

**TUCSON AIRPORT AUTHORITY | Board of Directors Regular Meeting  
January 24, 2022 | Approximately 10:15 a.m.  
Virtual Meeting**

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Tucson Airport Authority (TAA) and to the public that the **Board of Directors** will hold a meeting open to the public on **January 24, 2022, beginning at Approximately 10:15 a.m., or shortly following the adjournment of the TAA Annual Meeting which begins at 9:00 a.m.** The meeting will be held virtually and live streamed via the Microsoft Teams application. The agenda will be posted at the web address below a minimum of 24 hours prior to the meeting. A link for members of the public to view the meeting will also appear on this web address the day of the meeting.

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

The agenda for the meeting is as follows:

**1. CALL TO ORDER | ROLL CALL OF 2022 BOARD OF DIRECTORS**

- |  |   |  |
|--|---|--|
| <input type="checkbox"/> Bruce Dusenberry, Chair | <input type="checkbox"/> Rob Draper, Director | <input type="checkbox"/> Todd Jackson, Director    |
| <input type="checkbox"/> Mike Hammond, Director  | <input type="checkbox"/> Judy Rich, Director  | <input type="checkbox"/> Sally Fernandez, Director |
| <input type="checkbox"/> Keri Silvyn, Director   | <input type="checkbox"/> Phil Swaim, Director | <input type="checkbox"/> Vance Falbaum, Director*  |

*\*As may be approved by the TAA Membership at its Annual Member Meeting on January 24, 2022.*

**2. ELECTION OF OFFICERS**

The Nominating Council, in accordance with the Bylaws, has recommended a list of directors and corporate officers for 2022. The Board of Directors will consider and may approve a list of nominees for corporate officers, as may be modified by the Board under the TAA Bylaws.

**3. BOARD TRAINING | DISCUSSION**

Staff will present to the Board of Directors a training on corporate governance and fiduciary role of the Board of Directors, the Tucson Airport Authority as a federally regulated entity, Arizona Open Meeting Laws, and the Arizona Public Records Laws.

**4. 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 December 8, 2021.

- b. **DELEGATION OF AUTHORITY TO THE PRESIDENT/CEO FOR 2022:** Adopt Resolution No. 2022-01 delegating authority to the President/CEO or her designee(s) for the application, execution, and delivery of grant agreements, military construction cooperative agreements, and associated intergovernmental agreements.
- c. **2022 BOARD OF DIRECTORS MEETING SCHEDULE:** Adopt Resolution No. 2022-02 approving the 2022 Board of Directors meeting schedule and acknowledging the date of the 2023 Annual Meeting and the initial meeting of the 2023 Board of Directors.
- d. **REQUESTS FOR EMERITUS MEMBERSHIP:** Adopt Resolution No. 2022-03 approving the applications submitted by four active Members to transition to Emeritus Member
- e. **YEAR-THREE CONTRACT WITH HILL ENTERPRISES, INC.:** Adopt Resolution No. 2022-04 authorizing the President/CEO or her designee(s) to execute a contract with Hill Enterprises, Inc., for approximately \$346,250 for leadership development and coaching, as well as facilitation of the annual review process for the President/CEO.

**5. CHAIRPERSON REPORT**

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

**6. PRESIDENT/CEO REPORT**

- a. State of the Industry | Update
- b. Strategic Plan 2.0 | Quarterly Update

**7. DISCUSSION/PRESENTATION**

- a. The Board of Directors will discuss and give direction on the format for Board meetings for the remainder of 2022 or until the COVID-19 emergency declaration has been rescinded. Potential options include:
  - Continuing to hold virtual meetings.
  - Begin holding in-person meetings on site in the Board Room at TUS.
  - A hybrid approach which allows directors to attend either virtually or in person.

**8. 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)(7): For discussion or consultation with the TAA attorney or attorneys for legal advice and discussions or consultations 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 at Ryan Airfield (RYN).
- 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 the development project known as “Project Payload.”

9. **RECONVENE THE REGULAR MEETING**

10. **ACTION ITEMS**

- a. **FOURTH AMENDMENT TO THE LEASE WITH AEROPLEX/MILLION AIR:** The Board of Directors will consider and may adopt Resolution No. 2022-05 approving a fourth amendment to the lease with Aeroplex/Million Air for expansion of square footage and extending the term of the lease.
- b. **“PROJECT PAYLOAD” LEASE AGREEMENT:** The Board of Directors will consider and may adopt Resolution No. 2022-06 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.

11. **ADJOURN**

**TUCSON AIRPORT AUTHORITY | Board of Directors Regular Meeting  
Wednesday, December 8, 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 Villicaña, Director Rob Draper, Director Phil Swaim, and Director Todd Jackson

**Members Absent:** Director Judy Rich and Director Sally Fernandez

**Staff Present:** President/Chief Executive Officer Danette Bewley, Executive Vice President/Chief Operating Officer Bruce Goetz, Vice President/Planning and Engineering Mike Smejkal, Vice President/General Counsel Christopher Schmaltz, Vice President/Chief Commercial Officer John Voorhees, Vice President/Chief Financial Officer Kirk Eickhoff, Deputy General Counsel Kim Ryan, IT Cloud and Systems Engineer Matt Chandler, and TAA Clerk Byron Jones

Secretary Silvyn joined the meeting at 3:17 p.m.

**2. CONSENT AGENDA**

- a. **APPROVAL OF MINUTES:** Approve the minutes from 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.

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

**Ayes      7      Chair Dusenberry, Vice Chair Hammond, Treasurer Assenmacher, Director/Immediate Past Chair Villicaña, Director Draper, Director Swaim, and Director Jackson**

**Nays      0**

**3. CHAIRPERSON REPORT**

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

Chair Dusenberry reported on the following:

- ❑ Brian Kidd joined the TAA as the new Director of Air Service Development. Kidd previously worked for Oakland International Airport in its marketing and air service development department. He comes to the TAA with over 20 years of experience in these areas.
- ❑ In November, the TAA Police Department had their review by the Commission on Law Enforcement Agencies (CALEA). The Department was fully re-accredited and is compliant with all police standards and best practices. The Commission was extremely complimentary about the department's record keeping and how it manages its program.

**4. PRESIDENT/CEO REPORT**

President/CEO Danette Bewley presented on the following:

**a. Aviation Industry | Update**

- ❑ According to Fitch Ratings' 2022 Transportation Outlook, full enplanement recovery for U.S. airports is not expected until 2024. However, the firm noted that the lifting of the travel bans on November 8, 2021, for fully vaccinated non-U.S. citizens "should be a positive catalyst for air traffic recovery, and some leisure-based airports in warmer climates with less-stringent pandemic restrictions have already recovered or surpassed pre-pandemic levels."
- ❑ An average of two million passengers traveled each day during the busy Thanksgiving period, with a pandemic-record of over 2.4 million passengers screened on Sunday. U.S. airlines "streamlined operations and staffed up" ahead of the busy holiday travel weekend, which saw passenger volume reach approximately 90% of pre-pandemic levels.
- ❑ In an abundance of caution, President Joseph R. Biden has restricted travel from several African countries following discovery of the COVID-19 Omicron variant. Amid this rapidly evolving situation, aviation industry groups are working to ensure that U.S. government decisions regarding international travel restrictions and requirements are rooted in science.

**b. TAA Airport System | Update**

In mid-November President Joseph R. Biden signed the bipartisan infrastructure bill, which includes \$25B earmarked for the aviation industry. The portion allocated for TUS and RYN is approximately \$32M. Including the previous aid packages, the TAA has received approximately \$80M.

c. Blue Campaign | Sex Trafficking

The TAA has partnered with the U.S. Department of Homeland Security and many of the nation’s airports in the fight against global sex trafficking. The TAA will affix a hard, plastic sign in each restroom stall that gives a phone number to call if an individual is being forced to accompany others against their will. If the individual does not have a phone, they may ask other persons present to call the phone number on their behalf. In addition, Homeland Security is offering airport-wide training on how to spot sex trafficking, and the TAA Police Department is very watchful and will intervene accordingly when called or when they observe the signs of sex trafficking.

d. TUS “Wheels Up” Scholarship Recipients

The TAA started the “Wheels Up” scholarship program three years ago to be a community partner and support students in the aviation program at Pima Community College. The TAA scholarship awards three students \$2,500 each, with a maximum contribution of \$7,500 per year. The three students selected this year by the Pima County Scholarship Foundation are Eddie Contreras, Forest Korulski, and Joseph Harty.

**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.”

**MOTION BY Treasurer Assenmacher, SECONDED BY Director Jackson, to CONVENE into executive session. The motion carried by the following vote:**

|             |          |  |
|-------------|----------|--|
| <b>Ayes</b> | <b>7</b> | <b>Chair Dusenberry, Vice Chair Hammond, Treasurer Assenmacher, Director/Immediate Past Chair Villicaña, Director Draper, Director Swaim, and Director Jackson</b> |
| <b>Nays</b> | <b>0</b> |  |

The regular meeting recessed, and the Board of Directors convened in executive session at 3:17 p.m.

**6. RECONVENE IN REGULAR SESSION**

The executive session adjourned, and the Board of Directors resumed the regular meeting at 4:16 p.m.

**7. ACTION ITEMS**

**a. "PROJECT PENNY" LEASE AGREEMENT:**

There was no discussion on this item.

**MOTION BY Vice Chair Hammond, SECONDED BY Director Swaim, to 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. The motion carried by the following vote:**

**Ayes 8 Chair Dusenberry, Vice Chair Hammond, Secretary Silvyn, Treasurer Assenmacher, Director/Immediate Past Chair Villicaña, Director Draper, Director Swaim, and Director Jackson**

**Nays 0**

**b. "PROJECT PAYLOAD" LEASE AGREEMENT:**

This item was deferred until a later date.

**c. REVIEW OF 2022 TAA NOMINATIONS AND POSSIBLE DIRECTION TO THE NOMINATING COUNCIL FOR RECONSIDERATION OF NOMINATIONS:**

There was no discussion, and no motion was made to direct the Nominating Council to reconsider any of its nominations. The nominee slate will be forwarded as is for ratification by the full membership during the Annual Meeting on January 24, 2022.

**d. AMENDMENTS TO THE TAA BYLAWS:**

Vice President/General Counsel Christopher Schmaltz summarized the proposed bylaw amendments:

1. The term of the Board Chair will be extended from one year to two years.
2. The terms of the other Board officers will be one year, with no limit on the number of consecutive terms an individual may serve as an officer.
3. The maximum number of years a Member may serve as a director is increased to ten years.
4. Conflicting language regarding terms has been removed.
5. Out-of-date language addressing the transition from "Life Member" to "Emeritus Member" has been removed.

There was no discussion on this item.

**MOTION BY Director Villicaña, SECONDED BY Director Jackson, to adopt Resolution No. 2021-29 amending the Bylaws of the Tucson Airport Authority relating to the terms of directors and corporate officers. The motion carried by the following vote:**

**Ayes     8     Chair Dusenberry, Vice Chair Hammond, Secretary Silvyn, Treasurer Assenmacher, Director/Immediate Past Chair Villicaña, Director Draper, Director Swaim, and Director Jackson**

**Nays     0**

**8. NEXT MEETING**

Monday, January 24, 2022 | 10:15 a.m. or shortly following the TAA Annual Meeting | Hacienda del Sol Guest Ranch Resort, Hacienda Room

**9. ADJOURN**

There being no further business to discuss, Chair Dusenberry adjourned the meeting at 4:28 p.m.

**APPROVED BY:**

\_\_\_\_\_  
Secretary

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

**Prepared by:**

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

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



**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., DELEGATING AUTHORITY TO THE PRESIDENT/CEO OR HER DESIGNEE(S) FOR THE APPLICATION, EXECUTION, AND DELIVERY OF GRANT AGREEMENTS, MILITARY CONSTRUCTION COOPERATIVE AGREEMENTS, AND ASSOCIATED INTERGOVERNMENTAL AGREEMENTS.**

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

1. The President/CEO or her designee(s) is authorized to apply for all available Federal, State, and local grant money that may be available to fund TAA projects or provide reimbursement for any eligible expenses incurred by TAA. The President/CEO or her designee(s) is further directed and authorized to act as TAA's official representative in connection with all grant applications and associated documents and to provide such information as may be required in connection with such grants.
2. The Board of Directors authorizes and approves the acceptance of all Federal, State, and local grants and hereby authorizes the President/CEO or her designee(s) to execute and deliver all such grant applications, agreements, and related documents, including, but not limited to, intergovernmental and cooperative agreements.
3. This delegation of authority shall be effective through January 22, 2023, or one day prior to the date of the next TAA Annual Meeting.

PASSED AND ADOPTED by the Board of Directors of the Tucson Airport Authority, Inc., this 24th day of January, 2022.

\_\_\_\_\_  
Bruce Dusenberry, Chair of the Board

ATTEST:

\_\_\_\_\_  
Secretary

APPROVED AS TO FORM:

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

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., APPROVING THE 2022 BOARD OF DIRECTORS MEETING SCHEDULE AND ACKNOWLEDGING THE DATE OF THE 2023 TAA ANNUAL MEETING AND THE INITIAL MEETING OF THE 2023 BOARD OF DIRECTORS.**

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

1. **2022 BOARD OF DIRECTORS MEETING SCHEDULE:** The Board of Directors meeting schedule for 2022, as presented in the *Notice of Regular Meetings – 2022*, attached as Exhibit A, is adopted pursuant to Subsection 4.3.1 of the TAA Bylaws. The TAA Clerk is directed to post the notice in compliance with A.R.S. § 38-431.02(F).
2. **2023 TAA ANNUAL MEETING:** Pursuant to Section 3.1 (ANNUAL MEETING) of the TAA Bylaws, the Board of Directors acknowledges that the date of the 2023 TAA Annual Meeting shall be Monday, January 23, 2023. The time and place of the Annual Meeting shall be determined by TAA staff in consultation with the Chair of the Board of Directors and as reflected in the meeting notice.
3. **INITIAL MEETING OF THE 2023 BOARD OF DIRECTORS:** Pursuant to Subsection 4.3.1 (REGULAR MEETINGS) of the TAA Bylaws, the first meeting of the 2023 Board of Directors will be held following the 2023 TAA Annual Meeting on Monday, January 23, 2023, at the venue of the Annual Meeting.

PASSED AND ADOPTED by the Board of Directors of the Tucson Airport Authority, Inc., this 24th day of January, 2022.

\_\_\_\_\_  
Bruce Dusenberry, Chair of the Board

ATTEST:

\_\_\_\_\_  
Secretary

APPROVED AS TO FORM:

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

**NOTICE OF REGULAR MEETINGS OF THE  
TUCSON AIRPORT AUTHORITY  
BOARD OF DIRECTORS**

Pursuant to A.R.S. § 38-431.02(F), notice is hereby given to the members of the Tucson Airport Authority (TAA) Board of Directors and to the general public that the TAA Board of Directors will hold regular meetings on the first Wednesday during the months of March, April, June, September, and December 2022.

The meetings will begin at 3:00 p.m. and will be held in the TAA Board Room, which is in the Tucson International Airport terminal, 7250 South Tucson Boulevard, Tucson, Arizona, 85756. The TAA Board Room is on the departure level between the Southwest and Delta ticket counters, and behind the Arroyo Trading Post. Meetings may also be held virtually as may be required by federal, state, or local health and safety regulations or best practices.

| <u>Date</u>                  | <u>Time</u> |
|------------------------------|-------------|
| Wednesday, March 2, 2022     | 3:00 p.m.   |
| Wednesday, April 6, 2022     | 3:00 p.m.   |
| Wednesday, June 1, 2022      | 3:00 p.m.   |
| Wednesday, September 7, 2022 | 3:00 p.m.   |
| Wednesday, October 5, 2022   | 3:00 p.m.   |
| Wednesday, December 7, 2022  | 3:00 p.m.   |

A copy of the agenda for the meeting will be available on the TAA website (<https://www.flytucson.com/taa/public-meeting-information/>) and the public notices display board, which is located adjacent to the TAA Board Room at least twenty-four (24) hours in advance of the meeting. The TAA Board Room is on the departure level between the Southwest and Delta ticket counters, and behind the Arroyo Trading Post.

Dated this 24th day of January, 2022.

TUCSON AIRPORT AUTHORITY BOARD OF DIRECTORS

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

Contact:  
Byron Jones, TAA Clerk  
Office: (520) 573-4822  
Email: [bjones@outlook.com](mailto:bjones@outlook.com)

**Date:** January 24, 2022

**To:** TAA Board of Directors  
**From:** Byron M. Jones, TAA Clerk  
**Re:** **Approval of requests for Emeritus Membership in the TAA**

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**Background:**

During the 2022 nominating period, four active Members submitted requests to transition from Active Member to Emeritus Member status. The four individuals have all served the minimum requirement of ten years to be considered for Emeritus status as required by the TAA’s Bylaws. The Nominating Council voted at its meeting on October 13, 2021, to recommend to the Board of Directors that it approve the requests from the individuals below to transition to Emeritus Member based upon the criteria set forth in the Bylaws. This action requires a majority vote of the Board of Directors (*TAA Bylaws Paragraph 2.1.2(b)(i)*).

