

**TUCSON AIRPORT AUTHORITY | Board of Directors Regular Meeting  
Monday, January 23, 2023 | Approximately 10:15 a.m.  
Hacienda del Sol Guest Ranch Resort | Hacienda Room  
5501 N. Hacienda del Sol Road, Tucson, Arizona 85718**

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 **Monday, January 23, 2023, beginning at approximately 10:15 a.m., or shortly following the adjournment of the TAA Annual Meeting, which begins at 9:00 a.m.** Directors and the public may attend in person in the Hacienda Room at the Hacienda del Sol Guest Ranch Resort, located at 5501 N. Hacienda del Sol Road, Tucson, Arizona 85718.

The agenda for the meeting is as follows:

**1. CALL TO ORDER | ROLL CALL OF 2023 BOARD OF DIRECTORS**

- |   |   |
|---|---|
| <input type="checkbox"/> Bruce Dusenberry, Immediate Past Chair, Director | <input type="checkbox"/> Keri Silvyn, Director      |
| <input type="checkbox"/> Judy Rich, Director                              | <input type="checkbox"/> Phil Swaim, Director       |
| <input type="checkbox"/> Mike Hammond, Director                           | <input type="checkbox"/> Sally Fernandez, Director  |
| <input type="checkbox"/> Todd Jackson, Director                           | <input type="checkbox"/> Calline Sanchez, Director* |
| <input type="checkbox"/> Vance Falbaum, Director                          | <input type="checkbox"/> Rhonda Piña, Director*     |
| <input type="checkbox"/> Fran Katz, Director*                             |   |

\*As may be approved by the TAA Membership at its Annual Meeting on January 23, 2023

**2. ELECTION OF OFFICERS**

The Nominating Council, in accordance with the Bylaws, has recommended a slate of corporate officers for 2023. The Board of Directors will consider and may approve a list of nominees for corporate officers, as may be modified by the Board under the TAA Bylaws.

**3. BOARD TRAINING | DISCUSSION**

Vice President and General Counsel Christopher Schmaltz, and Deputy General Counsel Kim Outlaw Ryan, will present to the Board of Directors training on corporate governance and the fiduciary role of the Board of Directors for the Tucson Airport Authority as an Arizona non-profit corporation, and federally regulated entity, Arizona Open Meeting Laws, and the Arizona Public Records Laws.

**4. CONSENT AGENDA**

Matters listed under the Consent Agenda are routine and will be enacted by one motion and one vote. There will be no separate discussion of the items on the Consent Agenda unless removed from the Consent Agenda by the 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 December 7, 2022.
- b. **DELEGATION OF GRANT AUTHORITY TO THE PRESIDENT/CEO FOR 2023:** Adopt Resolution No. 2023-01 delegating authority to the President/CEO (or her designee[s]) for the application, execution, and delivery of grant agreements, military construction cooperative agreements, and associated intergovernmental agreements.
- c. **2023 BOARD OF DIRECTORS MEETING SCHEDULE:** Adopt Resolution No. 2023-02 approving the 2023 Board of Directors meeting schedule and acknowledging the date of the 2024 TAA Annual Meeting and the initial meeting of the 2024 Board of Directors.

**5. BOARD CHAIR REPORT**

- a. Remarks from the Board Chair
- b. TAA and Staff Recognition | New or Promoted Employees, Awards, and Acknowledgments

**6. PRESIDENT/CEO REPORT**

- a. State of the Industry | Update

**7. DISCUSSION/PRESENTATION**

- a. **Air Service Development | Update** – Jack Penning, Volaire Aviation
- b. **Terminal Needs Assessment Project | Update** – Ken Nichols, Tucson Airport Authority

**8. ACTION ITEMS**

- a. **APPOINTMENTS TO THE NOMINATING COUNCIL:** The Board of Directors will consider and may adopt Resolution No. 2023-03 approving recommended appointments to the Nominating Council.

- b. **TAA CONFLICT OF INTEREST POLICY | UPDATE:** The Board of Directors will consider and may adopt Resolution No. 2023-04 approving a new Tucson Airport Authority member/director conflict of interest policy.
- c. **TUCSON AEROPLEX (DBA MILLION AIR) LEASE:** The Board of Directors will consider and may adopt Resolution No. 2023-05 authorizing the President/CEO (or her designee[s]) to execute a new 30-year ground lease with Tucson Aeroplex, LLC, dba Million Air, subject to key business terms.
- d. **RAYTHEON FACILITY LEASE:** The Board of Directors will consider and may adopt Resolution No. 2023-06 authorizing the President/CEO (or her designee[s]) to execute a new lease with Raytheon Missiles & Defense for a facility located at 1146 East Aeropark Boulevard, subject to key business terms.

## 9. DIVISION UPDATES

- a. **Executive**
  - i. Air Service Development
  - ii. Marketing and Strategic Communications
- b. **Operations**
  - i. FAA Part 139 | Triennial Drill
- c. **Business and Commercial Development**
  - i. FAA Coordination Status | TAA Non-Aeronautical Land
- d. **Finance and Regulatory Administration**
  - i. November 2022 YTD Financials: Financial Summary | Aviation Activity Report
- e. **Planning and Engineering**
  - i. Airfield Safety Enhancement Project | Update

## 10. NEXT MEETING

Wednesday, April 5, 2023 | 3:00 p.m. | Hybrid Meeting – TAA Board Room and/or Microsoft Teams

## 11. ADJOURN

**TUCSON AIRPORT AUTHORITY | Board of Directors Regular Meeting  
Wednesday, December 7, 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 3:01 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

**Others Present:** Sun Corridor President/CEO Joe Snell and NüPOINT Marketing Regional Vice President Meredith Ford

**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 Revenue Officer John Voorhees; Vice President/Planning and Engineering Ken Nichols; Director of Finance Clark Wager; 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 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.

**MOTION BY Director Fernandez, SECONDED BY Secretary Hammond, to APPROVE the consent agenda. 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

### 3. BOARD CHAIR REPORT

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

Chair Dusenberry reported the following:

- Director of Marketing, Communications and External Relations Jessie Allen was recognized by the Tucson Hispanic Chamber of Commerce as one of its “Top 40 Under 40” for 2022.
- President/CEO Danette Bewley was elected to a second term as a 162<sup>nd</sup> Air Guardians board member.
- Police Chief Scott Bader was elected to the steering committee of the Airports Council International Public Safety and Security Working Group.
- Executive Vice President/COO Bruce Goetz started an Airport COO Working Group with several of TUS’s peer airports. The working group’s purpose is to discuss organizational differences and best practices. The group will expand to additional airports in 2023.

### 4. PRESIDENT/CEO REPORT

- a. State of the Industry | Airport System Update

President/CEO Danette Bewley reported the following:

- TUS ranked 17<sup>th</sup> among the top 100 US airports in average load factor between March 2022 and August 2022. This confirms that Tucson as a destination market remains strong.
- On November 30, ultra-low-cost carrier Flair Airlines began service to and from several Canadian destinations.
- TUS will have 24% additional seat capacity year-over-year for the 2022 holiday travel season (December 15, 2022, through January 2, 2023). Airlines are reporting load factors in the 80-90% range during Christmas week, and they are expected to be at or near 100% during the peak holiday travel days.

**b. Strategic Plan Update | Fiscal Year End 2022**

Executive Vice President/COO Bruce Goetz presented a summary of the Strategic Plan update that was included in the agenda packet.

- Many objectives in the plan were accomplished across the organization, particularly under the “Accelerate Performance” strategic initiative.
- Deliverables under “Expand Prosperity” are behind primarily due to the FAA’s (Federal Aviation Administration) lengthy and evolving review process to determine whether land may be released for development.
- Negotiations regarding the new Airline Use Agreement will be re-started in 2023.
- The TAA has hired a sustainability consultant to guide implementation of the Sustainability Master Plan. The working group will hold its first meeting the week of December 12.
- Facility upgrades to the FIS (Federal Inspection Services) were completed.

**5. DISCUSSION/PRESENTATION**

**a. SUN CORRIDOR | UPDATE:**

Sun Corridor President/CEO Joe Snell reported on a recent announcement made by American Battery Factory. They have chosen Tucson for their new lithium battery gigifactory, which will serve as their American headquarters. The factory will be located south of Raytheon in the Aerospace Research Park. The \$1.2B, two million sq ft facility is projected to provide a \$3B economic boost to the region. Mr. Snell also reported the following:

**Economic Development Trends:**

- Economic development has been strong during the past two years. Tucson has replaced all the jobs lost during the pandemic, despite uncertainty about the overall economy, including policies at the federal and state levels which may affect markets and interest rates.
- The aerospace and defense industries will be a key driver going forward in the Tucson market.
- Companies locating to Tucson represent smaller numbers of jobs, but the jobs produce higher wages and require much higher skillsets.

**Challenges:**

- Additional jobs will create more demand for passenger travel, cargo traffic, as well as an increased demand for commercial properties.

- Lack of infrastructure (e.g., water, wastewater, electricity, roads, etc.) and the availability of shovel-ready sites and build-to-suite facilities continues to be an issue.
- Also of concern is the need to construct a flyover to provide quicker access to the airport without the need to travel through the residential area to the north of the airport.
- Construction of SR 410 (Sonoran Corridor) is needed to provide better access to and movement within the region.

Closing:

- TUS is a high priority for future infrastructure development.
- Sun Corridor is spending a lot of time hosting site selectors and influencers. They have developed an aggressive strategy going forward.
- Despite challenges, the future is bright.

**b. 2022 TAA MEMBERSHIP SURVEY | RESULTS:**

NüPOINT Marketing Regional Vice President Meredith Ford presented a high-level overview of the 2022 TAA Membership Survey, which was conducted online between June and August 2022. The survey's purpose was to gauge the motivators for Active and Emeritus Members, and to assess the Membership's satisfaction with the TAA leadership's level of communication, events, and the nominating process. The results will be used to develop a TAA Advocacy Plan and Value Proposition.

Fifty-one responses were submitted (31 from Active Members and 20 from Emeritus Members). The key takeaways from the survey were as follows:

1. Active Members view advocacy and engagement as key responsibilities of their membership, and many would like to become more involved.
2. Motivation for Members revolves around the "economic driver" aspect of the airport and deployment of new initiatives to bolster visibility in the community.
3. Overall, the majority of surveyed Active and Emeritus Members are satisfied with current TAA operations.

Board Discussion:

- Most of the emeritus members are disengaged from the TAA and the community. Many are well into retirement and do not attend meetings. The pandemic has also affected attendance at events.
- Engaging Members who are not on the Board of Directors is important. This has been a struggle over the years.
- The timing of the survey may have affected the response rate.

**6. EXECUTIVE SESSION**

**MOTION BY Director Falbaum, SECONDED BY Treasurer Swaim, to CONVENE in executive session. 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**

Due to technical issues, Director Rich was unable to participate in the vote.

The regular meeting recessed, and the Board of Directors went into executive session at 3:06 p.m.

**7. RETURN FROM EXECUTIVE SESSION**

The executive session adjourned at 4:52 p.m.

Chair Dusenberry reconvened the regular meeting at 4:53 p.m.

**8. ACTION ITEMS**

**a. 2023 TAA MEMBERSHIP NOMINATIONS:**

Vice President/General Counsel Christopher Schmaltz explained that the Board only had to act on Item 8.a. if it choose to re-direct the Nominating Council to reconsider any of the nominations; otherwise, the slate of nominees would automatically be forwarded to a vote of the Membership during the Annual Meeting in January 2023.

There was no discussion by the Board on Item 8.a.

**b. REQUESTS FOR EMERITUS MEMBERSHIP:**

There was no discussion by the Board on Item 8.b.

**MOTION BY Vice Chair Silvyn, SECONDED BY Director Fernandez, to adopt Resolution No. 2022-22 APPROVING requests from certain TAA Members to transition from Member to Emeritus Member. 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**

## 9. DIVISION UPDATES

Executive Team members presented the following division updates:

- **Operations**
  - Crosswind runway 3/21 re-opened on Friday, December 2. It had been non-operational for six months for repairs, including the installation of arresting gear cables, seal coating, and re-striping.
  - Auditors from the Commission on Accreditation for Law Enforcement Agencies (CALEA) were recently onsite and made no material findings.
- **Business and Commercial Development**
  - There has been much interest from national developers regarding development of TAA-owned land. Some have proposed taking the lead on the TAA's behalf to complete steps required by NEPA (National Environmental Policy Act).
  - A tech firm is interested in developing the Sonoran South parcel to use as a source for renewable energy.
  - A company which specializes in air cargo development has expressed interest in developing TAA-owned property.
- **Finance and Regulatory Administration**
  - Completed the FY 2021 ACFR (Annual Comprehensive Financial Report) and re-statement of the FY 2020 ACFR.
  - Work has begun on the FY22 audit with auditing firm BeachFleischmann.
  - Reports summarizing the year-to-date financial performance and year-to-date aviation activity through September 2022 were included in the agenda packet.
- **Planning and Engineering**
  - ASE (Airfield Safety Enhancement) Project:
    - DBB1 (End-Around Taxiway Project) is in Phase 6 of 9.
    - In the process of closing out GMP1 (Electric Vault Project) and recently gave the Notice to Proceed for GMP2 (Outboard Taxiway C Project).
    - Notification letters regarding the EIS (Environmental Impact Statement) have been drafted and will be mailed to homeowners soon. Staff plans to hold homeowner information meetings in February 2023.

**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**

There being no further business to discuss, Chair Dusenberry adjourned the meeting at 5:14 p.m.

**APPROVED BY:**

**Prepared by:**

\_\_\_\_\_  
[INSERT NAME], Secretary

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

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

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

DRAFT

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

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

1. The President/CEO (or her designee[s]) is authorized to apply for all available Federal, State, and local grant money that may be available to fund Tucson Airport Authority (TAA) projects or provide reimbursement for any eligible expenses incurred by TAA. The President/CEO or her designee(s) is further directed and authorized to act as TAA's official representative in connection with all grant applications and associated documents and to provide such information as may be required in connection with such grants.
2. The Board of Directors authorizes and approves the acceptance of all Federal, State, and local grants and hereby authorizes the President/CEO (or her designee[s]) to execute and deliver all such grant applications, agreements, and related documents, including, but not limited to, intergovernmental and cooperative agreements.
3. This delegation of authority shall be effective through January 21, 2024, or one day prior to the date of the next TAA Annual Meeting.

PASSED AND ADOPTED by the Board of Directors of the Tucson Airport Authority, Inc., this twenty-third day of January, 2023.

\_\_\_\_\_  
[Insert Name], Chair of the Board

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
[Insert Name], Secretary

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

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., APPROVING THE 2023 BOARD OF DIRECTORS MEETING SCHEDULE AND SETTING THE DATE OF THE 2024 TAA ANNUAL MEETING AND THE INITIAL MEETING OF THE 2024 BOARD OF DIRECTORS.**

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

- 2023 BOARD OF DIRECTORS MEETING SCHEDULE:** The Board of Directors meeting schedule for 2023, as presented in the *Notice of Regular Meetings – 2023*, attached as Exhibit A, is adopted pursuant to Subsection 4.3.1 of the TAA Bylaws. The TAA Clerk is directed to post the notice in compliance with A.R.S. § 38-431.02(F).
- 2024 TAA ANNUAL MEETING:** Pursuant to Section 3.1 (ANNUAL MEETING) of the TAA Bylaws, the Board of Directors hereby sets the date of the 2024 TAA Annual Meeting to be Monday, January 22, 2024. The means, time and place of the Annual Meeting shall be determined by TAA staff in consultation with the Chair of the Board and as reflected in the notice of the Annual Meeting.
- INITIAL MEETING OF THE 2024 BOARD OF DIRECTORS:** Pursuant to Subsection 4.3.1 (REGULAR MEETINGS) of the TAA Bylaws, the first meeting of the 2024 Board of Directors shall be held following the 2024 TAA Annual Meeting on Monday, January 22, 2024, at the venue of the Annual Meeting or by means as determined necessary by TAA staff in consultation with the Chair of the Board.

PASSED AND ADOPTED by the Board of Directors of the Tucson Airport Authority, Inc., this twenty-third day of January, 2023.

\_\_\_\_\_  
[INSERT NAME], Chair of the Board

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
[INSERT NAME], Secretary

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



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

Pursuant to A.R.S. § 38-431.02(F), notice is hereby given to the members of the Tucson Airport Authority (TAA) Board of Directors and to the general public that the TAA Board of Directors will hold regular meetings on the first Wednesday during the months of April, June, September, November, and December, 2023.

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

**Wednesday, April 5, 2023**

**Wednesday, June 7, 2023**

**Wednesday, September 6, 2023**

**Wednesday, November 1, 2023**

**Wednesday, December 6, 2023**

A copy of the agenda for the meeting will be available on the TAA website (<https://www.flytucson.com/taa/meetings/>) and the public notices display board—located adjacent to the TAA Board Room—at least twenty-four (24) hours in advance of the meeting.

Dated this twenty-third day of January, 2023.

TUCSON AIRPORT AUTHORITY BOARD OF DIRECTORS

By: \_\_\_\_\_

Byron M. Jones, CMC, TAA Clerk

Office: (520) 573-4822

Email: [bjones@flytucson.com](mailto:bjones@flytucson.com)

**Date:** January 23, 2023

**To:** Board of Directors  
**From:** Byron M. Jones, TAA Clerk  
**Re:** Appointments to the Nominating Council

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**Background:**

Three vacancies on the Nominating Council (the Council) were created when Director Rob Draper’s term on the Board of Directors (the Board) expired, and Member Rhonda Piña and Member Fran Katz self-nominated themselves for a first term on the Board of Directors and resigned from the Council as required by Section 10.2 of the Bylaws.

The Bylaws set specific requirements for the Council’s composition. Of its seven members, two are former directors, two are current directors, and three are Members who have never served as a director. The Chair, pursuant to the Bylaws, has nominated a current director and two Members who have never served as directors for appointment to the Council. The Board may act on the recommendation by its consideration and adoption of Resolution No. 2023-03, which is appended to this memorandum.

