

AMENDED DECEMBER 5, 2022

Out of an abundance of caution due to the recent surge in COVID-19 cases, the Board of Directors meeting will be held virtually rather than a hybrid of in-person and virtual attendance.

**TUCSON AIRPORT AUTHORITY | Board of Directors Regular Meeting
Wednesday, December 7, 2022 | 3:00 p.m. | Virtual Meeting**

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Tucson Airport Authority (TAA) and to the public that the **Board of Directors** will hold a meeting open to the public on **Wednesday, December 7, 2022, beginning at 3:00 p.m.** Directors and the public may attend virtually or telephonically. As indicated in the following agenda, the Board of Directors may vote to go into executive session, which will not be open to the public, to discuss certain matters.

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 September 7, 2022.
- b. HILL ENTERPRISES:** Adopt Resolution No. 2022-18 authorizing the President/CEO or her designee to execute a contract with Hill Enterprises Inc. for year 4 services.

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 | Airport System Update
- b. Strategic Plan Update | Fiscal Year End 2022

5. DISCUSSION/PRESENTATION

- a. **SUN CORRIDOR | UPDATE:** The Board will receive a presentation from Sun Corridor Inc. President/CEO Joe Snell regarding the latest activities and market outlook for regional economic development.
- b. **2022 TAA MEMBERSHIP SURVEY | RESULTS:** The Board will receive an overview of the results of the 2022 TAA Membership Survey, including key takeaways and next steps towards increasing Member engagement.

6. EXECUTIVE SESSION

The Board of Directors may vote to go into executive session for the following purposes:

- a. Discussion or consultation for legal advice with the attorney for the Tucson Airport Authority and designed representatives to consider its position and instruct its representatives regarding TAA's position on contracts that are the subject of negotiations, in pending or contemplated litigation or in settlement discussions conducted in order to avoid or resolve litigation with Aerovation, Inc. *[Pursuant to A.R.S. § 38-431.03(A)(3), (4) and (7)]*
- b. Discussion or consultation for legal advice with the attorney for the Tucson Airport Authority and designed representatives to consider its position and instruct its representatives regarding TAA's position on contracts that are the subject of negotiations, and on negotiations for the lease of real property with existing TAA tenant Bombardier Inc. *[Pursuant to A.R.S. § 38-431.03(A)(3), (4) and (7)]*

7. RETURN FROM EXECUTIVE SESSION

8. ACTION ITEMS

- a. **2023 TAA MEMBERSHIP NOMINATIONS:** The Board of Directors will consider and may direct reconsideration by the Nominating Council of new member, continuing member and Board member nominations by the Nominating Council for consideration by the Active Members at the 2023 Annual Meeting.
- b. **REQUESTS FOR EMERITUS MEMBERSHIP:** The Board of Directors will consider and may adopt Resolution No. 2022-22 approving requests from certain TAA Members to transition from Member to Emeritus Member.

9. DIVISION UPDATES

- a. Operations
- b. Business and Commercial Development
- c. Finance and Regulatory Administration
- d. Planning and Engineering

10. NEXT MEETING

Monday, January 23, 2023 | Immediately following the TAA Annual Meeting that begins at 9:00 a.m. | Hacienda del Sol Guest Ranch Resort, Hacienda Room | 5501 N. Hacienda del Sol Road, Tucson, Arizona 85718

11. ADJOURN

**TUCSON AIRPORT AUTHORITY | Board of Directors Regular Meeting
Wednesday, September 7, 2022 | 3:00 p.m. | Hybrid Meeting**

THIS BOARD MEETING WAS A HYBRID MEETING, WITH DIRECTORS ATTENDING IN PERSON OR VIRTUALLY VIA MICROSOFT TEAMS OR TELEPHONICALLY. MEMBERS OF THE PUBLIC WERE ABLE TO ATTEND IN PERSON. THOSE 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 3:00 p.m.

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

Vice Chair Silvyn, Director Draper, and Director Fernandez attended virtually via Microsoft Teams.

Others Present: TAA Member Carol Stewart and Consultant Jan Hill, Hill Enterprises

Staff Present: President/Chief Executive Officer Danette Bewley, Executive Vice President/Chief Operating Officer Bruce Goetz, 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 Outlaw Ryan, IT Customer Support Technician Randy Janek, and TAA Clerk Byron Jones

2. CONSENT AGENDA

MOTION BY Treasurer Swaim, SECONDED BY Director Jackson, 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 Rich, Director Jackson, and Director Fernandez

Nays 0

3. BOARD CHAIR REPORT

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

Chair Dusenberry reported the following:

- ❑ The TAA continues to experience movement in talent acquisition and retention due to competition and retirement. Fortunately, the TAA continues to be an attractive employer and has recently welcomed many new employees to support multiple departments at TUS.
- ❑ The TAA has partnered with San Miguel High School to host eight students participating in the Cristo Rey Network Work Study Program. The students will work part-time at the airport throughout the school year.
- ❑ The TAA's three canine explosive detection teams recently completed and passed the Transportation Security Administration's (TSA) annual re-certification process.
- ❑ The TAA received the Certificate of Excellence in Financial Reporting from the Government Finance Officers Association for the FY 2020 annual financial reports. This is the 27th consecutive year the TAA has earned this distinction.

4. PRESIDENT/CEO REPORT

a. State of the Industry | Update

President/CEO Danette Bewley reported the following:

- ❑ 8.7M passengers nationwide traveled during Labor Day weekend.
- ❑ Airlines continue to face challenges due to pilot shortages, workforce retention, aircraft availability, and other factors. Airlines are prioritizing routes based on profitability and staffing levels, which is making it difficult for airports to fully recover. TUS' passenger traffic is approximately 88% of pre-COVID levels, and full recovery will not be reached until 2024.

Director Falbaum arrived at 3:07 p.m.

b. Strategic Plan 2.0 | Quarterly Update

Executive Vice President/Chief Operating Officer Bruce Goetz presented.

- ❑ The TAA accomplished most of the goals under the "Accelerate Performance" and "Create External TAA Champions" strategic initiatives.
- ❑ Progress under the "Expand Prosperity" strategic initiative, which primarily involves generating non-aeronautical revenues from leasing TAA-owned land, has been slowed significantly by inefficiencies in the Federal Aviation

Administration's (FAA) Section 163 review process. This has resulted in the loss of several interested parties. The TAA continues to work with the FAA and believes that more progress will be made in 2023.

5. DISCUSSION/PRESENTATION

a. Strategic Plan 2.1 Overview | Discussion

Members of the Executive Team presented a high-level overview of Strategic Plan 2.1 (SP 2.1) goals for FY 2023.

☐ **Summary:**

- The Strategic Plan is a dynamic document, designed to be revised annually to adapt to changing conditions.
- SP 2.1 is the result of lessons learned during SP 2.0's implementation, new perspectives from the Executive Team and Directors, and shifting priorities as TUS continues to recover from COVID-19. There is a continued emphasis on building leaders and performance management.
- The four strategic initiatives in SP 2.0 will continue to be the core of SP 2.1.

☐ **Expand Prosperity:**

- Adopt and implement a new Airline Use Agreement (AUA) by September 2023.
- Continue to develop and market the Sonoran Commerce Center. The TAA will partner with the City of Tucson and Pima County as necessary to build new infrastructure and/or to upgrade old infrastructure to commercial grade.
- Air Service Development will work aggressively to maintain current routes and to attract new low-cost carriers to the Tucson market.

☐ **Accelerate Performance:**

- Encourage employees to further embrace the Cultural Fundamentals.
- Continue to make refinements to the compensation plan to reduce salary compression and improve employee retention.

☐ **Upgrade to First Class Systems/Efficiencies:**

- Produce a technology roadmap to ensure that the technologies the TAA adopts are compatible with one another. A technology steering committee will be formed to involve various stakeholders in the process.
- Scope an enterprise documentation strategy to begin the move towards acquiring an organization-wide document management system.
- Complete a Sustainability Master Plan.

Creating External TAA Champions:

- Identify ways to improve Member engagement.
- Identify Members who are willing to advocate on behalf of the TAA in the community.
- Conduct a community survey to develop strategies to avoid passenger leakage and passenger spillage.

b. Labor Market and TAA Attrition Outlook | Discussion

Vice President/Chief People Officer Twyla Salaiz presented.

- People Operations conducted a 24-question employee satisfaction survey in February 2022, with 69% employee participation.
 - 96% of employees responded that new employees feel welcome and included in the team.
 - 51% responded that policies for promotions and compensation were not fair.
- Overall, employees have high job satisfaction but feel benefits, the leave policy, and People Operations responsiveness should be looked at for specific changes.
- People Operations is most concerned with “regrettable” attrition—when an employee resigns for a better opportunity or without giving a reason for their leaving. In the past year, the TAA has lost 34 employees (15.6%) to “regrettable” attrition.
 - Employees are open to movement with better pay and benefits.
 - The amount of time to backfill from attrition requires significant work from People Operations and hiring managers.
- In FY 2023, People Operations will explore the causes of “regrettable” attrition and potential solutions to lower the turnover rate.

c. FY 2023 Budget Review | Discussion

Vice President/Chief Financial Officer Kirk Eickhoff presented.

- FY 2022 Year-to-Date Forecast:**
 - Passenger traffic for FY 2022 will come in at 89% of pre-COVID levels. Despite fewer passengers, revenues and expenses are favorable to budget, driven by higher-than-expected receipts from concessions and royalties from sales of sand and gravel. Savings in operating expenses were attributable to lower personnel costs.
 - The TAA will use \$6.9M in federal rescue funds to balance the airport system residual calculation in FY 2022.
- FY 2023 Budget Assumptions:**
 - Projections are that TUS will reach 94.5% of pre-COVID passenger volume.

- Operating revenues are expected to grow \$2.9M (+7.5%) vs the FY 2022 budget and \$1.5M (+3.7%) versus the FY 2022 forecast.
- Operating expenses are budgeted to increase \$3.4M (+9.7%) compared to the FY 2022 budget and rise \$5.0M (+14.8%) over the FY 2022 forecast.
- The TAA plans to use \$7.6M in federal rescue funds to balance the airport system residual calculation. This will leave \$23.6M in FY 2024 and beyond.
- The budget and capital program were presented to the Airport Airline Affairs Committee (AAAC) and the Finance and Risk Management Council (FRMC). Both bodies were receptive and supportive of the operating plans and budgeted amounts presented. The FRMC provided a recommendation to the Board of Directors to approve the budget as presented.

6. ACTION ITEMS

a. STRATEGIC PLAN 2.1:

MOTION BY Director Falbaum, SECONDED BY Vice Chair Silvyn, to adopt Resolution No. 2022-21 APPROVING and SUPPORTING the framework for the Tucson Airport Authority Strategic Plan 2.1. The motion carried by the following vote:

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

Nays 0

Due to technical issues, Director Fernandez was unable to vote on Item 6.a.

b. RESOLUTION ON PARKING RATE ADJUSTMENTS:

Vice President/Chief Financial Officer Kirk Eickhoff presented.

- The TAA is required to be self-sustaining, and parking rates account for 20% of the TAA’s operating revenues.
- Parking rates have remained the same since 2017; however, operating parking-related operating expenses have increased 20% during the same period.
- Approximately \$1.8M is budgeted in FY 2023 for improvements to the Parking Access Revenue Control (PARC) system.

- The average annual occupancy and level of demand support a rate increase.
- Staff studied the parking rates of local competitors and determined that TUS’s parking rates are in line with the competition. The competitors will follow suit if TUS raises its rates.
- Additional revenues of \$1.6M are factored into the FY 2023 budget.

MOTION BY Secretary Hammond, SECONDED BY Treasurer Swaim, to adopt Resolution No. 2022-19 APPROVING adjustments to the parking rates at Tucson International Airport, to be effective on and from November 1, 2022. The motion carried by the following vote:

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

Nays 0

Due to technical issues, Director Fernandez was unable to vote on Item 6.b.

c. FY 2023 BUDGET AND CAPITAL IMPROVEMENT PROGRAM:

MOTION BY Director Jackson, SECONDED BY Secretary Hammond, to adopt Resolution No. 2022-20 APPROVING the Tucson Airport Authority’s budget and capital improvement program for the fiscal year beginning October 1, 2022 and ending September 30, 2023. The motion carried by the following vote:

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

Nays 0

Due to technical issues, Director Fernandez was unable to vote on Item 6.c.

d. RESOLUTION ON DELEGATED AUTHORITY:

Vice President/General Counsel Christopher Schmaltz presented.

- The proposed resolution incorporates the Board’s feedback expressed during the meeting in June 2022.

- Language has been added to Item 2.a. to clarify the President/CEO's authority to expend funds in an emergency and her obligation to report emergency-related expenditures to the Board at the next regular meeting.

MOTION BY Treasurer Swaim, SECONDED BY Director Fernandez, to adopt Resolution No. 2022-12 DELEGATING certain authority to the Tucson Airport Authority's President/CEO and CLARIFYING those items requiring action by the Board of Directors and the Executive Council. The motion carried by the following vote:

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

Nays 0

7. DIVISION UPDATES

a. Operations

- TUS will take delivery next week of a new rubber removal truck. It is anticipated that performing rubber removal in-house will save the TAA \$250K over the next several months, so the machine is well on its way to paying for itself.
- Two of the TAA's canine teams will participate in the Arizona Law Enforcement K-9 Trials next month in Phoenix.

b. Business and Commercial Development

- SkyWest Airlines has put the development of MRO 50 on hold while it considers how the economic downturn has affected its financial position. The airline is committed to keeping its operations in Tucson and is negotiating with the TAA to lease a 32,000 sq ft hangar in the vicinity.
- Site work on the Pima County Sheriff's Department aviation facility is underway. The project is estimated to be completed in May 2023.
- The TAA is in negotiations with Pratt & Whitney Canada to construct a permanent facility to conduct their "hot engine" tests.
- The City of Tucson recently annexed 166 acres owned by the TAA near Swan Road and south of the Los Reales landfill. This will enable construction of infrastructure required for commercial development. Four entities have already expressed interest in the property.

c. Finance and Regulatory Administration

The year-to-date financial statements and aviation activity reports were included in the Board packet.

d. Planning and Engineering

- Airfield Safety Enhancement Project - Recently finished construction of Taxiway F. Completion of this phase is required before construction begins later this year on the new parallel runway and taxiway system.
- Improvements to the Federal Inspection Service (FIS) station are underway with completion anticipated by the end of October. The project is on schedule and on budget.
- Completion of the new spec hangar (formerly intended for Aerovation) is anticipated by the end of October. The project is ahead of schedule and will come in on or slightly under budget.
- The new electronic display board system was activated last week. This is the culmination of a two-year endeavor which, although behind schedule, has come in on budget.

