

TUCSON AIRPORT AUTHORITY | Board of Directors
Wednesday, June 5, 2024 | 3:00 p.m. | TAA Board Room and [Microsoft Teams](#)

AGENDA AMENDED ON JUNE 3, 2024, TO INCLUDE ITEM 5.d.

Pursuant to [A.R.S. § 38-431.02](#), notice is hereby given to the members of the Tucson Airport Authority (TAA) and to the public that the **Board of Directors** will hold a meeting open to the public on **Wednesday, June 5, 2024, beginning at 3:00 p.m.** Directors and the public may attend in person or virtually. As indicated in the following agenda, the Board of Directors may vote to go into executive session, which will not be open to the public, to discuss certain matters.

In-Person: The TAA Board Room is on the departure level of the Tucson International Airport terminal and is situated between the Delta and Southwest ticket counters, and behind the Arroyo Trading Post. The address is 7250 South Tucson Boulevard, Tucson, Arizona, 85756.

Virtual: Members of the public interested in observing the proceedings may do so through Microsoft Teams. Click [HERE](#) to be taken to the registration form. Upon registering, you will receive an email confirmation containing the hyperlink, telephone number, and access code to join the meeting online or by phone.

The agenda for the meeting is as follows:

1. CALL TO ORDER | ROLL CALL

- | | |
|--|---|
| <input type="checkbox"/> Keri Silvyn, Chair | <input type="checkbox"/> Mike Hammond, Vice Chair |
| <input type="checkbox"/> Phil Swaim, Secretary | <input type="checkbox"/> Vance Falbaum, Treasurer |
| <input type="checkbox"/> Judy Rich, Director | <input type="checkbox"/> Todd Jackson, Director |
| <input type="checkbox"/> Calline Sanchez, Director | <input type="checkbox"/> Fran Katz, Director |
| <input type="checkbox"/> Rhonda Piña, Director | <input type="checkbox"/> Ellen Wheeler, Director |

2. CONSENT AGENDA

Matters listed under the Consent Agenda are routine and will be enacted by one motion and one vote. There will be no separate discussion of the items on the Consent Agenda unless removed from the Consent Agenda by the Board Chair after a request of a member of the Board of Directors. If removed from the Consent Agenda, the item(s) will be considered separately and individually.

Approval of Minutes

Approve the minutes of the Board of Directors Regular Meeting held on April 3, 2024.

3. BOARD CHAIR REPORT

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

4. PRESIDENT/CEO REPORT

a. State of the Industry | Update

b. TAA Strategic Plan | Update

5. DIVISION UPDATES

At the discretion of the Board Chair, the Board of Directors may receive a short presentation or ask questions of division representatives based upon material in the Board packet.

a. **Airport Development**

b. **Finance and Regulatory Administration**

c. **Marketing and Air Service Development**

d. **Business and Commercial Development**

6. EXECUTIVE SESSION

Environmental Matters with EPA and ADEQ - Tucson Airport Remediation Project, Soils Remediation Project, PFAS Issues

The Board of Directors may vote to discuss matters pertaining to the Tucson Airport Remediation Project (TARP), including the remediation of per- and polyfluoroalkyl substances (PFAS) and TAA engagement with the Environmental Protection Agency, the Arizona Department of Environmental Quality, and the City of Tucson, with TAA's attorneys and representatives in executive session for the purposes of legal advice and to consider TAA's position related to the matters as provided in [A.R.S. § 38-431\(A\)\(3\) and \(4\)](#).

7. RETURN FROM EXECUTIVE SESSION

8. NEXT MEETING

Wednesday, September 4, 2024, 3:00 p.m. | Hybrid Meeting – TAA Board Room and Microsoft Teams

9. ADJOURN

**TUCSON AIRPORT AUTHORITY | Board of Directors Regular Meeting
Wednesday, April 3, 2024 | 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.

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, Treasurer Vance Falbaum, Director Judy Rich, Director Todd Jackson, Director Rhonda Piña, and Director Ellen Wheeler

Directors Absent: Director Calline Sanchez and Director Fran Katz

Others Present: TAA Member Carol Stewart

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 of Airport Development Ken Nichols, Vice President/Chief Financial Officer (CFO) Kim Allison, 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

a. Approval of Minutes (From March 6, 2024)

b. Advisory Council Appointments

Motion by Director Jackson, seconded by Treasurer Falbaum, to approve the Consent Agenda. The motion carried by the following vote:

Ayes (8) Silvyn, Hammond, Swaim, Falbaum, Rich, Jackson, Piña, and Wheeler

Nays (0)

3. BOARD CHAIR REPORT

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

Chair Silvyn reported that Fire Captain Scott Lackey was appointed to the Pima County Health Department's Fatality Review Board. This board reviews fatalities, mostly caused by opioids, to determine whether any mitigation measures can be implemented to increase the chances of survival. Input from certified emergency medical technicians is crucial as they are often the first to interact with patients.

4. PRESIDENT/CEO REPORT

State of the Industry | Update

President/CEO Danette Bewley reported the following:

- ❑ TAA staff attended the ACI-NA/AAAE Legislative Conference in Washington, D.C., and met with members of the Arizona Congressional Delegation. They continued to advocate for additional funding to be included in the Federal Aviation Administration (FAA) Reauthorization Bill for infrastructure projects and the Federal Contract Tower Program, which benefits Ryan Airfield (RYN).
- ❑ TAA submitted a position letter to the United States Senate's Committee on Environment and Public Works, which held a hearing the following week to examine PFAS (per- and Polyfluoroalkyl substances) as a hazardous substance. TAA is advocating for liability protections for airports, which were required by the FAA to use firefighting foam containing PFAS in order to maintain their FAA Part 139 certification.
- ❑ Five additional slots (or exemptions) have been added to the Reagan National Airport (DCA) Perimeter Rule. No information has been released as to how the lottery system will work.
- ❑ The Transportation Security Administration (TSA) is continuing its push to shift certain funding responsibilities onto airports to allow the United States Department of Homeland Security to surge additional resources to respond to issues on the border. Effective immediately, TSA has discontinued grant reimbursements for the Explosive Detection K-9 teams and the Law Enforcement Officer (LEO) Reimbursement Program, which totaled \$450,000 per year.

Since TAA is currently halfway through its fiscal year, the reimbursements lost for the remainder of the year is approximately \$225,000. This loss will be absorbed in the current budget. Going forward, TAA will address these costs with the airlines and include the full cost of the programs in the annual budget.

5. ACTION ITEMS

a. Stella ES Ground Lease

Vice President/CRO John Voorhees presented. Stella Energy Solutions (Stella ES) responded to an RFP from Tucson Electric Power (TEP) to provide energy production and storage solutions. Stella ES has proposed leasing 40 acres of TAA-owned land in Sonora East to construct an Electric Storage System (ESS) facility that will interconnect with TEP's grid. Execution of the lease is contingent upon TEP awarding the ESS contract to Stella ES; however, the company is still interested in developing the site to serve industrial projects in the area. In this event, TAA and Stella ES would renegotiate the scope of the lease to meet their immediate needs.

Motion by Treasurer Falbaum, seconded by Secretary Swaim, to adopt Resolution No. 2024-08 authorizing the President/CEO or her designee(s) to execute a ground lease with Stella ES for approximately 40 acres of TAA-owned non-aeronautical property to construct an energy storage facility, subject to key business terms. The motion carried by the following vote:

Ayes (8) Silvyn, Hammond, Swaim, Falbaum, Rich, Jackson, Piña, and Wheeler

Nays (0)

b. TBM Inc. Facility Lease

Vice President/CRO John Voorhees presented. Aergo TUS (Aergo) constructed and currently operates a facility on TAA-owned property located at 2810 East Airport Drive. Aergo has been operating and subleasing the facility for many years, but they have had difficulty in recent years finding a compatible tenant. Aergo hired a real estate broker to advertise and to manage the facility. TBM, Inc. (TBM), an aircraft cargo and logistics company, responded to the advertisement, with an interest in subleasing the facility for 15 years to allow them to amortize all of the improvements they will make to the facility. Aergo did not have the authority to enter into an agreement beyond their current ground lease, which expires in five years. Aergo is willing (and TAA has agreed) to an early termination of the current ground lease contingent upon the successful execution of a facility lease with TBM.

The improvements TBM will make to the facility total \$391,000. To finance these improvements, TAA has agreed to a tenant improvement allowance in the form of rent credits of up to \$3,000 per month until the allowance has been expended. At

that point, the rent will reset to the then-prevailing base rent for the remainder of the lease. TAA projects a best-case revenue of \$2.9M over 15 years. This amount does not include expected revenues from administrative fees, fuel flowage, aircraft landing fees, and common area maintenance fees.

Motion by Director Wheeler, seconded by Vice Chair Hammond, to adopt Resolution No. 2024-09 authorizing the President/CEO or her designee(s) to execute a facility lease with TBM, Inc., to include capital improvements to the proposed facility and other key business terms. The motion carried by the following vote:

Ayes (8) Silvyn, Hammond, Swaim, Falbaum, Rich, Jackson, Piña, and Wheeler

Nays (0)

6. DIVISION UPDATES

a. **Finance and Regulatory Administration**

Vice President/CFO Kim Allison gave an overview of the FY 2024 first quarter and the December 2023 financials and aviation activity.

Landed Weight:

- December was 1.0% under budget (7.6% higher than FY 2023).
- Year-to-date was 0.2% below budget (6.9% higher than FY 2023). Overall, landed weight is tracking close to budget.

Passenger Volume:

- December was 1.2% over budget (13.5% higher than FY 2023).
- Year-to-date was 1.1% over budget (10.5% higher than FY 2023).
- The load factor (percentage of passenger volume compared to seat capacity) for the first quarter was 92.3% and is trending upward.

Revenues and Expenses (First Quarter):

- Year-to-date revenues were approximately \$13.1M.
- Year-to-date expenses were approximately \$9.9M.
- Revenues and expenses were both favorable to budget.

b. Marketing and Air Service Development

Chief Communications Officer Austin Wright reported the following:

- February and March were the busiest months compared to 2008 and 2016, respectively.
- The United States Department of Transportation issued a study on airport growth. TUS tied for second among its 14 peer airports on the west coast. Since September 2023, TUS has been operating above pre-pandemic passenger levels.
- TAA was the keynote sponsor of the Marana State-of-the-Town event. Marana is a high priority for TAA’s marketing efforts due to the high amount of leakage to Phoenix Sky Harbor (PHX).
- TAA has entered into a marketing partnership with the FC Tucson Soccer Club to display TUS-branded marketing on field, and it has renewed its partnership with *Broadway in Tucson* for another season.

7. NEXT MEETING

Wednesday, June 5, 2024, 3:00 p.m. | Hybrid Meeting – TAA Board Room and Microsoft Teams

8. ADJOURN

There being no further business to discuss, Chair Silvyn adjourned the meeting at 3:45 p.m.

APPROVED BY:

Prepared by:

Phil Swaim, Secretary

Byron Jones, TAA Clerk

Date: _____

Date: _____

Date: June 5, 2024

To: Board of Directors
From: Bruce Goetz, Executive Vice President/COO
Re: TAA Strategic Plan 2.1 | January – April 2024.

TAA staff has been focused on goals associated with Strategic Plan 2.1, adopted by the TAA Board in September 2022.

The attached report provides full detail of the progress made for the months of January through April; however, I want to highlight a few specific items since our last report at the September Board meeting.

1. Accelerate Performance

- a. The Director Development Program is complete, and the new learning strategy will focus on operational priorities.
- b. Annualized attrition is down 6.3% year over year. The implementation of retention strategies to ensure we are competitive in the job market are showing results.
- c. Work is underway to replace an antiquated payroll system to include a new Human Resources Information System (HRIS). This item also crosses over to the Upgrade to First Class Systems and Efficiencies category.

2. Expand Prosperity

The TAA continues its' efforts to lease/develop non-aeronautical land at TUS and RYN.

A few notable updates include:

- a. Sonora South: Lease review is currently underway with the client for a large-scale solar array on this property.
- b. Sonora North/Country Club: The TAA will be meeting with Schnitzer mid-May to discuss the way forward for this property for submission to the FAA for their review and consideration. Another local developer has also expressed interest in this property to accommodate aviation related development.
- c. Airline Use Agreement (AUA): Initial draft is complete and under review by the airlines.

3. Upgrade to First Class Systems and Efficiencies

- a. Sustainability: Work is underway to develop goals and initiatives. Estimated completion of the study is now Q3FY24.
- b. Technology: Work has started on several important technology upgrades that were included in the FY24 budget.
 - The new Lightning Detection System was completed in May.
 - A vendor was selected to implement a new Payroll system.

- Installation of Common Use Gating System is expected to be complete in June.
 - Implementation of the Parking and Revenue Control System will be implemented in June.
- c. Cybersecurity: The IT staff continues to spend a great deal of time completing required Action Plans, Assessments, and other required items to fulfill the requirements for the new TSA mandated Cyber Security Directive. Our final plans were submitted to the TSA in May.

4. Create TAA External Champions

- a. Air Service: The Air Service Development Team met with numerous airlines at the JumpStart Air Service Development Conference in May. The TAA also launched a new television commercial, a new radio commercial (updated quarterly to highlight new destinations) and entered a partnership with University of Arizona Athletics to reach the U of A community.
- b. Advocacy Planning: The Marketing and Strategic Communications Team has created a resource for our Board and Membership called 'The Top 3 for Advocacy.' This monthly email communication allows our membership to be fully engaged in our most critical advocacy efforts. In addition, the TAA continues to send a monthly 'Member Advisory,' which includes timely information.



Accelerate Performance

Goal	Owner	Q3 '23	Q4 '23	Q1 '24	Q2 '24	Q3 '24	Status	Board Update	
Leverage and Implement the TAA Learning Strategy	Kim DeLaTorre	[Progress bar: Q3 '23 to Q2 '24]						On Track	NEW Kim DeLaTorre: With the recent close out of the Director Development Program, the People Operations team is closely assessing the Learning Strategy to determine the next phase of learning implementation that integrates within the sustainable airport system and targets learning that is intentional and results-oriented.
Increase Efficiency of People Operations Talent Process	Kim DeLaTorre	[Progress bar: Q3 '23 to Q2 '24]						On Track	NEW Kim DeLaTorre: The People Operations team is evolving into a business partner model to better understand and contribute to the organization. This pivot is timed well with the final selection for a Payroll/HRIS system that will pull in 7 systems under 1-2 systems with increased capability and reduced cost is complete. Implementation will take place through Q3-Q4 aligned with key People Operations cycles of Performance Management and Benefits where an embedded People Operations partner will be a valued resource for the organization.
Evaluate Causes of Attrition and Implement Retention Strategies	Kim DeLaTorre	[Progress bar: Q3 '23 to Q2 '24]						On Track	NEW Kim DeLaTorre: The TAA continues to implement retention strategies, including expanded surveying in the onboarding and exiting processes. We are also actively retaining critical talent through expanded responsibilities, wage increases, and targeted retention incentives, as appropriate. The current attrition is trending down 6.3% year over year for the same period (October – May). The TAA is ~92% filled to budgeted positions for FY24.
TAA is a “Great Place To Work”	Kim DeLaTorre	[Progress bar: Q3 '23 to Q2 '24]						On Track	NEW Kim DeLaTorre: The Employee Engagement Survey provides a strong benchmark indicator of feedback to determine the ongoing path for TAA’s Cultural Transformation. With high participation in the survey, the CEO/Executive Team is revisiting the focus on Culture and TAA’s recognition as a Great Place to Work to determine a structured path forward.