**Strategic Plan | Analysis:**

The Council is charged with finding, evaluating, and recommending new Members. Thus, it plays a fundamental role in the TAA’s strategic objective to “Create External TAA Champions” as it seeks to find Members who not only support the organization’s mission and vision, but are also willing to be vocal champions for the TAA in the community.

**Cost Analysis:**

There is no significant cost to the TAA by making the recommended appointments.

**Recommendation:**

Adopt Resolution No. 2023-03 approving recommended appointments to the Nominating Council.

**Attachments:**

1. Resolution No. 2023-03
2. List of Advisory Councils (effective January 23, 2023)

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., APPROVING RECOMMENDED APPOINTMENTS TO THE NOMINATING COUNCIL.**

**WHEREAS** the Bylaws of the Tucson Airport Authority (“Bylaws”) provide that the Nominating Council (“Council”) shall be an advisory council to the Board of Directors (“Board”), and that the Council shall consist of seven members: Two former directors, two current directors, and three Members who have never served as a director; and

**WHEREAS** three qualified Members have been recommended under the Bylaws to fill existing vacancies to the Nominating Council.

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

1. The following Members are hereby appointed to the Nominating Council for terms commencing on January 23, 2023, and expiring on January 22, 2025, or until a qualified successor is appointed:
  - **Rhonda Piña**, a current director.
  - **Brandt Hazen**, a Member who has never served as a director.
  - **Carol Stewart**, a Member who has never served as a director.
2. Any of the foregoing appointments shall terminate immediately should the incumbent cease to qualify to hold the position pursuant to Section 10.2 of the Bylaws prior to the expiration of their term.

PASSED AND ADOPTED by the Board of Directors of the Tucson Airport Authority, Inc., this twenty-third day of January, 2023.

\_\_\_\_\_  
[INSERT NAME], Chair of the Board

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
[INSERT NAME], Secretary

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

**Tucson Airport Authority Advisory Councils**

(Advisory councils are appointed pursuant to Article 10 of the [Tucson Airport Authority Bylaws](#).)

<b>Audit Council</b>		
The objective of this council, pursuant to the Board-adopted Audit Council Policy, is to advise the TAA Board of Directors in fulfilling its oversight responsibility for the integrity of TAA's financial and operating results, compliance with legal and regulatory requirements related to financial reporting, and the performance of TAA's internal audit function and external auditors. The Audit Council has authority to conduct or authorize special audits and investigations into any matters within its scope of responsibility.		
	<b>Term Start Date</b>	<b>Term End Date</b>
<b>David Smallhouse, Chair*</b>	April 6, 2022	April 5, 2024
<b>Tony Finley, Vice Chair</b>	April 6, 2022	April 5, 2024
David Lyons	April 6, 2022	April 5, 2024
John Parker	April 6, 2022	April 5, 2024
Taunya Villicaña	April 6, 2022	April 5, 2024
Isaac Figueroa	April 6, 2022	April 5, 2024
Cristina Baena	April 6, 2022	April 5, 2024

\*Active Membership extended to coincide with end of term date on advisory council

<b>Corporate Governance Council</b>		
The objective of this council is to advise the TAA Board of Directors in fulfilling its oversight responsibility regarding corporate governance, including Board and Membership duties, policies, and practices; TAA Articles of Incorporation; Bylaws; and other significant policies.		
	<b>Term Start Date</b>	<b>Term End Date</b>
<b>Todd Jackson, Chair</b>	April 6, 2022	April 5, 2024
<b>David Hameroff, Vice Chair</b>	April 6, 2022	April 5, 2024
Michael Duran	April 6, 2022	April 5, 2024
Larry Lang	April 6, 2022	April 5, 2024
Francis Chambers	April 6, 2022	April 5, 2024
Tim Medcoff	April 6, 2022	April 5, 2024
Trindy LeForge	April 6, 2022	April 5, 2024



**Finance and Risk Management Council | Environmental/Sustainability Sub-Council**

The objective of this council is to advise the TAA Board of Directors in fulfilling its oversight responsibility relating to TAA investment and fund management, debt issuance and management, annual and biennial budgets, annual capital improvement program budget, insurance, and safety and risk management programs.

The objective of the Sub-Council is to advise the TAA Board of Directors in fulfilling its oversight responsibility concerning the ongoing environmental remediation projects and other activities related to the Tucson Airport Area Superfund Site.

	Term Start Date	Term End Date
<b>Tim Overton, Chair</b>	April 6, 2022	April 5, 2024
<b>Omar Mireles</b>	April 6, 2022	April 5, 2024
Rob Draper	April 6, 2022	April 5, 2024
Ricardo Platt	April 6, 2022	April 5, 2024
Mike Hannley*	April 6, 2022	April 5, 2024
Angela Gee	April 6, 2022	April 5, 2024
Tony Penn	April 6, 2022	April 5, 2024

\*Active Membership extended to coincide with end of term date on advisory council

**Nominating Council**

The objective of this council, which is set forth in the Bylaws, is to nominate individuals for TAA membership, to nominate TAA Members to serve on the Board of Directors, to nominate a slate of Board Officers and to suggest nominees to fill any vacancies on the Board. Members of this council are selected pursuant to TAA Bylaws.

*The Council roster shall include two (2) former Directors, two (2) current Directors who are not the Chair of the Nominating Council or Vice Chair of the Nominating Council, and three (3) Members who have never served as Directors. Nominating Council Members are not eligible to be nominated for a first term on the Board of Directors.*

	Term Start Date	Term End Date	Bylaw Requirement
<b>Lisa Lovallo, Chair</b>	April 6, 2022	April 5, 2024	Former director
<b>Steve Cole, Vice Chair</b>	April 6, 2022	April 5, 2024	Former director
Phil Swaim	April 6, 2022	April 5, 2024	Current director
Rhonda Piña	January 23, 2023	January 22, 2025	Current director
Ellen Wheeler	April 6, 2022	April 5, 2024	Member
Brandt Hazen	January 23, 2025	January 22, 2025	Member
Carol Stewart	January 23, 2023	January 22, 2025	Member

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., APPROVING A NEW TUCSON AIRPORT AUTHORITY MEMBER/DIRECTOR CONFLICT OF INTEREST POLICY.**

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**WHEREAS** the Tucson Airport Authority (the TAA) encourages Members to champion the TAA and its airport system and act in the best interests of the TAA at all times; and

**WHEREAS** the Board of Directors (the Board) previously adopted a *Tucson Airport Authority Member/Director Conflict of Interest Policy* (the Policy) to advise Members on how to identify a conflict of interest, and the necessary actions to take when a conflict may exist; and

**WHEREAS** the Policy was last revised and adopted by the Board in 2014, and as part of the ongoing modernization of TAA’s governing documents and policies, the Board of Directors seeks to update TAA’s conflict of interest policy to better reflect modern best practices and to continue and enhance TAA’s excellent public stewardship of Tucson International Airport and Ryan Airfield and their contributions to the prosperity of Southern Arizona.

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

The *Tucson Airport Authority Member/Director Conflict of Interest Policy*, attached to this resolution as Exhibit A and incorporated by reference herein, is adopted and shall be in effect on and from January 23, 2023. The President/CEO and TAA team will communicate this policy to the Members immediately.

PASSED AND ADOPTED by the Board of Directors of the Tucson Airport Authority, Inc., this twenty-third day of January, 2023.

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[INSERT NAME], Chair of the Board

ATTEST:

APPROVED AS TO FORM:

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[INSERT NAME], Secretary

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Christopher Schmaltz, Vice President  
and General Counsel

**TUCSON AIRPORT AUTHORITY**  
**MEMBER/DIRECTOR CONFLICT OF INTEREST POLICY**  
(Adopted by Resolution No. 2023-04, January 23, 2023)

The purpose of this Tucson Airport Authority policy is to set expectations and identify and resolve potential Member conflicts of interests when serving as TAA Members. This, of course, is to keep the decision-making process at the Tucson Airport Authority (TAA) from being inappropriately influenced by the personal or financial interests of TAA's Members. Decisions made on behalf of the TAA must be in the best interests of the Tucson Airport Authority. Accountability to TAA's regulators and the public is paramount.

Generally, a conflict of interest arises when a TAA Member seeks to utilize her/his membership in the TAA for personal or financial gain. This is especially problematic when a TAA Member is in any way involved in the decision-making process when that person has an actual or perceived financial or personal interest in the result of the decision or transaction, but it is not limited to those circumstances. It remains the highest priority for TAA Members that their only consideration for TAA membership is the interests of TAA and its role in the community. Personal or financial gain of any kind is not and cannot be part of any consideration by TAA members in their role as champions of TAA.

TAA members must be aware of potential conflict of interest situations and be sensitive to any actual impropriety or even the appearance of impropriety. Conflicts must be identified early in any process, disclosed to the TAA Clerk and Vice President/General Counsel and eliminated immediately and in accordance with this policy. Any appearance of a lack of integrity in TAA's decision-making process and contracting must and will be avoided.

This policy does not prevent TAA members from competing for a contract with TAA or from providing goods and services to the organization in accordance with all applicable competitive TAA procurement and contracting policies. As more fully described below, however, members may not enter into a contract with TAA via a direct selection method or any other applicable procurement process that does not involve a publicly noticed competitive process. No TAA Member is eligible for a contract with the TAA if they are involved in a recommendation, award or other decision affecting the contract at issue.

Additionally, TAA members serving on the Board of Directors are subject to more restrictive contracting limitations and are prohibited, generally, with parameters identified below, from providing any goods or services to TAA.

This policy applies to all TAA members, active and emeritus. This policy is intended to supplement but not to replace any laws governing conflicts of interest applicable to TAA.

## 1. DEFINITIONS

A. Personal Interest. A Member has a personal interest if the Member, or his or her relative, serves in a leadership role with another organization whose interests may be adverse to, in conflict with, or in competition with those of TAA in the context of a particular transaction or policy decision. A “leadership role” includes serving on a governing body or advisory body to the separate organization or having a prominent public connection with the separate organization.

B. Financial Interest. A financial interest arises when a Member, or his or her relative, employer, or business partner, has a financial interest in a policy decision, contract, sale, purchase or service to TAA. A “financial interest” is any direct or indirect pecuniary or proprietary interest.

C. Remote Interest. As used in this policy, a remote interest is (i) that of a landlord or tenant of a party who contracts with TAA, (ii) the ownership of less than three per cent of the shares of a for-profit corporation, provided the total annual income from dividends, including the value of stock dividends, from such corporation does not exceed five per cent of the Member’s total annual income and any other payments to the Member by such corporation do not exceed five per cent of his or her total annual income, (iii) that of a recipient of public services generally provided by TAA, on the same terms and conditions as if the recipient was not a TAA Member.

D. Relative. As used in this policy, the term “relative” includes a Member’s spouse or domestic partner, child (including an adopted or stepchild), grandchild, parent, grandparent, half or whole brothers and sisters and their spouses, the immediate family of a spouse, and anyone dependent on or receiving substantial financial support from the Member.

## 2. DISCLOSURE; RECUSAL

A. Disclosures. If the result of a decision would benefit or affect the Member’s personal or financial interest, including a remote interest, or would appear to benefit or affect a Member’s personal or financial interest, then a conflict of interest exists, and it must be disclosed. In general, to determine whether disclosure is required, the Member should ask herself or himself the following questions:

1) Will the decision have an impact, either positive or negative, on her or his personal or financial interest?

2) Will the decision appear to have an impact, either positive or negative, on her or his personal or financial interest?

3) Could she or he obtain or be perceived to obtain a personal gain or advantage from the result of the decision?

A Member who has a conflict of interest in a specific matter, whether arising from a personal or financial interest, should immediately make the interest known to the TAA Clerk and Vice President/General Counsel, the applicable Council and the Board. This notification can be made by filling out a form that is available from TAA. The conflict should also be declared at the meeting at which the subject is to be discussed and included in the minutes of the meeting. The conflicted Member must leave the meeting during the consideration of that item and may not vote on the transaction or issue giving rise to the conflict of interest. The Member may return to the meeting after action has been taken on the item for which there is a conflict.

B. Recusal for Non-Remote Financial Interests. In addition to disclosure, a Member who has a conflict of interest resulting from a financial interest, other than a remote interest, in a policy decision, contract, sale, purchase or service to TAA must refrain from participating in the decision-making process in any way. The Member must not participate in the discussions, deliberations or vote and must not communicate with other decision-makers (including TAA staff) or attempt to influence their decision in any way. A Member must also excuse herself or himself from the meeting while the transaction or issue giving rise to the conflict of interest is being discussed and acted upon. The Member may return to the meeting after action has been taken on the item for which there is a conflict.

### **3. INELIGIBILITY TO CONTRACT**

A. Ineligibility to Contract. No Member who has participated in a decision-making process (this includes on a Selection Committee or via service on an applicable Advisory Council) may enter into a contract with TAA when the contract at issue was related to or affected by, whether directly or indirectly, the result of that decision. This prohibition also applies to any business the Member has an ownership interest in or is employed by and extends for three years following the decision at issue.

B. Additional Restrictions for Directors. No Director's business in which the Director has greater than a 3% ownership interest, may contract with TAA to supply any equipment, material or supplies in excess of \$1,000 in any transaction (not to exceed a total of 2,000 thousand dollars annually) or to supply any services. This prohibition applies to such transactions even if the conflict of interest was declared and the Director did not participate in the decision-making or the vote. This restriction applies only to those Members serving on the Board of Directors and not to TAA Members generally.

#### **4. ADDITIONAL CONSIDERATIONS**

A. Communication with Staff. Outside of Board and Council meetings and other routine communications with TAA staff, Members must not contact staff in an attempt to influence business decisions or to request non-public information or materials or TAA staff assistance regarding potential or pending transactions that may affect, or may be perceived to affect, a Member's personal or financial interests.

B. Representation of Adverse Interests. Members must not act as a representative for organizations or parties (i) in negotiations with TAA, (ii) in matters adverse to, or potentially adverse to, TAA, or (iii) in matters that will come before a TAA Council or the Board.

C. Charitable/Volunteer Work. TAA Members are significant and active Members of the Southern Arizona community and serve as employees and/or volunteers in different capacities with a variety of non-profit and charitable organizations. TAA Members are reminded that, especially with regard to all airlines that serve Southern Arizona via Tucson International Airport (TUS), our airline partners and other businesses that serve the traveling public at TUS, are TAA's tenants. It is not appropriate and not in the best interests of TAA for TAA Members to ask either TAA to facilitate donations or to ask its tenants directly for donations (monetary or in-kind) for any charitable or promotional effort by organizations for which the Member serves as an employee or volunteer. TAA Members should not, and TAA staff will not engage with TAA's tenants soliciting donations prompted by TAA Members.

#### **CONCLUSION**

It is important for all TAA Members to be aware of any personal or financial interest that could be affected by a Board or Council action. If a Member has questions regarding this policy, the conflict-of-interest form or a specific situation, he or she should contact the Council Chairperson, the Chairperson of the Board of Directors or TAA's President/CEO for answers.

**TUCSON AIRPORT AUTHORITY**  
**MEMBER/DIRECTOR CONFLICT OF INTEREST POLICY**  
(Adopted ~~by Resolution No. 2013-04,~~ January ~~27, 2014~~ 23, 2023)

The purpose of this Tucson Airport Authority policy is to ~~give guidance to set expectations~~ and identify and resolve potential Member conflicts of interests ~~and when serving as TAA Members. This, of course, is to~~ keep the decision-making process at the Tucson Airport Authority (TAA) from being inappropriately influenced by the personal or financial interests of TAA's ~~members. Members.~~ Decisions ~~for made on behalf of the~~ TAA ~~should~~ must be ~~made within~~ the best interests of the ~~public and of the~~ Tucson Airport Authority ~~in mind.~~ Accountability to TAA's regulators and the public is paramount.

~~In general~~ Generally, a conflict of interest arises when a TAA ~~member~~ Member seeks to utilize her/his membership in the TAA for personal or financial gain. This is especially problematic when a TAA Member is in any way involved in the decision-making process when that person has an actual or perceived financial or personal interest in the result of the decision or transaction, ~~but it is not limited to those circumstances. It is important for all members to~~ It remains the highest priority for TAA Members that their only consideration for TAA membership is the interests of TAA and its role in the community. Personal or financial gain of any kind is not and cannot be part of any consideration by TAA members in their role as champions of TAA.

TAA members must be aware of potential conflict of interest situations and ~~to~~ be sensitive to any actual impropriety or even the appearance of impropriety. ~~Conflicts should be disclosed and dealt with uniformly.~~ Conflicts must be identified early in any process, disclosed to the TAA Clerk and Vice President/General Counsel and eliminated immediately and in accordance with this policy. Any appearance of a lack of integrity in TAA's decision-making process ~~is to~~ and contracting must and will be avoided.

This policy ~~will~~ does not ~~generally~~ prevent TAA members from ~~contracting~~ competing for a contract with TAA or from providing goods and services to the organization in accordance with all applicable competitive TAA procurement and contracting policies. As more fully described below, however, members may not enter into a contract with TAA ~~if they have been~~ via a direct selection method or any other applicable procurement process that does not involve a publicly noticed competitive process. No TAA Member is eligible for a contract with the TAA if they are involved in a recommendation, award or other decision affecting the contract at issue.

Additionally, TAA members serving on the Board of Directors are subject to more restrictive contracting limitations and ~~will be~~ are prohibited, ~~in most circumstances generally, with parameters identified below,~~ from providing any goods or services to TAA.

This policy applies to all ~~Tucson Airport Authority~~ TAA members. ~~For purposes of this policy, members include both~~ active and ~~life members of TAA.~~ emeritus. This policy is intended to supplement but not to replace any laws governing conflicts of interest applicable to TAA.

1.     ~~1.~~     DEFINITIONS

A.     ~~A.~~     Personal Interest. A ~~member~~Member has a personal interest ~~that must be disclosed~~ if the ~~member~~Member, or his or her relative, serves in a ~~substantial~~ leadership role with another organization whose interests may be adverse to, in conflict with, or in competition with those of TAA in the context of a particular transaction or policy decision. A “~~substantial~~ leadership role” ~~would include~~includes serving on a governing body or advisory body to the ~~separate~~organization or having a prominent public connection with the ~~separate~~organization.

