overall operation and management of TAA in accordance with its Mission and within the framework of Board adopted objectives and policies. The President/CEO shall have full responsibility for the management and administration of all TAA activities and operations and shall report to the Board on a regular basis. The President/CEO shall have the authority to act on behalf of the Board of Directors and TAA in all respects except as may be specifically limited from time to time by Resolution of the Board of Directors. During recess of the Board and the Executive Council, the President shall work closely with the Chair of the Board to ensure that the business and affairs of the corporation are conducted within the framework of Board-approved objectives and policies.

Section 5.4 The Vice Chair of the Board shall perform such duties as may be assigned to him or her by the Board of Directors. In the case of the death, disability or absence of the Chair of the Board, the Vice Chair of the Board shall perform and be vested with all of the duties and powers of the Chair of the Board.

Section 5.5 The Secretary shall keep the seal of the corporation and affix the same to all instruments requiring its seal, as may be directed by the Board, the Executive Council, the Chair of the Board, or the President/CEO. The Secretary shall also review and sign the minutes of meetings of Directors and general membership, shall authorize meeting notices to be issued by the President/CEO as required in these bylaws, and shall perform such other duties as may be required by the Board.

Section 5.6 The Treasurer shall be familiar with the financial affairs of TAA and shall chair the Advisory Council that is responsible for the budget. The financial records will be in the custody of the President/CEO and all records shall be maintained at the corporate office of TAA.

~~Section 5.7 Officers shall serve one year terms. The Chair of the Board shall be limited to a single one year term except that, in extraordinary circumstances where the continuity of Board leadership would substantially benefit TAA, he or she may be elected to a second~~

~~consecutive one-year term upon a 2/3 vote of all voting Directors then serving. In the event that a proposed second one-year term of the Chair of the Board would extend beyond the Director's eligibility to serve on the Board as set forth in Section 3.1.2 of these bylaws, the term of the Chair of the Board shall be extended to end at the end of the Director's term as Chair of the Board.~~

ARTICLE 6

VACANCIES IN OFFICE

In the case of the death, disability or resignation of one or more of the officers, the majority of the remaining Directors shall fill the vacancies for the unexpired term. One or more nominees shall be suggested by the Nominating Council to fill each such vacancy.

ARTICLE 7

COMPENSATION OF DIRECTORS, OFFICERS AND MEMBERS

Neither the Directors nor the officers (other than the President/CEO) nor the Members, as such, shall receive any salary or compensation for their services, but by resolution of the Board of Directors may be reimbursed for their actual expenses paid or obligated to be paid in connection with service rendered solely for the benefit of the corporation.

ARTICLE 8

BOOKS, ACCOUNTS AND RECORDS

Section 8.1 This corporation shall keep at its principal office in the State of Arizona records of the meetings of Members and a book showing a true and complete list of all Members, their residences, and books containing a record of the affairs of this corporation.

Section 8.2 The books, accounts and records of this corporation shall be open to the inspection of any member of the Board of Directors at all times in business hours.

Section 8.3 It shall be the duty of the Board of Directors at least once a year and within one hundred twenty (120) days after the close of the fiscal year to cause the books and accounts of the corporation to be examined and audited by a Certified Public Accountant. Thereafter it shall cause a copy of the report of said accountant, or a summary to be mailed to each of the Members of this corporation as part of the annual report of the operations of Tucson Airport Authority, Inc.

ARTICLE 9

AMENDMENT TO BYLAWS

Subject to notice requirements below, any of these bylaws may be altered, amended or repealed by majority vote of the Board of Directors at any regular meeting; or at any special meeting called for the purpose, when all the Directors are present; or by a majority vote of the Members at any regular meeting; or at any special meeting called for the purpose. No bylaw amendment may be acted on by the Board unless it has first been considered by the Corporate Governance Council. The Board of Directors shall, by majority vote, direct the Corporate Governance Council to consider bylaw amendments it deems appropriate and in the best interests of the corporation. If the Corporate Governance Council fails to timely meet to consider a proposed bylaw amendment and make a recommendation to the Board on the proposed bylaw amendment, the Chair of the Board may place the proposed bylaw amendment on the Board's agenda for consideration and action.

ARTICLE 10

APPOINTMENT OF ADVISORY COUNCILS

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

Section 10.2 **NOMINATING COUNCIL.** The Nominating Council shall consist of seven Members, who will be appointed for up to two (2), two-year terms, and may not serve more than four (4) consecutive years. The Chair of the Nominating Council shall serve two (2) years. The Council roster shall include, two (2) former Directors, two (2) current Directors who are not the Chair of the Nominating Council or Vice Chair of the Nominating Council, and three (3) Members who have never served as Directors. Nominating Council Members are not eligible to be nominated for a first term on the Board of Directors.

ARTICLE 11

EXECUTIVE COUNCIL

The Executive Council will be comprised of the Chair of the Board, Vice Chair of the Board, Secretary, Treasurer and one other board member appointed by the Chair of the Board.

The Executive Council may exercise the full authority of the Board of Directors with respect to setting the compensation and benefits for the President/Chief Executive Officer and with respect to such other matters as are specified by the Board of Directors from time to time.

ARTICLE 12

INDEMNIFICATION

The corporation shall and does hereby indemnify and agree to save harmless each director, officer, employee, agent or member of said corporation, who was or is in the future a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director, officer, employee, agent or member of said corporation, or is or was serving at the request of said corporation in any of said capacities, from any damages, costs, expenses, attorney fees, fines and amounts paid in settlement, actually and reasonably incurred, to the extent that such persons may be indemnified under the applicable provisions of the Arizona Revised Statutes pertaining to nonprofit corporations.

THE FOREGOING was approved and adopted on December 8, 2021.

Bruce Dusenberry, Chair of the Board

ATTEST:

Keri Silvyn, Secretary

APPROVED AS TO FORM:

Christopher Schmaltz, Vice President and
General Counsel

EXHIBIT B

Tucson Airport Authority Bylaws
Incorporating all amendments through December 8, 2021

(FINAL)

BYLAWS

TUCSON AIRPORT AUTHORITY

Incorporating all amendments through December 8, 2021

ARTICLE 1

TITLE, LOCATION, CORPORATE SEAL

Section 1.1 The title of this corporation shall be "TUCSON AIRPORT AUTHORITY, INC." and may be referred to herein as "Authority."

Section 1.2 The principal office of this corporation shall be in or near the City of Tucson, Arizona, but this corporation may have other offices at such places as the Board of Directors shall designate and the business of this corporation may require.

Section 1.3 The corporation shall have a corporate seal which shall be of such form as the Board of Directors may determine. The Board shall determine the custody, number and use of the corporate seal. The seal shall have inscribed on it the name of this corporation and the year of the corporation's creation and the words "Corporate Seal, Arizona." The Board of Directors may change the form and inscription of the seal as they deem appropriate.

ARTICLE 2

MEMBERSHIP

Section 2.1 QUALIFICATIONS AND CLASSIFICATION

2.1.1 The membership of this corporation shall be confined to people who live in and maintain their primary residence in the Tucson International Airport air service area, which includes the general Southern Arizona region, who have repeatedly evidenced their interest in the promotion of air transportation and commerce.

2.1.2 The membership shall be divided into two categories to be known as "Members", and "Emeritus Members."

(a) Members.

(i) A Member shall be entitled to vote at any meeting of Members and at any meeting of a council of which he or she is a member. A Member shall be committed to accept Advisory Council appointments; support the interests of the Authority; not act in conflict with the interests of the Authority; actively participate in Authority activities; make every reasonable effort to attend Council and Membership meetings; support the Tucson Airport Authority in all reasonable ways requested by the Chair of the Board, the President/CEO or the Chair of the Council; and contribute his or her expertise as requested. If a Member does

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

(ii) Members will serve for an initial fifteen (15) year term. Any Member may apply to continue as a Member for one successive 5-year term by providing notice to the Chair of the Nominating Council no sooner than April 1 and no later than October 1 in the year preceding the expiration of his or her initial term. Applications for continuing membership shall be considered and voted upon as described in Section 2.2 below.

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

(iv) Any Member serving on the Board of Directors or an Advisory Council shall have his or her membership term automatically extended (whether the initial term or subsequent term) until completion of his or her service as a Director or Council member.

(b) Emeritus Members.

(i) Members who have completed a minimum of ten (10) years of service may be considered for Emeritus Member status. Emeritus Membership shall be limited to those members who have provided distinguished service to the Authority over a sustained period of time. All applications to be considered for Emeritus Membership must be submitted to the Nominating Council, which will evaluate the application and make an appropriate recommendation to the Board of Directors. Such change in classification requires approval by a majority vote of the Board.

(ii) Emeritus Members will:

(1) be invited to the membership business meetings of the Tucson Airport Authority, but not entitled to vote;

(2) be invited to all Tucson Airport Authority membership social functions;

(3) retain parking privileges at the airport as provided to all TAA members; and

(4) be utilized as invited and, if willing, as consultants to the Tucson Airport Authority on special issues.

(iii) A person who has entered Emeritus Membership classification shall not be counted in the membership limitation provided in Section 2.2.2 hereof.

2.1.3 Individuals who are elected officials or high-level employees of any branch or level of government, except for elected officials or employees of indigenous/tribal nations and public educational institutions, are not eligible for TAA Membership. For these bylaws, “high-level” shall mean any position that exercises decision making authority over a significant range of strategic or tactical matters involving that governmental entity or a division/department of that governmental entity. Determinations on whether a person is in such a “high-level” position shall be made by the Nominating Council, on advice from TAA’s General Counsel. Any current TAA member, as of the effective date of the bylaws containing this amendment, who is currently an elected official or high-level government employee retains all rights and privileges under these bylaws as a Member of TAA. However, no current Member who is an elected official or high-level government employee is eligible to serve on the TAA Board of Directors.

Any current Member who becomes an elected official or high-level employee defined above after the effective date of the bylaws containing this amendment shall have their Membership suspended for the period they serve as an elected official or high-level government employee. Suspended Members retain all privileges of Emeritus Members under these Bylaws. Any suspended Member must resign from the Board or any Advisory Council on which they currently serve. The term of their Membership shall be tolled until they no longer are an elected official or a high-level government employee. When their period of service as an elected official or high-level employee ends, the Member shall regain all rights and privileges of a TAA Member under these bylaws as of that date.

Any suspended Member whose active Membership plus tolling period extends for more than ten (10) years is eligible to apply for Emeritus Member status under Section 2.1.2(b).

For purposes of the numerical limitation of Members provided in Section 2.2.2, suspended Members shall be included in the count of total number of Members.

Section 2.2 The election of new and continuing members shall be by secret ballot of the existing Members present in person or by proxy at the annual meeting of members and no one may be considered elected a member if more than one-quarter of the votes cast are negative.

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

2.2.2 All nominations for new or continuing Members of the Authority shall follow the process described in Sections 2.2.1 and 2.2.2. The Nominating Council shall review and consider all timely submitted new membership, continuing membership, and Director submittals. By November 20 of each year, the Nominating Council shall make its

recommendations for new members, continuing membership, and Directors to the Board of Directors for the Board's consideration and action.

Nominations for the office of Director may also be submitted by written petitions signed by not less than twenty-one (21) voting Members in good standing; provided each petition includes all information required to be submitted by Members filing a nomination/or their own request for a director position. Such petitions must be submitted to TAA by November 20.

The Board of Directors shall review the recommendations on nominations for new members, continuing membership, Director nominations (including those submitted by petition) and slate of officers, and may, by a majority of Board membership, vote to direct reconsideration of any individual member or director nominee back to the Nominating Council. Any nominee not directed for reconsideration by the Board shall be forwarded to the Members in accordance with Section 3.5.1 below.

The Nominating Council, at a special meeting scheduled for this purpose, shall reconsider any nominee the Board so directs, and by simple majority vote, shall act on that nominee's nomination. Any nominee approved by the Nominating Council after reconsideration shall then be forwarded to the Members in accordance with Section 3.5.1 below.

The maximum number of TAA Members shall be sixty.

ARTICLE 3

MEETINGS OF THE CORPORATION

Section 3.1 ANNUAL MEETING. A meeting of the Members of the corporation shall be held annually on the fourth Monday in January of each year or on such other date in January as is established by a vote of the Board of Directors or by the Chair of the Board, for the purpose of electing Directors and for transaction of such other business as may be brought before the meeting. Such meetings shall be held at the principal office of the corporation or at such other place in Pima County, Arizona, as is reflected in the meeting notice.

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

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

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

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

Section 3.3 QUORUM. At any meeting of the Members, those present in person or represented by proxy, if in excess of fifty percent (50%) of the total Membership, shall constitute a quorum for all purposes. If at any meeting insufficient Members are present to constitute a quorum, a majority of the Members present in person and by proxy may adjourn from time to time, without notice other than by announcement at the meeting until enough Members in person and by proxy to constitute a quorum shall be present; at such time any business may be transacted which might have been transacted at the meeting as originally notified.

Section 3.4 VOTING.

3.4.1 At all meetings of the Members the Members may vote in person or by proxy, and all questions except such questions the manner of deciding which is specially regulated by law or regulation or by contrary provision in these bylaws, shall be determined by a majority vote of the voting Members present in person and by proxy. In the election of Members and of Directors, each voting Member shall be entitled to cast one vote for each position to be filled at the election; not more than one vote may be cast by any Member for any nominee.

Section 3.5 REGULAR ELECTIONS.

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

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

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

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

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

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

ARTICLE 4

BOARD OF DIRECTORS

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

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

4.1.2 **TERMS.** Each Director shall serve for the term, either one (1), two (2) or three (3) years, as provided for in the action that resulted in their election to Director, either by Member ballot or when filling a Board vacancy. A person may be nominated for a single term in any one election and may be elected to serve multiple subsequent successive terms. Terms shall be staggered in a way to preserve experience and institutional knowledge on the Board.

The term of the Chair of the Board shall be two years, which starts on the date of their election by the Board. All other officers shall be elected to serve one-year terms. A Director may serve as an officer for multiple one-year terms.

The maximum time a Member may serve on the Board, regardless of applicable bylaw provision, is ten (10) years.

Section 4.2 **VACANCIES.** In the case of any vacancy on the Board of Directors caused by death, resignation, disqualification or other reason, the Nominating Council shall recommend one or more nominees to fill the vacancy to the Board of Directors. The remaining

Directors may elect a nominee, by majority vote, to fill the vacancy on the Board, to serve only for the period between the election of the nominee to the Board and the next annual meeting.

Section 4.3 REGULAR MEETINGS.