Goal	Owner	Q3 '23	Q4 '23	Q1 '24	Q2 '24	Q3 '24	Status	Board Update
Commercial Development Planning and Marketing	John Voorhees						On Track	<p>NEW John Voorhees: BCD and Picor have brought multiple clients to the TAA. BCD and Picor continue to advertise our vacant properties. 6868 Plumer Ave (HIDTA) is being considered for lease pending client's budget appropriation. 6900 S Park Ave is nearly fully leased through Picor and BCD efforts. Picor is assisting a client to lease over 500 acres of TAA land (see Sonora West). Negotiations are underway. Picor continues to bring leads to TAA.</p> <p>Delaware North nears completion of its mid-term refurbishment. Increased sales will yield a six-figure revenue boost to TAA.</p> <p>New Rental Car agreements take affect 1 June. 7-figure increase to annual revenue. Also reworking the CFC program with Finance. New calculation could expedite TAA capital projects, funded by the CFC, in the Rental-a-Car/Quick Turn Around area.</p> <p>Rezoning – TAA has reignited the rezoning effort. This will benefit Million Air and Atlantic Aviation which both intend to expand their businesses. The rezoning effort will also permit the development of TAA property along Valencia Road and Plumer Ave.</p>
Shovel Ready Infrastructure (both TAA land and our utility and community partners)	John Voorhees						On Track	<p>NEW John Voorhees: Sonora North – Meeting with Schnitzer scheduled mid-May.</p> <p>Another developer and TAA will discuss a large scale development of Sonora North to accommodate two known Economic Development Projects and to gauge their interest in further speculative projects.</p> <p>Environmental Assessment still underway pending detailed 5-Year Development Plan from TAA (new FAA requirement)</p> <p>Sonora East – Development of parcel will follow infrastructure development along Alvernon Way. A secondary effort has been to advocate for the expansion/extension of Alvernon Way into SR-210 to connect to the proposed Sonoran Corridor. There is significant community interest. Sonoran Corridor Tier 2 EIS study group has taken the input and added the concept to the study area.</p> <p>TAA is finalizing the lease of 40-acres to Stella ES for battery storage along Swan Road.</p> <p>Sonora West – In negotiation with construction equipment company to lease entire parcel (500+ acres) as proving and training ground for company. Could yield 7-figure annual revenue.</p> <p>Sonora South – Nearing lease execution with AES Solar for the development of 1000+ acre PV array. Lease draft in review by client.</p>



Expand Prosperity

Goal	Owner	Q3 '23	Q4 '23	Q1 '24	Q2 '24	Q3 '24	Status	Board Update
Shovel Ready Infrastructure (both TAA land and our utility and community partners) Continued	John Voorhees						On Track	<p>NEW John Voorhees:</p> <p>Aeronautical – In January, TAA hosted a site selection for an EV aircraft manufacturing company. The company was impressed with TAA offering and PCC Aviation school. Plans have expanded from 350K SF to 850K SF under roof. Two sites identified. Client wants to execute national search. TAA is engaging developers to entice commitment from EV company.</p> <p>TBM Inc lease drafted for lease of 2810 E Airport Drive.</p> <p>Skywest Airlines vertical construction begins soon. Project is behind but is proceeding. 160K SF hangar in works.</p> <p>Raytheon has taken over negotiations for engine test facility. Gave Notice to Vacate to Ascent Aviation for tenancy on A-17 because of operational needs. December 31, last day on A-17.</p>
Negotiate Airline Use Agreement	Austin Wright						On Track	<p>NEW Austin Wright:</p> <p>The TAA executed a one-year extension with the airlines (effective October 1, 2024) for the Airline Use Agreement. The new 10-year AUA agreement has been provided to the airlines for their review. While our desire is to execute a new 10-year agreement beginning in FY25, the timing depends on the airlines,</p>
Expand Air Service Development Options	Austin Wright						On Track	<p>NEW Austin Wright:</p> <p>TUS continues to see increased air service offerings due to active engagement between the TAA and our airline partners. TAA attended Jump Start Air Service Conference in May 2024, meeting with 11 airlines.</p> <p>March of 2024 was the busiest month at TUS in 16 years. In addition, the DOT rankings for the TOP 75 airports ranked TUS as the 4th fastest growing airport in the country. 8 of our nonstop destinations are experiencing year-over –year growth. TUS will reach 67 peak daily departures.</p> <p>Southwest will launch daily nonstop flights to Dallas Love Field (DAL) in October 2024. Growth trends are projected to continue into 2025.</p>



Upgrade to First Class Systems

Goal	Owner	Q3 '23	Q4 '23	Q1 '24	Q2 '24	Q3 '24	Status	Board Update
Complete Sustainability Master Plan	Ken Nichols						Behind	<p>NEW Ken Nichols: This item is behind schedule due to staffing challenges, limited band width of existing staff, and heightened focus on the Airfield Safety Enhancement Program.</p> <p>Development of the Sustainability Management Plan is now in progress. Goals and initiatives are being developed by the consultant for review with the internal working group. The end date for completion is now estimated as Q3 FY24.</p>
Scope Enterprise Documentation Strategy	Anthony Casella						Behind	<p>Bruce Goetz: This is a multi phased project that is behind schedule due to the efforts needed to comply with TSA Cyber Security mandates. The two phases are as follows:</p> <p>Phase 1:</p> <ul style="list-style-type: none"> Converting all users to Microsoft OneDrive – complete Converting and cleaning up departmental share drives and moving to backend SharePoint – Scheduled to take place in March. <p>Phase 2: (On hold)</p> <ul style="list-style-type: none"> Procure a document management system to manage both digital and paper documents. This system will assist in the retention and deletion of files as well as archiving <p>The impacts of the TSA Cybersecurity mandates required the diversion of resources, which resulted in a pause of this work effort (the IT department has not had an opportunity to start Phase 2). We anticipate this work to begin near the end of 2024 or early 2025.</p>
TAA Cyber Security Program	Anthony Casella						On Track	<p>NEW Anthony Casella: As we continue to enhance our Cybersecurity posture and adhere to TSA mandates, the IT department has made excellent progress towards completing the following initiatives:</p> <p>Governance:</p> <ul style="list-style-type: none"> TSA Assessment – complete with ongoing activities Cybersecurity Incident Response Plan - complete TAA/TSA/CISA Cyber Incident Reporting Policy – complete Technology Room Access Policy - complete Cyber Risk Assessment Policy – Final review MFA/Zero Trust – complete Critical System(s) Identification – complete Least Privileged Access to critical systems – in testing phase Information Security Contract Addendum – complete Cybersecurity Training Awareness Policy – complete



Upgrade to First Class Systems

Goal	Owner	Q3 '23	Q4 '23	Q1 '24	Q2 '24	Q3 '24	Status	Board Update
TAA Cyber Security Program (Continued)	Anthony Casella						On Track	<p>NEW Bruce Goetz:</p> <p>Projects:</p> <ul style="list-style-type: none"> • Firewall Replacement – Complete • Hybrid Data Center – Complete • Microsoft Teams Voice – Complete • Multi Factor Authentication (MFA) – Complete
Establish a Technology Roadmap to Meet all Stakeholder Needs	Anthony Casella						On Track	<p>NEW Bruce Goetz:</p> <p>The IT department has completed a 5-year Strategic IT Plan. This Plan encompasses:</p> <p>Capital projects</p> <ul style="list-style-type: none"> • Technology Lifecycle Replacement • Enterprise Software Systems <p>The IT department has had discussions with other TAA departments to provide input based on their needs.</p> <p>Numerous projects identified in the 5-year IT Plan have been included in the FY24 budget and are as follows:</p> <ul style="list-style-type: none"> • New ERP System. • New Payroll /HRIS System – Implementation to begin Jun '24 • Common Use Gate Management System –Installation in June '24 • Replacement of Access Control System – Phase 1 installation and testing underway. • Parking and Revenue Control System – Installation begin in Jun '24 • Lightning Control System – Installation Complete • Airport Management System – Scoping to begin in June 2024.



Create External Champions

Goal	Owner	Q3 '23	Q4 '23	Q1 '24	Q2 '24	Q3 '24	Status	Board Update
Determine and Activate a Community Value Proposition Based on Community Survey Results	Austin Wright						On Track	<p>NEW Austin Wright: The TAA continues to evolve the marketing strategy to align with the Community Value Proposition (CVP) to highlight the ease of use at TUS. We have effectively integrated refreshed messaging into our 'Nonstop' marketing campaign to communicate 'Nonstop for Easy Travel.' In addition, we have launched a new television commercial, a new radio commercial (updated quarterly to highlight new destinations) and entered a partnership with University of Arizona Athletics to reach the U of A community.</p> <p>The community's key connection is to the economic impact of the airport. We plan to refresh this report in FY25.</p> <p>As we identify ways to reduce/stop leakage to PHX and the ensure we retain new routes, reminding the community how easy the airport is to use will be the focal point for updating messaging and evolving our marketing strategy.</p>
Continue Outreach and Partnerships within the Tourism Sector	Austin Wright						On Track	<p>NEW Austin Wright: Austin Wright (Chief Communications Officer) and Brian Kidd (Director of Air Service and Marketing) continue to collaborate with Visit Tucson to provide data to the airlines to expand air service. Visit Tucson is allocating \$100,000 dollars to help market Tucson in 5 key air service cities for the TAA. These funds will help support awareness about TUS in cities that either have new nonstop routes, or increased frequency. As part of our partnership, Felipe Garcia (Visit Tucson CEO), will accompany the Air Service Development team on multiple air service visits in 2024.</p> <p>In addition, the TAA continues to maintain community partnership with local organizations including the Tucson Roadrunners hockey team and University of Arizona Athletics. TUS was the key sponsor of beach night in January to highlight our new nonstop beach service to Orange County. In addition, TUS is on the ice as a logo sponsor.</p> <p>TUS is also featured in the 'Broadway in Tucson' show booklets. Highlighting our ease of use in the booklet for the entire season of shows.</p>



Create External Champions

Goal	Owner	Q3 '23	Q4 '23	Q1 '24	Q2 '24	Q3 '24	Status	Board Update
Identify and Cultivate Member Value Proposition with an Accompanying Advocacy Plan for Membership Engagement Opportunities	Austin Wright						On Track	<p>NEW Austin Wright: The Marketing and Strategic Communications team has created a new resource for our Board and Membership, 'The Top 3 for Advocacy.'</p> <p>This monthly email communication allows our membership to be fully engaged in our most critical advocacy efforts. In addition, we continue to also send a monthly 'Member Advisory,' to ensure relevant information is communicated for awareness.</p> <p>The goal is to ensure that as our messaging adapts to meet the needs of our community. The team is fully engaged in how to best support the mission of the TAA. Through new marketing campaigns with the University of Arizona's Athletic Department and our refreshed Nonstop for Easy Travel campaign; our message is that TUS is the most convenient choice for travel. Through our refreshed marketing platforms and with the help of our community advocates, we are on track for continuing the growth of TUS, and embracing the data of our community surveys.</p>



TAA Board Meeting

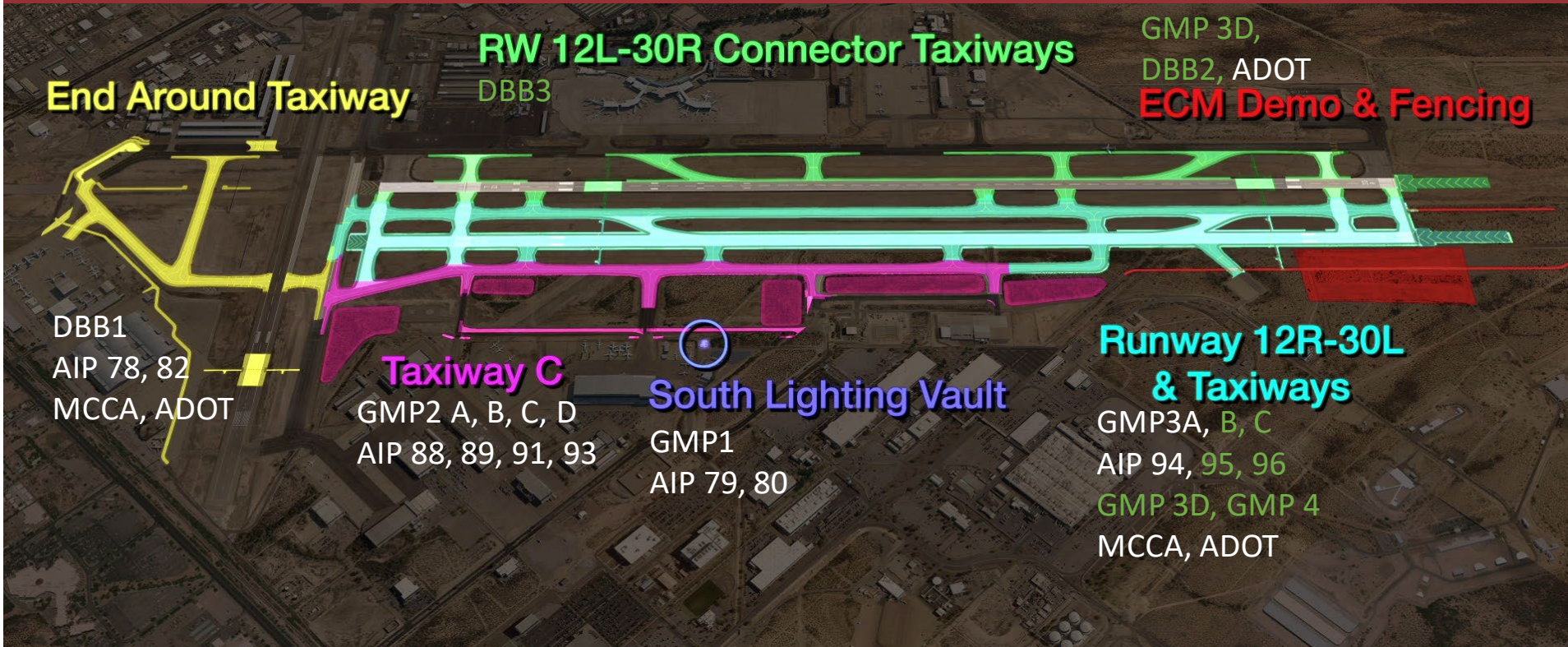
Ken Nichols
VP Airport Development

June 5, 2024

Overall ASE Program



ASE Program Projects



ASE Funding Strategy



REMAINING ASE PROGRAM FUNDING REQUIREMENTS PROJECTION						
Year	Phase Description	Total Cost	Federal	State	TAA	
FY 2024	New Runway Construction-Phase 1	\$ 90,000,000	\$ 63,151,231	\$ 3,100,000	\$ 23,748,769	
FY 2025	New Runway Construction-Phase 2	\$ 90,000,000	\$ 63,151,231	\$ 3,100,000	\$ 23,748,769	
FY 2026	Roadway and Fencing	\$ 6,000,000	\$ 5,463,600	\$ 268,200	\$ 268,200	
FY 2026	Connecting Taxiways-Phase 1	\$ 33,638,346	\$ 30,631,078	\$ 1,503,634	\$ 1,503,634	
FY 2027	Connecting Taxiways-Phase 2	\$ 32,911,366	\$ 29,969,090	\$ 1,471,138	\$ 1,471,138	
As Programmed	Land Exchange Reimbursement	\$ 19,000,000	\$ 17,301,400	\$ 849,300	\$ 849,300	
<hr/>						
Total		\$ 271,549,712	\$ 209,667,630	\$ 10,292,272	\$ 51,589,810	

TAA will always seek maximum grants to minimize TAA Costs

ASE Program | Construction Schedule



End Around Taxiway - DBB1

10/8/2019
100%
 5/15/2024

Taxiway C - GMP2

9/30/2019
67%
 9/16/2024

Runway 12R-30L and Associated Taxiways - GMP3

10/5/2023
10%
 9/29/2026

ECM Demo and Fence for ASE - DBB2

4/3/2026
0%
 9/28/2026

Runway 12L-30R and Associated Taxiways – DBB3

9/30/2026
0%
 6/29/2028

Noise Mitigation

5/13/2024
1%
 6/30/2025

ECM Construction (Raytheon)

8/1/2024
0%
 1/28/2026





Thank You!

knichols@flytucson.com

520-339-1200

Date: June 5, 2024

To: Board of Directors
From: Ken Nichols, Vice President of Airport Development
Re: Airport Development Division Update

This report provides an update on activities since the last report, which was prepared in February 2024.

Airfield Safety Enhancement (ASE) Program:

The Airfield Safety Enhancement (ASE) Program is a critical safety project and the largest capital program in the history of the TAA. The multi-year \$400+ million program of projects (in 2024 dollars) will transform the airfield layout at TUS to meet the latest FAA safety standards as part of the FAA Runway Incursion Mitigation Program. The program includes four major projects, land exchanges, and noise mitigation.

Recent Accomplishments (since February)

- Continuing construction of the first phase of the new runway.
- Submitted grant application for the second phase of the new runway.
- Continuing construction of the outboard taxiway (Taxiway C).
- The TAA has submitted grant application for supplemental discretionary funding.
- The land exchange with the USAF for Parcels F & G is completed.
- The TAA has submitted final grant application for the third phase of the new runway and middle taxiway (Taxiway B).

Anticipated Activities (prior to September 2024 meeting)

- DBB1 (Grant-82) Closeout.
- Completion of the outboard taxiway (Taxiway C).
- Notice to Proceed (NTP) and completion of Hughes Wash drainage improvements (funded by Pima County).
- NTP for construction of second and third phase of new runway and middle taxiway (Taxiway B).
- Meet with FAA to reaffirm funding strategy.

Funding Needs and Strategy

The funding strategy presented in the September 6, 2023 Board update was developed in close consultation with the FAA and ADOT to ensure the ASE Program is completed in the next four years.

