
**TUCSON AIRPORT AUTHORITY | Board of Directors Regular Meeting
Wednesday, June 1, 2022 | 3:00 p.m. | Hybrid 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 **Wednesday, June 1, 2022, beginning at 3:00 p.m.** Directors and the public may attend in person, virtually, or telephonically.

- ➔ **In Person:** The TAA Board Room is on the departure level of the Tucson International Airport terminal and is situated between the Delta and Southwest ticket counters, and behind the Arroyo Trading Post. The address is 7250 South Tucson Boulevard, Tucson, Arizona, 85756.
- ➔ **Virtual/Telephonic:** Members of the public interested in observing the proceedings virtually or telephonically may do so through Microsoft Teams. Click on the hyperlink below to be taken to the registration form. Upon registering, you will receive an email confirmation containing the hyperlink, telephone number, and access code to join the meeting virtually or telephonically.

MICROSOFT TEAMS REGISTRATION FORM

The agenda for the meeting is as follows:

1. CALL TO ORDER | ROLL CALL

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

2. CONSENT AGENDA

Matters listed under the Consent Agenda are routine and will be enacted by one motion and one vote. There will be no separate discussion of the items on the Consent Agenda unless removed from the Consent Agenda by the Board Chair 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 April 6, 2022.

3. BOARD CHAIR REPORT

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

4. PRESIDENT/CEO REPORT

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

PRESIDENT/CEO REPORT, CONT.

- c. Working Nonstop for Tucson | Article
- d. U.S. Department of Transportation Grant Award
- e. Open Meeting Law Compliance

5. PRESENTATION/DISCUSSION

- a. **AIRLINE INDUSTRY | TUS AIR SERVICE UPDATE:** The Board will receive a presentation from Volaire Aviation Managing Partner Jack Penning on the airline industry and the current air service trends at Tucson International Airport (TUS).
- b. **RESOLUTION ON DELEGATED AUTHORITY:** The Board will receive a presentation and may discuss proposed changes to the Resolution on Delegated Authority.

6. ACTION ITEMS

- a. **RESOLUTION ON DELEGATED AUTHORITY:** The Board of Directors will consider and may adopt Resolution No. 2022-12 delegating certain authority to the Tucson Airport Authority's President and CEO.

7. EXECUTIVE SESSION

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

Pursuant to A.R.S. § 38-431.03(A)(3) and (4): For discussion or consultation for legal advice from the Board's attorneys and for discussion or consultation with the Board's attorneys in order to consider its position and instruct its attorneys regarding the Board's position regarding contracts that are the subject of negotiations, pending or contemplated litigation or in settlement discussions conducted in order to avoid or resolve litigation with TAA tenants and prospective tenants.

8. RESUME THE REGULAR MEETING

9. NEXT MEETING

Wednesday, September 7, 2022 | 3:00 p.m. | Hybrid Meeting – TAA Board Room and Microsoft Teams

10. ADJOURN

**TUCSON AIRPORT AUTHORITY | Board of Directors Regular Meeting
Wednesday, April 6, 2022 | 3:00 p.m. | Virtual Meeting**

THIS BOARD MEETING WAS HELD VIRTUALLY, WITH DIRECTORS ATTENDING VIA MICROSOFT TEAMS OR TELEPHONICALLY. MEMBERS OF THE PUBLIC WHO COMPLETED A REGISTRATION FORM RECEIVED A LINK TO VIEW THE MEETING VIA MICROSOFT TEAMS OR TO LISTEN TELEPHONICALLY.

1. CALL TO ORDER | ROLL CALL

Chair Dusenberry called the meeting to order at 3:02 p.m.

Directors Present: Chair Bruce Dusenberry, Vice Chair Keri Silvyn, Secretary Mike Hammond, Treasurer Phil Swaim, Director Rob Draper, Director Todd Jackson, Director Sally Fernandez, and Director Vance Falbaum

Directors Absent: Director Judy Rich

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

2. CONSENT AGENDA

- a. APPROVAL OF MINUTES:** Approve the minutes of the Board of Directors regular meeting held on January 24, 2021.
- b. APPOINTMENT OF ADVISORY COUNCILS:** Adopt Resolution No. 2022-07 approving the recommended appointments to the TAA Advisory Councils for 2022.
- c. PSPRS PENSION FUNDING POLICY FOR FY 2022:** Adopt Resolution No. 2022-08 adopting the TAA policy on funding pension obligations under the Arizona Public Safety Personnel Retirement System for FY2022.

MOTION BY Treasurer Swaim, SECONDED BY Director Falbaum, to APPROVE the Consent Agenda. The motion carried by the following vote:

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

Nays 0

3. BOARD CHAIR REPORT

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

Chair Dusenberry reported that the TAA, like many employers in the region, is experiencing challenges in talent acquisition and retention due to competition and retirement. He highlighted some of the recent key hires:

- ➔ Becca Cammack, Sustainability Manager
- ➔ Javier Puentes, IT Application Design/Systems Administrator
- ➔ Emin Aydin, Manager of Concessions and Ground Transportation
- ➔ Natasha Barden, Ground Transportation and Concessions Coordinator
- ➔ Burt Resimont, Compliance Audit Administrator

The TAA has 221 employees and approximately 30 vacancies in various stages of recruitment.

It was announced on March 29 that Flair Airlines will begin air service later this year to and from several destinations in Canada. Chair Dusenberry thanked the staff members who were involved in the development, and everyone who attended the event on March 29.

4. PRESIDENT/CEO REPORT

President/CEO Danette Bewley reported on the following:

a. State of the Industry | Update

- ➔ The Transportation Security Administration (TSA) has extended the mask mandate through April 18. There is no certainty whether the mandate will be extended beyond that date, but airline CEOs are pressing the administration to end the mandate.
- ➔ Fitch reported that U.S. airports recovered 71% of pre-COVID passenger levels during 2021. TUS is slightly above the national average at 85%, which is due primarily to Tucson being a strong origin and destination market. It is difficult to forecast due to air carriers unwilling to make long-term commitments. Their uncertainty is driven by the uncertainty of

international events such as the war in Ukraine and its impact on the price of oil and supply chains. Fitch projects the nationwide recovery will remain at around 83% through 2022, with full recovery in 2024-25.

- ➔ A ribbon-cutting ceremony was held yesterday at the new fuel farm. This facility represents a \$29M investment made by the airlines at TUS. VIPs from across the country attended the event. Staff is receiving calls from other airports to ask how this project came to fruition. An article regarding the event was included in the agenda packet.

5. ACTION ITEMS

a. **THREAT CONTAINMENT UNIT – BUDGET AMENDMENT:**

Executive Vice President/COO Bruce Goetz presented.

TUS has been adding to its public safety department during the past several years. Major initiatives include:

- ➔ Establishing three K-9 units, with the dogs receiving training to locate explosive devices;
- ➔ hiring a police officer who is certified in explosive ordinance detection; and
- ➔ Acquiring a robot for the technician to use in handling explosive devices.

A critical component that is missing is a containment unit to store and to quickly transport explosive devices once they are located. TUS was recently given an opportunity to purchase a demonstration unit directly from the manufacturer, resulting in significant cost savings. Staff is requesting approval of a budget amendment to purchase the unit.

There was no Board discussion.

MOTION BY Director Fernandez, SECONDED BY Secretary Hammond, ADOPT Resolution No. 2022-09 authorizing the President/CEO or her designee(s) to purchase a Threat Containment Unit for TAA Police Department use. The motion carried by the following vote:

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

Nays 0

b. FEDERAL INSPECTION SERVICES – BUDGET AMENDMENT:

Vice President/CCO John Voorhees presented.

Staff is requesting approval to expend funds to complete upgrades to the Federal Inspection Services (FIS) station and the outbound baggage system. These upgrades are necessary to prepare for an increase in international service once Flair Airlines begins operating at TUS. The costs for the projects are \$1M to upgrade the FIS station, and \$500K to upgrade the outbound baggage system. A complete breakdown of cost estimates was included in the Board memo.

BOARD DISCUSSION:

- ➔ **One of the projects was already in the CIP for next fiscal year. This is merely accelerating the process.**
- ➔ **With nationwide supply chain problems, are there any concerns about being able to complete the upgrades in time?** Vice President/P&E Mike Smejkal stated that the contractors should have all the materials necessary to complete the project, though there may not be as much of a selection of styles as is preferable. The primary materials are drywall, carpet, and paint.

President/CEO Danette Bewley stated that TUS will be the first airport in the United States to have Canadian pre-clearance. This means travelers entering Canada on a flight originating from TUS will have already been inspected and approved by Canadian customs prior to boarding. This is possible through an agreement between the United States and Canadian governments.

MOTION BY Director Falbaum, SECONDED BY Director Jackson, to ADOPT Resolution No. 2022-10 authorizing the President/CEO or her designee(s) to adopt a budget amendment for the refresh of the Federal Inspection Station and outbound baggage system overhaul. The motion carried by the following vote:

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

Nays 0

c. RENTAL CAR – AGREEMENT EXTENSION:

Vice President/CCO John Voorhees presented.

The current rental car agency agreement expires at the end of July. As a result of flux in the industry due to COVID and technology upgrades, staff is proposing to extend the current agreement one year. This will give the rental car agencies time to examine fully the effects of COVID and technology upgrades to their business models. The rental car agencies support the extension.

BOARD DISCUSSION:

- ➔ **Requested clarification on how the rental car revenues are calculated under the agreement.** Vice President/CFO Kirk Eickhoff explained that there are two variables which together determine the amount of revenue the TAA collects:

- The number of slots the agency leases; and
- A percentage of the agency's gross revenue.

Even though car volumes have decreased, revenues from rental cars are higher than they were pre-COVID due to rate increases. The revenue has the potential to decrease due to the lower volume, but this is one of the issues that will be studied during the extension.

- ➔ **As rental car companies transition their fleets towards electric vehicles, has there been any discussion as to which entities will bear the cost of upgrading the infrastructure?** Voorhees stated that he has had discussions with the rental car agencies, and that he has researched what other airports are doing. There is no uniform standard. Business and Commercial Development will work with Finance to determine the most financially feasible option that will ensure that companies which are electrifying their vehicle fleets are paying for the infrastructure to support the change.

MOTION BY Treasurer Swaim, SECONDED BY Director Draper, to ADOPT Resolution No. 2022-11 authorizing the President/CEO or her designee(s) to execute a one-year extension of the rental car lease and concessions agreements with the Avis/Budget, Hertz/Dollar, and Enterprise/National/Alamo rental car companies. The motion carried by the following vote:

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

Nays 0

6. DIVISION UPDATES

a. BUSINESS AND COMMERCIAL DEVELOPMENT:

1. Project Payload | Update

Vice President/CCO John Voorhees reported the following:

In January, the Board approved business terms to lease a TAA-owned parcel south of Aerospace Parkway to a local company for the purpose of testing rocket engines. Staff had addressed concerns raised by the Board regarding rocket noise affecting the adjacent Summit neighborhood, as well as issues related to financing. The project was submitted to the Federal Aviation Administration's (FAA's) Airport District Office (ADO) for approval. The ADO notified the TAA last month that it would oppose the use of this parcel. Their primary concern is that the TAA used monies collected through Passenger Facility Charges (PFCs) to purchase the property. PFCs are related to the development of the airport, and staff believed that this was a compatible use for developing the parcel. However, the ADO views the purchase as a non-aeronautical, non-airport related development.

The TAA has the option to sell the property to the company and reimburse the PFCs, but staff feels this would not be beneficial to the TAA.

An alternate parcel was identified that was purchased with a different funding source, and staff will seek approval from the ADO to lease this parcel to the company.

This situation illustrates the difficulties in obtaining approvals from the FAA due to staffing shortages and lack of clarity regarding their review standards. Voorhees committed to keeping the Board informed of future developments.

President/CEO Danette Bewley added that the U.S. Congress will consider legislation next year to extend the FAA's authorization. The TAA will advocate for the addition of language that protects airports and directs the FAA to complete its reviews within specified timeframes.

BOARD DISCUSSION:

- ➔ **As a workaround, could the TAA sell the land back to itself using other funds?** Vice President/CFO Kirk Eickhoff stated that staff is looking into whether this is a viable option.

Vice Chair Silvyn left the meeting at 3:41 p.m.

2. Air Service | Update

Senior Director of Air Service Development David Hatfield reported the following:

- ➔ Air service continues to be strong, with planes averaging 95% capacity.
- ➔ American will offer one daily nonstop flight to Chicago during the summer months. Southwest will offer service to Chicago Midway on Saturday only.
- ➔ American is adding an additional flight to Dallas/Ft. Worth. This route will have seven nonstop flights per day.
- ➔ The number one market in terms of load factor for the third quarter was Atlanta.
- ➔ There is a possibility that American will bring back nonstop service to Charlotte.
- ➔ The pilot shortage and fare increases are hampering efforts to increase air service.

b. FINANCE AND REGULATORY ADMINISTRATION:

Vice President/CFO Kirk Eickhoff reported the following:

- ➔ Landed weight and passenger volumes are running under budget due to the continuing effect of COVID-19 and the lull in post-holiday travel.
- ➔ When comparing seats per departure, the percentage decrease in average daily seat capacity is less than the decrease in average daily departures. This is due to the upsizing of some aircraft.
- ➔ The average load factor for the five months year to date was 82%; however, if the significantly low January statistics are taken out of the calculation, the load factor is closer to 87% (+3% higher than FY2020).
- ➔ Operating expenses and revenues are trending close to budget despite the decrease in passenger activity. This is due to an increase in per-passenger spending on concessions (food, beverage, news, and gifts) and receipts from rental car transactions.

c. OPERATIONS

Executive Vice President/COO Bruce Goetz presented the following:

TUS underwent its annual FAR (Federal Aviation Regulations) Part 139 inspection in March. This was the first completely in-person inspection conducted since 2019. There were three minor write-ups:

1. A crack in the safety area widened from two inches to three inches;
2. A sign in the safety area did not have a frangible base; and
3. One of the fueling companies—an airport tenant—was six days out of compliance with their annual training requirements.

Corrections will be completed within the next two months. The inspector was extremely complimentary of the airport and staff.

d. PLANNING AND ENGINEERING:

Vice President/P&E Mike Smejkal presented the following:

- ➔ The DBB1 (Design-Bid Build 1) project to construct the end-around taxiway is well underway, with completion anticipated in early 2023. The first set of pavements was opened recently.
- ➔ Staff is working with the FAA to award the next major project: CMAR (Construction Manager at Risk). This phase will involve constructing the outboard parallel taxiway.
- ➔ Escalations in building materials, supply chain issues, and higher fuel prices are adding to the construction costs. Still, staff anticipates that they will be able to complete most of CMAR during FY22, and they also anticipate completing some alternate projects using the FAA’s unused grant funds left over towards the end of the fiscal year.

7. NEXT MEETING

Wednesday, June 1, 2022 | 3:00 p.m. | Remote participation via Microsoft Teams

8. ADJOURN

There being no further business to discuss, Chair Dusenberry adjourned the meeting at 4:10 p.m.

APPROVED BY:

Prepared by:

Michael S. Hammond, Secretary

Byron M. Jones, CMC, TAA Clerk

Date: _____

Date: _____

Date: June 1, 2022

To: Board of Directors
From: Danette Bewley, President/Chief Executive Officer
Re: TAA Strategic Plan 2.0 | Quarterly Update

The TAA team is in implementation mode for Strategic Plan 2.0, adopted by the TAA Board of Directors on September 1, 2021. During the 2nd quarter of FY22, there is notable progress toward the established goals, which is outlined on the attached report. In this regard, I want to highlight a few specific items:

- **Accelerate Performance**
 - Acquired new training software to assist in growth of internal talent.
 - Completed workforce planning analyses of the Police Department, including the Airport Communications Center, and the Airside Operations Department.

- **Expand Prosperity**
 - New international air service was announced; Flair Airlines plans to commence international nonstop service to five Canadian destinations in winter 2022.
 - Regulatory processes to comply with the National Environmental Protection Act (NEPA) for TAA land development surrounding TUS have begun; specifically, work is underway with the Federal Aviation Administration (FAA) for Sonoran North and Country Club Extension, which will clear 800 acres for development.

- **Upgrade to First Class Systems and Efficiencies**
 - Sustainability Manager has been hired and Request for Qualifications for Sustainability Master Plan has been advertised.
 - The TAA Team continues to update TAA Standard Operating Procedures (SOPs).

- **Create TAA External Champions**
 - Finalized new “Nonstop for Tucson” video campaign
 - Member and Community Surveys have been developed and are in the final review phase. The surveys will be kicked off on June 3, after the All Member Gathering.

I appreciate the Board’s continued support as we execute Strategic Plan 2.0.