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

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

Section 4.4 SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by the Chair of the Board or any three (3) Directors. Such meetings shall be held at the time and at any place within Pima County, Arizona, determined by the party or parties calling such meetings. Notice of each special meeting shall be provided to all Directors as required by applicable Arizona law, but in no event shall such notice be less than twenty-four (24) hours prior to such meeting.

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

ARTICLE 5

OFFICERS

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

Section 5.2 The Chair of the Board shall preside at, and in conjunction with the President/CEO, shall set the agenda for all regular meetings of the directors, members, and executive council; shall appoint members of standing and special councils; and shall represent the interests of the Board of Directors when it is not in session. The Chair of the Board may also be designated or referred to as the "Chair, Chairman or Chairwoman of the Board" or any other title that accurately reflects such Officer's duties.

Section 5.3 The President shall be the Chief Executive Officer of the corporation and shall be selected by and shall serve at the pleasure of the Board of Directors. The President/CEO shall have responsibility for the overall operation and management of TAA in accordance with

its Mission and within the framework of Board adopted objectives and policies. The President/CEO shall have full responsibility for the management and administration of all TAA activities and operations and shall report to the Board on a regular basis. The President/CEO shall have the authority to act on behalf of the Board of Directors and TAA in all respects except as may be specifically limited from time to time by Resolution of the Board of Directors. During recess of the Board and the Executive Council, the President shall work closely with the Chair of the Board to ensure that the business and affairs of the corporation are conducted within the framework of Board-approved objectives and policies.

Section 5.4 The Vice Chair of the Board shall perform such duties as may be assigned to him or her by the Board of Directors. In the case of the death, disability or absence of the Chair of the Board, the Vice Chair of the Board shall perform and be vested with all of the duties and powers of the Chair of the Board.

Section 5.5 The Secretary shall keep the seal of the corporation and affix the same to all instruments requiring its seal, as may be directed by the Board, the Executive Council, the Chair of the Board, or the President/CEO. The Secretary shall also review and sign the minutes of meetings of Directors and general membership, shall authorize meeting notices to be issued by the President/CEO as required in these bylaws, and shall perform such other duties as may be required by the Board.

Section 5.6 The Treasurer shall be familiar with the financial affairs of TAA and shall chair the Advisory Council that is responsible for the budget. The financial records will be in the custody of the President/CEO and all records shall be maintained at the corporate office of TAA.

ARTICLE 6

VACANCIES IN OFFICE

In the case of the death, disability or resignation of one or more of the officers, the majority of the remaining Directors shall fill the vacancies for the unexpired term. One or more nominees shall be suggested by the Nominating Council to fill each such vacancy.

ARTICLE 7

COMPENSATION OF DIRECTORS, OFFICERS AND MEMBERS

Neither the Directors nor the officers (other than the President/CEO) nor the Members, as such, shall receive any salary or compensation for their services, but by resolution of the Board of Directors may be reimbursed for their actual expenses paid or obligated to be paid in connection with service rendered solely for the benefit of the corporation.

ARTICLE 8

BOOKS, ACCOUNTS AND RECORDS

Section 8.1 This corporation shall keep at its principal office in the State of Arizona records of the meetings of Members and a book showing a true and complete list of all Members, their residences, and books containing a record of the affairs of this corporation.

Section 8.2 The books, accounts and records of this corporation shall be open to the inspection of any member of the Board of Directors at all times in business hours.

Section 8.3 It shall be the duty of the Board of Directors at least once a year and within one hundred twenty (120) days after the close of the fiscal year to cause the books and accounts of the corporation to be examined and audited by a Certified Public Accountant. Thereafter it shall cause a copy of the report of said accountant, or a summary to be mailed to each of the Members of this corporation as part of the annual report of the operations of Tucson Airport Authority, Inc.

ARTICLE 9

AMENDMENT TO BYLAWS

Subject to notice requirements below, any of these bylaws may be altered, amended or repealed by majority vote of the Board of Directors at any regular meeting; or at any special meeting called for the purpose, when all the Directors are present; or by a majority vote of the Members at any regular meeting; or at any special meeting called for the purpose. No bylaw amendment may be acted on by the Board unless it has first been considered by the Corporate Governance Council. The Board of Directors shall, by majority vote, direct the Corporate Governance Council to consider bylaw amendments it deems appropriate and in the best interests of the corporation. If the Corporate Governance Council fails to timely meet to consider a proposed bylaw amendment and make a recommendation to the Board on the proposed bylaw amendment, the Chair of the Board may place the proposed bylaw amendment on the Board's agenda for consideration and action.

ARTICLE 10

APPOINTMENT OF ADVISORY COUNCILS

Section 10.1 The TAA Advisory Councils shall include the Corporate Governance Council, the Nominating Council, the Audit Council, and the Financial Council (to include an environmental/sustainability sub-council) and such other councils as the Chair of the Board may determine is appropriate. No Council shall have an even number of members and shall have not more than seven (7) or less than three (3) Members. The Chair of the Board shall appoint, with the advice and consent of the Board, Members to each council, and the Chair of each Council.

The terms of such appointments shall be two (2) years. The Chair of the Board and Vice Chair of the Board may attend and participate in all Council meetings as non-voting members of a Council.

Section 10.2 NOMINATING COUNCIL. The Nominating Council shall consist of seven Members, who will be appointed for up to two (2), two-year terms, and may not serve more than four (4) consecutive years. The Chair of the Nominating Council shall serve two (2) years. The Council roster shall include, two (2) former Directors, two (2) current Directors who are not the Chair of the Nominating Council or Vice Chair of the Nominating Council, and three (3) Members who have never served as Directors. Nominating Council Members are not eligible to be nominated for a first term on the Board of Directors.

ARTICLE 11

EXECUTIVE COUNCIL

The Executive Council will be comprised of the Chair of the Board, Vice Chair of the Board, Secretary, Treasurer and one other board member appointed by the Chair of the Board. The Executive Council may exercise the full authority of the Board of Directors with respect to setting the compensation and benefits for the President/Chief Executive Officer and with respect to such other matters as are specified by the Board of Directors from time to time.

ARTICLE 12

INDEMNIFICATION

The corporation shall and does hereby indemnify and agree to save harmless each director, officer, employee, agent or member of said corporation, who was or is in the future a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director, officer, employee, agent or member of said corporation, or is or was serving at the request of said corporation in any of said capacities, from any damages, costs, expenses, attorney fees, fines and amounts paid in settlement, actually and reasonably incurred, to the extent that such persons may be indemnified under the applicable provisions of the Arizona Revised Statutes pertaining to nonprofit corporations.

THE FOREGOING was approved and adopted on December 8, 2021.

Bruce Dusenberry, Chair of the Board

ATTEST:

Keri Silvyn, Secretary

APPROVED AS TO FORM:

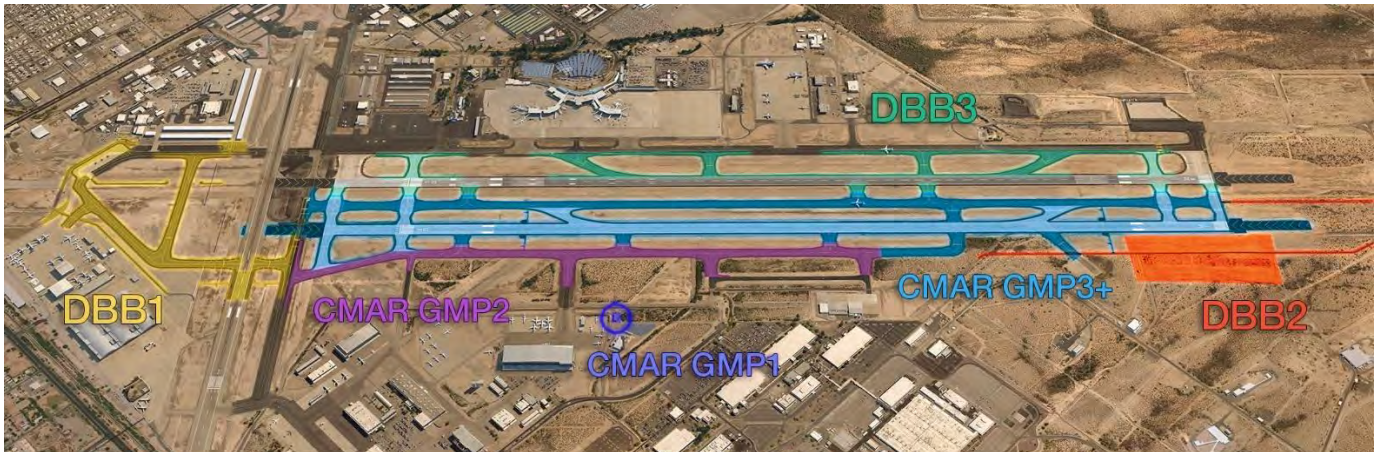
Christopher Schmaltz, Vice President and
General Counsel

Date: December 8, 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 current 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.



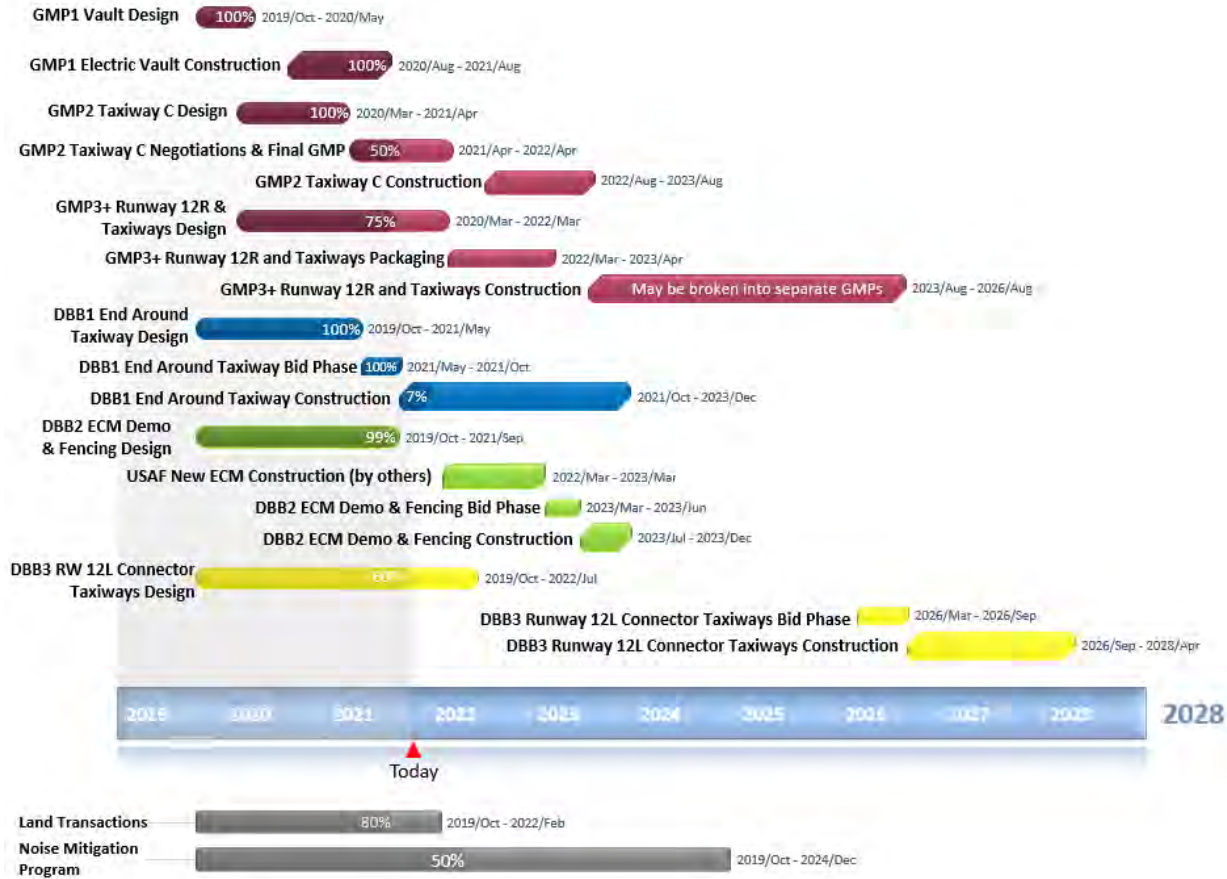
Milestones reached in last Quarter:

- CMAR GMP#1 (South Airfield Lighting Vault) – Substantially Complete
- DBB1 (End Around Taxiway) – Construction has begun.
- Parcel F & G – Appraisal Update & Review Complete.
- Sound Insulation Project – NTP and Kickoff occurred
- Land Acquisition/Relocation Project – NTP and Kickoff occurred.

3 Month Look ahead

- SRMP for CMAR GMP 3+ (RW 12R-30L) – To be held on December 14, 2021
- Final Guaranteed Maximum Price package for CMAR GMP2 (Taxiway C)
- 90% Design Submittal for CMAR GMP3+ (RW 12R-30L)
- 90% Design Submittal for DBB3 (RW 12L-30R Connector Taxiways)

Milestone Program Schedule



Program Costs:

	Committed Cost	Invoiced to Date
Administrative	\$ 794,097	\$ 289,941
Design	\$ 14,162,467	\$ 11,172,630
PM/CM	\$ 9,103,088	\$ 4,805,083
Construction	\$ 33,556,012	\$ 6,145,705
Land Acquisition	\$ 2,089,814	\$ 141,993
Noise Mitigation	\$ 1,069,095	\$ -
Misc. Costs	\$ 346,034	\$ 346,034
Totals	\$ 61,120,608	\$ 22,901,387
Current Budget	358,327,566	
Percent Committed	17.1%	
Percent Spent	6.4%	



Date: December 8, 2021

To: TAA Board of Directors

From: Kirk Eickhoff, Vice President/CFO

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

Financial Performance

- Operating Income before Depreciation and Amortization (YTD vs budget)
 - Tucson Airport Authority generated operating income before depreciation and amortization of \$771,949 for October 2021, which is \$718,289 favorable to budget due to favorable operating revenues and expenses described below.

- Operating Revenues (YTD vs budget)
 - In October, operating revenue of \$3,521,360 is favorable to budget by \$232,553 or 7.1% and favorable to prior year by \$816,506 or 30.2%. The increase from prior year is largely due to increased landing fees and concession revenue, driven by the general recovery of passenger volumes. Operating revenues for the month were down \$451,313 (11.4%) compared to FY 2019 (pre-COVID).
 - The favorable variance in landing fees is largely attributable to back billings of Raytheon landing fees related to the Rolls Royce jet program. The favorable variance in concession revenue is a result of higher-than-expected rental car revenues and parking revenues.

