

**TUCSON AIRPORT AUTHORITY | Board of Directors Regular Meeting
Wednesday, March 6, 2024 | 3:00 p.m. | Microsoft Teams**

THIS MEETING OF THE TUCSON AIRPORT AUTHORITY (TAA) BOARD OF DIRECTORS 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 Silvyn called the meeting to order at 3:05 p.m.

Directors Present: Chair Keri Silvyn, Vice Chair Mike Hammond, Secretary Phil Swaim, Director Todd Jackson, Director Calline Sanchez, Director Fran Katz, Director Rhonda Piña, and Director Ellen Wheeler

Directors Absent: Treasurer Vance Falbaum and Director Judy Rich

Others Present: Attorney Michael Foy (Salmon Lewis & Weldon, PLC)

Staff Present: President/CEO Danette Bewley, Executive Vice President/Chief Operating Officer (COO) Bruce Goetz, Executive Vice President/General Counsel Christopher Schmaltz, Vice President/Chief Revenue Officer (CRO) John Voorhees, Vice President/Chief People Officer (CPO) Twyla Salaiz, Vice President of Airport Development Ken Nichols, Vice President/Chief Financial Officer (CFO) Kim Allison, Vice President/Chief Information Officer (CIO) Anthony Casella, Vice President of Operations Christopher Deitz, Chief Communications Officer Austin Wright, Deputy General Counsel Kim Outlaw Ryan, IT Customer Support Technician Hector Lopez, and TAA Clerk Byron Jones

2. CONSENT AGENDA

Approval of Minutes (From January 22, 2024)

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

Ayes (8) Silvyn, Hammond, Swaim, Jackson, Sanchez, Katz, Piña, and Wheeler

Nays (0)

3. BOARD CHAIR REPORT

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

Chair Silvyn reported the following:

- ❑ The FAA has expressed concerns about the project scope and the ability of TAA to successfully manage the Airfield Safety Enhancement (ASE) Program with its current organizational structure. To address these concerns, the following organizational changes were announced:
 - Vice President of Airport Ken Nichols will focus on these areas: the ASE Program, planning and environmental services, and large capital programs/special programs.
 - Chief Technology Officer Anthony Casella has been promoted to Vice President/Chief Information Officer. In this role, he will continue to oversee the IT Department as well as the newly formed Project Management Office (PMO). The PMO will be comprised of staff reassigned from Airport Development, and it will coordinate smaller capital programs throughout the organization.
- ❑ The TAA conducted a national search and has selected Christopher Deitz as the new Vice President of Operations. Mr. Deitz comes to TUS from Rapid City, South Dakota; he has over 20 years of airport management experience.

4. PRESIDENT/CEO REPORT

State of the Industry | Update

President/CEO Danette Bewley reported the following:

- ❑ The United States Congress has passed a continuing resolution to fund the government through May 2024. Having the FAA operate through a series of continuing resolutions makes it difficult to plan and fund programs, projects, and initiatives. Next Week, Ms. Bewley, Mr. Schmaltz, and Mr. Wright, will travel to Washington, D.C., to attend the Airports Council International Legislative Conference, during which they will meet with members of the Arizona Delegation to express TAA's support for the pending FAA Reauthorization Bill.
- ❑ The United States Senate Commerce Committee has approved an additional five for long-distance flights to Ronald Reagan Washington National Airport (DCA). How the slots will be assigned is still to be determined, but TAA will continue to advocate for a slot.

Vice President/CRO John Voorhees announced that Mitsubishi Heavy Industries Regional Jet (MHIRJ) will expand its operations at TUS. In the near term, MHIRJ plans to hire 100 skilled tradesmen and several hundred more in the coming years. This will be a significant undertaking given the fierce competition in the industry for workers skilled in airframes and powerplants. TAA is in the process of negotiating lease renewal terms with MHIRJ.

Executive Vice President/COO Bruce Goetz reported that the FAA recently completed its annual Part 139 inspection at TUS. The inspector noted five relatively minor issues which will be easy to correct. He complimented TAA on its record keeping and the overall maintenance of the airfield.

5. ACTION ITEM

Skywest Airlines Hangar Development MRO-50 Development Area Construction Improvements

Vice President/CRO John Voorhees presented.

SkyWest Airlines has, through a series of leases, operated at TUS since 2002. For the past several years, the airline has subleased space from Bombardier (“Building X”) and Mitsubishi Heavy Industries (“Big Blue Hangar”). They now desire to create their own aircraft maintenance, repair, and overhaul (MRO) facility at TUS.