B.     ~~B.~~     Financial Interest. A financial interest ~~that must be disclosed~~ arises when a ~~member~~Member, or his or her relative, employer, or business partner, has a financial interest in a policy decision, contract, sale, purchase or service to TAA. A “financial interest” is any direct or indirect pecuniary or proprietary interest.

C.     ~~C.~~     Remote Interest. As used in this policy, a remote interest is (i) that of a landlord or tenant of a party who contracts with TAA, (ii) the ownership of less than three per cent of the shares of a for-profit corporation, provided the total annual income from dividends, including the value of stock dividends, from such corporation does not exceed five per cent of the ~~member~~Member’s total annual income and any other payments to the ~~member~~Member by such corporation do not exceed five per cent of his or her total annual income, (iii) that of a recipient of public services generally provided by TAA, on the same terms and conditions as if the recipient was not a TAA ~~member~~Member.

D.     ~~D.~~     Relative. As used in this policy, the term “relative” includes a ~~member~~Member’s spouse or domestic partner, child (including an adopted or ~~step-child~~stepchild), grandchild, parent, grandparent, half or whole brothers and sisters and their spouses, the immediate family of a spouse, and anyone dependent on or receiving substantial financial support from the ~~member.~~ Member.

2.     ~~2.~~     DISCLOSURE; RECUSAL

A.     ~~A.~~     Disclosures. If the result of a decision would benefit or affect the ~~member~~Member’s personal or financial interest, including a remote interest, or would appear to benefit or affect a ~~member~~Member’s personal or financial interest, then a conflict of interest exists, and it must be disclosed. In general, to determine whether disclosure is required, the ~~member~~Member should ask ~~himself or~~ herself or himself the following questions:

1) ~~1)~~ Will the decision have an impact, either positive or negative, on ~~his or her personal or financial interest?~~ her or his personal or financial interest?

2) ~~2)~~ Will the decision appear to have an impact, either positive or negative, on ~~his or~~



her or her personal or financial interest?  
his personal or financial interest?

3) ~~3) — Could he or she or he obtain or be perceived to obtain a personal gain or advantage from the result of the decision?~~  
advantage from the result of the decision?

A ~~member~~Member who has a conflict of interest in a specific matter, whether arising from a personal or financial interest, should immediately make the interest known to the ~~appropriate~~TAA Clerk and Vice President/General Counsel, the applicable Council ~~or~~and the Board ~~and a written notification of the conflict should be filed in the official records of TAA.~~ This notification can be made by filling out a form that is available from TAA. The conflict should also be declared at the meeting at which the subject is to be discussed and included in the minutes of the meeting. ~~Except as provided in the next section, once the required disclosure has been made, a member may, at the discretion of the Council or Board Chair, remain in the room and participate in discussions, but must~~The conflicted Member must leave the meeting during the consideration of that item and may not vote on the transaction or issue giving rise to the conflict of interest. The Member may return to the meeting after action has been taken on the item for which there is a conflict.

B. ~~B. —~~ Recusal for Non-Remote Financial Interests. In addition to disclosure, a ~~member~~Member who has a conflict of interest resulting from a financial interest, other than a remote interest, in a policy decision, contract, sale, purchase or service to TAA must refrain from participating in the decision-making process in any way. ~~Even if the member believes he or she can be objective about the matter and that the public interest or the interest of TAA would not be harmed by his or her participation, the member~~The Member must not participate in the discussions, deliberations or vote and ~~should~~must not communicate with other decision-makers (including TAA staff, ~~if applicable~~) or attempt to influence their decision in any way. A ~~member~~Member must also excuse ~~himself or~~ herself or himself from the ~~room~~meeting while the transaction or issue giving rise to the conflict of interest is being discussed ~~and acted upon.~~ The Member may return to the meeting after action has been taken on the item for which there is a conflict.

### 3. ~~3. —~~ **INELIGIBILITY TO CONTRACT**

A. ~~A. —~~ Ineligibility to Contract. No ~~member~~Member who has participated in a decision-making process (this includes on a Selection Committee or via service on an applicable Advisory Council) may enter into a contract with TAA when the contract at issue was related to or affected by, whether directly or indirectly, the result of that decision. This prohibition also applies to any business the ~~member~~Member has an ownership interest in or is employed by and extends for three years following the decision at issue.

B. ~~B. —~~ Additional Restrictions for Directors. No Director, ~~nor any's~~ business in which the Director has greater than a 3% ownership interest, may contract with TAA to supply any equipment, material or supplies in excess of ~~\$300~~1,000 in any transaction (not to exceed a total of

~~one~~2,000 thousand dollars annually) or to supply any services. This prohibition applies to such transactions even if the conflict of interest was declared and the Director did not participate in the decision-making or the vote. This restriction applies only to those ~~members~~Members serving on the Board of Directors and not to TAA ~~members~~Members generally.

**4. ~~4.~~ ADDITIONAL CONSIDERATIONS**

**A. ~~A.~~ Communication with Staff.** Outside of Board and Council meetings and other ~~regular~~routine communications with TAA staff, ~~members should avoid contacting~~Members must not contact staff in an attempt to influence business decisions or to request non-public information or materials or TAA staff assistance regarding potential or pending transactions that may affect, or may be perceived to affect, a ~~member~~Member's personal or financial interests.

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It is important for all TAA ~~members~~Members to be aware of any personal or financial interest that could be affected by a Board or Council action. If a ~~member~~Member has questions regarding this policy, the conflict ~~of~~of interest form or a specific situation, he or she should contact the Council Chairperson, the ~~President~~Chairperson of the Board of Directors or TAA's President/CEO for answers.

Document comparison by Workshare Compare on Wednesday, January 11, 2023  
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Deletions	96
Moved from	3
Moved to	3
Style change	0
Format changed	0
Total changes	193

**Date:** January 23, 2023

**To:** Board of Directors  
**From:** John Voorhees, Vice President/Chief Revenue Officer  
**Re:** Tucson Aeroplex – New 30-Year Ground Lease, Valencia GA

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**Background:**

Tucson Aeroplex, LLC (dba Million Air) currently operates as a fixed base operator at TUS under a Lease in the Valencia General Aviation area on Lot A-8 and adjacent leased ramp space. The company is in the business of aircraft storage, aircraft charter operations, and aircraft management operations. Tucson Aeroplex pays gross annual rent of \$45,875 for their 90,465 square foot leasehold. Tucson Aeroplex has been a tenant in good standing at TUS since 2005.

On January 24, 2022, the TAA Board approved terms for an amendment to the current ground lease for Tucson Aeroplex which extended the tenant’s ground lease by ten (10) years, to 2045. In exchange for the extension, Tucson Aeroplex intended to construct a new hangar at the Valencia General Aviation Ramp (Valencia GA) on lot A-1 and install solar panels atop the existing hangar. This amendment was never executed because the tenant requested an additional 10-year extension for an additional capital expenditure. For the sake of simplicity, TAA staff have elected to draft a new thirty (30) year ground lease. The new lease will offer the same expiration date in exchange for the following capital improvements:

Tucson Aeroplex intends to invest a minimum of \$3,025,000 in capital improvements to its expanded leasehold. These improvements will include construction of a new 15,000 square foot hangar valued at not less than \$1,600,000, adding 19,000 square feet of paved ramp space, adding a new 50 seat restaurant to the Tucson Aeroplex facility and the installation of a new solar electric system. Tucson Aeroplex provides valuable support and assets for the commercial and general aviation community and currently employs 26 people. Leasing the additional space to Tucson Aeroplex will result in additional rent to TAA of \$2,060,302 over the thirty-year term of the proposed Lease.

Tucson Aeroplex has requested to increase their leasehold at TUS by adding lots A-1, and A-10, located at the Valencia GA. Lease of lots A-1, and A-10 will provide Tucson Aeroplex a total of 155,940 square feet. Gross rent for the expanded leasehold at Valencia GA will increase by approximately \$1,001,768, not including CPI, with the expansion of the premises. Tucson Aeroplex desires a thirty (30) year Ground Lease term commencing on a mutually agreed upon date in 2023.

**Strategic Plan | Analysis**

The new lease supports our Strategic Plan Initiative of Expanding Prosperity as well as our Guiding Principles of ‘we work smart’ and ‘we deliver results’. TAA’s Leasing and Development Guidelines recognize the benefit of long-term land leases. Facilities constructed by tenants revert to the ownership and control of TAA at the end of the land lease terms, at which time TAA then benefits from the facility and land lease rent. Extensions or new land lease terms are typically granted in cases where the tenant agrees to significant new capital investment that increases the value of the property that will come under TAA’s control at the end of the lease term. TAA and Tucson Aeroplex have agreed to the following key business terms for a new lease:

1. A single lease for a total of approximately 155,940 square feet.
2. Fair market value land lease rent for the entire parcel, with an initial annual rent of \$79,530.
3. Rent adjustments based on CPI at two-year intervals.
4. Tucson Aeroplex will be required to invest a minimum of \$3,025,000 in facilities and improvement of the leased premises.
5. Term of 30 years.
6. All facilities will revert to TAA ownership and control at the end of the lease term.
7. The new lease will have modernized terms and conditions and will commence on a mutually agreed upon date to support Tucson Aeroplex’s facility expansion which is planned to begin the first quarter of 2023.

By executing this lease, TAA increases its revenue and allows a business stakeholder to develop a larger and better space to bolster their success.

**Cost Analysis:**

This lease will result in \$2,385,882 of rent revenue over the thirty-year term of the proposed lease, not including CPI increases. Expansion of the premises is expected to increase percentage of gross receipts, fuel flowage and landing fees paid to TAA by 20% over the life of the lease resulting in approximately \$66,000 of additional revenue.

**Recommendation:**

Adopt Resolution No. 2023-05 to allow the President/CEO to negotiate and enter into a new lease with Tucson Aeroplex in accordance with the terms described above.

**Attachments:**

1. Resolution No. 2023-05
  - a. Exhibit A: Key Business Terms

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., AUTHORIZING THE PRESIDENT/CEO (OR HER DESIGNEE[S]) TO EXECUTE A NEW 30-YEAR GROUND LEASE WITH TUCSON AEROPLEX, LLC, DBA MILLION AIR, FOR THE USE OF CERTAIN PARCELS LOCATED IN THE VALENCIA AVIATION BUSINESS PARK, SUBJECT TO KEY BUSINESS TERMS.**

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

The President/CEO (or her designee[s]) is authorized to execute a new 30-year ground lease with Tucson Aeroplex, LLC, dba Million Air, for use of the Tucson Airport Authority facilities located on parcels A-1, A-8, and A-10 in the Valencia General Aviation Business Park, depicted in the attached Exhibit B, subject to the key business terms summarized in the attached Exhibit A.

PASSED AND ADOPTED by the Board of Directors of the Tucson Airport Authority, Inc., this twenty-third day of January, 2023.

---

[INSERT NAME], Chair of the Board

ATTEST:

APPROVED AS TO FORM:

---

[INSERT NAME], Secretary

---

Christopher Schmaltz, Vice President  
and General Counsel



Exhibit A

**Tucson Aeroplex (D.B.A. Million Air)  
Replacement Ground Lease Agreement (“Lease”)  
For the Expansion of Fixed Base Operations (“FBO”)**

**Key Business Terms:**

<b>Date:</b>	December 19, 2022
<b>Land Lease Landlord:</b>	Tucson Airport Authority, Inc. (“TAA”)
<b>Tenant:</b>	Tucson Aeroplex, LLC dba Million Air (“Tenant”)
<b>Premises:</b>	Valencia General Aviation Parcels: A-8 and adjacent ramp, A-1 and A-10. <i>See attached exhibit (a total of +/- 155,940 square feet).</i>
<b>Lease Term:</b>	Thirty (30) years. Improvement ownership rights revert to TAA at the end of the Lease Term, free and clear.
<b>Previous Lease:</b>	Upon execution of this Lease, the ground lease agreement dated November 1, 2005, executed between Tenant and TAA shall be terminated and superseded by this Lease.
<b>Rent Commencement Date:</b>	1) For Parcels A-8 and adjacent ramp rent payments shall be due and payable to TAA immediately upon execution of the Lease.  2), For Parcels A-1 and A-10 shall be due and payable to TAA twelve (12) months after execution of the Lease, or upon beneficial occupancy of the improvements, whichever is sooner.

**Minimum Capital Improvements:**

Subject to TAA’s review and approval in accordance with TUS Minimum Standards, TUS Tenant Improvement Standards, TUS Rules and Regulations, and other applicable airport, federal, state, and local laws, rules, regulations, and standards, Tenant will design, obtain permits, and construct the following minimum improvements at its sole cost and expense:

1. **Hangar at Lot A-1:** A 15,000 square foot hangar and other associated improvements, including but not limited to, apron pavement, aircraft lead/parking lines, underground infrastructure (e.g., electrical, sewage, data, water as applicable), landside vehicle access road and parking lot pavements. Additionally, Tenant will pay for the cost of connecting to all utilities.
2. **Pavement at Lot A-10:** Pavement improvements at lot A-10 in accordance with TAA and Federal Aviation Administration (FAA) paving standards, guidelines, and specifications and shall be responsible for all other improvements to A-10 for the operation of Tenant’s business.
3. **Solar Power System:** A solar power system at the existing Tucson Aeroplex Fixed Base Operations (FBO) building.
4. **Restaurant:** A 3,000 SF, 50-seat capacity restaurant and general aviation aircraft catering facilities at the existing Tucson Aeroplex FBO building.

Tenant will be responsible for a minimum capital investment of \$3,025,000 (“Minimum Capital Investment”). Any unspent portion of the Minimum Capital Investment amount shall be due and payable to TAA 12 months after the execution of the Lease.

**Base Rent:** A sum of \$79,530 per year (or \$6,628 per month), at the rate of \$0.51/SF.

**Rate Adjustments:** Base rent shall be adjusted every two (2) years based on the Consumer Price Index (CPI) changes, except that rent shall never be adjusted downward.

**Other Fees and Charges:** Tenant will pay TAA the following additional fees and charges:

- a) **Concession Fees:** 1% of gross receipts generated from Tenant’s concessions at FBO, including the revenues generated from the new restaurant.
- b) **CAM:** \$8,874 per year (as may be adjusted).
- c) **Pavement Reserve:** \$7,274 per year (as may be adjusted).

- d) **Landing Fees:** As published by TAA for aircraft with more than 12,000 pounds of maximum landing weight. Tenant may retain 15% of Landing Fees as an administrative charge.

**Utilities:**

Tenant will be responsible to pay for all utilities serving the Premises.

**Maintenance  
Responsibilities:**

Tenant is responsible for all maintenance and repair of Premises at no cost to TAA. TAA will conduct periodic inspections to verify facility condition.

**TAA Approval of Terms:**

Lease terms are subject to approval of TAA's Board of Directors.

Exhibit – Premises



**Date:** January 23, 2023

**To:** Board of Directors  
**From:** John Voorhees, Vice President/Chief Revenue Officer  
**Re:** Raytheon Missiles & Defense Facility Lease Terms

---

**Background:**

Tucson Airport Authority (“TAA”) and Raytheon Missiles & Defense (“Raytheon”) have negotiated business terms for the facility located at 1146 E Aero Park Boulevard within TUS Airport property. The facility was built by TAA’s current tenant A.E. Petsche through a land lease agreement with TAA. As per the terms of the land lease, which expired December 31, 2022, said facility ownership rights reverted to TAA.

Upon execution of this facility lease, Raytheon plans to enter into sublease agreements with its subcontractors which have been long-term tenants of the facility through A.E. Petsche. The facility consists of mixed-use spaces that include offices, warehouse storage, and parking lot spaces.

**Strategic Plan | Analysis:**

This Lease will support TAA’s Strategic Plan in increasing airport revenue and contributing towards TAA’s self-sustaining financial system strategy. There are no enabling projects or other upfront costs needed by TAA. The facility will be leased in ‘as-is’ condition. Additionally, TAA’s business collaboration with a large community stakeholder such as Raytheon will support and benefit our community and local economy.

**Cost Analysis:**

TAA proposed a six (6) year lease (“Initial Term”), and extension options of four (4) additional periods of five (5) years. The business terms include a lease rate of \$4.57 per square foot / per year with an annual adjustment of 2.5% every year, effective on the second anniversary of the Lease. This amounts to a yearly rental revenue of \$95,000. Over the life of the Initial Term, TAA would realize approximately \$570,000 in revenue (not including CPI adjustments).

**Recommendation:**

Adopt Resolution No. 2022-06 authorizing the President/CEO (or her designee[s]) to execute a new lease with Raytheon Missiles & Defense for the facility located at 1146 East Aeropark Boulevard, subject to key business terms.

**Attachments:**

1. Resolution No. 2023-06
  - a. Exhibit A – Premises
  - b. Exhibit B – Key Business Terms

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., AUTHORIZING THE PRESIDENT/CEO (OR HER DESIGNEE[S]) TO EXECUTE A NEW LEASE WITH RAYTHEON MISSILES & DEFENSE FOR A FACILITY LOCATED AT 1146 EAST AEROPARK BOULEVARD, SUBJECT TO KEY BUSINESS TERMS.**

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

The President/CEO (or her designee[s]) is authorized to execute a new six-year lease with Raytheon Company, a Delaware Corporation, for the Tucson Airport Authority owned facility located at 1146 East Aeropark Boulevard, depicted in the attached Exhibit A, subject to the key business terms summarized in the attached Exhibit B.

PASSED AND ADOPTED by the Board of Directors of the Tucson Airport Authority, Inc., this twenty-third day of January, 2023.