- Operating Expenses (YTD vs budget)
 - In October, total operating expenses were lower than budget by \$485,736, largely due to lower-than-anticipated personnel expenses and contractual services. Variances in all other expense categories were also favorable to budget.

FINANCIAL SUMMARY



For the one month ending October 31, 2021

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

	CURRENT MONTH - October			October 2020	October 2019
	BUDGET	ACTUAL	FAV (UNFAV)	ACTUAL	ACTUAL
OPERATING REVENUES:					
Landing fees	\$ 182,113	\$ 291,859	\$ 109,747	\$ 134,328	\$ 217,953
Space rentals	913,235	924,551	11,316	1,009,277	1,247,385
Land rent	305,760	311,663	5,903	296,839	299,620
Concession revenue	1,372,127	1,531,919	159,792	746,592	1,610,345
Reimbursed services	266,225	226,022	(40,203)	238,385	312,140
Other operating revenues	249,348	235,346	(14,002)	279,433	285,230
Total Operating Revenues	3,288,808	3,521,360	232,553	2,704,854	3,972,673
OPERATING EXPENSES:					
Personnel expenses	2,036,108	1,884,370	151,738	1,880,314	1,793,250
Contractual services	862,031	650,302	211,729	452,190	468,670
Materials and supplies	187,389	110,706	76,683	90,125	108,843
Other operating expenses	149,619	104,033	45,586	105,050	158,069
Total Operating Expenses	3,235,147	2,749,411	485,736	2,527,679	2,528,832
NET OPERATING INCOME (LOSS) BEFORE DEPRECIATION AND AMORTIZATION	53,661	771,949	718,289	177,175	1,443,841
Depreciation and Amortization	1,600,000	1,615,142	(15,142)	1,561,814	1,531,235
OPERATING INCOME (LOSS)	(1,546,340)	(843,193)	703,147	(1,384,639)	(87,394)
NONOPERATING INCOME (EXPENSES)					
Interest Income	36,945	39,789	2,844	45,379	252,088
Net increase/(decrease) in fair value of investments	-	(420,640)	(420,640)	(26,071)	116,332
Passenger facility charges	468,950	556,479	87,529	233,514	571,983
Interest expense and fiscal charges	(67,163)	(67,163)	-	(74,671)	(81,988)
Gain/(Loss) on disposition of capital assets	-	-	-	7,600	402,390
Other nonoperating revenues (expenses)	-	50	50	-	212,065
Total nonoperating revenues (expenses)	438,732	108,515	(330,217)	185,751	1,472,870
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(1,107,608)	(734,678)	372,930	(1,198,888)	1,385,476
CAPITAL CONTRIBUTIONS:					
Federal	4,083,134	-	(4,083,134)	-	-
State	59,669	-	(59,669)	-	-
Total capital contributions	4,142,803	-	(4,142,803)	-	-
INCREASE (DECREASE) IN NET POSITION	\$ 3,035,196	\$ (734,678)	\$ (3,769,874)	\$ (1,198,888)	\$ 1,385,476

TUCSON AIRPORT AUTHORITY
STATEMENT OF REVENUES , EXPENSES AND
CHANGES IN NET POSITION
For the one month ending October 31, 2021

	CURRENT YEAR TO DATE			YTD -	YTD -
	BUDGET	ACTUAL	FAV (UNFAV)	October 2020	October 2019
				ACTUAL	ACTUAL
OPERATING REVENUES:					
Landing fees	\$ 182,113	\$ 291,859	\$ 109,747	\$ 134,328	\$ 217,953
Space rentals	913,235	924,551	11,316	1,009,277	1,247,385
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Total operating revenues	3,288,808	3,521,360	232,553	2,704,854	3,972,673
OPERATING EXPENSES:					
Personnel expenses	2,036,108	1,884,370	151,738	1,880,314	1,793,250
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Total Operating Expenses	3,235,147	2,749,411	485,736	2,527,679	2,528,832
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Interest expense and fiscal charges	(67,163)	(67,163)	-	(74,671)	(81,988)
Gain/(Loss) on disposition of capital assets	-	-	-	7,600	402,390
Other nonoperating revenues (expenses)	-	50	50	-	212,065
Total nonoperating revenues (expenses)	438,732	108,515	(330,217)	185,751	1,472,870
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(1,107,608)	(734,678)	372,930	(1,198,888)	1,385,476
CAPITAL CONTRIBUTIONS:					
Federal	4,083,134	-	(4,083,134)	-	-
State	59,669	-	(59,669)	-	-
Total capital contributions	4,142,803	-	(4,142,803)	-	-
INCREASE (DECREASE) IN NET POSITION	\$ 3,035,196	(734,678)	\$ (3,769,874)	(1,198,888)	1,385,476
TOTAL NET POSITION, (BEGINNING)		433,929,378		416,225,900	396,401,145
TOTAL NET POSITION, (ENDING)		\$ 433,194,700		\$ 415,027,012	\$ 397,786,621

**TUCSON AIRPORT AUTHORITY
STATEMENT OF NET POSITION**

ASSETS	October-21	October-20
CURRENT ASSETS		
Unrestricted assets:		
Cash and cash equivalents	\$ 14,257,526	\$ 96,834,054
Investments	124,457,318	63,572,563
Accounts receivable, net of allowance for doubtful accounts of \$313,380 and \$313,380 for FY2022 and FY2021, respectively	2,544,806	1,803,805
Accrued interest receivable	219,402	174,200
Grants receivable	378,986	2,856,319
Inventories	377,003	324,511
Prepaid expenses and other assets	827,333	762,410
Total unrestricted current assets	<u>143,062,374</u>	<u>166,327,862</u>
Restricted assets:		
Cash and cash equivalents	1,599,509	13,082,957
Investments	21,681,567	9,580,247
Accounts receivable	794,949	450,621
Accrued interest receivable	52,704	45,806
Total restricted current assets	<u>24,128,729</u>	<u>23,159,631</u>
Total current assets	<u>167,191,103</u>	<u>189,487,493</u>
Noncurrent assets:		
Unrestricted assets:		
Accounts receivable	71,067	280,323
Capital assets		
Not depreciated	146,004,660	138,748,302
Depreciated, net	188,133,737	193,860,180
Net capital assets	<u>334,138,397</u>	<u>332,608,482</u>
Total unrestricted noncurrent assets	<u>334,209,464</u>	<u>332,888,805</u>
Total noncurrent assets	<u>334,209,464</u>	<u>332,888,805</u>
TOTAL ASSETS	<u>501,400,567</u>	<u>522,376,298</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows from pensions	6,091,332	6,091,332
Total deferred outflows of resources	<u>6,091,332</u>	<u>6,091,332</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 507,491,899</u>	<u>\$ 528,467,630</u>

**TUCSON AIRPORT AUTHORITY
STATEMENT OF NET POSITION**

LIABILITIES & NET ASSETS (Con't)

LIABILITIES

CURRENT LIABILITIES

Payable from unrestricted assets:

	<u>October-21</u>	<u>October-20</u>
Accounts payable	722,205	\$ 976,319
Accrued expenses	1,807,576	\$ 1,979,253
Unearned revenue	3,010,426	\$ 3,092,570
Construction contracts payable	-	\$ 5,205,743
Current portion of environmental remediation payable	1,799,479	\$ 4,894,788
Current portion of bonds payable:		
Airport Subordinate Lien Revenue Bonds, Series 2018	1,565,000	1,510,000
Total payable from unrestricted assets	<u>8,904,686</u>	<u>17,658,673</u>

Payable from restricted assets

Accrued interest payable:

Airport Subordinate Lien Revenue Bonds, Series 2018	71,549	79,832
	<u>71,549</u>	<u>79,832</u>

Current portion of environmental remediation payable	402,420	402,420
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Total payable from restricted assets	<u>473,969</u>	<u>482,252</u>
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Total current liabilities	<u>9,378,655</u>	<u>18,140,925</u>
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NONCURRENT LIABILITIES

Payable from unrestricted assets

Bonds payable, net of current portion:

Airport Subordinate Lien Revenue Bonds, Series 2018	25,058,064	28,239,213
Net pension liability	20,684,399	47,884,399
Environmental Remediation Payable, net of current portion	18,306,912	18,306,912
Total payable from unrestricted assets	<u>64,049,375</u>	<u>94,430,524</u>

Payable from restricted assets -

Total noncurrent liabilities	<u>64,049,375</u>	<u>94,430,524</u>
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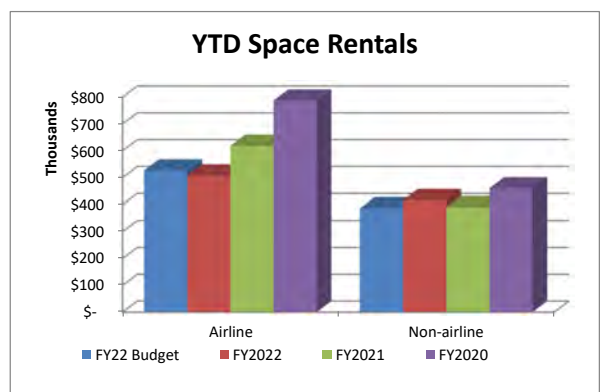
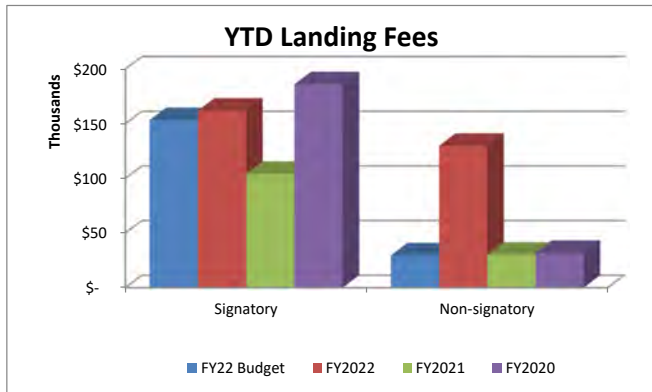
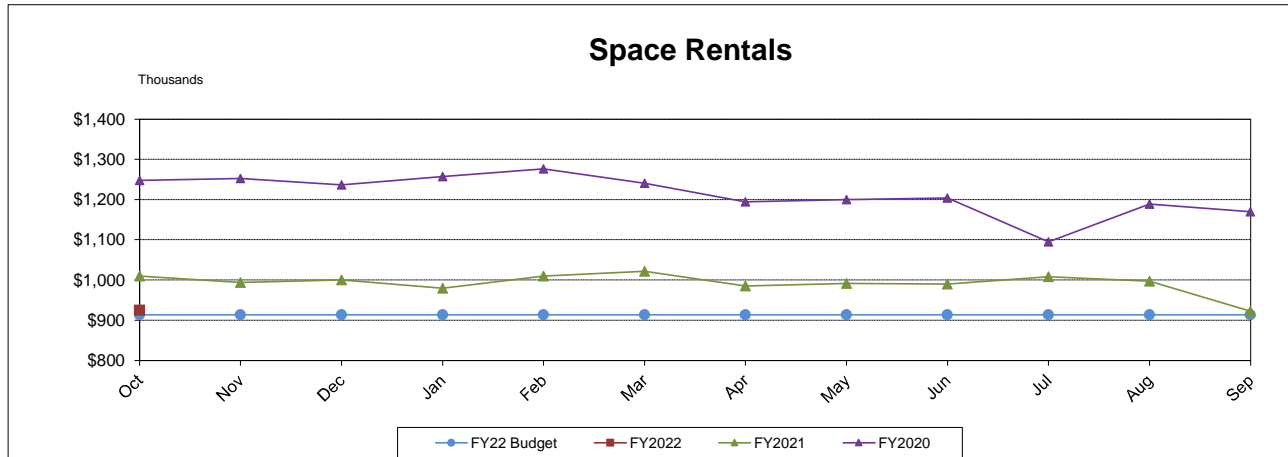
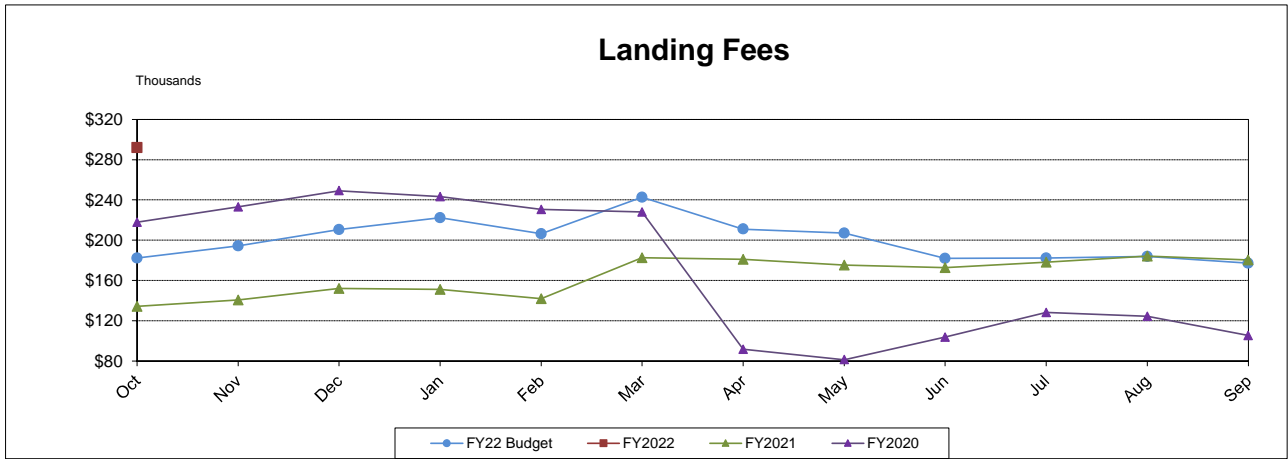
TOTAL LIABILITIES