8. NEXT MEETING

The next regular meeting is scheduled for Wednesday, October 5, 2022 at 3:00 p.m. However, a religious holiday falls on that date. The Board's consensus was to direct the TAA Clerk to find an alternate meeting date later in the month.

9. ADJOURN

There being no further business to discuss, Chair Dusenberry adjourned the meeting at 5:17 p.m.

APPROVED BY:

Prepared by:

Michael S. Hammond, Secretary

Byron M. Jones, CMC, TAA Clerk

Date: _____

Date: _____

Date: December 7, 2022

To: TAA Board of Directors
From: Danette Bewley, President/CEO
Re: Hill Enterprises Inc. | Year 4 of Contract

Background:

In early 2020, the Tucson Airport Authority (TAA) made the decision to invest in its people to affect a streamlined executive leadership transition. The TAA selected Jan Hill, Hill Enterprises Inc., to assist the President/CEO make the transition and cultural shift, with Jan Hill providing guidance through executive coaching, leadership development and strategic planning.

Throughout the period between 2020 to the present, Jan Hill provided TAA leadership and coaching work with the President/CEO, as well with the Executive Team, as a group, and individually. In addition, with Jan Hill's consulting support, TAA produced a dynamic, ambitious and culturally altering Three Year Strategic Plan for TAA (2020), during a pandemic that has devastated air travel, and significantly disrupted TAA's business, operations, followed by a more aggressive Strategic Plan 2.0 (2021) which spans a 4-year period, with an internal focus on cultural transformation, process improvement, and ensuring a sustainable business model, and an external focus on economic development through aeronautical and non-aeronautical development. The skills Jan Hill helped the Executive Team develop positioned the TAA to take another bold step and refine Strategic Plan 2.0 into Strategic Plan 2.1, which was approved by the Board on September 1, 2022.

Finally, her scope of work involved a comprehensive analysis with key stakeholders and the Executive Council on the performance of the President/CEO.

Strategic Plan | Analysis:

The TAA 3-Year Strategic Plan for FY 2021 - 2023, adopted by the Board on August 5, 2020, outlined the path that allowed the TAA to adapt to changing circumstances of the pandemic and immerse in economic recovery. As pandemic issues eased and signs of economic recovery were positive, TAA staff pivoted to take advantage of its' strategic posture and developed Strategic Plan 2.0, a more aggressive and focused plan, which was adopted by the Board on September 1, 2021. One more bold move was the adjustment to Strategic Plan 2.0 to Strategic Plan 2.1, adopted by the Board on September 1, 2022.

The first three years working with Jan Hill, Hill Enterprises, demonstrates that the investment in people and the focus on leadership development was pivotal to the cultural transformation and to accelerate performance. The TAA is in the middle of a renaissance and the opportunity to capitalize on gains made will propel the organization onward to reach its workplace culture goal

to become a 'Great Place to Work.' To build on previous years' work and success, it is recommended that the TAA engage Jan Hill, Hill Enterprises Inc., for another year of service.

The scope of services include President/CEO and Board Executive Council Engagement and Review, intended to help ensure that the Annual President/CEO Evaluation process and the Executive Council's relationship with and support of the TAA is improved and sustained throughout 2023 to the satisfaction of all parties; and, leadership sustainability through ongoing executive coaching, consulting, education and development, intended to "maintain" progress established over previous years, and to continue to enhance performance of executives and high potential personnel in 2023 (coaching and development, leadership tie-ins; and leadership development/reinforcement for the Executive Team and new leaders).

Cost Analysis:

Fees for service are \$197,500, plus travel and incidentals; costs are included in the FY23 Budget.

Recommendation:

TAA management requests the TAA Board invest in these services and adopt Resolution No. 2022-18 and authorize the President/CEO or her designee to execute a contract with Hill Enterprises Inc. for year 4 services.

Attachments:

Resolution No. 2022-18

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., AUTHORIZING THE PRESIDENT/CEO OR HER DESIGNEE TO EXECUTE A CONTRACT WITH HILL ENTERPRISES INC. FOR YEAR 4 SERVICES.

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

WHEREAS through 3 years of service to TAA, Ms. Hill’s consulting services were instrumental as the TAA developed two Strategic Plans and accelerated the development of its President/CEO, its Executive Team and aided in the creation and usage of tools to assist in the transformation of TAA culture; and

WHEREAS the Board of Directors desires to continue the relationship with Jan Hill and her support of the success of TAA and accepts the staff recommendations as detailed in the Board Memorandum.

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

The President/CEO or her designee is authorized to execute a contract with Hill Enterprises for services in 2023 at an aggregate cost of \$197,500 plus minor expenses for travel and incidentals. The scope of services shall include those services as set forth in the Board memorandum, attached as Exhibit A to this resolution, incorporated by reference and a part thereof.

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

Bruce Dusenberry, Chair of the Board

ATTEST:

APPROVED AS TO FORM:

Michael S. Hammond, Secretary

Christopher Schmaltz, Vice President
and General Counsel

EXHIBIT A

BOARD MEMORANDUM

Date: December 7, 2022

To: TAA Board of Directors
From: Bruce Goetz, Executive Vice President/COO
Re: TAA Strategic Plan 2.0 | Fiscal Year Ending September 30, 2022

TAA staff continued to make progress on achieving goals associated with Strategic Plan 2.0, adopted by the TAA Board on September 1, 2021. The team completed 85% of the goals and initiatives during FY22. The attached report provides full detail of the progress made through the end of FY22; however, I want to highlight a few specific items.

1. Accelerate Performance

- a. The Cultural Fundamentals program has been rolled out airport wide and is now a focus for Supervisors, Directors, and the Executive Team to lead and champion these behaviors.
- b. The first year of the Performance Management process is complete with all leaders regularly conducting meaningful one-on-one meetings with their direct reports. Annual performance evaluations are currently underway and new goals and expectations will be written at the end of the calendar year.
- c. The TAA embraced the Situational Leadership Program, and taught 63 Supervisors, Managers, Directors, and the ET, practices to help them become better leaders to their respective teams. A new group of 16 leaders will be trained in November.

2. Expand Prosperity

We have not met the target goals in two areas of this initiative:

1. Commercial Development of TAA Land

There has been little change in our efforts to lease/sell TAA land since the last Strategic Plan Report; the lengthy FAA process (Section 163 process) and procedures have been an impediment to our success, and truly inhibits the development goals for TAA land. Additionally, the FAA recently published a new Notice of Proposed Rulemaking that will broaden their scope of approval and further complicate this process. These circumstances create an environment that impedes our ability to fully deliver on the initiative to develop non-aeronautical land as described in the Strategic Plan. We have taken other steps to address the issue; however, they will take time:

- a. Begun the Environmental Assessment (EA)/Environmental Impact Statement (EIS) process on certain parcels.
- b. Sent letters to the FAA sharing concerns about this process and adverse impacts to airports.

- c. Made this issue a top talking point with members of the Arizona Delegation, communicating the adverse impact the process is having on our ability to attract businesses to Arizona and continue our mission to be a self-sustaining airport system.
- d. Made recommendations to add specific language to the upcoming FAA Reauthorization Bill.

2. Airline Use Agreement (AUA)

Early in 2022, we agreed on several terms with the airline representatives, then meetings were suspended because the Finance Department had too many vacancies, which created an undue burden on the Vice President/CFO. With the departure of the Vice President/CFO in November 2022, the AUA coordination and negotiation will be a shared responsibility between select team members with President/CEO oversight. TAA has communicated with the airlines a desire to resume discussions, develop an interim agreement, followed by the negotiation of a new AUA.

3. Upgrade to First Class Systems and Efficiencies

- a. We have hired VHB, consultant, to develop the Sustainability Master Plan.
- b. We conducted a nationwide aviation executive search and hired Ken Nichols, as our Vice President of Planning and Engineering, who started on October 31, 2022. Ken has over 30 years' experience in airport engineering and has worked on both the airport management side and consulting side of the industry. I am confident that Ken's transition into the TAA will be smooth; myself and Danette Bewley, President/CEO, will work to familiarize him with the many projects and programs.
- c. We had a very successful year documenting internal process and procedures. This is now an ongoing annual priority for all departments.
- d. The refresh of the Federal Inspection Services (FIS) area for Customs and Border Protection is on schedule to meet completion prior to Flair Airlines beginning air service in late November. This project includes technology and passenger flow improvements, which is complete.

4. Create TAA External Champions

- a. The "Nonstop for Tucson" marketing campaign continues to be successful. All marketing segments (tv, radio, digital, transit, billboards, etc.) will continue throughout FY23. Media impressions have increased over 10% and social/community recognition is positive.
- b. The TAA Member Survey was completed; the data will be presented to the Board today. An Advocacy Plan is in development and will be shared with the TAA Membership at the Annual Member Meeting.
- c. The TAA Community Survey was completed; results are being evaluated.



TAA PLAN

ACCELERATE PERFORMANCE

Goal	Owner	...	Q4 '21	Q1 '22	Q2 '22	Q3 '22	Q4 '22	Current Completion
TAA is a "Great Place To Work"	Twyla Salaiz			█	█	█	█	On Track
Drive Performance Management	Twyla Salaiz		█	█	█	█	█	On Track
Target growth of internal talent	Twyla Salaiz			█	█	█	█	On Track
Implement Workforce Planning	Twyla Salaiz		█	█	█	█	█	On Track

EXPAND PROSPERITY

Goal	Owner	...	Q4 '21	Q1 '22	Q2 '22	Q3 '22	Q4 '22	Current Completion
Increase Air Service Development Activity	John Voorhees		█	█	█	█	█	On Track
Execute New Airline Use Agreement (AUA)	Kirk Eickhoff			█	█	█	█	Behind
Progressive Commercial Development Of TAA Land	John Voorhees			█	█	█	█	Behind

UPGRADE TO FIRST CLASS SYSTEMS AND EFFICIENCIES

Goal	Owner	...	Q4 '21	Q1 '22	Q2 '22	Q3 '22	Q4 '22	Current Completion
Update and Refine IT and Marketing Functionality	Bruce Goetz		█	█				Complete
Critical System (Technology) Upgrades	Bruce Goetz		█	█				Complete
Focus on Documentation	Bruce Goetz		█	█	█	█	█	Complete
Embrace Sustainability	Bruce Goetz		█	█	█	█	█	On Track

CREATE EXTERNAL TAA CHAMPIONS

Goal	Owner	...	Q4 '21	Q1 '22	Q2 '22	Q3 '22	Q4 '22	Current Completion
Expand TAA Marketing Campaign	Danette Bewley							On Track
Community Advocacy -	Danette Bewley							On Track
TAA Membership and Board Advocacy	Danette Bewley							On Track

Date: December 7, 2022

To: Board of Directors
From: Byron M. Jones, TAA Clerk
Re: Report on the Nominating Council’s Member and Director Nominations for 2023

Background:

By the close of the 2023 nominating period on October 1, 2022, the TAA received seven (7) nominations for new members, five (5) requests from Members to transition to Emeritus Member, one (1) request to extend their membership for an additional five years, and five (5) self-nominations for director.

To comply with the Bylaws, the Nominating Council is required to make its recommendations to the Board of Directors by November 20 for consideration and action. The Nominating Council met this obligation by its actions at its meeting on October 12, 2022. The Board of Directors, by a majority vote of its membership, may direct the Nominating Council to reconsider its recommendation of an individual for membership, director or slate of officers. Any nominations that are not returned to the Nominating Council will be placed on the ballot to be voted on by the Members during the Annual Meeting on January 23, 2023.¹

The Nominating Council acted on the nominations below during its meeting on October 12, 2022:

New Members

The Council voted unanimously to place these seven nominees on the ballot. Assuming all seven are elected, the TAA will have 58 active members in 2023.

Nominee	Nominated By
Lydia Aranda Co-Founder/Principal, DiVeritas	Keri Silvyn
Teresa Bravo Government Relations Representative, Tucson Electric Power	Ellen Wheeler
Edmund Marquez Owner, Edmund Marquez Allstate Agency	Keri Silvyn
Nancy McClure First Vice President, CBRE, Inc.	Ellen Wheeler
Shannon Murphy Director of Sales and Marketing, DVI Realty	Keri Silvyn
Shaima Namazifard SBA Business Development Officer, Wells Fargo Bank	Rhonda Piña

¹ TAA Bylaws, Article 2, Section 2.2, Subsection 2.2.2

Nominee	Nominated By
Amanda Wiggins President/CEO, Marana Chamber of Commerce	Rhonda Piña

Continuing Members

The 15-year term for Member Fran Katz will expire on January 22, 2023. The Nominating Council considered her request to continue her active membership for an additional five years under the Bylaws². The Council voted unanimously to place her request on the ballot.

Board of Directors

The Board of Directors “shall consist of seven (7) and no more than eleven (11) members.”³ There are currently nine directors. The terms of three directors—Rob Draper, Mike Hammond, and Phil Swaim—will expire in January 2023. The members below nominated themselves for a first or second term on the Board of Directors. Assuming all five candidates are elected, the Board of Directors will have eleven (11) members. The Council voted unanimously to place the five candidates on the ballot.

Member	Year Joined	Board Term
Mike Hammond	2012	Second
Fran Katz	2008	First
Rhonda Piña	2022	First
Calline Sanchez	2020	First
Phil Swaim	2013	Second

2023 Corporate Officers

The Nominating Council voted to recommend the following slate of corporate officers for 2023:

- Chair of the Board – **Keri Silvyn**
- Vice Chair of the Board – **Mike Hammond**
- Secretary – **Phil Swaim**
- Treasurer – **No recommendation**

The Board of Directors will consider and select its officers during the meeting on January 23, 2022, which convenes following the TAA Annual Meeting.