- BILL ASSENMACHER:** 21 years Vote: Unanimous
- HENRY BOICE:** 15 years Vote: Unanimous
- JUNE MCLEAN:** 15 years Vote: Unanimous
- RON SABLE:** 15 years Vote: Unanimous

**Strategic Plan | Analysis**

This action is not related to the Strategic Plan 2.0.

**Cost Analysis:**

There are no costs associated with this action.

**Recommendation:**

TAA staff recommends, per the Nominating Council actions, that the Board adopt Resolution No. 2022-03 approving the applications submitted by four active Members to transition to Emeritus Member.

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., APPROVING THE APPLICATIONS SUBMITTED BY FOUR ACTIVE MEMBERS TO TRANSITION TO EMERITUS MEMBER.**

**WHEREAS** Paragraph 2.1.2(b)(i) of the Bylaws of the Tucson Airport Authority states the following:

*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.*

**WHEREAS** four active Members submitted applications during the 2022 nominating period to transition from Active Member to Emeritus Member; and

**WHEREAS** these four individuals completed the minimum amount of service to be considered for Emeritus membership; and

**WHEREAS** the Nominating Council reviewed the applications during its meeting on October 13, 2021 and voted unanimously to forward a recommendation of approval for each member to the Board of Directors based upon the criteria provided in the Bylaws.

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

1. In recognition of 21 years of dedicated service to the TAA, both as an Active Member and as a Director, the request from **William R. Assenmacher** to transition to Emeritus Member is hereby approved.
2. In recognition of 15 years of dedicated service to the TAA as an Active Member, the request from **Henry Boice** to transition to Emeritus Member is hereby approved.
3. In recognition of 15 years of dedicated service to the TAA as an Active Member, the request from **June McLean** to transition to Emeritus Member is hereby approved.
4. In recognition of 15 years of dedicated service to the TAA as an Active Member, the request from **Ron Sable** to transition to Emeritus Member is hereby approved.

PASSED AND ADOPTED by the Board of Directors of the Tucson Airport Authority, Inc., this 24th day of January, 2022.

\_\_\_\_\_  
Bruce Dusenberry, Chair of the Board

ATTEST:

\_\_\_\_\_  
Secretary

APPROVED AS TO FORM:

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

**Date:** January 24, 2022

**To:** TAA Board of Directors  
**From:** Danette Bewley, President/CEO  
**Re:** Hill Enterprises Inc. | Year 3 of Contract

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**Background**

In early 2020, the Tucson Airport Authority (TAA) made the decision to invest in its people to affect a streamlined executive leadership transition. The TAA selected Jan Hill, Hill Enterprises Inc., to assist the President/CEO and the Executive Team make the transition and cultural shift, with Jan Hill providing guidance through executive coaching, leadership development and strategic planning. The scope of work with Jan Hill was obviously disrupted by COVID-19; however, through many remote sessions with the Executive Team, TAA realized significant return on that investment through effective collaboration, coordination, and leadership among the Executive Team for TAA.

Other services Hill Enterprises Inc. provided to TAA included leadership and coaching work with the President/CEO, as well with the Executive Team, as a group, and individually. In addition, with Jan Hill's consulting support, TAA produced a dynamic, ambitious and culturally altering Three Year Strategic Plan for TAA (2020), during a pandemic that has devastated air travel, and significantly disrupted TAA's business, operations, followed by a more aggressive Strategic Plan 2.0 (2021) which spans a 4-year period, with an internal focus on cultural transformation, process improvement, and ensuring a sustainable business model, and an external focus on economic development through aeronautical and non-aeronautical development. Finally, her scope of work involved a comprehensive analysis with key stakeholders and the Executive Council on the performance of the President/CEO during her second year in the position.

**Strategic Plan | Analysis**

The TAA 3-Year Strategic Plan for FY 2021 - 2023, adopted by the Board on August 5, 2020, outlined the path that allowed the TAA to adapt to changing circumstances of the pandemic and immerse in economic recovery. As pandemic issues eased and signs of economic recovery were positive, TAA staff pivoted to take advantage of its' strategic posture and developed Strategic Plan 2.0, a more aggressive and focused plan, which was adopted by the Board on September 1, 2021.

Through Year 1 and 2 of the Hill Enterprises agreement the TAA has invested in its' people, with a focus on leadership development. To build on the success in Year 1 and 2, it is recommended that the TAA engage Jan Hill, Hill Enterprises Inc., for another year of service. The year 2022 is a pivotal year with the updated Strategic Plan 2.0, a fully staffed Executive Team, and Board review indicating the desire for the President/CEO to spend more time externally, with the Executive Vice President/Chief Operations Officer (EVP/COO) leading general day-to-day operations, and the Executive Team members delivering the results of the Strategic Plan 2.0. The Executive Team agrees that 2022 is the year to accelerate leadership

and managerial development and embed cultural fundamentals to lay the groundwork to “Accelerate Performance” (a strategic plan pillar) for making the TAA a ‘Great Place to Work.’

A high-level review of the proposed Year 3 scope of work includes, and is not limited to:

1. Leadership Development and Coaching
  - a. Provide executive coaching to President/CEO, based on the calendar 2021 evaluation by the Board; conduct paired sessions with direct reports focused on mentoring, accountability and celebrating success; conduct sessions on Executive Team development and how the culture/systems are evolving.
  - b. Provide executive coaching to EVP/COO to shift fully into role and manage general business operations and lead the Executive Team to deliver the Strategic Plan.
  - c. Provide executive coaching, leadership development, and team building for the Executive Team.
  - d. Develop Executive Team collective learning and development
    - i. Customized Executive Assessment and Conduct Feedback Sessions for Executive Team (evaluate how the Executive Team is messaging and leading the TAA culture (Cultural Fundamentals), using people management processes (Expectations), and ensuring accountability of direct reports.
    - ii. Through paired consultation with President/CEO, evaluate survey data and assist President/CEO with indicated actions, including creation or revision of development plans.
  - e. Design, develop and facilitate quarterly feedback sessions/training in partnership with the CPO and CEO that support the team in leading cultural change efforts.
2. Annual CEO Review
  - a. Facilitate the comprehensive annual evaluation of the President/CEO for the TAA Executive Council.

**Financial Impact**

This will be the most extensive work performed by Hill Enterprises since the inception of this work, and the timing is key to build on the foundation and momentum we have created. The goal of this plan is to achieve a level of excellence and reliability beyond what TAA has ever experienced. It is anticipated that this is the last year of intensive work by Hill Enterprises. The investment for Year 3 of the Hill Enterprises Inc. contract is \$346,250, plus some minor expenses for travel.

| #     | Description                              | Cost      |
|-------|--|-----------|
| 1     | Leadership Development Consulting        | \$331,250 |
| 2     | Facilitate Annual CEO Evaluation Process | \$ 15,000 |
| Total |  | \$346,250 |



**Recommendation**

TAA management requests the TAA Board invest in these services by adopting Resolution No. 2022-04 and authorizing the President/CEO or her designee to execute a contract with Hill Enterprises Inc. for year 3 services as described above.

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., AUTHORIZING THE PRESIDENT/CEO OR HER DESIGNEE(S) TO EXECUTE A CONTRACT WITH HILL ENTERPRISES, INC., FOR APPROXIMATELY \$326,250 FOR LEADERSHIP DEVELOPMENT AND COACHING, AS WELL AS THE FACILITATION OF THE ANNUAL REVIEW PROCESS FOR THE PRESIDENT/CEO.**

**WHEREAS** in early 2020 the TAA engaged Hill Enterprises, Inc., to provide executive coaching, leadership development, and strategic planning services to the Executive Team as it sought to make a strategic and cultural shift in the leadership of the organization; and

**WHEREAS** with Hill Enterprises, Inc.’s support, the TAA produced a dynamic, ambitious, and culturally altering Three Year Strategic Plan (2020), followed by a more aggressive Strategic Plan 2.0 (2021) with an internal focus on cultural transformation, process improvement, and ensuring a sustainable business model, and an external focus on economic development through aeronautical and non-aeronautical development; and

**WHEREAS** in 2022 the TAA desires to build on the foundation of investing in its people in Years One and Two, and accelerate leadership and managerial development and embed cultural fundamentals to lay the groundwork to “Accelerate Performance” (a strategic plan pillar) for making the TAA a ‘Great Place to Work’; and

**WHEREAS** the Board of Directors accepts the staff recommendations as to the Year Three Scope of Work as summarized in the attached Exhibit A and the fiscal impact as summarized in the Board Memorandum.

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

1. The President/CEO or her designee(s) is authorized to execute a contract with Hill Enterprises, Inc., for the Year Three Scope of Work as summarized in the attached Exhibit A, incorporated by referenced and made a part hereof; and
2. An aggregate expenditure of \$346,250 plus minor expenses for travel is authorized to Hill Enterprises, Inc., for delivering the services specified in the Year Three Scope of Work.

PASSED AND ADOPTED by the Board of Directors of the Tucson Airport Authority, Inc., this 24th day of January, 2022.

\_\_\_\_\_  
Bruce Dusenberry, Chair of the Board

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Secretary

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

**EXHIBIT A**

***Hill Enterprises, Inc.***

***Year Three High-Level Scope of Work (includes, but is not limited to):***

**1. Leadership Development and Coaching**

- a. Provide executive coaching to President/CEO, based on the calendar 2021 evaluation by the Board; conduct paired sessions with direct reports focused on mentoring, accountability and celebrating success; conduct sessions on Executive Team development and how the culture/systems are evolving.
- b. Provide executive coaching to EVP/COO to shift fully into role and manage general business operations and lead the Executive Team to deliver the Strategic Plan.
- c. Provide executive coaching, leadership development, and team building for the Executive Team.
- d. Develop Executive Team collective learning and development:
  - i. Customized Executive Assessment and Conduct Feedback Sessions for Executive Team (evaluate how the Executive Team is messaging and leading the TAA culture (Cultural Fundamentals), using people management processes (Expectations), and ensuring accountability of direct reports.
  - ii. Through paired consultation with President/CEO, evaluate survey data and assist President/CEO with indicated actions, including creation or revision of development plans.
- e. Design, develop and facilitate quarterly feedback sessions/training in partnership with the CPO and CEO that support the team in leading cultural change efforts.

**2. Annual CEO Review**

- a. Facilitate the comprehensive annual evaluation of the President/CEO for the TAA Executive Council.

**Date:** January 24, 2022

**To:** TAA Board of Directors  
**From:** Danette Bewley, President/CEO  
**Re:** TAA Strategic Plan 2.0 Quarterly Update

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The TAA has begun to implement Strategic Plan 2.0, adopted by the TAA Board of Directors on September 1, 2021. During the first quarter of FY22 (September – December 2021), several significant initiatives have started, and we are making progress toward achieving our goals.

The attached report provides detail of the progress made to date; however, I want to highlight a few specific items:

- **Accelerate Performance**
  - Internal training to focus on our Cultural Fundamentals for leaders was conducted; this training positions our team to lead us through the changes identified in the Strategic Plan.
  - A new Performance Management Plan was developed, and training conducted, that provides more clarity to all team members.
  
- **Expand Prosperity**
  - Published TAA’s Commercial and Industrial Business Implementation Plan.
  - Kickoff meeting with Airline partners to set framework for negotiations of new Airline Use Agreement (AUA).
  
- **Upgrade to First Class Systems and Efficiencies**
  - Actively recruiting a Sustainability Manager to champion our Sustainability Focus Area.
  - Completed initial kick-off with our team to complete a gap analysis on our internal Standard Operating Procedures (SOPs).
  
- **Create TAA External Champions**
  - Board approved bylaw changes to modernize the TAA Membership.
  - TAA has hired a consultant to assist the TAA develop Board and Member surveys, and to develop an Advocacy Plan.
  - “Nonstop for Tucson” marketing Campaign continues to reach a wide audience.

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In addition, we are working to establish metrics for the key performance indicators (KPIs) this quarter and anticipate that the next quarterly report will include more details and trends.

I appreciate the Board's continued support as we execute our Strategic Plan.







TAA PLAN

ACCELERATE PERFORMANCE

| Goal                             | Owner        | Q... | Q1 '21 | Q2 '22 | Q3 '22 | Q4 '22 | Q1 '22 | Current Co... | Board Update   |
|----------------------------------|--------------|------|--------|--------|--------|--------|--------|---------------|--|
| Drive Performance Management     | Twyla Salaiz |      |        |        |        |        |        | On Track      | <p><b>NEW Twyla Salaiz:</b><br/>           New performance management process developed including tools and training. Launched October 1 with all People Managers completing half day training and Performance Management SharePoint site accessible to all employees. During the implementation process, employees expressed challenges with goal writing. People Operations adapted by holding manager meetings for writing goals as a team and offering open virtual office hours for employees to come and ask questions during a 2 hour time period. YTD we are on track with meeting the January 31 deadline for all employees to have goals in BambooHR.</p> <p>01/10/2022</p>  |
| Target growth of internal talent | Twyla Salaiz |      |        |        |        |        |        | On Track      | <p><b>NEW Twyla Salaiz:</b><br/>           Growing internal talent requires strong infrastructure to support learning and development needs of the organization. To start, 6 BambooHR modules have been implemented, including recruiting and performance management which are primary modules on how to grow our talent both externally and internally. The data gathered has been formulated into a structure to inform trends in recruiting, employee attrition, and performance management status. The current focus is the learning management system leveraged for all employee learning (access and data). A leadership development structure has been designed with classes launched on recruiting, change management/influence, performance management, and conflict resolution. The next course to be launched is Situational Leadership which will support managers as they conduct one-on-ones while managing individual performance and development goals. Currently, facilitators for the course are in the process of certification, both People Operations and senior leaders establishing a leaders teaching leaders model.</p> <p>01/10/2022</p> |
| Implement Workforce Planning     | Twyla Salaiz |      |        |        |        |        |        | On Track      | <p><b>NEW Twyla Salaiz:</b><br/>           Complete framework for both succession planning and workforce planning has been designed and implemented. For succession planning, one talent review has occurred with successors and any gaps have identified for all Director and VP roles. A workforce analysis was completed for the Police Department to understand levels of staffing needs based on business requirements and 5 years of historical data. Quarterly operations workforce meetings occur between the CEO, CPO and CFO to prioritize hiring and monitor personnel YTD budgeting. In March, a second talent review will occur focused on workforce skill/role priorities to determine where funding should be focused and what additional workforce analysis should be completed.</p> <p>01/10/2022</p>   |

## EXPAND PROSPERITY

| Goal                                      | Owner         | Q... | Q1 '21  | Q2 '22   | Q3 '22 | Q4 '22 | Q1 '22 | Current Co... | Board Update   |
|---|---------------|------|---|--|--------|--------|--------|---------------|--|
| Increase Air Service Development Activity | John Voorhees |      |  |  |        |        |        | On Track      | <p><b>NEW John Voorhees:</b><br/> <b>Challenges:</b><br/>                     The ability to make accurate assessments of market opportunities has been obscured to a significant extent by changes in travel patterns as a result of COVID. Analysis of DOT 3rd quarter 2021 data, when available, will shine the best light in almost two years on market performance.</p> <p>01/10/2022</p>   |
| Execute New Airline Use Agreement (AUA)   | Kirk Eickhoff |      |  |  |        |        |        | On Track      | <p><b>NEW Kirk Eickhoff:</b><br/>                     TAA has contracted with Frasca &amp; Associates to serve as airport consultants throughout the engagement. In November, TAA hosted a kickoff meeting with the Airport Airline Affairs Committee (AAAC) where we agreed upon meeting strategy and cadence, set a timeline for key deliverables, and broadly agreed to work toward another "full residual" type agreement. The first substantive negotiation meeting is scheduled for February 2022. The AAAC and Frasca &amp; Associates deem the 9/30/2022 target to reach an agreement on business terms as reasonable.</p> <p>01/12/2022</p> |

| Goal   | Owner         | Q... | Q1 '21 | Q2 '22 | Q3 '22 | Q4 '22 | Q1 '22 | Current Co... | Board Update  |
|--|---------------|------|--------|--------|--------|--------|--------|---------------|---|
| Progressive Commercial Development Of TAA Land | John Voorhees |      |        |        |        |        |        | On Track      | <p><b>NEW John Voorhees:</b><br/>TAA continues to develop its available land in accordance with the priorities established in the Commercial and Industrial Business Implementation Plan and the demands of prospective clients.</p> <p>TAA staff are currently following 14 leads for land development at TUS and RYN. 9 of those leads have expressed desires to build on aeronautical land at TUS. The remaining 5 leads desire to build on non-aeronautical land. These businesses range from rocket manufacturers to food producers. TAA staff have directed these potential business partners to land that is compatible with their business growth and TAA airfield compatible uses.</p> <p>TAA staff solicited the assistance of The Planning Center to evaluate the land known as The Sonoran Commerce Center. They have produced images that depict acceptable land use strategies given the terrain, local regulatory restrictions, and local business attractions. The Planning Center drafted a notional 200 acre business campus development in Sonora East. This will be used to attract businesses not familiar with TAA's land holdings.</p> <p>TAA staff have also trademarked the terms Sonoran Commerce Center, Sonora East, Sonora North, and Sonora South after the four subdivisions of the TUS land campus. The term Sonora West is being used by an entity in Scottsdale, AZ thus it cannot be trademarked. However, TAA can still use the term Sonora West in marketing documentation. The trademark effort is to establish a market identity for TAA's land campus near TUS and bolster its national image.</p> <p>Finally, TAA staff will begin the process of acquiring a Master Developer for the Sonoran Commerce Center. Specifically, TAA will seek a developer to market and build out the Sonora East campus. A Request for Proposal will be issued by March 2022. The TAA goal is to secure a Master Developer for the land by September 2022.</p> <p>The main risk to the success of this Focus Area is the releasability of the land under FAA regulation. TAA is in close coordination with the local regulatory branch - the Airports District Office (ADO). They are under staffed and not confident they can meet our timeline for land development. The main concern is the ability to set realistic expectations for land availability between TAA, the ADO, and the interested business partners.</p> <p>Overall, this Focus Area is still on track. However, market softening or regulatory restrictions could put goal completion at risk. TAA staff will continue all efforts under its control to steer toward success.</p> <p><i>01/04/2022</i></p> |