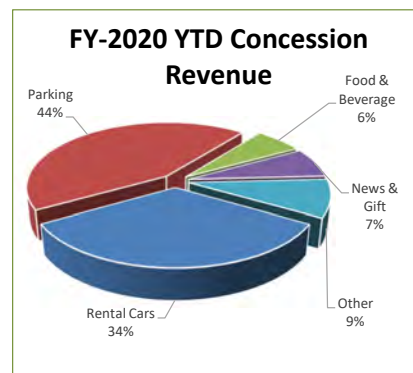
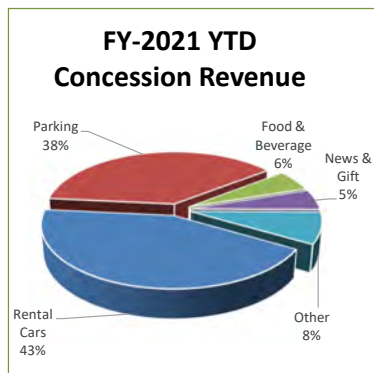
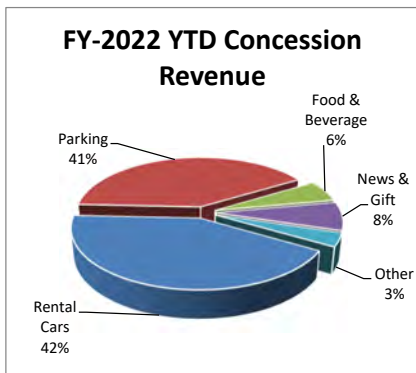
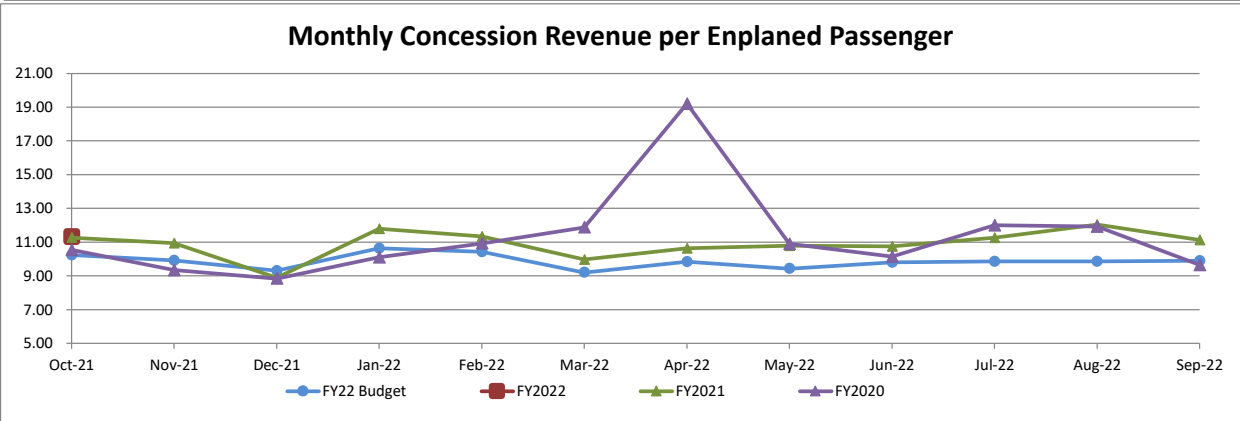
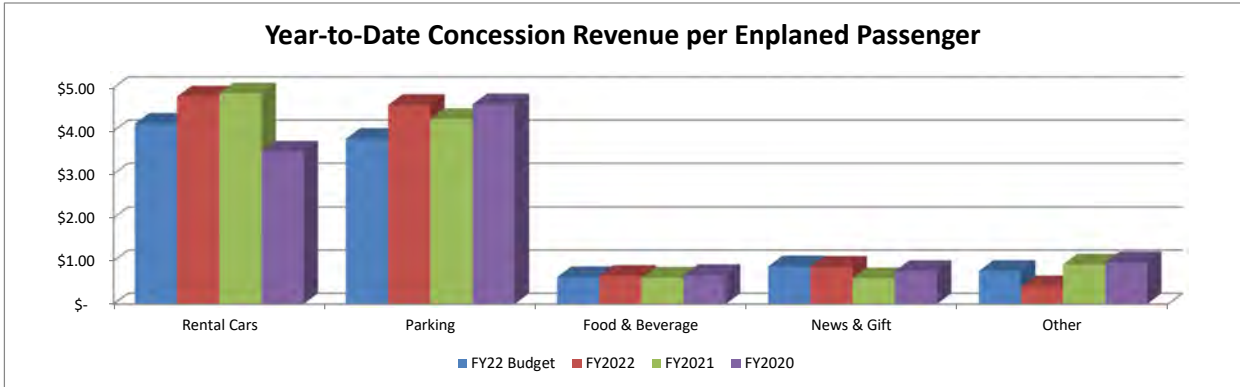
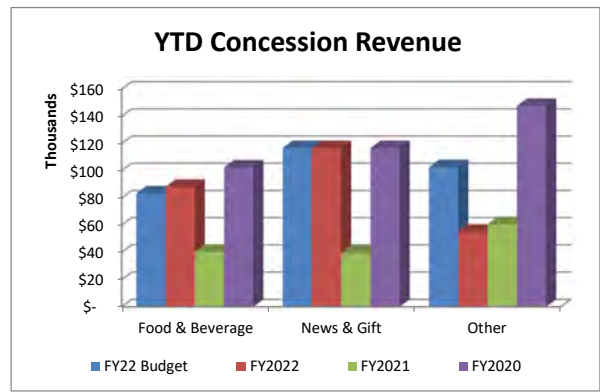
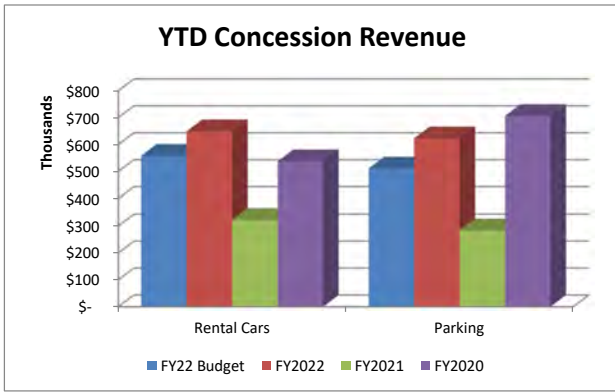
	<u>\$ 73,428,030</u>	<u>\$ 112,571,449</u>
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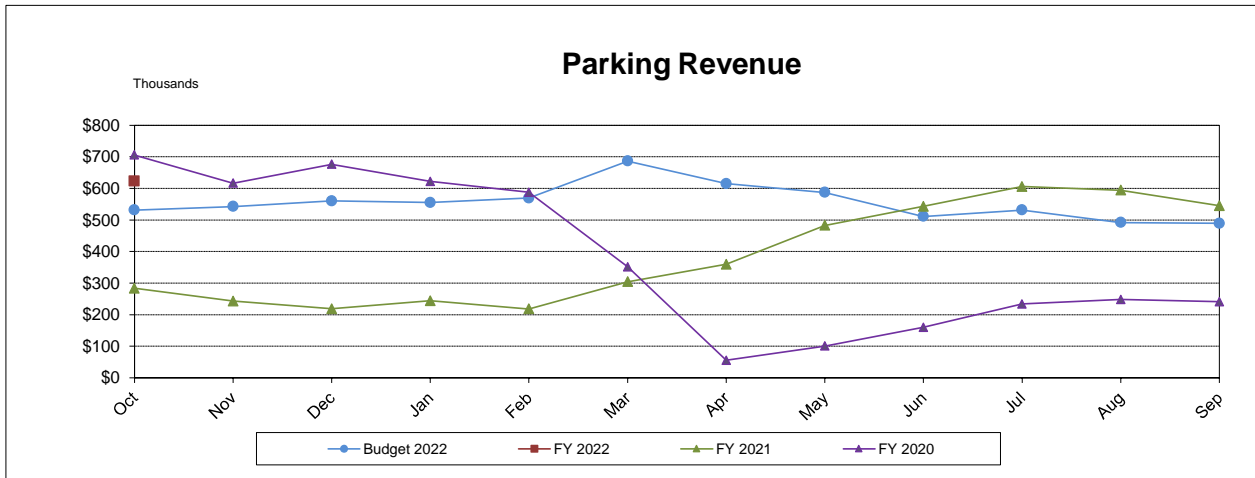
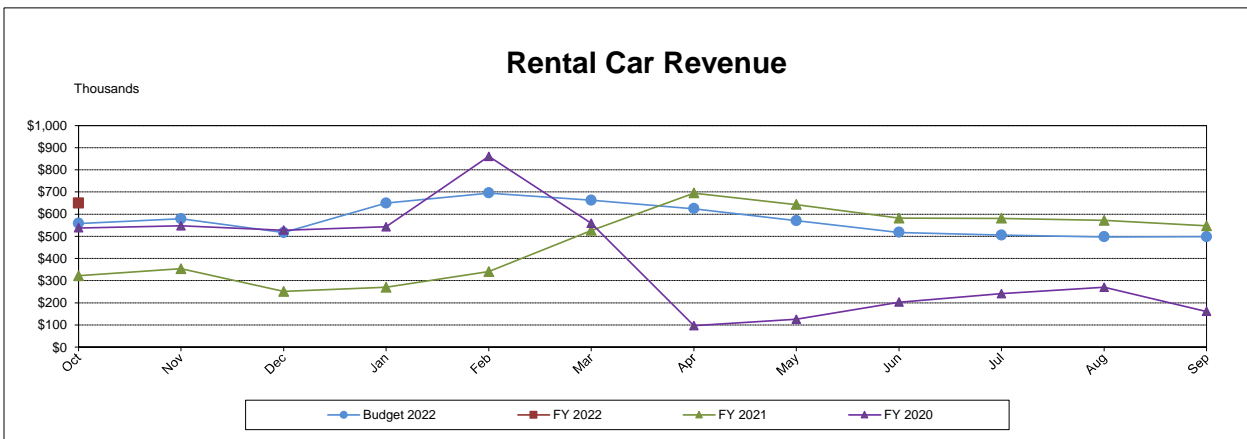
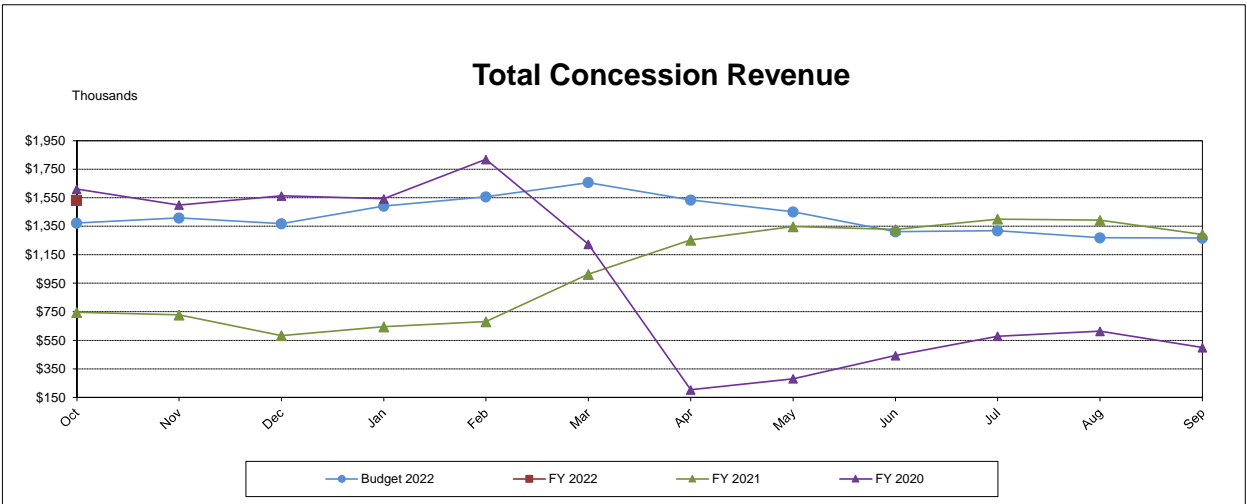
**TUCSON AIRPORT AUTHORITY
STATEMENT OF NET POSITION**

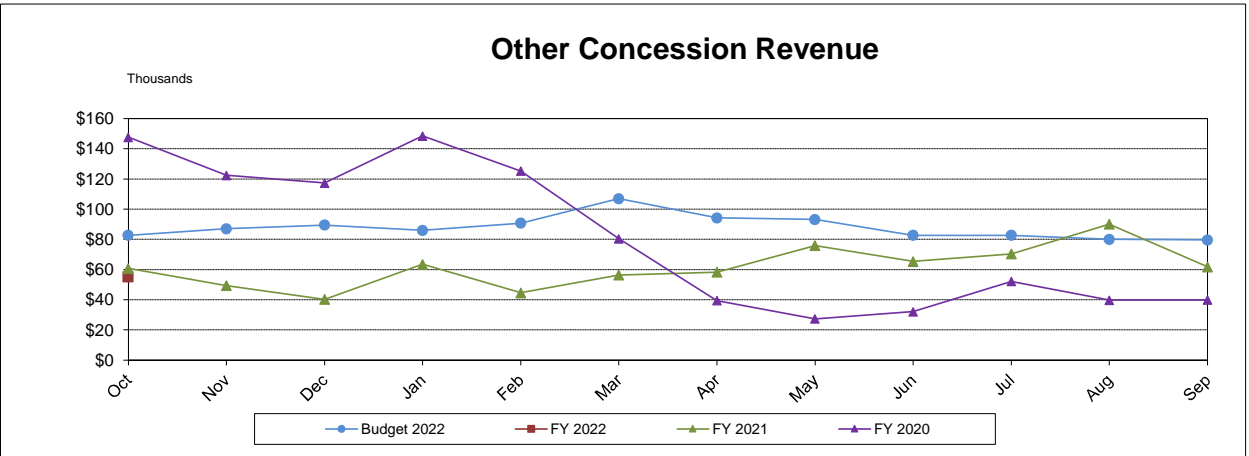
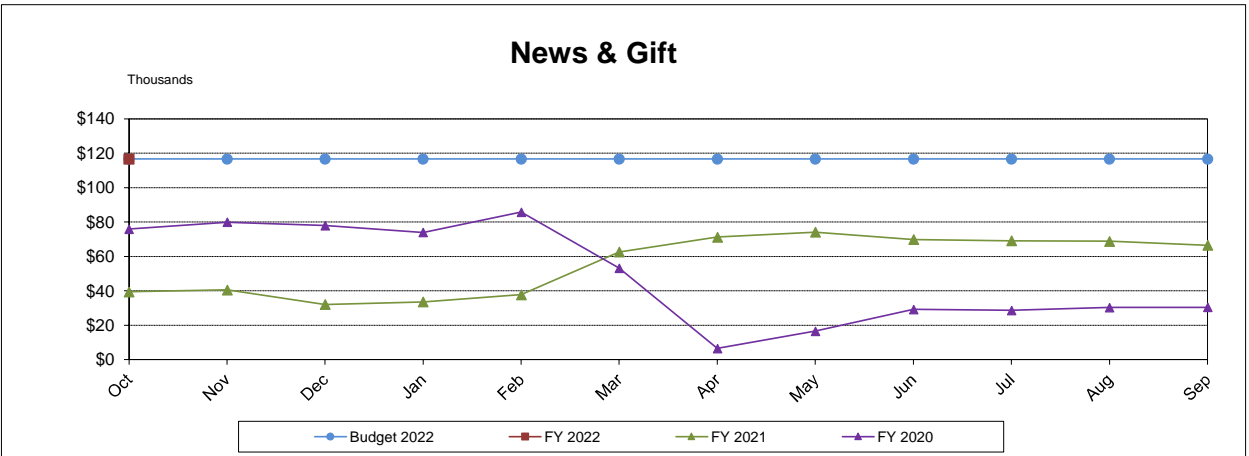
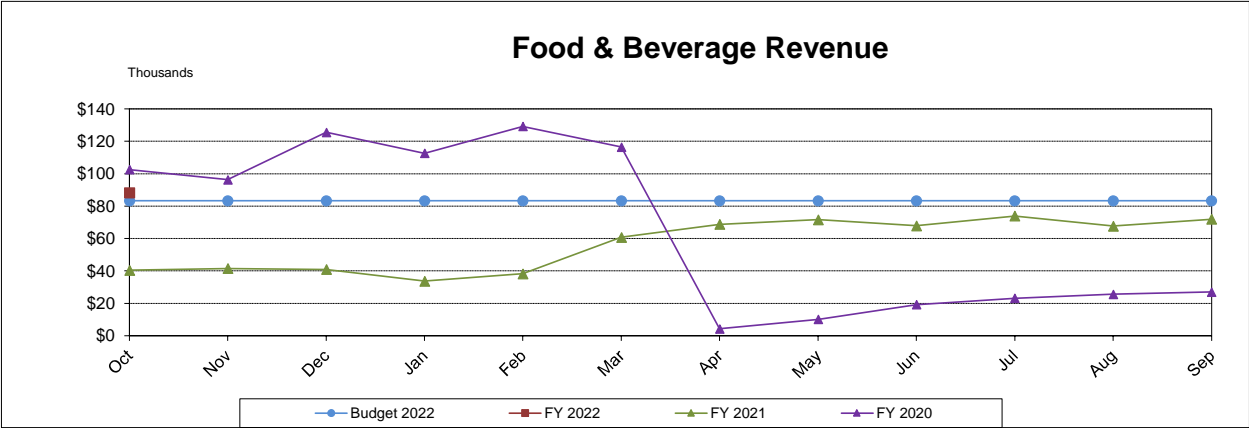
LIABILITIES & NET ASSETS (Con't)