² TAA Bylaws, Article 2, Section 2.1, Subsection 2.1.2(a)(iii)

³ TAA Bylaws, Article 4, Section 4.1, Subsection 4.1.1

Emeritus Members

The Board of Directors considers and approves or rejects Emeritus Member requests; **they are not subject to a vote of the Membership**. Emeritus membership is reserved for those Members who have provided distinguished service to the Authority over a sustained period of not less than ten (10) years.⁴ The Nominating Council voted unanimously to recommend to the Board of Directors that it approve the requests from these Members to transition to Emeritus Member:

Member	Year Joined	Years of Service
Joaquin Ruiz	2007	16
Izaro Urreiztieta	2010	13
Bruce Ash	2003	20
Mercy Valencia	2003	20
Lisa Israel	2005	18

Strategic Plan | Analysis:

Welcoming new members to the TAA supports the strategic plan initiative to “Create External TAA Champions.” Having members who take pride in the TAA and who advocate on behalf of the organization throughout the region ensures continued TAA’s support for the region’s economic prosperity.

Cost Analysis:

There is no significant additional cost to the TAA by acting on these nominations.

Recommendation:

Adopt Resolution No. 2022-22 approving the requests from Joaquin Ruiz, Izaro Urreiztieta, Bruce Ash, Mercy Valencia, and Lisa Israel to transition to Emeritus Member, effective on expiration of their active membership.

Attachments:

1. Resolution No. 2022-22
2. Draft minutes from the Nominating Council meeting on October 12, 2022

⁴ TAA Bylaws, Article 2, Section 2.1, Subsection 2.1.2(b)(i)

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., APPROVING REQUESTS FROM CERTAIN TAA MEMBERS TO TRANSITION FROM MEMBER TO EMERITUS MEMBER.

WHEREAS the Bylaws provide that “Members who have completed a minimum of ten (10) years of service may be considered for Emeritus Member status, and that “Emeritus Membership shall be limited to those members who have provided distinguished service to the Authority over a sustained period of time;” and

WHEREAS five Members who have met the minimum service requirement have applied to transition from Member to Emeritus Member; and

WHEREAS the Nominating Council reviewed the applications during its meeting on October 12, 2022 and voted unanimously to forward a recommendation of approval for each Member to become Emeritus Member to the Board of Directors based upon the criteria provided in the Bylaws.

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

In recognition of their years of dedicated and distinguished service to the TAA, the requests from **BRUCE ASH (20 years), MERCY VALENCIA (20 years), LISA ISRAEL (18 years), JOAQUIN RUIZ (16 years) and IZARO URREIZTIETA (13 years)** to become Emeritus Members, with all the rights and privileges of that category of members provided in the Bylaws, are hereby approved.

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

Bruce Dusenberry, Chair of the Board

ATTEST:

APPROVED AS TO FORM:

Michael S. Hammond, Secretary

Christopher Schmaltz, Vice President
and General Counsel

**TUCSON AIRPORT AUTHORITY | Nominating Council Meeting
Wednesday, October 12, 2022 | 2:00 p.m. | Virtual Meeting**

THIS ADVISORY COUNCIL MEETING WAS HELD VIRTUALLY, WITH COUNCIL MEMBERS 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 Lovallo called the meeting to order at 2:00 p.m.

Council Members Present: Chair Lisa Lovallo, Vice Chair Steve Cole, Council Member Phil Swaim, Council Member Rob Draper, Council Member Ellen Wheeler, Council Member Fran Katz, and Council Member Rhonda Piña

Staff Present: President/Chief Executive Officer Danette Bewley, Vice President/General Counsel Christopher Schmaltz, IT Customer Support Technician Randy Janek, and TAA Clerk Byron Jones

2. APPROVAL OF MINUTES

MOTION BY Council Member Wheeler, SECONDED BY Council Member Swaim, to APPROVE the minutes of the Nominating Council meeting held on September 7, 2022. The motion carried by the following vote:

Ayes 7 Chair Lovallo, Vice Chair Cole, Council Member Swaim, Council Member Draper, Council Member Wheeler, Council Member Katz, and Council Member Piña

Nays 0

3. PRESIDENT/CEO REPORT

a. State of the Industry | Update

President/CEO Danette Bewley reported the following:

- The TAA is projected to recover 90% of pre-COVID passenger traffic by the end of the year.
- Although airlines are extremely interested in the Tucson market, the demand currently outweighs the number of daily seats available. The TAA

is encouraging the airlines to add additional flights, and it is projected there will be significant growth in the TUS market by 2024.

- ❑ A concept study regarding terminal expansion will be completed within the next few months and will be presented to the Board of Directors in 2023. This will be a major investment, which is supported by the airlines.
- ❑ Airports have recently been the target of coordinated cyber-attacks. The TAA’s IT department has been diligent in implementing cyber security countermeasures, and so far, TUS is not a direct target of a cyber-attack.

4. NOMINATIONS | APPLICATIONS

a. EMERITUS MEMBER APPLICATIONS:

MOTION BY Vice Chair Cole, SECONDED BY Council Member Wheeler, to RECOMMEND to the Board of Directors that it approve the Emeritus Member requests from Joaquin Ruiz, Izaro Urreiztieta, Bruce Ash, Mercy Valencia, and Lisa Israel. The motion carried by the following vote:

Ayes 7 Chair Lovallo, Vice Chair Cole, Council Member Swaim, Council Member Draper, Council Member Wheeler, Council Member Katz, and Council Member Piña

Nays 0

b. CONTINUING MEMBER, NEW MEMBER, AND DIRECTOR NOMINATIONS:

MOTION BY Council Member Swaim, SECONDED BY Council Member Cole, to NOMINATE Edmund Marquez, Nancy McClure, Teresa Bravo, Shannon Murphy, Amanda Wiggins, Lydia Aranda, and Shaima Namazifard for membership in the Tucson Airport Authority for an initial 15-year term, subject to review by the Board of Directors and election by the full Membership at the Tucson Airport Authority’s Annual Meeting in January 2023 (*Pursuant to TAA Bylaws Article 2, Section 2.1, Subsection 2.1.2(a)(ii); Article 2, Section 2.2; and Article 3, Section 3.5*). The motion carried by the following vote:

Ayes 7 Chair Lovallo, Vice Chair Cole, Council Member Swaim, Council Member Draper, Council Member Wheeler, Council Member Katz, and Council Member Piña

Nays 0

MOTION BY Vice Chair Cole, SECONDED BY Council Member Wheeler, to NOMINATE Fran Katz for continued membership in the Tucson Airport Authority for an additional five years, subject to review by the Board of Directors and election by the full Membership at the Tucson Airport Authority’s Annual Meeting in January 2023 (Pursuant to TAA Bylaws Article 2, Section 2.1, Subsection 2.1.2(a)(ii); Article 2, Section 2.2; and Article 3, Section 3.5). The motion carried by the following vote:

Ayes 7 Chair Lovallo, Vice Chair Cole, Council Member Swaim, Council Member Draper, Council Member Wheeler, Council Member Katz, and Council Member Piña

Nays 0

Council Member Piña stated that she self-nominated herself for a position on the Board of Directors and, pursuant to TAA Bylaws Article 10, Section 10.2, resigned as a member of the Nominating Council and left the meeting at 2:13 p.m.

Council Member Katz stated that she self-nominated herself for a position on the Board of Directors and, pursuant to TAA Bylaws Article 10, Section 10.2, resigned as a member of the Nominating Council and left the meeting at 2:15 p.m.

MOTION BY Council Member Draper, SECONDED BY Vice Chair Cole, to NOMINATE Fran Katz and Rhonda Piña for their first three-year terms and Mike Hammond and Phil Swaim for their second-three year terms on the Board of Directors, subject to review by the Board of Directors and election by the full Membership at the Tucson Airport Authority’s Annual Meeting in January 2023 (Pursuant to TAA Bylaws Article 2, Section 2.2; Article 3, Section 3.5; and Article 4, Section 4.1). The motion carried by the following vote:

Ayes 5 Chair Lovallo, Vice Chair Cole, Council Member Swaim, Council Member Draper, and Council Member Wheeler

Nays 0

c. NOMINATION OF CORPORATE OFFICERS FOR 2023:

TAA Clerk Byron Jones reported based on previous discussions that Vice Chair Keri Silyvn would like to be elevated to the Chair position, and Secretary Mike Hammond would like to serve as the Vice Chair. Treasurer Phil Swaim, who was present, stated that he is willing to serve as the Secretary. Because there is no director who has clearly expressed an interest in the Treasurer position, the

consensus of the Council was to recommend a partial slate of Chair, Vice Chair, and Secretary, and recommend the Board choose a Treasurer at its discretion.

MOTION BY Council Member Draper, SECONDED BY Council Member Wheeler, to RECOMMEND to the Board of Directors the slate of corporate officers for 2023: Chair Keri Silvyn, Vice Chair Mike Hammond, and Secretary Phil Swaim. The motion carried by the following vote:

**Ayes 5 Chair Lovallo, Vice Chair Cole, Council Member Swaim,
Council Member Draper, and Council Member Wheeler**

Nays 0

5. ADMINISTRATIVE UPDATES

President/CEO Danette Bewley reported the following:

- A mixer event for TAA Members and guests is being held on October 20 at the Hacienda del Sol Guest Ranch Resort. Members were encouraged to RSVP.
- The Communications team will be sending a “save-the-date” notice for the Annual Meeting on January 23, 2023, also at the Hacienda del Sol Guest Ranch Resort.
- 2023 is the TAA’s 75th anniversary. A special event is being planned at the Pima Air and Space Museum. Further details will be sent out when they are available.

6. ADJOURN

There being no further business to discuss, Chair Lovallo adjourned the meeting at 2:32 p.m.

PREPARED BY:

Byron M. Jones, CMC, TAA Clerk

Date: _____

Date: December 7, 2022

To: Board of Directors
From: Clark Wager, Director of Finance
Re: Summary of Financial Performance for September 2022

Financial Performance:

- Operating Income before Depreciation and Amortization (YTD vs budget)
 - Tucson Airport Authority generated operating income before depreciation and amortization of \$239,471 for September 2022, which is \$64,728 unfavorable to budget due to unfavorable operating expenses described below.

- Operating Revenues (YTD vs budget)
 - In September, operating revenue of \$3,476,276 is favorable to budget by \$311,870 or 9.9% and favorable to prior year by \$276,989 or 8.7%. The increase from prior year is largely due to increased reimbursed services revenues, driven by the collection of project reimbursements that had been pending FAA review during FY 2022. Operating revenues for the month were down \$265,937 (7.1%) compared to September 2019 (pre-COVID).
 - Year-to-date operating revenues were greater than budgeted by \$2,389,437 or 5.9%, with favorable variances in landing fees, land rent, concession revenues, and other operating revenues partially offset by unfavorable variances in space rentals and reimbursed services.
 - 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 September, total operating expenses were higher than budget by \$376,598, largely due to higher-than-expected contractual services expenses.
 - Year-to-date operating expenses of \$34,058,507 are favorable to budget by \$1,351,466 or 3.8%. All expense categories, except for materials and supplies expenses, were lower than budgeted. Personnel expenses and contractual services expenses drove the majority of the favorable variance.

Attachments:

Financial Summary Report for the year ending September 30, 2022

FINANCIAL SUMMARY



For the year ending September 30, 2022

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

	CURRENT MONTH - September			2021	PRE-COVID 2019
	BUDGET	ACTUAL	FAV (UNFAV)	ACTUAL	ACTUAL
OPERATING REVENUES:					
Landing fees	177,273	184,872	7,598	180,327	\$ 220,281
Space rentals	913,235	865,478	(47,757)	922,602	1,237,835
Land rent	305,760	410,316	104,557	314,089	293,286
Concession revenue	1,267,266	1,337,830	70,564	1,292,544	1,485,654
Reimbursed services	266,225	436,846	170,620	271,887	268,935
Other operating revenues	234,646	240,934	6,288	217,837	236,221
Total Operating Revenues	3,164,406	3,476,276	311,870	3,199,286	3,742,212
OPERATING EXPENSES:					
Personnel expenses	1,877,879	1,892,098	(14,219)	1,656,918	2,231,277
Contractual services	725,472	970,405	(244,934)	729,352	821,444
Materials and supplies	131,830	202,134	(70,304)	194,842	201,841
Other operating expenses	125,027	172,168	(47,141)	88,726	73,318
Total Operating Expenses	2,860,207	3,236,805	(376,598)	2,669,838	3,327,880
NET OPERATING INCOME (LOSS) BEFORE DEPRECIATION AND AMORTIZATION	304,199	239,471	(64,728)	529,448	414,332
Depreciation and Amortization	1,600,000	1,646,627	(46,627)	1,662,634	1,605,418
OPERATING INCOME (LOSS)	(1,295,802)	(1,407,157)	(111,355)	(1,133,187)	(1,191,086)
NONOPERATING INCOME (EXPENSES)					
Interest Income	36,945	58,846	21,901	47,769	167,514
Net increase/(decrease) in fair value of investments	-	(876,806)	(876,806)	(131,754)	(33,274)
Passenger facility charges	448,596	519,159	70,563	577,156	701,607
Interest expense and fiscal charges	(62,934)	(62,934)	(0)	(70,591)	(85,244)
Gain/(Loss) on disposition of capital assets	-	4,938	4,938	-	39,600
Other nonoperating revenues (expenses)	1,955,690	1,928,377	(27,314)	2,314,510	35,000
Total nonoperating revenues (expenses)	2,378,297	1,571,579	(806,718)	2,737,090	825,203
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	1,082,496	164,423	(918,073)	1,603,903	(365,883)
CAPITAL CONTRIBUTIONS:					
Federal	2,482,221	1,291,283	(1,190,938)	1,586,167	711,282
State	-	1,242	1,242	62,714	3,979
Total capital contributions	2,482,221	1,292,524	(1,189,697)	1,648,881	715,261
INCREASE (DECREASE) IN NET POSITION	\$ 3,564,717	1,456,947	\$ (2,107,770)	\$ 3,252,785	\$ 349,378

TUCSON AIRPORT AUTHORITY
STATEMENT OF REVENUES , EXPENSES AND
CHANGES IN NET POSITION
For the year ending September 30, 2022