TAA PLAN







ACCELERATE PERFORMANCE

Goal	Owner	Q...	Q1 '22	Q2 '22	Q3 '22	Q4 '22	Q1 '23	Current Co...	Board Update	
Drive Performance Management	Twyla Salaiz							On Track	<p>NEW Twyla Salaiz: As of January 31, all employees have performance goals in BambooHR and leaders are conducting one-on-ones with all direct reports. We have confirmed with employee surveying that these meetings are providing meaningful feedback, resources, and support. To help leaders provide focused performance development conversations, 58 supervisors, managers, directors, and VP's and our CEO completed Situational Leadership in 30 days. This leadership development blitz was Situational Leadership, a full day course facilitated by certified TAA VP's and People Operations Leaders. Our focus now is employees updating goal progress for mid-year. <i>05/13/2022</i></p>	
Target growth of internal talent	Twyla Salaiz								On Track	<p>NEW Twyla Salaiz: To meet employee development needs, we are converting from a safety focused learning management system with limited content to Udemy. The new system, Udemy, offers 6300 courses enabling us to create Learning Pathways in skill areas such as IT Security, MS Office, Project Management and other skill areas. The system also enables us to load TAA developed courses to support our Operations organization and overall TAA organizational learning. In conjunction with the new learning management system, we are developing the TAA Learning Strategy. This process identifies learning needs across the organization to influence system wide and cross-division development needs, continuing hire education requests, and learning path creation. All employees will have growth opportunities related to their role and TAA can financially plan as well as make strategic talent development decisions. As an additional employee benefit that is no additional cost, employees can access the system outside of working hours for personal development classes. <i>05/13/2022</i></p>
Implement Workforce Planning	Twyla Salaiz							On Track	<p>NEW Twyla Salaiz: The workforce planning focus for this quarter has been Workforce Analysis and Organizational Design. The workforce analysis has focused on three Operation's departments; Police, Airside Operations, and Airport Communication Center. The analysis determined the appropriate staff count, thresholds of overtime/vacation use challenges, and leaders covering shifts for team members in excess. The organizational design work focused on the Marketing, Communications, and External Relations department. The plan reorganizes how the work gets done and create a career path for team members to grow their career. As we look into the next quarter, Succession Planning will be revisited and High Potentials will be identified. <i>05/13/2022</i></p>	

EXPAND PROSPERITY

Goal	Owner	Q...	Q1 '22	Q2 '22	Q3 '22	Q4 '22	Q1 '23	Current Co...	Board Update
Increase Air Service Development Activity	John Voorhees							On Track	<p>NEW John Voorhees: TUS passenger activity is hovering between 85% and 88% of 2019 levels as of March. We expect to stay near that level for the next few months as we remain capacity constrained, based on carriers' operational challenges that they are still working to resolve.</p> <p>05/13/2022</p>
Execute New Airline Use Agreement (AUA)	Kirk Eickhoff							On Track	<p>NEW Kirk Eickhoff: TAA has laid the foundation for negotiating the agreement and is in general alignment for the nature and direction of a new agreement. However, multiple vacancies on the finance team combined with bandwidth requirements for the FY2023 budget preparation have temporarily stalled the development of an initial proposal. Substantive work is not likely to resume until the FY2023 budget is complete. Given the overall timeline and foundation built, the overall timeline is not yet in jeopardy.</p> <p>05/17/2022</p>
Progressive Commercial Development Of TAA Land	John Voorhees							On Track	<p>NEW John Voorhees: TAA staff continues to prepare land for the market. Planning and Engineering has submitted 800 acres of aeronautical and non-aeronautical land for a NEPA (National Environmental Protection Act) review to the FAA. The environmental assessment of the land should be completed in one year however can take up to 18 months. The northern section of that land is part of the Sonoran Commerce Center (Sonora North). TAA has engaged a developer to build logistics related facilities on the land. TAA Business and Commercial Development (BCD) has been approached by a second company that desires to develop the land known as Sonora West (south of Raytheon Technologies). The company wishes to develop the entire 500-acre parcel. The conversation is in its infancy and will require a NEPA review as well. The interested company is willing to sign a Letter of Intent to secure the land.</p> <p>The Air National Guard (ANG) is building a commercial hangar on the south side of the airfield to replace the hangar near Park and Valencia Ave (formerly known as the Aerovation hangar). The Aerovation hangar is being demolished to make way for the new Morris ANG Base entry control facility (Main Gate). The Aerovation company is ceasing operations in June and will no longer need the replacement hangar. TAA BCD will release a Request for Proposal (RFP) to seek an appropriate tenant for the new hangar. There are several interested parties.</p> <p>TAA staff continue to work with the FAA Airports District Office (ADO) to bring land through the federal approval process to bring the land to market. The ADO released 100-acres of TAA to be developed near Swan Road. That land required no federal action to release and is ready for sale or lease. For land that does require a federal action, TAA will need to produce detailed drawings to show the type of development that will take place in order for the FAA to approve any action. While this is seemingly understandable for federal review it is difficult to accomplish on speculative land development. This process has slowed TAA's marketing plan progress considerably. TAA may also need to commit funds to produce engineering drawings suitable for federal review. TAA and the ADO have been working well to determine a cost (and time) effective path forward.</p> <p>05/13/2022</p>

UPGRADE TO FIRST CLASS SYSTEMS AND EFFICIENCIES

Goal	Owner	Q...	Q1 '22	Q2 '22	Q3 '22	Q4 '22	Q1 '23	Current Co...	Board Update
Update and Refine IT and Marketing Functionality	Bruce Goetz							Complete	<p>NEW Bruce Goetz: Realignment of the Air Service Development team to the Business and Commercial Development group is complete. 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. 01/12/2022</p>
Critical System (Technology) Upgrades	Bruce Goetz							Complete	<p>NEW Bruce Goetz: Installation of Microsoft TEAMS equipment for online collaboration is complete. Additionally, new network printers have been installed in all employee areas and project is complete. 05/13/2022</p>
Focus on Documentation	Bruce Goetz							On Track	<p>NEW Bruce Goetz: Teams are continuing their documentation of critical systems and creating Standard Operating Procedures. 05/13/2022</p>
Embrace Sustainability	Bruce Goetz							On Track	<p>NEW Michael Smejkal: Sustainability Manager started with TAA on April 4th. Manager meeting with individual departments and TAA tenants to begin baselining existing programs. RFQ for Sustainability Master Plan to be advertised in late May. 05/11/2022</p>

CREATE EXTERNAL TAA CHAMPIONS

Goal	Owner	Q...	Q1 '22	Q2 '22	Q3 '22	Q4 '22	Q1 '23	Current Co...	Board Update
Expand TAA Marketing Campaign	Danette Bewley							On Track	<p>NEW Jessie Allen:</p> <p>Through numerous publications, advertisements and sponsorships of community events, the TAA has continued to promote TUS as an integral part of the region's tourism network. With the end of the mask mandate, messaging throughout marketing collateral was updated to reflect a change in consumer sentiment about travel; messaging now reflects the attributes of utilizing TUS versus a sole focus on the airport being clean and safe. Through a quarterly analysis with our media consultant, media impressions continue to show a year-over-year increase on all paid platforms, including social media, digital display ads, spot radio and YouTube. We are in the process of finalizing the next video commercial installment of the "Nonstop for Tucson" campaign along with a new radio advertisement. To continue building momentum on the recognition of TAA/TUS/RYN, Marketing is negotiating the continuation of long-term partnerships with Sun Tran/Sun Link and billboards along I-10 in Eloy.</p> <p>05/11/2022</p>
Community Advocacy -	Danette Bewley							On Track	<p>NEW Jessie Allen:</p> <p>Collaboration with TAA Board Chair and Vice Chair on the questions to be included in the TAA Membership Survey is ongoing. The survey questions are in a final review process, and the intent is for the survey to be sent out to Active and Emeritus Members in June 2022. Upon completion of the survey period, NuPoint will consolidate and analyze the data to provide TAA a full report to determine the "Membership Value Proposition." This will then lead to the development of a Board and Member Advocacy Plan that will baseline expectations of the membership with Board support.</p> <p>The Community Survey is also in the development phase. We are in the process of garnering internal feedback. Upon survey approval, the survey will be implemented by NuPoint during summer 2022 over a two month period to ensure enough of our community feedback is captured. By next quarter, progress should be made on developing a "Community Value Proposition" that will assist in the development of marketing messages that reflect community sentiments.</p> <p>Danette Bewley continues to conduct presentations to numerous organizations throughout the region. As the summer begins and meetings slow, an external relations outreach plan will be developed for Fall 2022, which will assist in the outreach desired ahead of the TAA's 75th Anniversary.</p> <p>05/11/2022</p>
TAA Membership and Board Advocacy	Danette Bewley							On Track	<p>NEW Jessie Allen:</p> <p>As stated above, both the Membership and Community surveys are close to being finalized and approved. Both surveys will be sent out to its respective audiences by summer 2022. Value Propositions will be developed once the data is analyzed. NuPoint Consulting continues to be our partner through the process.</p> <p>05/11/2022</p>

Responsibility for the messages sent and how it is received. Providing clarity, transparency, and consistency in the flow of information both written and verbal.

IF PRESENT

Everyone is responsible for the messages they send and how they are received. Assumes positive intent and asks questions, rather than interpreting. Ensures clarity, transparency and open/consistent flow of information in a timely manner.

Communication includes mastery of written and verbal messages, facilitation of group discussions, and knowing how to utilize appropriate mechanisms to send and receive information. Content is reflective of the Guiding Principles and Cultural Fundamentals.

IF ABSENT

Confusion on expectations and accountabilities; poorly informed organization that does not understand priorities and is surprised by information they did not know. Culture of gossip and backdoor discussions, workforce of cliques with those in the know and those who are not. Poor content quality, and tribal knowledge instead of documented procedures and best practices that drive excellence.

APPLIES TO ALL

Self

Clarity in verbal and written communication, keeps others informed and documents individual work and best practices. Doesn't speculate about other employees or organizational change. Uses standard tools and protocols to produce timely, professional, and accurate information that is consistent with the TAA brand.

ROLE-BASED AND AN EMPLOYEE CAN HAVE MULTIPLE APPLY

Project/System Manager

Creates opportunities for the group to communicate that is timely, informs stakeholders on status and challenges, tracks progress visually using project management tools, and provides clear information to impacted groups. Manages information with the appropriate level of confidentiality. Makes clear requests for information and seeks to understand all perspectives.

People Manager

Holds regular 1:1's with individual team members regarding tasks, performance, and development while building the relationship. Flows information to team and advocates on behalf of the team to the organization.

Provides clarity on roles, responsibilities, expectations, and deliverables. Links individual work to the Strategic Plan and Cultural Fundamentals. Documents performance and goals. Discourages gossip about other employees. Is transparent about organizational directives, eliminating rumors when all facts cannot be revealed.

Organizational Leader

Flows information to the organization with transparency and consistency. Leverages communication to prepare the organization, link divisions, and execute the Strategic Plan. Utilizes tools and protocols to create urgency and drive action. Ensures that communication and informational protocols are linked throughout the organization and that processes are documented.

Colleague and ally with a common cause where each person has equal status but may bring different skills, expertise, and knowledge.

IF PRESENT

People feel engaged and valued as partners in a common cause. Different skills, perspectives, and expertise are recognized and utilized. Teaming occurs naturally and for the good of organization. Employees feel they have a voice in making things better. There is no sense of the “haves” and “have nots” or that management is better and more valued than individual contributors.

IF ABSENT

Believes my way is always right, focuses on the “I” and not the “We”, and does not build or value equitable relationships. Results in a disengaged organization seeking power, or frustrated by the lack of it, and tends to blame others or the “leadership”.

APPLIES TO ALL

Self

Respects the value of interdependency and teamwork. Focuses on relationship building as much as driving a task. Works to build equitable relationships that invite others to bring their knowledge and expertise to bridge gaps and accomplish tasks at a greater capacity than what can be accomplished individually.

ROLE-BASED AND AN EMPLOYEE CAN HAVE MULTIPLE APPLY

Project/System Manager

Attracts and engages a project team with individuals who are best suited for the project mission and care about the goal. Delegates effectively without authority, focuses as much on relationships as on tasks, and considers downstream as well as organizational implications and connections with others that must be made to ensure success.

People Manager

Creates the environment for team success through delegation, builds inclusive teams, leverages diversity for great solutions, enables and celebrates high performance. Creates a customer service and community mindset for the team and organization. Is very attentive to the needs and ideas of others and acts more as a coach than as a boss.

Organizational Leader

Effectively collaborates across functions and with the CEO to create teams and partnerships to fulfill TAA’s mission consistent with the Guiding Principles and Cultural Fundamentals. Links TAA strategies to team and individual work, inviting engagement across the organization. Has regular 1:1s and team explorations within and across teams. Establishes relationships with most employees.

Giving trust and assuming positive intent. Empowering team members and being confident in our workforce and the actions of the organization. Solutions are good solutions regardless of the source.

IF PRESENT

Employees trust themselves, each other, and their leadership. They trust in the direction of the organization. Team members are viewed as trustworthy and operating with integrity. Team members assume positive intent and hold others capable. They give trust in order to get trust. Work flows effectively through the organization and people thrive in a culture of connected trust. People feel empowered to bring their best to work. Solutions are viewed as good solutions without bias.

IF ABSENT

Trust is withheld and replaced with suspicion and skepticism. Delegation is limited and mistakes are viewed as transgressions rather than opportunities for learning. Team members don't feel trusted or appreciated so they disengage or act in passive-aggressive ways, blaming others because they feel blamed. Innovation does not occur because people don't feel trusted to engage. Organizational attrition.

APPLIES TO ALL

Self

Displays confidence in self and the work of others. Views team, manager, leader, and organization as fair. Behaves in ways that builds trust with others such as keeping commitments, keeping others informed, and operating with credibility and reliability. Exhibits courage in addressing conflict and concerns directly with peers rather than telling others without communicating to the source. Shows care for others and is viewed as capable, kind, empathetic, and respectful.

ROLE-BASED AND AN EMPLOYEE CAN HAVE MULTIPLE APPLY

Project/System Manager


Trusts in the validity of the project and in the assembled team. Models trustworthy behaviors by keeping confidences and advocating for others. Confidently delegates tasks. Builds trust through thoughtful engagement, shows care for team members, follows through on commitments and is reliable.

People Manager

Establishes confidence among team members that "we have each others' backs". Spends time on task AND relationship during 1:1s and within the team. Thinks of employee's needs and what they need to be successful. Operates with transparency, engaging others' ideas, holds team members accountable, and delegates with confidence. Empowers and accepts, provides constructive feedback and support if outcomes are not 100% successful. Acts in a consistent manner so that others trust in the manager's leadership.

Organizational Leader

Exhibits confidence in the mission, values, and fairness of policies. Always acts with integrity, internally, with customers, and within the community. Spends time walking the halls, getting to know all organizational members, listening and building trust through positive connection. Spends time equally, building mutually supportive relationships in the industry and the community.



Working Nonstop for Tucson

Discover how the airport helps the economy and community take off

By Danette Bewley, President & CEO at Tucson Airport Authority

When people think about an airport, they are usually just focused on where they are going. Tucson International Airport (TUS) is so much more than a transportation hub. Our airport is the equivalent of a self-sufficient small city—complete with police and fire, major employers, and commercial real estate development. It is one of the largest economic drivers not only for this region but for the entire state.

From a history of firsts, TUS continues to build its legacy of creating economic prosperity and exceptional service for this community. But we all play a key role in fueling that success every time we fly to or from Tucson.

Ready to take flight

In 1919, Tucson built the first municipal airport in the country, originally located on the Nogales Highway, which is the site of today's Tucson Rodeo grounds. By the 1930s, Tucson Airport was the largest municipal airport in the nation. Today, TUS and Ryan Airfield (RYN), our general aviation airport, cover more than 10,000 acres of land with 8,282 acres of that at TUS.

Since those early days, the Tucson Airport Authority (TAA), a nonprofit created by the state of Arizona in 1948 to manage, maintain and develop TUS and RYN, has steered the successful growth of the airport. This has included continually increasing air service, providing exceptional customer service and safety, improving, and expanding airport facilities, and managing major land assets that are home to significant operations, such as Raytheon Missile Systems, Bombardier Aerospace, Federal Express and Pima Community College, and through-the-fence operators, such as the Arizona Air National Guard's 162nd Wing, among others.

TAA does all of this without receiving any local tax dollars.

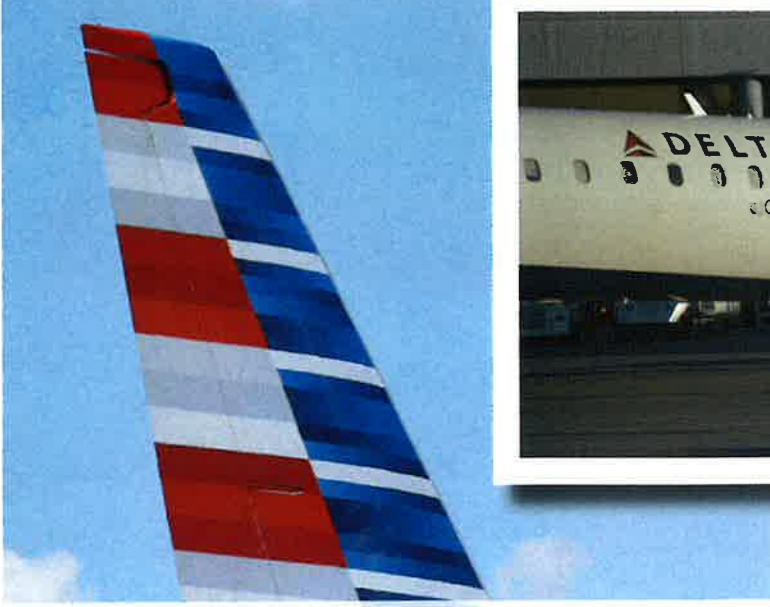
In studies conducted in 2017 by Elliott D. Pollack & Company, and in 2019 by the Arizona Department of Transportation, the total economic impact of TAA increased from \$7.4 billion to \$8.3 billion, up nearly \$1 billion or a significant 12%. (Note: Since these statistics are pre-pandemic, we will need to baseline the study to validate our economic impact post-pandemic.)

That growth is indicative of TAA's strong commitment to this community and its high-energy efforts on multiple fronts. This dedication is reflected in the airport's current marketing campaign, "Nonstop for Tucson," encompassing all areas from flight operations to community service to economic development. From billboards along the I-10 in Eloy reminding people to "fly right from home" to radio and broadcast television, we are committed to advocating for our beloved TUS.

Beyond the skies

TAA's contributions as an economic engine go beyond the skies. Launched in October of 2021, the TAA has developed a Commercial and Industrial Business Implementation Plan that provides insight into a sustainable path to alternative revenue streams by leveraging undeveloped land at both TUS and RYN. Undeveloped land surrounding TUS is a valuable asset in building a center for excellence in Southern Arizona, close in proximity to not just the airport but also interstates 10 and 19, the proposed Sonoran Corridor, Union Pacific Railroad and the Port of Tucson. This land will be extensively marketed as the Sonoran Commerce Center and is the overall effort to attract key industries: manufacturing and supply chain, retail and office space, warehouse and distribution, and aerospace and defense.