## UPGRADE TO FIRST CLASS SYSTEMS AND EFFICIENCIES

| Goal   | Owner           | Q... | Q1 '21 | Q2 '22 | Q3 '22 | Q4 '22 | Q1 '22 | Current Co... | Board Update  |
|--|-----------------|------|--------|--------|--------|--------|--------|---------------|---|
| Update and Refine IT and Marketing Functionality | Bruce Goetz     |      |        |        |        |        |        | On Track      | <b>NEW Bruce Goetz:</b><br>Realignment of the Air Service Development team to the Business and Commercial Development group is complete.<br>One of the three new positions for IT has been filled and the other two positions will be posted for hiring by the end of January.<br><i>01/12/2022</i> |
| Critical System (Technology) Upgrades            | Bruce Goetz     |      |        |        |        |        |        | On Track      | <b>NEW Bruce Goetz:</b><br>Microsoft TEAMS rooms for virtual meetings are now complete.<br>Replacement of printers and new computers were pushed back to January due to supply chain issues and not being able to receive these products.<br><i>01/10/2022</i>                                      |
| Focus on Documentation                           | Bruce Goetz     |      |        |        |        |        |        | On Track      | <b>NEW Bruce Goetz:</b><br>The staff is on target to meet the January 31st deadline to list all their SOP's and perform a GAP analysis of other SOP's needed.<br><i>01/10/2022</i>  |
| Embrace Sustainability                           | Michael Smejkal |      |        |        |        |        |        | On Track      | <b>NEW Michael Smejkal:</b><br>TAA is actively recruiting a Sustainability Manager to be a champion for the organization.<br><i>01/06/2022</i>  |

## CREATE EXTERNAL TAA CHAMPIONS

| Goal                              | Owner          | Q... | Q1 '21 | Q2 '22 | Q3 '22 | Q4 '22 | Q1 '22 | Current Co... | Board Update  |
|-----------------------------------|----------------|------|--------|--------|--------|--------|--------|---------------|---|
| Expand TAA Marketing Campaign     | Danette Bewley |      |        |        |        |        |        | On Track      | <b>NEW Cathy Borders:</b><br>The "Nonstop for Tucson" campaign continues to be successful and has demonstrated the TAA has begun to establish brand awareness through increased media impressions. The campaign includes print, social media, digital media, billboards, various bus and streetcar wraps, and radio and television ads. TAA staff are in the development phase of a new radio spot and commercials.<br><i>01/13/2022</i>  |
| Community Advocacy -              | Danette Bewley |      |        |        |        |        |        | On Track      | <b>NEW Cathy Borders:</b><br>TAA hired NuPoint Consulting in January 2022 to assist staff develop a comprehensive community advocacy plan. Before a plan is developed, a community survey will be conducted to quantify community sentiment. This information will allow the TAA to focus our advocacy plan on specific areas that is targeted and meaningful. The survey questions will be developed in Jan/Feb 2022; the survey will be conducted in Mar/Apr 2022.<br><i>01/13/2022</i> |
| TAA Membership and Board Advocacy | Danette Bewley |      |        |        |        |        |        | Not started   | <b>NEW Cathy Borders:</b><br>TAA hired NuPoint Consulting in January 2022 to assist staff design and conduct a survey to capture the Membership and Board value proposition and focus our advocacy plan and needs on specific areas. The draft survey will be coordinated with the TAA Chair in Feb 2022; the survey will be conducted in Feb/Mar 2022.<br><i>01/13/2022</i>  |

**Date:** January 24, 2022

**To:** TAA Board of Directors  
**From:** John Voorhees/Vice President and CCO  
**Re:** **Tucson Aeroplex – Extension of Ground Lease/New Hangar Construction**

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**Background:**

TAA and Tucson Aeroplex, LLC dba Million Air have negotiated business terms for construction of a new 12,000 square foot hangar in the Valencia GA area of TUS. Tucson Aeroplex currently leases 90,465 square feet of land in the Valencia GA area, on which they have developed a combination aircraft storage hangar and office building. The 30-year ground lease commenced November 1, 2005. On September 21, 2016, Tucson Aeroplex requested and was granted a ten-year extension to the 30-year ground lease. The term of the lease was extended through October 31, 2045.

Tucson Aeroplex has requested a second 10-year extension of lease terms in return for construction of the new 12,000 square foot hangar. Tucson Aeroplex also plans to invest in solar panels at their existing Million Air facilities and the newly constructed hangar. This lease extension will be the 4th amendment to the existing lease document. If approved, the lease will be extended to October 31, 2055.

TAA’s Leasing and Development Guidelines generally provide that expiring ground leases with tenant developed facilities may be extended or re-leased, with rent being adjusted to fair market value of the land and facilities. Fair market value rent of the land and facilities will be determined through an appraisal process at the end of the initial term of the lease.

**Strategic Plan | Analysis**

The requested actions support the Strategic Plan guiding principle that “we work smart.” TAA will add a valuable real estate asset to its portfolio and increase revenue to the airport financial system by leasing this property to Tucson Aeroplex.

By facilitating the installation of solar panels on Tucson Aeroplex’ facilities TAA will reduce Tenant’s reliance on traditional energy and lower the overall carbon footprint of TUS as outlined in the Sustainability component of TAA’s Strategic Plan.

**Cost Analysis:**

Pending final design, the estimated value of the hangar to be constructed is \$1,500,000. TAA has proposed a ten (10) year lease extension with Tucson Aeroplex for the construction of the new 12,000 square foot hangar on lot A-1, 1-2 (measuring 30,769 square feet). The lease rate will be

\$12,923 annually/\$0.42 per square foot annually with an adjustment every two (2) years based on consumer price index.

**Recommendation:**

TAA management recommends the Board adopt Resolution No. 2022-05 authorizing the President/CEO or her designee to approve Amendment #4 to the Tucson Aeroplex Lease, granting a 10-year lease extension, through October 31, 2055 to Tucson Aeroplex for the premises located at 1840 E. Valencia Road #8.

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., APPROVING A FOURTH AMENDMENT TO THE LEASE WITH TUCSON AEROPLEX, LLC DBA MILLION AIR FOR CONSTRUCTING A 12,000 SQUARE FOOT HANGAR AND EXTENDING THE LEASE THROUGH OCTOBER 31, 2055.**

**WHEREAS** the Tucson Airport Authority and Tucson Aeroplex, LLC dba Million Air desire to execute a fourth amendment to the lease agreement to construct a 12,000 square foot hangar in the Valencia GA Business Park and to extend the lease term an additional ten years through October 31, 2055.

**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 the Fourth Amendment to the Tucson Aeroplex Lease, granting a 10-year lease extension, through October 31, 2055, to Tucson Aeroplex, LLC dba Million Air for the premises located at 1840 E. Valencia Road #8, subject to the key business terms as outlined in the attached Exhibit A.

PASSED AND ADOPTED by the Board of Directors of the Tucson Airport Authority, Inc., this 24th day of January, 2022.

\_\_\_\_\_  
Bruce Dusenberry, Chair of the Board

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Secretary

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

**EXHIBIT A**

**Tucson Aeroplex, LLC dba Million Air  
Key Business Terms**

|                                      |   |
|--------------------------------------|---|
| <b>Date:</b>                         | January 24, 2022  |
| <b>Facility Lease Landlord:</b>      | Tucson Airport Authority, Inc. (TAA)  |
| <b>Tenant:</b>                       | Tucson Aeroplex   |
| <b>Premises:</b>                     | Valencia GA – Parcel A-1, 1-2   |
| <b>Lease Term:</b>                   | 10-year lease extension as the 4 <sup>th</sup> amendment to the Tucson Aeroplex ground lease  |
| <b>Commencement Date:</b>            | Upon execution of the agreement by both parties   |
| <b>Improvements:</b>                 | Tucson Aeroplex will construct a 12,000 square foot hangar on the premises in accordance with TAA Hangar Guidelines, and to include the cost of connecting to all utilities. Tucson Aeroplex will also install solar panels on the top of the existing Million Air facility and the newly constructed hangar. |
| <b>Base Rent:</b>                    | \$12,923 per year (\$.42 per square foot)   |
| <b>Rate Adjustments:</b>             | 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.   |
| <b>Utilities:</b>                    | Tucson Aeroplex will be responsible for the payment of all utility costs serving the Premises.  |
| <b>CAM</b>                           | Tucson Aeroplex will be responsible for payment of a portion of the cost of maintaining the common areas of Valencia GA   |
| <b>Pavement Reserve:</b>             | Tucson Aeroplex will be responsible for payment into a reserve fund that will be used for any pavement repairs or replacements to the common area paving at Valencia GA   |
| <b>Maintenance Responsibilities:</b> | Tenant is responsible for all maintenance of Premises; TAA will conduct periodic inspections to verify facility condition   |
| <b>TAA Approval of Terms:</b>        | Lease terms are subject to approval of TAA’s Board of Directors and TAA’s President/CEO.  |



**A-1 / I-2**  
 Subject Parcel  
 for Tucson  
 Aeroplex

**A-6**  
 22,075  
 (.51 AC)

**A-3**  
 31,297 SF (.72 AC)

**A-10**  
 34,706 (.80 AC)

**A-4**  
 31,297 SF (.72 AC)

**A-12**  
 15,395  
 (.35 AC)

**A-5**  
 51,905 (1.19 AC)

Avionics  
 craft supply store

Million Air Tucson

E Perimeter Way

E El Tigre Way

E Perimeter Way

| LOT #   | SF     | ACRES         | HOLD SF       | PAVE SF |
|---|--------|---------------|---------------|---------|
| A-1,1-1   | 19,432 | 0.45          | 10,000        | 9,432   |
| A-1,1-2   | 30,769 | 0.71          | 10,000        | 20,769  |
| A-2   | 33,417 | 0.77          | 15,360        | 18,057  |
| A-3   | 31,297 | 0.72          | 18,090        | 13,207  |
| A-4   | 31,297 | 0.72          | 19,102        | 12,195  |
| A-5   | 51,905 | 1.19          | 25,000        | 26,905  |
| A-6   | 22,075 | 0.51          | 10,000        | 12,075  |
| A-7   | 17,616 | 0.40          | 10,000        | 7,616   |
| A-8   | 90,465 | 2.08          | 30,000        | 60,466  |
| A-9   | 42,097 | 0.97          | 17,760        | 24,337  |
| A-10  | 34,706 | 0.80          | 15,530        | 19,176  |
| A-11  | 17,008 | 0.39          | 10,000        | 7,008   |
| A-12  | 15,395 | 0.35          | 5,600         | 9,795   |
|   |        | <b>15,395</b> |               |         |
|   |        |               | <b>TOTAL:</b> |         |
| GA LOT PAVEMENT LEASED  |        |               |               | 128,916 |
| GA LOT PAVEMENT UNLEASED*   |        |               |               | 114,120 |
| GA TX/WY & HOLD PAD PAVEMENT  |        |               |               | 348,947 |
| GA VEHICLE PARKING  |        |               |               | 63,755  |
| GA TOTAL AREA PAVEMENT  |        |               |               | 653,738 |
| Calculations are approximate and will need to be verified in field. |        |               |               |         |

**Date:** January 24, 2022

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

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**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(S) 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 24th day of January, 2022.

\_\_\_\_\_  
Bruce Dusenberry, Chair of the Board

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Secretary

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



EXHIBIT A

**“Project Payload”  
Key Business Terms**

|                                      |   |
|--------------------------------------|---|
| <b>Date:</b>                         | November 22, 2021   |
| <b>Facility Lease Landlord:</b>      | Tucson Airport Authority, Inc. (TAA)  |
| <b>Tenant:</b>                       | Project Payload   |
| <b>Premises:</b>                     | Approximately 165-acres or approximately 7,187,400 sq.ft. of green field space. See depiction in Exhibit A.   |
| <b>Lease Term:</b>                   | Five (5) years, with 2 5-year renewable terms   |
| <b>Commencement Date:</b>            | Sooner of construction completion or January 1, 2022  |
| <b>Base Rent:</b>                    | <p><b>119 acres</b> 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><b>46 acres</b> 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>  |
| <b>Rate Adjustments:</b>             | Rent shall be graduated from the commencement date to the end of the lease. Base rent shall be adjusted 2.5% every year.  |
| <b>Maintenance Responsibilities:</b> | Tenant is responsible for all facility maintenance  |
| <b>Site Development:</b>             | <p><u>Tenant Responsibilities:</u><br/>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><br/>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> |
| <b>TAA Approval of Terms:</b>        | Lease terms are subject to approval of TAA’s Board of Directors and TAA’s President/CEO.  |

EXHIBIT A – Site Layout



1





Date: January 24, 2022

To: TAA Board of Directors  
From: Kirk Eickhoff, Vice President/CFO  
Re: **Summary of Financial Performance for November 2021**

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**Financial Performance**

- Operating Income before Depreciation and Amortization (YTD vs budget)
  - Tucson Airport Authority generated operating income before depreciation and amortization of \$974,048 for November 2021, which is \$546,636 favorable to budget due to favorable operating revenues and expenses described below.
  
- Operating Revenues (YTD vs budget)
  - In November, operating revenue of \$3,485,828 is favorable to budget by \$119,021 or 3.5% and favorable to prior year by \$779,297 or 28.8%. 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 \$400,446 (10.3%) compared to FY 2019 (pre-COVID).
  - Year-to-date operating revenues were greater than budgeted by \$351,573 or 5.3%, with favorable variances in Landing Fees, concession revenues, and other operating revenues.
    - The favorable variance in landing fees is largely attributable to back billings of landing fees. 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 November, total operating expenses were lower than budget by \$427,615, largely due to lower-than-anticipated contractual services. Variances in all other expense categories were also favorable to budget.
  - Year-to-date operating expenses of \$5,261,191 are favorable to budget by \$913,350 or 14.8%. All expense categories were lower than budgeted, with contractual services driving most of the favorable variance.