	CURRENT YEAR TO DATE			YTD -	PRE-COVID
	BUDGET	ACTUAL	FAV (UNFAV)	2021	YTD -
				ACTUAL	2019
OPERATING REVENUES:					
Landing fees	\$ 2,401,728	\$ 2,494,007	\$ 92,279	\$ 1,973,618	\$ 3,070,839
Space rentals	10,958,824	\$ 10,709,681	(249,143)	11,906,925	15,046,170
Land rent	3,674,398	\$ 3,779,038	104,640	3,709,428	3,515,665
Concession revenue	17,000,603	\$ 19,081,078	2,080,475	12,409,104	18,624,434
Reimbursed services	3,219,705	\$ 3,132,652	(87,053)	3,335,908	3,155,635
Other operating revenues	2,991,479	\$ 3,439,719	448,240	2,994,738	3,045,611
Total operating revenues	40,246,737	\$ 42,636,174	2,389,437	36,329,721	46,458,354
OPERATING EXPENSES:					
Personnel expenses	22,704,878	\$ 22,057,005	647,873	21,676,103	21,783,072
Contractual services	9,287,095	\$ 8,802,861	484,234	7,354,088	7,220,397
Materials and supplies	1,798,721	\$ 1,907,385	(108,664)	1,525,149	1,577,555
Other operating expenses	1,619,279	\$ 1,291,256	328,023	989,480	944,910
Total Operating Expenses	35,409,973	\$ 34,058,507	1,351,466	31,544,820	31,525,934
NET OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	4,836,764	\$ 8,577,667	3,740,903	4,784,901	14,932,420
Depreciation and Amortization	19,200,000	\$ 20,167,076	(967,076)	19,125,386	18,340,644
OPERATING INCOME (LOSS)	(14,363,236)	\$ (11,589,409)	2,773,827	(14,340,485)	(3,408,224)
NONOPERATING REVENUES (EXPENSES):					
Interest Income	443,342	\$ 490,791	47,449	485,673	3,079,094
Net increase/(decrease) in fair value of investments	-	\$ (6,324,662)	(6,324,662)	(169,672)	1,753,938
Passenger facility charges	6,086,027	\$ 6,357,434	271,407	4,613,140	7,210,333
Interest expense and fiscal charges	(780,585)	\$ (780,585)	(0)	(871,573)	(1,077,162)
Gain/(Loss) on disposition of capital assets	-	\$ 8,188	8,188	(22,866)	45,589
Other nonoperating revenues (expenses)	15,161,744	\$ 15,015,143	(146,601)	20,219,423	159,375
Total nonoperating revenues (expenses)	20,910,528	\$ 14,766,308	(6,144,220)	24,254,125	11,171,167
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	6,547,292	\$ 3,176,898	(3,370,394)	9,913,640	7,762,943
CAPITAL CONTRIBUTIONS:					
Federal	44,171,137	\$ 23,852,177	(20,318,960)	7,230,625	3,125,705
State	652,458	\$ 261,865	(390,593)	675,203	95,080
Total capital contributions	44,823,595	\$ 24,114,041	(20,709,554)	7,905,828	3,220,785
INCREASE (DECREASE) IN NET POSITION	\$ 51,370,887	\$ 27,290,940	\$ (24,079,948)	17,819,468	10,983,728
TOTAL NET POSITION, (BEGINNING)		439,365,197		423,861,784	386,970,849
TOTAL NET POSITION, (ENDING)		\$ 466,656,137		\$ 441,681,252	\$ 397,954,577

**TUCSON AIRPORT AUTHORITY
STATEMENT OF NET POSITION**

ASSETS	September-22	September-21
CURRENT ASSETS		
Unrestricted assets:		
Cash and cash equivalents	39,873,726	15,279,331
Investments	102,494,105	125,647,887
Accounts receivable, net of allowance for doubtful accounts of \$406,350 and \$313,380 for FY2022 and FY2021, respectively	1,719,811	2,193,810
Accrued interest receivable	95,606	163,925
Grants receivable	8,614,742	10,531,205
Inventories	414,637	395,531
Prepaid expenses and other assets	1,122,290	978,463
Total unrestricted current assets	154,334,917	155,190,152
Restricted assets:		
Cash and cash equivalents	2,800,884	1,835,631
Investments	22,647,383	20,942,989
Accounts receivable	837,565	860,861
Accrued interest receivable	29,005	43,342
Total restricted current assets	26,314,837	23,682,823
Total current assets	180,649,754	178,872,975
Noncurrent assets:		
Unrestricted assets:		
Accounts receivable	-	88,995
Capital assets		
Not depreciated	153,535,224	124,351,984
Depreciated, net	197,657,872	208,415,688
Net capital assets	351,193,096	332,767,672
Total unrestricted noncurrent assets	351,193,096	332,856,667
Total noncurrent assets	351,193,096	332,856,667
TOTAL ASSETS	531,842,850	511,729,642
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows from pensions	4,180,444	6,091,332
Total deferred outflows of resources	4,180,444	6,091,332
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	536,023,294	517,820,975

**TUCSON AIRPORT AUTHORITY
STATEMENT OF NET POSITION**

LIABILITIES & NET ASSETS (Con't)

LIABILITIES

CURRENT LIABILITIES

Payable from unrestricted assets:

	<u>September-22</u>	<u>September-21</u>
Accounts payable	1,394,406	832,235
Accrued expenses	2,669,970	1,710,618
Unearned revenue	3,169,464	2,829,140
Current portion of environmental remediation payable	2,009,045	3,877,381
Current portion of bonds payable:		
Airport Subordinate Lien Revenue Bonds, Series 2018	1,610,000	1,565,000
Total payable from unrestricted assets	<u>10,852,885</u>	<u>10,814,374</u>

Payable from restricted assets

Accrued interest payable:

Current portion of environmental remediation payable	392,447	402,420
Total payable from restricted assets	<u>392,447</u>	<u>402,420</u>

Total current liabilities

11,245,332 **11,216,794**

NONCURRENT LIABILITIES

Payable from unrestricted assets

Bonds payable, net of current portion:

Airport Subordinate Lien Revenue Bonds, Series 2018	21,794,826	25,062,449
Net pension liability	11,019,309	20,684,399
Environmental Remediation Payable, net of current portion	17,849,926	18,306,912
Total payable from unrestricted assets	<u>50,664,061</u>	<u>64,053,760</u>

Total noncurrent liabilities

50,664,061 **64,053,760**

TOTAL LIABILITIES

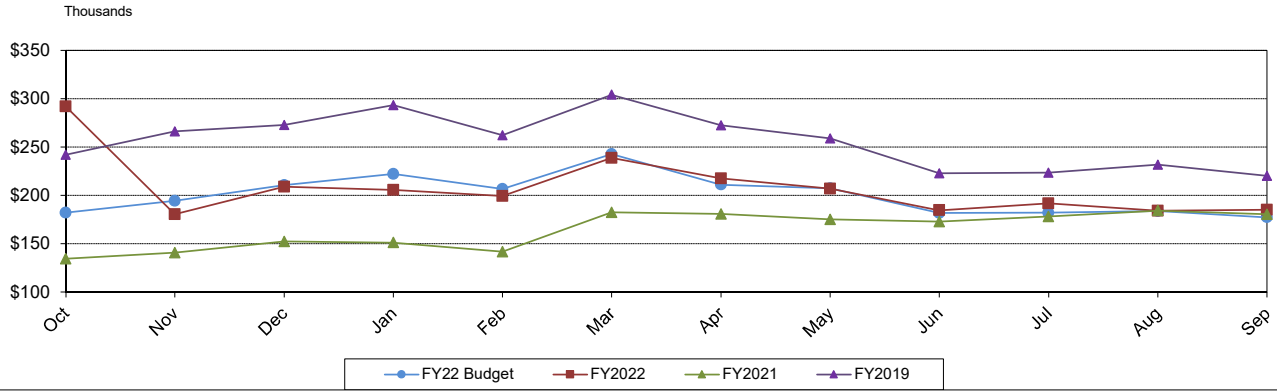
61,909,393 **75,270,554**

**TUCSON AIRPORT AUTHORITY
STATEMENT OF NET POSITION**

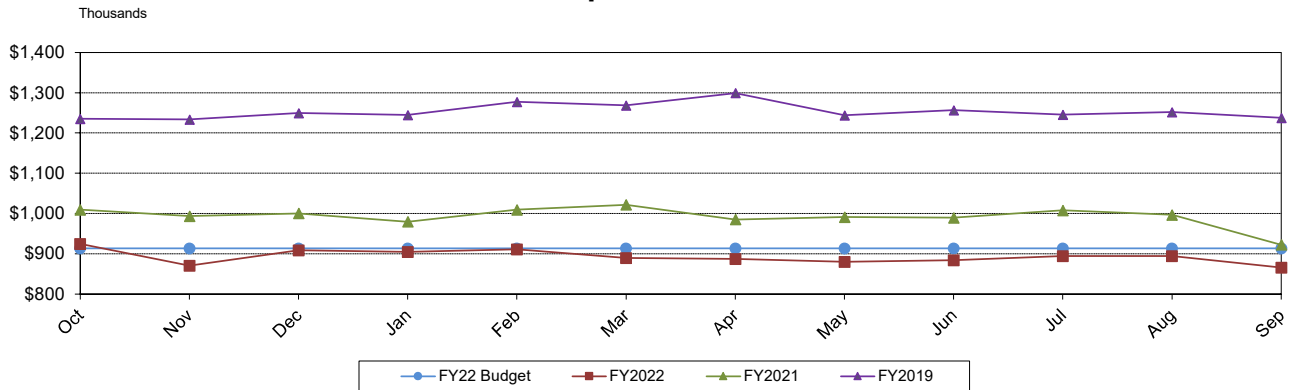
LIABILITIES & NET ASSETS (Con't)

	September-22	September-21
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows from pensions	7,457,764	869,169
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>7,457,764</u>	<u>869,169</u>
NET POSITION		
Net Investment in capital assets	327,788,270	306,140,223
Restricted:		
Debt service	-	(350)
Capital projects	26,314,837	23,683,173
	<u>26,314,837</u>	<u>23,682,823</u>
Unrestricted	<u>112,553,030</u>	<u>111,858,206</u>
TOTAL NET POSITION	<u>466,656,137</u>	<u>441,681,252</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>536,023,294</u></u>	<u><u>517,820,975</u></u>