\_\_\_\_\_  
[INSERT NAME], Chair of the Board

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
[INSERT NAME], Secretary

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



Exhibit A



**Notes – A formal legal description is being prepared by a Registered Land Surveyor. The depiction above is for illustration purposes.**

Raytheon Lease of 1146 E. Aero Park Boulevard, Tucson AZ - Bld. C-303

Exhibit B

**Raytheon Technologies Facilities Lease**

**Key Business Terms:**

<b>Date:</b>	December 22, 2022
<b>Facility Landlord:</b>	Tucson Airport Authority, Inc. ("TAA")
<b>Tenant:</b>	Raytheon Company, a Delaware Corporation
<b>Premises:</b>	1146 E. Aero Park Boulevard – 20,800 sq. ft. Building ("Exhibit A").
<b>Lease Term:</b>	An Initial Term of six (6) years and four (4) additional 5-year lease term extension options.
<b>Commencement Date:</b>	January 1, 2023
<b>Base Yearly Rent:</b>	\$95,000.00 (or \$7,916.67 per month), at the rate of \$4.57/SF.
<b>Rate Adjustments:</b>	Base Yearly Rent will increase by 2.5% per year starting on the second anniversary of the Commencement Date, and every (1) year thereafter for the Lease Term.
<b>Utilities:</b>	Tenant will be responsible for all utilities serving the Premises.
<b>Maintenance Responsibilities:</b>	Tenant is responsible for all maintenance of Premises; TAA will conduct periodic inspections to verify facility condition.
<b>TAA Approval of Terms:</b>	Lease terms are subject to approval of TAA's Board of Directors.

□



**Date:** January 23, 2023

**To:** TAA Board of Directors  
**From:** Austin Wright, Chief Communications Officer  
**Re:** January 2023 Air Service Development Update

**TUS Airline Capacity Exceeds 2019:**

A promising start to calendar year 2023 and continued recovery for Tucson’s tourism industry. Scheduled capacity by airlines at Tucson International Airport (TUS) has finally returned to the levels last seen in 2019.

Projected passenger numbers as a percentage of the same month in 2019:

January 2023	103.3%
February 2023	100.1%
March 2023	100.4%

All but two of our pre-pandemic destinations have been reinstated. Of the two remaining, Alaska Airlines has scheduled resumption of its nonstop flights to Everett (North Seattle) starting September 6, 2023, and Southwest has told us they are planning to reinstate Oakland flights, which will likely be announced in March when schedules for November 2023 are released.

New this year are the five nonstop Canadian destinations served by Flair Airlines. Initial data from Flair Airlines reflect bookings with positive trends as more Canadians are learning of the flights.

All totaled, TUS currently has nonstop flights to/from 21 destination airports:

<b>Atlanta</b> (Delta)	<b>Houston Hobby</b> (Southwest)	<b>Phoenix</b> (American)
<b>Chicago Midway</b> (Southwest)	<b>Houston Intercontinental</b>	<b>Portland</b> (Alaska)
<b>Chicago O’Hare</b> (American, United)	(United)	<b>Prince George</b> (Flair)
<b>Dallas/Fort Worth</b> (American)	<b>Las Vegas</b> (Southwest)	<b>Salt Lake City</b> (Delta)
<b>Denver</b> (Southwest, United)	<b>London, Ontario</b> (Flair)	<b>San Diego</b> (Southwest)
<b>Edmonton</b> (Flair)	<b>Los Angeles</b> (American, Delta, Southwest)	<b>San Francisco</b> (United)
<b>Fort McMurray</b> (Flair)	<b>Minneapolis</b> (Delta, Sun Country)	<b>Seattle</b> (Alaska, Delta)
		<b>Windsor/Detroit</b> (Flair)

**Year-End 2022:**

Calendar year 2022 was projected to finish with a total of 3.45 million passengers, which is 91% of 2019 passenger levels. This statistic may have been closer to 93% had it not been for the Omicron variant negatively affecting January and February passenger numbers.

**Date:** January 23, 2023

**To:** Board of Directors  
**From:** Austin Wright, Chief Communications Officer  
**Re:** January 2023 Marketing and Strategic Communications Update

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**Marketing:**

Due to the announced extension of the REAL ID implementation, the TAA team continues to update marketing collateral to reflect the new deadline of May 7, 2025. The TAA will pause its efforts to advertise the deadline until 2024.

The OnMedia *Where Traveler Arizona* Guestbook is now available in the rooms of major hotel resorts throughout Arizona. Within it, you will find an advertisement recognizing the TAA's 75<sup>th</sup> anniversary and a 4-page story detailing the art program at Tucson International Airport (TUS).

The TAA also served as a title co-sponsor for the 'State of the State' for Governor-Elect Hobbs hosted by the Tucson Metro Chamber. During 2023, the TAA will continue its efforts to increase visibility and community support through various marketing initiatives.

**In the Media:**

Ahead of a busy holiday travel season, the TAA partnered with every local news station to share the TUS story regarding the busy season. A press release was shared with local and national media: [Tucson International Airport Prepares for more than 210,000 Holiday Travelers / Fly Tucson](#).

We also developed numerous press releases for the many new hires, which facilitated additional media stories from a national, industry level.

Through November 2022, the TAA has earned 136 media mentions in Fiscal Year 2023 with an Advertising Value Equivalency (AVE) of nearly \$150k. We expect the December numbers to be significantly higher.

**Community Involvement, Customer Experience and Recognition:**

- ➔ The TAA Police Department, in partnership with the TAA Airport Employee Community Effort (AECE) Committee, raised more than \$2,300 to support local families during the holidays through commemorative patch sales. The funds were used to support several "Shop with a Cop" events.
- ➔ The TAA and airport tenants supported the KVOA Season 4 Hope. Numerous boxes were collected for the Community Food Bank of Southern Arizona, Toys for Tots, and the Diaper Bank of Southern Arizona.
- ➔ The newly refreshed International Arrivals Gallery (part of the Federal Services Inspection Services Refresh Project) is a dedicated area that reflects American Indian heritage. This

area includes new art pieces from local artist Ray Tigerman as well as various pieces from both the Tohono O’odham Nation and Pasqua Yaqui Tribe. The TAA is proud to partner with the local tribal nations on this project.

- TUS supported Fort Huachuca’s ‘Home for the Holidays’ exodus mission. Nearly 1,400 soldiers used TUS for their round-trip holiday travel. Snacks and water were purchased by the City of Tucson Veterans Affairs Committee (VAC). Numerous TAA employees, Warm Welcome Volunteers and VAC members volunteered during the mission to ensure a seamless and comfortable journey.

**For Immediate Release**

**December 19, 2022**

## **Tucson International Airport Prepares for more than 210,000 Holiday Travelers**

As airline passengers return to the skies, Tucson International Airport (TUS) is preparing to do its part to ensure the travel experience is as smooth as possible this holiday season.

Based on schedule capacity, TUS expects more than 210,000 passengers to go through the terminal from December 17 through January 2. That will be a 25% increase over the 167,000 passengers of 2021. This year, TUS anticipates the holidays will yield about 30% more passengers per day than what has been the average in 2022. TUS expects to see its busiest travel day of 2022 during the holiday period.

With both Christmas and New Year's Day falling on Sundays this year, travel is expected to be spread out over the holiday period, though December 24, 25, and 31 should have comparatively fewer travelers. Airlines serving Tucson are geared up to meet the demand with 24% more seat capacity December 15 through January 2.

The increased capacity this holiday season includes new flights on Canadian ultra-low-cost carrier Flair Airlines offering nonstop flights between TUS and Edmonton and Fort McMurray, Alberta; London and Windsor (Detroit), Ontario; and Prince George, British Columbia.

Additionally nonstop flights between Minneapolis-St. Paul and TUS return on both Delta and Sun Country airlines. Long-time airline partners Alaska, American, Delta, Southwest and United have added flights, too, many of which are on larger aircraft types. TUS provides nonstop flights to Atlanta, Chicago O'Hare and Midway, Dallas/Fort Worth, Denver, Houston Intercontinental and Houston Hobby, Las Vegas, Los Angeles, Portland, Salt Lake City, San Diego, San Francisco, and Seattle.

"We appreciate that our airline partners are providing more opportunities for passengers to choose TUS," said Tucson Airport Authority President and CEO Danette Bewley. "We have been working hard to promote the nonstop opportunities TUS brings to our region and we welcome the increased service and are committed to bringing in more flights."

### **TUS Travel Tips**

The TAA offers some travel trips for those who haven't traveled and some that may even apply to those who have gone through TUS recently:

- If you are still contemplating a trip for the holidays, don't wait much longer to buy a ticket. Airline tickets are selling more rapidly than they did at Thanksgiving. With increased demand that means fares are higher, so if you see an air fare you find acceptable, take it.
- Expect TSA screening could take longer than usual. About 70% of airline passengers travel once a year or less, which means they may not be familiar with the security process. Even if you are an experienced traveler, it is wise to give yourself some extra time at the airport.
- Expect your flight to be full, even on slower travel days. Airlines have scheduled fewer flights on slower travel days so the flights that are operating will still be full. There may be fewer people in the airport terminal but not on your flight.

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The Tucson Airport Authority (TAA) is an independent, non-profit organization with the responsibility to operate, manage and develop Tucson International Airport (TUS) and Ryan Airfield (RYN). The TAA receives **no local tax dollars**. It sustains operations from airport-generated revenues, like concessions, leases, and landing fees. The TAA invests millions each year in **safety, security, and customer service** for the benefit of travelers, tenants, employees, and the entire Southern Arizona region. The airport system **supports nearly 46,000 jobs** and contributes to more than **\$8.3 billion in economic activity**.

Date: January 23, 2023

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

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### **Financial Performance**

- **Operating Income before Depreciation and Amortization (YTD vs budget)**
  - Tucson Airport Authority generated operating income before depreciation and amortization of \$583,577 for November 2022, which is \$799,465 favorable to budget due to favorable operating revenues described below.
  
- **Operating Revenues (YTD vs budget)**
  - In November, operating revenue of \$3,564,874 is favorable to budget by \$269,569 or 8.2% and favorable to prior year by \$79,046 or 2.3%. The increase from prior year is largely due to increased landing fee revenues. Operating revenues for the month were down \$321,400 (8.3%) compared to November 2019 (pre-COVID) largely due to decreased space rental revenues and reimbursable services.
  - Year-to-date operating revenues were greater than budgeted by \$391,317 or 5.8%, with favorable variances in landing fees, space rent, land rent, and concession revenues, partially offset by unfavorable variances in reimbursed services and other operating revenues.
  
- **Operating Expenses (YTD vs budget)**
  - In November, total operating expenses were lower than budget by \$529,896 or 15.1%, largely due to lower-than-expected contractual services expenses. All expense categories were favorable to budget, with the exception of personnel expenses which were unfavorable to budget by 3.7%. We are implementing several strategies to reduce our personnel spend to ensure that we will not exceed the budget by the end of the fiscal year.
  - Year-to-date operating expenses of \$6,323,727 are favorable to budget by \$680,991 or 9.7%. All expense categories except for personnel expenses were lower than budgeted. Contractual services expenses drove the majority of the favorable variance.

# FINANCIAL SUMMARY



For the two months ending November 30, 2022

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

	CURRENT MONTH - November 2022			November 2021	PRE-COVID November 2019
	BUDGET	ACTUAL	FAV (UNFAV)	ACTUAL	ACTUAL
<b>OPERATING REVENUES:</b>					
Landing fees	203,098	232,311	29,213	180,463	\$ 233,094
Space rentals	892,898	935,301	42,403	869,821	1,251,943
Land rent	304,166	307,249	3,083	288,942	296,805
Concession revenue	1,359,932	1,571,330	211,398	1,640,526	1,499,053
Reimbursed services	266,816	247,108	(19,707)	234,939	342,248
Other operating revenues	268,395	271,574	3,179	271,137	263,131
<b>Total Operating Revenues</b>	<b>3,295,305</b>	<b>3,564,874</b>	<b>269,569</b>	<b>3,485,828</b>	<b>3,886,274</b>
<b>OPERATING EXPENSES:</b>					
Personnel expenses	1,974,233	2,046,305	(72,072)	1,845,644	1,836,999
Contractual services	1,095,375	652,271	443,105	430,417	353,193
Materials and supplies	297,210	175,888	121,323	145,195	137,587
Other operating expenses	144,374	106,834	37,540	90,524	61,828
<b>Total Operating Expenses</b>	<b>3,511,193</b>	<b>2,981,297</b>	<b>529,896</b>	<b>2,511,780</b>	<b>2,389,607</b>
<b>NET OPERATING INCOME (LOSS) BEFORE DEPRECIATION AND AMORTIZATION</b>	<b>(215,888)</b>	<b>583,577</b>	<b>799,465</b>	<b>974,048</b>	<b>1,496,667</b>
Depreciation and Amortization	1,763,217	1,639,685	123,531	1,582,832	1,529,685
<b>OPERATING INCOME (LOSS)</b>	<b>(1,979,105)</b>	<b>(1,056,109)</b>	<b>922,996</b>	<b>(608,784)</b>	<b>(33,018)</b>
<b>NONOPERATING INCOME (EXPENSES)</b>					
Interest Income	43,868	68,693	24,825	46,333	276,751
Net increase/(decrease) in fair value of investments	-	389,790	389,790	(159,072)	100,354
Passenger facility charges	642,830	598,256	(44,574)	574,909	586,473
Interest expense and fiscal charges	(59,410)	(59,410)	-	(67,163)	(81,988)
Other nonoperating revenues (expenses)	-	(23,929)	(23,929)	-	14,283
<b>Total nonoperating revenues (expenses)</b>	<b>627,289</b>	<b>973,400</b>	<b>346,112</b>	<b>395,006</b>	<b>895,873</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>	<b>(1,351,816)</b>	<b>(82,709)</b>	<b>1,269,107</b>	<b>(213,778)</b>	<b>862,855</b>
<b>CAPITAL CONTRIBUTIONS:</b>					
Federal	3,680,928	-	(3,680,928)	-	631,791
State	54,372	-	(54,372)	-	-
<b>Total capital contributions</b>	<b>3,735,300</b>	<b>-</b>	<b>(3,735,300)</b>	<b>-</b>	<b>631,791</b>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>\$ 2,383,484</b>	<b>(82,709)</b>	<b>\$ (2,466,192)</b>	<b>\$ (213,778)</b>	<b>\$ 1,494,646</b>



TUCSON AIRPORT AUTHORITY  
STATEMENT OF REVENUES , EXPENSES AND  
CHANGES IN NET POSITION  
For the two months ending November 30, 2022

	CURRENT YEAR TO DATE - November 2022			YTD -	PRE-COVID
				November 2021	YTD -
	BUDGET	ACTUAL	FAV (UNFAV)	ACTUAL	November 2019
<b>OPERATING REVENUES:</b>					
Landing fees	\$ 411,086	\$ 452,973	\$ 41,887	\$ 472,322	\$ 451,047
Space rentals	1,785,761	1,845,003	59,242	1,794,372	2,499,328
Land rent	608,333	622,421	14,088	600,605	596,425
Concession revenue	2,822,679	3,161,310	338,631	3,172,446	3,109,398
Reimbursed services	533,631	481,787	(51,844)	460,960	654,388
Other operating revenues	538,143	527,455	(10,688)	506,483	548,361
<b>Total operating revenues</b>	<b>6,699,633</b>	<b>7,090,950</b>	<b>391,317</b>	<b>7,007,188</b>	<b>7,858,947</b>
<b>OPERATING EXPENSES:</b>					
Personnel expenses	4,110,915	4,194,230	(83,315)	3,730,014	3,630,248
Contractual services	2,022,681	1,527,676	495,005	1,080,718	821,864
Materials and supplies	529,179	318,539	210,640	255,901	246,430
Other operating expenses	341,943	283,283	58,660	194,558	219,897
<b>Total Operating Expenses</b>	<b>7,004,718</b>	<b>6,323,727</b>	<b>680,991</b>	<b>5,261,191</b>	<b>4,918,439</b>
<b>NET OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION</b>	<b>(305,085)</b>	<b>767,222</b>	<b>1,072,307</b>	<b>1,745,997</b>	<b>2,940,508</b>
Depreciation and Amortization	3,526,433	3,281,870	244,563	3,197,975	3,060,920
<b>OPERATING INCOME (LOSS)</b>	<b>(3,831,518)</b>	<b>(2,514,648)</b>	<b>1,316,870</b>	<b>(1,451,978)</b>	<b>(120,412)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Interest Income	87,737	141,896	54,159	86,122	528,839
Net increase/(decrease) in fair value of investments	-	281,188	281,188	(579,712)	216,686
Passenger facility charges	1,291,996	1,214,535	(77,461)	1,131,388	1,158,456
Interest expense and fiscal charges	(118,820)	(118,820)	-	(134,327)	(163,975)
Gain/(Loss) on disposition of capital assets	-	-	-	-	402,390
Other nonoperating revenues (expenses)	-	(47,759)	(47,759)	50	226,348
<b>Total nonoperating revenues (expenses)</b>	<b>1,260,913</b>	<b>1,471,040</b>	<b>210,127</b>	<b>503,521</b>	<b>2,368,744</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>	<b>(2,570,605)</b>	<b>(1,043,608)</b>	<b>1,526,997</b>	<b>(948,457)</b>	<b>2,248,332</b>
<b>CAPITAL CONTRIBUTIONS:</b>					
Federal	7,361,856	-	(7,361,856)	-	631,791
State	108,743	-	(108,743)	-	-
<b>Total capital contributions</b>	<b>7,470,599</b>	<b>-</b>	<b>(7,470,599)</b>	<b>-</b>	<b>631,791</b>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>\$ 4,899,994</b>	<b>\$ (1,043,608)</b>	<b>\$ (5,943,602)</b>	<b>(948,457)</b>	<b>2,880,123</b>
<b>TOTAL NET POSITION, (BEGINNING)</b>		<b>472,137,858</b>		<b>439,365,197</b>	<b>396,017,673</b>
<b>TOTAL NET POSITION, (ENDING)</b>		<b>\$ 471,094,250</b>		<b>\$ 438,416,740</b>	<b>\$ 398,897,796</b>