# FINANCIAL SUMMARY



For the two months ending November 30, 2021

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

|   | CURRENT MONTH - November |                     |                       | November<br>2020    | November<br>2019    |
|---|--------------------------|---------------------|-----------------------|---------------------|---------------------|
|   | BUDGET                   | ACTUAL              | FAV<br>(UNFAV)        | ACTUAL              | ACTUAL              |
| <b>OPERATING REVENUES:</b>  |                          |                     |                       |                     |                     |
| Landing fees  | \$ 194,358               | \$ 180,463          | \$ (13,895)           | \$ 140,511          | \$ 233,094          |
| Space rentals   | 913,235                  | 869,821             | (43,414)              | 993,696             | 1,251,943           |
| Land rent   | 305,760                  | 288,942             | (16,818)              | 316,047             | 296,805             |
| Concession revenue  | 1,408,477                | 1,640,526           | 232,049               | 728,520             | 1,499,053           |
| Reimbursed services   | 291,225                  | 234,939             | (56,286)              | 286,725             | 342,248             |
| Other operating revenues  | 253,752                  | 271,137             | 17,385                | 241,032             | 263,131             |
| <b>Total Operating Revenues</b>   | <b>3,366,807</b>         | <b>3,485,828</b>    | <b>119,021</b>        | <b>2,706,531</b>    | <b>3,886,274</b>    |
| <b>OPERATING EXPENSES:</b>  |                          |                     |                       |                     |                     |
| Personnel expenses  | 1,881,141                | 1,845,644           | 35,497                | 1,979,328           | 1,836,999           |
| Contractual services  | 724,133                  | 430,417             | 293,716               | 449,265             | 353,193             |
| Materials and supplies  | 201,994                  | 145,195             | 56,799                | 104,242             | 137,587             |
| Other operating expenses  | 132,127                  | 90,524              | 41,603                | 73,300              | 61,828              |
| <b>Total Operating Expenses</b>   | <b>2,939,395</b>         | <b>2,511,780</b>    | <b>427,615</b>        | <b>2,606,135</b>    | <b>2,389,607</b>    |
| <b>NET OPERATING INCOME (LOSS) BEFORE<br/>DEPRECIATION AND AMORTIZATION</b> | <b>427,412</b>           | <b>974,048</b>      | <b>546,636</b>        | <b>100,396</b>      | <b>1,496,667</b>    |
| Depreciation and Amortization   | 1,600,000                | 1,582,832           | 17,168                | 1,559,291           | 1,529,685           |
| <b>OPERATING INCOME (LOSS)</b>  | <b>(1,172,588)</b>       | <b>(608,784)</b>    | <b>563,804</b>        | <b>(1,458,895)</b>  | <b>(33,018)</b>     |
| <b>NONOPERATING INCOME (EXPENSES)</b>                                       |                          |                     |                       |                     |                     |
| Interest Income   | 36,945                   | 46,333              | 9,388                 | 38,002              | 276,751             |
| Net increase/(decrease) in fair value of investments                        | -                        | (159,072)           | (159,072)             | 72,364              | (112,779)           |
| Passenger facility charges  | 497,662                  | 574,909             | 77,247                | 227,522             | 586,473             |
| Interest expense and fiscal charges   | (67,163)                 | (67,163)            | -                     | (74,671)            | (81,988)            |
| Gain/(Loss) on disposition of capital assets                                | -                        | -                   | -                     | (500)               | -                   |
| Other nonoperating revenues (expenses)                                      | -                        | -                   | -                     | 6,892,876           | 14,283              |
| <b>Total nonoperating revenues (expenses)</b>                               | <b>467,444</b>           | <b>395,007</b>      | <b>(72,437)</b>       | <b>7,155,593</b>    | <b>682,740</b>      |
| <b>INCOME (LOSS) BEFORE CAPITAL<br/>CONTRIBUTIONS</b>                       | <b>(705,144)</b>         | <b>(213,777)</b>    | <b>491,367</b>        | <b>5,696,698</b>    | <b>649,722</b>      |
| <b>CAPITAL CONTRIBUTIONS:</b>   |                          |                     |                       |                     |                     |
| Federal   | 3,972,893                | -                   | (3,972,893)           | 2,301,561           | 631,791             |
| State   | 77,443                   | -                   | (77,443)              | 114,516             | -                   |
| <b>Total capital contributions</b>  | <b>4,050,336</b>         | <b>-</b>            | <b>(4,050,336)</b>    | <b>2,416,077</b>    | <b>631,791</b>      |
| <b>INCREASE (DECREASE) IN NET POSITION</b>                                  | <b>\$ 3,345,192</b>      | <b>\$ (213,777)</b> | <b>\$ (3,558,969)</b> | <b>\$ 8,112,775</b> | <b>\$ 1,281,513</b> |

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

|  | CURRENT YEAR TO DATE |                       |                       | YTD -                 | YTD -                 |
|--|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|  | BUDGET               | ACTUAL                | FAV<br>(UNFAV)        | November 2020         | November 2019         |
| <b>OPERATING REVENUES:</b>   |                      |                       |                       |                       |                       |
| Landing fees   | \$ 376,470           | \$ 472,322            | \$ 95,852             | \$ 274,839            | \$ 451,047            |
| Space rentals  | 1,826,471            | 1,794,372             | (32,099)              | 2,002,973             | 2,499,328             |
| Land rent  | 611,519              | 600,605               | (10,914)              | 612,887               | 596,425               |
| Concession revenue   | 2,780,604            | 3,172,446             | 391,842               | 1,475,112             | 3,109,398             |
| Reimbursed services  | 557,451              | 460,960               | (96,491)              | 525,110               | 654,388               |
| Other operating revenues   | 503,100              | 506,483               | 3,383                 | 520,465               | 548,361               |
| <b>Total operating revenues</b>                                      | <b>6,655,615</b>     | <b>7,007,188</b>      | <b>351,573</b>        | <b>5,411,386</b>      | <b>7,858,947</b>      |
| <b>OPERATING EXPENSES:</b>   |                      |                       |                       |                       |                       |
| Personnel expenses   | 3,917,249            | 3,730,014             | 187,235               | 3,859,642             | 3,630,248             |
| Contractual services   | 1,586,164            | 1,080,718             | 505,446               | 901,454               | 821,864               |
| Materials and supplies   | 389,383              | 255,901               | 133,482               | 194,367               | 246,430               |
| Other operating expenses   | 281,745              | 194,558               | 87,187                | 178,350               | 219,897               |
| <b>Total Operating Expenses</b>                                      | <b>6,174,541</b>     | <b>5,261,191</b>      | <b>913,350</b>        | <b>5,133,813</b>      | <b>4,918,439</b>      |
| <b>NET OPERATING INCOME BEFORE DEPRECIATION<br/>AND AMORTIZATION</b> | <b>481,074</b>       | <b>1,745,997</b>      | <b>1,264,923</b>      | <b>277,573</b>        | <b>2,940,508</b>      |
| Depreciation and Amortization  | 3,200,000            | 3,197,975             | 2,025                 | 3,121,105             | 3,060,920             |
| <b>OPERATING INCOME (LOSS)</b>                                       | <b>(2,718,926)</b>   | <b>(1,451,978)</b>    | <b>1,266,948</b>      | <b>(2,843,532)</b>    | <b>(120,412)</b>      |
| <b>NONOPERATING REVENUES (EXPENSES):</b>                             |                      |                       |                       |                       |                       |
| Interest Income  | 73,890               | 86,122                | 12,232                | 83,381                | 528,839               |
| Net increase/(decrease) in fair value of investments                 | -                    | (579,712)             | (579,712)             | 46,293                | 3,553                 |
| Passenger facility charges   | 966,611              | 1,131,388             | 164,777               | 461,036               | 1,158,456             |
| Interest expense and fiscal charges                                  | (134,327)            | (134,327)             | -                     | (149,343)             | (163,975)             |
| Gain/(Loss) on disposition of capital assets                         | -                    | -                     | -                     | 7,100                 | 402,390               |
| Other nonoperating revenues (expenses)                               | -                    | 50                    | 50                    | 6,892,876             | 226,348               |
| <b>Total nonoperating revenues (expenses)</b>                        | <b>906,174</b>       | <b>503,521</b>        | <b>(402,653)</b>      | <b>7,341,343</b>      | <b>2,155,611</b>      |
| <b>INCOME (LOSS) BEFORE CAPITAL<br/>CONTRIBUTIONS</b>                | <b>(1,812,752)</b>   | <b>(948,457)</b>      | <b>864,295</b>        | <b>4,497,811</b>      | <b>2,035,199</b>      |
| <b>CAPITAL CONTRIBUTIONS:</b>  |                      |                       |                       |                       |                       |
| Federal  | 8,056,027            | -                     | (8,056,027)           | 2,301,561             | 631,791               |
| State  | 137,112              | -                     | (137,112)             | 114,516               | -                     |
| <b>Total capital contributions</b>                                   | <b>8,193,139</b>     | <b>-</b>              | <b>(8,193,139)</b>    | <b>2,416,077</b>      | <b>631,791</b>        |
| <b>INCREASE (DECREASE) IN NET POSITION</b>                           | <b>\$ 6,380,387</b>  | <b>(948,457)</b>      | <b>\$ (7,328,844)</b> | <b>6,913,888</b>      | <b>2,666,990</b>      |
| <b>TOTAL NET POSITION, (BEGINNING)</b>                               |                      | <b>441,550,943</b>    |                       | <b>416,225,900</b>    | <b>396,401,145</b>    |
| <b>TOTAL NET POSITION, (ENDING)</b>                                  |                      | <b>\$ 440,602,486</b> |                       | <b>\$ 423,139,788</b> | <b>\$ 399,068,135</b> |

**TUCSON AIRPORT AUTHORITY  
STATEMENT OF NET POSITION**

| <b>ASSETS</b>  | <b>November-21</b>           | <b>November-20</b>           |
|--|------------------------------|------------------------------|
| <b>CURRENT ASSETS</b>  |                              |                              |
| Unrestricted assets:   |                              |                              |
| Cash and cash equivalents  | \$ 17,834,579                | \$ 47,336,374                |
| Investments  | 119,406,761                  | 116,458,684                  |
| Accounts receivable, net of allowance for doubtful accounts of \$313,380 and \$313,380 for FY2022 and FY2021, respectively | 2,518,027                    | 1,723,064                    |
| Accrued interest receivable  | 224,513                      | 231,319                      |
| Grants receivable  | 7,564,187                    | 4,527,721                    |
| Inventories  | 371,801                      | 335,397                      |
| Prepaid expenses and other assets  | 729,180                      | 626,428                      |
| Total unrestricted current assets  | <u>148,649,048</u>           | <u>171,238,987</u>           |
| Restricted assets:   |                              |                              |
| Cash and cash equivalents  | 3,071,965                    | 5,559,147                    |
| Investments  | 21,543,892                   | 17,313,866                   |
| Accounts receivable  | 999,808                      | 409,483                      |
| Accrued interest receivable  | 53,593                       | 54,222                       |
| Total restricted current assets  | <u>25,669,258</u>            | <u>23,336,718</u>            |
| <b>Total current assets</b>  | <b><u>174,318,306</u></b>    | <b><u>194,575,705</u></b>    |
| <b>Noncurrent assets:</b>  |                              |                              |
| Unrestricted assets:   |                              |                              |
| Accounts receivable  | 53,138                       | 262,395                      |
| Capital assets   |                              |                              |
| Not depreciated  | 147,710,889                  | 142,444,325                  |
| Depreciated, net   | 186,990,870                  | 192,891,020                  |
| Net capital assets   | <u>334,701,759</u>           | <u>335,335,345</u>           |
| Total unrestricted noncurrent assets   | <u>334,754,897</u>           | <u>335,597,740</u>           |
| Restricted Assets -<br>Environmental Remediation Trust   |                              |                              |
| <b>Total noncurrent assets</b>   | <b><u>334,754,897</u></b>    | <b><u>335,597,740</u></b>    |
| <b>TOTAL ASSETS</b>  | <b><u>509,073,203</u></b>    | <b><u>530,173,445</u></b>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>  |                              |                              |
| 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>             |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>   | <b><u>\$ 515,164,536</u></b> | <b><u>\$ 536,264,777</u></b> |



**TUCSON AIRPORT AUTHORITY  
STATEMENT OF NET POSITION**

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

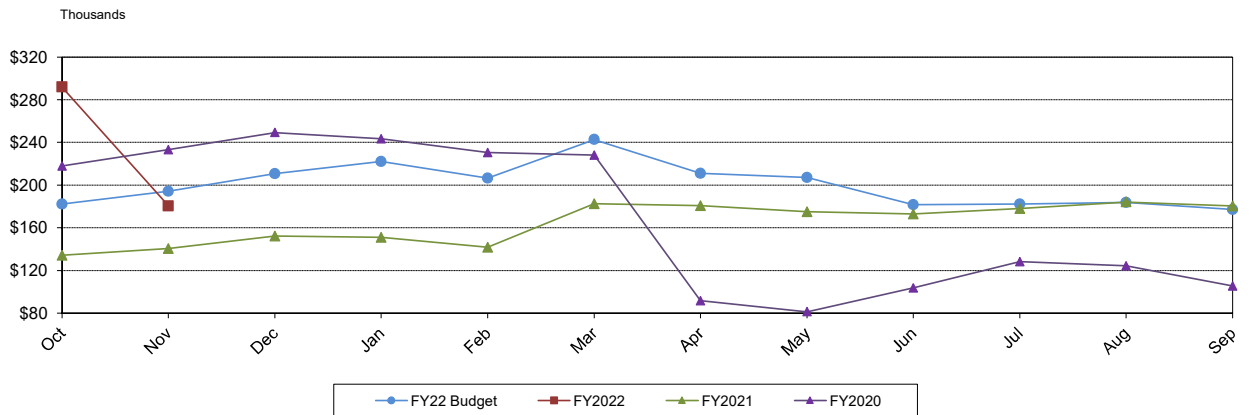
| <b>LIABILITIES</b>  | <b>November-21</b>   | <b>November-20</b>    |
|---|----------------------|-----------------------|
| <b>CURRENT LIABILITIES</b>                                |                      |                       |
| <b>Payable from unrestricted assets:</b>                  |                      |                       |
| Accounts payable  | 812,102              | \$ 715,113            |
| Accrued expenses  | 2,094,650            | \$ 2,169,513          |
| Unearned revenue  | 2,926,124            | \$ 2,829,563          |
| Construction contracts payable                            | -                    | \$ 5,205,743          |
| Current portion of environmental remediation payable      | 1,704,499            | \$ 4,838,441          |
| Current portion of bonds payable:                         |                      |                       |
| Airport Subordinate Lien Revenue Bonds, Series 2018       | 1,565,000            | 1,510,000             |
| <b>Total payable from unrestricted assets</b>             | <b>9,102,375</b>     | <b>17,268,373</b>     |
| <b>Payable from restricted assets</b>                     |                      |                       |
| Accrued interest payable:                                 |                      |                       |
| Airport Subordinate Lien Revenue Bonds, Series 2018       | 143,097              | 159,664               |
|   | <b>143,097</b>       | <b>159,664</b>        |
| Current portion of environmental remediation payable      | 402,420              | 402,420               |
| <b>Total payable from restricted assets</b>               | <b>545,517</b>       | <b>562,084</b>        |
| <b>Total current liabilities</b>                          | <b>9,647,892</b>     | <b>17,830,457</b>     |
| <b>NONCURRENT LIABILITIES</b>                             |                      |                       |
| Payable from unrestricted assets                          |                      |                       |
| Bonds payable, net of current portion:                    |                      |                       |
| Airport Subordinate Lien Revenue Bonds, Series 2018       | 25,053,678           | 28,234,052            |
| Net pension liability                                     | 20,684,399           | 47,884,399            |
| Environmental Remediation Payable, net of current portion | 18,306,912           | 18,306,912            |
| <b>Total payable from unrestricted assets</b>             | <b>64,044,989</b>    | <b>94,425,363</b>     |
| <b>Total noncurrent liabilities</b>                       | <b>64,044,989</b>    | <b>94,425,363</b>     |
| <b>TOTAL LIABILITIES</b>                                  | <b>\$ 73,692,881</b> | <b>\$ 112,255,820</b> |

**TUCSON AIRPORT AUTHORITY  
STATEMENT OF NET POSITION**

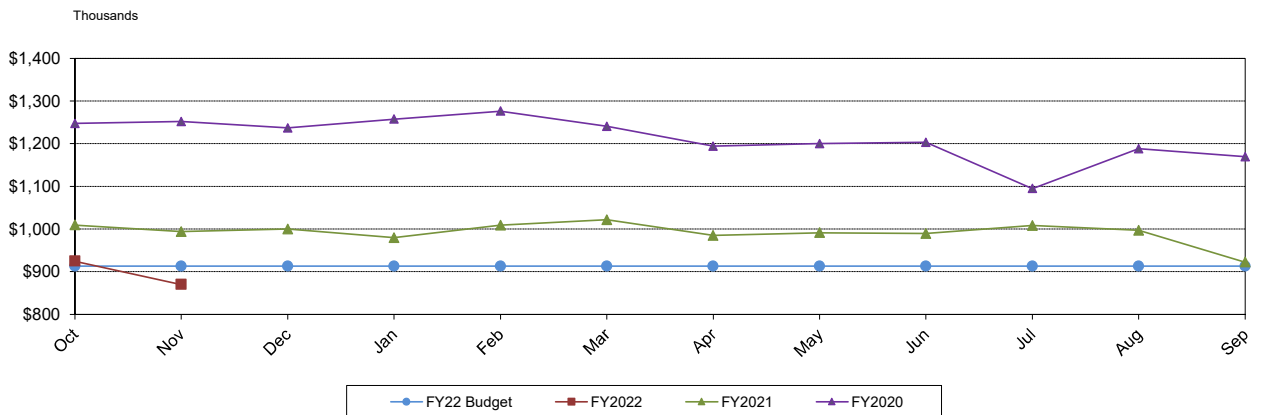
**LIABILITIES & NET ASSETS (Con't)**

|  | <u>November-21</u>           | <u>November-20</u>           |
|--|------------------------------|------------------------------|
| <b>DEFERRED INFLOWS OF RESOURCES</b>   |                              |                              |
| Deferred inflows from pensions   | \$ 869,169                   | \$ 869,169                   |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                                   | <u>869,169</u>               | <u>869,169</u>               |
| <b>NET POSITION</b>  |                              |                              |
| Net Investment in capital assets   | 308,083,081                  | 305,591,293                  |
| Restricted:  |                              |                              |
| Debt service   | 521,667                      | 502,983                      |
| Capital projects   | <u>25,004,494</u>            | <u>22,674,071</u>            |
|  | 25,526,161                   | 23,177,054                   |
| Unrestricted   | <u>106,993,244</u>           | <u>94,371,441</u>            |
| <b>TOTAL NET POSITION</b>  | <u><b>440,602,486</b></u>    | <u><b>423,139,788</b></u>    |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES<br/>AND NET POSITION</b> | <u><b>\$ 515,164,536</b></u> | <u><b>\$ 536,264,777</b></u> |