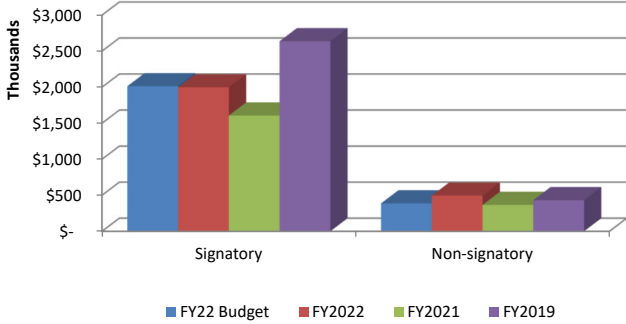
Landing Fees



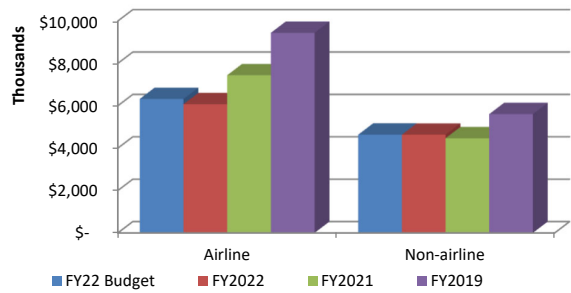
Space Rentals



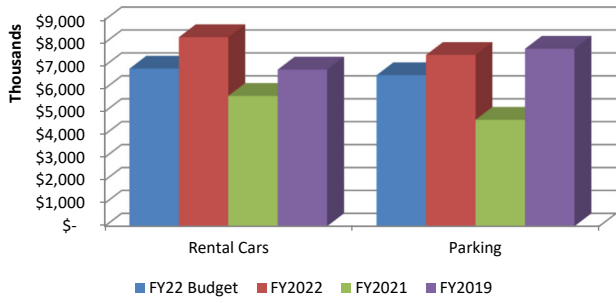
YTD Landing Fees



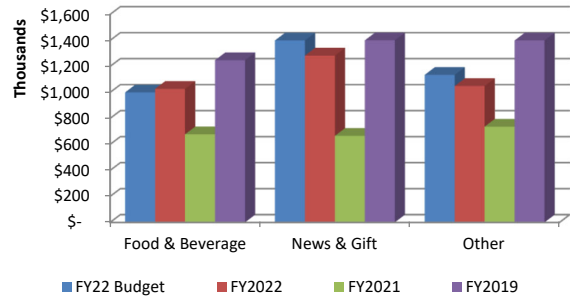
YTD Space Rentals



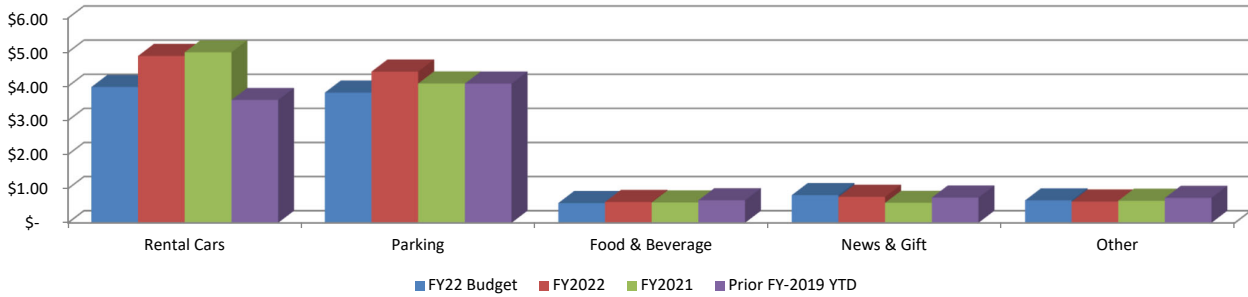
YTD Concession Revenue



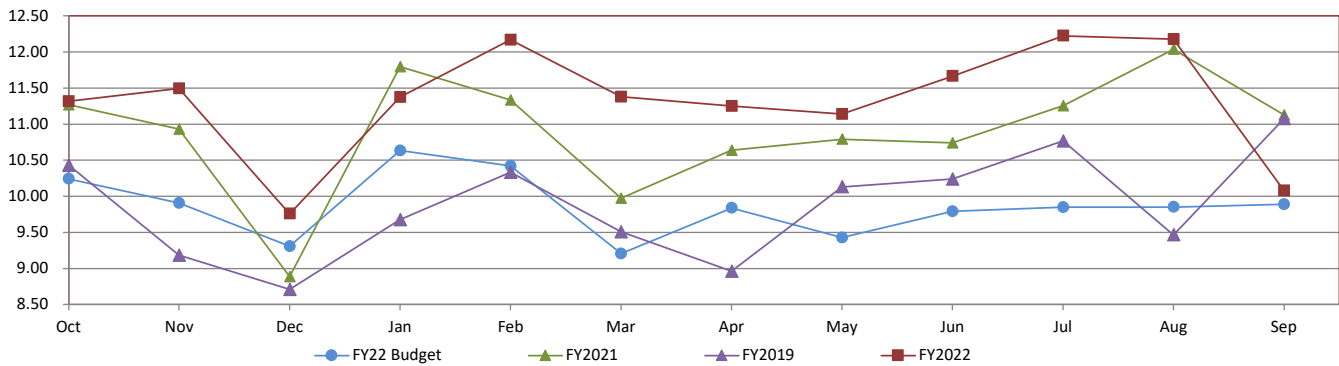
YTD Concession Revenue



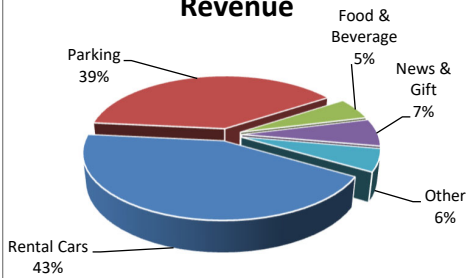
Year-to-Date Concession Revenue per Enplaned Passenger



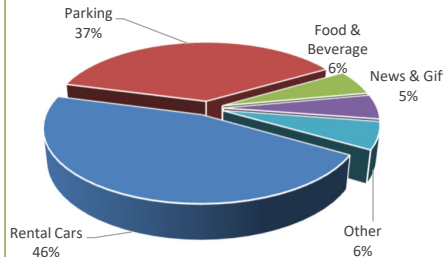
Monthly Concession Revenue per Enplaned Passenger