Current Funding Strategy:

REMAINING ASE PROGRAM FUNDING REQUIREMENTS PROJECTION						
<u>Year</u>	<u>Phase Description</u>	<u>Total Cost</u>	<u>Federal</u>	<u>State</u>	<u>TAA</u>	
FY 2024	New Runway Construction-Phase 1	\$ 90,000,000	\$ 63,151,231	\$ 3,100,000	\$ 23,748,769	
FY 2025	New Runway Construction-Phase 2	\$ 90,000,000	\$ 63,151,231	\$ 3,100,000	\$ 23,748,769	
FY 2026	Roadway and Fencing	\$ 6,000,000	\$ 5,463,600	\$ 268,200	\$ 268,200	
FY 2026	Connecting Taxiways-Phase 1	\$ 33,638,346	\$ 30,631,078	\$ 1,503,634	\$ 1,503,634	
FY 2027	Connecting Taxiways-Phase 2	\$ 32,911,366	\$ 29,969,090	\$ 1,471,138	\$ 1,471,138	
As Programmed	Land Exchange Reimbursement	\$ 19,000,000	\$ 17,301,400	\$ 849,300	\$ 849,300	
Total		\$ 271,549,712	\$ 209,667,630	\$ 10,292,272	\$ 51,589,810	

The FAA Reauthorization Bill, which was passed by the House and Senate, and signed into law by President Biden includes several segments of Airport Improvement Program funding, including a new and separate funding source (\$200M/yr.) for runway safety projects. The TAA will coordinate with the FAA on how we can apply for this additional funding to accelerate the ASE Program. We will update the funding chart, as appropriate, when we have clarity on AIP funding options.

We will continue to keep you abreast of this important project.



FY 2024 March and Q2 Financial Highlights

Board of Directors Meeting

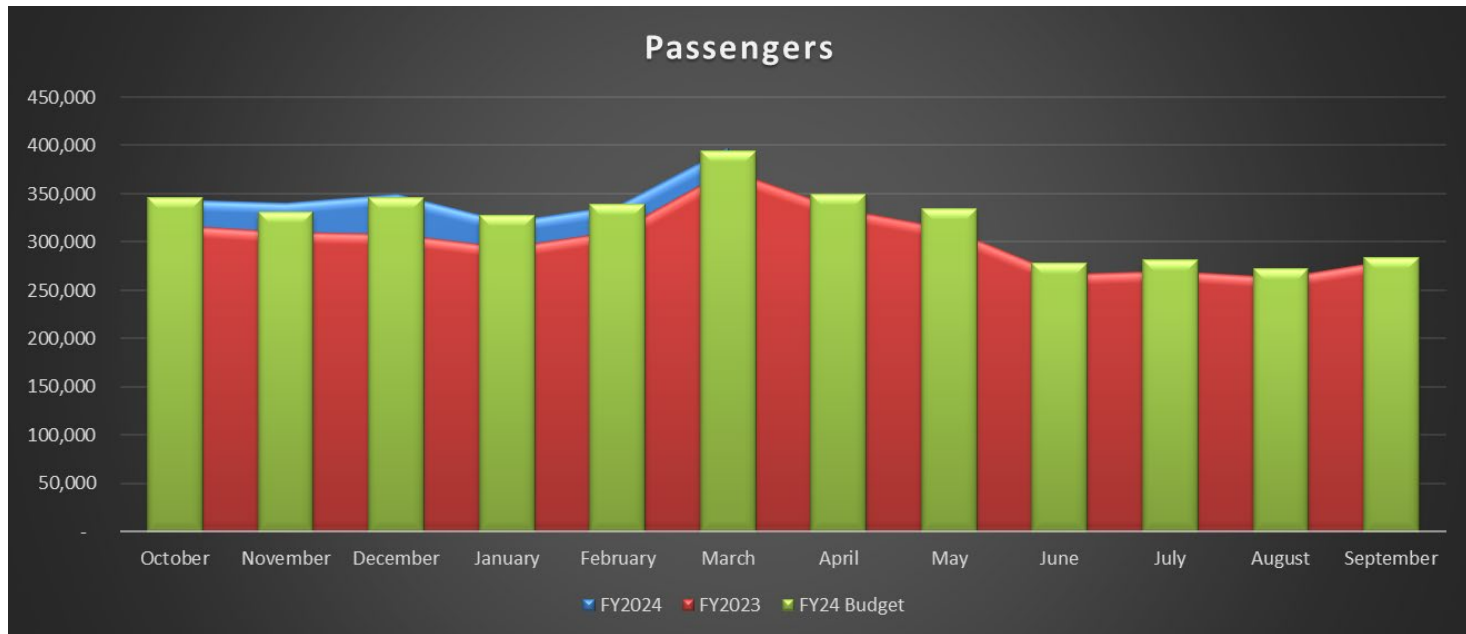
June 5, 2024

FY 2024 Operating Statistics-Landed Weight



- March Landed Weight is 4.1% higher than budget, 6.5% higher than FY2023
- YTD Landed Weight is 1.2% below budget, 5.7% higher than FY2023

FY 2024 Operating Statistics-Passengers



- March passenger volume is 1.0% higher than budget, 8.3% higher than FY2023
- YTD passenger volume is 0.41% above budget, 6.1% higher than FY2023

March 2024 Flight & Passenger Activity

<u>Month</u>	<u>FY2024</u>	<u>FY2023</u>	<u>FY2022</u>
Total Passengers	398,009	375,118	353,009
Average Load Factor	88.3%	87.3%	93.6%
Average Daily Departures	59.2	50.4	48.8
Average Daily Seat Capacity	7,428	7,061	6,228
 <u>Six Months Year-To-Date</u>			
Total Passengers	2,093,066	1,918,947	1,691,626
Average Load Factor	89.0%	82.5%	84.0%
Average Daily Seat Capacity	6,710	6,441	5,533
Average Seat Count per Departure	125.5	140.1	127.6

YTD FY2024 Financial Results

	YTD (Oct-Mar) Actual	Total Annual Budget	50.00%
Operating Revenues	\$ 26,435,644	\$ 46,634,174	56.7%
Operating Expenses	20,340,845	44,709,160	45.5%

March (6th month) / 12 months total = 50%

Revenues above 50% = favorable.

Expenses below 50% = favorable.

Financial results for FY24 are unaudited.

March 2024 Operating Revenues

March

	<u>Actual</u>	<u>Budget</u>	<u>Actual vs. Budget</u>	
Landing fees	\$ 519,130	\$ 441,145	\$ 77,985	17.7%
Space rentals	1,244,926	1,154,300	\$ 90,626	7.9%
Land rent	311,531	214,589	\$ 96,942	45.2%
Concession revenue	2,474,784	2,312,486	\$ 162,298	7.0%
Reimbursed Services	356,369	330,140	\$ 26,229	7.9%
Other Operating Revenue	400,706	293,858	\$ 106,848	36.4%
Total operating revenues	<u>\$ 5,307,446</u>	<u>\$ 4,746,518</u>	<u>\$ 560,928</u>	<u>11.8%</u>

Financial results for FY24 are unaudited.

March 2024 Operating Expenses

March

	<u>Actual</u>	<u>Budget</u>	<u>Actual vs. Budget</u>	
Personnel expenses	\$ 2,253,052	\$ 2,243,337	\$ (9,715)	-0.4%
Contractual services	814,445	870,070	\$ 55,625	6.4%
Materials and supplies	238,373	527,375	\$ 289,002	54.8%
Other operating expenses	108,508	304,535	\$ 196,027	64.4%
Total operating expenses	<u>\$ 3,414,378</u>	<u>\$ 3,945,317</u>	<u>\$ 530,939</u>	<u>13.5%</u>

Financial results for FY24 are unaudited.

FY2024 YTD Operating Revenue

YTD

	<u>Actual</u>	<u>Budget</u>	<u>Actual vs. Budget</u>	
Landing fees	\$ 2,677,221	\$ 2,487,236	\$ 189,985	7.6%
Space rentals	7,198,948	6,778,906	\$ 420,042	6.2%
Land rent	1,959,947	1,847,358	\$ 112,589	6.1%
Concession revenue	12,356,948	12,036,347	\$ 320,601	2.7%
Reimbursed Services	1,542,350	1,511,049	\$ 31,301	2.1%
Other Operating Revenue	1,968,265	1,774,748	\$ 193,517	10.9%
Total operating revenues	<u>\$ 27,703,679</u>	<u>\$ 26,435,644</u>	<u>\$ 1,268,035</u>	<u>4.8%</u>

Financial results for FY24 are unaudited.

2024 YTD Concession Revenue

<u>Account Description</u>	<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Budget vs. Actual</u>	
Rental Cars	\$ 4,856,082	\$ 5,001,497	\$ (145,415)	-2.9%
Parking	5,043,853	4,813,720	230,133	4.8%
Ground Transportation	227,551	220,190	7,361	3.3%
Advertising	85,320	77,397	7,923	10.2%
Food & Beverage	745,754	746,048	\$ (294)	0.0%
News & Gifts	716,652	677,556	39,096	5.8%
Transportation Network Company	595,285	463,719	131,566	28.4%
Peer-to-Peer Car Rental	62,396	-	62,396	0.0%
Employee Parking	21,180	35,302	\$ (14,122)	-40.0%
Vending Machines & Lockers	1,770	-	1,770	0.0%
GA Percent Rent	1,105	918	187	20.4%
Total	\$ 12,356,948	\$ 12,036,347	\$ 320,601	2.7%

Financial results for FY24 are unaudited.

FY2024 YTD Operating Expenses

<u>YTD</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget vs. Actual</u>	
Personnel expenses	\$ 13,720,917	\$ 14,134,826	\$ 413,909	2.9%
Contractual services	4,556,808	5,723,989	\$ 1,167,181	20.4%
Materials and supplies	1,335,920	2,632,939	\$ 1,297,019	49.3%
Other operating expenses	727,200	1,021,789	\$ 294,589	28.8%
Total operating expenses	\$ 20,340,845	\$ 23,513,543	\$ 3,172,698	13.5%

Financial results for FY24 are unaudited.

March 2024 Financial Results

<u>Month</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual vs Budget</u>	<u>Prior Year (2023)</u>	<u>Current vs. Prior Year</u>	
Operating Revenues	\$ 5,307,447	\$ 4,746,519	\$ 560,928 11.8%	\$ 4,448,649	\$ 858,798	19.3%
Operating Expenses	3,414,378	3,945,317	\$ 530,939 13.5%	3,224,085	\$ 190,293	5.9%
Operating Income (Loss)	<u>\$ 1,893,069</u>	<u>\$ 801,202</u>	<u>\$ 1,091,867</u>	<u>\$ 1,224,564</u>	<u>\$ 668,505</u>	
<u>Six Months Year-To-Date</u>						
Operating Revenues	\$ 27,703,680	\$ 26,435,644	\$ 1,268,036 4.8%	\$ 22,990,082	\$ 4,713,598	20.5%
Operating Expenses	20,340,845	23,513,343	\$ 3,172,498 13.5%	19,524,799	\$ 816,046	4.2%
Operating Income	<u>\$ 7,362,835</u>	<u>\$ 2,922,301</u>	<u>\$ 4,440,534</u>	<u>\$ 3,465,283</u>	<u>\$ 3,897,552</u>	

Financial results for FY24 are unaudited.

2024 vs 2023

	FY2024 <u>YTD (Oct-Mar)</u>	FY2023 <u>Oct-Mar</u>	<u>2024 vs 2023</u>
Operating Revenues	\$ 26,435,644	\$ 22,990,082	15.0%
Operating Expenses	20,340,845	19,524,799	4.2%

Financial results for FY24 are unaudited.

Special Reserve Fund History

Beginning Balance @10/01/2019		<u>\$ 62,119,064.28</u>
Inflows -- Investment Activity, Loan Re-Payments, Etc.		12,164,196.22
52% Industrial Revenue (2018-2022)		9,846,724.49
Projects-10220362	(Closeout) Paint B-304 Old Admin Bldg	6,200.00
Projects-20116874	(Closeout) On Airport Sanitary Sewer Certification System (Design)	3,044.00
Total Inflows:		<u>\$ 22,020,164.71</u>
Outflows:		
Projects-10119021	Jet Bridge Replacement (B1)	(520,190.42)
Projects-10117967	EVIDS	(2,885,057.24)
Projects-10119007	CBP Relocation	(1,709,422.13)
Projects-10119108	ANG-ECF Hangar in Kind Replacement	(9,798,432.50)
Projects-10120448	B-230 Furnish & Install New Jet Bridge for Gate B6 Podium	(1,612,171.71)
Projects-10120449	MRO Aeropark Entrance Taxiway	(1,950,374.96)
Projects-10216868	TAA Owned Outbound Bag Overhaul (Flair)	(515,665.16)
Projects-10218001	Concourse C - Charter Terminal Project (B-230)	(43,960.00)
Projects-10219214	Country Club Road Extension Concept Design and Environmental	(1,756,971.00)
Projects-10220450	FIS Refresh	(1,032,982.64)
Projects-20120400	Relocation of Velocity Air to Ryan Airfield	(412,200.00)
Projects-20215735	Replace IATA Building HVAC RTU	(94,334.68)
PSPRS Loan		(27,200,000.00)
Relocation of Velocity loan		(513,760.18)
Aerovation		(58,463.42)
Total Outflows:		<u>\$ (50,103,986.04)</u>
Ending Balance @2/28/2024		<u>\$ 34,035,242.95</u>

Date: June 5, 2024

To: Board of Directors
From: Kim Allison, Chief Financial Officer
Re: Summary of Financial Performance for Second Quarter 2024

Operating Income before Depreciation and Amortization (YTD vs budget):

Tucson Airport Authority generated net operating income before depreciation and amortization of \$7,362,835 for the second quarter of FY 2024, which is \$4,440,534 favorable to budget as described in more detail below.

Operating Revenues (YTD vs budget):

Year-to-date operating revenue of \$27,703,680 is favorable to budget by \$1,268,036 or 4.8% and favorable to prior year by \$4,713,598 or 20.5%. The increase from prior year is largely due to increased activity levels in all categories returning to Pre-COVID pandemic levels.

Operating Expenses (YTD vs budget):

In the second quarter of FY2024, total operating expenses were under budget by \$3,172,498 or 13.5%. The favorable variance is largely due to timing of expenses that will occur later in the year as well as substantial savings in personnel due to the vacancy allowance. This is expected to level out as the year progresses. Operating expenses were unfavorable to prior year by \$816,046 or 4.2% due to increased personnel costs, contractual services, materials and supplies and other operating expenses. This is largely due in part to a high inflation rate following the COVID-19 pandemic. Staffing levels have increased as vacant positions from previous years are being filled and new positions have been created which led to increased personnel costs since last year.

FINANCIAL SUMMARY



For the six months ending March 31, 2024

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

	CURRENT MONTH - March 2024			March 2023
	BUDGET	ACTUAL	FAV (UNFAV)	ACTUAL
OPERATING REVENUES:				
Landing fees	441,145	519,130	77,985	267,682
Space rentals	1,154,300	1,244,926	90,627	949,601
Land rent	214,589	311,531	96,942	289,332
Concession revenue	2,312,486	2,474,784	162,298	2,284,249
Reimbursed services	330,140	356,369	26,229	329,919
Other operating revenues	293,858	400,706	106,848	327,866
Total Operating Revenues	4,746,519	5,307,447	560,928	4,448,649
OPERATING EXPENSES:				
Personnel expenses	2,243,337	2,253,052	(9,716)	2,086,585
Contractual services	870,070	814,445	55,625	722,637
Materials and supplies	527,375	238,373	289,002	306,559
Other operating expenses	304,535	108,508	196,028	108,304
Total Operating Expenses	3,945,317	3,414,378	530,939	3,224,085
NET OPERATING INCOME (LOSS) BEFORE DEPRECIATION AND AMORTIZATION	801,202	1,893,069	1,091,867	1,224,564
Depreciation and Amortization	1,857,365	1,669,386	187,980	1,771,068
OPERATING INCOME (LOSS)	(1,056,163)	223,683	1,279,846	(546,504)
NONOPERATING INCOME (EXPENSES)				
Interest Income	60,094	517,412	457,318	174,099
Net increase/(decrease) in fair value of investments	-	214,081	214,081	1,196,170
Passenger facility charges	772,119	940,881	168,762	921,943
Interest expense and fiscal charges	(49,185)	(51,428)	(2,243)	(59,410)
Gain/(Loss) on disposition of capital assets	-	6,850	6,850	-
Other nonoperating revenues (expenses)	-	3,948	3,948	(50,438)
Total nonoperating revenues (expenses)	783,028	1,631,745	848,717	2,182,364
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(273,135)	1,855,428	2,128,563	1,635,860
CAPITAL CONTRIBUTIONS:				
Federal	-	89,518	89,518	1,092,318
State	-	407	407	10,619
Total capital contributions	-	89,925	89,925	1,102,937
INCREASE (DECREASE) IN NET POSITION	\$ (273,135)	1,945,354	\$ 2,218,489	\$ 2,738,797

TUCSON AIRPORT AUTHORITY
STATEMENT OF REVENUES , EXPENSES AND
CHANGES IN NET POSITION
For the six months ending March 31, 2024