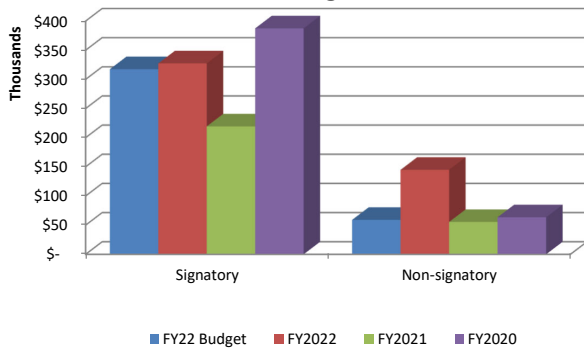
### Landing Fees



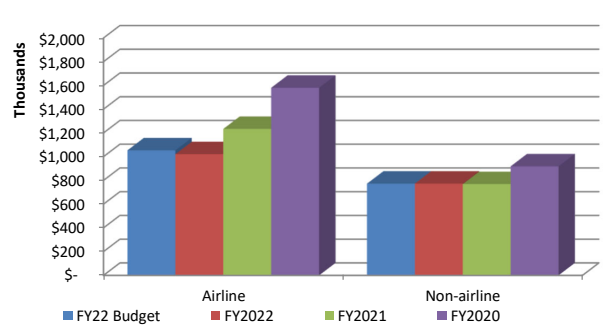
### Space Rentals

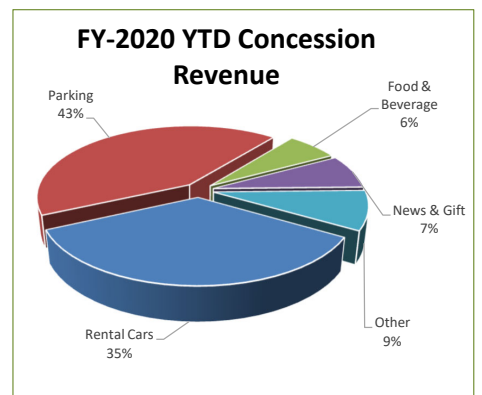
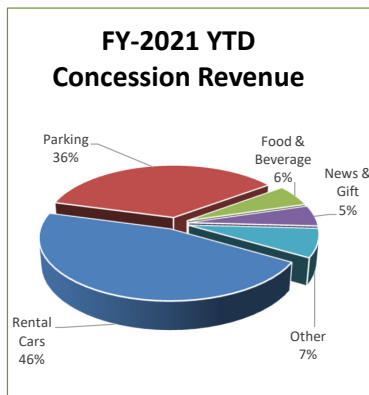
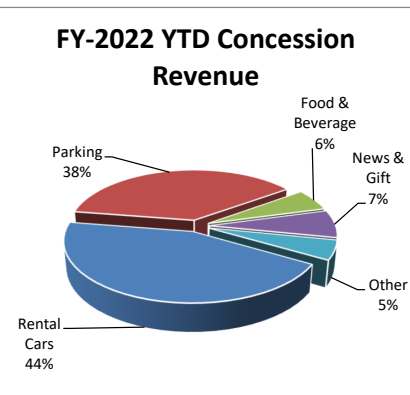
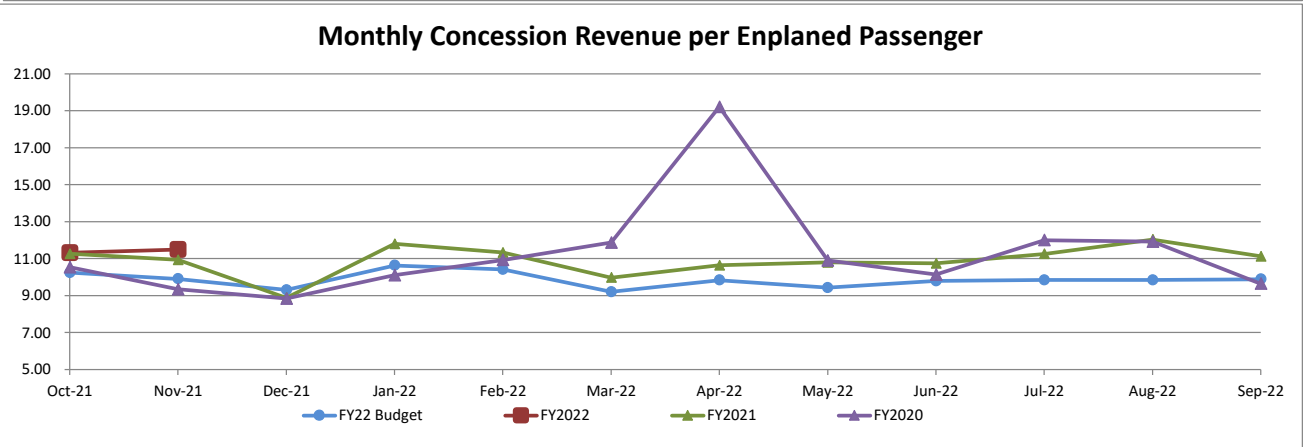
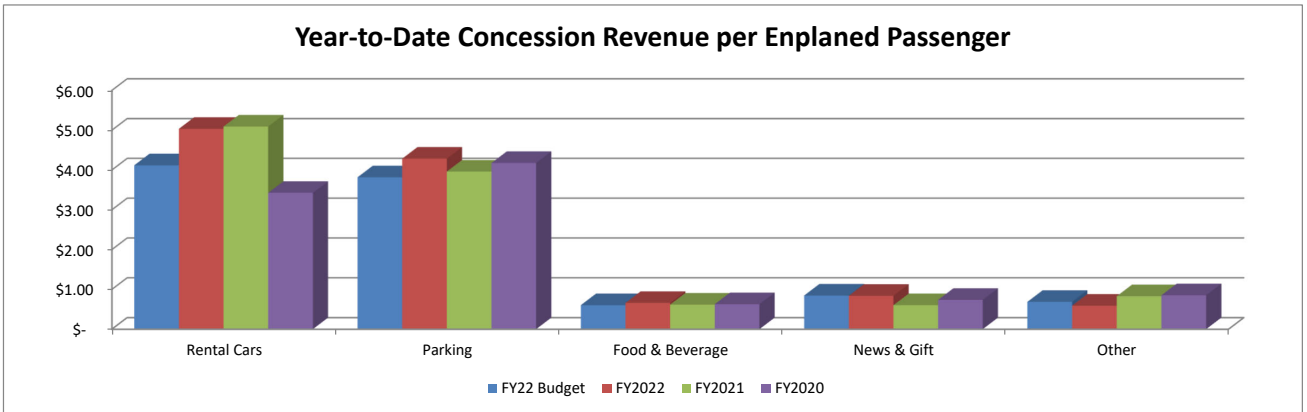
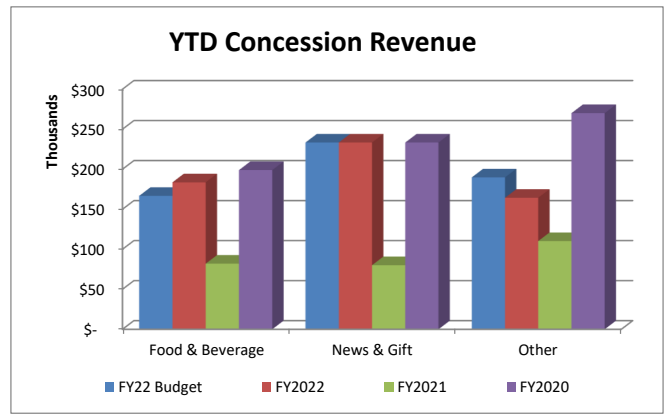
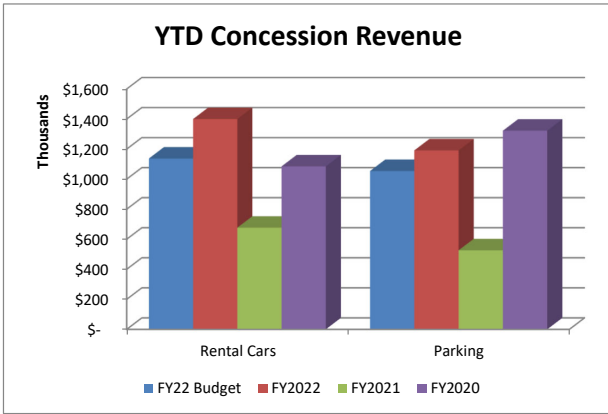


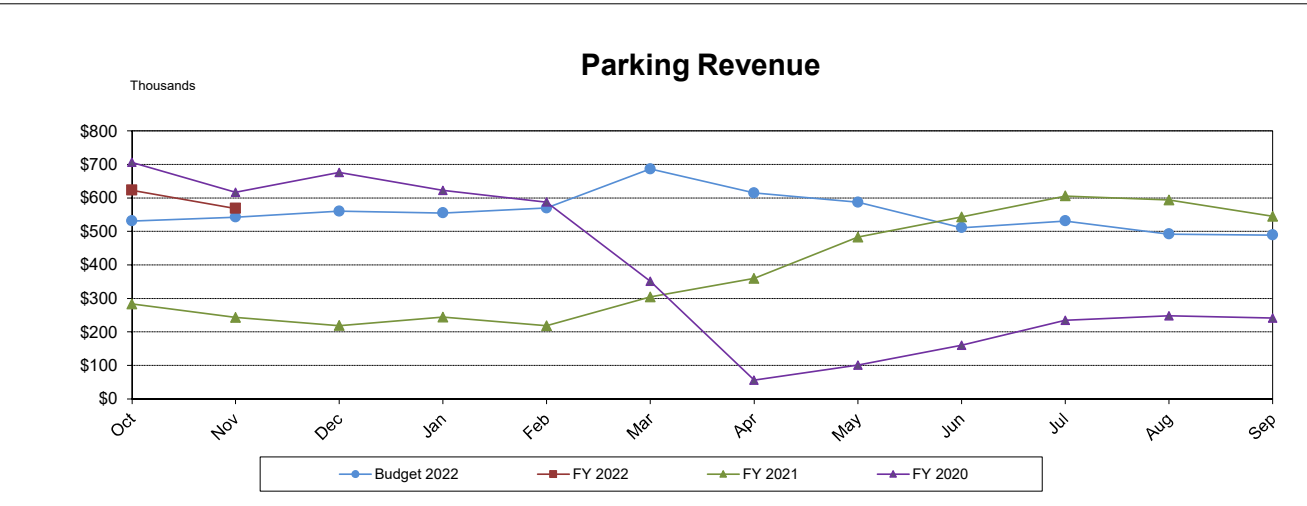
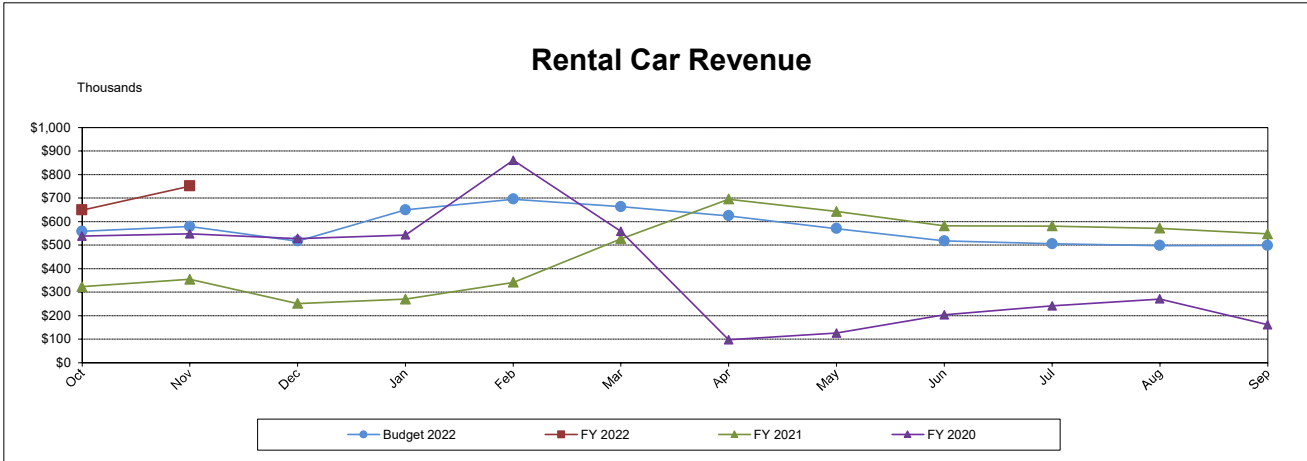
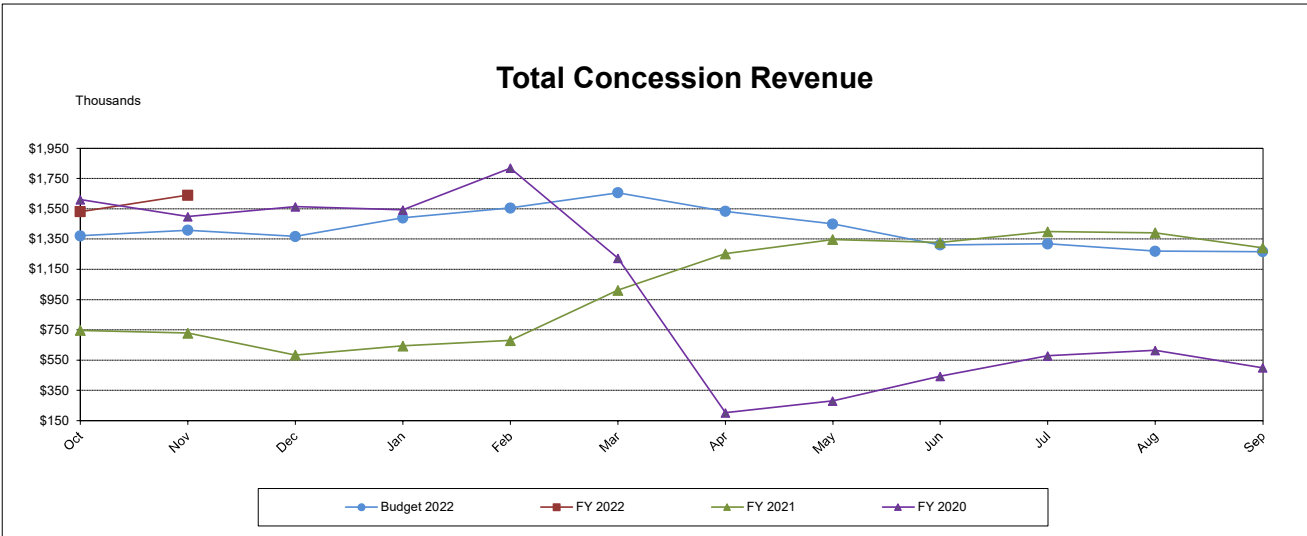
### YTD Landing Fees