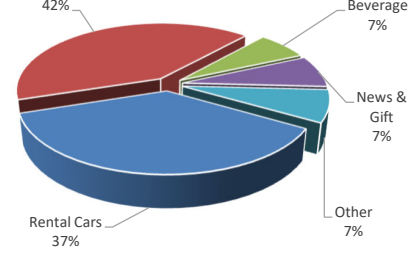
FY-2022 YTD Concession Revenue



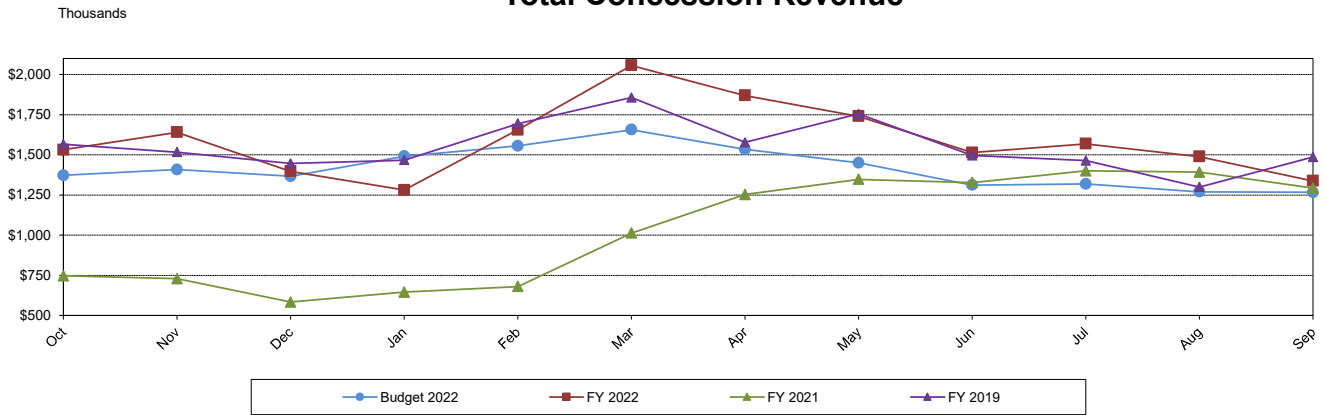
FY-2021 YTD Concession Revenue



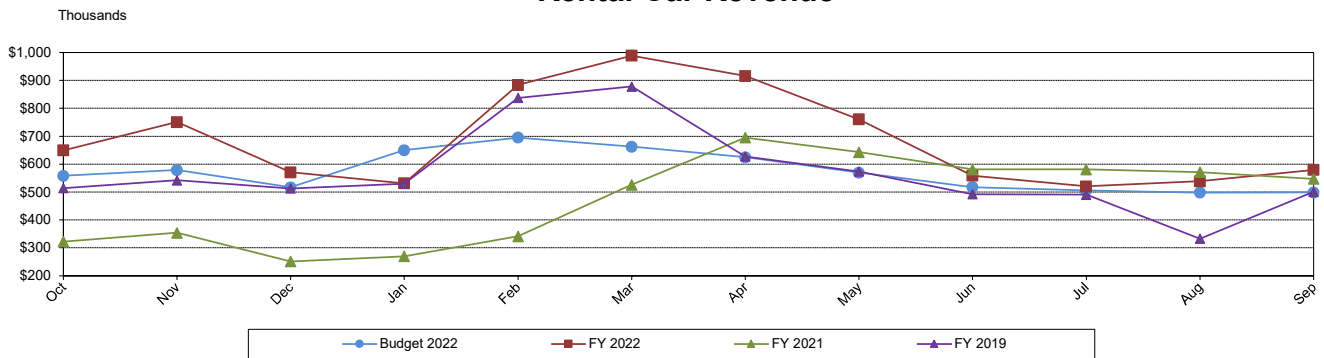
FY-2019 YTD Concession Revenue



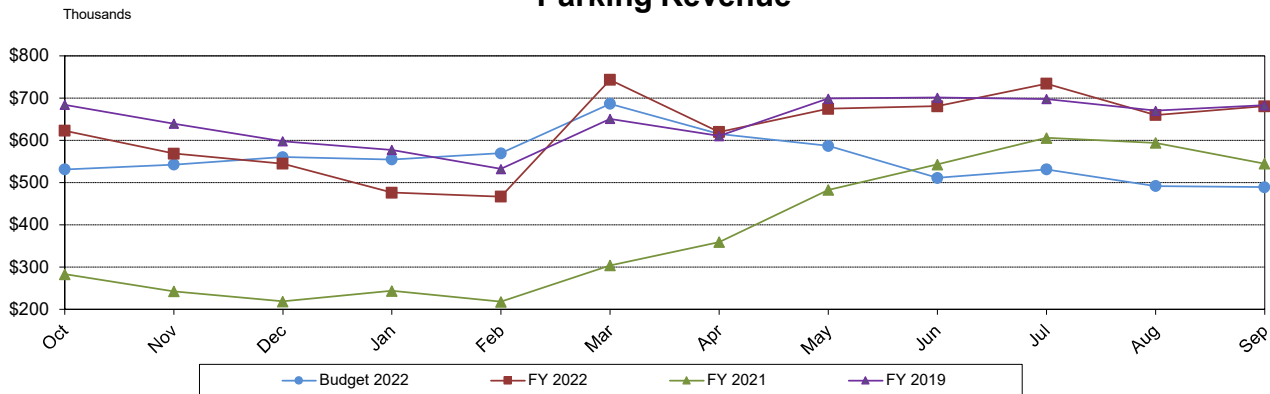
Total Concession Revenue



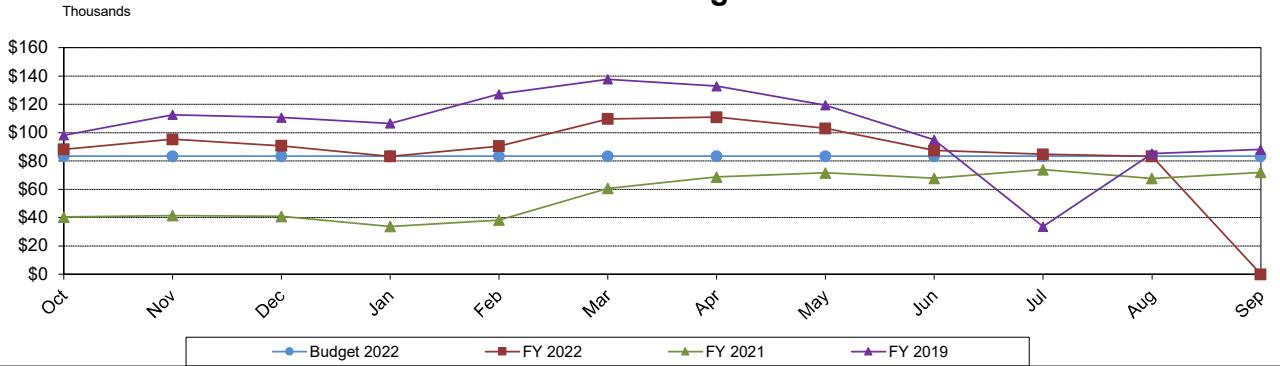
Rental Car Revenue



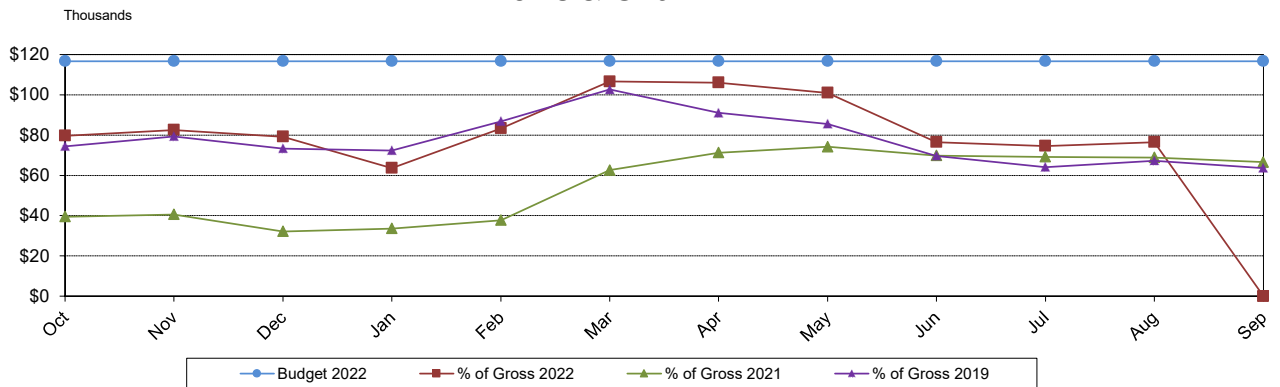
Parking Revenue



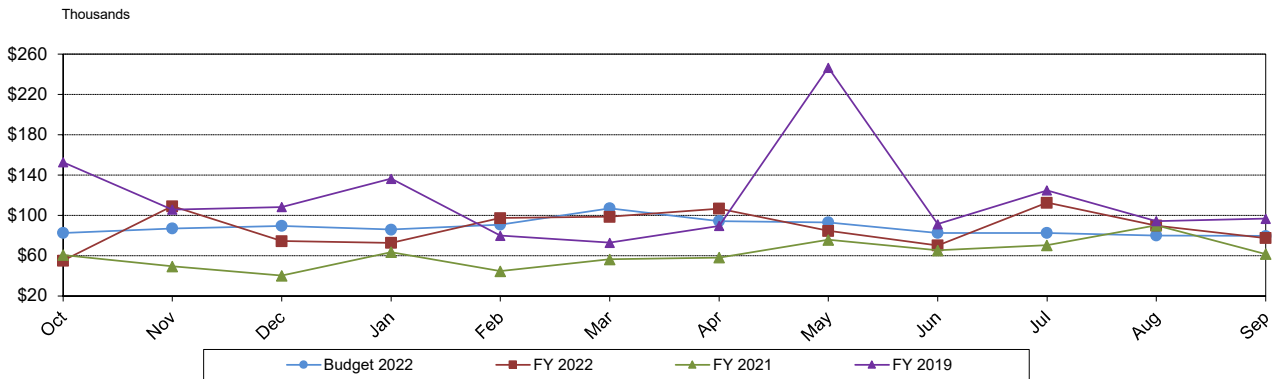
Food & Beverage Revenue*



News & Gift*

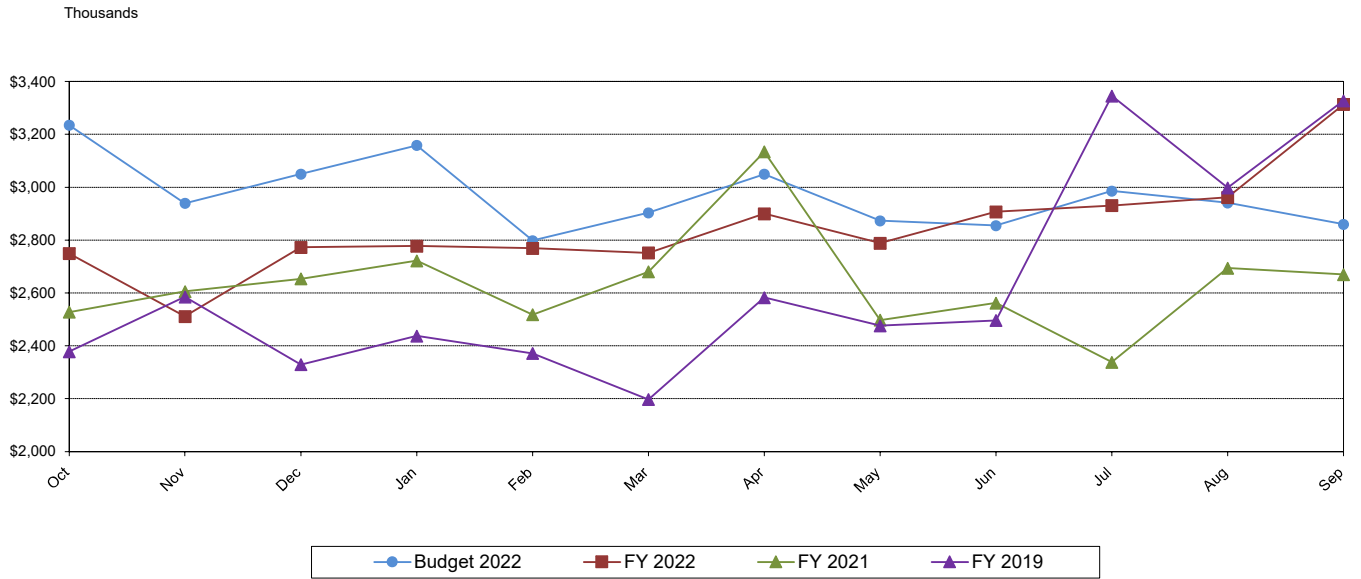


Other Concession Revenue

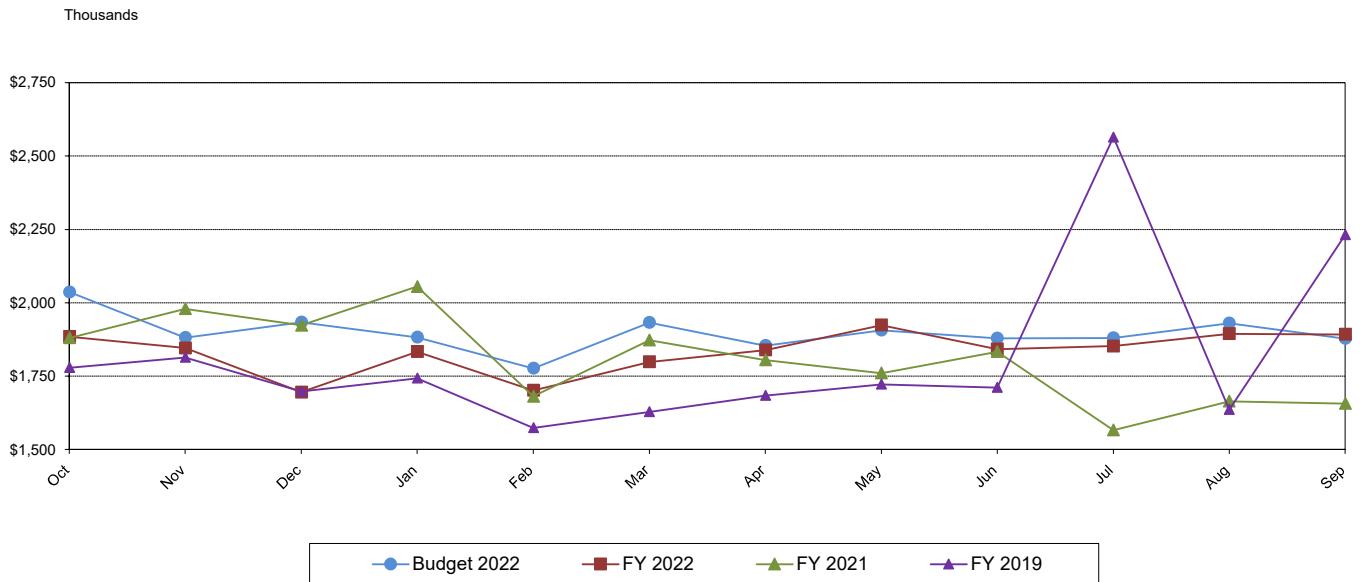


* Minimum Annual Guarantees were waived from April 2020 to September 2021. Additionally, TAA provided monthly invoice credits for concession tenants beginning in September 2022, in accordance with the ARPA concession relief plan submitted to the FAA. These credits will appear as reimbursements from the FAA in *Other non-operating revenues*.

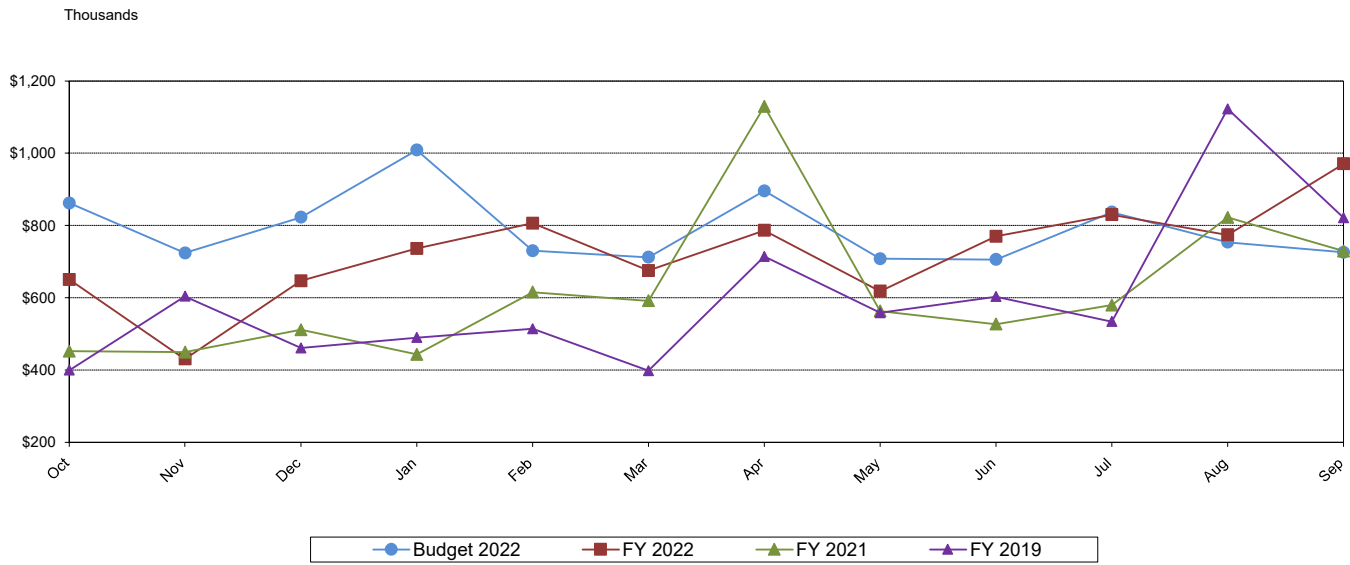
Total Operating Expenses



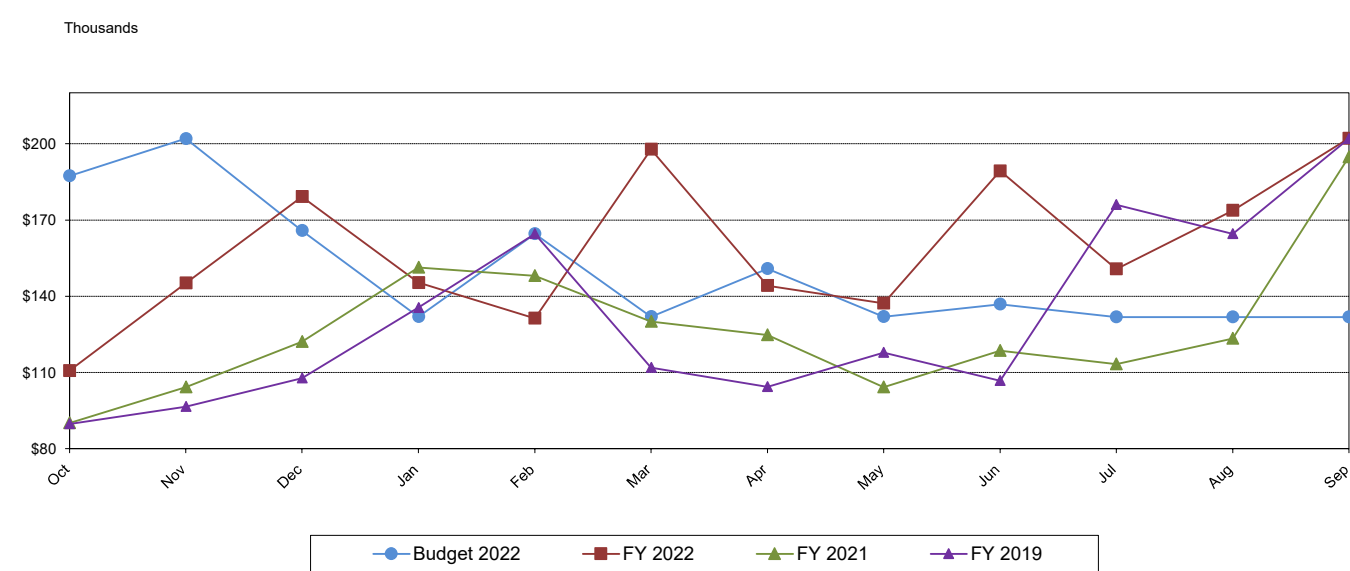
Personnel Expenses



Contractual Services

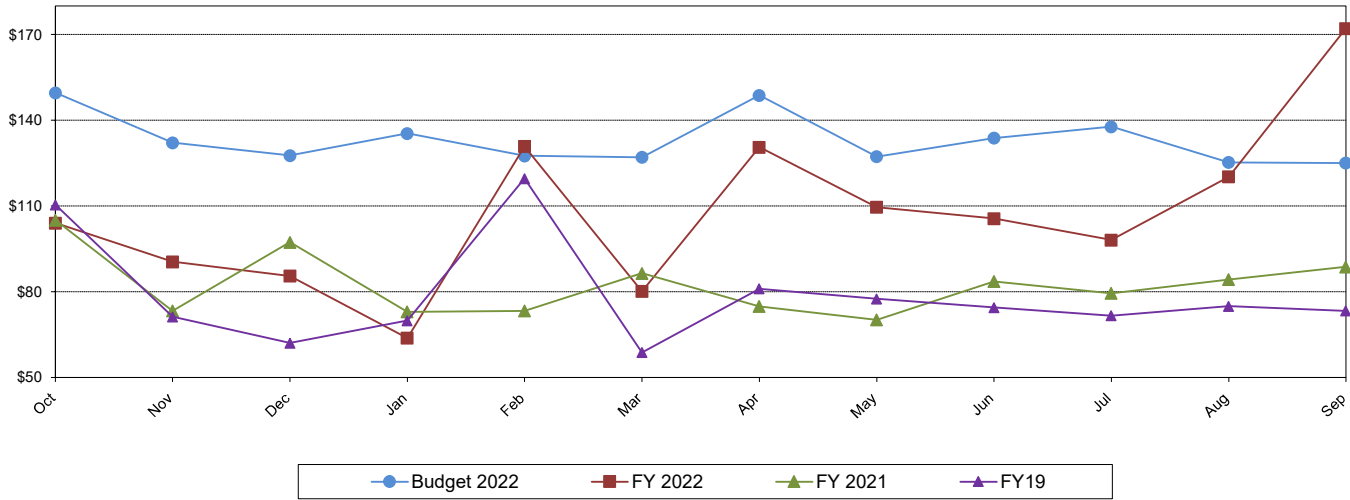


Materials and Supplies

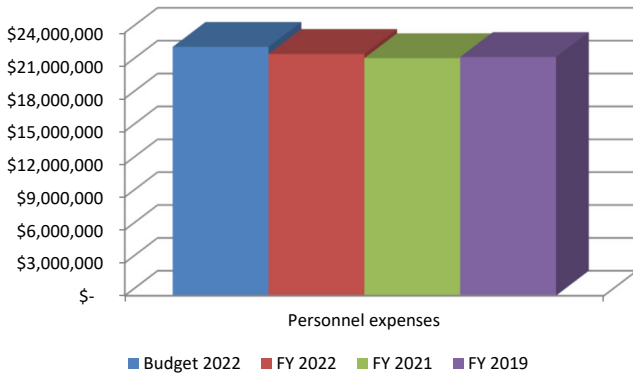


Other Operating Expenses

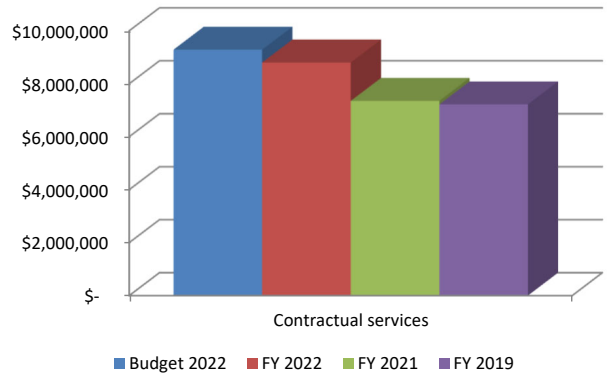
Thousands



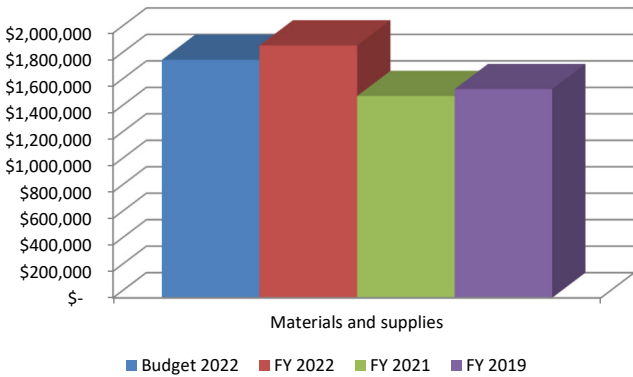
YTD Personnel Expenses



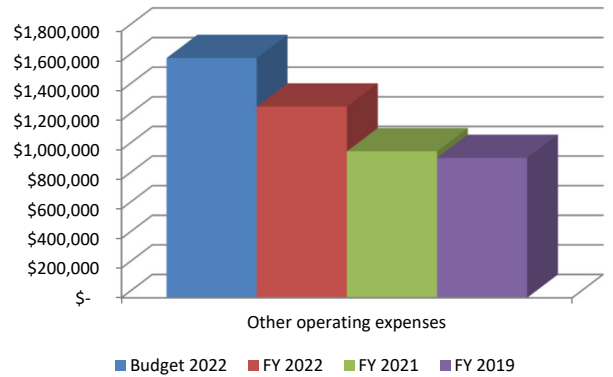
YTD Contractual Services



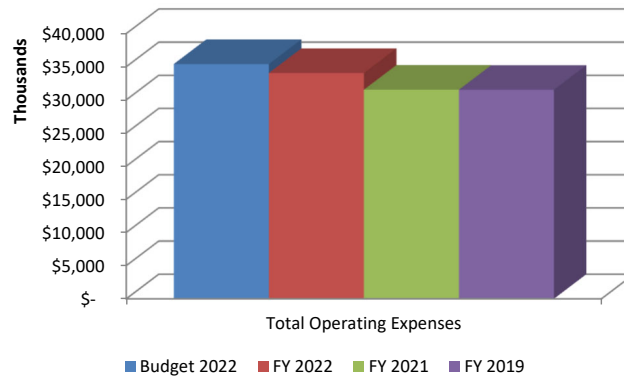
YTD Materials and Supplies



YTD Other Operating Expenses



YTD Total Operating Expenses



Date: December 7, 2022

To: Board of Directors
From: Clark Wager, Director of Finance
Re: Aviation Activity and Statistics for September 2022