**TUCSON AIRPORT AUTHORITY  
STATEMENT OF NET POSITION**

<b>ASSETS</b>	<b>November-22</b>	<b>November-21</b>
<b>CURRENT ASSETS</b>		
Unrestricted assets:		
Cash and cash equivalents	41,722,102	17,834,579
Investments	95,543,700	119,406,761
Accounts receivable, net of allowance for doubtful accounts of \$454,008 and \$257,121 for FY2023 and FY2022, respectively	6,765,013	2,550,857
Accrued interest receivable	132,518	224,513
Grants receivable	6,018,156	7,991,757
Inventories	400,986	371,801
Prepaid expenses and other assets	929,572	729,180
Total unrestricted current assets	<u>151,512,047</u>	<u>149,109,448</u>
Restricted assets:		
Cash and cash equivalents	3,910,383	3,071,965
Investments	22,916,157	21,543,892
Accounts receivable	606,033	999,808
Accrued interest receivable	36,861	53,593
Total restricted current assets	<u>27,469,434</u>	<u>25,669,258</u>
<b>Total current assets</b>	<b><u>178,981,481</u></b>	<b><u>174,778,706</u></b>
<b>Noncurrent assets:</b>		
Unrestricted assets:		
Accounts receivable	-	53,138
Capital assets		
Not depreciated	164,942,654	128,708,869
Depreciated, net	194,431,586	205,327,832
Net capital assets	<u>359,374,240</u>	<u>334,036,701</u>
Total unrestricted noncurrent assets	<u>359,374,240</u>	<u>334,089,839</u>
<b>Total noncurrent assets</b>	<b><u>359,374,240</u></b>	<b><u>334,089,839</u></b>
<b>TOTAL ASSETS</b>	<b><u>538,355,721</u></b>	<b><u>508,868,545</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows from pensions	4,180,444	4,180,444
Total deferred outflows of resources	<u>4,180,444</u>	<u>4,180,444</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>542,536,165</u></b>	<b><u>513,048,990</u></b>

**TUCSON AIRPORT AUTHORITY  
STATEMENT OF NET POSITION**

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

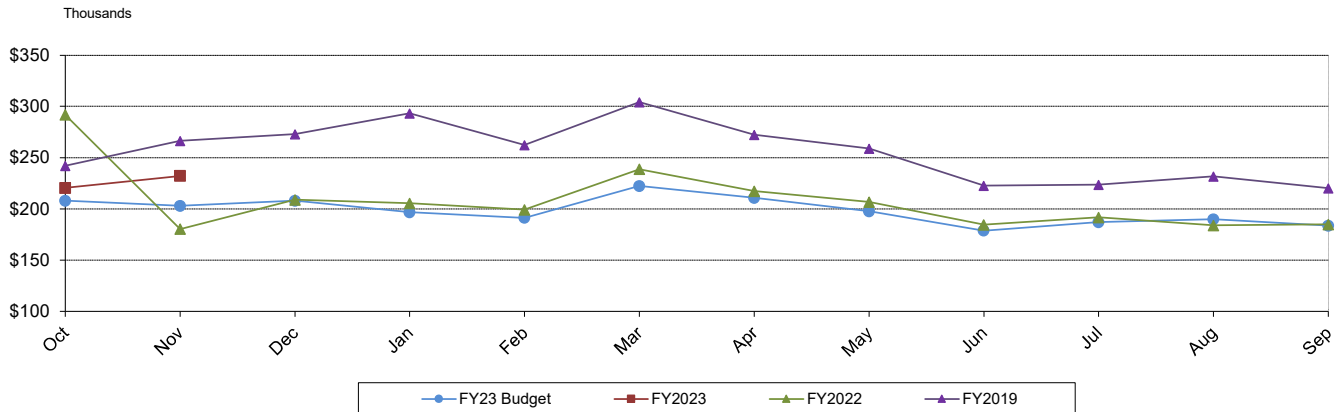
<b>LIABILITIES</b>	<b>November-22</b>	<b>November-21</b>
<b>CURRENT LIABILITIES</b>		
<b>Payable from unrestricted assets:</b>		
Accounts payable	2,101,485	812,103
Accrued expenses	3,185,172	2,094,650
Unearned revenue	3,146,971	2,926,124
Construction contracts payable	1,585,855	1,812,507
Current portion of environmental remediation payable	1,179,339	3,505,647
Current portion of bonds payable:		
Airport Subordinate Lien Revenue Bonds, Series 2018	1,610,000	1,565,000
Airport Subordinate Lien Revenue Bonds, Series 2001	-	-
Airport Revenue Bonds, Refunding Series 2003	-	-
Airport Subordinate Lien Revenue Bonds, Series 2006	-	-
Total payable from unrestricted assets	<u>12,808,822</u>	<u>12,716,031</u>
 Payable from restricted assets		
Accrued interest payable:		
Airport Subordinate Lien Revenue Bonds, Series 2018	125,964	143,097
	<u>125,964</u>	<u>143,097</u>
Current portion of environmental remediation payable	392,447	392,447
	<u>518,411</u>	<u>535,544</u>
Total payable from restricted assets		
<b>Total current liabilities</b>	<b><u>13,327,233</u></b>	<b><u>13,251,575</u></b>
 <b>NONCURRENT LIABILITIES</b>		
Payable from unrestricted assets		
Bonds payable, net of current portion:		
Airport Subordinate Lien Revenue Bonds, Series 2018	21,787,683	25,053,678
Net pension liability	11,019,309	11,019,309
Environmental Remediation Payable, net of current portion	17,849,926	17,849,926
Total payable from unrestricted assets	<u>50,656,918</u>	<u>53,922,913</u>
<b>Total noncurrent liabilities</b>	<b><u>50,656,918</u></b>	<b><u>53,922,913</u></b>
 <b>TOTAL LIABILITIES</b>	<b><u>63,984,151</u></b>	<b><u>67,174,488</u></b>

**TUCSON AIRPORT AUTHORITY  
STATEMENT OF NET POSITION**

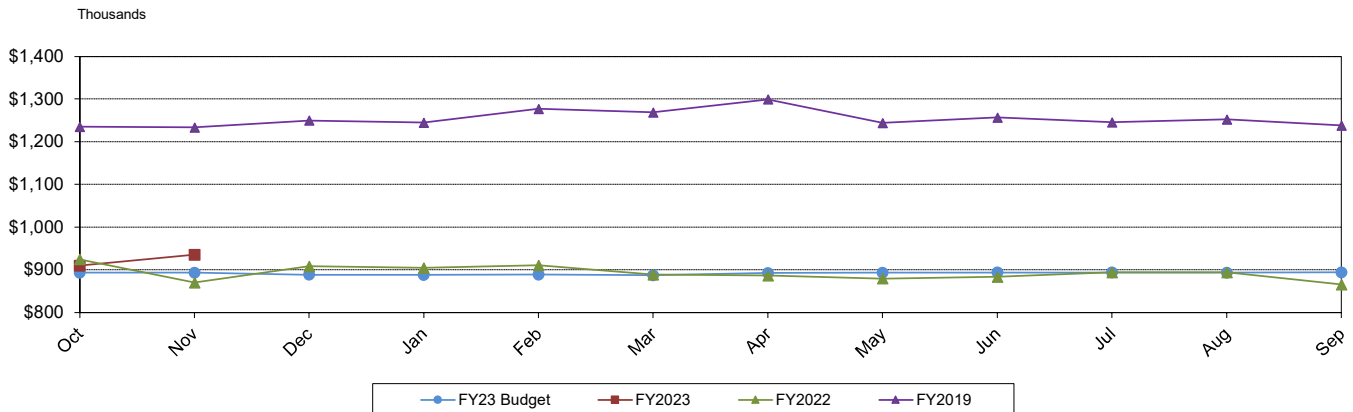
**LIABILITIES & NET ASSETS (Con't)**

	<u>November-22</u>	<u>November-21</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows from pensions	7,457,764	7,457,762
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>7,457,764</u>	<u>7,457,762</u>
<b>NET POSITION</b>		
Net Investment in capital assets	335,976,557	307,418,023
Restricted:		
Debt service	536,666	521,667
Capital projects	26,806,804	25,004,494
	<u>27,343,470</u>	<u>25,526,161</u>
Unrestricted	<u>107,774,223</u>	<u>105,472,556</u>
<b>TOTAL NET POSITION</b>	<b><u>471,094,250</u></b>	<b><u>438,416,740</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b><u><u>542,536,165</u></u></b>	<b><u><u>513,048,990</u></u></b>

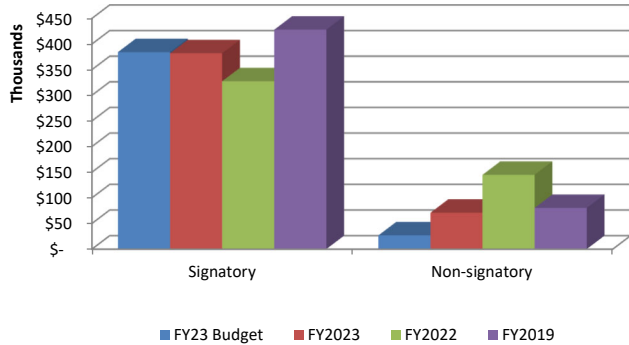
### Landing Fees



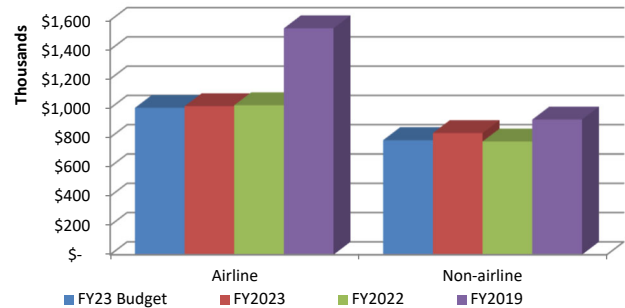
### Space Rentals



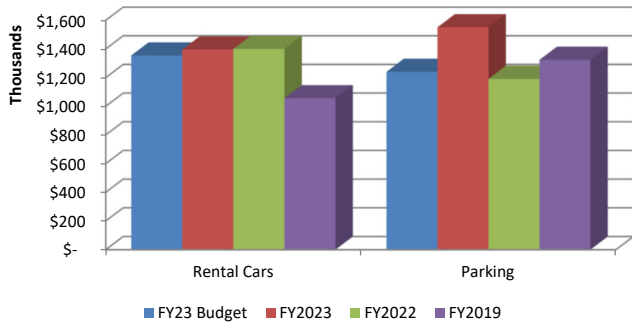
### YTD Landing Fees



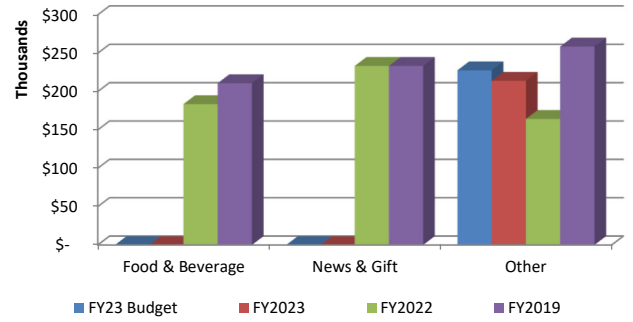
### YTD Space Rentals



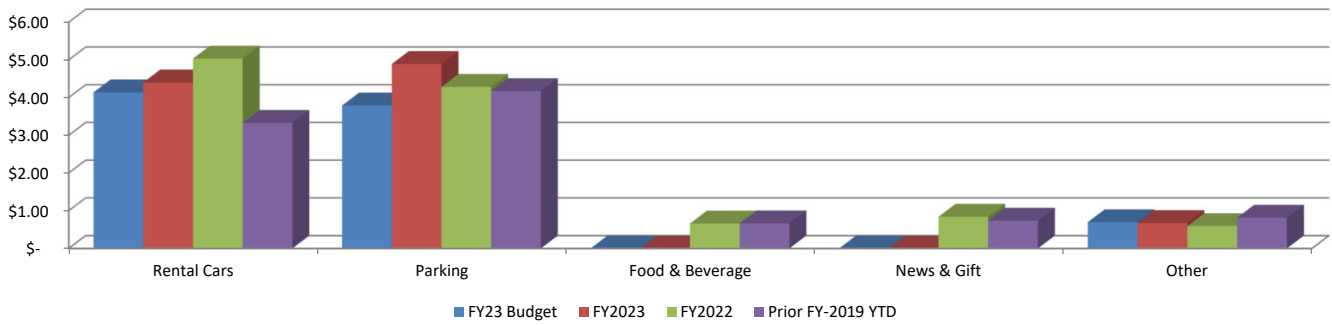
**YTD Concession Revenue**



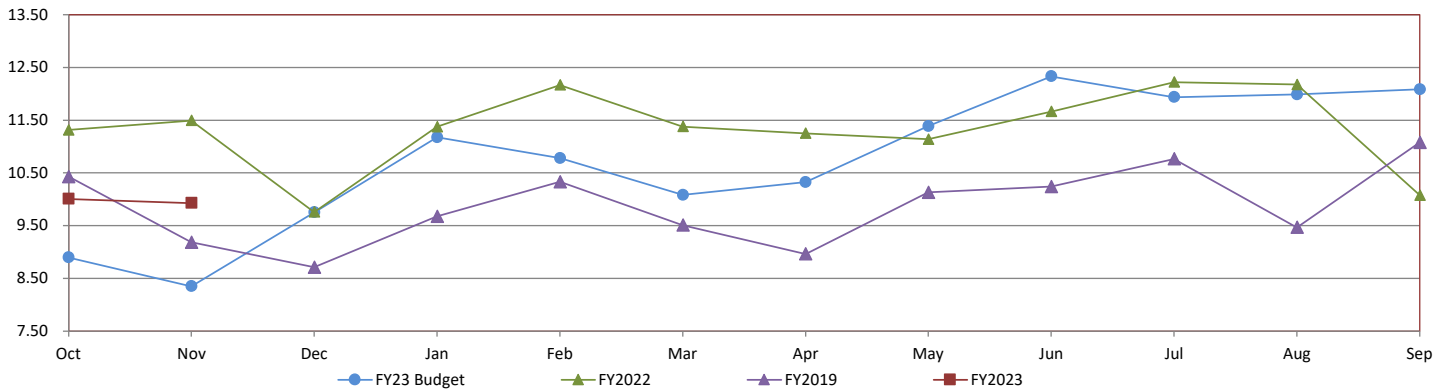
**YTD Concession Revenue**



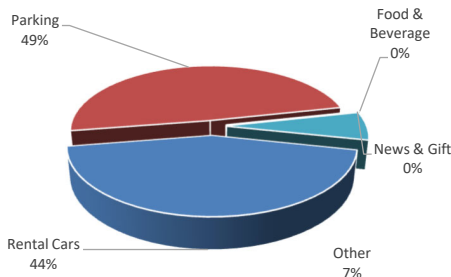
**Year-to-Date Concession Revenue per Enplaned Passenger**



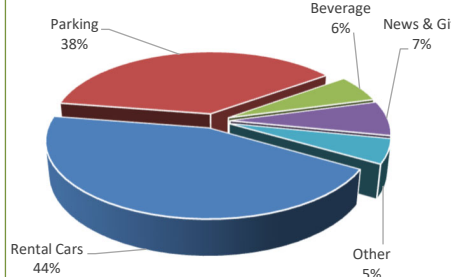
**Monthly Concession Revenue per Enplaned Passenger**