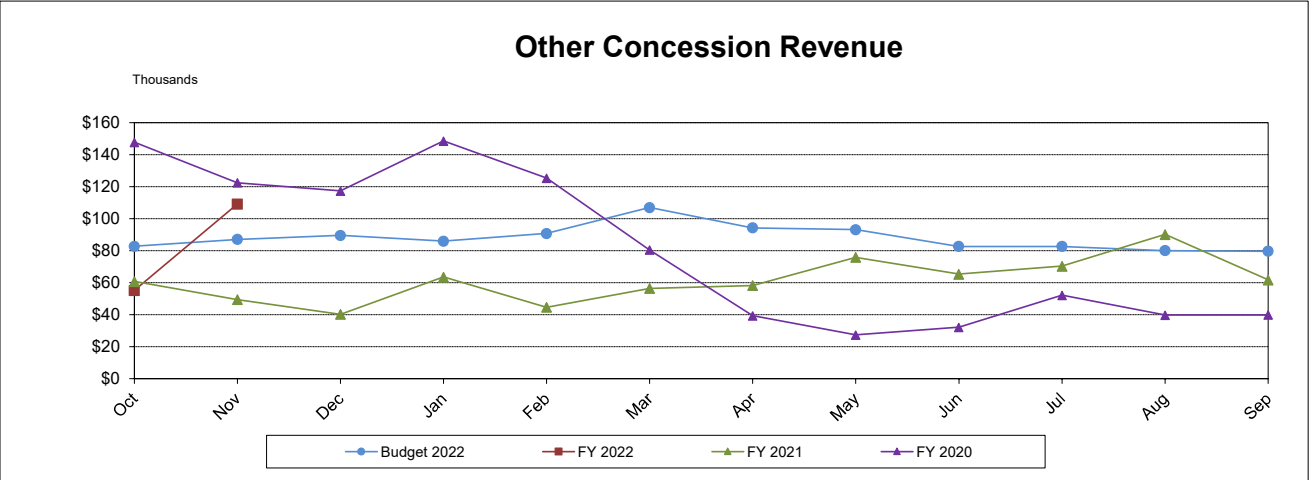
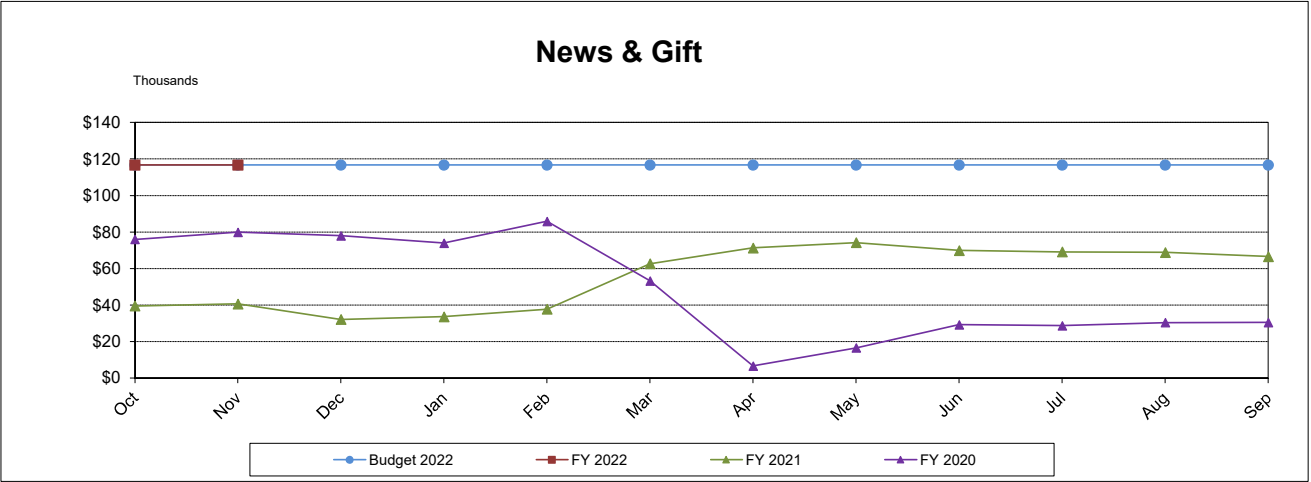
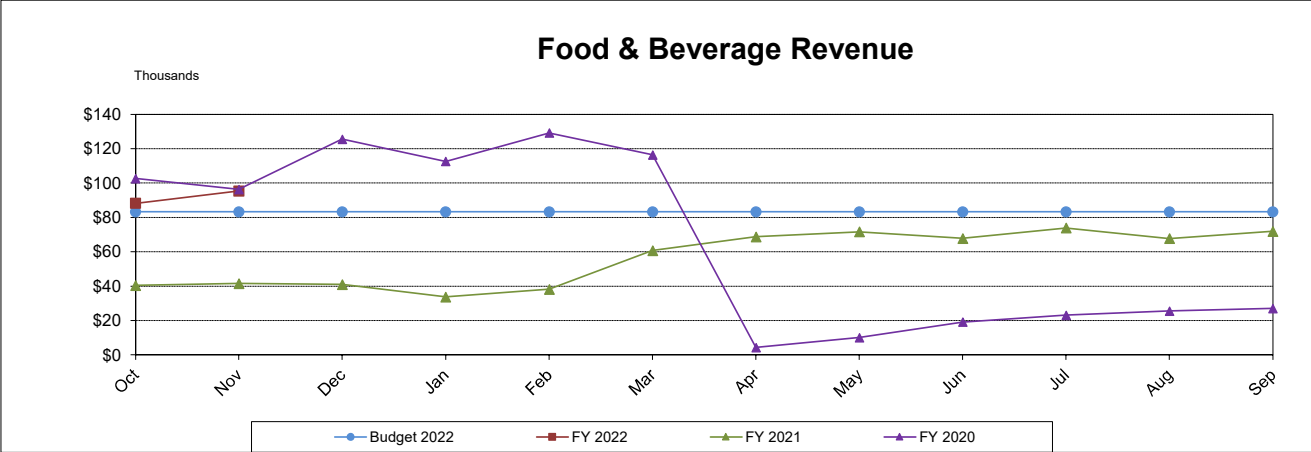