	CURRENT YEAR TO DATE - March 2024			YTD - March 2023
	BUDGET	ACTUAL	FAV (UNFAV)	ACTUAL
OPERATING REVENUES:				
Landing fees	\$ 2,487,236	\$ 2,677,221	\$ 189,985	\$ 1,444,905
Space rentals	6,778,906	7,198,948	420,042	5,647,478
Land rent	1,847,358	1,959,947	112,589	1,843,909
Concession revenue	12,036,347	12,356,948	320,601	10,786,136
Reimbursed services	1,511,049	1,542,350	31,301	1,502,839
Other operating revenues	1,774,748	1,968,265	193,517	1,764,815
Total operating revenues	26,435,644	27,703,680	1,268,036	22,990,082
OPERATING EXPENSES:				
Personnel expenses	14,134,626	13,720,917	413,709	12,728,638
Contractual services	5,723,989	4,556,808	1,167,181	4,524,772
Materials and supplies	2,632,939	1,335,920	1,297,019	1,338,593
Other operating expenses	1,021,789	727,200	294,589	932,796
Total Operating Expenses	23,513,343	20,340,845	3,172,498	19,524,799
NET OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	2,922,301	7,362,835	4,440,534	3,465,283
Depreciation and Amortization	11,144,192	10,433,002	711,190	10,734,663
OPERATING INCOME (LOSS)	(8,221,891)	(3,070,167)	5,151,724	(7,269,380)
NONOPERATING REVENUES (EXPENSES):				
Interest Income	360,566	2,334,303	1,973,737	675,281
Net increase/(decrease) in fair value of investments	-	1,802,147	1,802,147	2,088,843
Passenger facility charges	4,099,146	4,149,518	50,372	3,663,753
Interest expense and fiscal charges	(295,109)	(308,568)	(13,459)	(356,460)
Gain/(Loss) on disposition of capital assets	-	6,850	6,850	-
Other nonoperating revenues (expenses)	-	35,641	35,641	(169,685)
Total nonoperating revenues (expenses)	4,164,603	8,019,890	3,855,287	5,901,732
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(4,057,288)	4,949,724	9,007,012	(1,367,648)
CAPITAL CONTRIBUTIONS:				
Federal	-	10,257,298	10,257,298	1,093,776
State	-	471,135	471,135	49,846
Total capital contributions	-	10,728,433	10,728,433	1,143,622
INCREASE (DECREASE) IN NET POSITION	\$ (4,057,288)	\$ 15,678,157	\$ 19,735,445	(224,026)
TOTAL NET POSITION, (BEGINNING)		505,171,016		471,956,349
TOTAL NET POSITION, (ENDING)		\$ 520,849,173		\$ 471,732,323

**TUCSON AIRPORT AUTHORITY
STATEMENT OF NET POSITION**

ASSETS	March-24	March-23
CURRENT ASSETS		
Unrestricted assets:		
Cash and cash equivalents	90,155,184	28,610,539
Investments	49,397,479	101,867,298
Accounts receivable, net of allowance for doubtful accounts	992,149	6,678,601
Accrued interest receivable	187,588	238,279
Grants receivable	14,465,807	3,732,133
Short-Term lease receivable	4,109,048	5,040,303
Inventories	425,465	445,747
Prepaid expenses and other assets	766,658	618,162
Total unrestricted current assets	<u>160,499,378</u>	<u>147,231,062</u>
Restricted assets:		
Cash and cash equivalents	19,721,931	5,016,761
Investments	12,257,307	21,606,353
Accounts receivable	1,254,316	1,126,562
Accrued interest receivable	46,409	57,772
Total restricted current assets	<u>33,279,963</u>	<u>27,807,448</u>
Total current assets	<u>193,779,341</u>	<u>175,038,510</u>
Noncurrent assets:		
Unrestricted assets:		
Long-Term lease receivable	77,179,062	80,137,980
Right of use assets	665,361	571,936
Capital assets		
Not depreciated	168,883,999	151,437,471
Depreciated, net	<u>218,996,570</u>	<u>211,262,506</u>
Net capital assets	<u>387,880,569</u>	<u>362,699,977</u>
Total unrestricted noncurrent assets	<u>465,724,992</u>	<u>443,409,893</u>
Total noncurrent assets	<u>465,724,992</u>	<u>443,409,893</u>
TOTAL ASSETS	<u>659,504,333</u>	<u>618,448,403</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows from pensions	<u>5,599,775</u>	<u>5,599,775</u>
Total deferred outflows of resources	<u>5,599,775</u>	<u>5,599,775</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>665,104,108</u>	<u>624,048,178</u>

**TUCSON AIRPORT AUTHORITY
STATEMENT OF NET POSITION**

LIABILITIES & NET ASSETS (Con't)

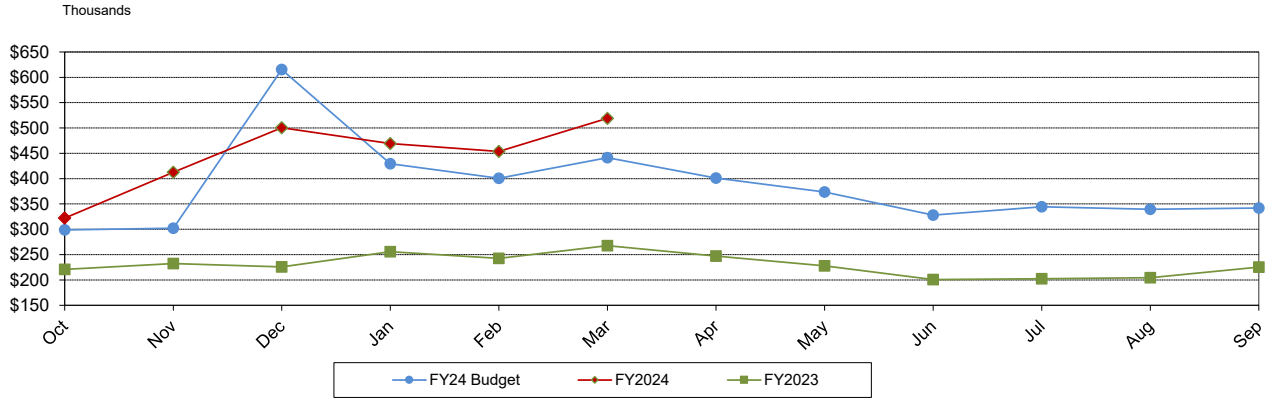
LIABILITIES	March-24	March-23
CURRENT LIABILITIES		
Payable from unrestricted assets:		
Accounts payable	797,256	880,125
Accrued expenses	3,038,299	2,865,779
Unearned revenue	2,442,501	1,466,870
Construction contracts payable	(3)	-
Short-Term subscription payables	189,802	220,302
Current portion of environmental remediation payable	1,532,714	2,735,215
Current portion of bonds payable:		
Airport Subordinate Lien Revenue Bonds, Series 2018	1,660,000	1,610,000
Total payable from unrestricted assets	9,660,569	9,778,291
 Payable from restricted assets		
Accrued interest payable:		
Airport Subordinate Lien Revenue Bonds, Series 2018	-	-
	-	-
Current portion of environmental remediation payable	1,517,081	572,412
Total payable from restricted assets	1,517,081	572,412
Total current liabilities	11,177,650	10,350,703
 NONCURRENT LIABILITIES		
Payable from unrestricted assets		
Bonds payable, net of current portion:		
Airport Subordinate Lien Revenue Bonds, Series 2018	16,755,666	20,163,396
Long-Term subscription payables	21,367	169,306
Net pension liability	20,039,902	20,039,902
Environmental Remediation Payable, net of current portion	15,216,302	16,520,990
Total payable from unrestricted assets	52,033,237	56,893,594
Total noncurrent liabilities	52,033,237	56,893,594
 TOTAL LIABILITIES	63,210,887	67,244,297

**TUCSON AIRPORT AUTHORITY
STATEMENT OF NET POSITION**

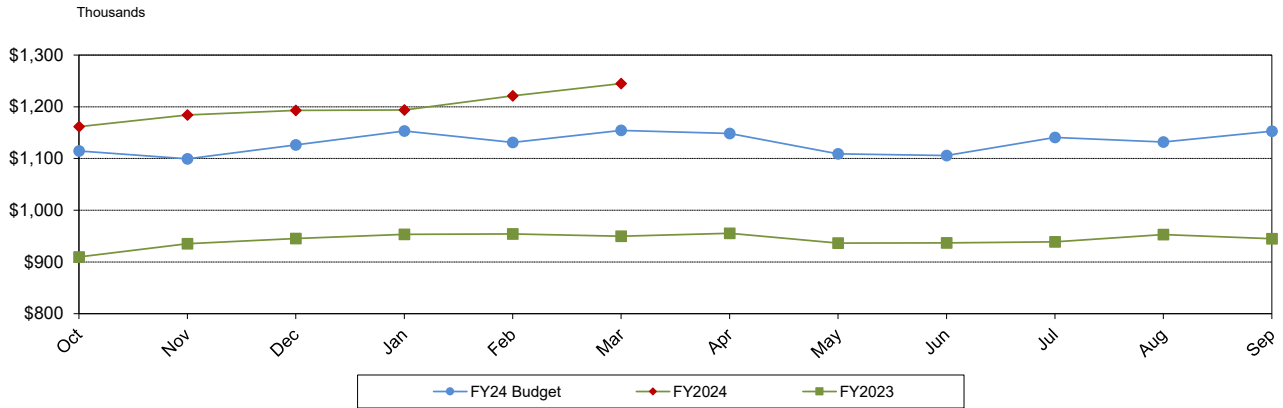
LIABILITIES & NET ASSETS (Con't)

	March-24	March-23
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows from pensions	1,192,681	1,192,679
Deferred inflows from leases-ST	4,245,029	5,147,626
Deferred inflows from leases-LT	75,606,338	78,731,253
TOTAL DEFERRED INFLOWS OF RESOURCES	81,044,048	85,071,557
NET POSITION		
Net Investment in capital assets	369,464,903	340,926,581
Restricted:		
Debt service	-	0
Capital projects	33,279,963	27,807,448
	33,279,963	27,807,448
Unrestricted	118,104,307	102,998,294
TOTAL NET POSITION	520,849,173	471,732,323
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	665,104,108	624,048,177

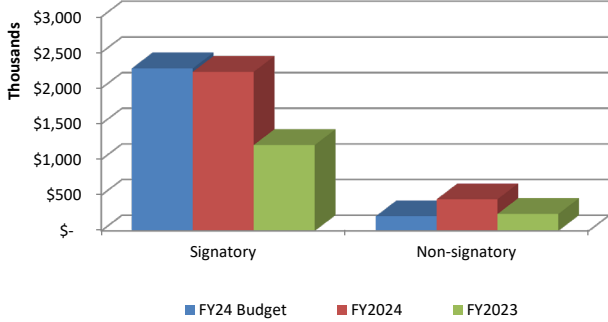
Landing Fees



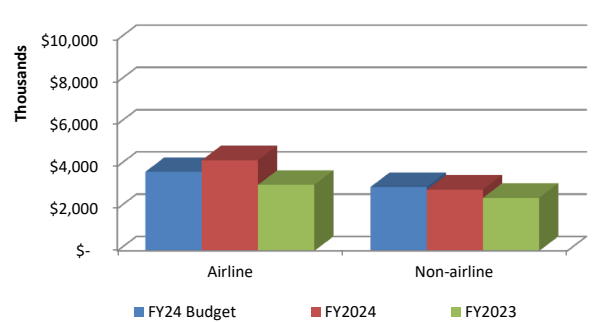
Space Rentals



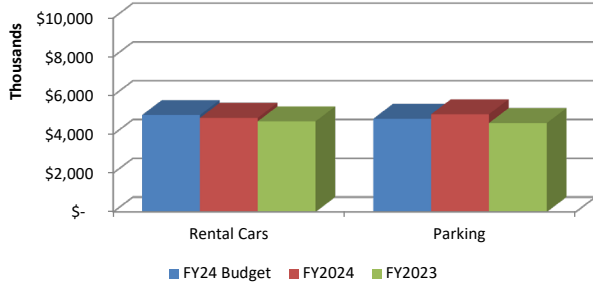
YTD Landing Fees



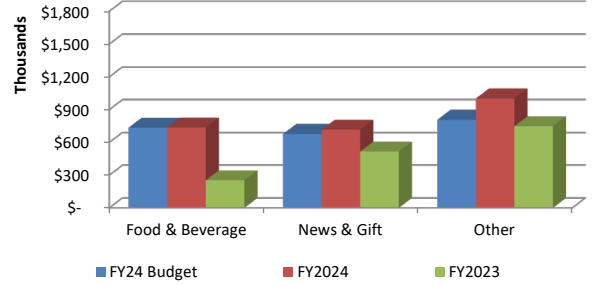
YTD Space Rentals



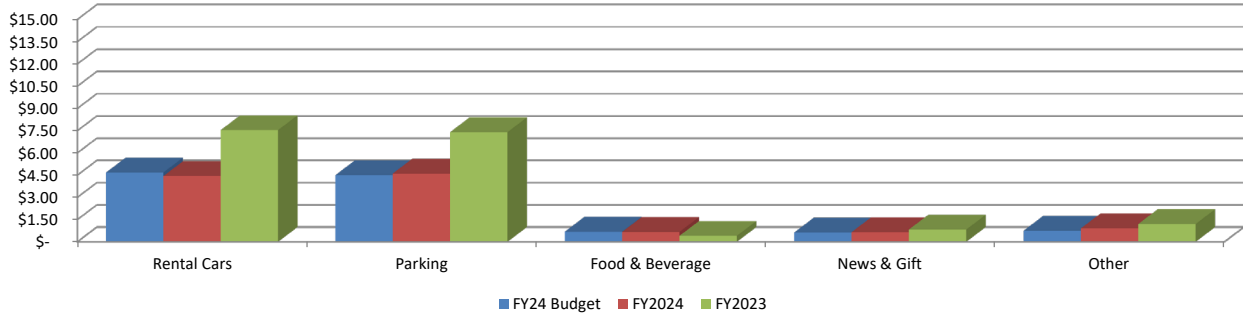
YTD Concession Revenue



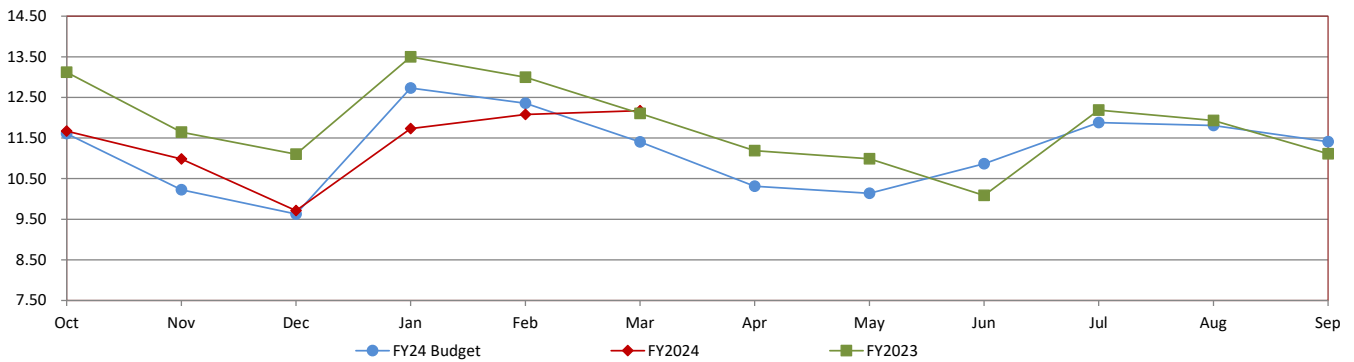
YTD Concession Revenue



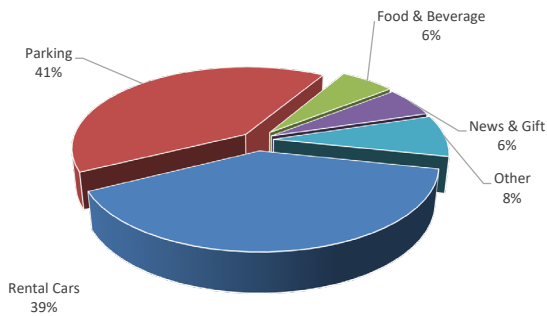
Year-to-Date Concession Revenue per Enplaned Passenger



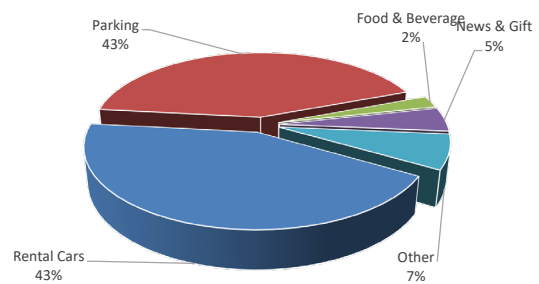
Monthly Concession Revenue per Enplaned Passenger



