
**TUCSON AIRPORT AUTHORITY | Board of Directors Regular Meeting
Wednesday, November 1, 2023 | 3:00 p.m. | TAA Board Room and Microsoft Teams**

THIS MEETING OF THE TUCSON AIRPORT AUTHORITY (TAA) BOARD OF DIRECTORS WAS HELD IN A HYBRID MANNER, WITH BOARD MEMBERS PRESENT IN THE TAA BOARD ROOM OR VIRTUALLY VIA MICROSOFT TEAMS. MEMBERS OF THE PUBLIC WERE ABLE TO ATTEND IN PERSON. MEMBERS OF THE PUBLIC WHO COMPLETED A REGISTRATION FORM RECEIVED A LINK TO VIEW THE MEETING VIA MICROSOFT TEAMS OR TO LISTEN TELEPHONICALLY.

THE TAA BOARD ROOM IS LOCATED ON THE DEPARTURE LEVEL OF THE TUCSON INTERNATIONAL AIRPORT TERMINAL BETWEEN THE SOUTHWEST AIRLINES AND DELTA AIRLINES TICKET OFFICES, AND BEHIND THE ARROYO TRADING POST. THE ADDRESS IS 7250 SOUTH TUCSON BOULEVARD, TUCSON, ARIZONA, 85756.

1. CALL TO ORDER | ROLL CALL

Chair Silvyn called the meeting to order at 3:01 p.m.

Directors Present: Chair Keri Silvyn, Vice Chair Mike Hammond, Secretary Phil Swaim, Director Bruce Dusenberry, Director Judy Rich, Director Todd Jackson, Director Sally Fernandez, and Director Fran Katz

Directors Absent: Treasurer Vance Falbaum, Director Calline Sanchez, and Director Rhonda Piña

Others Present: TAA Member Carol Stewart and Consultant Jan Hill

Staff Present: President/CEO Danette Bewley, Executive Vice President/Chief Operating Officer Bruce Goetz, Vice President/General Counsel Chris Schmaltz, Vice President/Chief Revenue Officer John Voorhees, Vice President/Chief People Officer Twyla Salaiz, Vice President of Planning and Engineering Ken Nichols, Vice President/Chief Financial Officer Kim Allison, Deputy General Counsel Kim Outlaw Ryan, Chief Communications Officer Austin Wright, IT Customer Support Technician Hector Lopez, and TAA Clerk Byron Jones

2. CONSENT AGENDA

Approval of Minutes

Motion by Director Dusenberry, seconded by Secretary Swaim, to approve the Consent Agenda. The motion carried by the following vote:

Ayes (7) Silvyn, Swaim, Dusenberry, Rich, Jackson, Fernandez, and Katz

Nays (0)

3. BOARD CHAIR REPORT

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

Chair Silvyn reported the following:

- ❑ Brian Kidd's role has been expanded to encompass marketing in addition to air service development. His new title is Director of Air Service Development and Marketing. He will continue to report to Chief Communications Officer Austin Wright.
- ❑ Mothers Against Drunk Driving (MADD) recognized Police Officer Cesia Gebben as Officer of the Year and Police Detective James Allerton as Volunteer of the Year.

4. PRESIDENT/CEO REPORT

a. State of the Industry | Update

President/CEO Danette Bewley reported the following:

- ❑ The United States Senate confirmed Michael Whitaker as the new FAA Administrator. The FAA had been without a permanent administrator since March 2022.
- ❑ The United States House of Representatives has elected a new Speaker. It is anticipated that an agreement regarding the FY 2024 federal budget will be reached before the current budget expires on December 31, 2023.
- ❑ TUS is on track to reach 3.91M passengers by the end of 2023. This represents a 102% recovery of pre-COVID passenger volume and will become the new baseline to compare to in future years.

b. TAA Strategic Plan | Update

Executive VP/Chief Operating Officer Bruce Goetz highlighted updates from the Strategic Plan memo included in the agenda packet:

- ❑ The Business and Commercial Development Division is in discussions with a prospective tenant to lease property south of the airport to construct a large-scale solar development array.
- ❑ This week TAA and its airline partners began working on a rewrite of the Airline Use Agreement (AUA). Completion and implementation of the new AUA is anticipated prior to the beginning of FY 2025.
- ❑ TAA is making significant investments in replacing outdated IT systems to improve overall efficiency.
- ❑ TAA has completed the baseline data collection for the Sustainability Master Plan (SMP). This phase of the project was delayed due to the time required for data validation and review. The end date for overall

completion of the SMP is now anticipated to be by the end of the March 2024.

5. PRESENTATION/DISCUSSION

a. Change Management | Presentation

Consultant Jan Hill reviewed the progress TAA has made since 2019 in creating and implementing the organization's first strategic plan. TAA has been successful in shifting the culture and priorities of the organization from a "command and control" model to a collaborative model that embraces transparency, prosperity, and building relationships with its community partners despite the challenges created by the COVID-19 pandemic. A copy of Ms. Hill's report was included in the agenda packet.

b. Employee Retention | Update

VP/Chief People Officer Twyla Salaiz gave an update on employee attrition and retention strategies.

- With the exception of custodial workers, TAA's overall attrition continues to trend downward.
- TAA is implementing financial and non-financial incentives to lower the turnover rate of custodial workers. Lower wage earners received the highest percent increase with this year's Cost-of-Living Adjustment. Furthermore, TAA will increase its minimum wage beginning in January 2024 to remain competitive and to avoid being at the bottom of the wage scale.
- Other initiatives underway include seeking employee input when making employee-impacting decisions, greater accountability from front-line leaders, career development for "up and coming" talent, and conducting employee engagement surveys.