	<u>October-21</u>	<u>October-20</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows from pensions	\$ 869,169	\$ 869,169
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>869,169</u>	<u>869,169</u>
NET POSITION		
Net Investment in capital assets	307,515,333	302,859,269
Restricted:		
Debt service	260,833	251,667
Capital projects	23,796,347	22,828,132
	<u>24,057,180</u>	<u>23,079,799</u>
Unrestricted	<u>101,622,187</u>	<u>89,087,944</u>
TOTAL NET POSITION	<u>433,194,700</u>	<u>415,027,012</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 507,491,899</u>	<u>\$ 528,467,630</u>

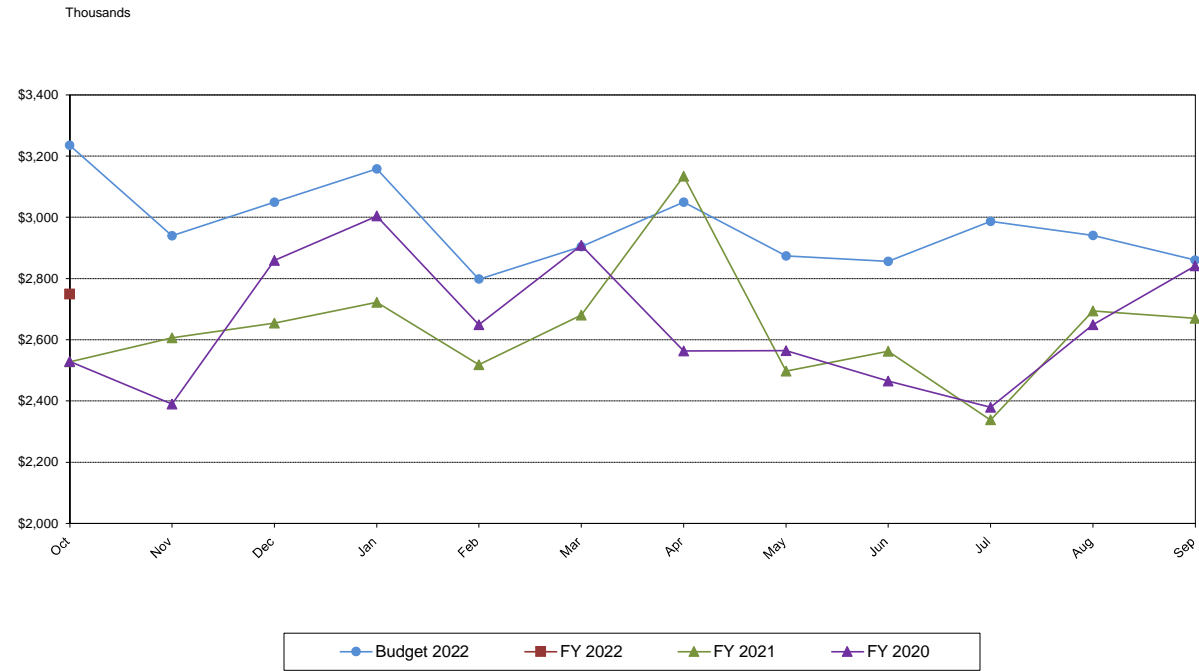




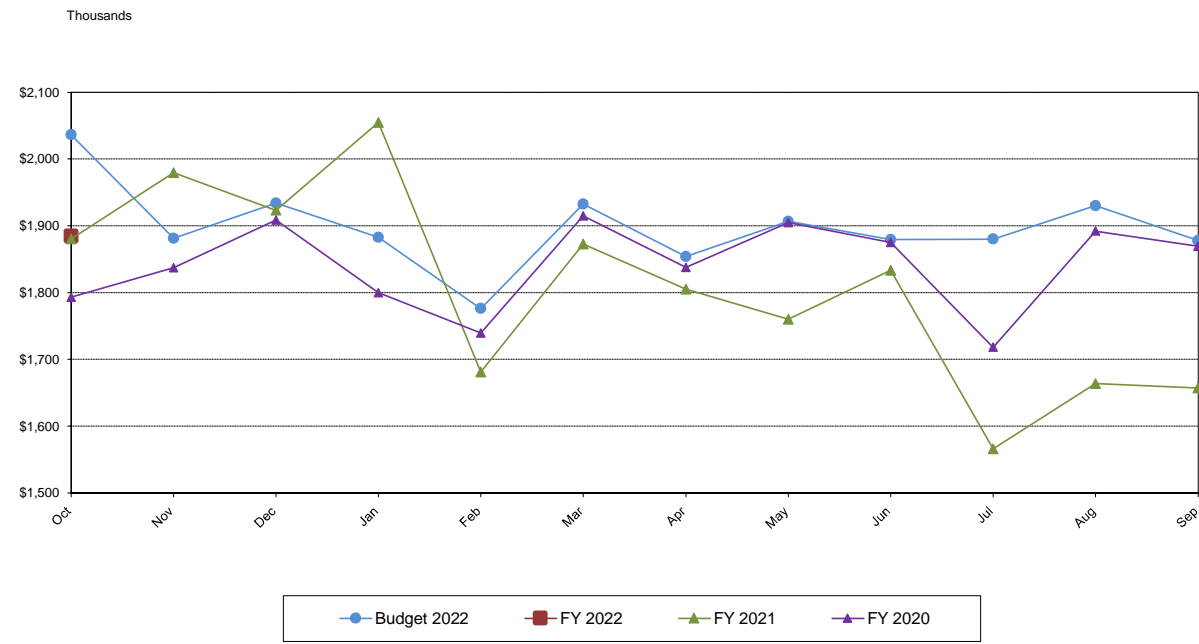




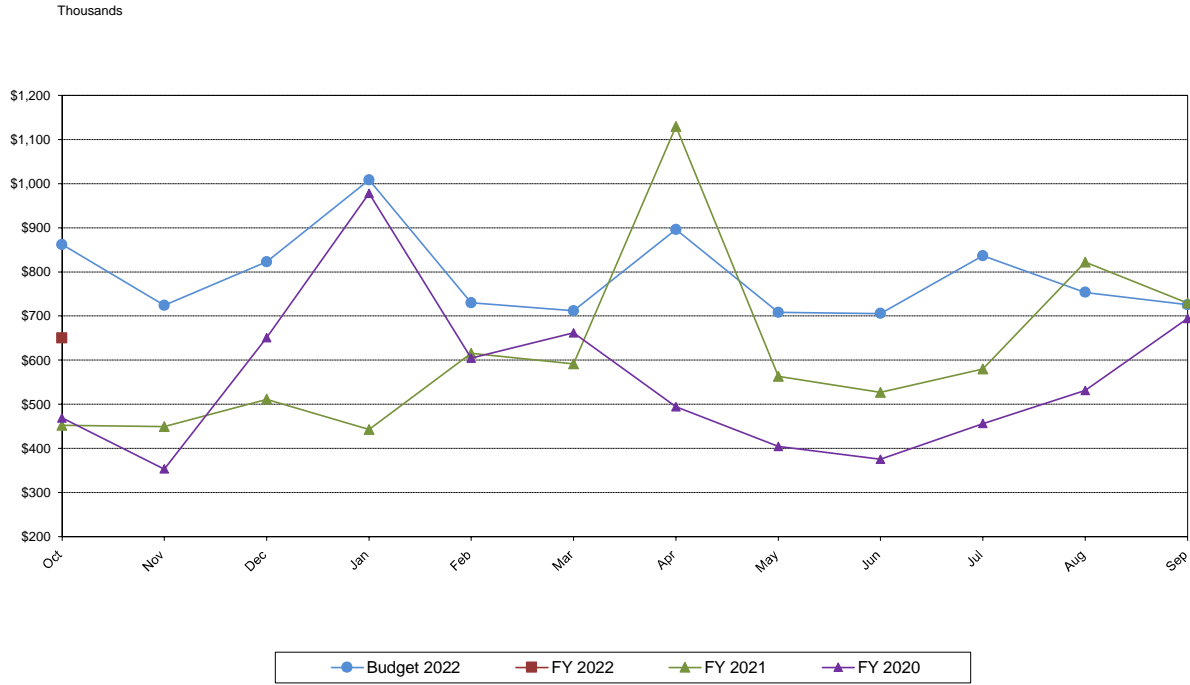
Total Operating Expenses



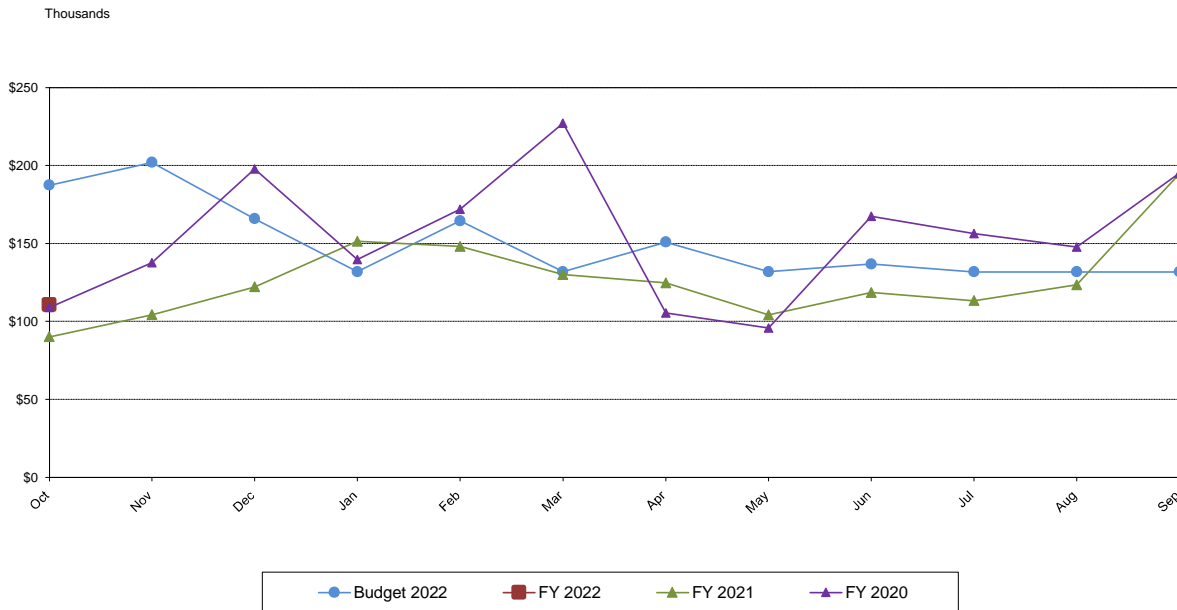
Personnel Expenses



Contractual Services

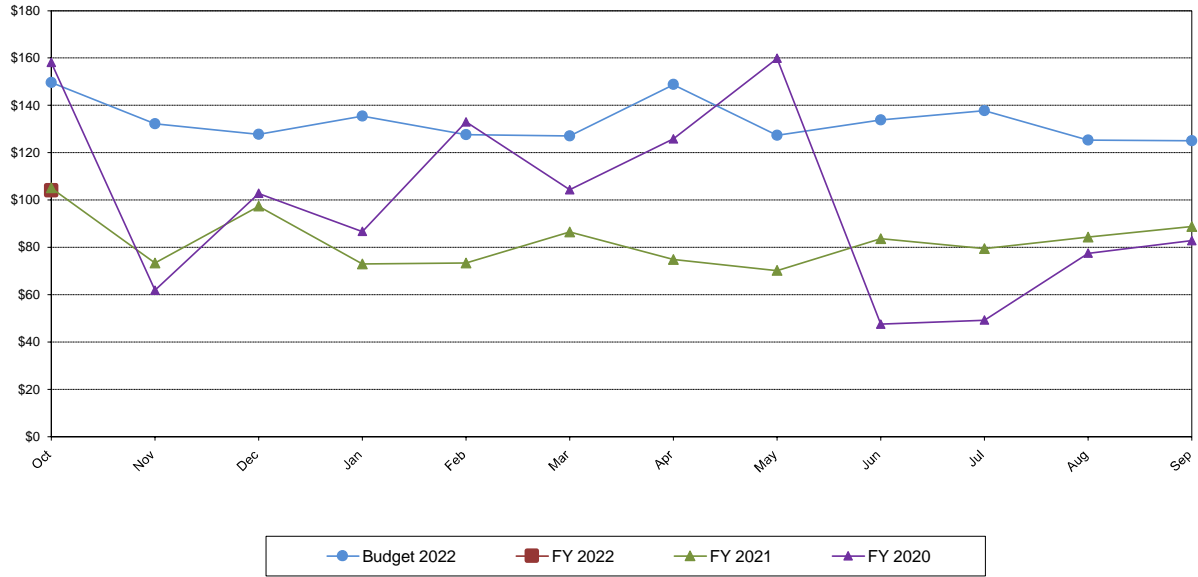


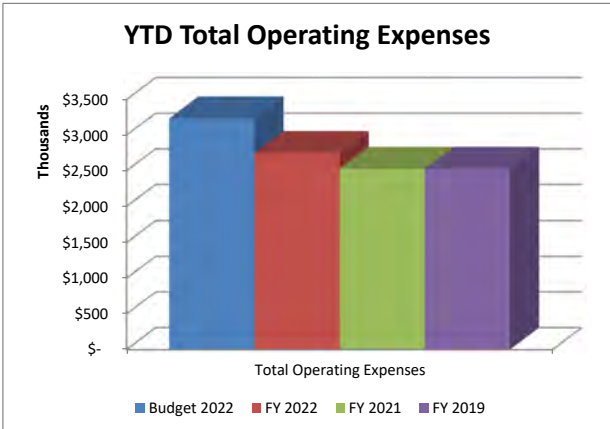
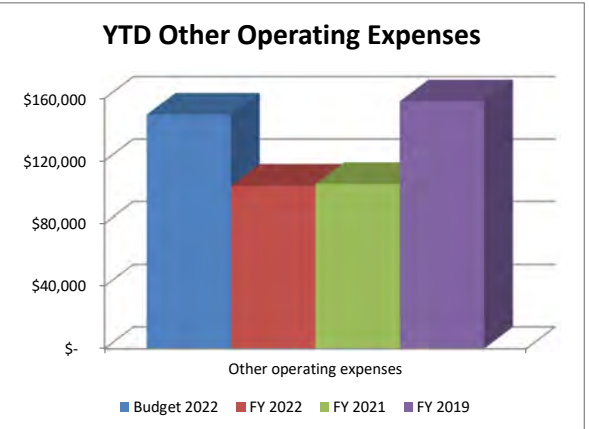
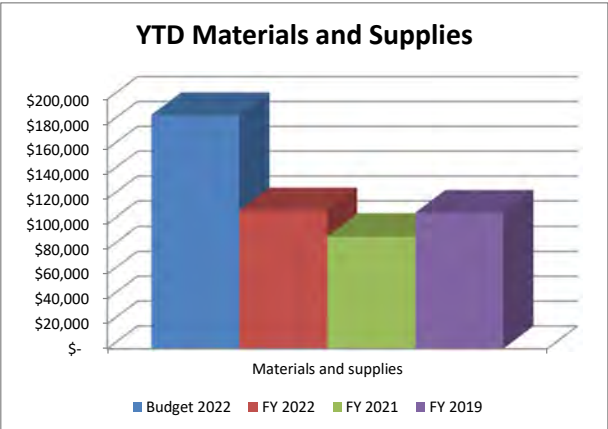
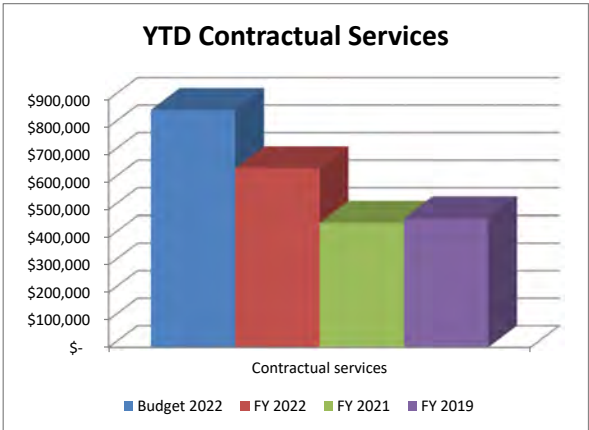
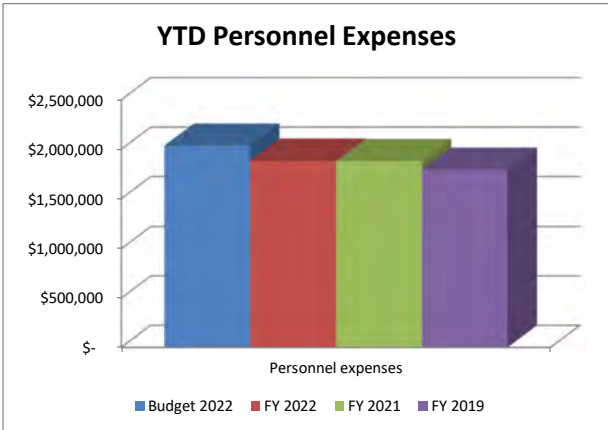
Materials and Supplies



Other Operating Expenses

Thousands





Date: November 24, 2021

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

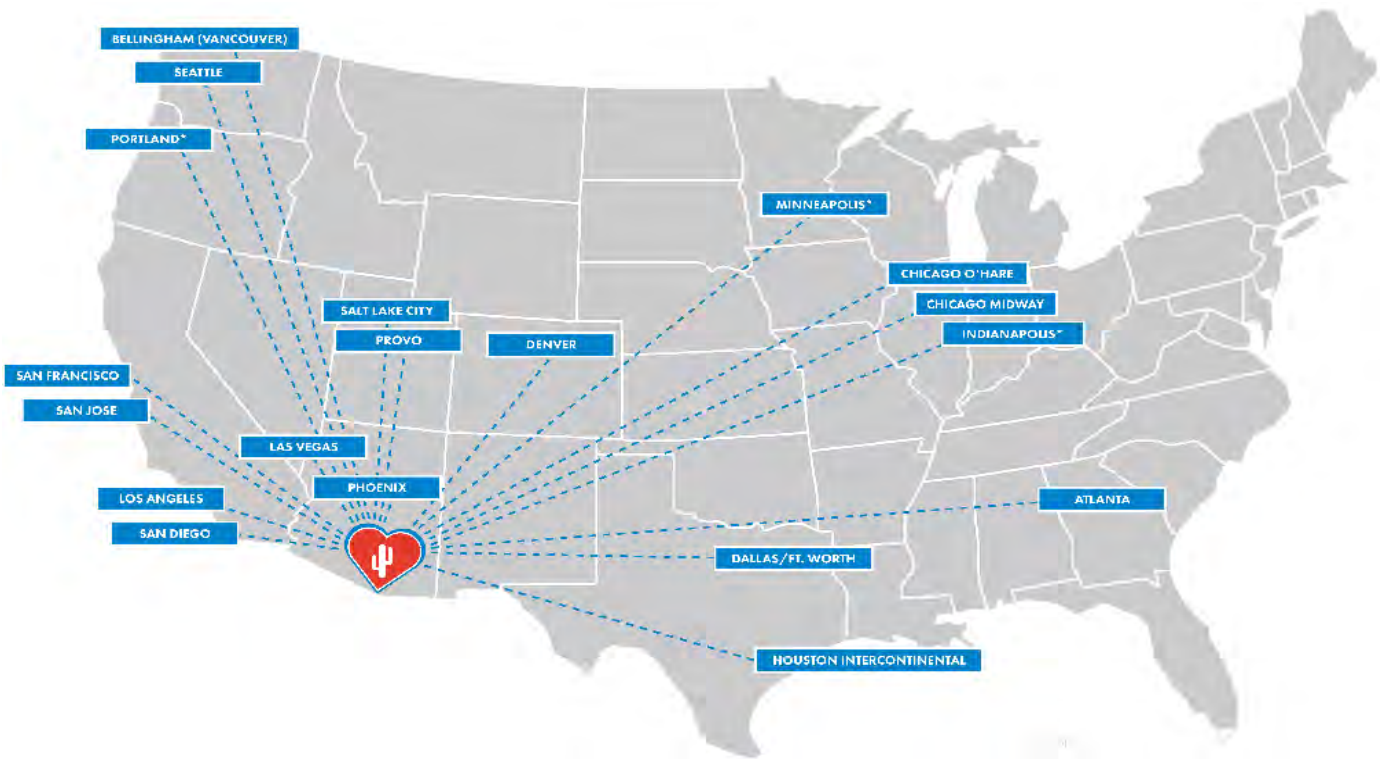
Summary of Operations and Statistics

- Total Passengers (YTD vs prior year)
 - Total passengers for the month of October 2021 were 103.8% higher than prior year.
- Average Daily Scheduled Departures (YTD vs prior year, changes by routes & carrier)
 - The month of October had an average daily departure count of 44.9, which was 15 higher than prior year.
 - The increase was attributable to additional service to Atlanta (1), Dallas/Ft. Worth (2), Houston Hobby (1), Houston Bush (2), Los Angeles (6), Chicago Midway (1), Chicago O'Hare (1), Phoenix (2), and San Diego (1), partially offset by decrease in service to Portland (1), and Seattle/Tacoma (1).