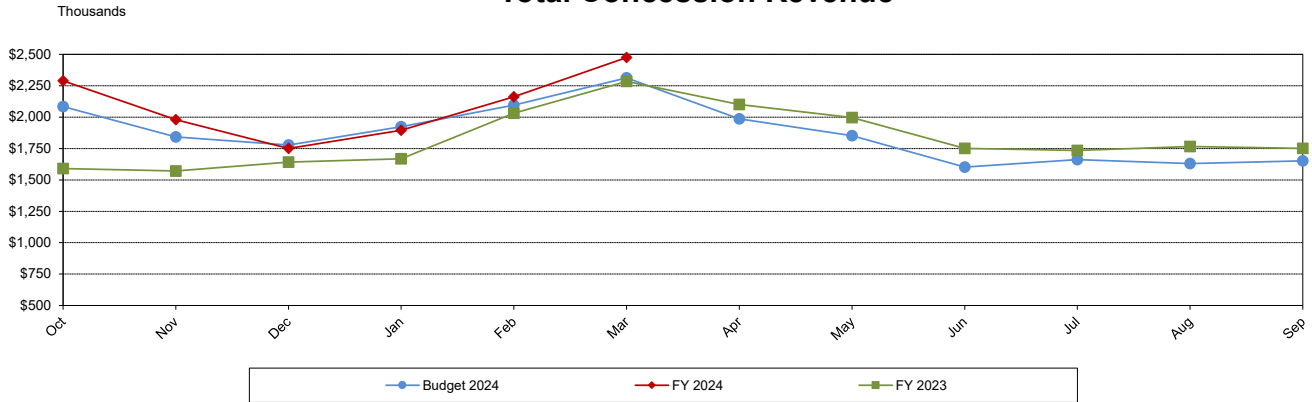
FY-2024 YTD Concession Revenue



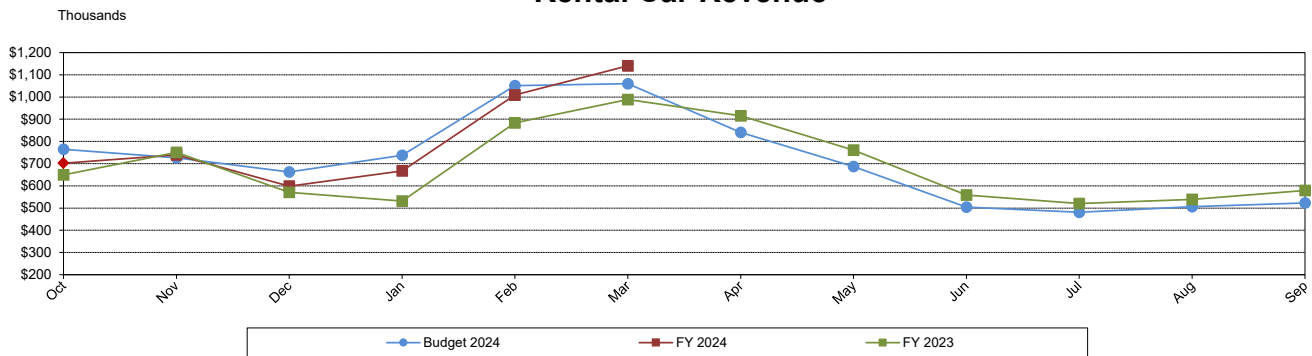
FY-2023 YTD Concession Revenue



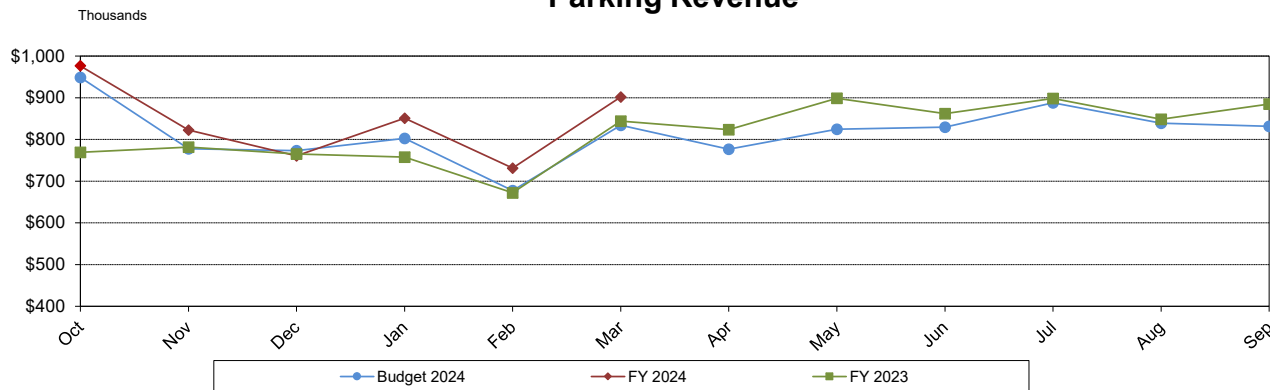
Total Concession Revenue

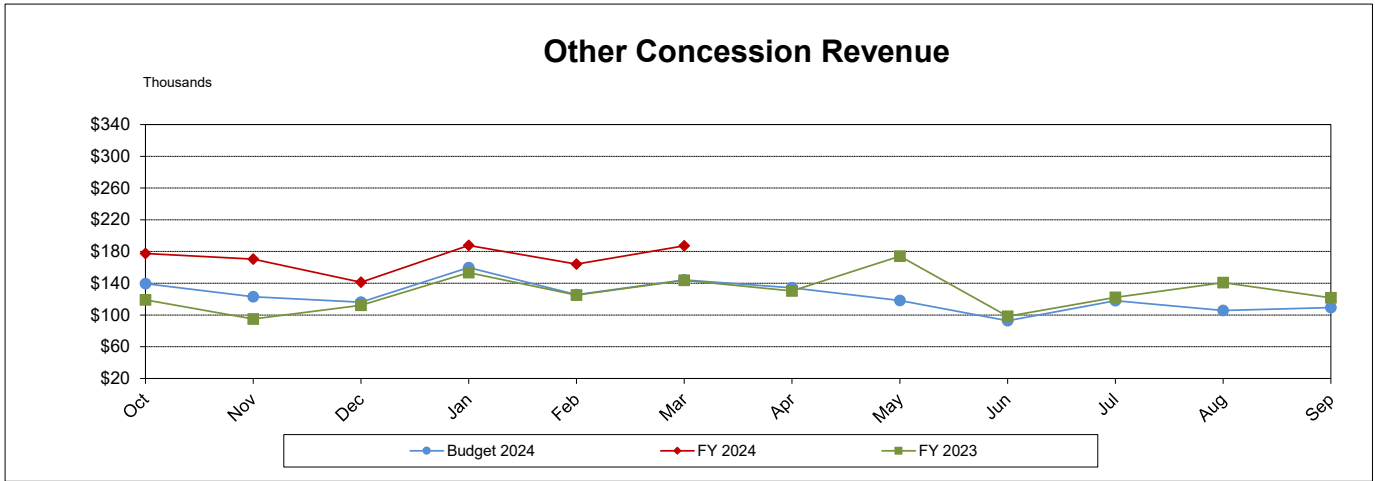
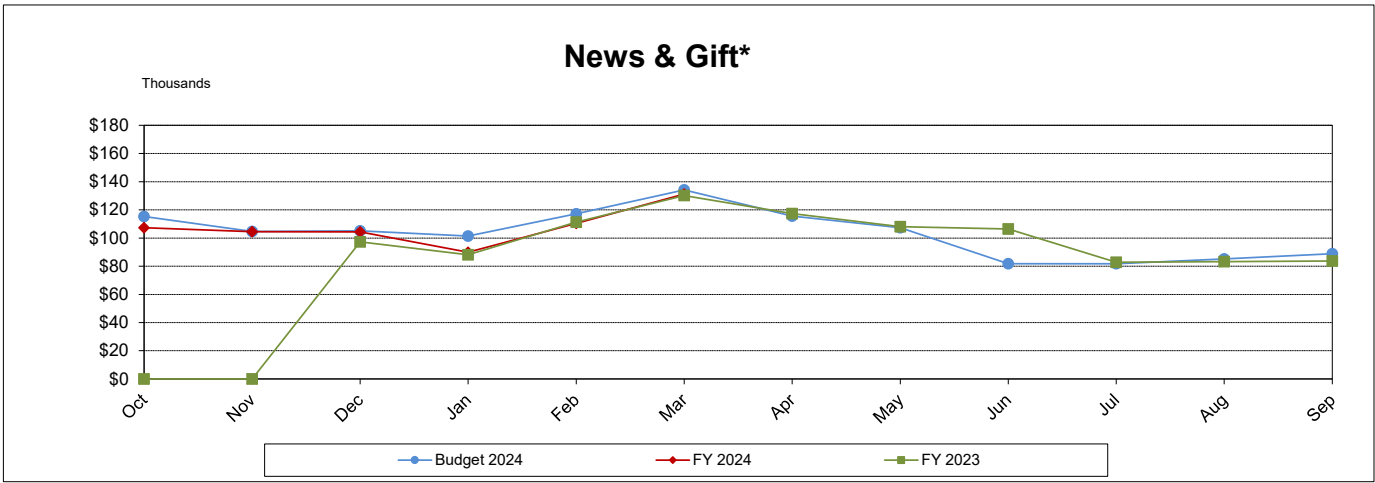
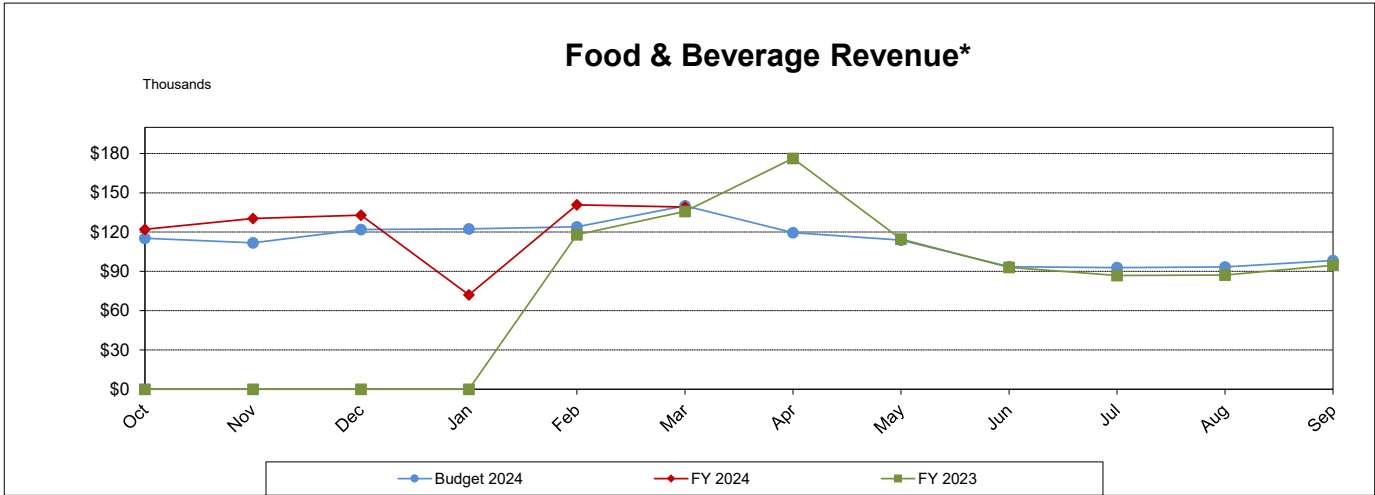


Rental Car Revenue



Parking Revenue

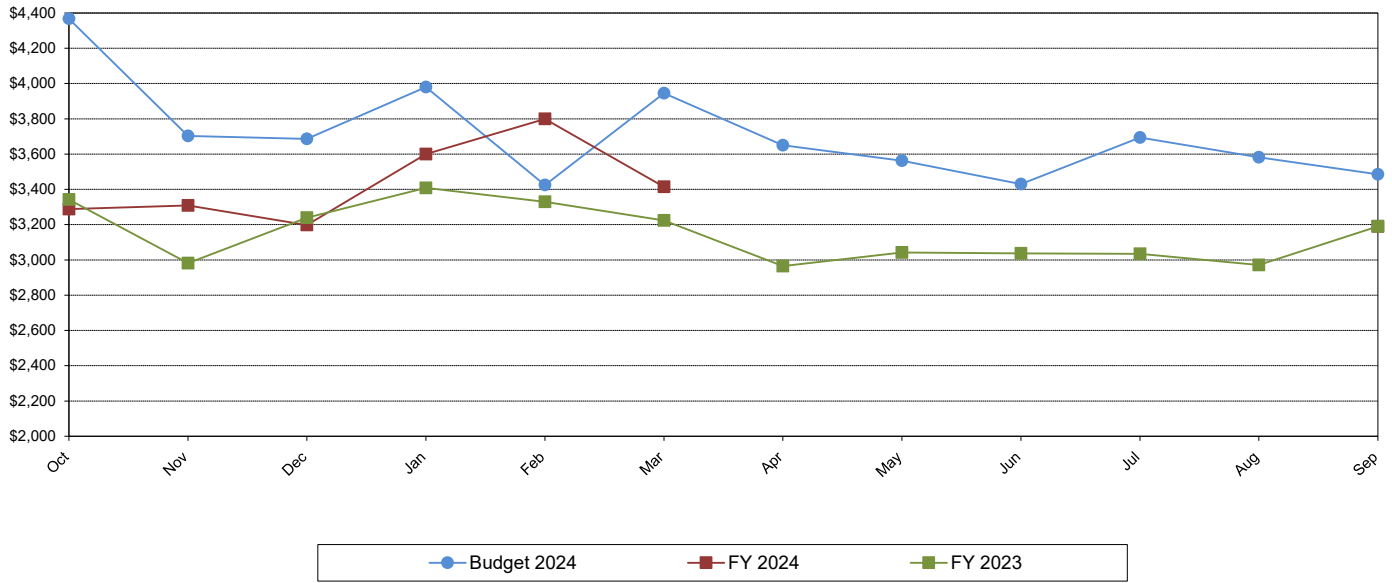




* Minimum Annual Guarantees were waived from April 2020 to September 2021. Additionally, TAA provided monthly invoice credits for concession tenants beginning in September 2022, in accordance with the ARPA concession relief plan submitted to the FAA. These credits will appear as reimbursements from the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