Fly TUS

TAA's growth is driven by a variety of factors; the major factor is air service (most of the revenue stream is derived through the airlines, which provide the resources to fund aeronautical and non-aeronautical projects, programs, and initiatives). Currently, six airlines serve TUS with 18 nonstop destinations and more than 320 airports are served from TUS with a one-stop connection. Our efforts to add more airlines, flights, and frequencies to more destinations are truly nonstop, and Tucson is a strong market. But it is not as simple as it might seem. The airlines make these decisions to expand air service by the numbers, which must make strategic sense for them in terms of profitability, resources, and staffing. What can everyone do to help? Fly TUS. That part is simple. The more demand we can show to the airlines, the more leverage it gives us to attract additional carriers and flights.

Community involvement

In addition to directly propelling the regional economy, TAA supports a wide variety of community efforts, including scholarships to Pima Community College's nationally recognized aviation program. The TAA has also developed partnerships with the Tucson Roadrunners, FC Tucson, and Sunnyside Foundation, among others, while also sponsoring community events throughout the region. In addition, the TAA coordinated with the Arizona Department of Health Services, Pima County Health Department and Paradigm Labs to continue free COVID-19 testing within the terminal—an initiative that made TUS the first airport in the state to offer free testing for passengers and the surrounding community.

Throughout the pandemic, TUS has been here for the community, providing everything from exceptional safety precautions to onsite vaccinations and testing. TUS was only the fifth airport in the world to earn the Global Biorisk Advisory Council's accreditation for meeting its rigorous standards. Our efforts in that area included installing UV equipment to sanitize escalator and moving walkway handrails and toe-tap buttons for touchless use of the elevators, upgrading to the highest-level HEPA filtration in the HVAC system, changing to hospital-grade cleaning products, improving cleaning equipment to provide more frequent sanitation, and adding plexiglass barriers at all transaction counters.



Flying into the future

TAA is also working nonstop to improve its infrastructure. Currently, TAA is in the midst of the largest airfield project in its history. The estimated \$350-plus million Airfield Safety Enhancement (ASE) Program is designated by the Federal Aviation Administration (FAA) as a “safety and standards” project. This project will modernize a significant portion of the airfield, which includes a new relocated parallel runway, new or upgraded taxiways and connector systems, and upgrades to airfield geometry and navigational equipment to new FAA standards. An added benefit of the ASE is the additional redundancy provided by a second parallel runway, which will serve the region for decades into the future. This project is funded through a combination of federal, state, MILCON (through the Arizona Air National Guard), and TAA funding.

While the past two years have not been easy for our community and the aviation industry, I am proud of the continued legacy and impact our airport system has. Our priorities will continue to remain focused on safety, security and customer service, the restoration and attraction of new air service options, and to increase economic development while we continue to navigate the prolonged impacts of the pandemic. Recovery, or at least a new sense of normalcy, is in sight, and with the continued support of our community, we will emerge stronger as we work “Nonstop for Tucson.” We look forward to celebrating our 75th anniversary in 2023 and plan to include our entire community.

TAA continues to grow and support every sector of this community. Together, we can make it even better. I urge everyone to support our airport by flying TUS. Each seat flown from TUS benefits everyone here. When our airport thrives, the community thrives. Nonstop.



NONSTOP FOR TUCSON

LANDING PROSPERITY IN SOUTHERN ARIZONA

As an economic engine, Tucson International Airport (TUS) is home to businesses large and small, with thousands of employees generating an economic impact that benefits us all. More than an airport, TUS is working nonstop to be a catalyst for prosperity.

TUCSON
INTERNATIONAL AIRPORT





FOR IMMEDIATE RELEASE:

May 16, 2022

Press Contact:

Jason Johnson – 202-580-5289

Rep. Grijalva Announces \$18 Million in Department of Transportation Funding for Tucson International Airport

TUCSON, Ariz. – Rep. Raúl M. Grijalva today announced \$18 million in federal funding from the Department of Transportation for Tucson International Airport. The funding will be used to shift or reconfigure an existing runway.

“Tucson International Airport serves as an important transportation hub for millions of passengers each year,” **said Rep. Grijalva.** “This federal funding will help Tucson International Airport maintain its excellence in service and safety for those who travel to and from our beloved community by updating critical airport infrastructure. I’m proud to support this project and funding and will continue my work in Washington to ensure our airports can meet the needs of our community and visitors.”

“We appreciate the advocacy and support from Congressman Grijalva and our elected representatives who supported funding for our Airfield Safety Enhancement (ASE) Project,” **said Tucson Airport Authority President and CEO Danette Bewley.** “This funding will allow the Tucson Airport Authority (TAA) to continue progression with the largest airfield project in the history of the Tucson International Airport (TUS).”

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OFFICE OF THE ARIZONA ATTORNEY GENERAL
SOLICITOR GENERAL'S OFFICE
GOVERNMENT ACCOUNTABILITY UNIT

MARK BRNOVICH
ATTORNEY GENERAL

KATHERINE JESSEN
ASSISTANT ATTORNEY GENERAL
PHONE NO.: (602) 542-3333
OMLETINFO@AZAG.GOV

April 14, 2022

Via Email & By Certified Mail, Return Receipt Requested

Pima County Community College District
c/o Susan Segal, District Counsel
Gust Rosenfeld
One E. Washington, Suite 1600
Phoenix, AZ 85004
spsegal@gustlaw.com

Re: Open Meeting Law and the Pima County Community College District

Board Members and Ms. Segal:

As you know, the Office of the Attorney General (the "Office") received a self-reported complaint alleging that the Pima County Community College District Governing Board (the "Board") violated Arizona's Open Meeting Law. The Office has concluded its review of the Board's self-reported complaint, and the Board's responses to the Office's request for additional information. As discussed below, the Office has determined Board Members Maria Garcia and Luis Gonzales violated the Open Meeting Law for two reasons. First, Ms. Garcia and Mr. Gonzales sent multiple email communications (collectively the "Email Communications")¹ that were addressed to a quorum of the Board and proposed legal action. *See* Board's July 29, 2021 Response ("Board's Response") at 1-4. Second, Ms. Garcia and Mr. Gonzales individually and collectively violated the Open Meeting Law by disclosing confidential executive session information to a third party that was not authorized to receive such information pursuant to A.R.S. § 38-431.03(B), (F). This disclosure of executive session information occurred in two separate instances: first, in the September 14, 2020 memorandum discussing "Diversity, inclusiveness and social justice,"² and second, the June 21, 2021 memorandum discussing the termination of a District employee.³ Each of these instances disclosing executive session information constitutes an Open Meeting Law violation.

¹ These emails are included in the July 29, 2021 Board's Response at 2-4 and the Board's April 6, 2022 Supplemental Response.

² *See* Board's Complaint at 3-4.

³ *See* Board's April 6, 2022 Supplemental Response Attachment 4 Metadata Screenshot.

The facts recited in this letter serve as a basis for this conclusion, but are not administrative findings of fact and are not made for purposes other than those set forth in A.R.S. § 38-431 *et seq.*

Violation for Email Communications Sent to A Quorum of the Board

The Board's outside counsel filed a self-reported complaint that listed multiple email communications sent by Board Members Garcia and Gonzales that (1) were sent to a quorum of the Board and (2) expressed their opinions on matters that would foreseeably come before the Board for discussion and final legal action. Specifically, the Board's Complaint identified 8 email communications that were sent to a quorum of the Board that violated the Open Meeting Law. *See* Board's Response at 1-4; Board's Supplemental Response Attachment Titled December 6, 2021 Letter to General Counsel.

Under the Open Meeting Law, a "meeting" includes "[a] one-way electronic communication by one member of a public body that is sent to a quorum of the members of a public body and that proposes legal action;" it also includes an "exchange of electronic communications among a quorum of the members of a public body that involves a discussion, deliberation or the taking of legal action by the public body concerning a matter likely to come before the public body for action." A.R.S. § 38-431(4)(b). An email communication sent to a quorum of the public body that merely proposes that a matter be placed on a future agenda, *without more*, does not violate the OML. *See* Ariz. Att'y Gen Op. I05-004 at 9. However, where members of a public body "are parties to an exchange of e-mail communication that involve discussion, deliberations or taking legal action by a quorum of the public body concerning a matter that may foreseeably come before the public body for action, the communications constitute a meeting through technological devices under the OML." Ariz. Att'y Gen Op. I05-004 at 2; *see also* A.R.S. § 38-431(4).

Here, the Email Communications went beyond simply asking for a matter to be placed on a future Board agenda. Instead, the Email Communications expressed Ms. Garcia and Mr. Gonzales' opinions and interpretations on matters that would foreseeably come before the Board for future discussion or legal action. *See, e.g.*, June 21, 2021 Memorandum to General Counsel Jeffrey Silvyn (discussing that the termination of a District employee was improper and stating that they disagree with the Chancellor's decision).⁴ These Email Communications essentially invited the Board to engage in a non-public discussion of a matter that could foreseeably come before the Board for future legal action, and expressed far more than simply asking the matter to be put on an agenda for discussion at a future meeting. Ultimately, the contents of the Email Communications should have been properly noticed and added to a meeting agenda so that the Board could address these matters in an open, public meeting rather than through emails to a quorum of the Board.

The Board's Response notes that Ms. Garcia and Mr. Gonzales believe that the Email Communications are permissible under A.R.S. § 38-431.09(B), which in relevant part, permits an *individual* member of a public body to "express[] an opinion or discuss[] an issue" through technological means that may come before the public body at a future meeting so long as such "discussion is *not principally directed at or directly given to* another member of the public

⁴ Board's Supplemental Response Attachment 3.

body.” A.R.S. § 38-431.09(B)(1) (emphasis added). Further, this exception does not apply where there is “collective deliberation to take legal action.” *See id.* at (B)(2). Here, the Email Communications plainly do not fall within the scope of A.R.S. § 38-431.09(B) as they were addressed to and principally directed at a quorum of the Board. Additionally, the Email Communications consist of collective deliberations between Ms. Garcia and Mr. Gonzales that propose the Board take legal action on various matters. *See, e.g.*, September 14, 2020 Memorandum Addressed to the Remaining Board Members and Chancellor Lambert (proposing legal action by stating that the Board needs to review its diversity efforts).⁵ This conclusion is in keeping with the Legislature’s directive that the Open Meeting Law be construed in favor of open and public meetings. A.R.S. § 38-431.09(A). Accordingly, Ms. Garcia and Mr. Gonzales violated the Open Meeting Law by sending the Email Communications to a quorum of the Board.

The Board’s Response also included instances where District staff member Andrea Gauna was directed by Ms. Garcia to forward Email Communications to other Board Members. *See* Board’s Response at 2-4. By directing Ms. Gauna to forward these Email Communications to a quorum of the Board, Ms. Garcia violated the Open Meeting Law. *See* A.R.S. § 38-431.01(I).

Violation for Disclosure of Confidential Executive Session Information

Executive session minutes and the discussions held during executive session must remain confidential. *See* A.R.S. § 38-431.03(B), (F). The only persons that can receive executive session information are listed in A.R.S. § 38-431.03(B). Because executive session information is designated as confidential by statute, *see* A.R.S. § 38-431.03(B), (F), civil and criminal sanctions may apply due to its improper disclosure. *See, e.g.*, A.R.S. § 38-431.07; A.R.S. § 38-504(B); A.R.S. § 38-510.

Here, the metadata for the September 14, 2020 Memorandum (concerning efforts to diversify the District) and the June 21, 2021 Memorandum (concerning the termination of a District employee) both contain confidential executive session information. *See* Board’s Complaint at 5-6, Tab 9; Board’s Supplemental Response Attachment 3. The Board provided metadata for both the September 14, 2020 Memorandum and the June 21, 2021 Memorandum that shows that along with Ms. Garcia and Mr. Gonzales, a person called Soaring Hawk also authored and/or edited both of these memoranda. *See id.* As of the date of this letter, Soaring Hawk is not a current or former Board Member, and is otherwise not one of the persons or entities authorized to receive executive session information under A.R.S. § 38-431.03(B). *See* Board’s Complaint at 6.

Additionally, and of greater concern, it appears from the September 14, 2020 Memorandum and the June 21, 2021 Memorandum that members of the press and the public at large were copied on these memoranda. *See* Board’s Complaint at Tab 9 (addressing the memo to include “faculty, staff, student body, and county residents” among others); Board’s Supplemental Response Attachment 3 (“Our Constituents” listed as cc recipient). As stated above, confidential executive session information may not be released to any person or entity that is not listed in A.R.S. § 38-431.03(B). Because Ms. Garcia and Mr. Gonzales communicated

⁵ Board’s Complaint at 5-6, Tab 9.

and provided access to confidential executive session information to unauthorized persons, Ms. Garcia and Mr. Gonzales individually violated A.R.S. § 38-431.03(B), (F) for both the September 14, 2020 Memorandum and the June 21, 2021 Memorandum.

Remedy

To remedy this violation, the Office considered the readily available records documenting whether the Board has had any recent open meeting violations, the Board's responses and documentation, the nature and scope of the violations found herein, and that Board Members Garcia and Gonzales did not respond to or provide affidavits addressing the questions asked in the Office's March 24, 2021 inquiry letter.

Having weighed these factors, and in order to resolve this matter, the Office now requires that the Board and relevant District staff attend an Open Meeting Law training conducted by the Arizona Ombudsman-Citizens' Aide, another pre-approved organization, or a pre-approved attorney within sixty days of receipt of this letter. This Open Meeting Law training should emphasize the confidential nature of executive session materials and the implications of using email and other technological communications involving Board business. Evidence of completion of such training shall be provided to the Office to be kept on file.

Additionally, the Board must share the contents of this violation letter (excluding any executive session information) with the public at the next practicable public meeting. Any statement read to the public regarding this matter must be pre-approved by the Office. The Office has noted this occurrence as a violation, which will be considered in determining the response to any further Open Meeting Law violations by the Board and its current members.

Further, any subsequent Open Meeting Law violations by Board Members Garcia and Gonzales proposing legal action to a quorum of the Board via email, and/or the disclosure of confidential executive session information will be considered knowing violations pursuant to A.R.S. § 38-431.07(A).

This letter relates solely to the disposition of the aforementioned Open Meeting Law complaint; it is not a formal opinion of the Attorney General's Office and should not be cited as authority in other matters.



Katherine Jessen
Assistant Attorney General
Open Meeting Law Enforcement Team

Date: June 1, 2022

To: Board of Directors
From: Danette Bewley, President/Chief Executive Officer; Chris Schmaltz, Vice President and General Counsel
Re: Update to Current Resolution on Delegated Authority

Background:

The Tucson Airport Authority (TAA) Bylaws, Section 5.3, provides that the Board of Directors is responsible for adopting TAA objectives and policies, and selects the President/CEO. That Section also states that the President/CEO “shall have the responsibility for the overall operation and management of TAA in accordance with the Mission and within the framework of Board adopted objectives and policies.” Further, the President/CEO “shall have full responsibility for the management and administration of all TAA activities and operations and shall report to the Board on a regular basis.”

The Board adopted, in 2009, the current Resolution on Delegated Authority (see attached Exhibit 1), outlining the respective authority of the Board and the President/CEO in the operations and actions of TAA.

TAA’s Vice President and General Counsel, in collaboration with the President/CEO believes that an update to the Delegation of Authority will benefit the operations of TAA and modernize when action items must be taken to the Board and when TAA’s President/CEO has the authority to act on her operational and management responsibilities as outlined in the Bylaws.

Strategic Plan | Analysis:

An update to the Resolution of Delegated Authority certainly involves TAA’s Guiding Principles:

- **We work smart** – by improving what is working well, TAA benefits from a process reexamination and opportunity to think critically about what the Resolution on Delegated Authority is intended to accomplish, especially as is reflected in the provisions in the Bylaws on responsibilities.
- **We are curious** – by embracing change, not for change itself, but to anticipate the needs of TAA, closely examining TAA’s flow of business and taking action on improvement of TAA processes.
- **We deliver results** – by enhancing the clarity of authority in decision making and accountability, and the Board clearly communicating updated expectations and responsibilities in the new Resolution, collectively the Board and President/CEO together remain focused on safety, security and customer service to continue to run an exceptional airport system, and a focus on the promotion of business and economic development opportunities.

Cost Analysis:

Costs to TAA will not change – spending authority remains grounded in the annual budget, and the President/CEO remains accountable to the Board for all spending and management of TAA. Budget numbers have and will fluctuate based on the team’s best estimates and as the needs of the airport system change, and the increase in the President/CEO’s spending authority is still governed by the availability of funds, the needs of the airport system’s stakeholders (mainly the airlines), and sound fiscal management.

As is reflected in the draft update, the focus is not on a significant increase in unbudgeted spending authority, but in flow of business and clarity of authority improvements. TAA’s staff focus on the needs of TAA and cost-conscious budgeting and planning for the fiscal year remain. What is gained by an update to the Resolution is efficiencies in meeting the day-to-day operational needs of TAA, responsiveness to unanticipated circumstances, or responses to an inflationary environment, and annual flow of business improvements.

A key one is in the approval of insurance for TAA. The current insurance renewal cycle is off from TAA’s normal budget cycle (August v. October), which causes at least one additional Board meeting focused, at times, solely on the insurance costs to TAA. By adding language to the Resolution that directly addresses the President/CEO’s authority to approve insurance coverages (whose premiums will be estimated in that current fiscal year’s budget that is approved by the Board), TAA gains efficiencies by allowing the President/CEO to execute the insurance coverages TAA must have to operate, assuming the costs estimates by the team fall within the approved budget amount and her spending authority. There will still be at least one meeting with the Finance and Risk Management Advisory Council (with Board members invited) going through all the insurance policies and their associated costs to TAA prior to any decision on the renewal or approval of insurance policies for TAA.