Summary of Operations and Statistics:

- Total Passengers (YTD vs prior year)
 - Total passengers for the month of September 2022 were 12.9% higher than prior year and 3.2% lower than September 2019 (pre-COVID).
 - YTD total passengers were 46.9% higher than prior year and 12.3% lower than the same period in 2019 (pre-COVID).
- Average Daily Scheduled Departures (YTD vs prior year, changes by routes & carrier)
 - The month of September had an average daily departure count of 39, which was 4 lower than prior year.
 - Additional service to Las Vegas (1) and Seattle/Tacoma (1) was offset by decreases in service to Dallas/Ft Worth (1), Chicago Midway (1), Chicago O'Hare (2), Houston (Bush) (1), and Phoenix (1).
 - Departure increases for Alaska (1), Delta (1), and Southwest (1) were offset by decreases in service for American (4) and United (3).
- Average Daily Seat capacity (YTD vs prior years)
 - Seat capacity for September 2022 was 2.6% higher than September 2021 and 6.7% lower than September 2019.
- Load Factors (MTD & YTD vs prior years)
 - The load factor for September was 90.1%, which is 9.2% higher than September 2021 and 5.2% higher than September 2019.
- Aircraft Operations (MTD & YTD vs prior year)
 - Freight, measured in pounds, is 0.9% lower in September compared to the same month last year.
 - Total aircraft operations were 8.0% higher than the same month last year, with increases in air taxi and military operations and decreases in air carrier and general aviation operations.
 - Year-to-date operations are 2.0% lower compared to prior year, with increases in air carrier, air taxi, and military operations offset by a decrease in general aviation operations.

Attachments:

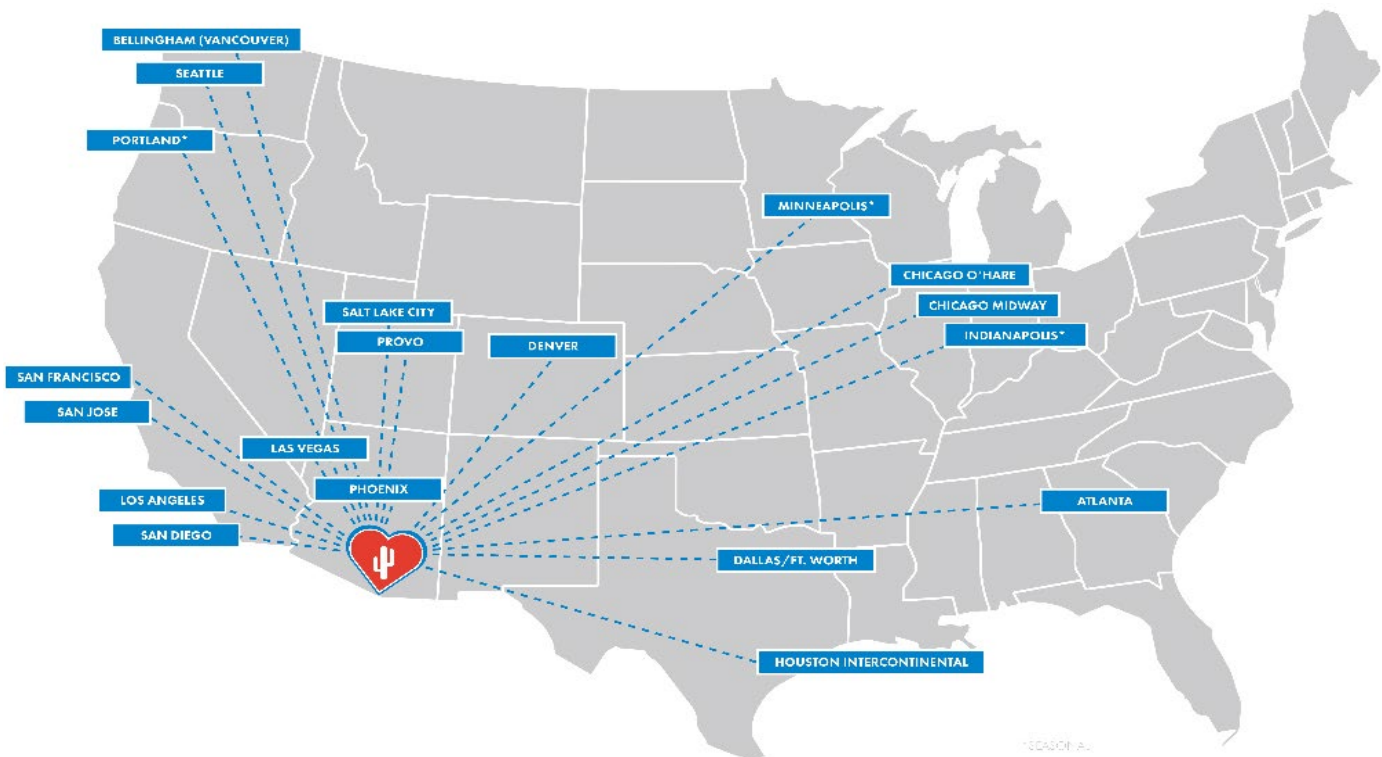
TUS Aviation Activity Reports for the year ending September 30, 2022

TUCSON AIRPORT AUTHORITY
TUS PASSENGER ACTIVITY



AVIATION ACTIVITY REPORTS
Tucson International Airport (TUS)

For the year ending September 30, 2022



*Prepared by Tucson Airport Authority
Finance Department*

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

PASSENGERS*	Sep-22	Sep-21	% CHANGE	Fiscal YTD		
				2022	2021	% CHANGE
ENPLANED	132,767	116,183	14.3%	1,686,183	1,137,279	48.3%
DEPLANED	127,162	113,962	11.6%	1,631,311	1,120,302	45.6%
TOTAL	259,929	230,145	12.9%	3,317,494	2,257,581	46.9%

*Passenger figures include non-revenue passengers.

LANDED WEIGHT**

AIR CARGO	13,148	13,053	0.7%	159,669	162,325	-1.6%
AIR CARRIER	136,325	135,803	0.4%	1,802,550	1,470,720	22.6%
TOTAL	149,473	148,856	0.4%	1,962,219	1,633,045	20.2%

**In thousand pound units.

FREIGHT (in pounds)

ENPLANED	2,608,515	2,399,796	8.7%	31,492,620	31,104,323	1.2%
DEPLANED	2,942,437	3,202,026	-8.1%	35,589,384	36,539,145	-2.6%
TOTAL	5,550,952	5,601,822	-0.9%	67,082,004	67,643,468	-0.8%

MAIL (in pounds)

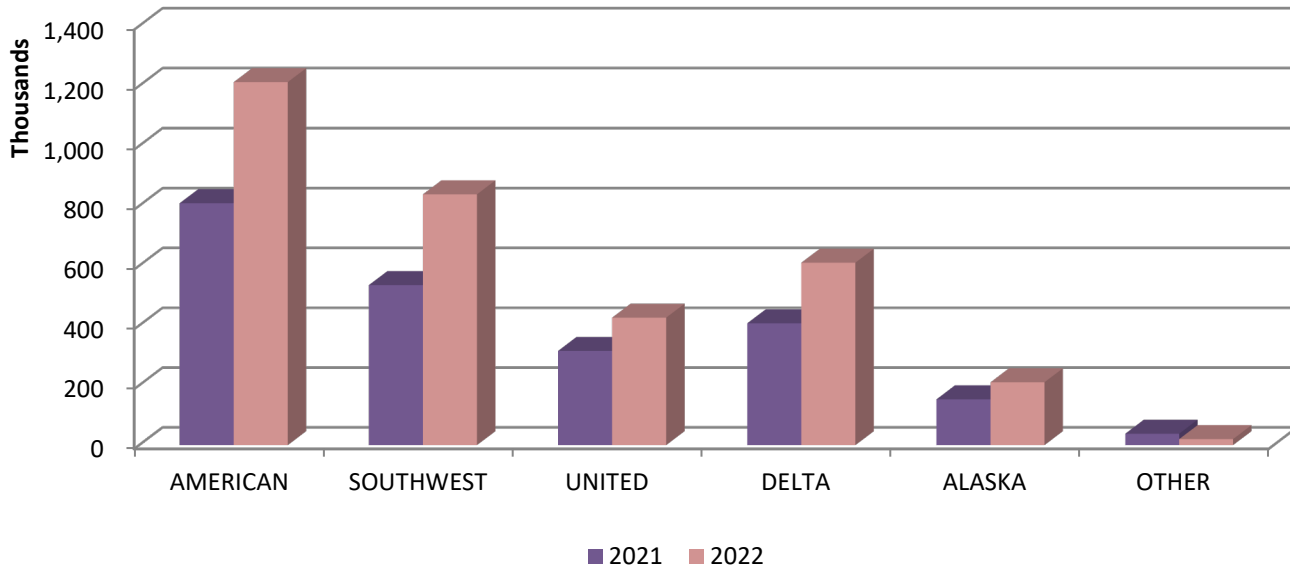
ENPLANED	0	0	0.0%	4,453	172	2489.0%
DEPLANED	0	0	0.0%	2,814	79,330	-96.5%
TOTAL	0	0	0.0%	7,267	79,502	-90.9%

AIRCRAFT OPERATIONS

AIR CARRIER	2,369	2,552	-7.2%	31,991	27,686	15.5%
AIR TAXI	1,398	1,387	0.8%	18,087	17,337	4.3%
MILITARY	2,673	1,653	61.7%	25,783	20,401	26.4%
GENERAL AVIATION	4,713	4,732	-0.4%	61,512	74,758	-17.7%
TOTAL	11,153	10,324	8.0%	137,373	140,182	-2.0%

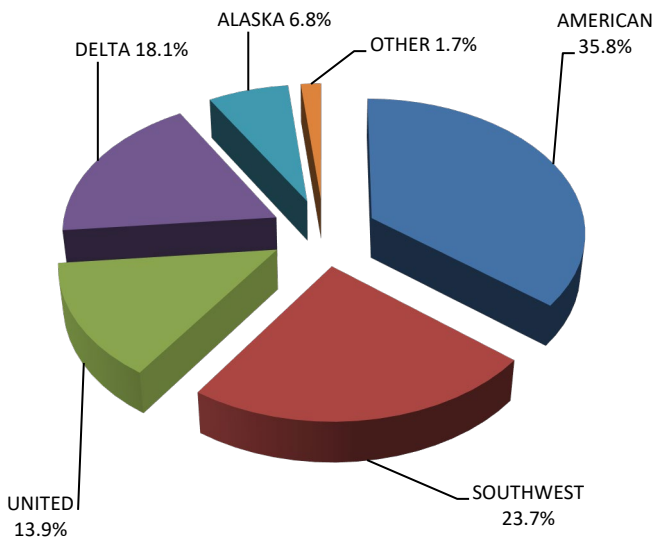
TUCSON AIRPORT AUTHORITY TUS PASSENGER ACTIVITY