6. ACTION ITEMS

a. FY 2024 Operating Budget Amendment | TSA Mandate

Executive VP/Chief Operating Officer Bruce Goetz and VP/Chief Financial Officer Kim Allison presented.

- The proposed budget amendment is to hire additional police officers and public safety officers to implement new screening procedures mandated by the Transportation Security Administration (TSA). The new regulation requires the airport to conduct random screenings of security badge holders when leaving the airport's sterile area.
- The federal government continues to shift more of the security responsibilities and their associated costs from TSA to the airports. The

airport industry's position is that the TSA should continue to be responsible for the screening of both passengers and employees.

Vice Chair Hammond joined the meeting at 3:43 p.m.

- ❑ There are no changes to the projected revenues as presented to the Board during the FY 2024 budget presentation. An additional line item will be added to the budget specific to the TSA mandate. To raise the revenue necessary to pay for the additional personnel, the landing fee will increase from \$1.50 to \$2.02 per 1,000 pounds maximum gross weight.
- ❑ TAA discussed the landing fee increase with the Airport and Airline Affairs Committee. The airlines recognized the necessity of increasing the landing fee. The budget amendment was also presented to the TAA's Finance and Risk Management Council, which voted to recommend to the Board that it approve the budget amendment.

Motion by Director Jackson, seconded by Director Fernandez, to adopt Resolution No. 2023-20 approving an amendment to the FY 2024 Operating Budget in the amount of approximately \$1,101,501, to implement security measures to comply with the Transportation Security Administration (TSA) National Emergency Amendment and Notice of Informed Compliance dated September 6, 2023. The motion carried by the following vote:

Ayes (8) Silvyn, Hammond, Swaim, Dusenberry, Rich, Jackson, Fernandez, and Katz

Nays (0)

b. Rental Car Concession Contracts

VP/Chief Revenue Officer John Voorhees presented.

- ❑ The board memo summarizes the terms and the minimum-annual-guaranteed revenue of the new contracts.
- ❑ SIXT Rent a Car is new to the Tucson market; they will be replacing Alamo Rent a Car on TUS property. Alamo is in discussions with TUS to continue as an offsite rental car agency.
- ❑ There are ongoing discussions regarding the positioning of the rental car agencies within the rent-a-car facility, the service counter areas, and improvements to the leasehold that the companies have agreed to.
- ❑ Staff is requesting that the board authorize the President/CEO to execute lease contracts with each of the rental car companies in accordance with the terms presented.

Motion by Secretary Swaim, seconded by Director Dusenberry, to adopt Resolution No. 2023-21 authorizing the President/CEO (or her designee[s]) to execute rental car concession contracts with rental car concessionaires, subject to key business terms. The motion carried by the following vote:

Ayes (8) Silvyn, Hammond, Swaim, Dusenberry, Rich, Jackson, Fernandez, and Katz

Nays (0)

c. FedEx Ground Lease Extension

VP/Chief Revenue Officer John Voorhees presented. FedEx Corporation has requested to extend their ground lease. In exchange for the extension, FedEx will construct a ground service equipment staging area and will reconstruct the roof of the facility so that the building is in good condition prior to TAA assuming ownership at the end of the lease. Staff requests the Board's approval for the President/CEO to execute the lease extension.

Motion by Director Fernandez, seconded by Secretary Swaim, to adopt Resolution No. 2023-22 authorizing the President/CEO (or her designee[s]) to execute a new ground lease with the FedEx Corporation, subject to key business terms. The motion carried by the following vote:

Ayes (8) Silvyn, Hammond, Swaim, Dusenberry, Rich, Jackson, Fernandez, and Katz

Nays (0)

7. DIVISION UPDATES

Memos from the Business and Commercial Development and Finance and Regulatory Administration divisions were included in the agenda packet. There were no questions from the Board; therefore, Chair Silvyn opted to forego verbal updates in the interest of time.

8. EXECUTIVE SESSION

a. President/CEO Employment Contract (*Pursuant to A.R.S. § 38-431(A)(3) and (4)*).

b. Environmental Matters with EPA and ADEQ - Tucson Airport Remediation Project, Soils Remediation Project, PFAS Issues (*Pursuant to A.R.S. § 38-431(A)(3) and (4)*).

Motion by Director Dusenberry, seconded by Director Fernandez, to recess the public meeting and convene an executive session to discuss Items 8.a. and 8.b. The motion carried by the following vote:

Ayes (8) Silvyn, Hammond, Swaim, Dusenberry, Rich, Jackson, Fernandez, and Katz

Nays (0)

Chair Silvyn recessed the public meeting, and the Board convened in executive session at 4:04 p.m.

9. RETURN FROM EXECUTIVE SESSION

The executive session adjourned at 4:36 p.m. Chair Silvyn reconvened the public meeting at 4:37 p.m.

10. NEXT MEETING

Wednesday, December 6, 2023, 3:00 p.m. | Hybrid Meeting – TAA Board Room and Microsoft Teams

11. ADJOURN

There being no further business to discuss, Chair Silvyn adjourned the meeting at 4:40 p.m.

APPROVED BY:

Phil Swaim
Phil Swaim (Dec 8, 2023 15:04 MST)
Phil Swaim, Secretary

Date: December 8, 2023

Prepared by:

Byron M. Jones
Byron M. Jones (Dec 8, 2023 15:01 MST)
Byron M. Jones, CMC, TAA Clerk

Date: December 8, 2023