The same considerations apply to the additional language associated with benefits to TAA employees. The normal budget cycle always includes anticipated costs to TAA for total compensation to TAA employees as part of TAA Operations and Maintenance budget. As we have learned over the last few years, circumstances may arise that require some more flexibility be granted to the President/CEO to be responsive to the market demands and challenges of operating the airport system and the support of people that perform the specialty work. The new language on the Executive Council is an attempt to address those circumstances, directly connected to and consistent with the current recognition in the Resolution on Delegated Authority that the President/CEO have some discretionary spending authority. Of course, all the fiscal responsibility and cost sensitivities associated with operating the airport system that the Board expects from the President/CEO remain in place, even with this additional flexible employee benefit language.

Recommendation:

Adopt Resolution No. 2022-12 delegating certain authority to the Tucson Airport Authority's President and CEO.

Attachments:

1. Current Resolution on Delegated Authority (adopted in 2009)
2. Resolution No. 2022-12

**RESOLUTION OF THE BOARD OF DIRECTORS
OF
TUCSON AIRPORT AUTHORITY
(Resolution on Delegated Authority)**

WHEREAS, it is deemed desirable and in the best interests of this corporation that the following actions be taken by the Board of Directors in order to allow for the businesslike operation and management of the Tucson Airport Authority (TAA),

NOW, THEREFORE, IT IS RESOLVED THAT except as provided below, the President/CEO has the full authority of the Board of Directors to represent, obligate and act for and on behalf of TAA in all respects not inconsistent with the Bylaws, existing Board-adopted Policies, contractual obligations or applicable legal requirements. This statement of delegated authority shall amend all prior Board statements, resolutions and policies regarding the same subject and all such documents shall be amended accordingly without further Board action.

Notwithstanding the above, the following actions require the action of the Board of Directors:

1. The expenditure of funds in excess of \$250,000 for nonemergency items that are not within the currently adopted budget or available grant funds;
2. The award of a contract for construction or other capital project that was included in a previously approved fiscal year budget or capital improvement program if the project exceeds the amount included in such budget or program by 10% or \$250,000, whichever is greater;
3. The award of public services contracts that are expected to result in annual revenues to TAA of over \$250,000 per year;
4. The leasing of land or facilities for a term longer than 5 years;
5. The incurrence of debt on behalf of TAA in excess of \$250,000 in principal amount;
6. Actions or contractual commitments that specifically require a resolution or action of the Board of Directors;
7. The sale or encumbrance of personal property other than in the ordinary course of business operations;
8. The sale of real property;
9. The institution of litigation or formal legal proceedings by TAA against another person or party, except for the pursuit of remedies provided under contract; and
10. The settlement of litigation or formal legal proceedings brought against TAA unless the settlement is insured or less than \$250,000.

And, notwithstanding the above, the following actions require the action of the Executive Council, which shall hereby have the full authority of the Board of Directors with respect to such matters:

1. Increases in employee benefits; and
2. Changes to employee pay grades and ranges.

IT IS FURTHER RESOLVED THAT the CEO is expected to take reasonable steps to provide the members of the Board with significant and material information, including, but not limited to:

1. Relevant and material industry trends;
2. Organization and community public events;
3. Concise, timely and accurate information and data regarding the organization's financial status and significant contracting and leasing activities;
4. Anticipated material media coverage of the organization;
5. Litigation, regulatory enforcement and other significant legal matters involving the organization;
6. Changes in environmental conditions that may significantly effect business operations or planning;
7. Changes in senior management staffing;
8. Significant changes in the public facilities or services;
9. Changes in significant business relationships;
10. Material changes in the assumptions upon which this and other Board-adopted policies have been established; and
11. Timely notification to the Board of any organizational non-compliance with Board policies.

RESOLUTION ADOPTED JUNE 2, 2009



Timothy J. Prouty, Chairman of the Board

Supersedes: Resolution on Delegated Authority adopted May 2, 2006 and revised on April 1, 2008.

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC.,
DELEGATING CERTAIN AUTHORITY TO THE TUCSON AIRPORT AUTHORITY'S PRESIDENT AND CEO.**

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

1. The President/CEO has full authority as provided in the Tucson Airport Authority (TAA) Bylaws as the Chief Executive Officer of the TAA. As stated in the Bylaws, the President/CEO shall have the authority to act on behalf of the Board of Directors and TAA in all respects except as provided below. All previous resolutions or statements of delegated authority are hereby superseded and of no further force and effect.
2. The following require Board of Directors action:
 - a. The expenditure of funds in excess of \$500,000 for non-emergency items that are not identified or included in the currently adopted budget or currently available grant funds.
 - b. Approval of all TAA insurance policies when the costs to TAA for acquisition of the next annual policy coverages, in total, exceeds the amount in the currently approved budget for TAA insurance costs by \$500,000.
 - c. The leasing of land or facilities for a term longer than ten (10) years. (This does not include the granting of public utility easements or licenses whose term is longer than ten (10) years, meaning that the President/CEO or her/his designee has authority to execute any such public utility easement or license.)
 - d. Any sale of real property granting fee title to the buyer.
 - e. The institution of litigation or formal legal proceedings (including arbitration) by TAA against another person or party, except for the pursuit of remedies provided under contract.
 - f. The settlement of litigation or formal legal proceedings involving TAA unless the settlement is insured and/or costs to TAA are \$500,000 or less.
 - g. The approval of a contract for construction or capital improvement project/program previously included in a fiscal year budget if the contract exceeds the amount in the budget by ten percent (10%) or \$500,000, whichever is greater.

- h. The incurrence of 3rd party debt by TAA.
3. The following actions are delegated to the Board of Director's Executive Council and require Executive Council action, which acts with the full authority of the Board on these matters:
- a. Increases in employee benefits, pay grades and ranges that are not included in the current fiscal year's budget that would cost TAA in excess of \$500,000 in the current fiscal year.

PASSED AND ADOPTED by the Board of Directors of the Tucson Airport Authority, Inc., this first day of June, 2022.

Bruce Dusenberry, Chair of the Board

ATTEST:

APPROVED AS TO FORM:

Michael S. Hammond, Secretary

Christopher Schmaltz, Vice President
and General Counsel

Date: June 1, 2022

To: Board of Directors
From: Kirk Eickhoff, Vice President/Chief Financial Officer
Re: Summary of Financial Performance for March 2022

Financial Performance:

- Operating Income before Depreciation and Amortization (YTD vs budget)
 - Tucson Airport Authority generated operating income before depreciation and amortization of \$1,312,027 for March 2022, which is \$566,563 favorable to budget due to favorable operating revenues and expenses described below.

- Operating Revenues (YTD vs budget)
 - In March, operating revenue of \$4,063,695 is favorable to budget by \$414,562 or 11.4% and favorable to prior year by \$1,020,823 or 33.5%. The increase from prior year is largely due to increased concession revenues, driven by the general recovery of passenger volumes and restoration of minimum annual guarantees. Operating revenues for the month were down \$223,344 (5.2%) compared to March 2019 (pre-COVID).
 - Year-to-date operating revenues were greater than budgeted by \$770,177 or 3.7%, with favorable variances in landing fees, land rent, concession revenues, and other operating revenues partially offset by unfavorable variances in reimbursed services and space rentals.
 - 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 March, total operating expenses were lower than budget by \$152,001, largely due to lower-than-anticipated personnel and other operating expenses, offset by higher-than-expected materials and supplies expenses.
 - Year-to-date operating expenses of \$16,333,454 are favorable to budget by \$1,751,395 or 9.7%. All expense categories were lower than budgeted, with contractual services and personnel expenses driving the majority of the favorable variance.

FINANCIAL SUMMARY



For the six months ending March 31, 2022

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

	CURRENT MONTH - March			March 2021	PRE-COVID March 2019
	BUDGET	ACTUAL	FAV (UNFAV)	ACTUAL	ACTUAL
	OPERATING REVENUES:				
Landing fees	\$ 242,704	\$ 238,786	\$ (3,918)	\$ 182,411	\$ 304,210
Space rentals	913,235	888,994	(24,241)	1,021,827	1,269,010
Land rent	305,760	304,804	(956)	306,355	292,567
Concession revenue	1,656,151	2,057,190	401,039	1,012,750	1,856,488
Reimbursed services	266,225	199,676	(66,549)	231,727	290,697
Other operating revenues	265,058	374,245	109,187	287,802	274,067
Total Operating Revenues	3,649,133	4,063,695	414,562	3,042,872	4,287,039
OPERATING EXPENSES:					
Personnel expenses	1,932,638	1,798,507	134,131	1,872,442	1,628,264
Contractual services	712,040	675,164	36,876	591,351	398,049
Materials and supplies	131,914	197,842	(65,928)	130,025	111,964
Other operating expenses	127,077	80,155	46,922	86,462	58,758
Total Operating Expenses	2,903,669	2,751,668	152,001	2,680,280	2,197,035
NET OPERATING INCOME (LOSS) BEFORE DEPRECIATION AND AMORTIZATION	745,464	1,312,027	566,563	362,592	2,090,004
Depreciation and Amortization	1,600,000	(432,676)	2,032,676	1,606,251	1,505,124
OPERATING INCOME (LOSS)	(854,536)	1,744,703	2,599,239	(1,243,659)	584,880
NONOPERATING INCOME (EXPENSES)					
Interest Income	36,945	37,650	705	(6,022)	264,292
Net increase/(decrease) in fair value of investments	-	(1,582,325)	(1,582,325)	(48,999)	272,549
Passenger facility charges	636,995	792,622	155,627	429,473	702,822
Interest expense and fiscal charges	(67,163)	(67,163)	-	(74,671)	(94,283)
Gain/(Loss) on disposition of capital assets	-	3,250	3,250	(32,990)	-
Other nonoperating revenues (expenses)	-	(25)	(25)	-	13,911
Total nonoperating revenues (expenses)	606,777	(815,991)	(1,422,768)	266,791	1,159,291
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(247,759)	928,712	1,176,471	(976,868)	1,744,171
CAPITAL CONTRIBUTIONS:					
Federal	2,824,348	-	(2,824,348)	-	388,190
State	10,882	-	(10,882)	-	9,036
Total capital contributions	2,835,230	-	(2,835,230)	-	397,226
INCREASE (DECREASE) IN NET POSITION	\$ 2,587,471	\$ 928,712	\$ (1,658,759)	\$ (976,868)	\$ 2,141,397

TUCSON AIRPORT AUTHORITY
STATEMENT OF REVENUES , EXPENSES AND
CHANGES IN NET POSITION
For the six months ending March 31, 2022

	CURRENT YEAR TO DATE			YTD -	PRE-COVID
				March 2021	YTD -
	BUDGET	ACTUAL	FAV (UNFAV)	ACTUAL	March 2019
OPERATING REVENUES:					
Landing fees	\$ 1,258,563	\$ 1,324,829	\$ 66,266	\$ 902,191	\$ 1,641,116
Space rentals	5,479,412	5,406,497	(72,915)	6,013,694	7,510,277
Land rent	1,839,140	1,841,334	2,194	1,862,630	1,762,537
Concession revenue	8,849,663	9,562,894	713,231	4,396,794	9,546,138
Reimbursed services	1,622,353	1,414,997	(207,356)	1,559,065	1,511,520
Other operating revenues	1,549,111	1,817,868	268,757	1,450,675	1,520,017
Total operating revenues	20,598,242	21,368,419	770,177	16,185,049	23,491,605
OPERATING EXPENSES:					
Personnel expenses	11,442,239	10,814,235	628,004	11,391,050	10,234,523
Contractual services	4,859,579	4,054,437	805,142	3,062,567	2,866,075
Materials and supplies	983,586	909,889	73,697	746,013	706,155
Other operating expenses	799,445	554,893	244,552	508,436	491,996
Total Operating Expenses	18,084,849	16,333,454	1,751,395	15,708,066	14,298,749
NET OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	2,513,393	5,034,965	2,521,572	476,983	9,192,856
Depreciation and Amortization	9,600,000	10,075,523	(475,523)	9,441,282	9,134,378
OPERATING INCOME (LOSS)	(7,086,607)	(5,040,558)	2,046,049	(8,964,299)	58,478
NONOPERATING REVENUES (EXPENSES):					
Interest Income	221,671	233,631	11,960	240,837	1,411,404
Net increase/(decrease) in fair value of investments	-	(3,970,269)	(3,970,269)	(158,922)	1,134,313
Passenger facility charges	3,150,091	3,421,311	271,220	1,452,625	3,567,288
Interest expense and fiscal charges	(402,981)	(402,981)	-	(448,029)	(565,700)
Gain/(Loss) on disposition of capital assets	-	3,250	3,250	(22,890)	9,628
Other nonoperating revenues (expenses)	-	(554)	(554)	13,988,972	46,689
Total nonoperating revenues (expenses)	2,968,781	(715,612)	(3,684,393)	15,052,593	5,603,622
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(4,117,826)	(5,756,170)	(1,638,344)	6,088,294	5,662,100
CAPITAL CONTRIBUTIONS:					
Federal	27,985,667	3,039,507	(24,946,160)	2,792,965	425,262
State	614,565	102,260	(512,305)	458,783	11,174
Total capital contributions	28,600,232	3,141,767	(25,458,465)	3,251,748	436,436
INCREASE (DECREASE) IN NET POSITION	\$ 24,482,406	(2,614,403)	\$ (27,096,809)	9,340,042	6,098,536
TOTAL NET POSITION, (BEGINNING)		439,476,926		423,817,267	386,970,849
TOTAL NET POSITION, (ENDING)		\$ 436,862,523		\$ 433,157,309	\$ 393,069,385

**TUCSON AIRPORT AUTHORITY
STATEMENT OF NET POSITION**

ASSETS	March-22	March-21
CURRENT ASSETS		
Unrestricted assets:		
Cash and cash equivalents	12,480,669	\$ 31,498,698
Investments	115,254,881	134,126,494
Accounts receivable, net of allowance for doubtful accounts of \$257,121 and \$313,380 for FY2022 and FY2021, respectively	3,089,092	2,378,243
Accrued interest receivable	104,413	214,444
Grants receivable	4,340,744	10,662,013
Inventories	400,402	369,532
Prepaid expenses and other assets	528,000	343,695
Total unrestricted current assets	<u>136,198,201</u>	<u>179,593,119</u>
Restricted assets:		
Cash and cash equivalents	1,895,796	3,498,685
Investments	22,360,105	18,200,281
Accounts receivable	735,284	462,594
Accrued interest receivable	31,902	51,402
Total restricted current assets	<u>25,023,087</u>	<u>22,212,962</u>
Total current assets	<u>161,221,288</u>	<u>201,806,081</u>
Noncurrent assets:		
Unrestricted assets:		
Accounts receivable	-	190,682
Capital assets		
Not depreciated	138,665,990	117,438,671
Depreciated, net	<u>202,077,554</u>	<u>213,081,699</u>
Net capital assets	<u>340,743,544</u>	<u>330,520,370</u>
Total unrestricted noncurrent assets	<u>340,743,544</u>	<u>330,711,052</u>
Total noncurrent assets	<u>340,743,544</u>	<u>330,711,052</u>
TOTAL ASSETS	<u>501,964,832</u>	<u>532,517,133</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows from pensions	4,289,358	6,091,332
Total deferred outflows of resources	<u>4,289,358</u>	<u>6,091,332</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>506,254,190</u>	<u>\$ 538,608,465</u>

**TUCSON AIRPORT AUTHORITY
STATEMENT OF NET POSITION**

LIABILITIES & NET ASSETS (Con't)

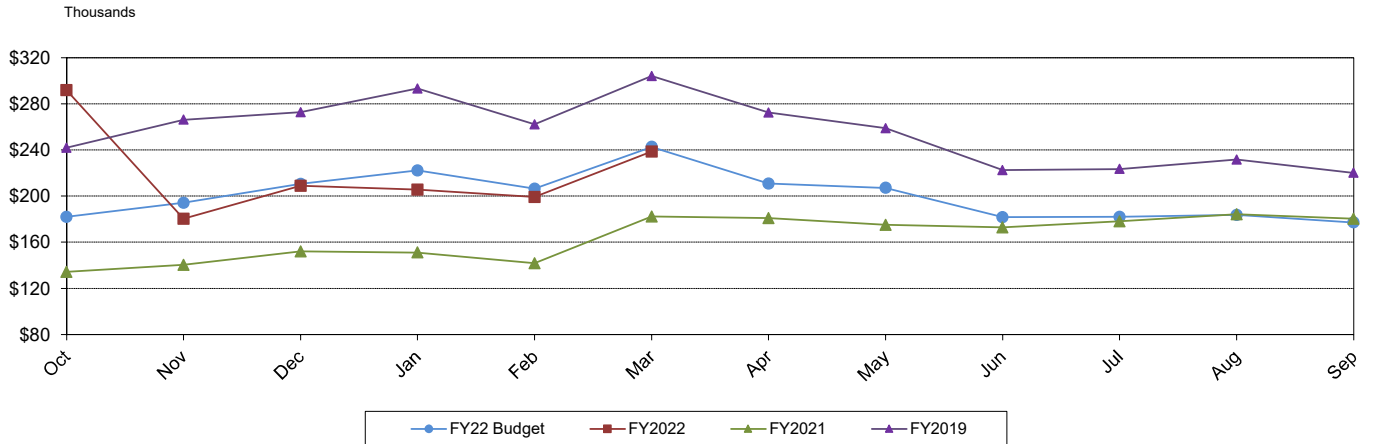
LIABILITIES	March-22	March-21
CURRENT LIABILITIES		
Payable from unrestricted assets:		
Accounts payable	616,351	\$ 517,355
Accrued expenses	1,629,551	1,770,486
Unearned revenue	2,852,806	2,794,155
Current portion of environmental remediation payable	2,537,693	4,692,849
Current portion of bonds payable:		
Airport Subordinate Lien Revenue Bonds, Series 2018	1,565,000	1,510,000
Total payable from unrestricted assets	<u>9,201,401</u>	<u>11,284,845</u>
 Payable from restricted assets		
Accrued interest payable:		
Airport Subordinate Lien Revenue Bonds, Series 2018	-	-
	-	-
Current portion of environmental remediation payable	389,951	402,420
Total payable from restricted assets	<u>389,951</u>	<u>402,420</u>
Total current liabilities	<u>9,591,352</u>	<u>11,687,265</u>
 NONCURRENT LIABILITIES		
Payable from unrestricted assets		
Bonds payable, net of current portion:		
Airport Subordinate Lien Revenue Bonds, Series 2018	23,471,138	26,703,411
Net pension liability	11,041,645	47,884,399
Environmental Remediation Payable, net of current portion	17,852,422	18,306,912
Total payable from unrestricted assets	<u>52,365,205</u>	<u>92,894,722</u>
Total noncurrent liabilities	<u>52,365,205</u>	<u>92,894,722</u>
 TOTAL LIABILITIES	<u>61,956,557</u>	<u>\$ 104,581,987</u>