### YTD Space Rentals

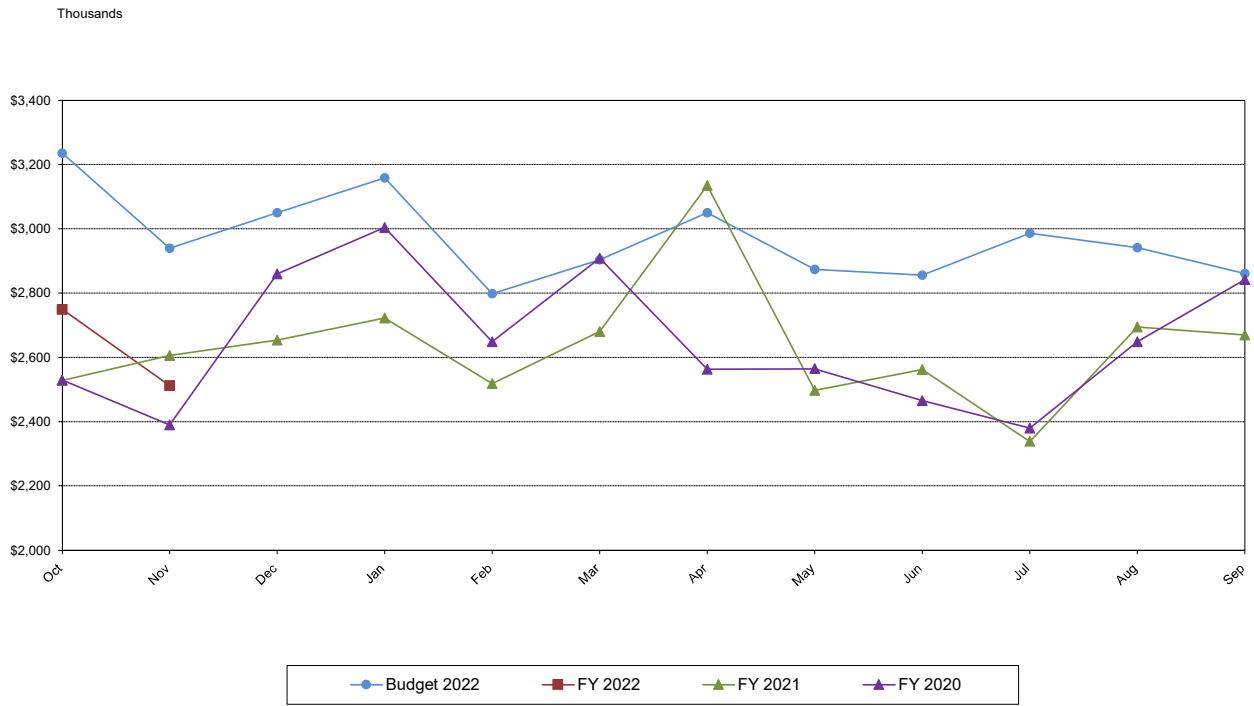




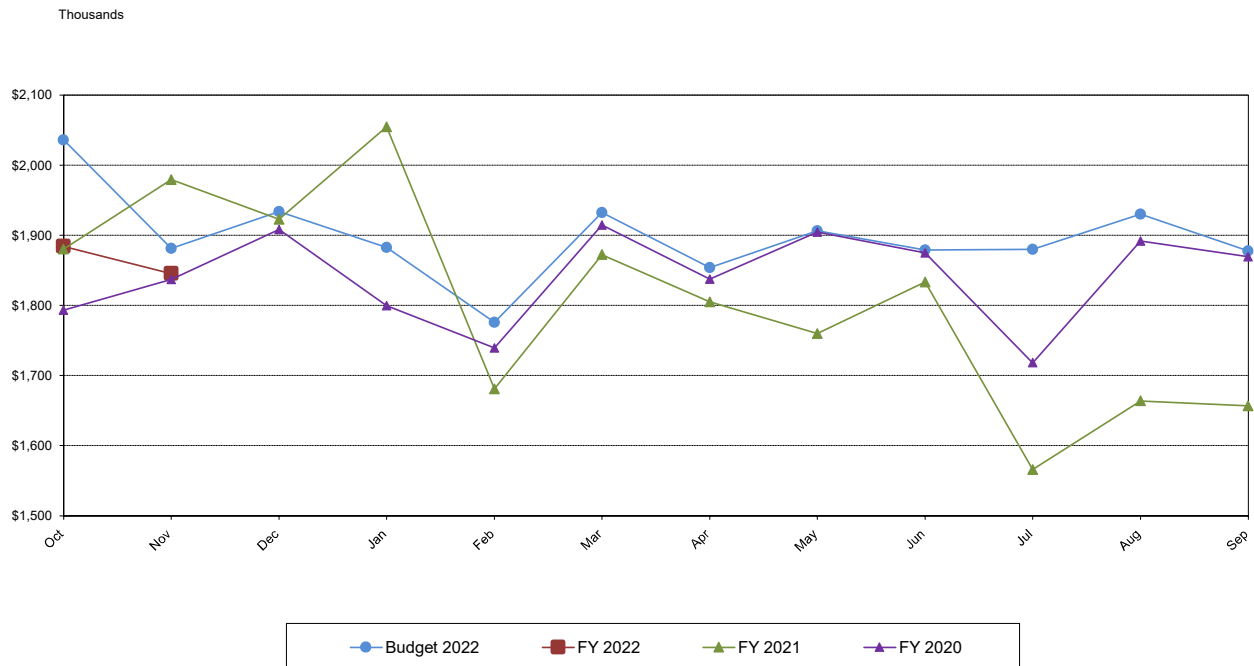




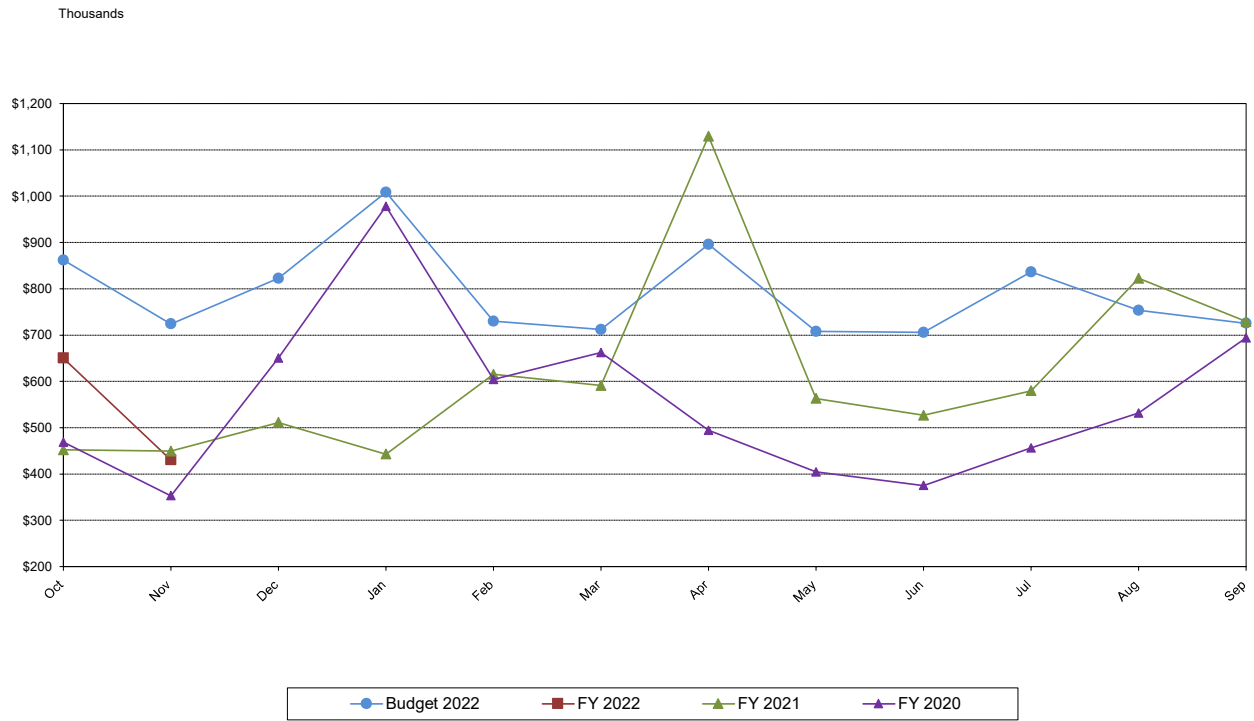
## Total Operating Expenses



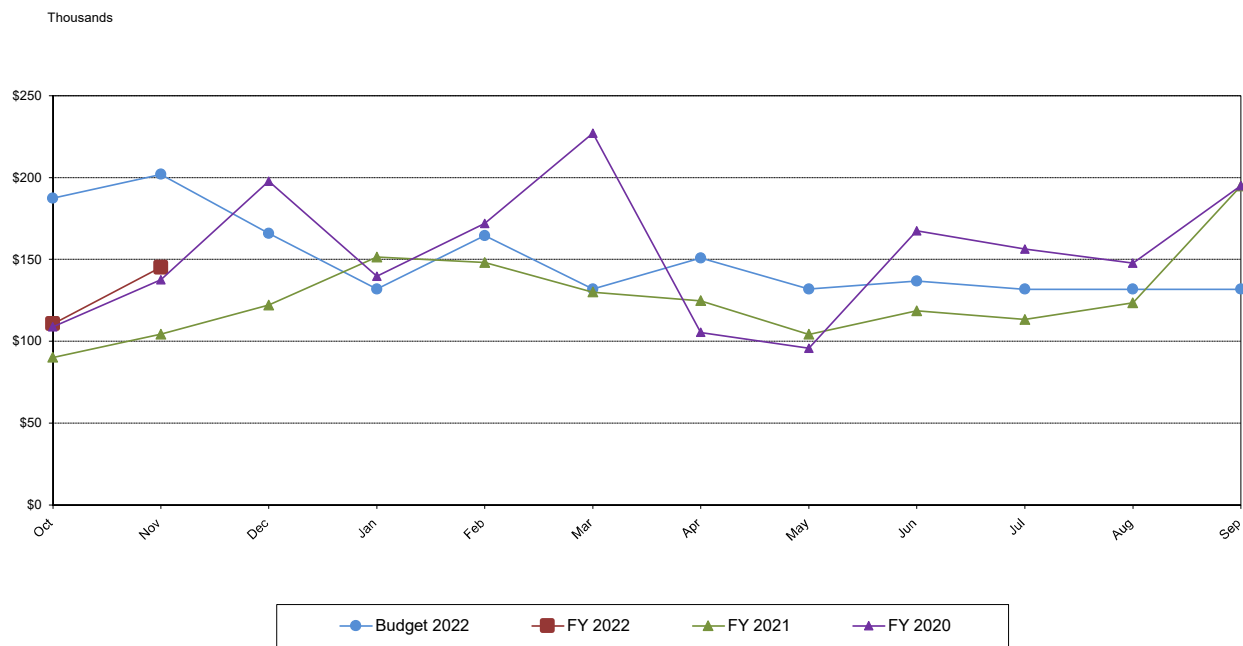
## Personnel Expenses



### Contractual Services

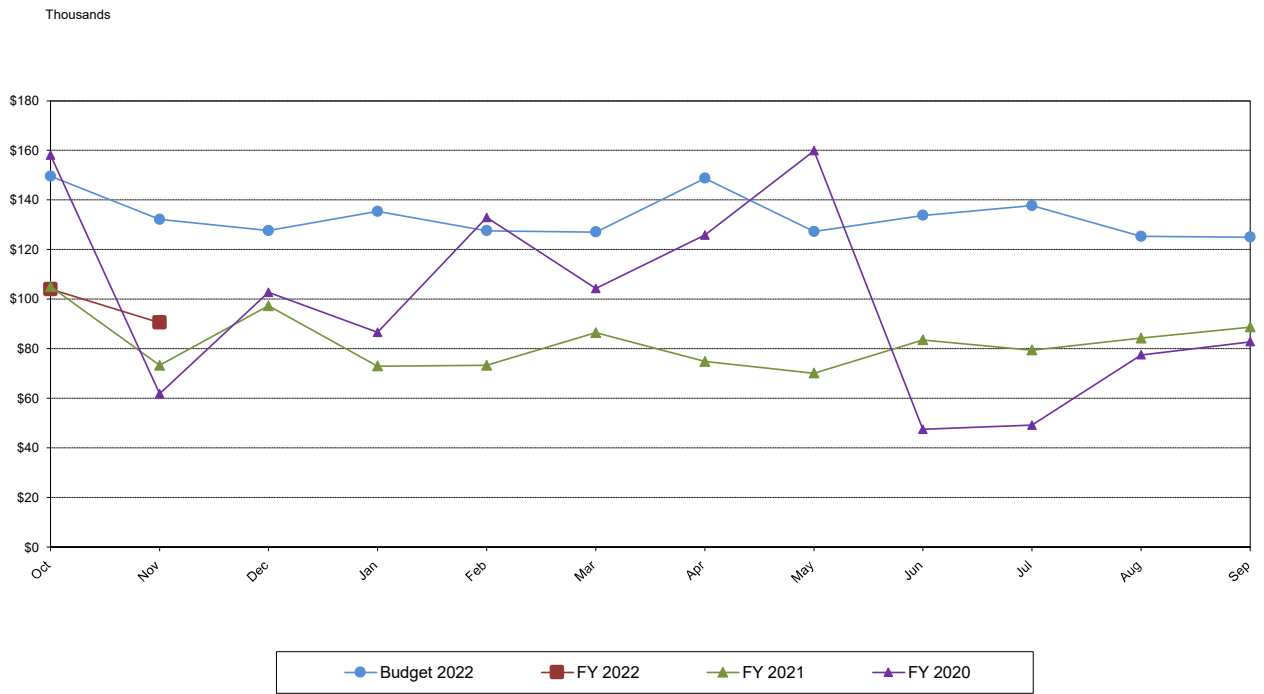


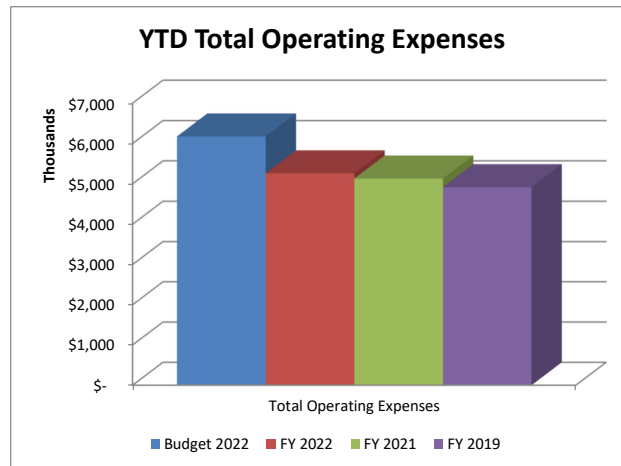
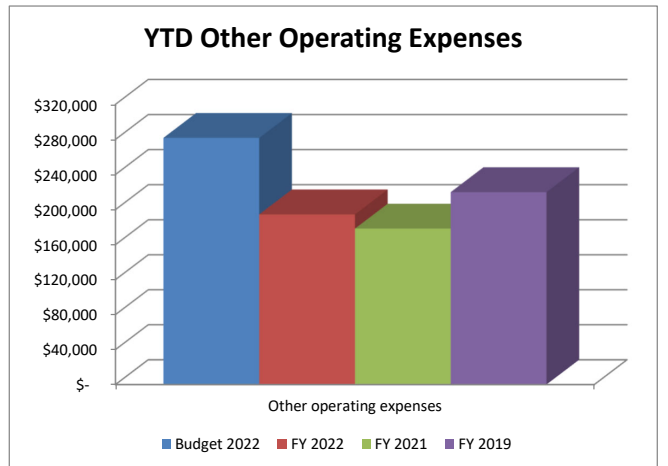
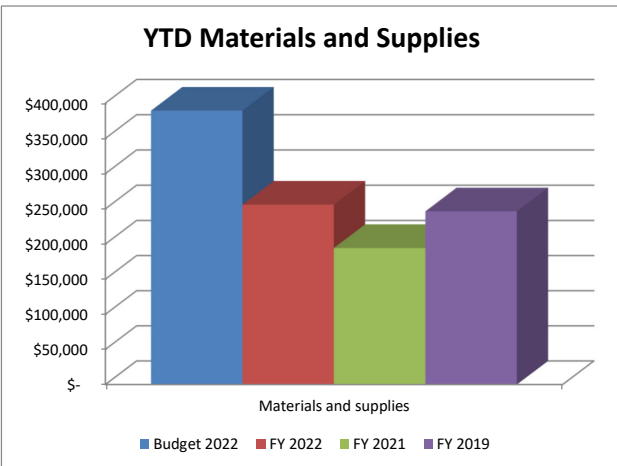
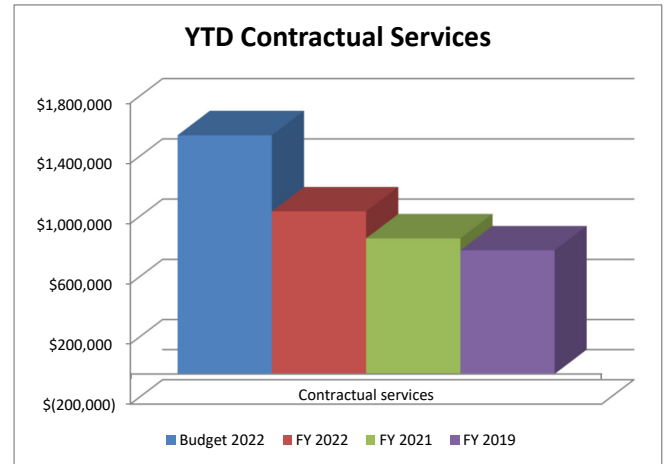
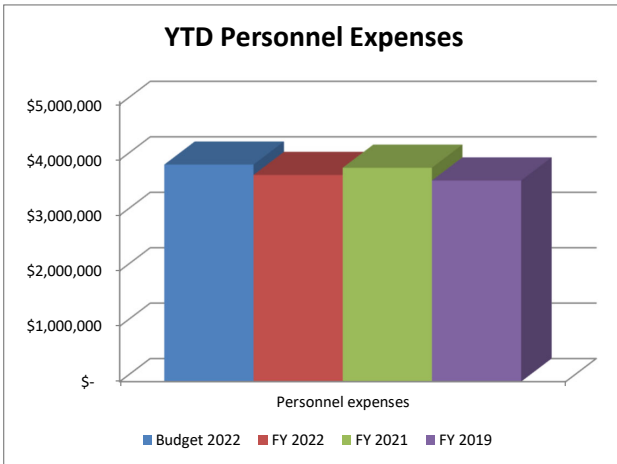
### Materials and Supplies





## Other Operating Expenses





Date: January 24, 2022

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

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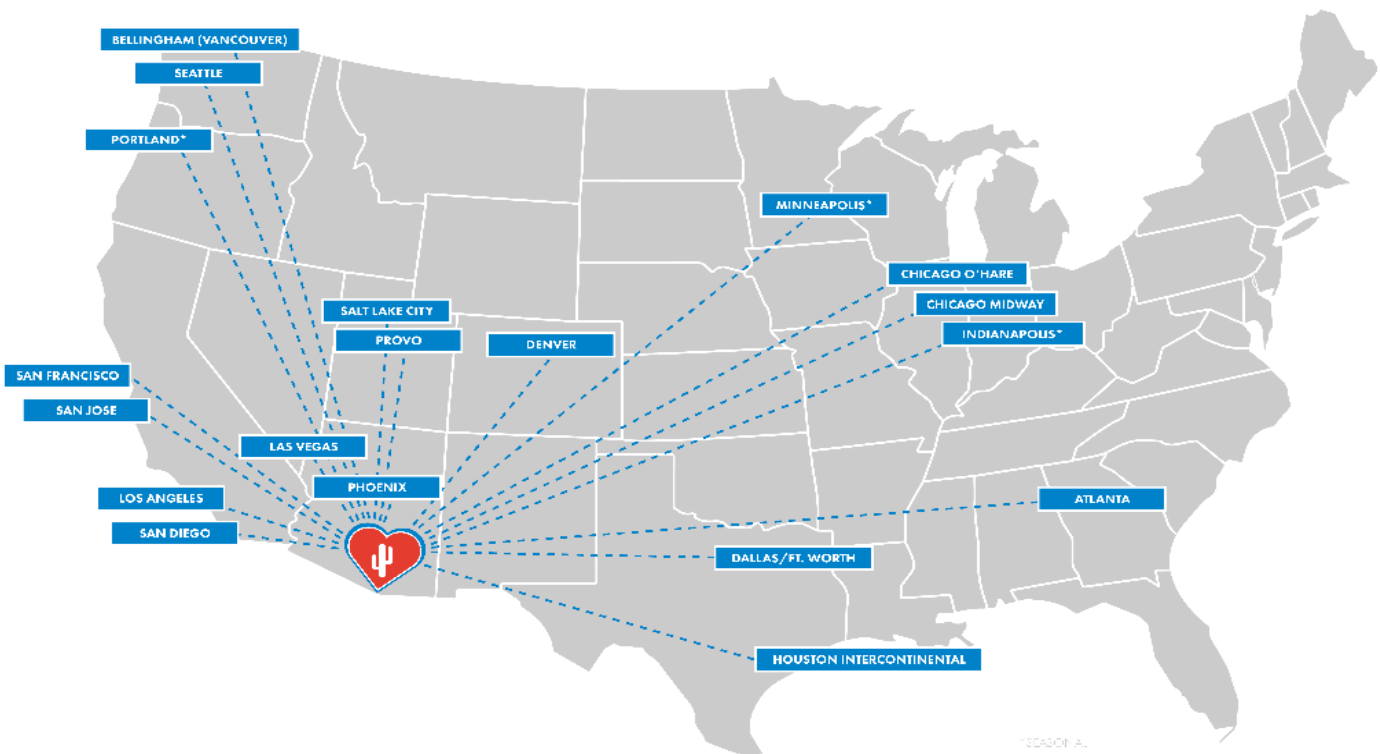
### Financial Performance

- Total Passengers (YTD vs prior year)
  - Total passengers for the month of November 2021 were 114.7% higher than prior year and 11.6% lower than 2019 for the same month (pre-COVID).
  - YTD total passengers were 109.2% higher than prior year and 12.4% lower than 2019.
- Average Daily Scheduled Departures (YTD vs prior year, changes by routes & carrier)
  - The month of November had an average daily departure count of 47, which was 13 higher than prior year.
  - The increase was attributable to additional service to Atlanta (1), Houston Bush (1), Los Angeles (5), Chicago O'Hare (2), Phoenix (4), San Diego (1), and San Francisco (1), partially offset by decrease in service to Portland (1), and Salt Lake City (1).
  - Departure increases by carrier included American (8), United (3), Delta (2), and Southwest (1), partially offset by departure decreases from Alaska (1).
- Average Daily Seat capacity (YTD vs prior years)
  - Seat capacity for October 2021 was 56.0% higher than prior year and 11.9% lower than 2019.
- Load Factors (MTD & YTD vs prior years)
  - The load factor for October was 89.6%, which is 22.2% higher than FY2020 and 0.6% lower than FY2019 for the same month.
- Aircraft Operations (MTD & YTD vs prior year)
  - Freight, measured in pounds, is 0.1% lower in October compared the same month last year.
  - Total aircraft operations were 5.6% lower than the same month last year, with increases in all categories, except general aviation.

# AVIATION ACTIVITY REPORTS

## Tucson International Airport (TUS)

For the two months ending November 30, 2021



*Prepared by Tucson Airport Authority  
Finance Department*

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

| PASSENGERS*  |                |         |          | Fiscal YTD     |         |          |
|--------------|----------------|---------|----------|----------------|---------|----------|
|              | Nov-21         | Nov-20  | % CHANGE | 2022           | 2021    | % CHANGE |
| ENPLANED     | <b>142,734</b> | 66,646  | 114.2%   | <b>278,114</b> | 132,906 | 109.3%   |
| DEPLANED     | <b>140,027</b> | 65,030  | 115.3%   | <b>280,588</b> | 134,183 | 109.1%   |
| <b>TOTAL</b> | <b>282,761</b> | 131,676 | 114.7%   | <b>558,702</b> | 267,089 | 109.2%   |

\*Passenger figures include non-revenue passengers.

**LANDED WEIGHT\*\***

|              |                |         |       |                |         |       |
|--------------|----------------|---------|-------|----------------|---------|-------|
| AIR CARGO    | <b>12,603</b>  | 11,833  | 6.5%  | <b>26,020</b>  | 26,026  | 0.0%  |
| AIR CARRIER  | <b>148,723</b> | 103,788 | 43.3% | <b>294,186</b> | 194,894 | 50.9% |
| <b>TOTAL</b> | <b>161,326</b> | 115,621 | 39.5% | <b>320,206</b> | 220,920 | 44.9% |

\*\*In thousand pound units.

**FREIGHT (in pounds)**

|              |                  |           |       |                   |            |        |
|--------------|------------------|-----------|-------|-------------------|------------|--------|
| ENPLANED     | <b>2,312,422</b> | 2,509,222 | -7.8% | <b>4,744,080</b>  | 5,414,994  | -12.4% |
| DEPLANED     | <b>2,966,330</b> | 2,772,217 | 7.0%  | <b>6,100,044</b>  | 5,687,749  | 7.2%   |
| <b>TOTAL</b> | <b>5,278,752</b> | 5,281,439 | -0.1% | <b>10,844,124</b> | 11,102,743 | -2.3%  |

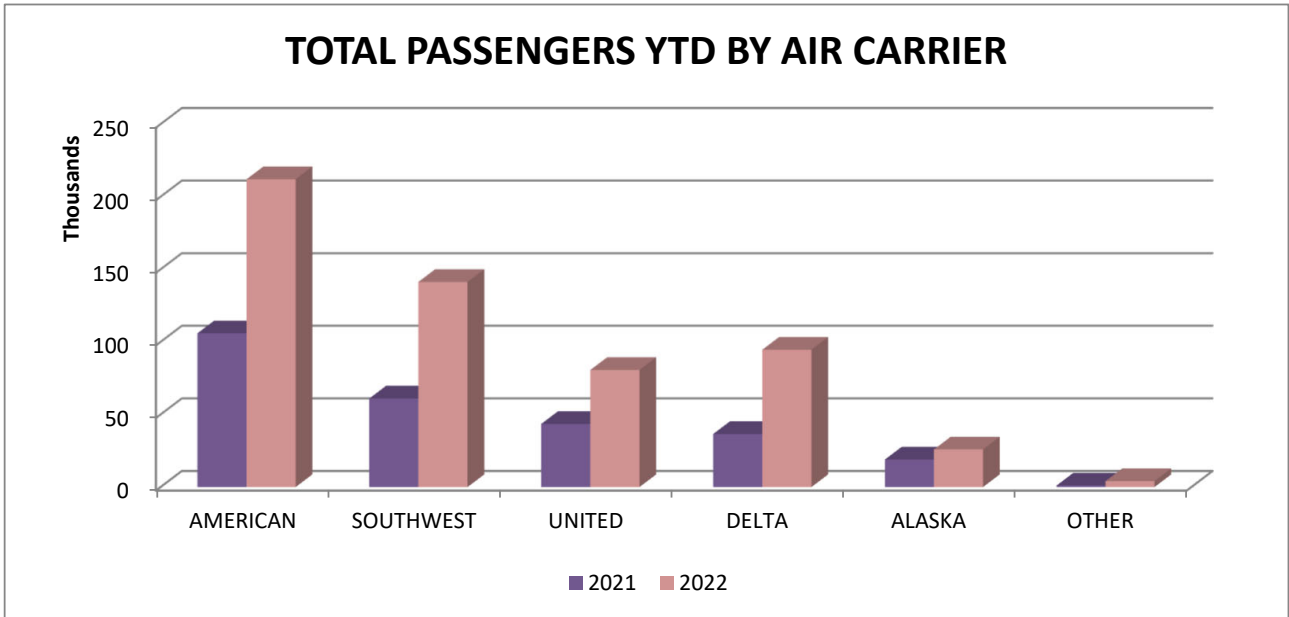
**MAIL (in pounds)**

|              |          |       |         |            |        |         |
|--------------|----------|-------|---------|------------|--------|---------|
| ENPLANED     | <b>0</b> | 12    | -100.0% | <b>300</b> | 23     | 1204.3% |
| DEPLANED     | <b>0</b> | 9,844 | -100.0% | <b>0</b>   | 15,907 | -100.0% |
| <b>TOTAL</b> | <b>0</b> | 9,856 | -100.0% | <b>300</b> | 15,930 | -98.1%  |

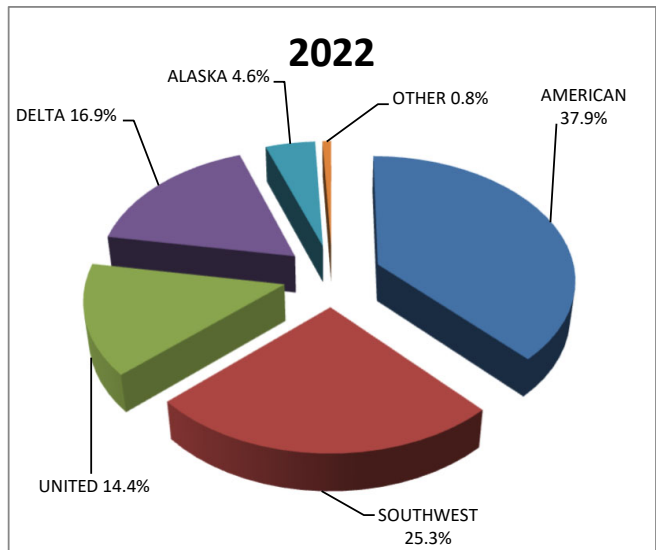
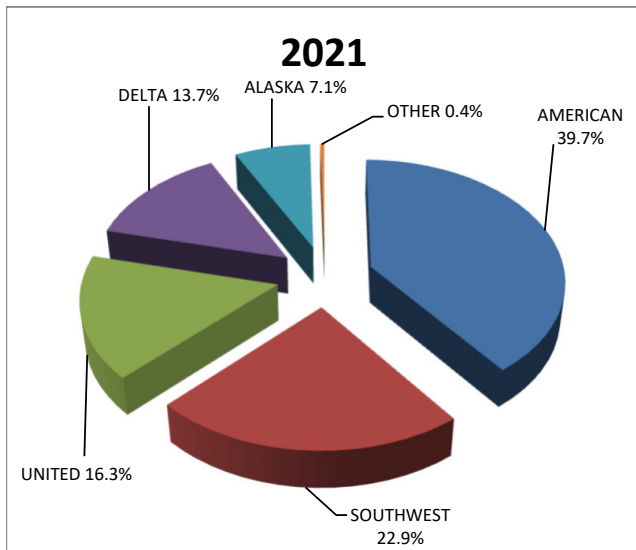
**AIRCRAFT OPERATIONS**

|                  |               |        |        |               |        |        |
|------------------|---------------|--------|--------|---------------|--------|--------|
| AIR CARRIER      | <b>2,725</b>  | 2,085  | 30.7%  | <b>5,389</b>  | 3,923  | 37.4%  |
| AIR TAXI         | <b>1,584</b>  | 1,401  | 13.1%  | <b>3,175</b>  | 2,739  | 15.9%  |
| MILITARY         | <b>1,796</b>  | 1,707  | 5.2%   | <b>3,694</b>  | 3,604  | 2.5%   |
| GENERAL AVIATION | <b>5,070</b>  | 6,646  | -23.7% | <b>10,798</b> | 13,425 | -19.6% |
| <b>TOTAL</b>     | <b>11,175</b> | 11,839 | -5.6%  | <b>23,056</b> | 23,691 | -2.7%  |