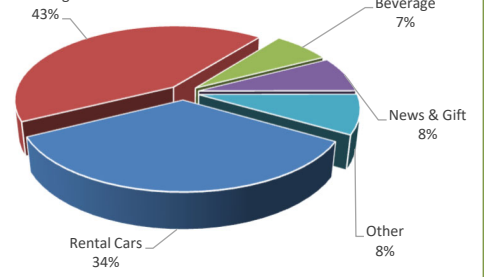
**FY-2023 YTD Concession Revenue**



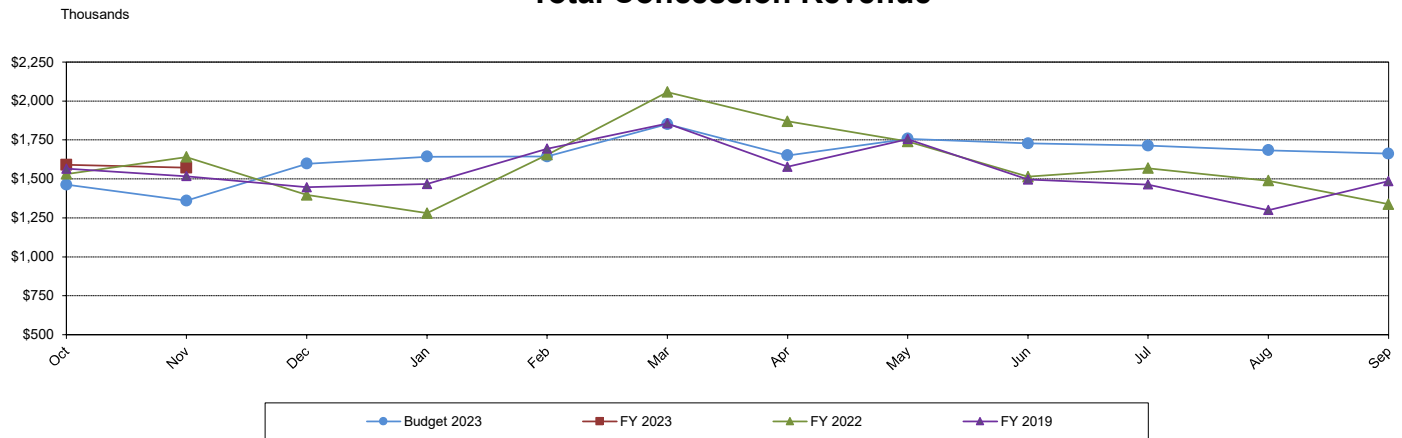
**FY-2022 YTD Concession Revenue**



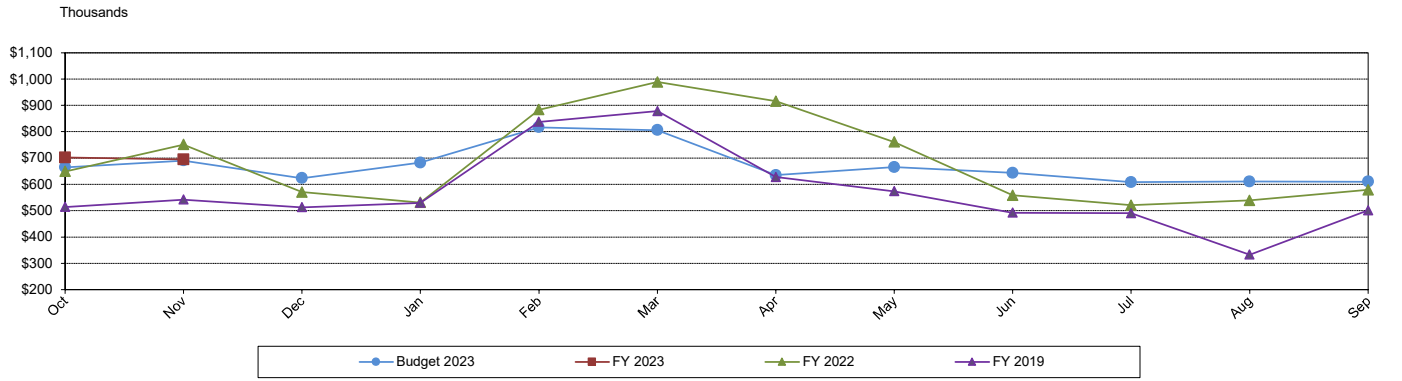
**FY-2019 YTD Concession Revenue**



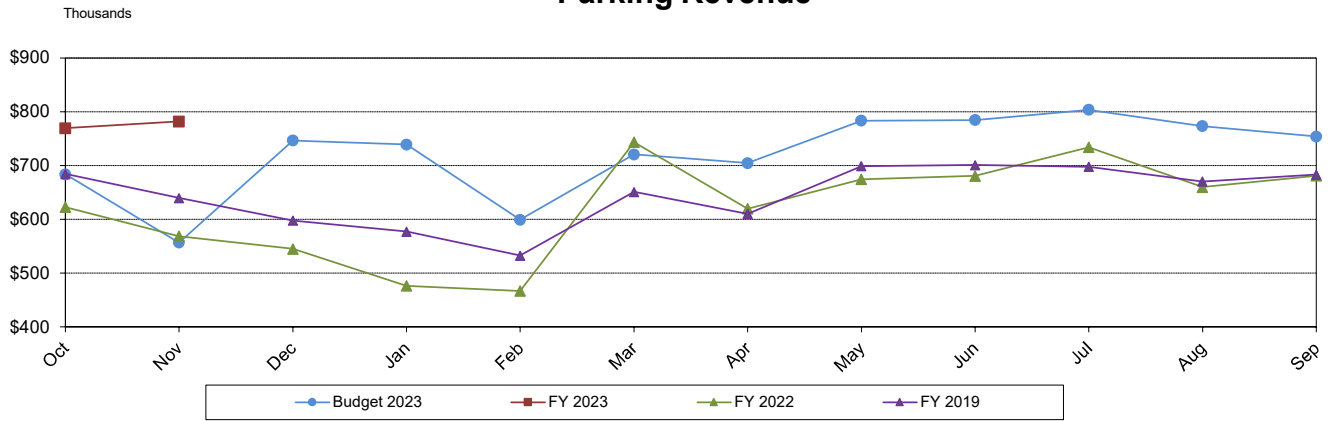
### Total Concession Revenue



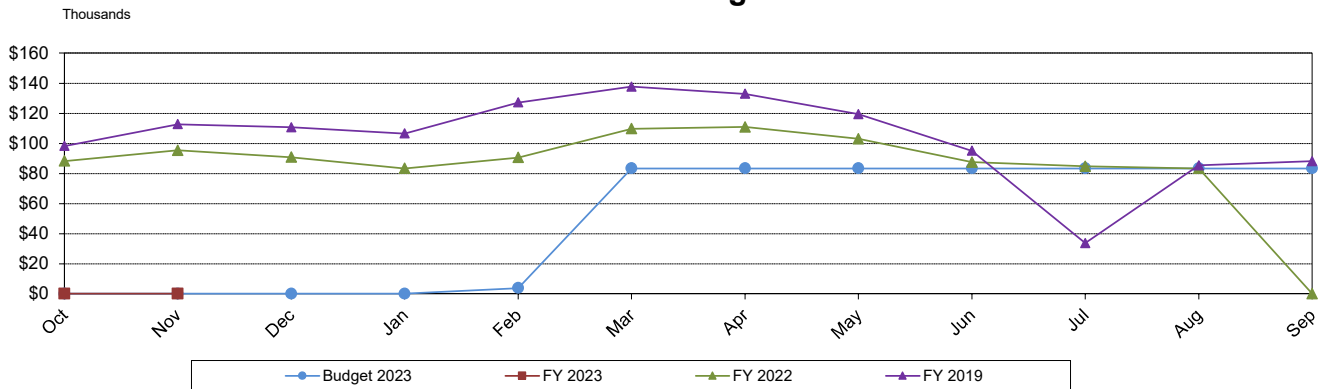
### Rental Car Revenue



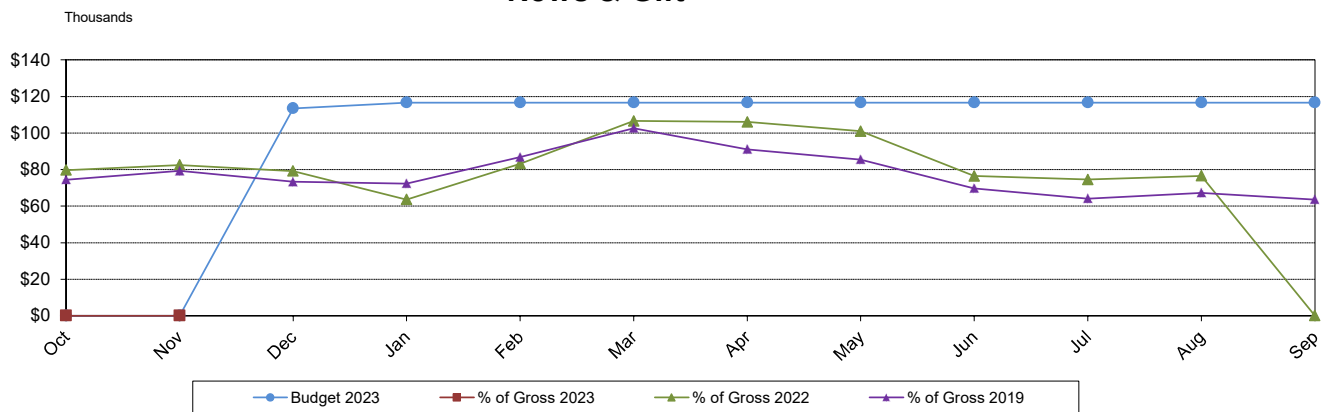
### Parking Revenue



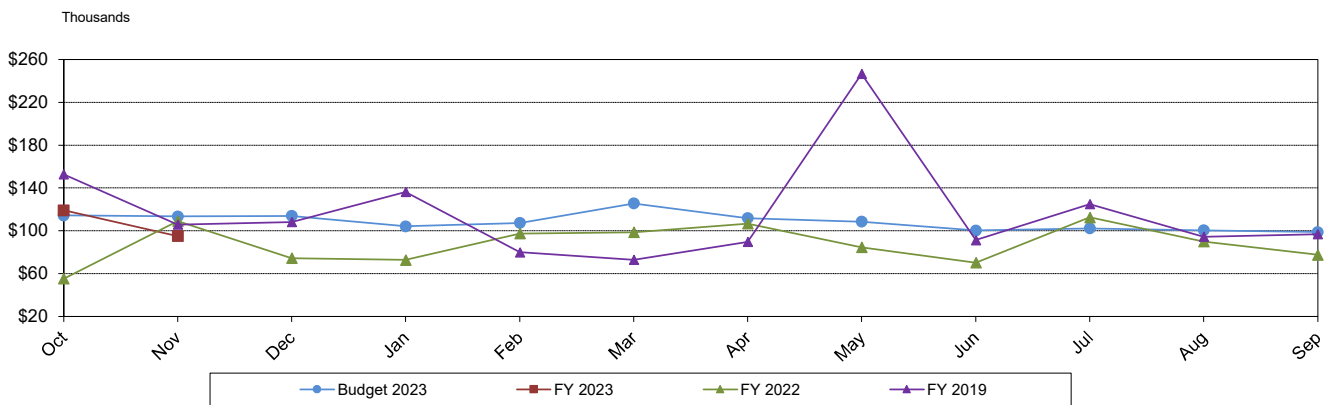
### Food & Beverage Revenue\*



### News & Gift\*



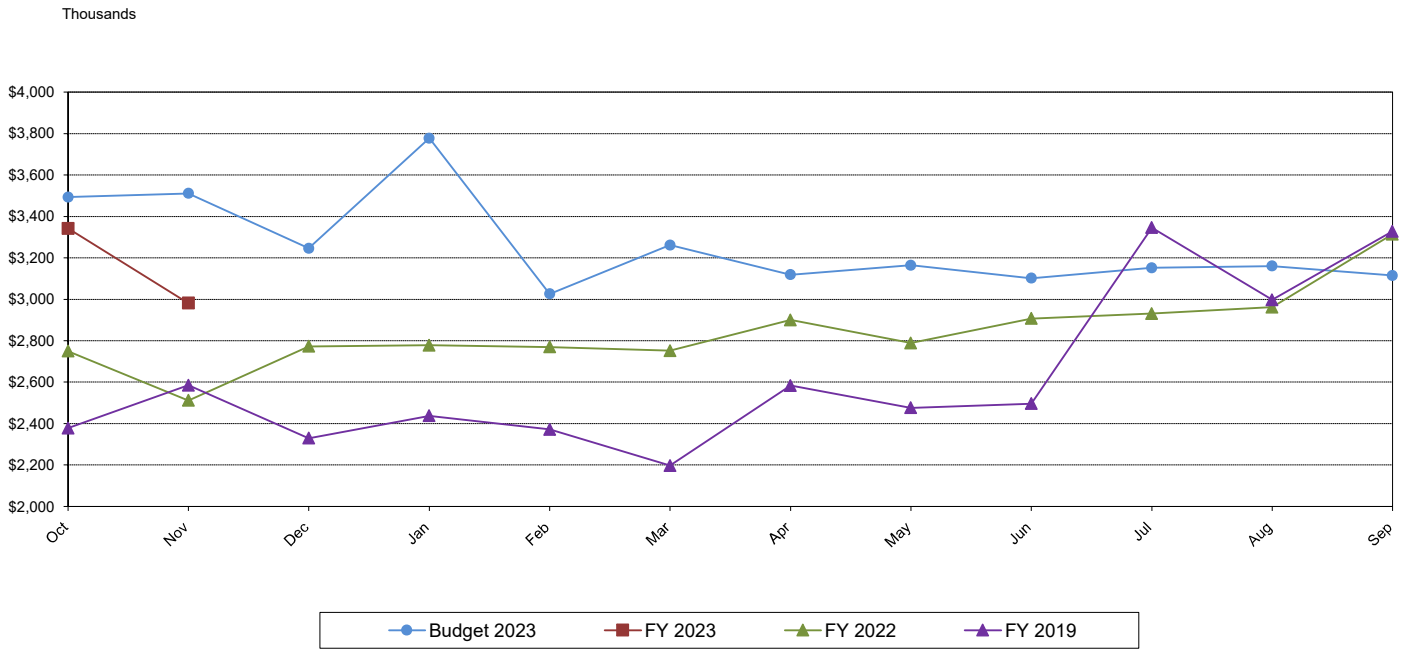
### Other Concession Revenue



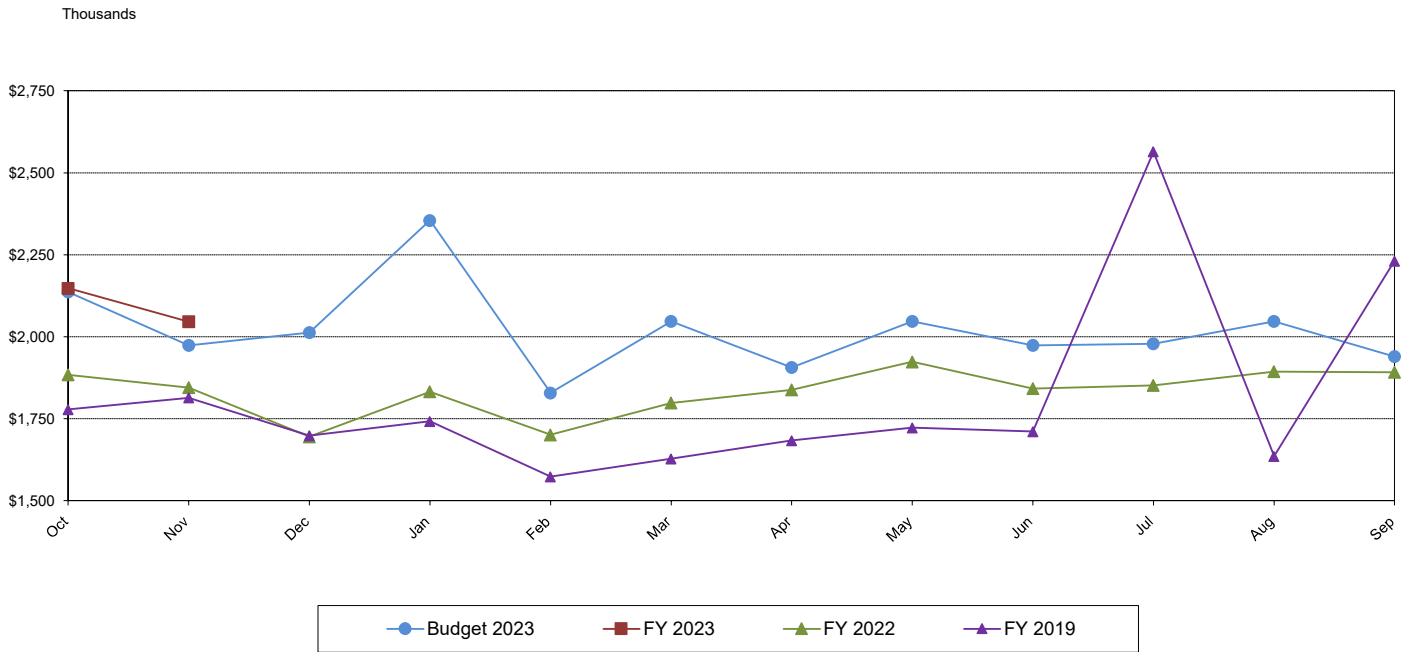
\* Minimum Annual Guarantees were waived from April 2020 to September 2021. Additionally, TAA provided monthly invoice credits for concession tenants beginning in September 2022, in accordance with the ARPA concession relief plan submitted to the FAA. These credits will appear as reimbursements from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