**TUCSON AIRPORT AUTHORITY
STATEMENT OF NET POSITION**

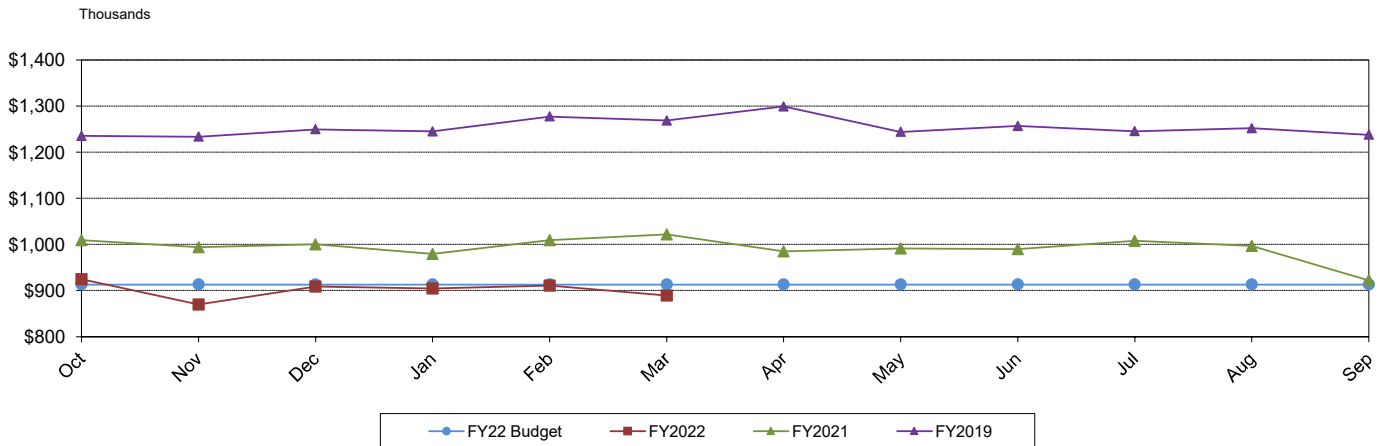
LIABILITIES & NET ASSETS (Con't)

	<u>March-22</u>	<u>March-21</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows from pensions	7,435,110	\$ 869,169
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>7,435,110</u>	<u>869,169</u>
NET POSITION		
Net Investment in capital assets	315,707,406	302,306,959
Restricted:		
Debt service	-	(350)
Capital projects	25,023,087	22,213,312
	<u>25,023,087</u>	<u>22,212,962</u>
Unrestricted	<u>96,132,030</u>	<u>108,637,388</u>
TOTAL NET POSITION	<u>436,862,523</u>	<u>433,157,309</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>506,254,190</u>	<u>\$ 538,608,465</u>

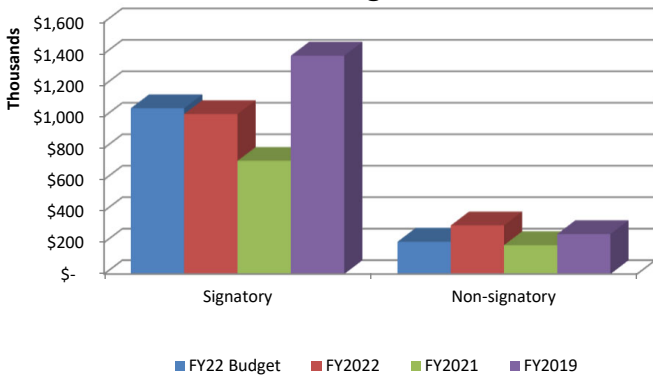
Landing Fees



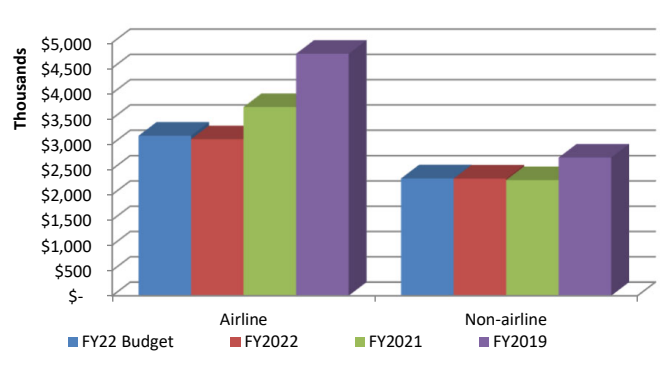
Space Rentals

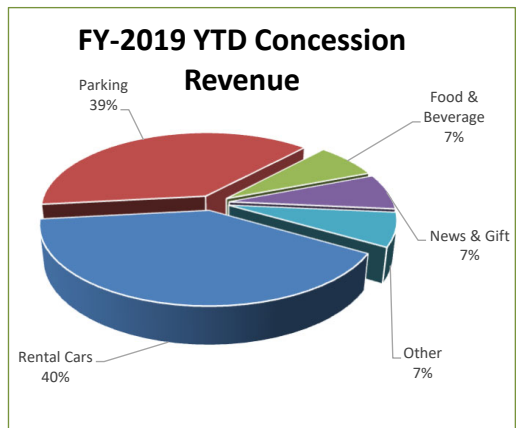
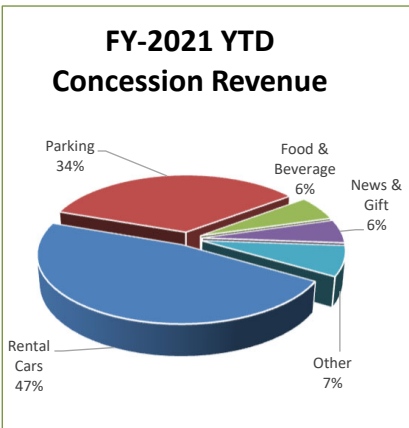
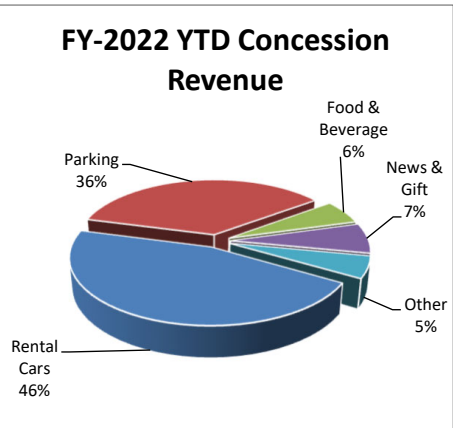
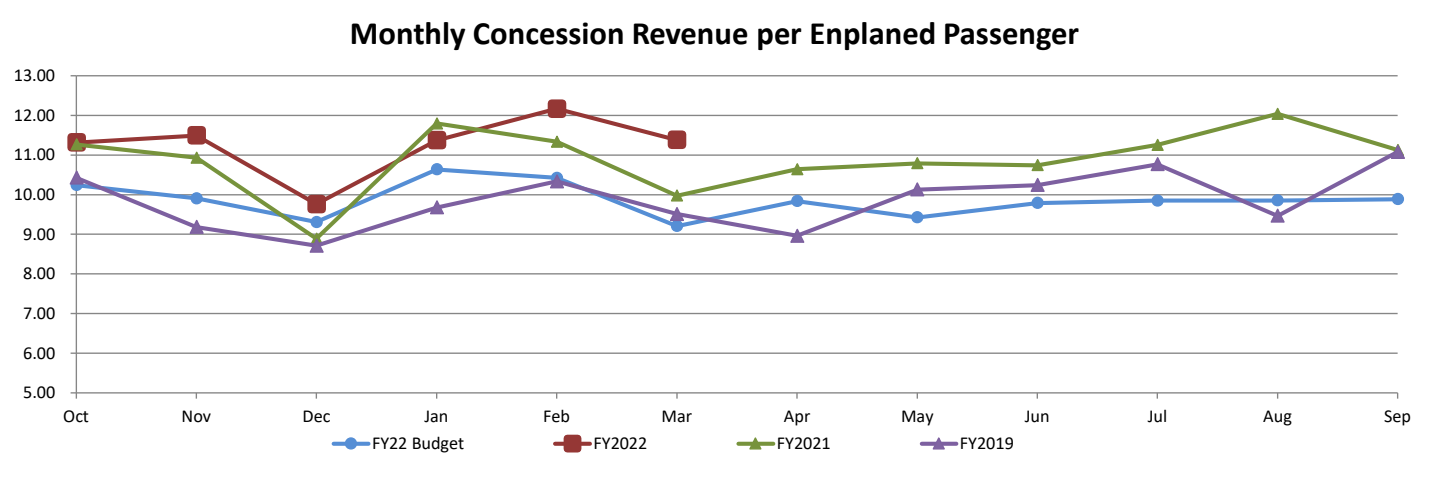
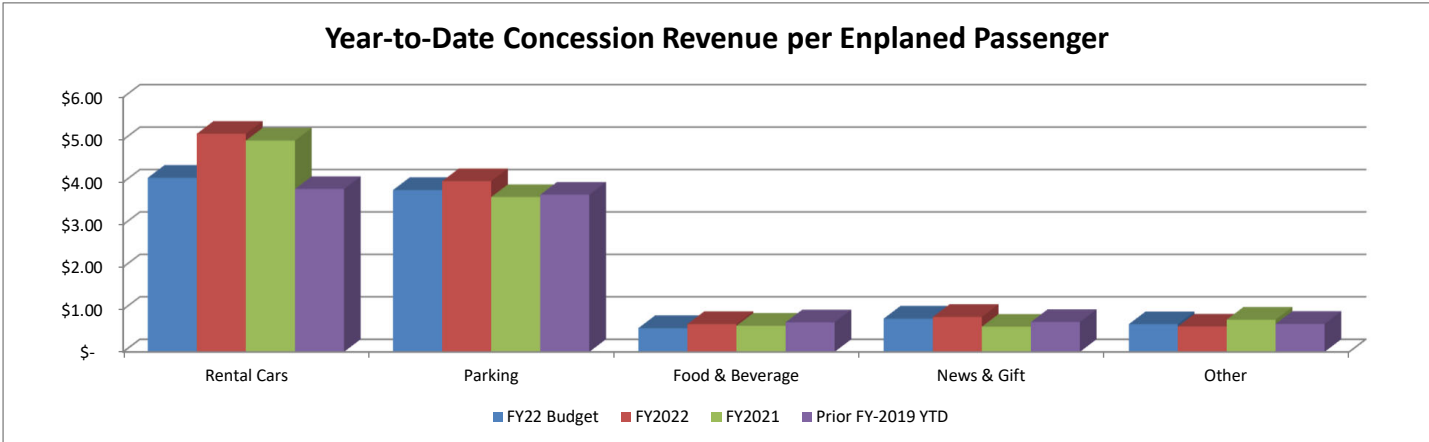
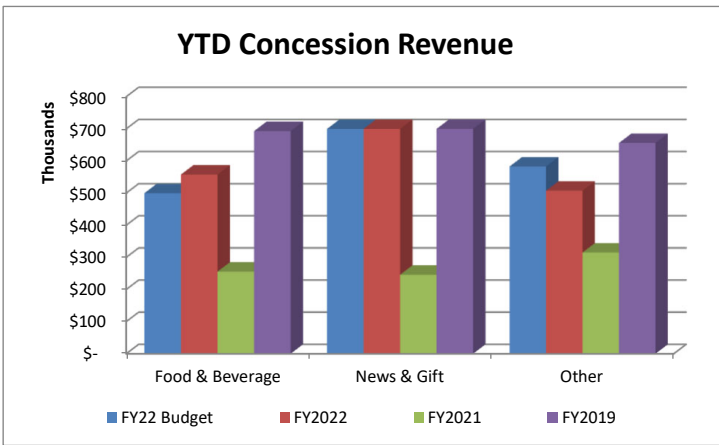
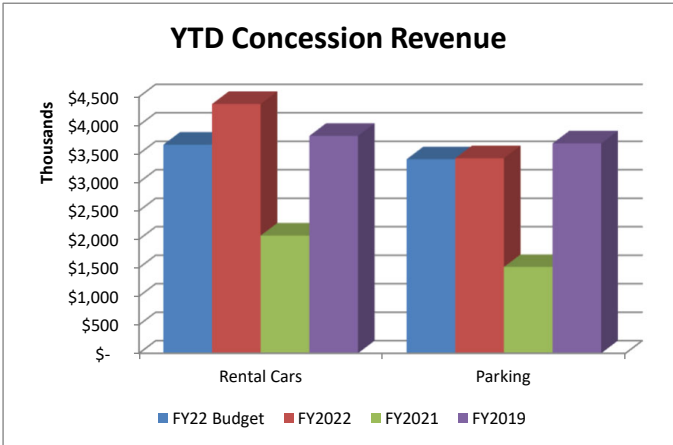