 - Departure increases by carrier included American (8), United (3), Delta (4), and Southwest (3), partially offset by departure decreases from Alaska (3).
- Average Daily Seat capacity (YTD vs prior years)
 - Seat capacity for October 2021 was 69.0% higher than prior year and 10.3% lower than 2019.
- Load Factors (MTD & YTD vs prior years)
 - The load factor for October was 85.2%, which is 14.7% higher than FY2020 and 1.1% lower than FY2019 for the same month.
- Aircraft Operations (MTD & YTD vs prior year)
 - Freight, measured in pounds, is 4.4% lower in October compared the same month last year.
 - Total aircraft operations were 0.2% higher than the same month last year, with increases in all categories, except general aviation.

AVIATION ACTIVITY REPORTS

Tucson International Airport (TUS)

For the one month ending October 31, 2021



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

PASSENGERS*	Oct-21	Oct-20	% CHANGE	Fiscal YTD		
				2022	2021	% CHANGE
ENPLANED	135,380	66,260	104.3%	135,380	66,260	104.3%
DEPLANED	140,561	69,153	103.3%	140,561	69,153	103.3%
TOTAL	275,941	135,413	103.8%	275,941	135,413	103.8%

*Passenger figures include non-revenue passengers.

LANDED WEIGHT**

AIR CARGO	13,417	14,193	-5.5%	13,417	14,193	-5.5%
AIR CARRIER	145,605	91,106	59.8%	145,605	91,106	59.8%
TOTAL	159,022	105,299	51.0%	159,022	105,299	51.0%

**In thousand pound units.

FREIGHT (in pounds)

ENPLANED	2,431,658	2,905,772	-16.3%	2,431,658	2,905,772	-16.3%
DEPLANED	3,133,714	2,915,532	7.5%	3,133,714	2,915,532	7.5%
TOTAL	5,565,372	5,821,304	-4.4%	5,565,372	5,821,304	-4.4%

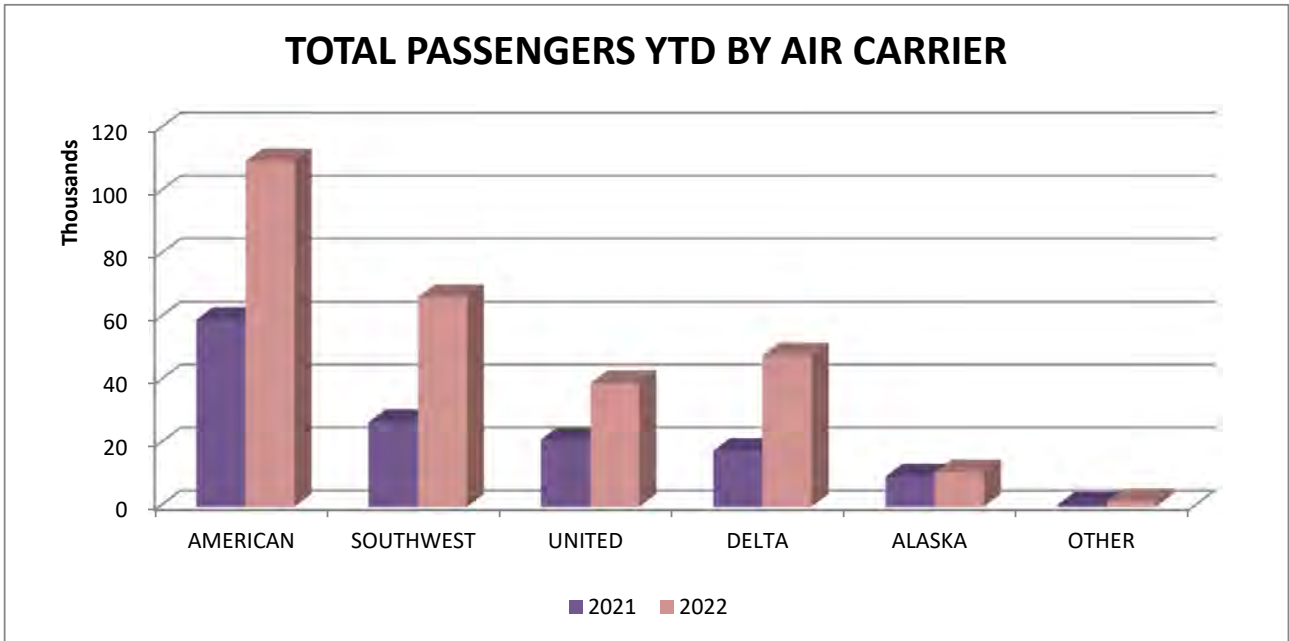
MAIL (in pounds)