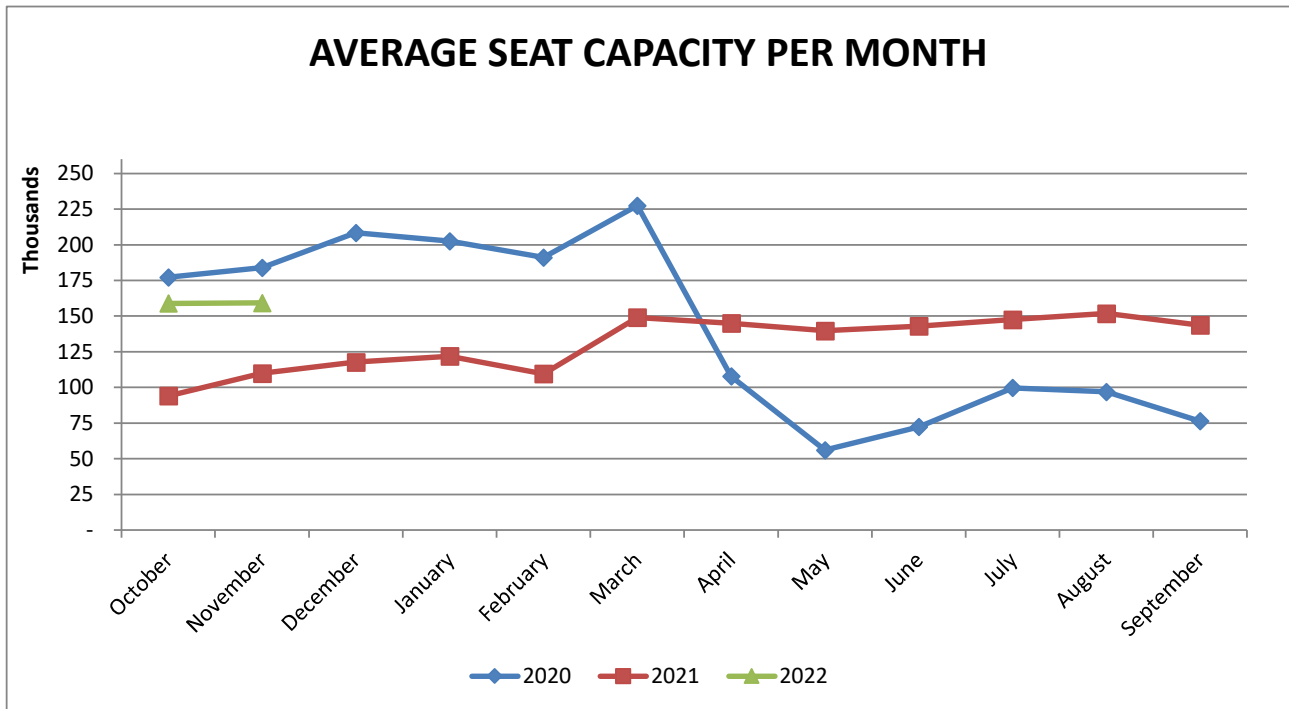
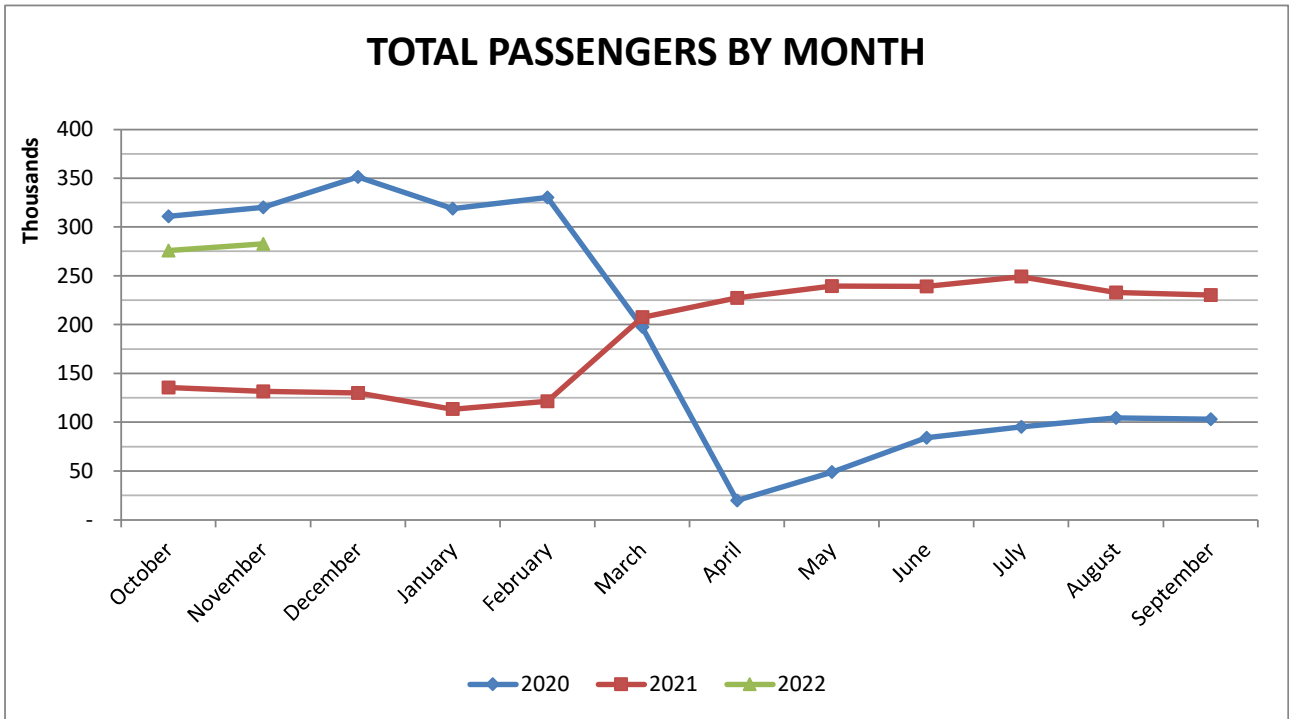
# TUCSON AIRPORT AUTHORITY TUS PASSENGER ACTIVITY



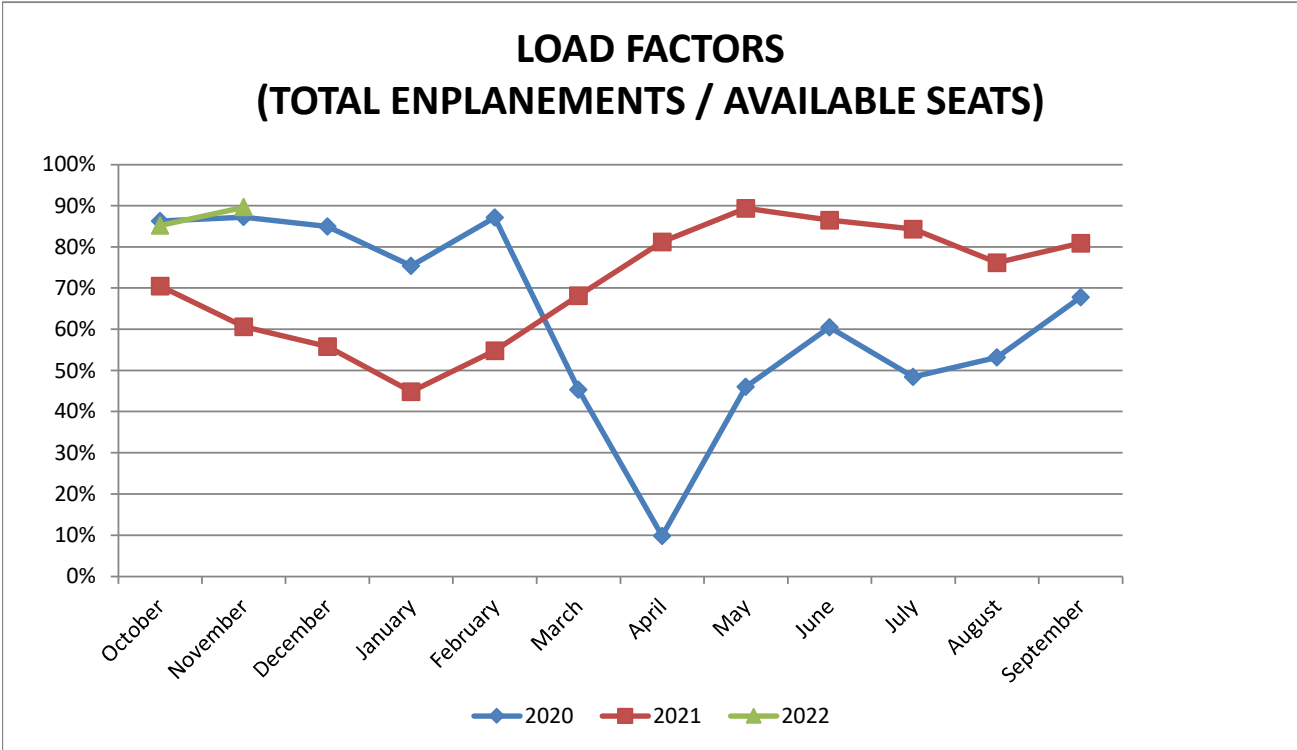
## AIR CARRIER MARKET SHARE



# 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 and Airline                                  | Code | Average Daily Departures |             |             | Average Daily Seats |              |              |
|---|------|--------------------------|-------------|-------------|---------------------|--------------|--------------|
|   |      | Current Year             | Prior Year  | Difference  | Current Year        | Prior Year   | Difference   |
| ATLANTA<br><i>Delta (1.8)</i>                                     | ATL  | 1.6                      | 1.3         | 0.3         | 312                 | 241          | 71           |
| DENVER<br><i>United (3.5), Southwest (2.4)</i>                    | DEN  | 6.4                      | 6.0         | 0.4         | 704                 | 641          | 63           |
| DALLAS/FT WORTH<br><i>American (5.5)</i>                          | DFW  | 5.2                      | 5.3         | (0.1)       | 970                 | 786          | 184          |
| HOUSTON HOBBY<br><i>Southwest (.9)</i>                            | HOU  | 0.9                      | 0.8         | 0.1         | 157                 | 119          | 38           |
| HOUSTON BUSH<br><i>United (2.9)</i>                               | IAH  | 3.0                      | 1.8         | 1.2         | 213                 | 137          | 76           |
| LAS VEGAS<br><i>Southwest (2.2), frontier(.3)</i>                 | LAS  | 2.5                      | 3.2         | (0.7)       | 375                 | 475          | (100)        |
| LOS ANGELES<br><i>Delta (2.9), American (2.1) Southwest (1.4)</i> | LAX  | 6.7                      | 1.5         | 5.2         | 636                 | 130          | 506          |
| CHICAGO MIDWAY<br><i>Southwest (1)</i>                            | MDW  | 1.0                      | 0.7         | 0.3         | 157                 | 105          | 52           |
| OAKLAND<br><i>Southwest (.2)</i>                                  | OAK  | 0.1                      | 0.0         | 0.1         | 23                  | 0            | 23           |
| INDIANAPOLIS<br><i>Allegiant (0.2)</i>                            | IND  | 0.2                      | 0.0         | 0.2         | 30                  | 0            | 30           |
| CHICAGO O'HARE<br><i>American (1.5), United (1)</i>               | ORD  | 2.9                      | 1.1         | 1.8         | 302                 | 91           | 211          |
| PORTLAND<br><i>Alaska (.9)</i>                                    | PDX  | 0.4                      | 1.0         | (0.6)       | 30                  | 76           | (46)         |
| PHOENIX<br><i>American (6.2)</i>                                  | PHX  | 7.0                      | 3.2         | 3.8         | 517                 | 245          | 272          |
| SAN DIEGO<br><i>Southwest (1)</i>                                 | SAN  | 1.0                      | 0.0         | 1.0         | 171                 | 0            | 171          |
| SEATTLE/TACOMA<br><i>Alaska (1.9) Delta (1)</i>                   | SEA  | 2.4                      | 2.6         | (0.2)       | 313                 | 236          | 77           |
| SAN FRANCISCO<br><i>United (2.4)</i>                              | SFO  | 3.0                      | 1.8         | 1.2         | 148                 | 116          | 32           |
| SALT LAKE CITY<br><i>Delta (2.8)</i>                              | SLC  | 2.9                      | 3.6         | (0.7)       | 222                 | 265          | (43)         |
| <b>TOTAL</b>  |      | <b>47.2</b>              | <b>33.9</b> | <b>13.3</b> | <b>5,280</b>        | <b>3,663</b> | <b>1,617</b> |

**Date:** January 24, 2022

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

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**“Nonstop for Tucson” 2021 Recap:**

The “Nonstop for Tucson” campaign, which was launched end of February 2021, has taken Tucson International Airport (TUS) marketing to the next level. In less than a year, more than 73.5 million people have seen the campaign through various paid outlets. Highlights of the campaign include:

- Partnerships with our community partners, such as the Tucson Roadrunners hockey team, FC Tucson soccer team, and City of Tucson/Rio Nuevo, among others.
- Billboards in Pinal County to remind our community of the importance of flying from TUS.
- First video commercial to hit broadcast television in several years; commercials were played during primetime cable television shows and live sporting events.
- Continued investment in transit marketing for the Sun Link streetcar and Sun Tran public buses.
- Recognition from Airports Council International – North America (ACI-NA) on the “Nonstop for Tucson” branding.

As we look forward to 2022, we are working to refresh all our assets from the commercial to digital ads. In addition to new messaging with the “Nonstop for Tucson” branding, we will also be surveying our community to determine how they feel about the campaign and to determine what our Community Value Proposition is, which is a goal within Strategic Plan 2.0.

**In the Media:**

December 2021 was a busy month with our overall media mentions being one of the highest of the year. A lot of the coverage revolved around Avelo Airline’s inaugural flights to TUS and the End-Around Taxiway project. Our proactive relationship with media earned us a strong continuation high advertising value equivalency (AVE) month-over-month.

Noteworthy media analytics for 2021:

- Through earned and proactive public relations efforts, the team garnered more than \$3.4 million in advertising value equivalency (AVE) which is the value on earned media coverage.
- Twitter | more than 870k impressions; exceeded year-over-year goal of attracting new followers (nearly 200 more).
- Facebook | have reached more than 4.2 million users, which is up 13.4% from 2020.
- Instagram | average 100k accounts reached each month; goal is to increase Instagram usage to attract a younger audience through photography/video.

**Community Involvement and Recognition:**

- Exodus | The TAA assisted Ft. Huachuca in both sending off and welcoming back more than 3,000 soldiers for the holiday exodus. Soldiers were provided snacks and refreshments. The Military Lounge remains open for traveling, active military.
- TUS Wheels Up Scholarship | The TAA has committed to providing three Pima Community College Aviation Technology Program students with a \$2,500 scholarship. 2022 will be the third year TAA has supported these scholarships.

**In the Terminal:**

- Temporary Art Exhibits | The Upper Link Gallery, Lower Link Gallery, and Center Gallery exhibit spaces are expected to be refreshed by the end of January. The TAA Art Committee reviewed nearly 30 artists before narrowing down their top-10 artists to showcase for the 2022 calendar year. The following artists will be featured from January through July 2022:
  - Upper Link Gallery | Steven Derks
  - Center Gallery | Harrie Handler and Lisa Love
  - Lower Link Gallery | Brenda Peo
- Grab App | We continue to encourage a touchless experience by reminding passengers to use Grab to purchase their food. Passengers can either download the app or scan QR codes located near each concessionaire. Ordering is also easily accessible on the flytucson.com website.