YTD Landing Fees

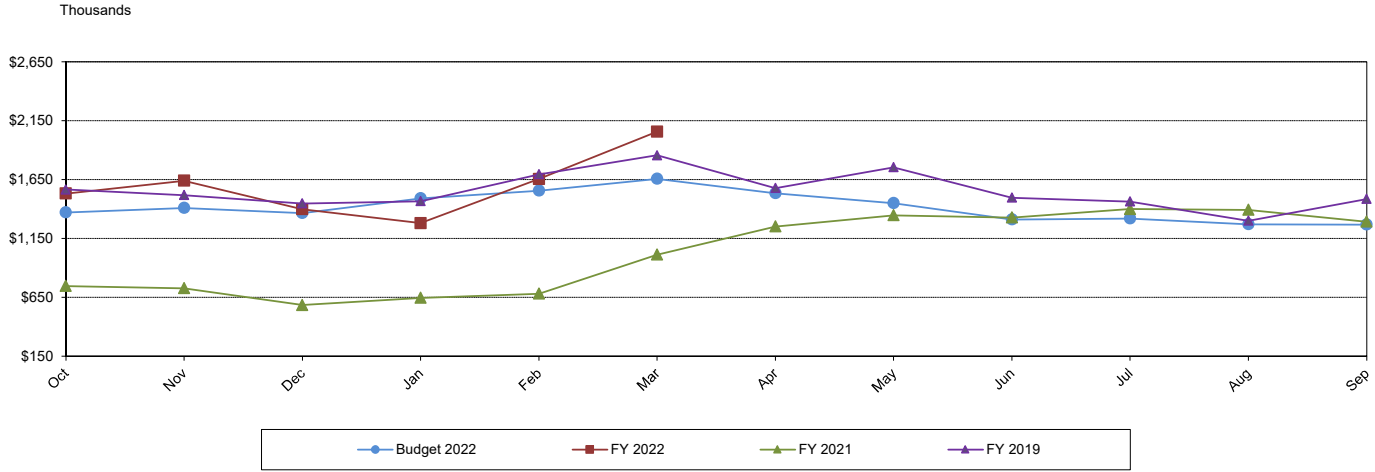


YTD Space Rentals

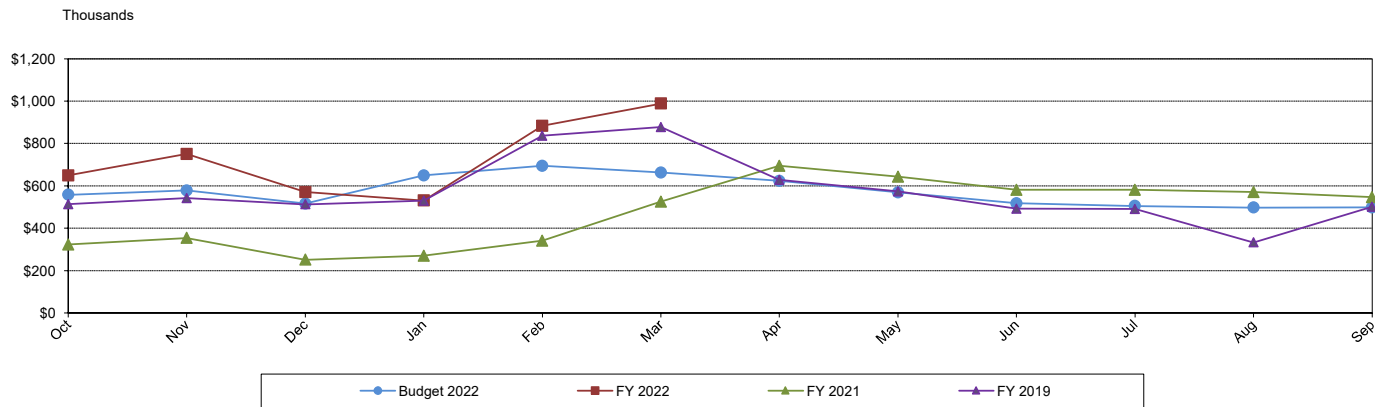




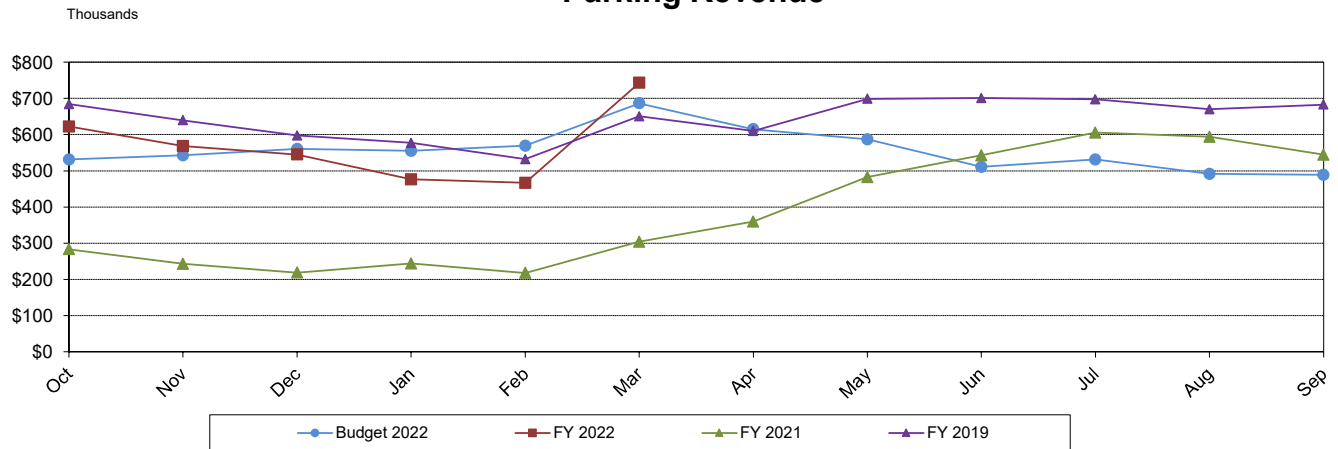
Total Concession Revenue



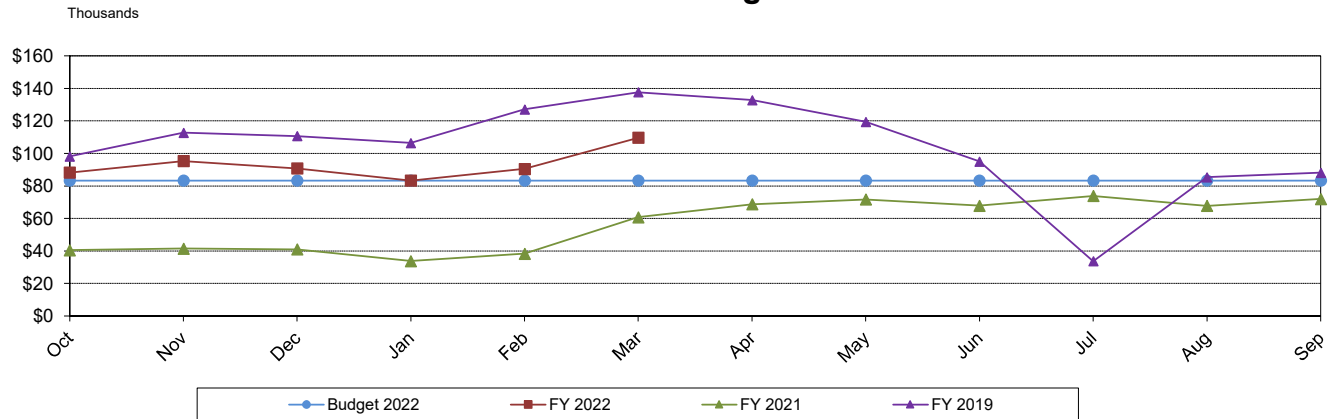
Rental Car Revenue



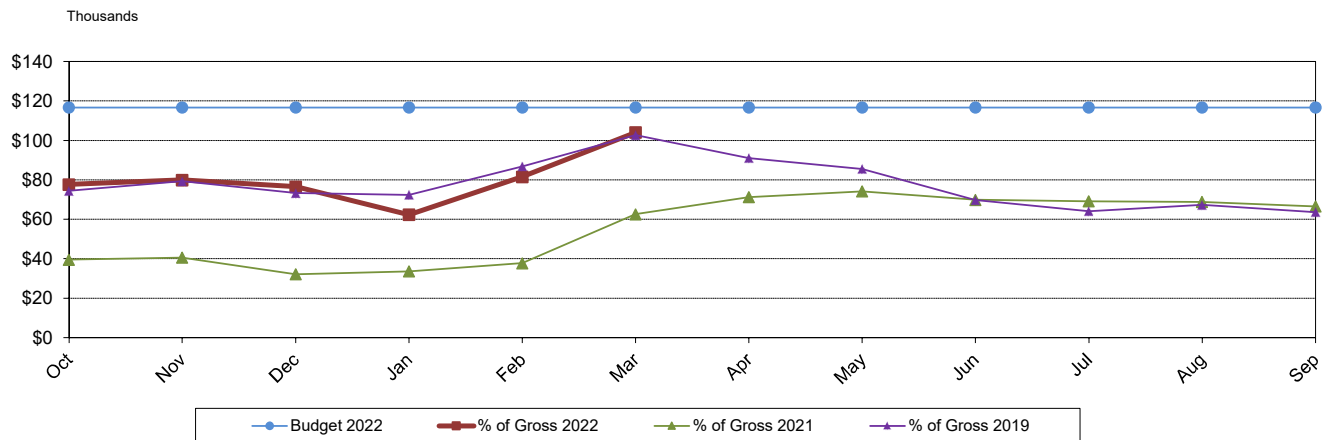
Parking Revenue



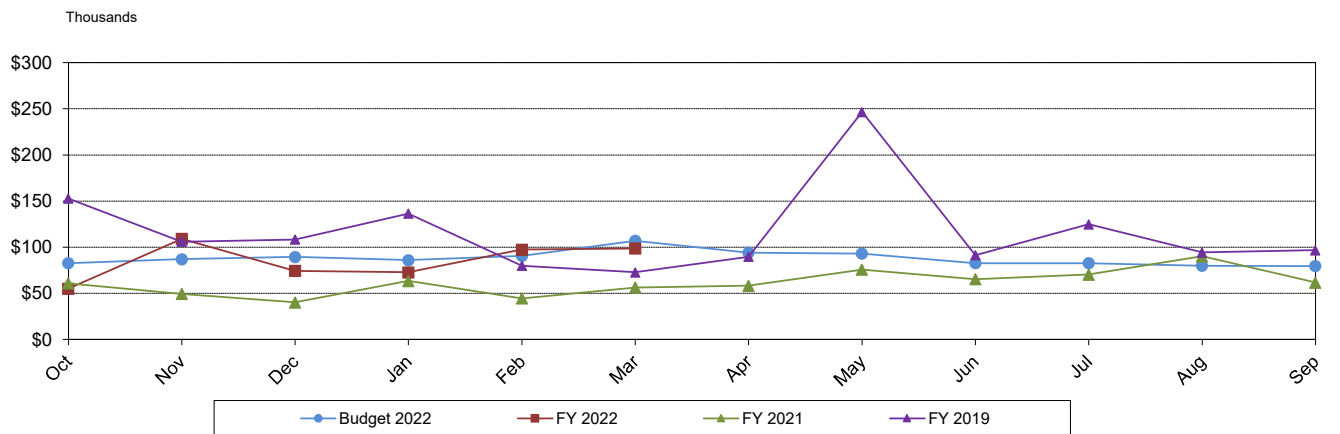
Food & Beverage Revenue



News & Gift

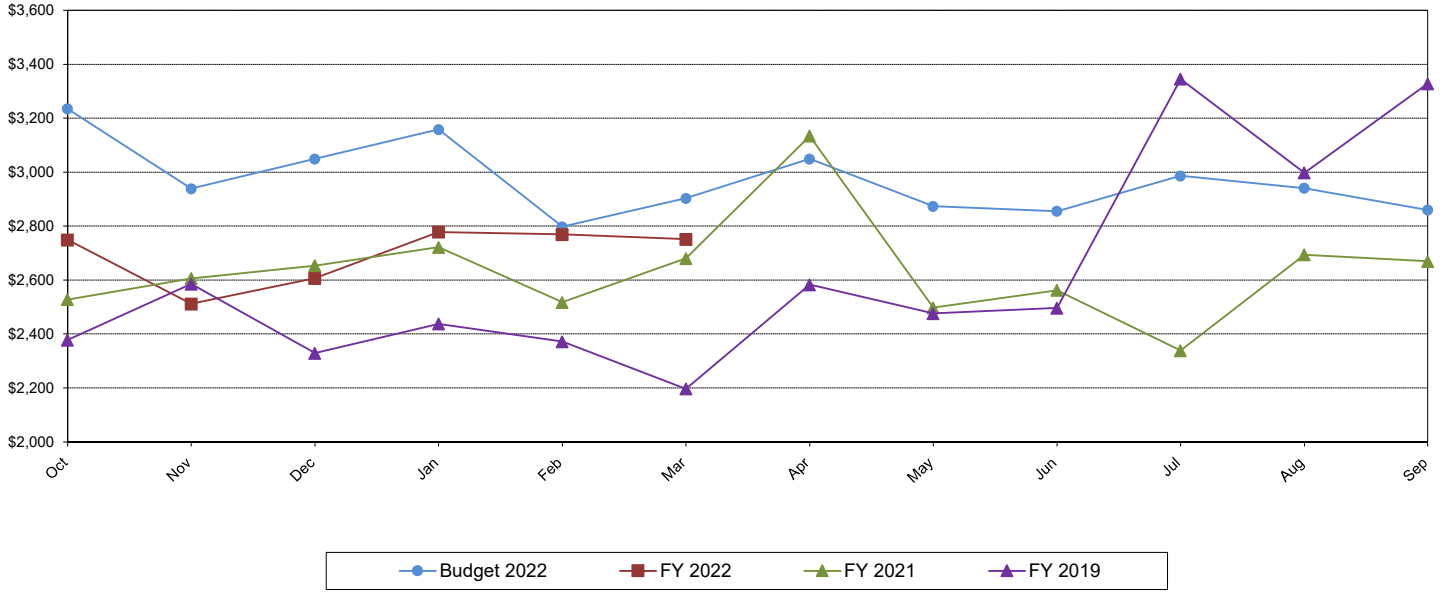


Other Concession Revenue



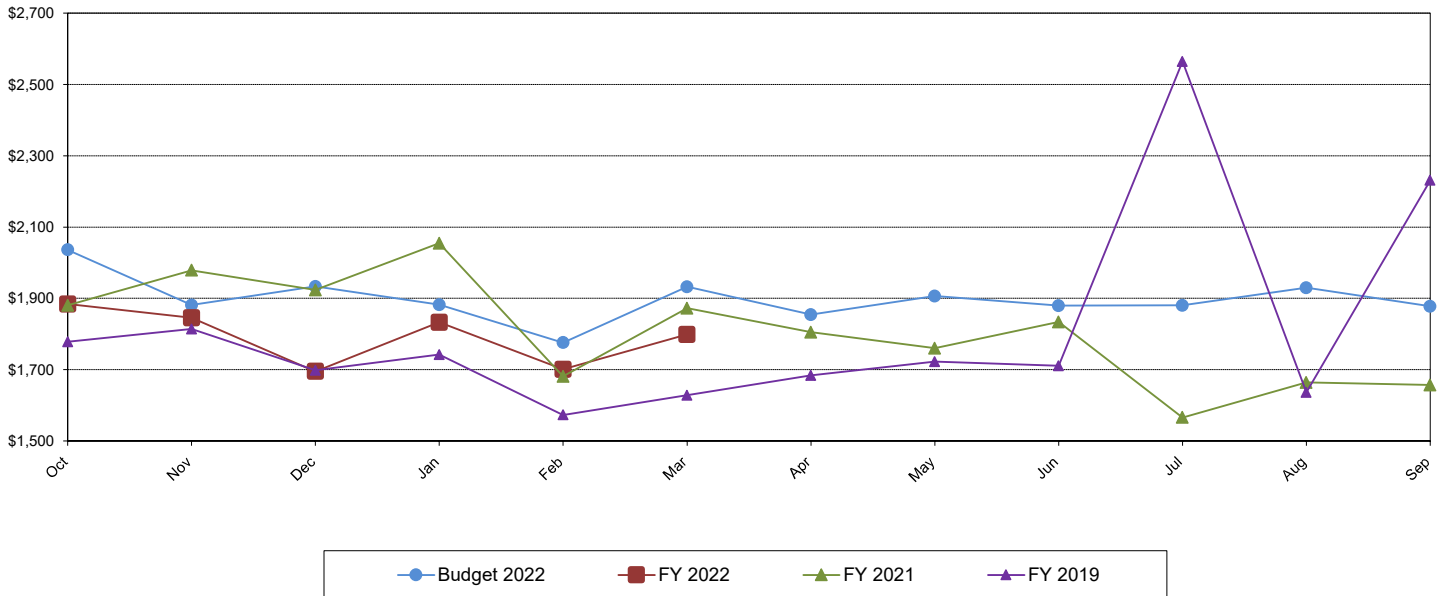
Total Operating Expenses

Thousands

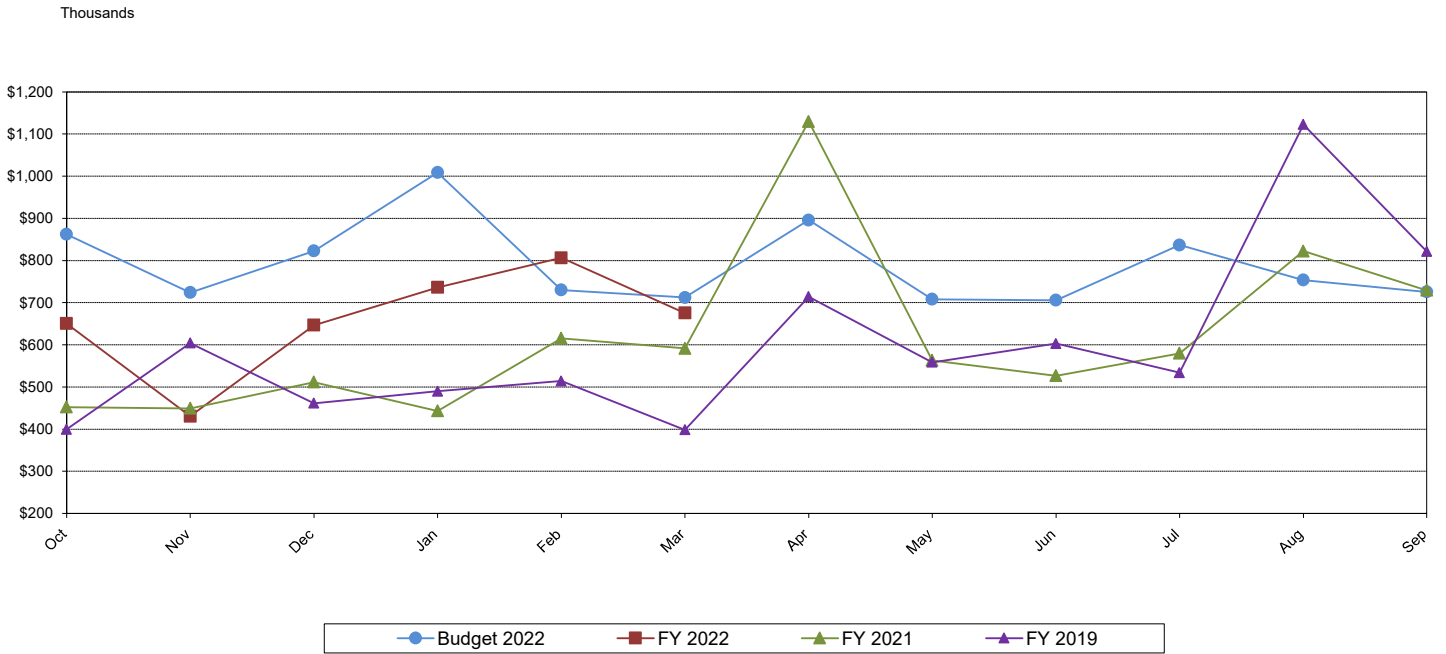


Personnel Expenses

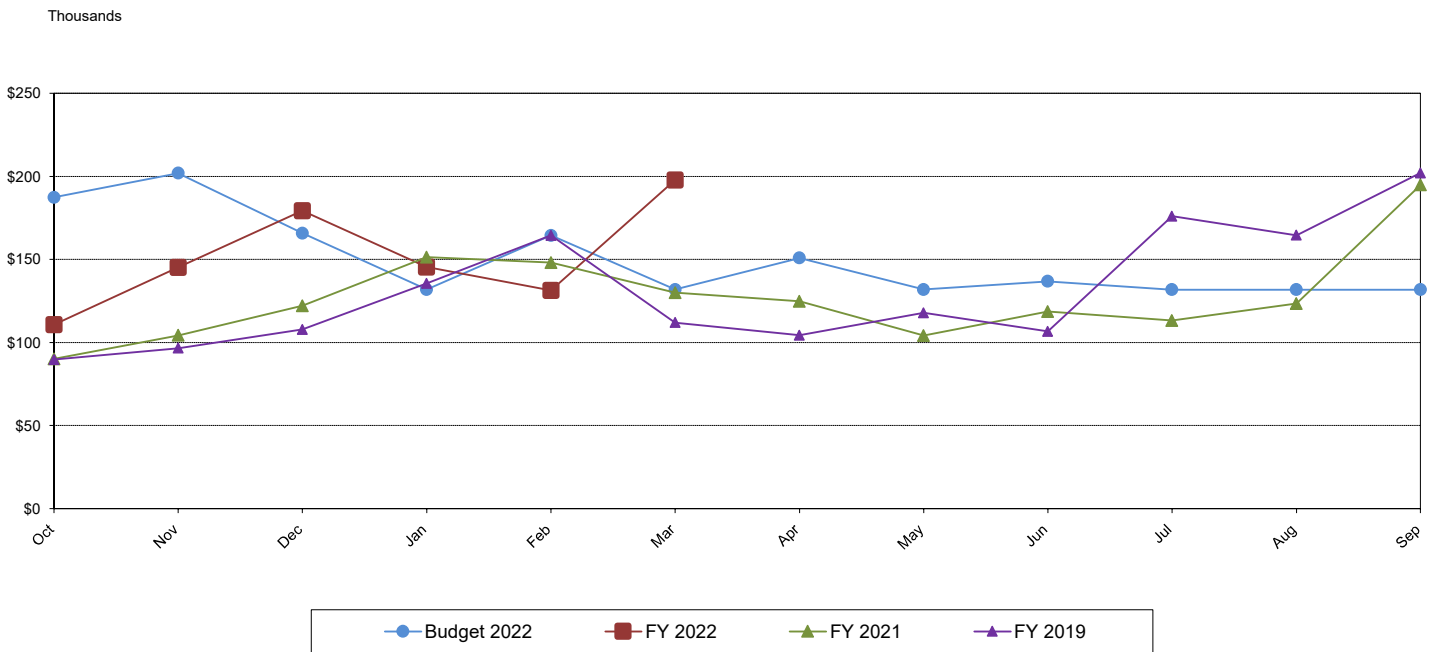
Thousands



Contractual Services

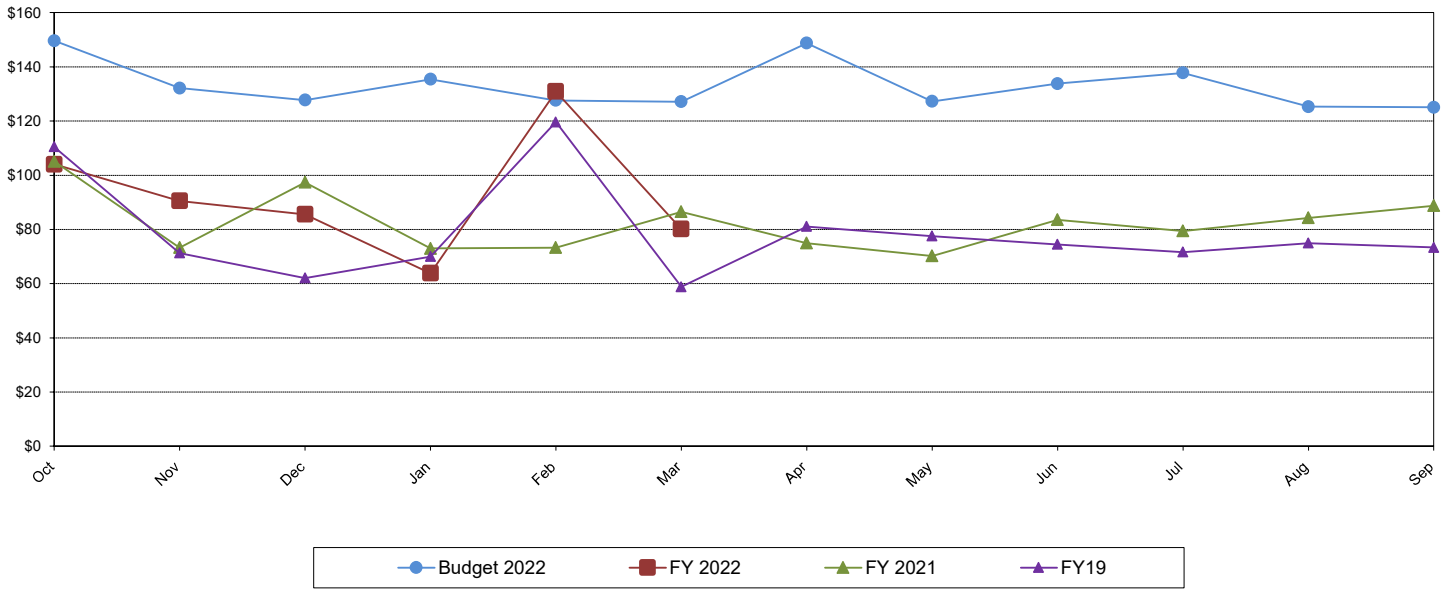


Materials and Supplies

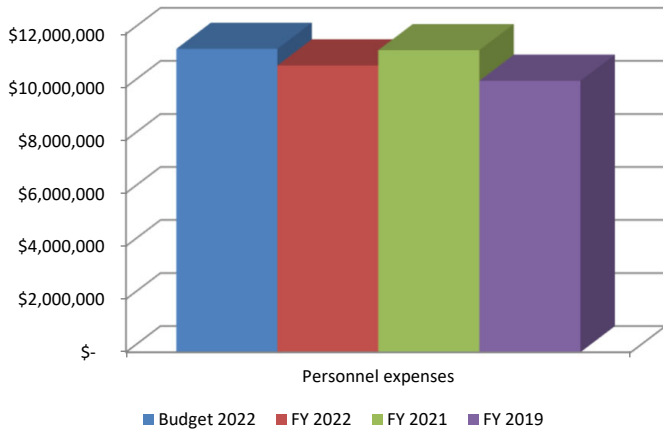


Other Operating Expenses

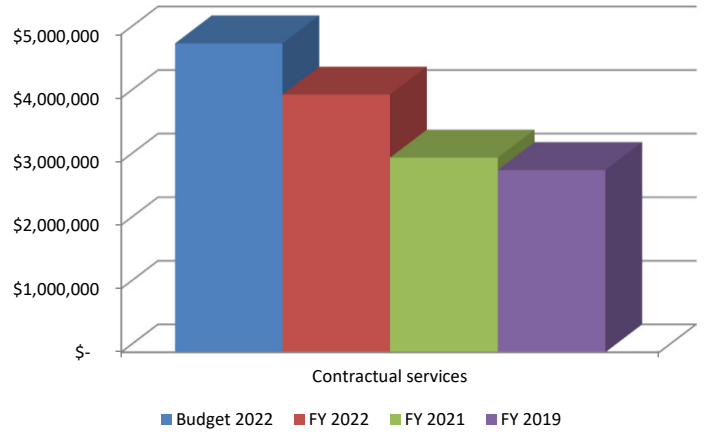
Thousands



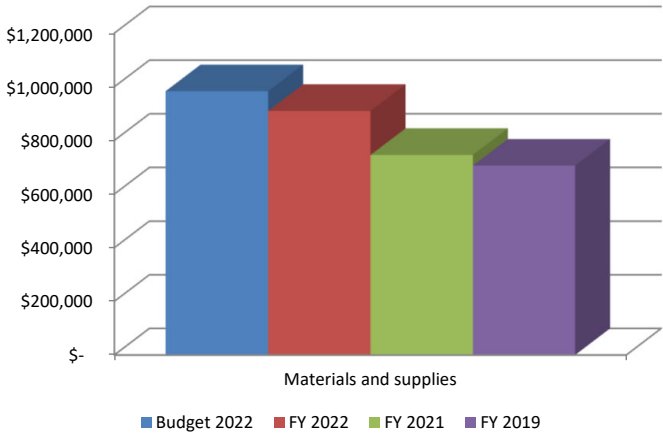
YTD Personnel Expenses



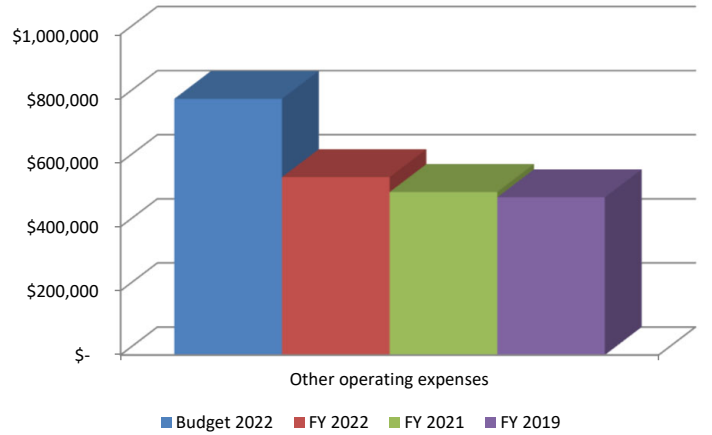
YTD Contractual Services



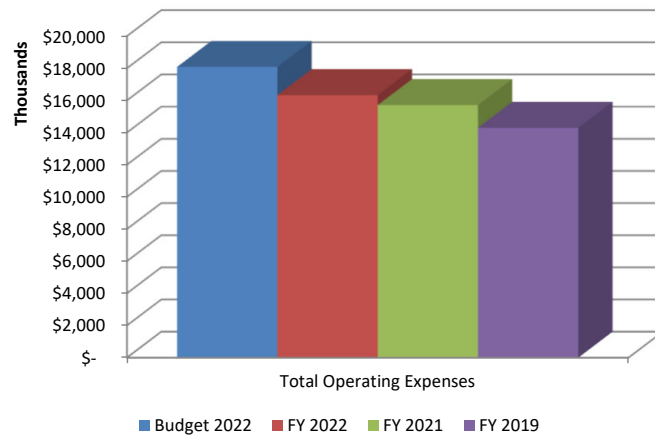
YTD Materials and Supplies



YTD Other Operating Expenses



YTD Total Operating Expenses



Date: June 1, 2022

To: Board of Directors
From: Kirk Eickhoff, Vice President/Chief Financial Officer
Re: Aviation Activity and Statistics for March 2022

Summary of Operations and Statistics:

- Total Passengers (YTD vs prior year)
 - Total passengers for the month of March 2022 were 70.2% higher than prior year and 9.8% lower than March 2019 (pre-COVID).
 - YTD total passengers were 101.5% higher than prior year and 15.4% lower than March 2019.

- Average Daily Scheduled Departures (YTD vs prior year, changes by routes & carrier)