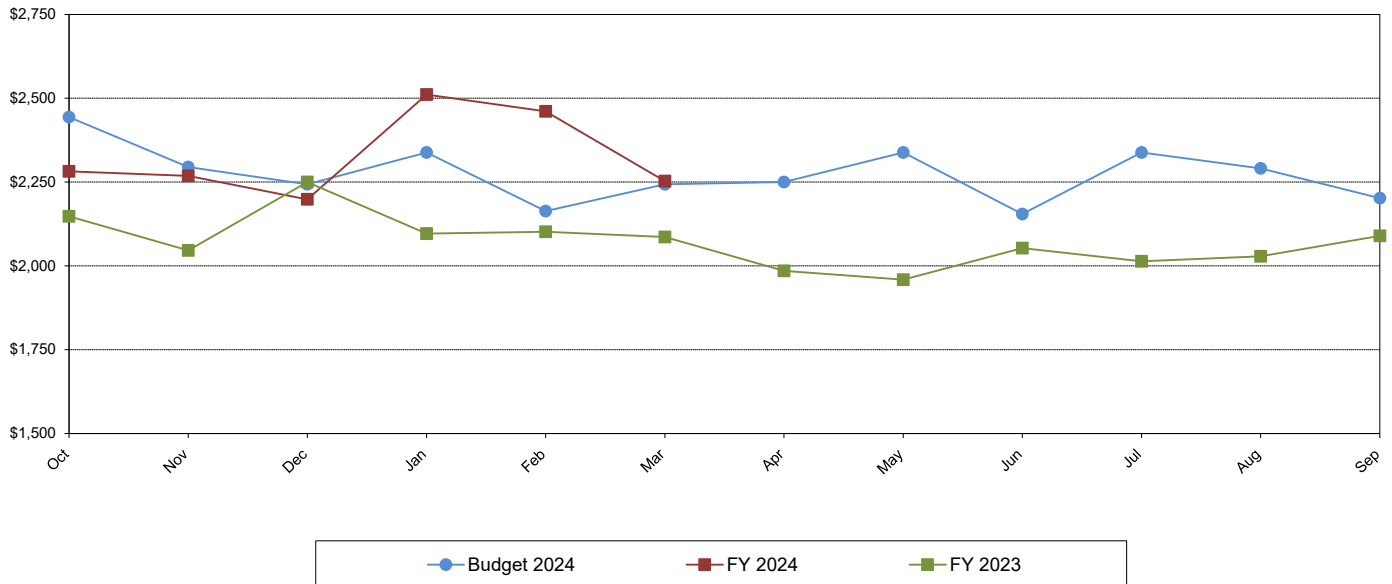
Total Operating Expenses

Thousands



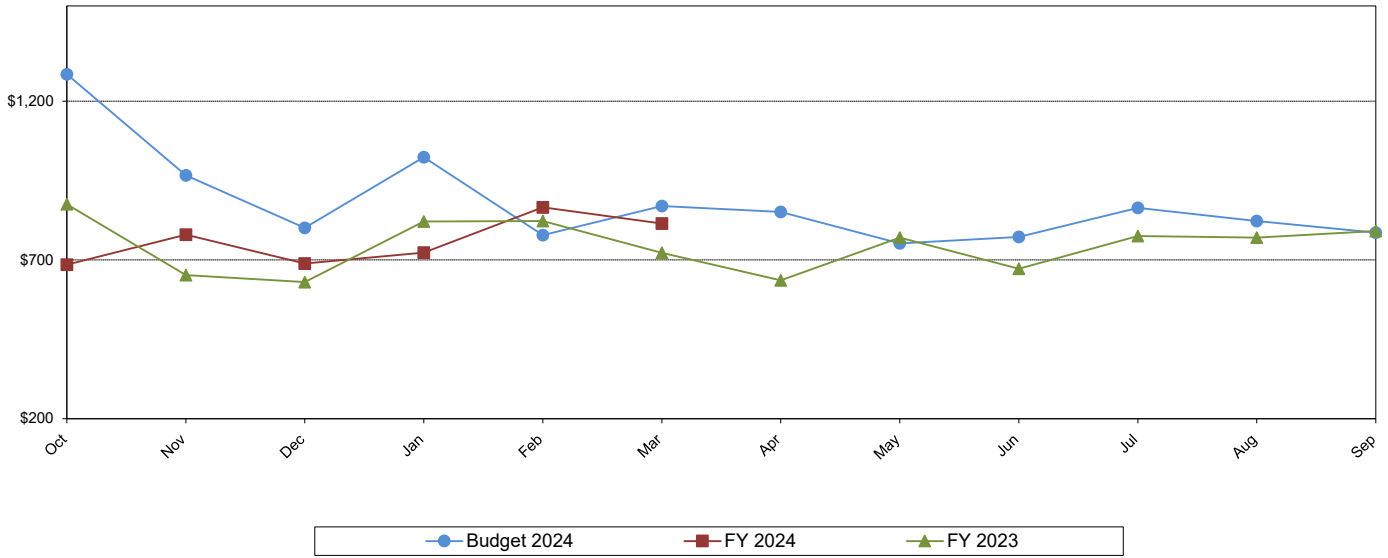
Personnel Expenses

Thousands



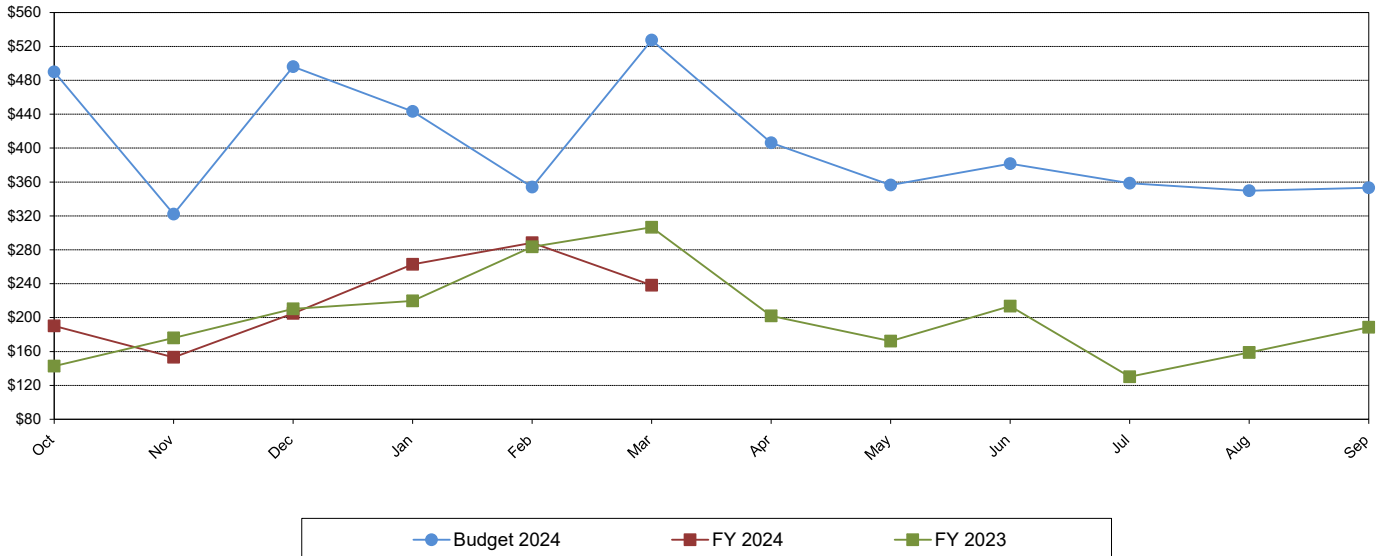
Contractual Services

Thousands



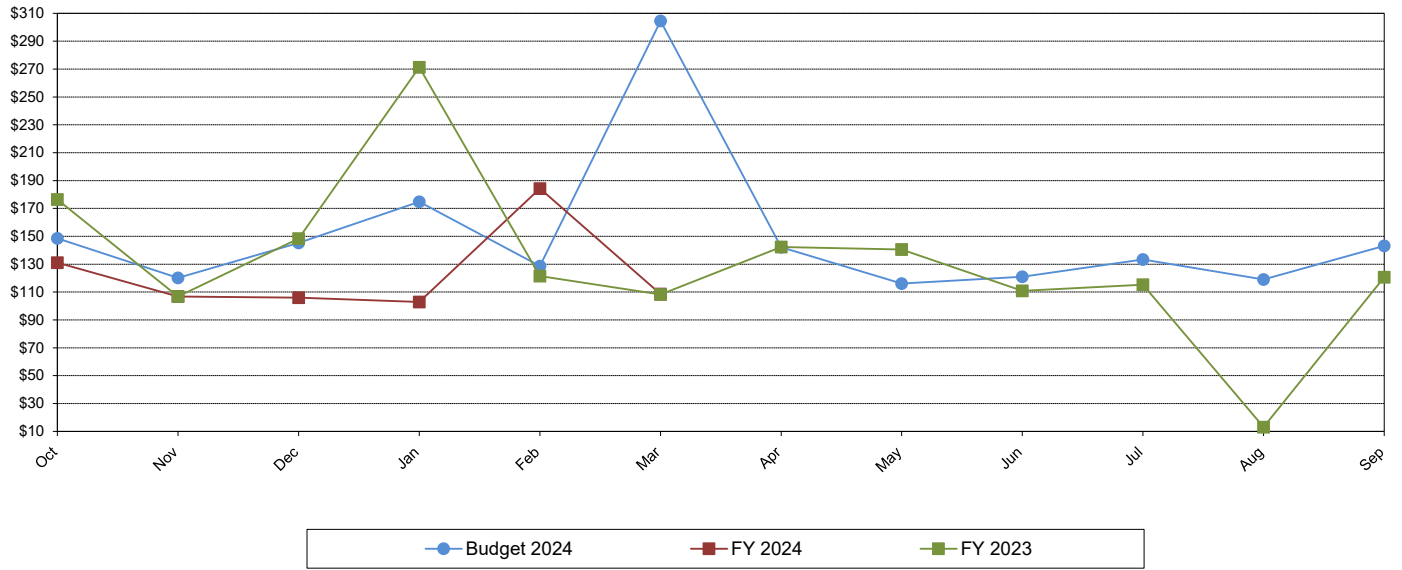
Materials and Supplies

Thousands

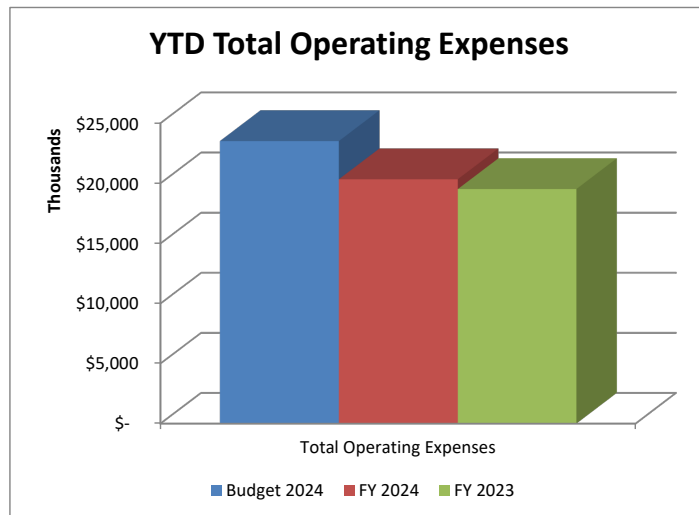
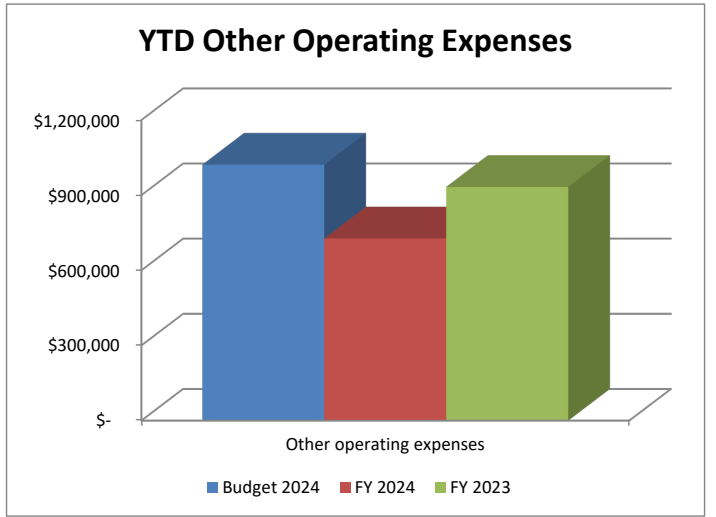
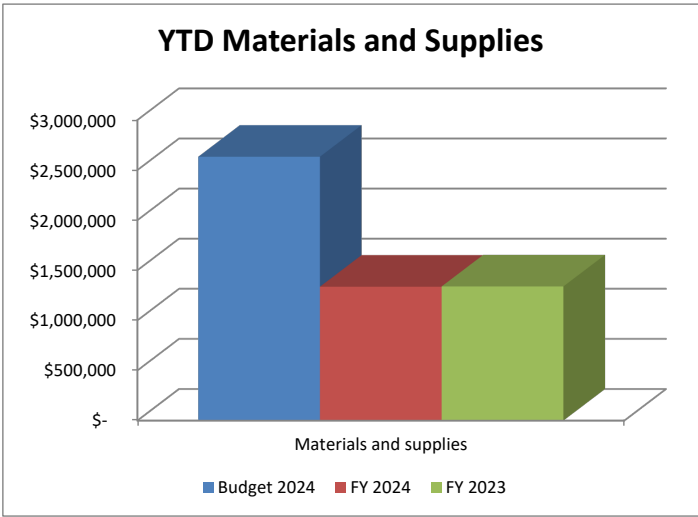
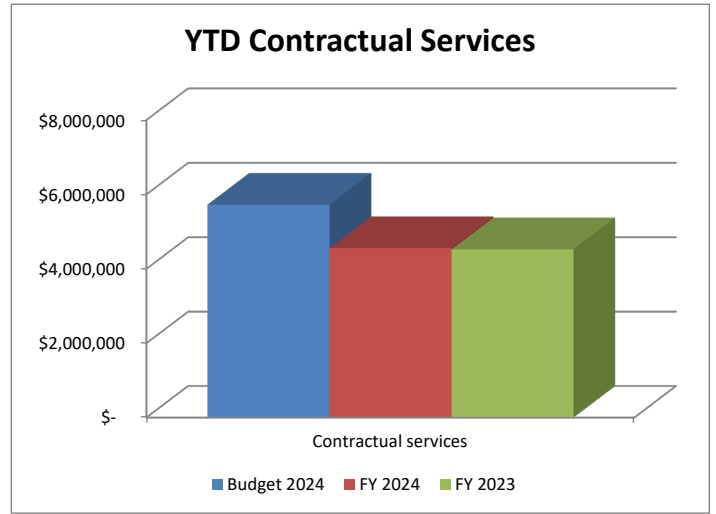
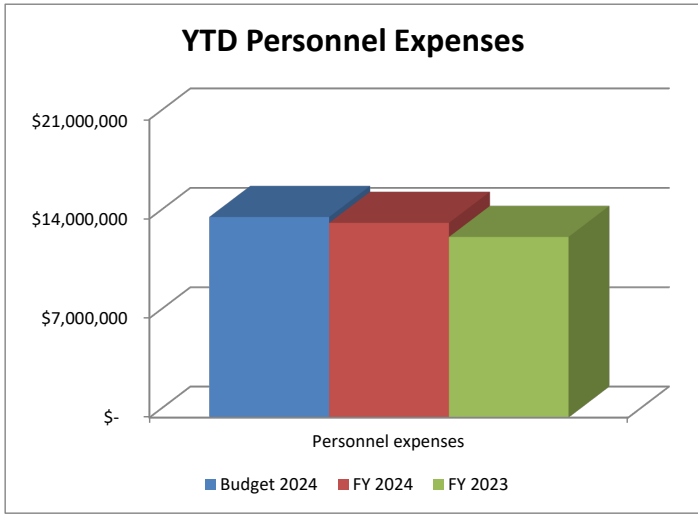


Other Operating Expenses*

Thousands



* January 2023 includes an un-budgeted one-time payment of \$110K for the repair of the metal panels of the damaged departure-level overhang.



Date: June 5, 2024

To: Board of Directors
From: Kim Allison, Chief Financial Officer
Re: Aviation Activity and Statistics for March 2024

Total Passengers (YTD vs prior year):

- Total passengers for the month of March 2024 were 6.1% higher than prior year.
- Total passengers year-to-date through March 2024 were 9.1% higher than the same period last year.
- Overall, March 2024 was TAA's busiest travel month in the last ten (10) years.

Average Daily Scheduled Departures (YTD vs prior year, changes by routes & carrier):

- The month of March 2024 had an average daily departure count of 59.2, which is 8.4 higher than March 2023.

Average Daily Seat capacity (YTD vs prior years):

- Seat capacity for March 2024 was 5.2% higher than March 2023.
- YTD, seat capacity was 4.2% higher than the same period in 2023.
- Up-gauged aircraft is driving this increase in capacity.

Load Factors (MTD & YTD vs prior years):

- The load factor for March 2024 was 88.3%, which is 1.0% higher than March 2023.
- YTD, the load factor was 89.0%, which is 6.4% higher than the same period in 2023.

Aircraft Operations (MTD & YTD vs prior year):

- Freight, measured in pounds, is 14.7% lower in March compared to the same month last year. Cargo activity is trending down industry wide affecting airports across the nation.
- Total aircraft operations were 23.4% lower in March than the same month last year, with decreases in all aircraft operations categories except air carrier. General Aviation aircraft was diverted from TUS to RYN due to the ASE program activity going on at TUS. Military operations are down from last year due to fluctuations in training of international pilots.
- Year-to-date operations are 19.0% lower compared to prior year, with decreases in all aircraft operations categories except air carrier.