ENPLANED	300	11	2627.3%	300	11	2627.3%
DEPLANED	0	6,063	-100.0%	0	6,063	-100.0%
TOTAL	300	6,074	-95.1%	300	6,074	-95.1%

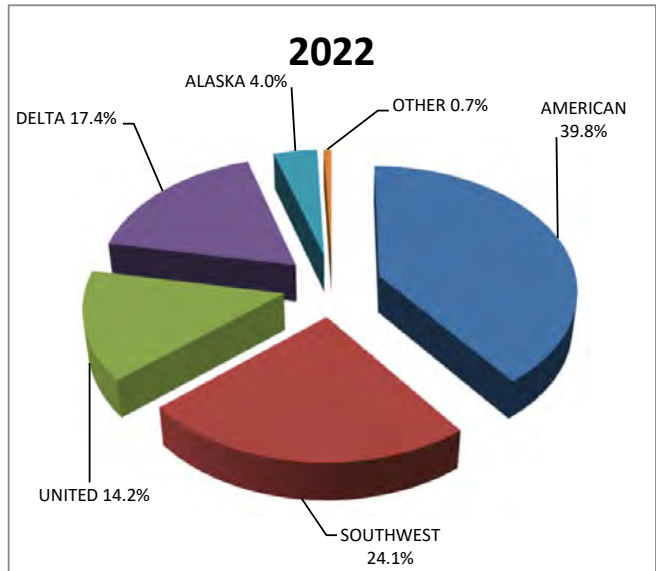
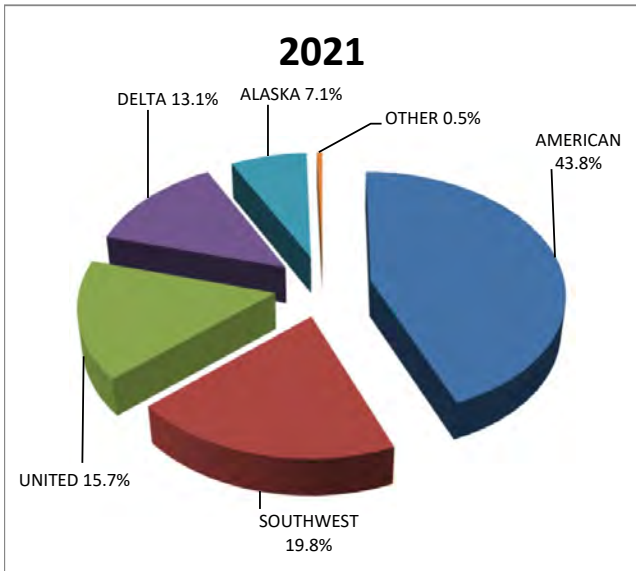
AIRCRAFT OPERATIONS

AIR CARRIER	2,664	1,838	44.9%	2,664	1,838	44.9%
AIR TAXI	1,591	1,338	18.9%	1,591	1,338	18.9%
MILITARY	1,898	1,897	0.1%	1,898	1,897	0.1%
GENERAL AVIATION	5,728	6,779	-15.5%	5,728	6,779	-15.5%
TOTAL	11,881	11,852	0.2%	11,881	11,852	0.2%

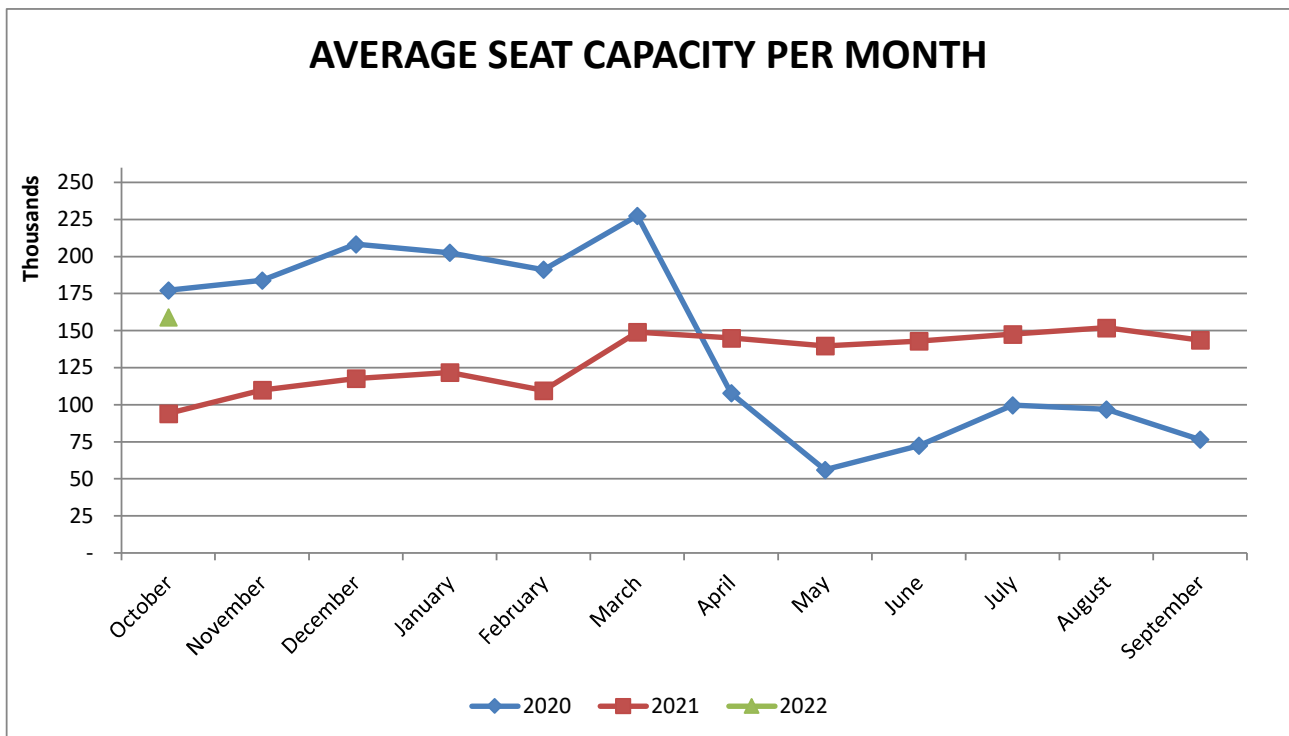
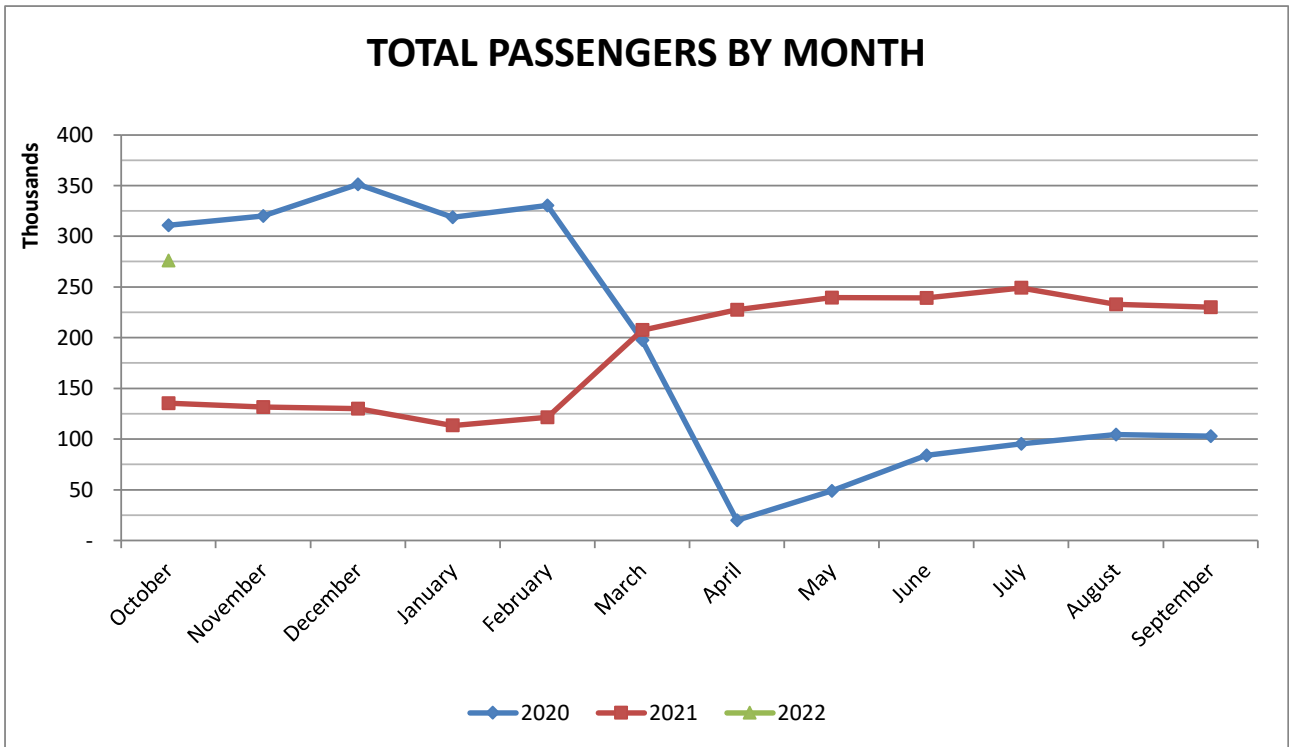
TUCSON AIRPORT AUTHORITY TUS PASSENGER ACTIVITY



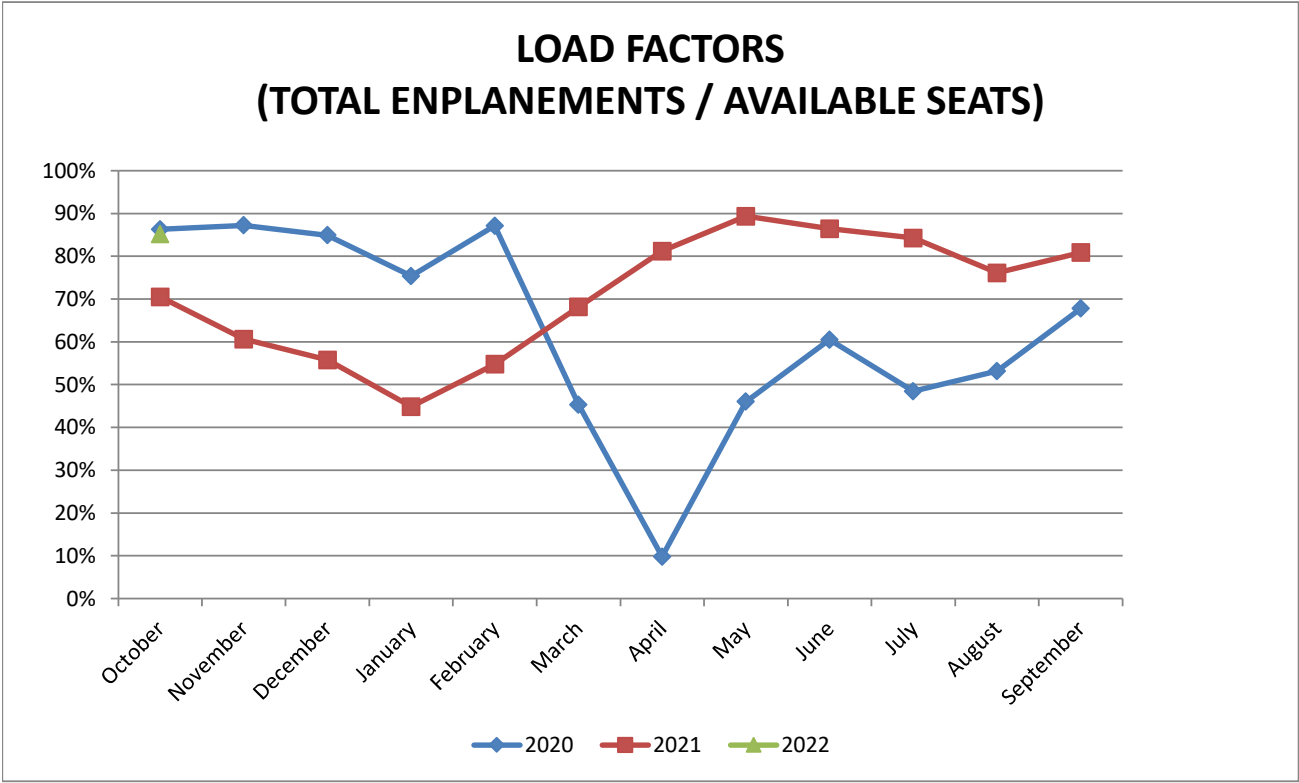
AIR CARRIER MARKET SHARE



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 (1.7)</i>	ATL	1.7	1.0	0.7	327	191	136
DENVER <i>United (4), Southwest (2)</i>	DEN	6.0	5.6	0.4	559	535	24
DALLAS/FT WORTH <i>American (6.5)</i>	DFW	6.5	5.0	1.5	1,131	657	474
HOUSTON HOBBY <i>Southwest (.8)</i>	HOU	0.8	0.0	0.8	147	0	147
HOUSTON BUSH <i>United (3)</i>	IAH	3.0	1.0	2.0	229	76	153
LAS VEGAS <i>Southwest (2.3), frontier(.3)</i>	LAS	2.6	2.6	0.0	396	401	(5)
LOS ANGELES <i>Delta (3), American (2.9) Southwest (.9)</i>	LAX	6.8	1.0	5.8	591	76	515
CHICAGO MIDWAY <i>Southwest (1)</i>	MDW	1.0	0.0	1.0	157	0	157
CHICAGO O'HARE <i>American (1.9), United (1)</i>	ORD	2.9	1.7	1.2	343	187	156
PORTLAND <i>Alaska (1)</i>	PDX	0.0	0.9	(0.9)	0	69	(69)
PHOENIX <i>American (5.6)</i>	PHX	5.6	4.0	1.6	443	288	155
SAN DIEGO <i>Southwest (1)</i>	SAN	1.0	0.0	1.0	170	0	170
SEATTLE/TACOMA <i>Alaska (1.0) Delta (1.0)</i>	SEA	2.0	2.8	(0.8)	287	213	74
SAN FRANCISCO <i>United (2)</i>	SFO	2.0	1.7	0.3	123	118	5
SALT LAKE CITY <i>Delta (3)</i>	SLC	3.0	2.9	0.1	223	221	2
TOTAL		44.9	30.2	14.7	5,126	3,032	2,094

Date: December 8, 2021

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

Nonstop for Tucson Campaign:

The 'Nonstop for Tucson' campaign is approaching its one-year anniversary, and the team is preparing to refresh the messaging. The TAA will evaluate a proposed 6-month plan to reinvigorate the campaign with a new video commercial and new messaging for air service and economic development.

The campaign is currently advertised in the following venues:

- :30 second commercials on television programming, including live sports.
- Extended transit campaign on Sun Tran and Sun Link (streetcar)
- Billboards in Pinal County (near Eloy)
- Digital ads on travel sites and social media
- Radio ads throughout local stations and Pandora
- Various print publications, including BizTucson
- Sponsorships with Tucson Roadrunners, Tucson Jazz Festival and the City of Tucson/Rio Nuevo Community Ice Rink

In the Media:

November has been one of the busiest months in terms of earned efforts through PR initiatives. The TAA has provided more than 10 interviews to outlets regarding the return of COVID-19 vaccines at TUS, the Alaska Airlines' flight launch for Paine Field (PAE), and travel forecasts for Thanksgiving.