 - The month of March had an average daily departure count of 49, which was 7 higher than prior year.
 - The increase was attributable to additional service to Atlanta (1), Everett (1), Houston Bush (1), Los Angeles (4), Chicago O’Hare (1), Phoenix (1), and San Diego (1), partially offset by decreases in service to Houston (Hobby) (1), Minneapolis (1), and Salt Lake City (1).
 - Departure increases by carrier included American (4), Southwest (3), and Alaska (1), partially offset by a decrease in service by Allegiant (1).

- Average Daily Seat capacity (YTD vs prior years)
 - Seat capacity for March 2022 was 29.6% higher than prior year and 14.8% lower than March 2019.

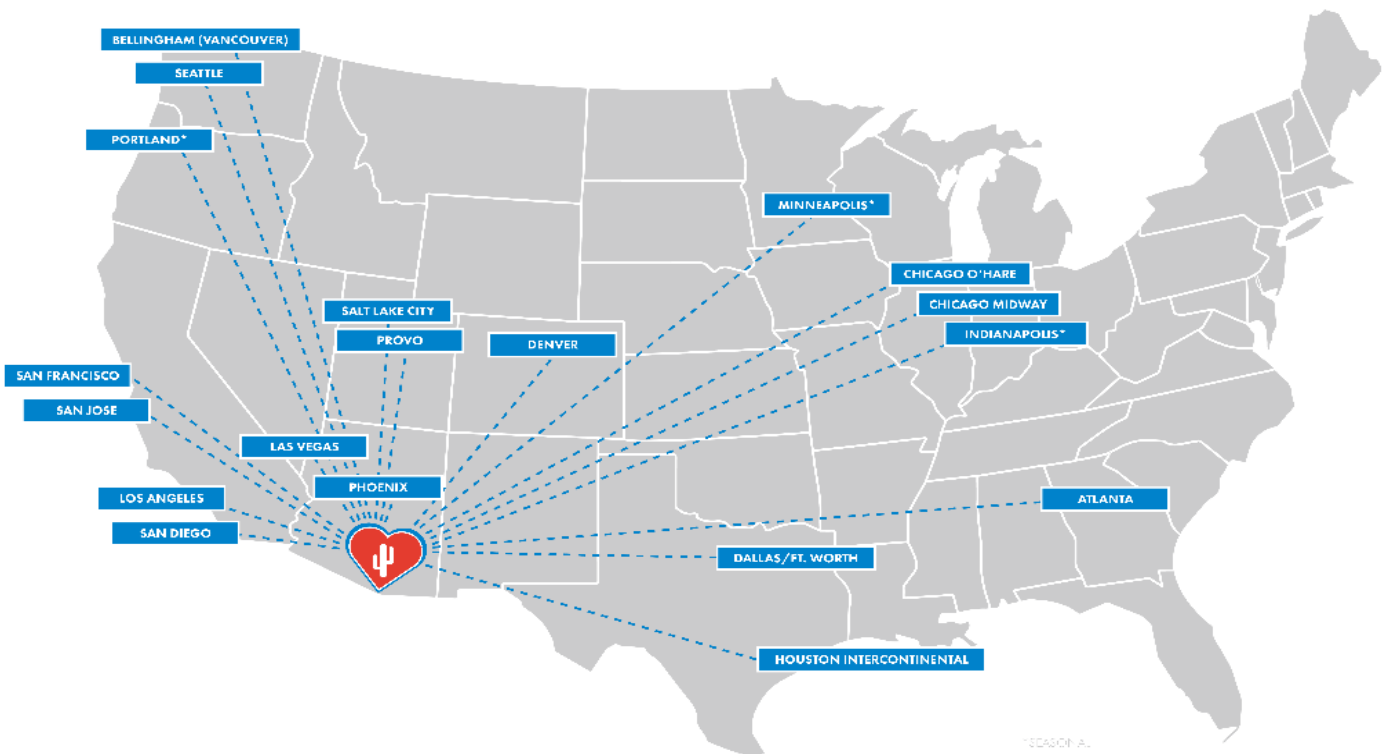
- Load Factors (MTD & YTD vs prior years)
 - The load factor for March was 93.6%, which is 25.5% higher than March 2021 and 7.5% higher than March 2019.

- Aircraft Operations (MTD & YTD vs prior year)
 - Freight, measured in pounds, is 8.8% higher in March compared the same month last year.
 - Total aircraft operations were 8.8% lower than the same month last year, with increases in air carrier and air taxi operations and decreases in military and general aviation operations.

AVIATION ACTIVITY REPORTS

Tucson International Airport (TUS)

For the six months ending March 31, 2022



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

PASSENGERS*				Fiscal YTD		
	Mar-22	Mar-21	% CHANGE	2022	2021	% CHANGE
ENPLANED	180,779	101,552	78.0%	850,763	414,849	105.1%
DEPLANED	172,230	105,902	62.6%	840,906	424,530	98.1%
TOTAL	353,009	207,454	70.2%	1,691,669	839,379	101.5%

*Passenger figures include non-revenue passengers.