In 2019, SkyWest Airlines proposed “Project Penny,” the construction of a 160,000 square foot hangar and backshop on 14 acres on the site known as MRO-50. In December 2021, the Board of Directors approved a 20-year ground lease to allow the airline to construct the facility. The Board of Directors also approved the expenditure of approximately \$1.76M for roadway improvements to Aeronautical Way. Due to delays, the re-scoping of the project, and project costs which were anticipated but unknown at the time, staff is requesting an additional \$1.54M to fully fund the project, to include improvements that will benefit future development in the area.

Motion by Vice Chair Hammond, seconded by Director Jackson, to authorize the President/CEO or her designee(s) to adopt Resolution No. 2024-06 authorizing the President/CEO or her designee(s), on behalf of TAA, to contribute approximately \$1,547,167 in combined internal financing and rent credits in support of the Skywest Airlines Hangar Development and future development in the location of the TUS airfield known as MRO-50 Development Area. The motion carried by the following vote:

Ayes (8) Silvyn, Hammond, Swaim, Jackson, Sanchez, Katz, Piña, and Wheeler

Nays (0)

6. DIVISION UPDATES

a. Finance and Regulatory Administration

Vice President/CFO Kim Allison gave an overview of the November 2023 financials and aviation activity.

- ❑ Landed Weight:
 - November was 3.4% above budget (4.8% higher than FY2023).
 - Year-to-date was 0.2% above budget (6.4% higher than FY2023).
- ❑ Passenger Volume:
 - November was 2.8% over budget (9.5% higher than FY2023).
 - Year-to-date was 0.9% below budget (0.1% higher than FY2023).
- ❑ Revenues and Expenses:
 - Year-to-date revenues were approximately \$8.8M.
 - Year-to-date expenses were approximately \$6.6M.
 - Revenues and expenses were both favorable to budget.

b. Marketing and Air Service Development

Chief Communications Officer Austin Wright reported the following:

- ❑ TUS finished CY2023 at 3.75M passengers, which is a 10% gain compared to CY2022.
- ❑ Based on information provided by the airlines, March 2024 is projected to be the busiest month since 2008. TUS is projected to service 3.9M passengers during CY2024.
- ❑ Southwest Airlines recently announced that it will add an additional ten daily flights to the Tucson market, to include daily nonstop service to Dallas Love Field (DAL) and increased frequency to Denver (DEN) and Los Angeles (LAX).
- ❑ Air Service Development continues to pursue opportunities to bring international service from Canada and Mexico into the Tucson market.

c. Airport Development | Airfield Safety Enhancement (ASE) Project Update

Vice President of Airport Development Ken Nichols reported that the continuing resolution passed by the United States Congress frees up approximately \$6.2M that the FAA can immediately allocate to the ASE Project. TAA is waiting for the FAA to provide information on the next funds the ASE Project may qualify for.

7. EXECUTIVE SESSION

a. President/CEO Employment Contract (pursuant to A.R.S. §§ 38-431.03(A)(1) & (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) & (4).

Motion by Secretary Swaim, seconded by Director Wheeler, to convene in executive session for Items 7.a. and 7.b. The motion carried by the following vote:

Ayes (8) Silvyn, Hammond, Swaim, Jackson, Sanchez, Katz, Piña, and Wheeler

Nays (0)

The executive session items were considered in reverse order.

Chair Silvyn recessed the public meeting, and the Board of Directors, President/CEO Danette Bewley, Executive Vice President/General Counsel Christopher Schmaltz, Vice President of Airport Development Ken Nichols, and Attorney Michael Foy entered into executive session at 3:09 p.m. for Item 7.b.

Ms. Bewley, Mr. Nichols, and Mr. Foy left the executive session and rejoined the public session at 3:32 p.m.

8. RETURN FROM EXECUTIVE SESSION

The executive session adjourned, and Chair Silvyn reconvened the public meeting at 3:46 p.m.

9. NEXT MEETING

Wednesday, April 3, 2024, 3:00 p.m. | Hybrid Meeting – TAA Board Room and Microsoft Teams

10. ADJOURN

There being no further business to discuss, Chair Silvyn adjourned the meeting at 3:47 p.m.

APPROVED BY:

Prepared by:

Phil Swaim, Secretary

Byron Jones, TAA Clerk

Date: _____

Date: _____