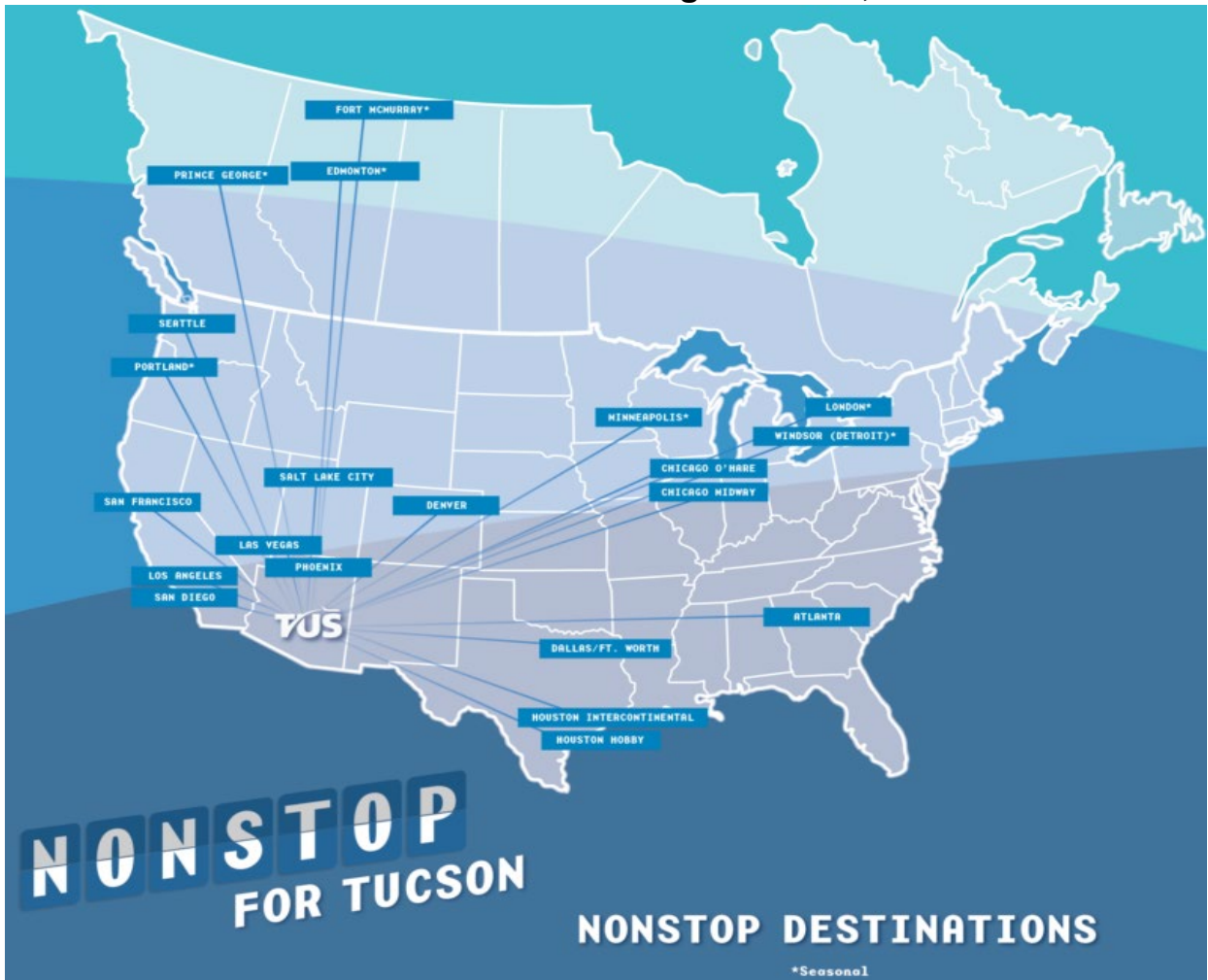
TUCSON AIRPORT AUTHORITY
TUS PASSENGER ACTIVITY



AVIATION ACTIVITY REPORTS

Tucson International Airport (TUS)

For the six months ending March 31, 2024



*Prepared by Tucson Airport Authority
Finance Department*

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

PASSENGERS*				Fiscal YTD		
	Mar-24	Mar-23	% CHANGE	2024	2023	% CHANGE
ENPLANED	203,281	191,048	6.4%	1,093,317	972,109	12.5%
DEPLANED	194,728	184,070	5.8%	999,749	946,838	5.6%
TOTAL	398,009	375,118	6.1%	2,093,066	1,918,947	9.1%

*Passenger figures include non-revenue passengers.

LANDED WEIGHT**

AIR CARGO	13,509	15,140	-10.8%	78,218	78,270	-0.1%
AIR CARRIER	215,625	200,111	7.8%	1,147,616	1,081,400	6.1%
TOTAL	229,134	215,251	6.4%	1,225,834	1,159,670	5.7%

**In thousand pound units.

FREIGHT (in pounds)

ENPLANED	2,398,773	2,845,745	-15.7%	14,267,619	15,280,518	-6.6%
DEPLANED	2,524,516	2,926,227	-13.7%	15,730,981	16,535,484	-4.9%
TOTAL	4,923,289	5,771,972	-14.7%	29,998,600	31,816,002	-5.7%

MAIL (in pounds)

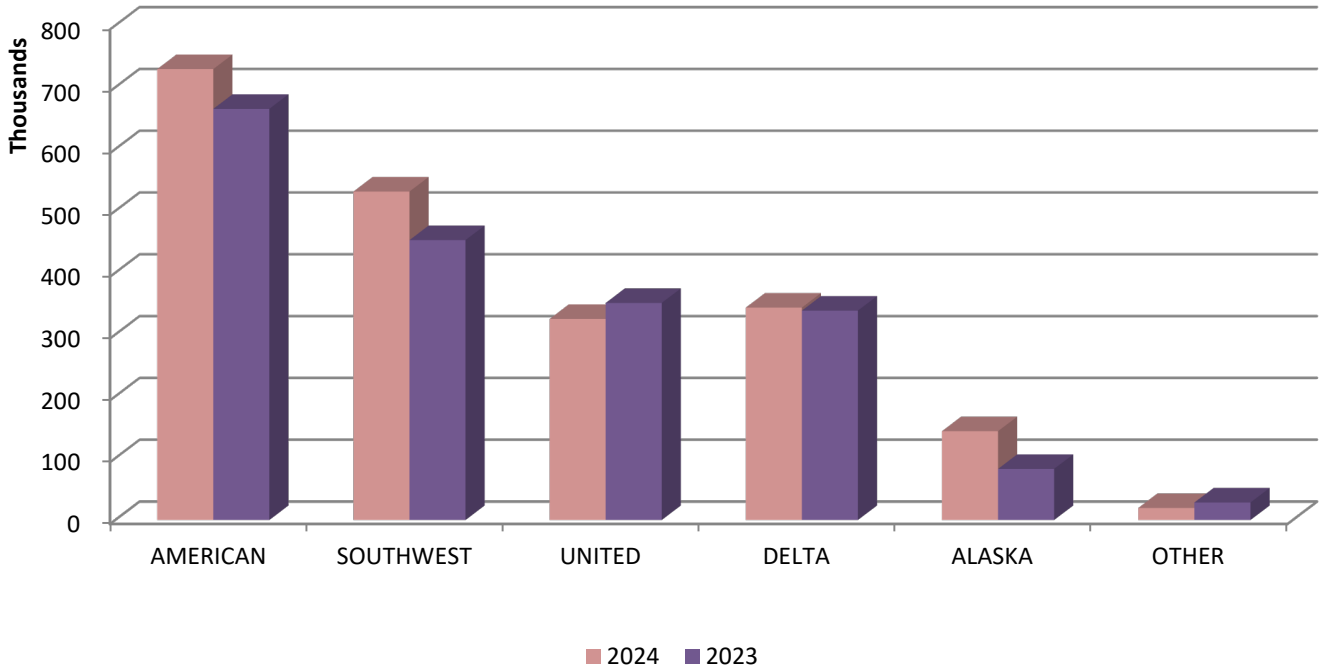
ENPLANED	0	30	-100.0%	0	192	-100.0%
DEPLANED	0	0	0.0%	0	196	-100.0%
TOTAL	0	30	-100.0%	0	388	-100.0%

AIRCRAFT OPERATIONS

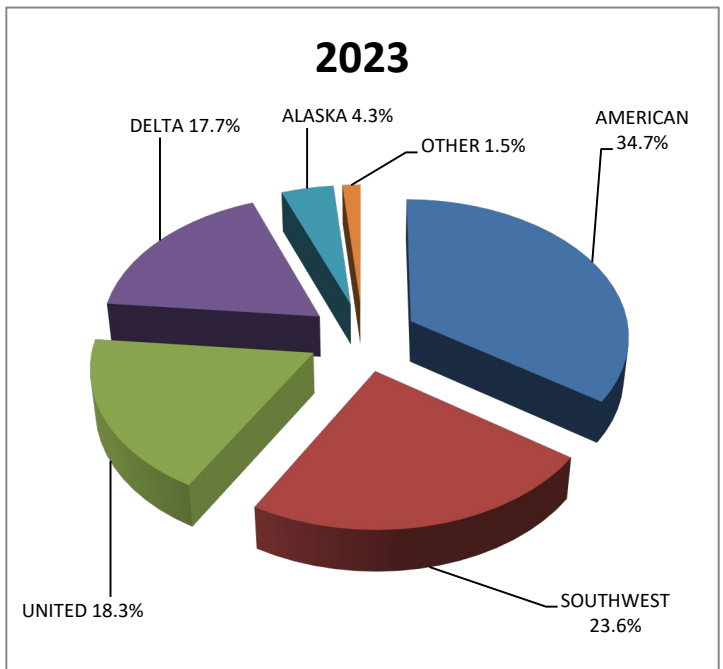
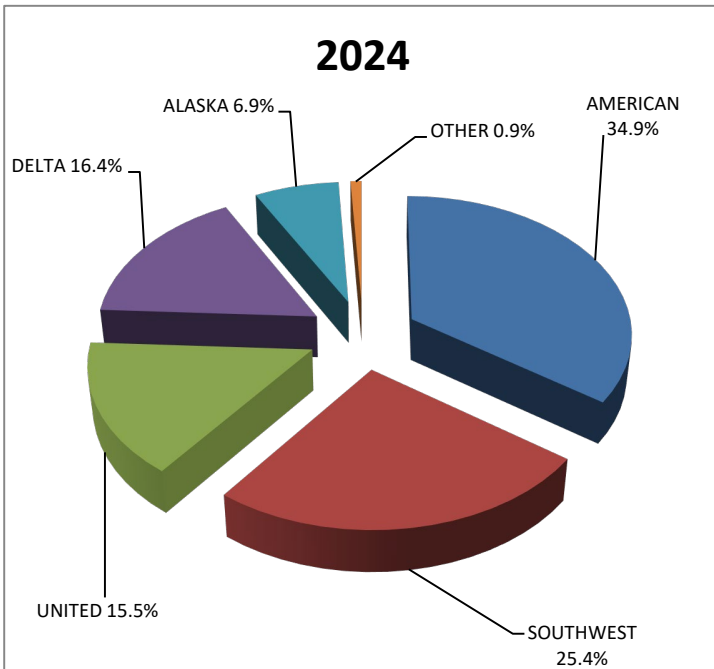
AIR CARRIER	4,025	3,447	16.8%	21,230	18,289	16.1%
AIR TAXI	2,054	3,555	-42.2%	10,688	12,460	-14.2%
MILITARY	1,420	2,966	-52.1%	8,374	14,120	-40.7%
GENERAL AVIATION	3,641	4,567	-20.3%	23,610	34,061	-30.7%
TOTAL	11,140	14,535	-23.4%	63,902	78,930	-19.0%

TUCSON AIRPORT AUTHORITY TUS PASSENGER ACTIVITY

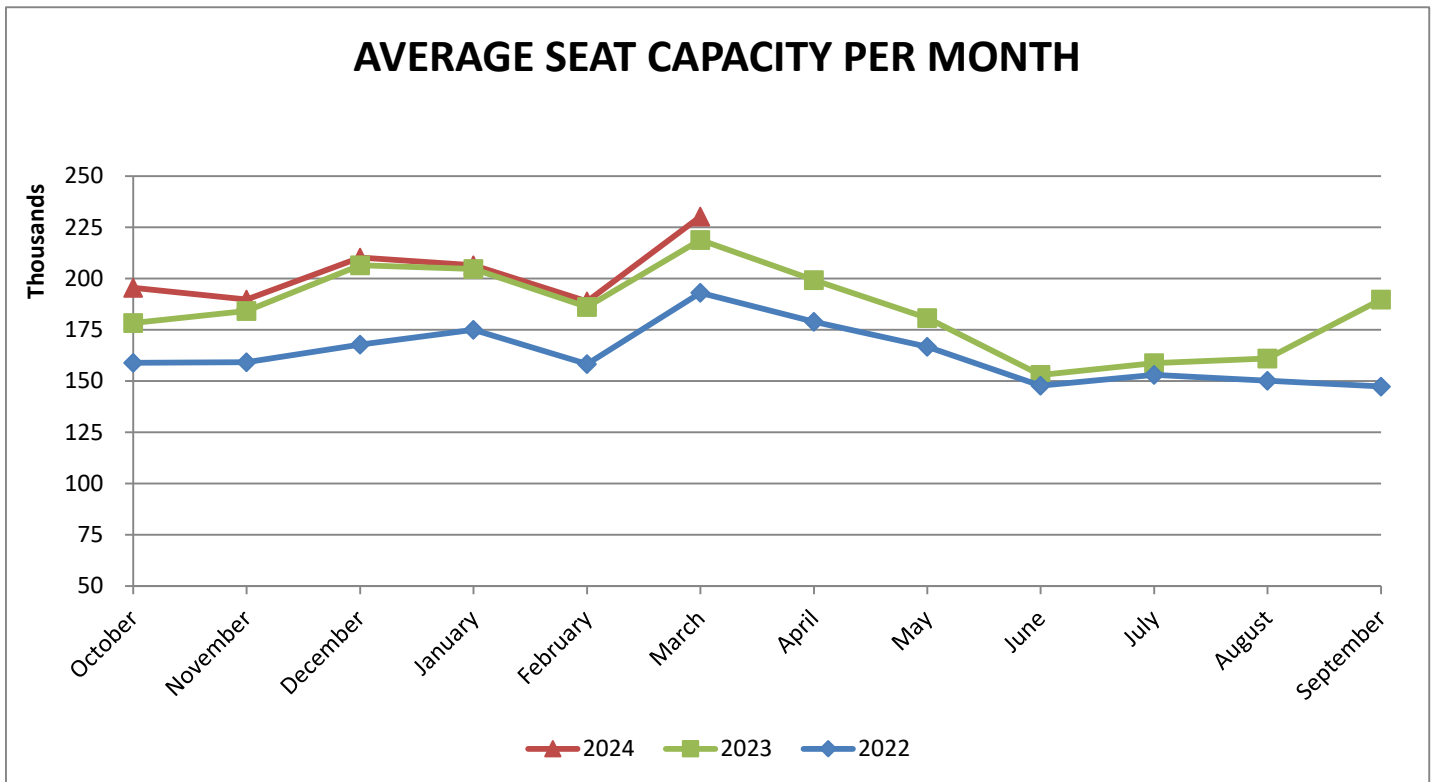
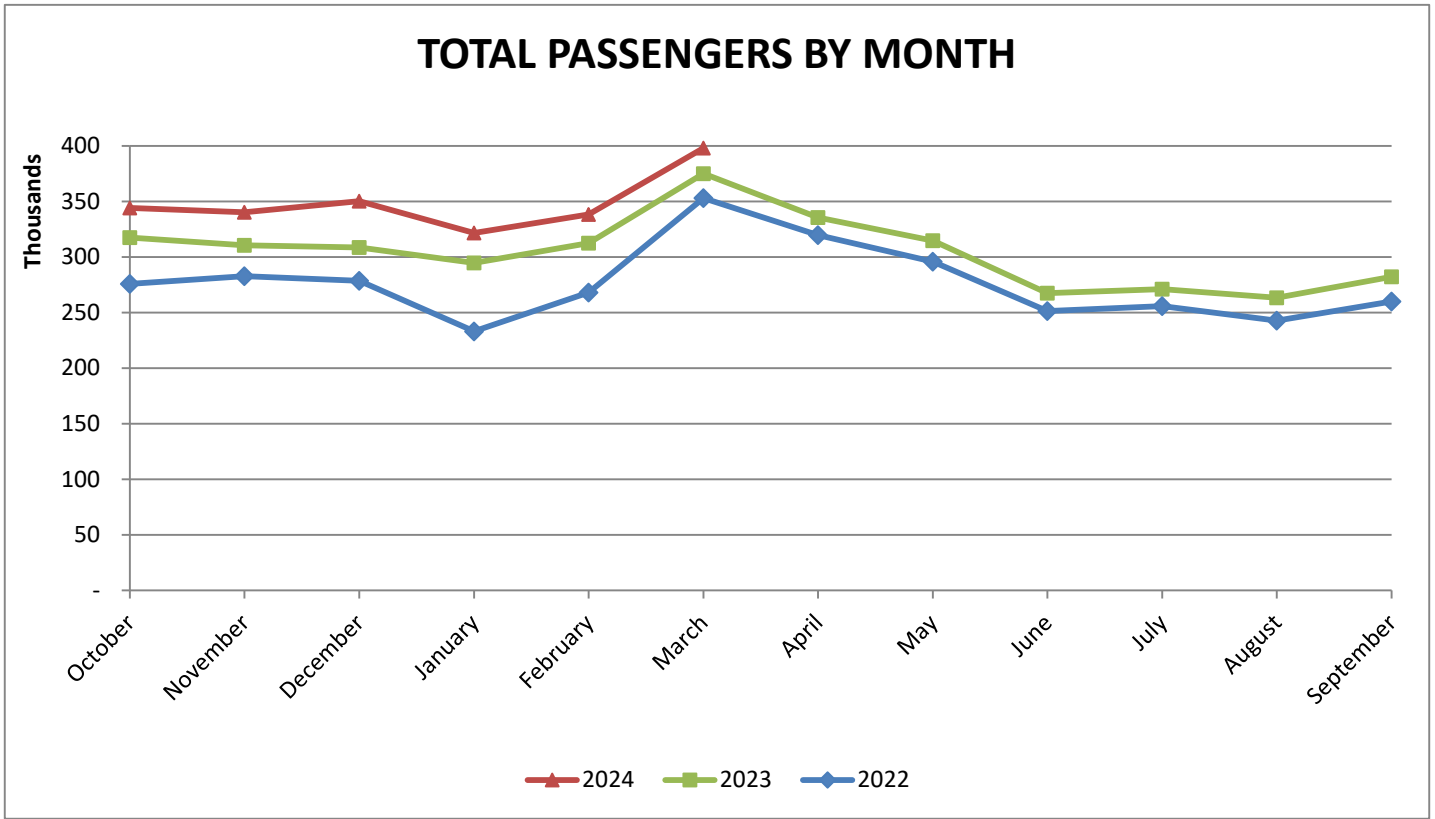
TOTAL PASSENGERS YTD BY AIR CARRIER