LANDED WEIGHT**

AIR CARGO	14,338	15,158	-5.4%	80,535	82,885	-2.8%
AIR CARRIER	176,887	136,309	29.8%	924,357	657,039	40.7%
TOTAL	191,225	151,467	26.2%	1,004,892	739,924	35.8%

**In thousand pound units.

FREIGHT (in pounds)

ENPLANED	3,142,569	2,760,923	13.8%	15,610,974	15,908,415	-1.9%
DEPLANED	3,424,641	3,277,652	4.5%	18,505,015	18,039,449	2.6%
TOTAL	6,567,210	6,038,575	8.8%	34,115,989	33,947,864	0.5%

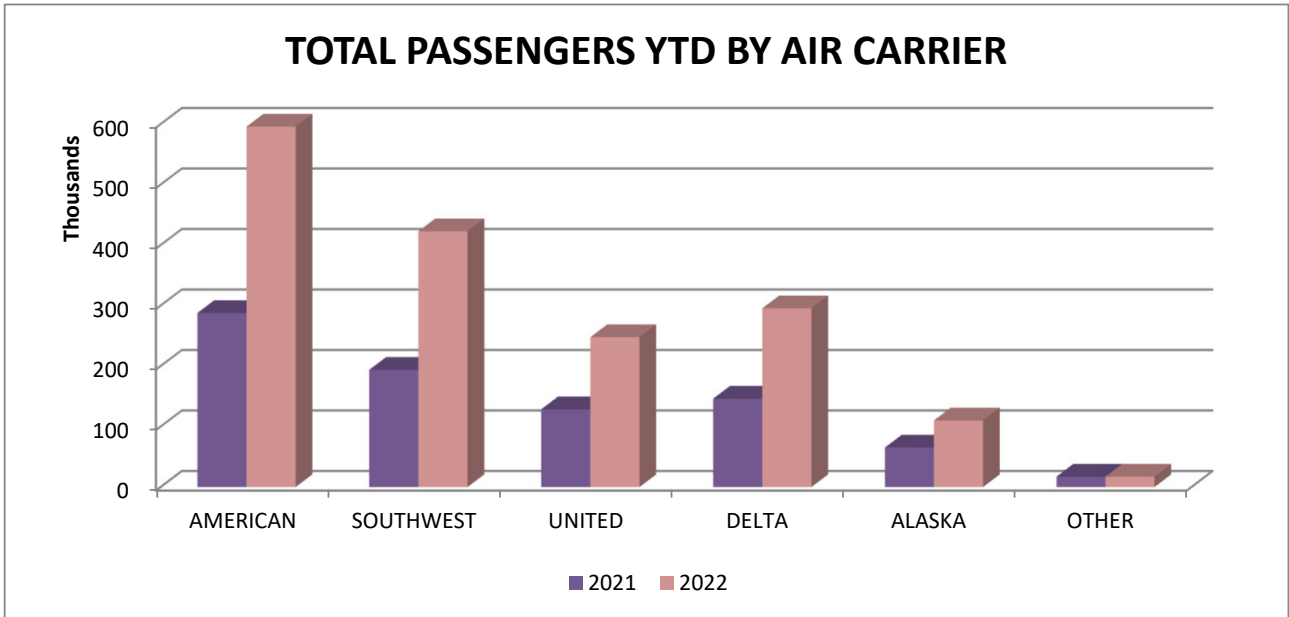
MAIL (in pounds)

ENPLANED	0	0	0.0%	300	23	1204.3%
DEPLANED	0	11,915	-100.0%	0	61,389	-100.0%
TOTAL	0	11,915	-100.0%	300	61,412	-99.5%

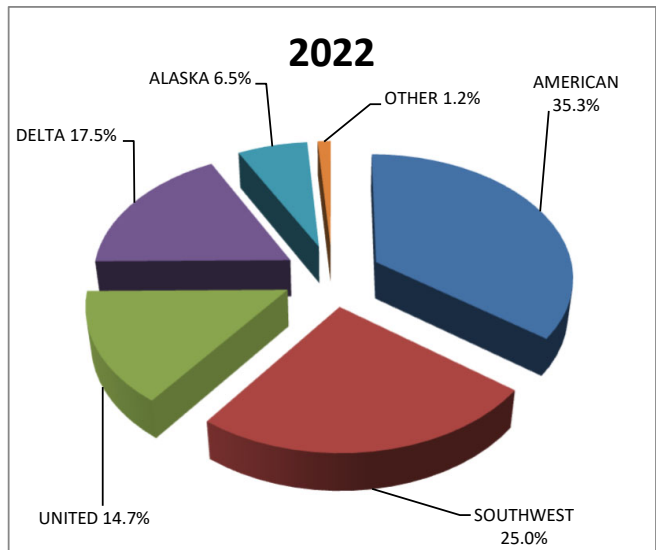
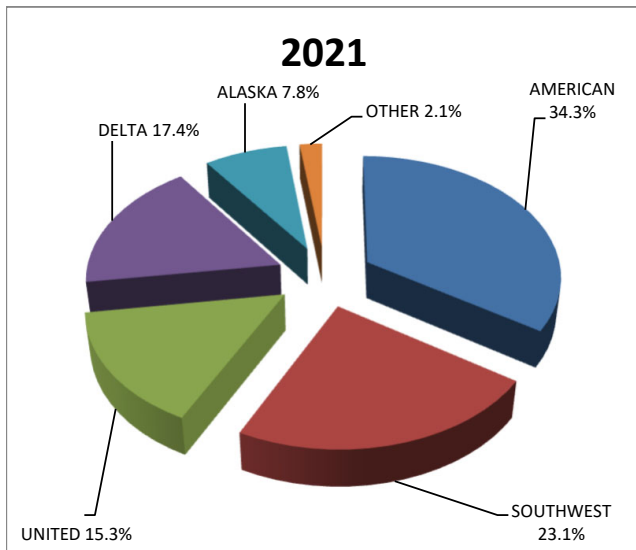
AIRCRAFT OPERATIONS

AIR CARRIER	3,083	2,572	19.9%	16,510	12,757	29.4%
AIR TAXI	1,706	1,512	12.8%	9,577	8,245	16.2%
MILITARY	1,991	2,131	-6.6%	11,112	10,299	7.9%
GENERAL AVIATION	5,580	7,336	-23.9%	32,429	38,803	-16.4%
TOTAL	12,360	13,551	-8.8%	69,628	70,104	-0.7%

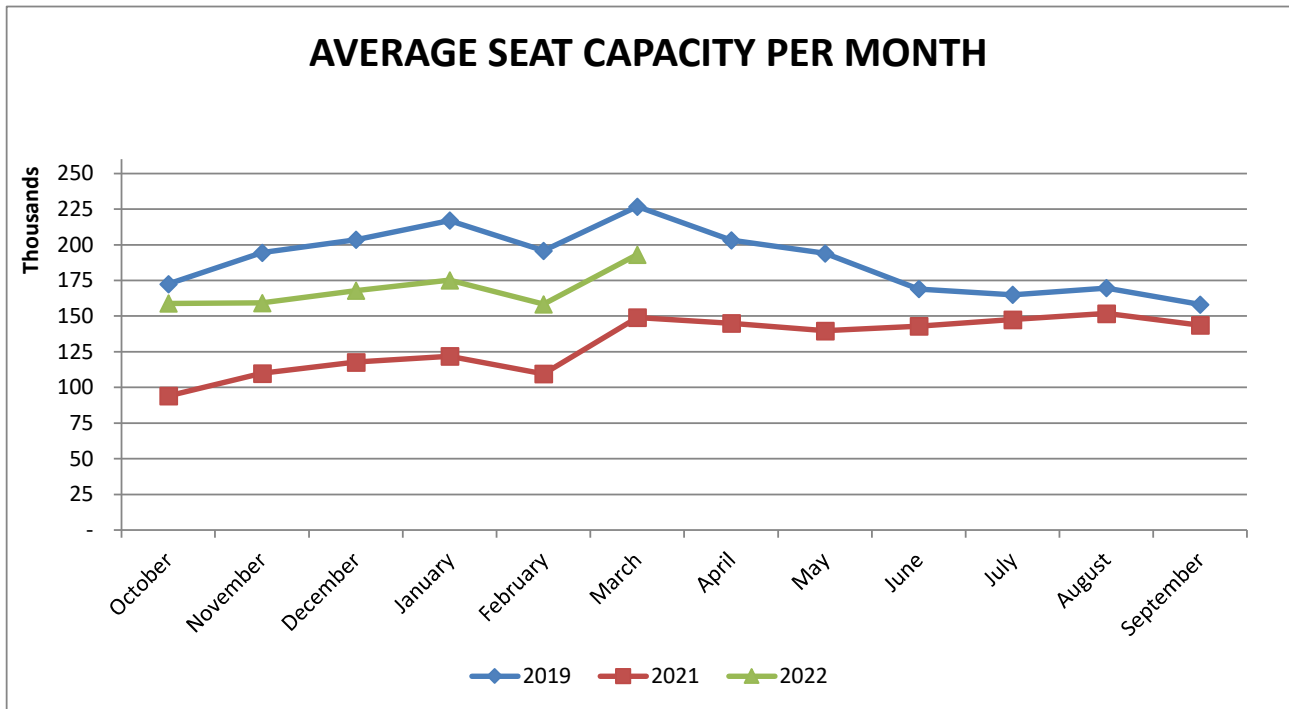
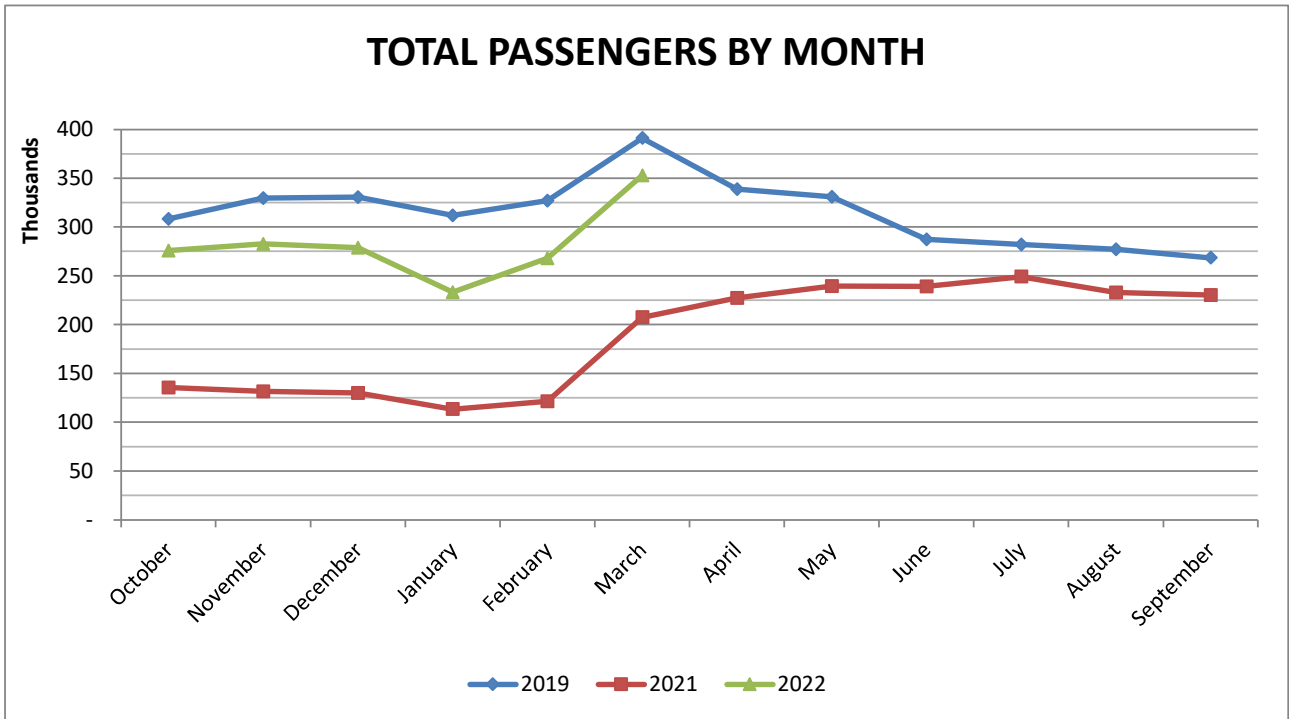
TUCSON AIRPORT AUTHORITY TUS PASSENGER ACTIVITY



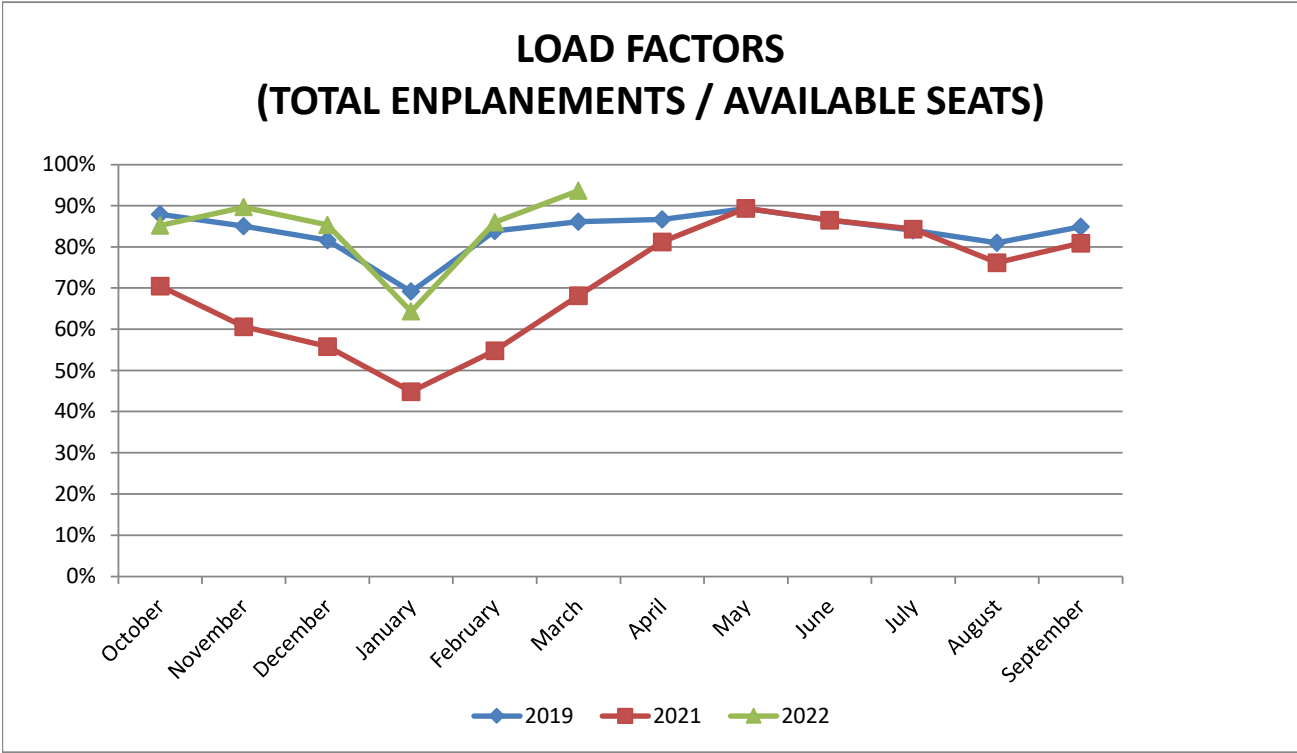
AIR CARRIER MARKET SHARE



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 <i>Delta (2.8)</i>	ATL	2.8	2.0	0.8	536	380	156
EVERETT <i>Alaska (.7)</i>	PAE	0.7	0.0	0.7	56	0	56
DENVER <i>United (3), Southwest (2.9)</i>	DEN	5.9	6.0	(0.1)	832	613	219
DALLAS/FT WORTH <i>American (5.9)</i>	DFW	5.9	5.7	0.2	1,087	938	149
HOUSTON HOBBY <i>Southwest (.6)</i>	HOU	0.6	1.0	(0.4)	88	141	(53)
HOUSTON BUSH <i>United (2.8)</i>	IAH	2.8	2.0	0.8	273	145	128
INDIANAPOLIS <i>Allegiant ()</i>	IND	0.0	0.3	(0.3)	0	48	(48)
LAS VEGAS <i>Southwest (2), Frontier(.1)</i>	LAS	2.1	2.3	(0.2)	300	349	(49)
LOS ANGELES <i>Delta (3), American (1.9) Southwest (1.7)</i>	LAX	6.6	2.5	4.1	661	191	470
CHICAGO MIDWAY <i>Southwest (1.1)</i>	MDW	1.1	0.9	0.2	192	148	44
MINNEAPOLIS <i>Delta (0.4), Sun Country (0.3)</i>	MSP	0.7	1.3	(0.6)	116	245	(129)
OAKLAND <i>Southwest (.5)</i>	OAK	0.5	0.6	(0.1)	71	85	(14)
CHICAGO O'HARE <i>American (1.6), United (1)</i>	ORD	2.6	1.9	0.7	428	141	287
PORTLAND <i>Alaska (1)</i>	PDX	1.0	1.0	0.0	168	76	92
PHOENIX <i>American (5.7)</i>	PHX	5.7	4.8	0.9	528	365	163
PROVO <i>Allegiant ()</i>	PVU	0.0	0.3	(0.3)	0	44	(44)
SAN DIEGO <i>Southwest (1)</i>	SAN	1.0	0.1	0.9	164	15	149
SEATTLE/TACOMA <i>Alaska (2) Delta (1)</i>	SEA	3.0	3.0	0.0	361	432	(71)
SAN FRANCISCO <i>United (2.8)</i>	SFO	2.8	2.7	0.1	155	156	(1)
SALT LAKE CITY <i>Delta (3)</i>	SLC	3.0	3.9	(0.9)	215	291	(76)
TOTAL		48.8	42.3	6.5	6,231	4,803	1,428

Date: June 1, 2022

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

Marketing:

The TAA has made updates to marketing collateral to refresh the “Nonstop for Tucson” campaign, a campaign that continues to promote the positive impacts of Tucson International Airport (TUS) for the region. Next month, there will be updated imagery as follows:

- ➔ Television commercial
- ➔ Paid social media ads and boosted posts
- ➔ Billboards
- ➔ Sun Link streetcar

In the last quarter of mass media buying, our efforts resulted in nearly 13 million impressions. In June, the TAA will make minor changes to the media buy to continue to maximize our marketing efforts to achieve a 10% year-over-year growth in impressions, a metric included in Strategic Plan 2.0. In addition, radio and cable continue to have steady reach and high frequency in the market.

In the Media:

The TAA continues to partner with local and national media on unique storytelling opportunities. In April, the TAA pitched 14 stories to local and national media. In addition, earned media mentions were the highest they have been this year and is more than 600% higher than in 2021.

Through earned and proactive public relations efforts, the TAA has earned more than \$1.3 million in advertising value equivalency (AVE) between January and April 2022. In April alone, more than \$700k was earned – the highest in more than a year.

Community Involvement, Customer Experience and Recognition:

Community Involvement

- ➔ Blue Campaign - Blue Lightning Initiative | Danette Bewley and Jessie Allen presented the TAA’s approach and implementation of the DHS Blue Lightning Initiative at TUS at the Arizona Airport Association Conference; the campaign is designed to promote awareness and eradicate human trafficking. Over 200 airport professionals and aviation consultants were in attendance.
- ➔ Military Lounge | During its May meeting, the City of Tucson Veterans Affairs Committee (VAC) voted to donate two pallets of water to the lounge. The VAC is also preparing to support TAA in efforts to purchase snacks for the annual Exodus event where TUS sees nearly 3,000 soldiers fly through for the holidays.

Customer Experience

- ➔ Warm Welcome Volunteers | Volunteer interest has increased. Two new members were onboarded in May. The program boasts a total of 15 active volunteers.
- ➔ Southern Arizona Association for the Visually Impaired (SAAVI) | Through careful planning and coordination with representatives for SAAVI Services for the Blind, the TSA, and the airlines', the TAA team coordinated several tours of the airport for children and adults who are blind. The tours allow students to practice the curb-to-gate experience. Additional tours are scheduled for June.

Recognition

- ➔ MPA Common Ground Awards | The TAA won the main award at the MPA Common Ground Awards for its submission related to the multi-party working group that resulted in the Airfield Safety Enhancement (ASE) Program Land Transaction Deal.