TOTAL PASSENGERS YTD BY AIR CARRIER

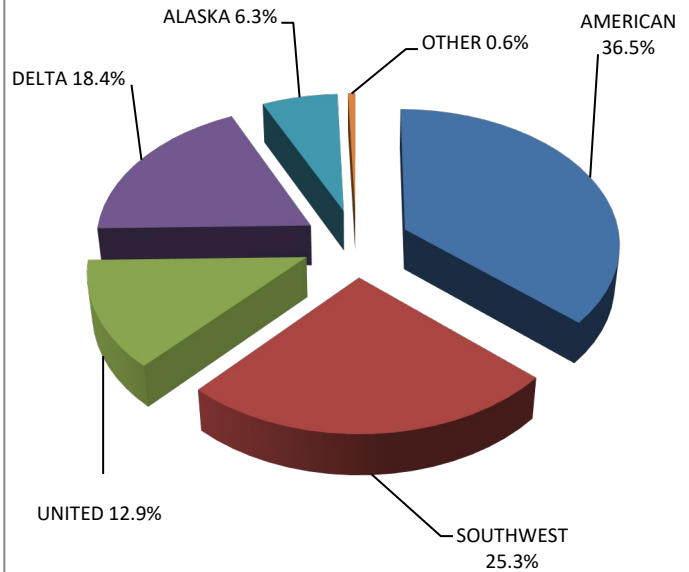


AIR CARRIER MARKET SHARE

2021

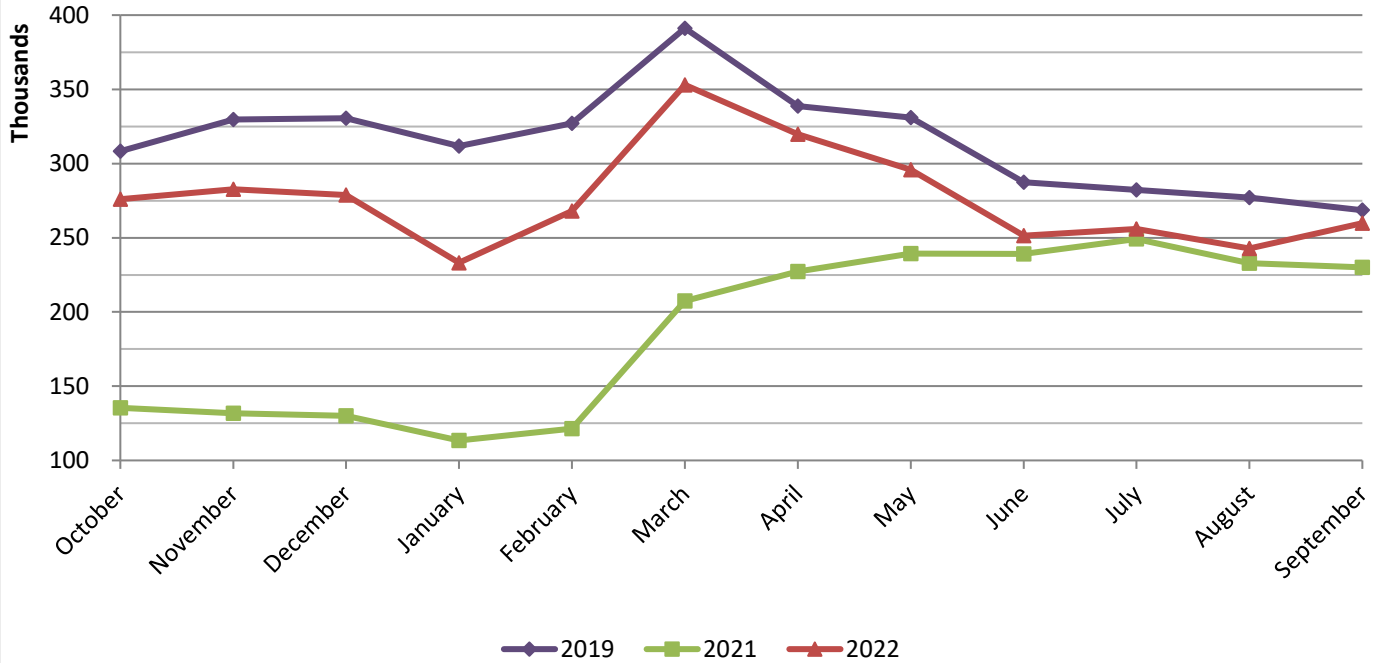


2022

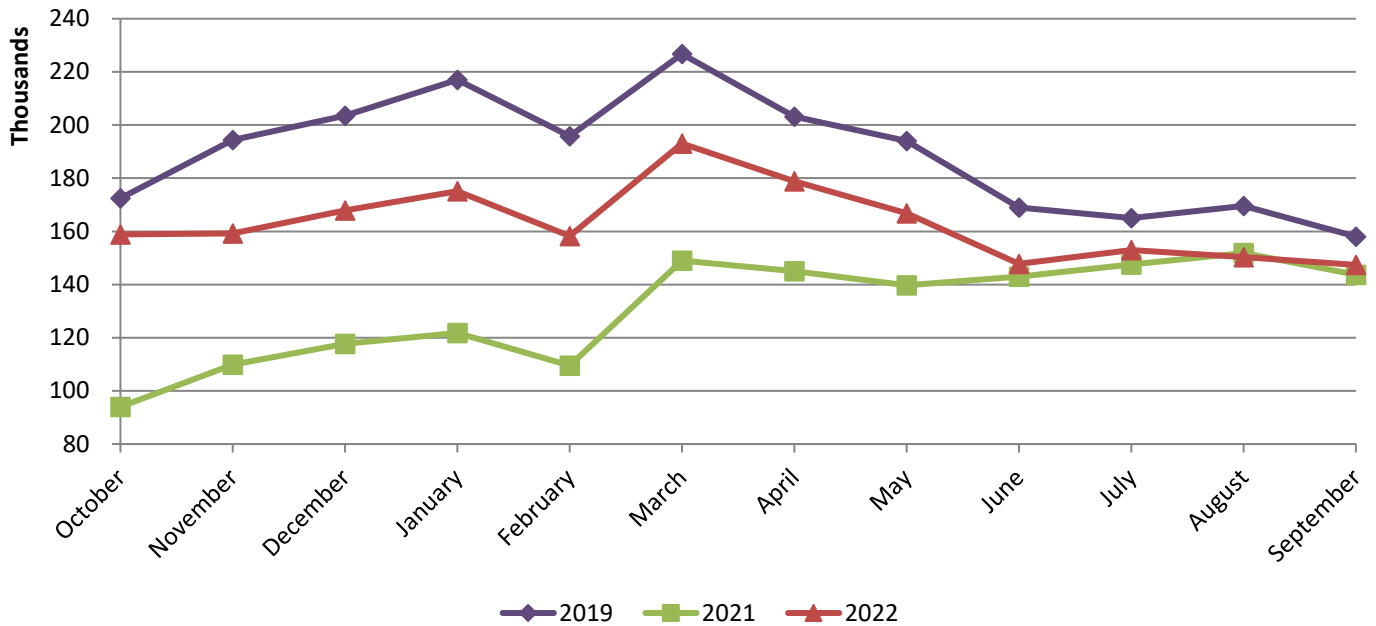


TUCSON AIRPORT AUTHORITY TUS PASSENGER ACTIVITY

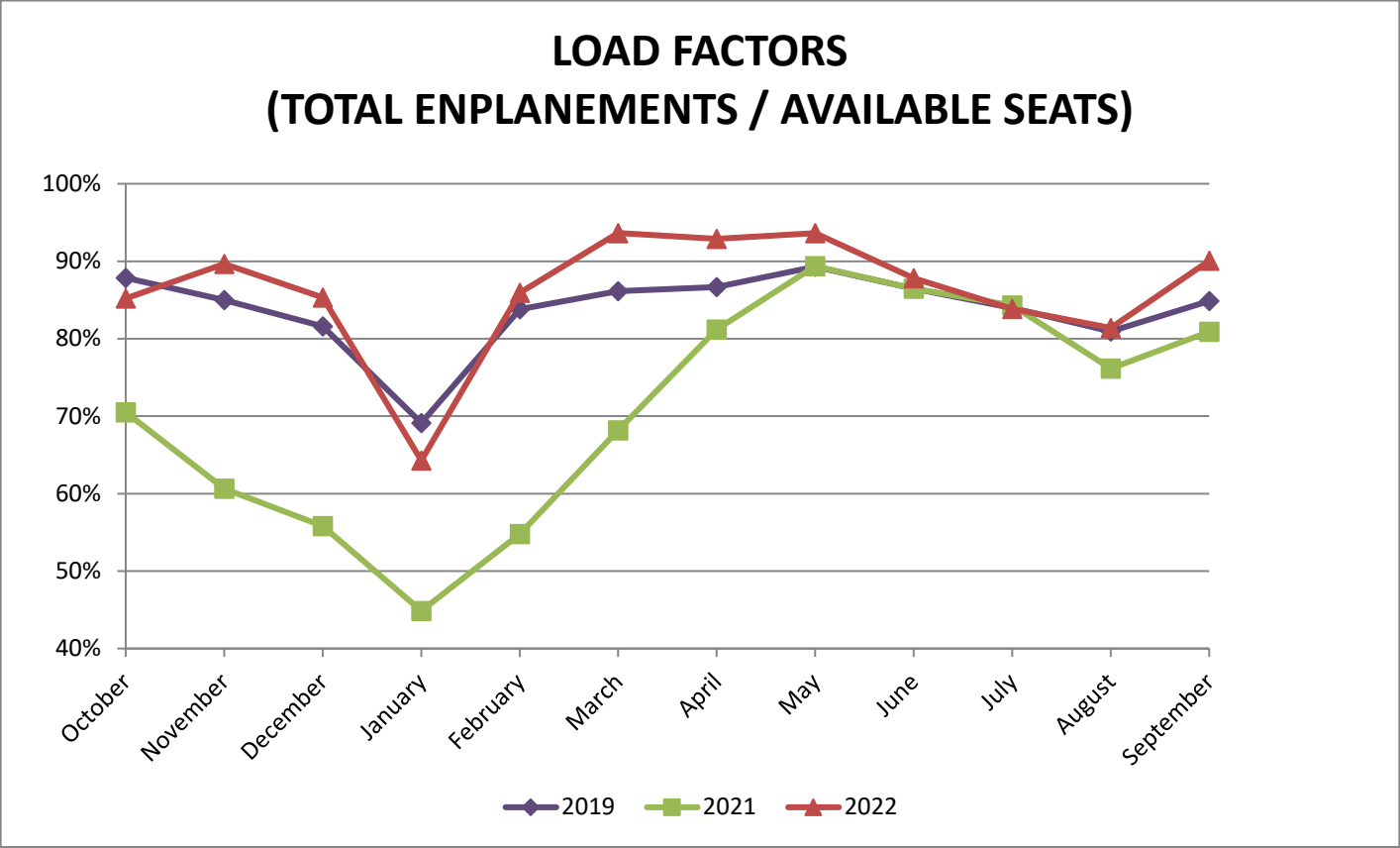
TOTAL PASSENGERS BY MONTH



AVERAGE SEAT CAPACITY PER MONTH



**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)</i>	ATL	2.0	1.5	0.5	376	280	96
DENVER <i>United (3), Southwest (2.7)</i>	DEN	5.7	6.0	(0.3)	642	529	113
DALLAS/FT WORTH <i>American (5.8)</i>	DFW	5.8	6.4	(0.6)	1,047	1,095	(48)
HOUSTON HOBBY <i>Southwest (.9)</i>	HOU	0.9	0.9	0.0	131	155	(24)
HOUSTON BUSH <i>United (2)</i>	IAH	2.0	2.8	(0.8)	155	210	(55)
LAS VEGAS <i>Southwest (2.9)</i>	LAS	2.9	2.4	0.5	464	362	102
LOS ANGELES <i>Delta (2.9), American (2) Southwest (1.4)</i>	LAX	6.3	6.6	(0.3)	613	528	85
CHICAGO MIDWAY <i>Southwest (.2)</i>	MDW	0.2	1.0	(0.8)	41	169	(128)
CHICAGO O'HARE <i>American (1), United ()</i>	ORD	1.0	2.7	(1.7)	175	289	(114)
PHOENIX <i>American (3.5)</i>	PHX	3.5	4.8	(1.3)	379	377	2
SAN DIEGO <i>Southwest (1.1)</i>	SAN	1.1	1.0	0.1	179	144	35
SEATTLE/TACOMA <i>Alaska (2) Delta (1)</i>	SEA	3.0	2.2	0.8	362	301	61
SAN FRANCISCO <i>United (2)</i>	SFO	2.0	2.0	0.0	125	120	5
SALT LAKE CITY <i>Delta (3)</i>	SLC	3.0	3.0	0.0	225	228	(3)
TOTAL		39.4	43.3	(3.9)	4,914	4,787	127

Date: December 7, 2022

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

Marketing:

In Fiscal Year 2023, the focus will be to expand our footprint with the “Nonstop for Tucson” marketing campaign. To be targeted in our approach, we will use survey data from a community survey recently conducted. This information will assist as we share messages that create a positive emotional response about the Tucson Airport Authority (TAA) and its airport system with an emphasis to make Tucson International Airport (TUS) a pillar of the community by educating the public on the economic impact an airport has on a region while highlighting a formalized community value proposition.

In the community, you will continue to see out-of-home marketing on billboards, Sun Tran busses, the Sun Link streetcar, among various print ads in local publications. We have also committed to sponsor various local events, including the Tucson Metro Chamber State of the City, Tucson Jazz Festival, Tucson Festival of Books, and the Friends of PACC Pets of Pima Parade. Also planned is the TAA 75th Anniversary launch (February 2023) following the TAA Annual Meeting (January).

In the Media:

In Fiscal Year 2022 (FY22), TAA media efforts resulted in more than \$5M in advertising value equivalency (AVE) from October 2021 through September 2022. This earned media effort was the result of relationships with local and industry reporters who cover stories about the TAA, and more specifically the Tucson International Airport (TUS). Earned media mentioned in FY22 increased by nearly 50% compared to FY21.

The TAA has committed to a Special Section with BizTucson in recognition of the TAA’s 75th Anniversary, which will be commemorated in 2023. This special report will be utilized for the duration of the year as it will highlight the TAA’s projects, successes, and vision for the future; it will also highlight our Board of Directors and Membership.

Community Involvement, Customer Experience and Recognition:

- The TAA Police Department participated in the Southern Arizona Law Enforcement Foundation (SALEF) annual poker run; funds raised are used to support for law enforcement agencies in the region, including TAAPD. The TAAPD received the most votes from participants and won the best “Route Stop Challenge,” which came with a trophy.

- The TAA Fire Department participated in the Tucson Fire Fighters Association Chili Cook-off and won “Best Booth” for their theme of WrestleMania. Funds raised during the event support Southern Arizona families during the holidays.
- The TAA will participate in the KVOA Season 4 Hope. TUS is an official drop-off location for items being collected for the Community Food Bank of Southern Arizona, Toys for Tots, and the Diaper Bank of Southern Arizona.
- KGUN9 highlighted the Warm Welcome Volunteers Program in one of their recent media segments. This exposure resulted in a volunteer recruitment boost. On deck are at least 10 new volunteers who will join the program to assist travelers during the holidays.
- Current Warm Welcome Volunteers were celebrated at an annual luncheon in October. Milestone pins were awarded to seven long-time volunteers, including four volunteers who celebrated either 2,000 hours or 10 years of dedicated volunteer service at TUS.
- The TAA Marketing team garnered three awards at the Public Relations Society of America (PRSA) Southern Arizona Impact Awards, which recognizes excellence in public relations and marketing. The TAA won the “General Marketing” and “Branding” categories for the “Nonstop for Tucson” campaign. TAA Strategic Communications and Relationships Manager Craig Reck was also awarded the “Rookie of the Year” award.