Noteworthy media analytics for the March-October 2021 period:

- Through earned and proactive public relations efforts, the team garnered \$2.7 million in advertising value equivalency (AVE) which is the value on earned media coverage. The TAA and the airport system, by name, was mentioned more than 6,000 times.
- Twitter | nearly 600k organic tweet impressions, exceeded goal of reaching 10k followers
- Facebook | have reached more than 3.1 million users, which is 1 million more people than the previous period.
- Instagram | average 90k accounts reached each month.

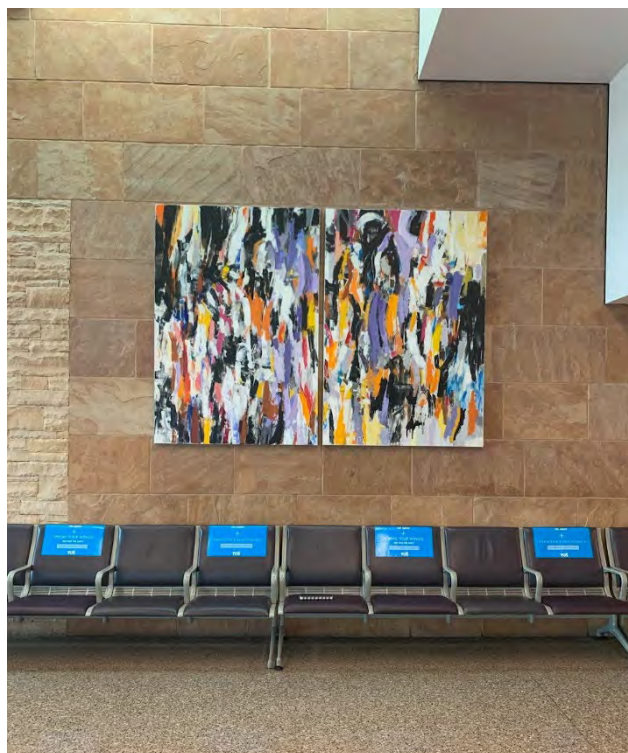
Community Involvement and Recognition:

- TAA was a finalist for two ACI-NA Marketing and Communications Awards at the Annual Conference for the deployment of the "Nonstop for Tucson" campaign.
- On November 29, temporary art exhibit selections were made. More than 25 local artists and/or groups submitted work for the TUS Arts and Culture Program. The first installation of 2022 will come mid-January.

- COVID-19 vaccinations have returned to TUS by popular demand. They are available through Premier Medical Group, USA through state funding. All three vaccine options are available as well as booster shots.
- TAA is participating in KVOA's Season 4 Hope, which is a holiday drive to collect items for the Community Food Bank of Southern Arizona, Diaper Bank of Southern Arizona and Toys for Tots. Collection boxes have been dispersed throughout the TAA/TUS campus with many tenants and partners also participating.

In the Terminal:

- Kaktus Korner has opened in what is formerly Arbuckle's Coffee Shop on the baggage claim level, pre-security. The hours of operation are 6 a.m. to 4 p.m. daily with grab-and-go options.
- TAA will soon launch an anti-human trafficking initiative in partnership with the Department of Homeland Security and the Department of Transportation. Signage will be installed within every restroom at TUS and training will be made available to every badged employee to identify the signs of human trafficking.
- TAA commissioned a large two-canvas painting for the rock wall on the west end of the terminal. The piece by Julie Schumer, *Crowdscape III*, was recently installed and is a stopping point for passenger photos.



Date: December 8, 2021

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

TUS Passengers Get a Choice of LA Airports

Starting December 16, southern Arizonans will have a choice of airports in the Los Angeles area when new ultra-low-cost carrier (ULCC) Avelo Airlines introduces nonstop flights to Burbank Airport (BUR). Getting nonstop flights to an alternative Los Angeles area airport has been a longtime priority for the Tucson Airport Authority. This is especially welcome by a film industry that has taken a renewed interest in productions in the Tucson area. BUR is close to popular attractions and residential areas and, much like TUS, its size makes it easy and efficient. Arriving passengers are usually out of the terminal and on their way in under 30 minutes.

The new Avelo flights will operate from the C gates at TUS on Thursdays and Sundays. Avelo will provide additional flights on December 18, 21, 25, 28 and January 1 and 4 to accommodate increased holiday travel. The airline is offering introductory fares of \$29 each way. If that isn't low enough, anyone can use the promo code "FLYTUS" to get an additional discount on a round-trip ticket purchased through the airline's website: aveloair.com. The promo code is good for tickets purchased through midnight December 17, 2021, for flights through February 7, 2022.

ABOUT AVELO: The new airline started in April 2021 with a goal of flying unserved and under-served routes to/from BUR on the West Coast and Connecticut's New Haven Airport (HVN) on the East Coast. Avelo flies Boeing 737s. Like other ULCCs, there are additional charges but Avelo has tailored those charges to affect passenger behavior and streamline airline operations. For example, by charging more for carry on baggage than checked baggage, passengers are encouraged to pre-check bags. This should expedite the passenger boarding and deplaning process.

Founder, chairman and CEO Andrew Levy was a co-founder of Allegiant and was chief financial officer of United Airlines. He is currently also on the Board of Directors of Copa, the Panama-based holding company for Copa Airlines, the leading airline in Latin America.

Allegiant Goes on 'Hiatus'

Allegiant has withdrawn its flights at TUS as of November 29, 2021. Though referred to as a "hiatus", Allegiant Airlines has no target date for a resumption of flights to TUS. Allegiant is laser focused on maintaining its vision of an ultra-low cost carrier and since starting service here in November 2018 it has found it difficult to do that. Flights to/from Provo and Indianapolis performed reasonably well but did not meet growth expectations. The closure of the Canadian border during the COVID-19 pandemic had a direct impact on the success of the flights to/from Bellingham International Airport (BLI) in Washington. An attempt to introduced nonstop flights to McCarran International Airport (LAS) in Las Vegas failed to gain traction. The timing of the flights early on Thursday and Sunday mornings may have mitigated the success of those flights. Fortunately, both Frontier and Southwest Airlines continue to offer flights to/from Las Vegas.

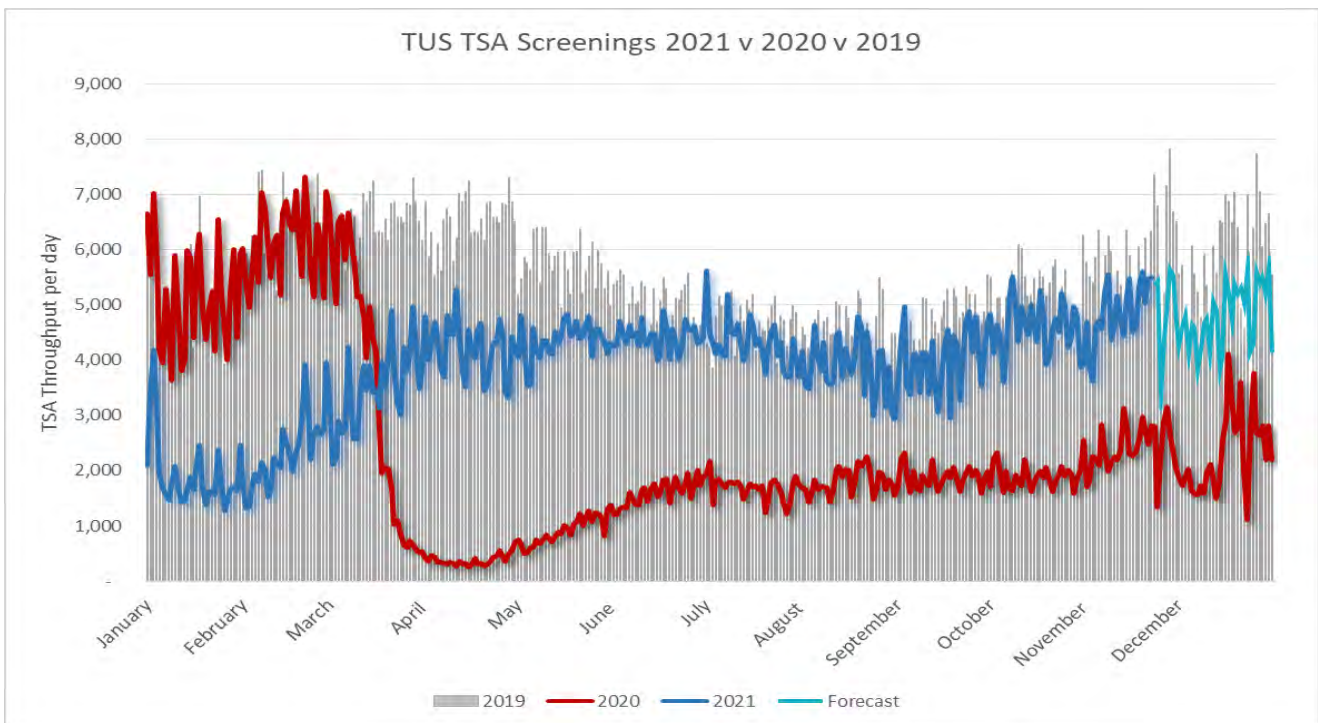
TAA will remain in contact with Allegiant. TAA staff continues to maintain a good relationship with the airline. Both sides see opportunities for the future.

Holiday Traffic Forecast

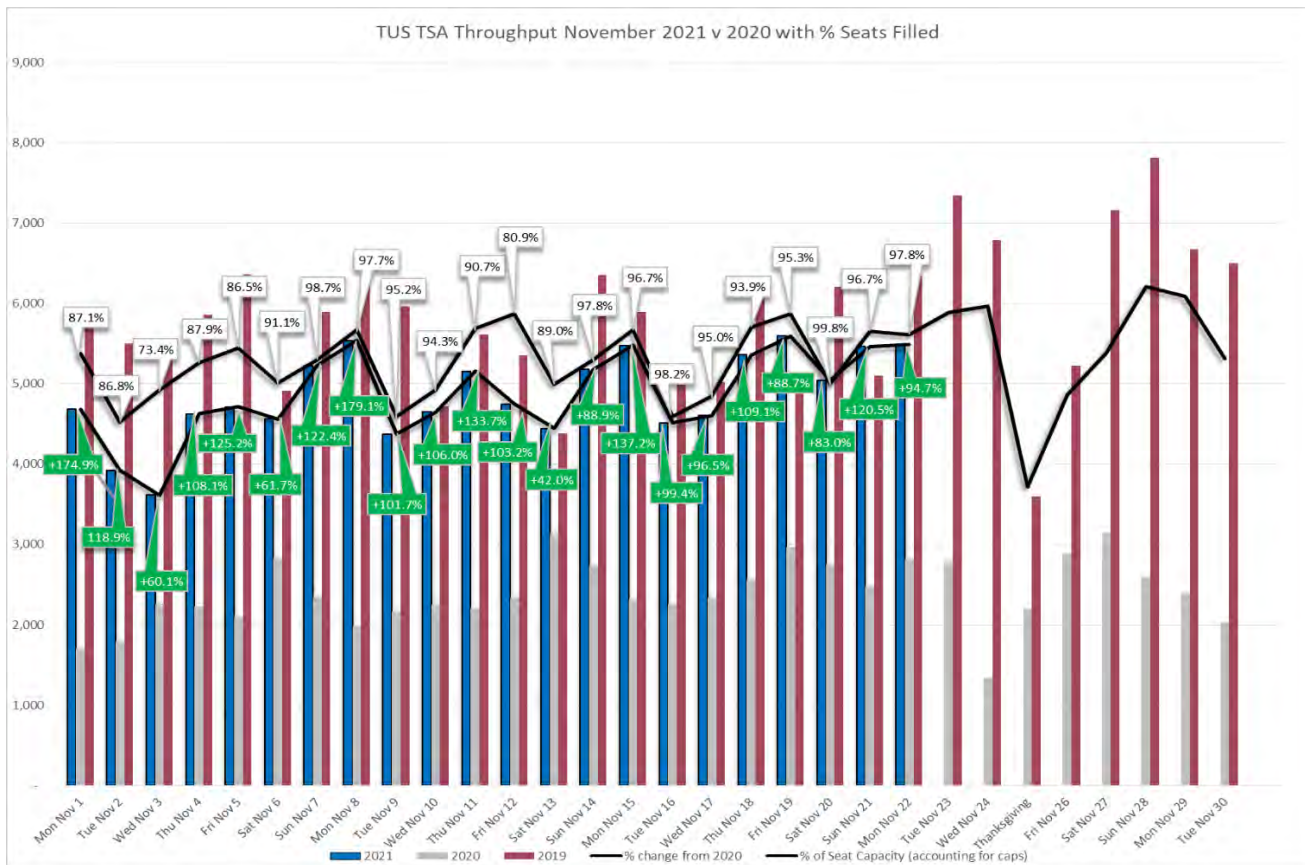
The Thanksgiving travel week indicates a promising start to the holiday travel season. Outbound seat capacity from TUS for the Sunday after Thanksgiving, November 28 was 6,195. This is the first time since April 5, 2020, seat capacity has exceeded 6,000.

(Flashback: Although 6,291 seats were scheduled on April 5, 2020, only about 420 seats had passengers in them as the pandemic took hold of the aviation industry. Statistics got progressively worse when airlines couldn't cut flights fast enough. The low point for TUS was April 16, 2020 when there were 2,333 seats scheduled but only 250 passengers went through TSA.)

This chart shows TSA throughput for 2021 (blue), 2020 (red) against the 2019 (gray).



Today, flights departing TUS are at or near capacity. The top line on the next chart shows the daily available seat capacity with an estimate of the percentage of those seats filled based on TSA screenings. The percentages in green show are the changes from 2020.



Paine Field Flights Launched

Alaska Airlines’ new nonstop flights to Paine Field (PAE) in Everett, Washington, started November 16. These flights are an alternative for Seattle “North Enders” or others going to the Puget Sound region. The flights operate four days a week – Thursdays, Fridays, Sundays, and Mondays. Alaska reports bookings for the holiday were within forecasts but so far are slow going into 2022.

December Holidays

Due to the unpredictability of winter weather, airlines have taken a cautious approach in their schedules for later in December to try to reduce repeats of delays and cancellations that occurred in October.

On the plus side for TUS, Delta Air Lines reinstated flights three-days per week to/from Minneapolis-St. Paul International Airport (MSP). Due to crew shortages, Delta had originally cut flights to its seasonal destinations. The return of Delta flights starting December 19 and then Tuesdays, Wednesdays, and Saturdays through the winter tourism season is an important addition, bolstering Sun Country Airlines’ flights on Thursdays and Sundays, which start December 9. Both airlines say bookings are strong.