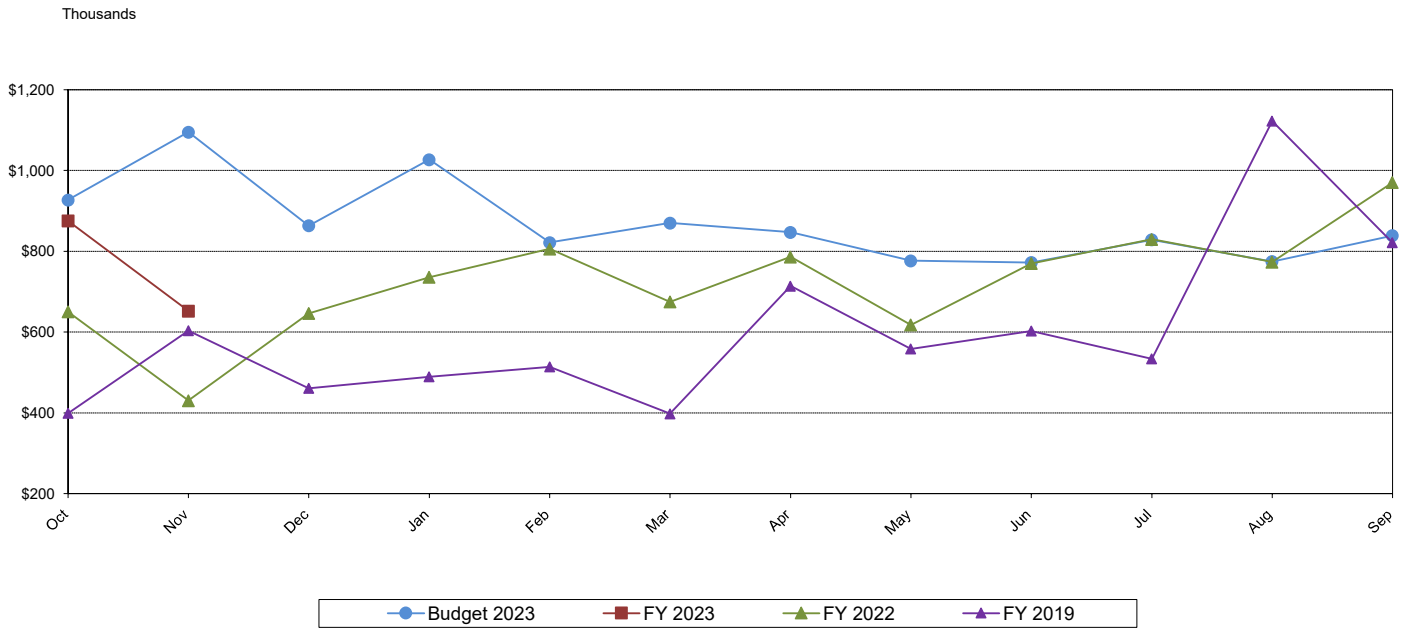
## Total Operating Expenses



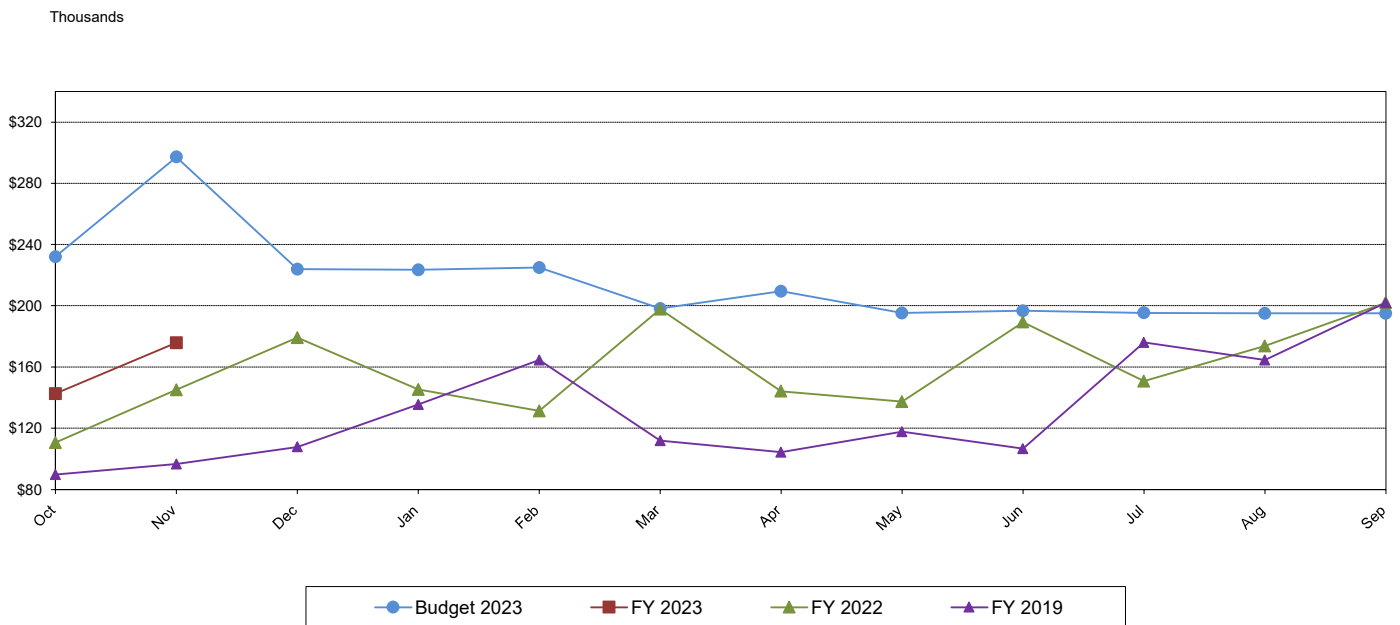
## Personnel Expenses



## Contractual Services

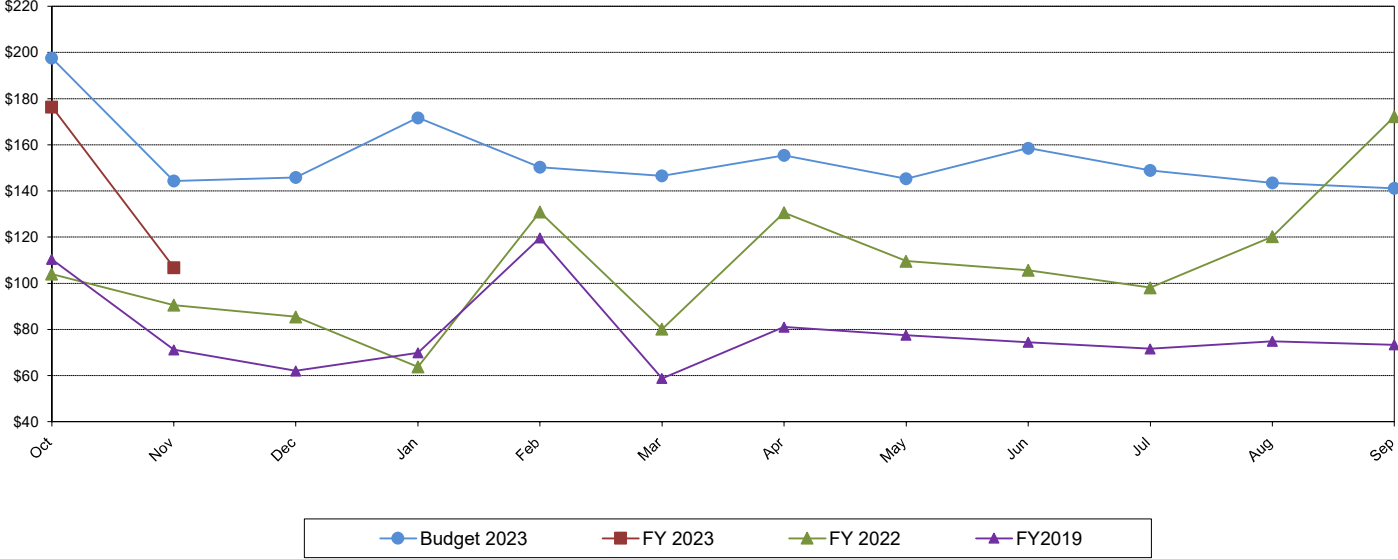


## Materials and Supplies

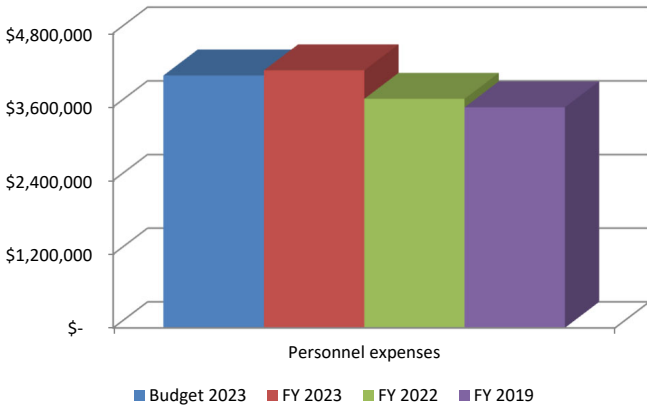


# Other Operating Expenses

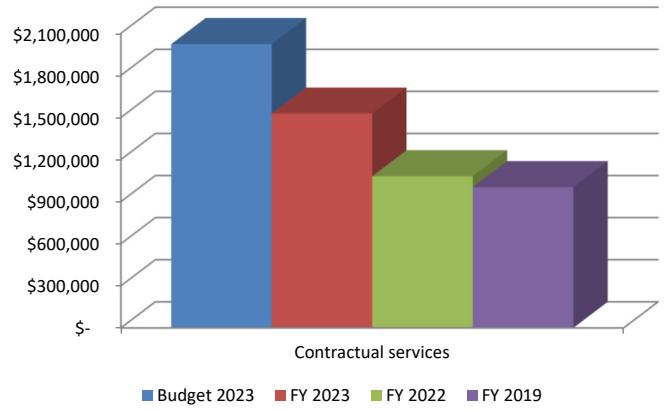
Thousands



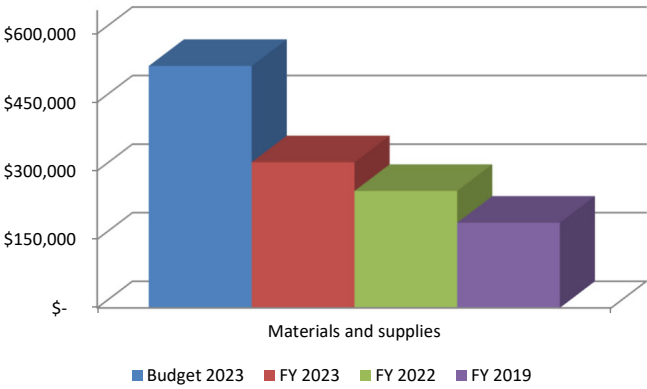
### YTD Personnel Expenses



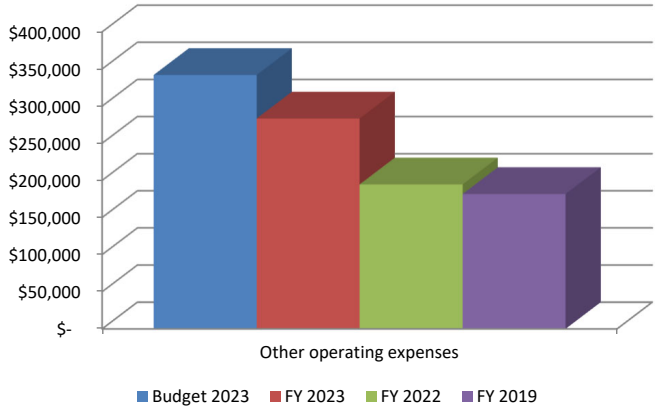
### YTD Contractual Services



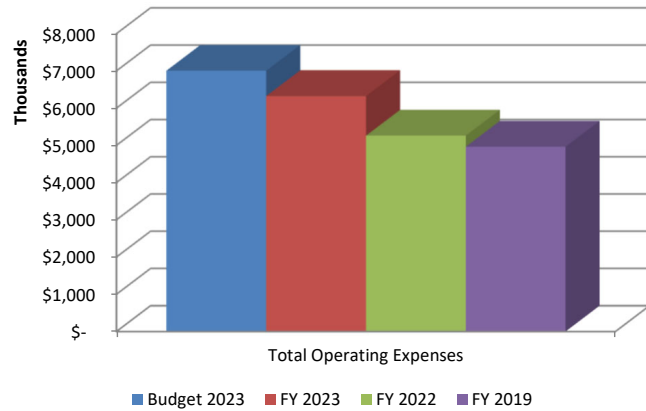
### YTD Materials and Supplies



### YTD Other Operating Expenses



### YTD Total Operating Expenses



Date: January 23, 2023

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

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**Summary of Operations and Statistics**

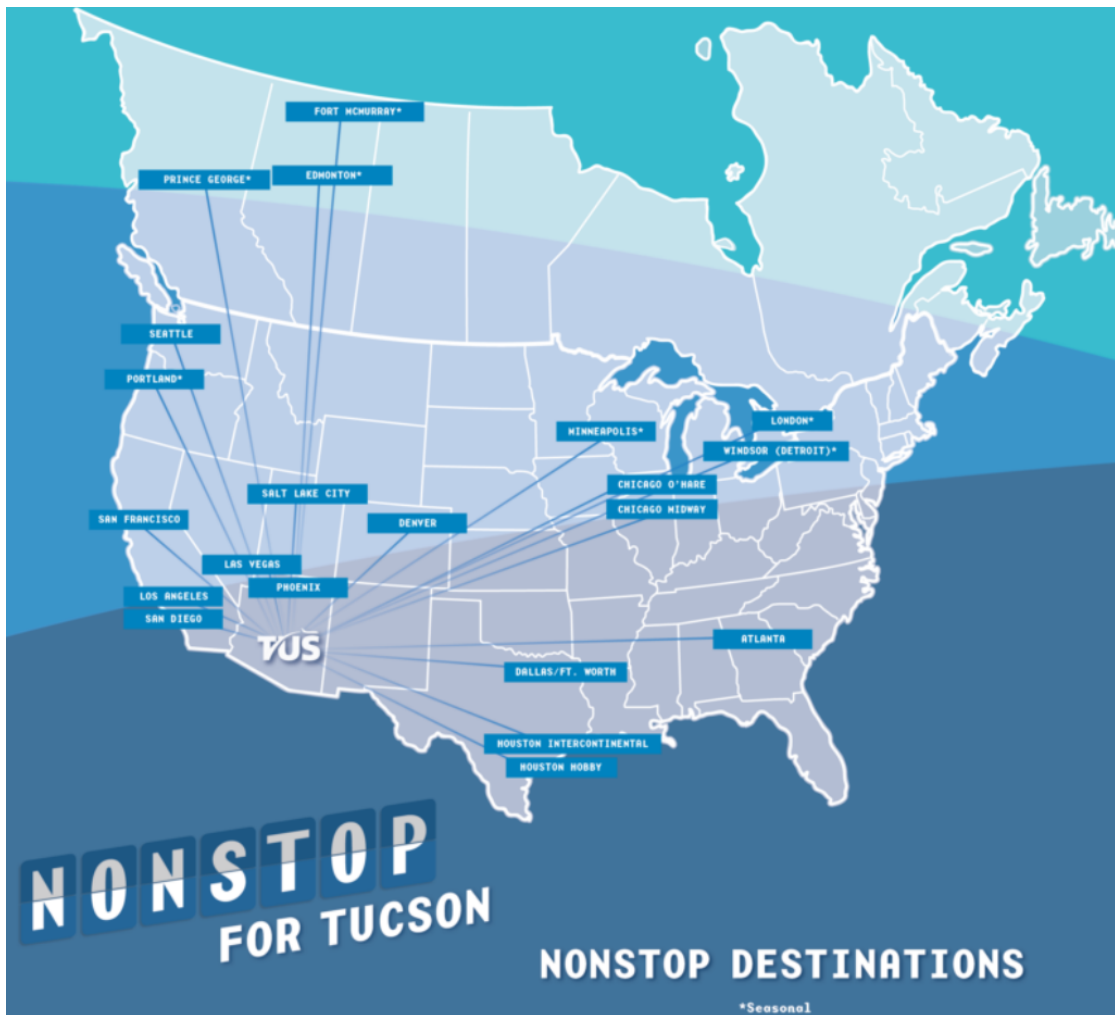
- **Total Passengers (YTD vs prior year)**
  - Total passengers for the month of November 2022 were 9.8% higher than prior year and 3.0% lower than November 2019 (pre-COVID).
  
- **Average Daily Scheduled Departures (YTD vs prior year, changes by routes & carrier)**
  - The month of November had an average daily departure count of 46, which was 1 lower than prior year.
  - Additional service to Dallas/Ft Worth (1) and Los Angeles (1) was offset by decreases in service to Chicago Midway (1) and Phoenix (2).
  - Departure increases for Delta (1) and Southwest (1) were offset by decreases in service for American (1), Alaska (1), and United (1).
  
- **Average Daily Seat capacity (YTD vs prior years)**
  - Seat capacity for November 2022 was 13.9% higher than November 2021 and 1.2% lower than November 2019.
  
- **Load Factors (MTD & YTD vs prior years)**
  - The load factor for November was 85.92%, which is 3.7% lower than November 2021 and 0.9% higher than November 2019.
  - YTD, the load factor was 87.48%, which is 0.1% higher than the same period in 2021 and 1.1% higher than the same period in 2019.
  
- **Aircraft Operations (MTD & YTD vs prior year)**
  - Freight, measured in pounds, is 4.4% higher in November compared to the same month last year.
  - Total aircraft operations were 22.8% higher than the same month last year, with increases in all aircraft operations categories.
  - Year-to-date operations are 15.5% higher compared to prior year, with increases in all aircraft operations categories.

TUCSON AIRPORT AUTHORITY  
TUS PASSENGER ACTIVITY



AVIATION ACTIVITY REPORTS  
Tucson International Airport (TUS)

For the two months ending November 30, 2022



*Prepared by Tucson Airport Authority  
Finance Department*

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

PASSENGERS*	Fiscal YTD					
	Nov-22	Nov-21	% CHANGE	2023	2022	% CHANGE
ENPLANED	158,269	142,734	10.9%	317,133	278,114	14.0%
DEPLANED	152,161	140,027	8.7%	310,843	280,588	10.8%
<b>TOTAL</b>	<b>310,430</b>	<b>282,761</b>	<b>9.8%</b>	<b>627,976</b>	<b>558,702</b>	<b>12.4%</b>

\*Passenger figures include non-revenue passengers.

**LANDED WEIGHT\*\***

AIR CARGO	13,171	12,603	4.5%	25,978	26,020	-0.2%
AIR CARRIER	169,194	148,723	13.8%	336,494	294,186	14.4%
<b>TOTAL</b>	<b>182,365</b>	<b>161,326</b>	<b>13.0%</b>	<b>362,472</b>	<b>320,206</b>	<b>13.2%</b>

\*\*In thousand pound units.

**FREIGHT (in pounds)**

ENPLANED	2,660,156	2,312,422	15.0%	5,234,228	4,744,080	10.3%
DEPLANED	2,850,546	2,966,330	-3.9%	5,611,447	6,100,044	-8.0%
<b>TOTAL</b>	<b>5,510,702</b>	<b>5,278,752</b>	<b>4.4%</b>	<b>10,845,675</b>	<b>10,844,124</b>	<b>0.0%</b>

**MAIL (in pounds)**

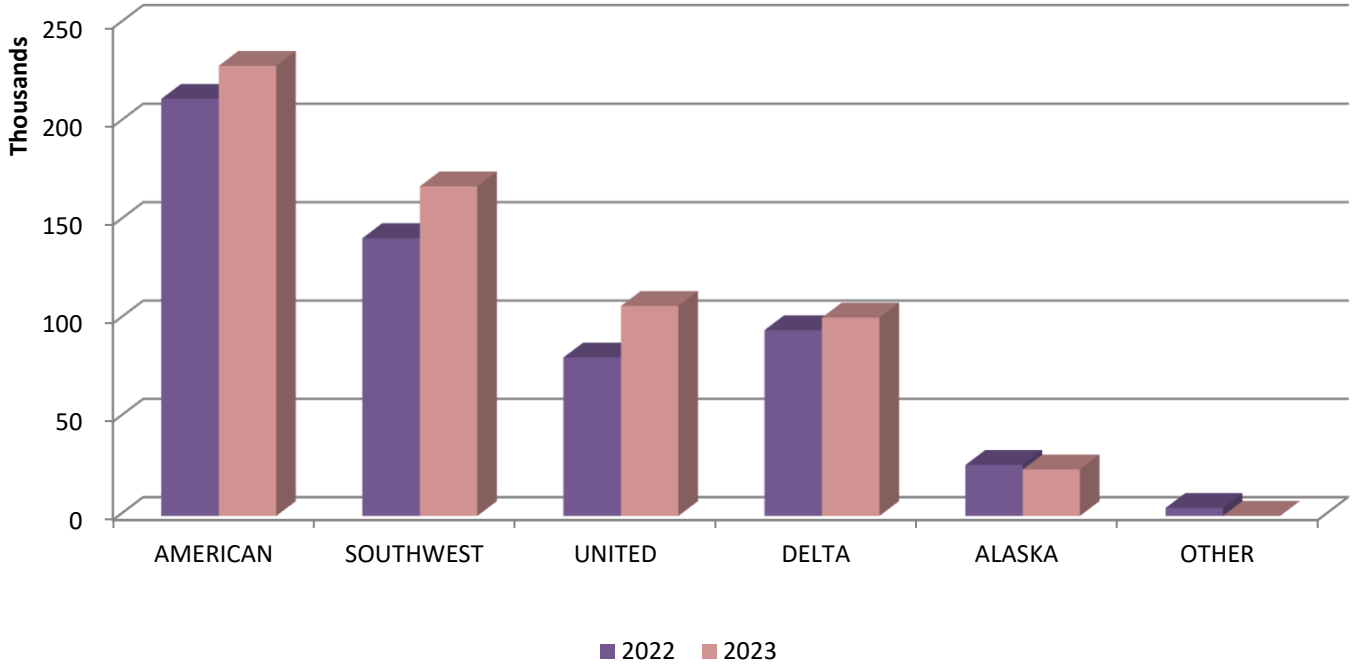
ENPLANED	0	0	0.0%	0	300	-100.0%
DEPLANED	0	0	0.0%	34	0	100.0%
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	<b>34</b>	<b>300</b>	<b>-88.7%</b>

**AIRCRAFT OPERATIONS**

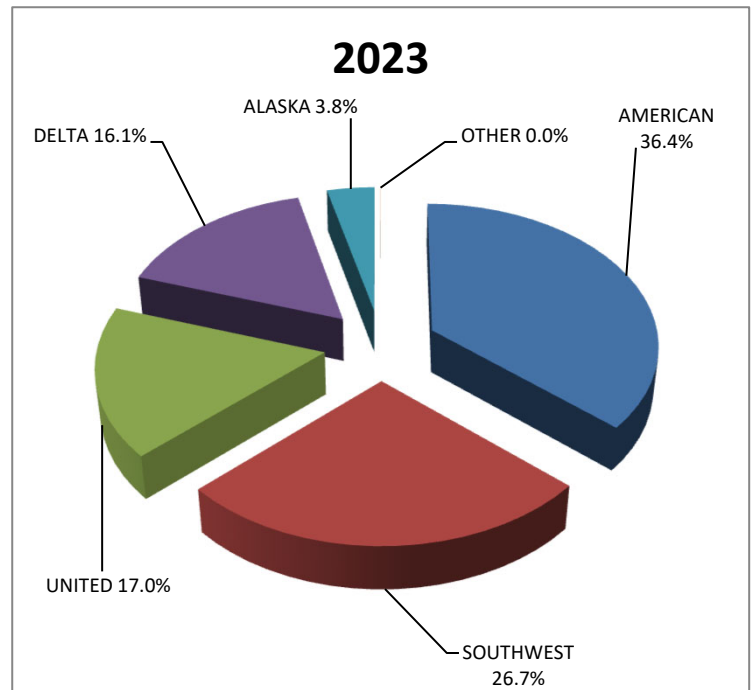
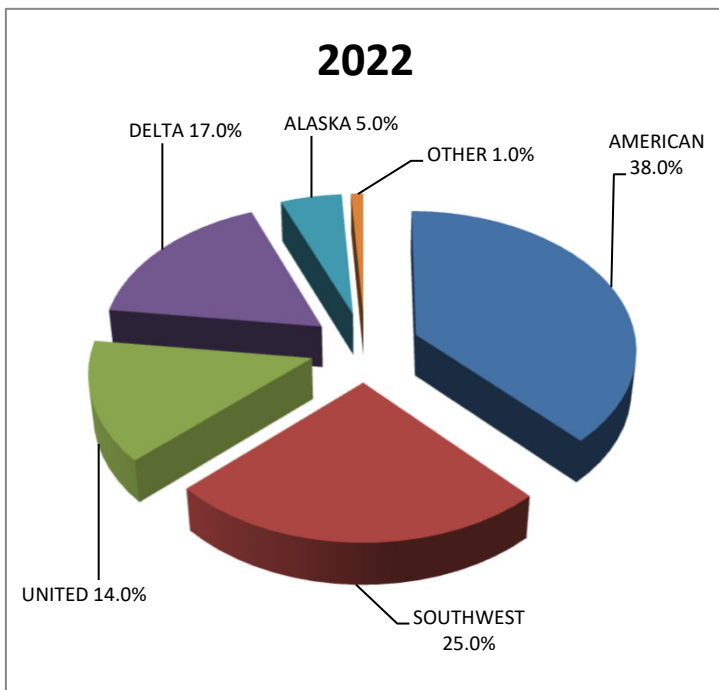
AIR CARRIER	2,865	2,725	5.1%	5,702	5,389	5.8%
AIR TAXI	1,642	1,584	3.7%	3,204	3,175	0.9%
MILITARY	2,546	1,796	41.8%	4,843	3,694	31.1%
GENERAL AVIATION	6,668	5,070	31.5%	12,889	10,798	19.4%
<b>TOTAL</b>	<b>13,721</b>	<b>11,175</b>	<b>22.8%</b>	<b>26,638</b>	<b>23,056</b>	<b>15.5%</b>

# TUCSON AIRPORT AUTHORITY TUS PASSENGER ACTIVITY

## TOTAL PASSENGERS YTD BY AIR CARRIER



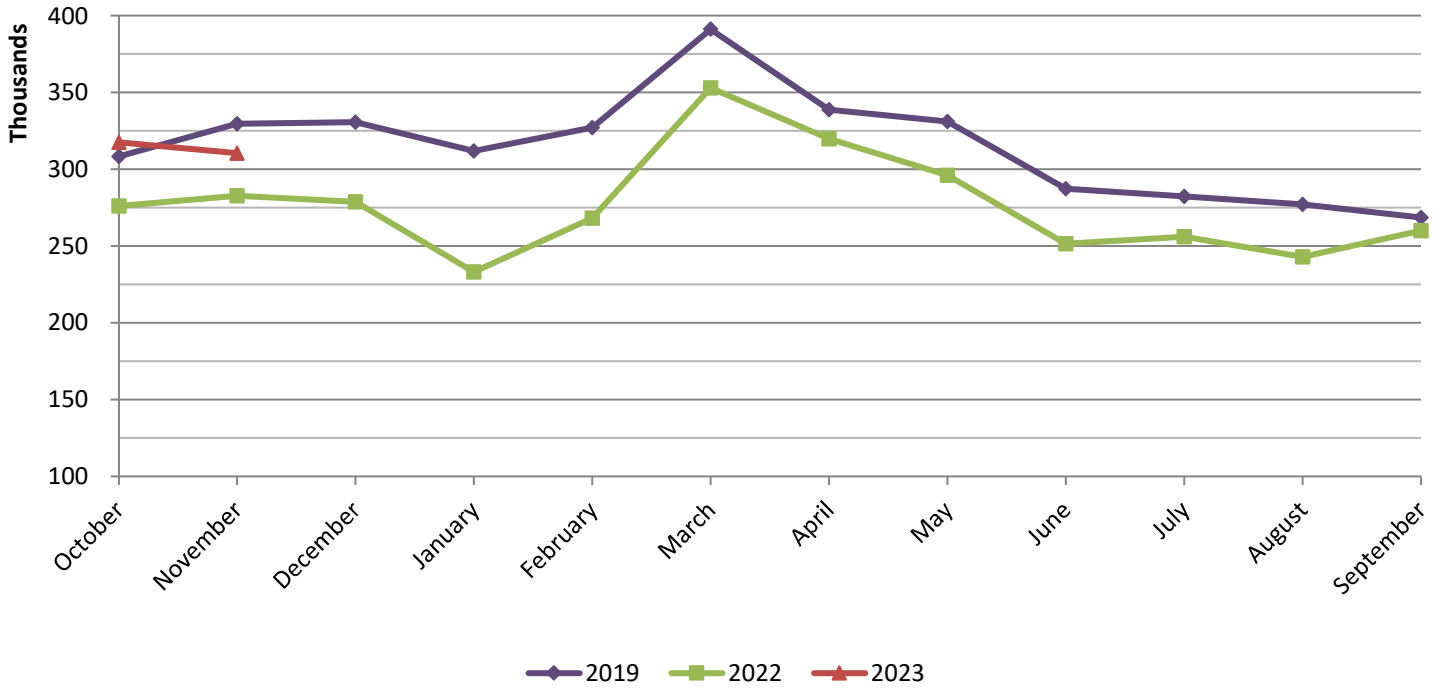
## AIR CARRIER MARKET SHARE



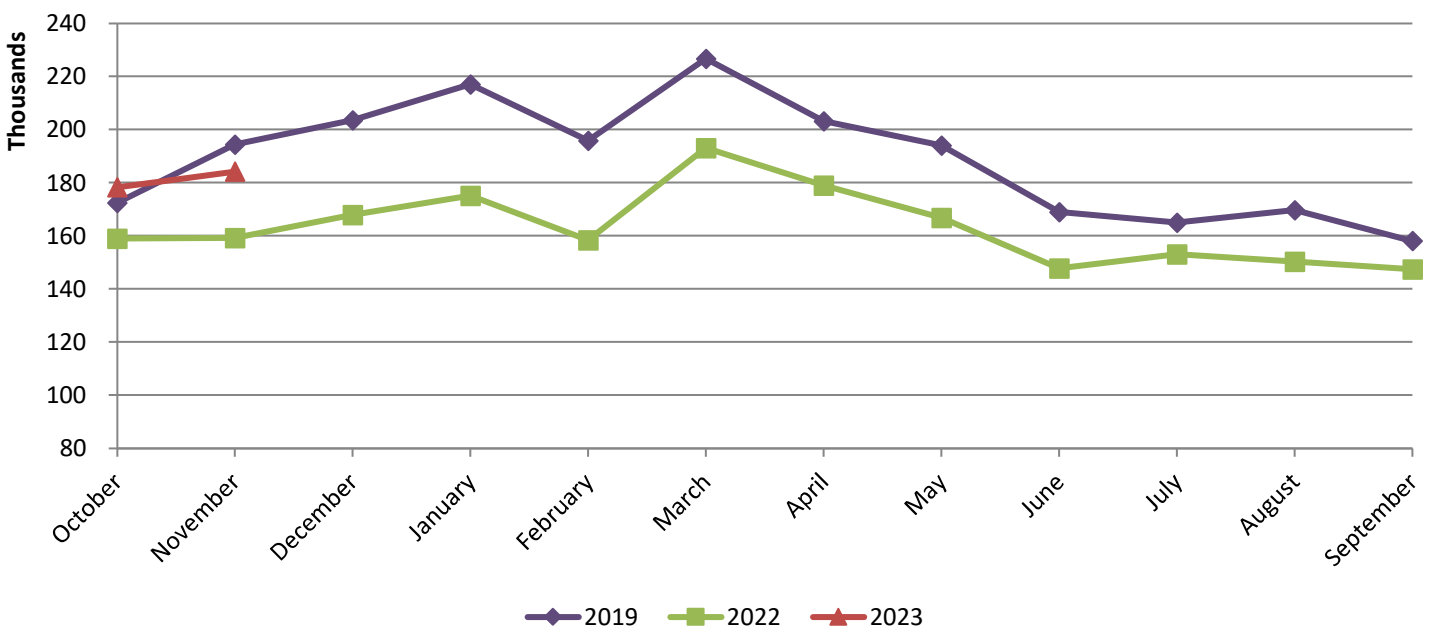


# TUCSON AIRPORT AUTHORITY TUS PASSENGER ACTIVITY

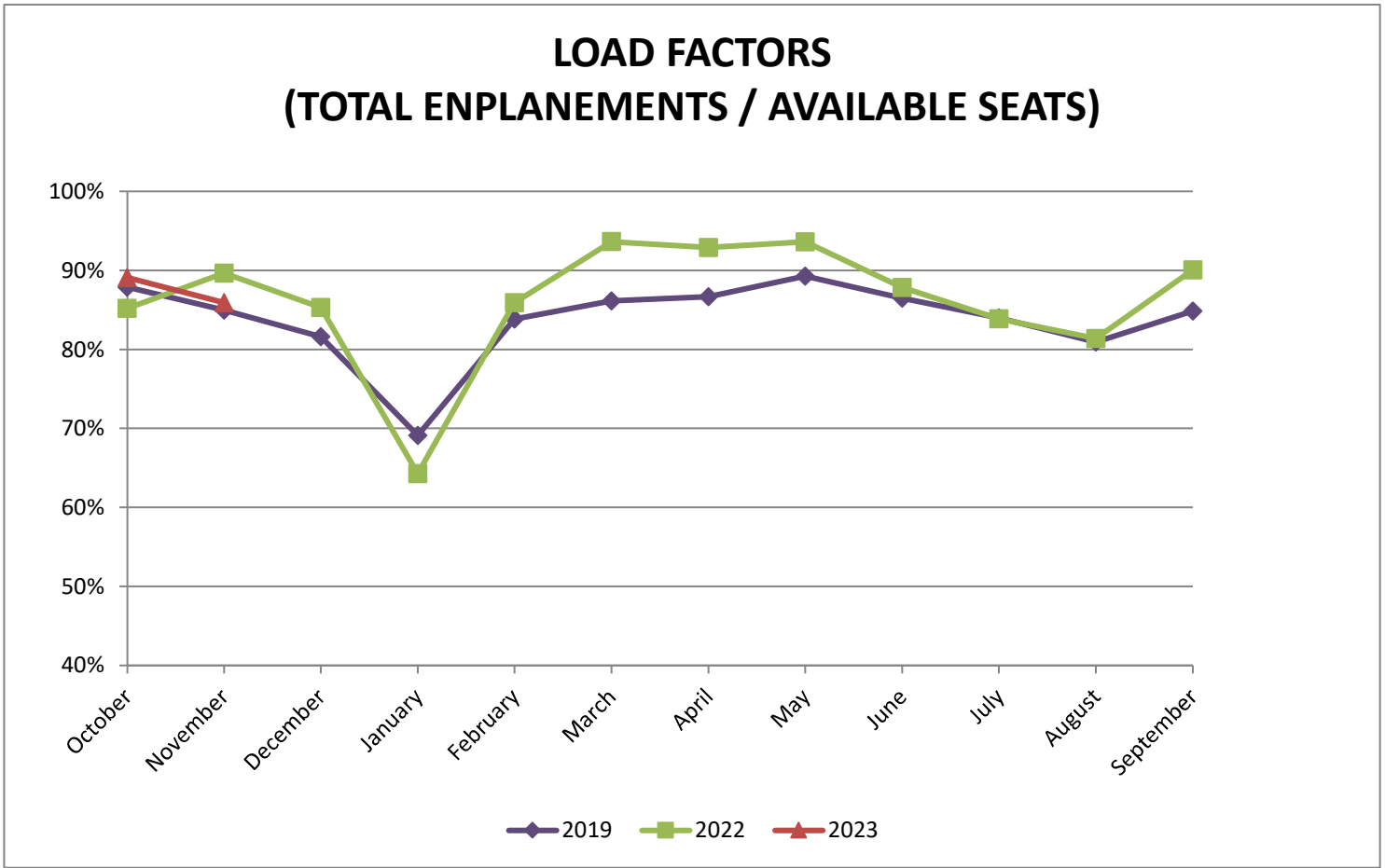
## TOTAL PASSENGERS BY MONTH



## 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	1.6	0.4	376	312	64
EVERETT <i>Alaska (0)</i>	PAE	0.0	0.4	(0.4)	0	28	(28)
FORT McMURRAY <i>Flair (0)</i>	YMM	0.0	0.0	0.0	6	0	6
DENVER <i>United (3), Southwest (3)</i>	DEN	6.0	6.4	(0.4)	847	704	143
DALLAS/FT WORTH <i>American (5.8)</i>	DFW	5.8	5.2	0.6	1,086	970	116
HOUSTON HOBBY <i>Southwest (1)</i>	HOU	1.0	0.9	0.1	157	157	0
HOUSTON BUSH <i>United (3)</i>	IAH	3.0	3.0	0.0	347	213	134
INDIANAPOLIS <i>Allegiant ( )</i>	IND	0.0	0.2	(0.2)	0	30	(30)
LAS VEGAS <i>Southwest (2.8)</i>	LAS	2.8	2.5	0.3	459	375	84
LOS ANGELES <i>Delta (2.9), American (2.9) Southwest (1.9)</i>	LAX	7.7	6.7	1.0	754	636	118
CHICAGO MIDWAY <i>Southwest (.3)</i>	MDW	0.3	1.0	(0.7)	47	157	(110)
OAKLAND <i>Southwest (0)</i>	OAK	0.0	0.1	(0.1)	0	23	(23)
CHICAGO O'HARE <i>American (1.9), United (1)</i>	ORD	2.9	2.9	0.0	420	302	118
PORTLAND <i>Alaska (.4)</i>	PDX	0.4	0.4	0.0	33	30	3
PHOENIX <i>American (5.1)</i>	PHX	5.1	7.0	(1.9)	716	517	199
SAN DIEGO <i>Southwest (1.1)</i>	SAN	1.1	1.0	0.1	181	171	10
SEATTLE/TACOMA <i>Alaska (1) Delta (1)</i>	SEA	2.0	2.4	(0.4)	284	313	(29)
SAN FRANCISCO <i>United (3)</i>	SFO	3.0	3.0	0.0	202	148	54
SALT LAKE CITY <i>Delta (3)</i>	SLC	3.0	2.9	0.1	225	222	3
<b>TOTAL</b>		<b>46.1</b>	<b>47.6</b>	<b>(1.5)</b>	<b>6,140</b>	<b>5,308</b>	<b>832</b>