AIR CARRIER MARKET SHARE

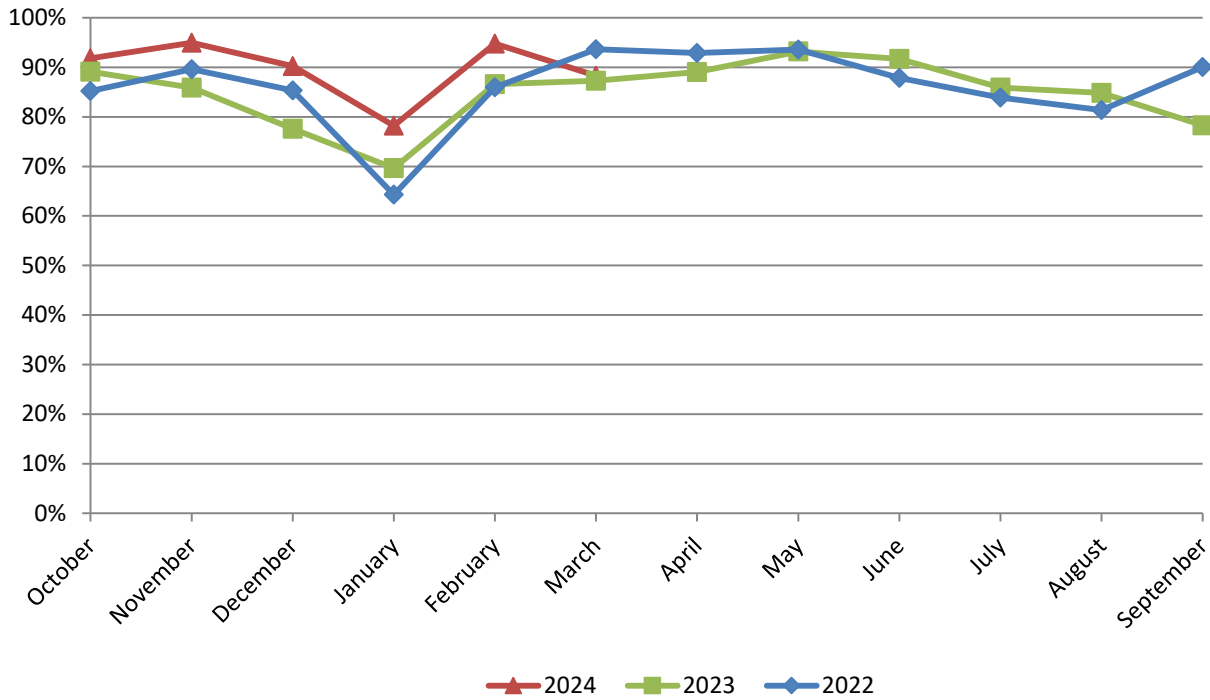


TUCSON AIRPORT AUTHORITY TUS PASSENGER ACTIVITY



TUCSON AIRPORT AUTHORITY TUS PASSENGER ACTIVITY

LOAD FACTORS (TOTAL ENPLANEMENTS / AVAILABLE SEATS)



MONTHLY FLIGHT SCHEDULE SUMMARY



NONSTOP DESTINATIONS and Airline	Code	Average Daily Departures			Average Daily Seats		
		Current		Difference	Current Year		Difference
		Year	Prior Year		Prior Year	Difference	
ATLANTA <i>Delta (2.8)</i>	ATL	2.8	2.8	0.0	542	542	0
CHICAGO MIDWAY <i>Southwest (1.0)</i>	MDW	1.0	0.3	0.7	169	53	116
CHICAGO O'HARE <i>American (1.9) United (1.5)</i>	ORD	3.4	2.7	0.7	537	442	95
DENVER <i>United (4.0), Southwest (3.7)</i>	DEN	7.7	6.9	0.8	1,062	1,049	13
DALLAS/FT WORTH <i>American (7.0)</i>	DFW	7.0	5.7	1.3	1,204	1,084	120
DALLAS LOVE FIELD <i>Southwest (0.3)</i>	DAL	0.3	0.0	0.3	52	0	52
HOUSTON HOBBY <i>Southwest (1.0)</i>	HOU	1.0	0.9	0.1	150	135	15
HOUSTON BUSH <i>United (2.0)</i>	IAH	2.0	2.8	(0.8)	239	445	(206)
LAS VEGAS <i>Southwest (3.6)</i>	LAS	3.6	3.0	0.6	568	496	72
LOS ANGELES <i>American (3.0), Delta (2.9), Southwest (1.0)</i>	LAX	7.0	6.7	0.3	562	609	(47)
LOS ANGELES/SANTA ANA <i>Alaska (1.0)</i>	SNA	1.0	0.0	1.0	76	0	76
MINNEAPOLIS <i>Delta (1.0), Sun Country (0.6)</i>	MSP	1.6	1.3	0.3	265	219	46
PORTLAND <i>Alaska (1.0)</i>	PDX	1.0	1.0	0.0	76	76	0
PHOENIX <i>American (9.3)</i>	PHX	9.3	6.0	3.3	776	816	(40)
SAN DIEGO <i>Southwest (1.8)</i>	SAN	1.8	1.1	0.7	279	175	104
SAN FRANCISCO <i>United (2.2)</i>	SFO	2.2	3.0	(0.8)	159	221	(62)
SALT LAKE CITY <i>Delta (3.0)</i>	SLC	3.0	3.0	0.0	226	224	2
SEATTLE/TACOMA <i>Alaska (1.8), Delta (1.0)</i>	SEA	2.8	2.5	0.3	429	321	108
SEATTLE/EVERETT <i>Alaska (0.7)</i>	PAE	0.7	0.0	0.7	56	0	56
EDMONTON INTERNATIONAL	YEG	0.0	0.3	(0.3)	0.0	51.0	(51.0)
FORT McMURRAY INTERNATIONAL	YMM	0.0	0.3	(0.3)	0.0	45.0	(45.0)
LONDON INTERNATIONAL	YXU	0.0	0.1	(0.1)	0.0	23.0	(23.0)
PRINCE GEORGE	YXS	0.0	0.2	(0.2)	0.0	28.0	(28.0)
WINDSOR INTERNATIONAL	YQG	0.0	0.2	(0.2)	0.0	28.0	(28.0)
TOTAL		59.2	50.8	8.4	7,427	7,082	345

SUMMARY	Current	Prior Year	Difference	Current Year	Prior Year	Difference
DOMESTIC	59.2	49.7	19.11%	7,427	6,907	7.53%
INTERNATIONAL	0.0	1.1	100.00%	0.0	175	100.00%
TOTAL	59.2	50.8	16.54%	7,427	7,082	4.87%

Date: June 5, 2024

To: Board of Directors
From: Austin Wright, Chief Communications Officer
Re: **June 2024 Air Service Development Update**

As expected, TUS experienced its busiest month in 16 years in March 2024, serving almost 400,000 passengers. Over the past 6 months, TUS enplanements have grown 12.5% on a year-over-year basis. Per the Department of Transportation (DOT), October 2023- March 2024, TUS enplanements grew at the 4th fastest pace among the top 75 US airports.

Solid growth is expected to continue through the summer. The current FY24 forecast shows passenger levels exceeding budget, giving TUS a FY24 total of over 3.9 million passengers.

Five of the six airlines at TUS saw year-over-year gains in March, Southwest, Alaska, and American were the fastest growing airlines at TUS.

We formally met with eleven domestic and international carriers in May at the ACI-NA JumpStart Conference in Washington D.C. We expect to follow up these sessions with more detailed business cases for specific routes at airline headquarters. Domestic growth industry-wide will be slowing over the next twelve months, but we will still be focused on Canada and Mexico opportunities.

Delayed airline delivery schedules still pose a threat to industry capacity growth in late 2024 into 2025. So far, TUS has largely been spared from schedule reductions as a result of our strong revenue performance, but most airline schedules for the fall and winter are not final.



Business and Commercial Development Division Project Updates

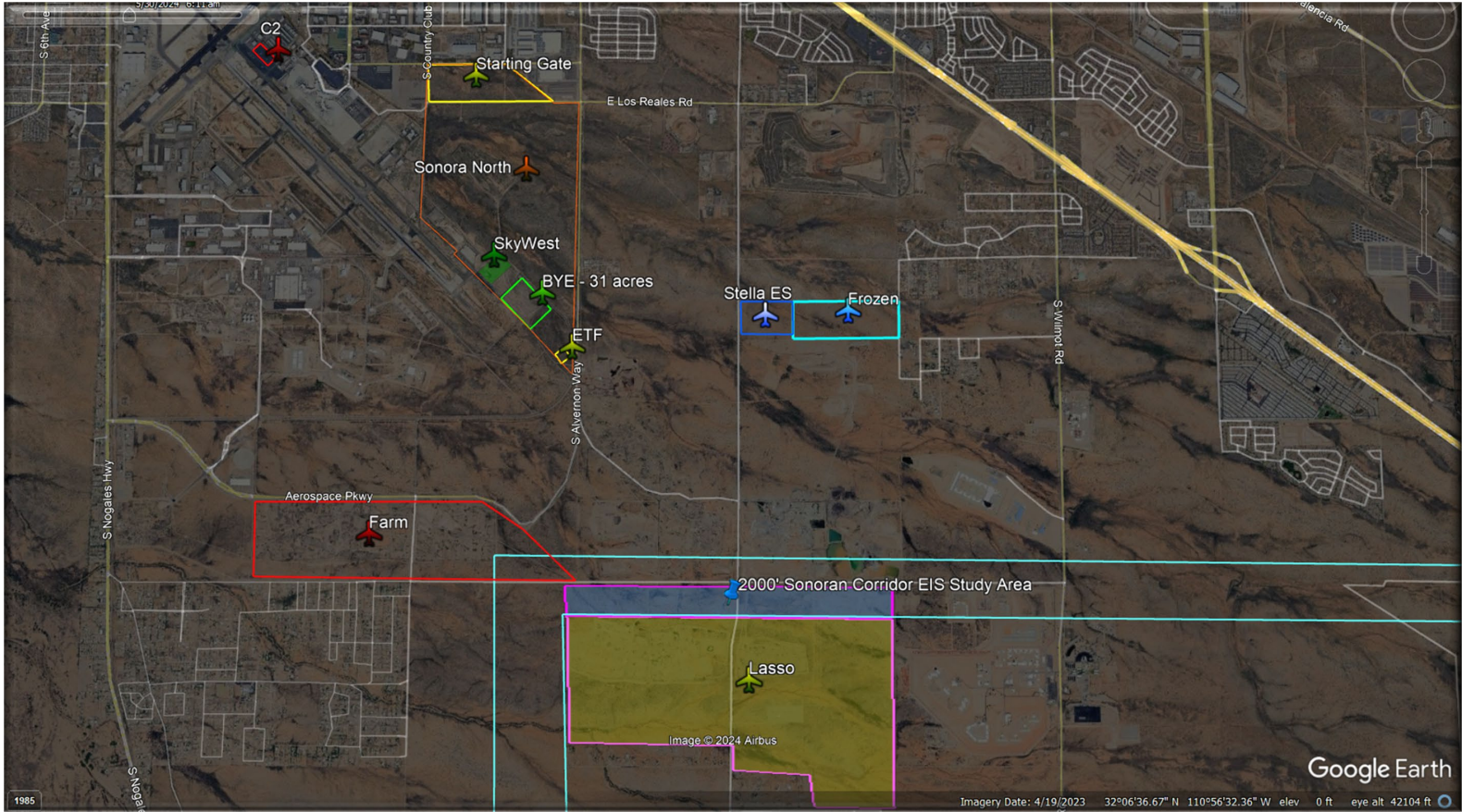
John Voorhees
Vice President | Chief Revenue Officer

June 5, 2024

BUSINESS DEVELOPMENT

- Sonoran Corridor Tier 2 EIS – continue to represent TAA priorities
- TEP Easements
 - 46 KV Easement along southern boundary of Sonora South
 - 138 KV Easement along southern boundary of Sonora West
- Mixed-Use Rezoning to Planned Area Development (Heavy Industrial Zoning)
- City of Tucson Annexation and Rezoning – Sonora South

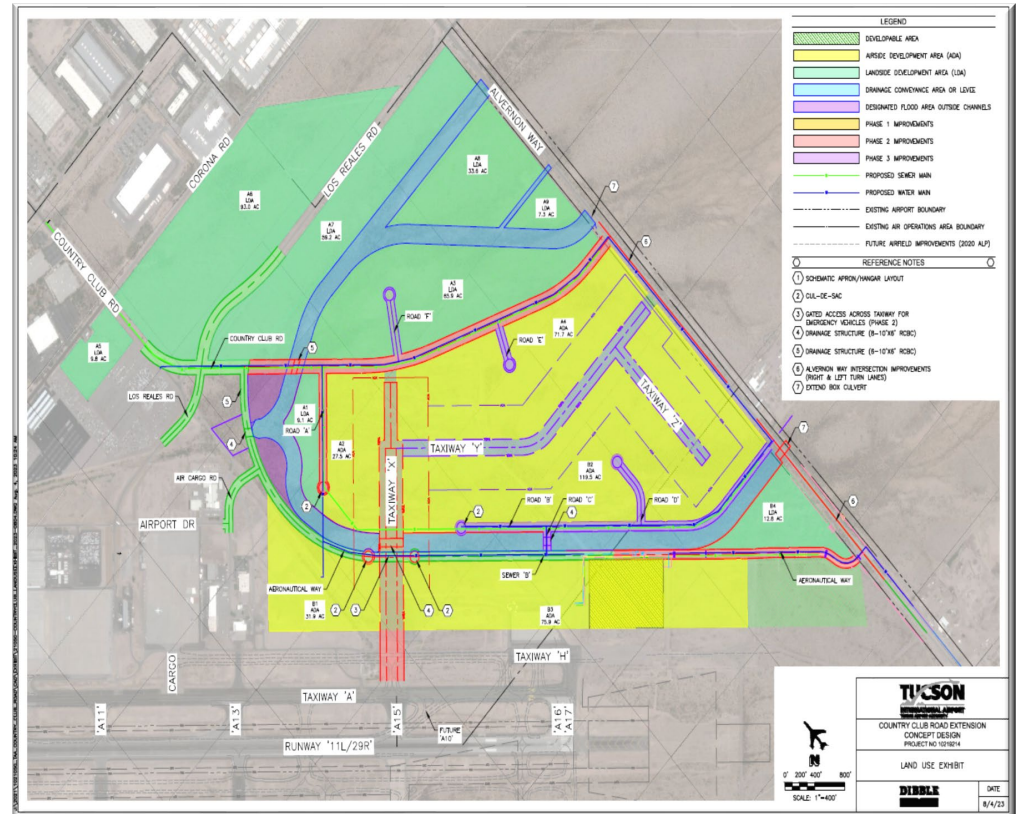
LAND DEVELOPMENT OVERVIEW



6/3/2024

SONORA NORTH EA

- **Project:** Develop 800 acres of greenfield land
- **Scope:**
 - 96+ Acre non-aeronautical development (Schnitzer Properties)
 - 150+ Acre aeronautical development
- **Status:** FAA placed EA on hold pending TAA detailed concept and finance plans (new requirement)
- **Timeline:**
 - Secure commitment from Schnitzer (June 2024)
 - Due diligence for aeronautical partners (June-September 2024)






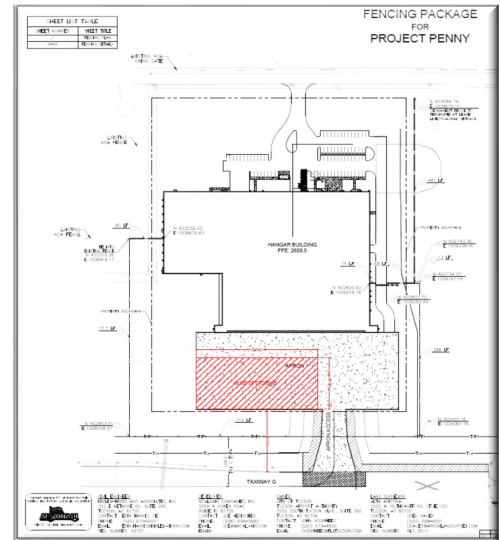
6/3/2024

SKYWEST AIRLINES HANGAR CONSTRUCTION

- **Project:** New Tenant Construction
- **Scope:** Construct 160K MRO Facility
- **Status:** Construction
 - Temporary power request from Big-D
 - Water T-connections
- **Projected Contract Value**
 - \$11,315,242
- **Timeline:**
 - Beneficial occupancy goal February 2025

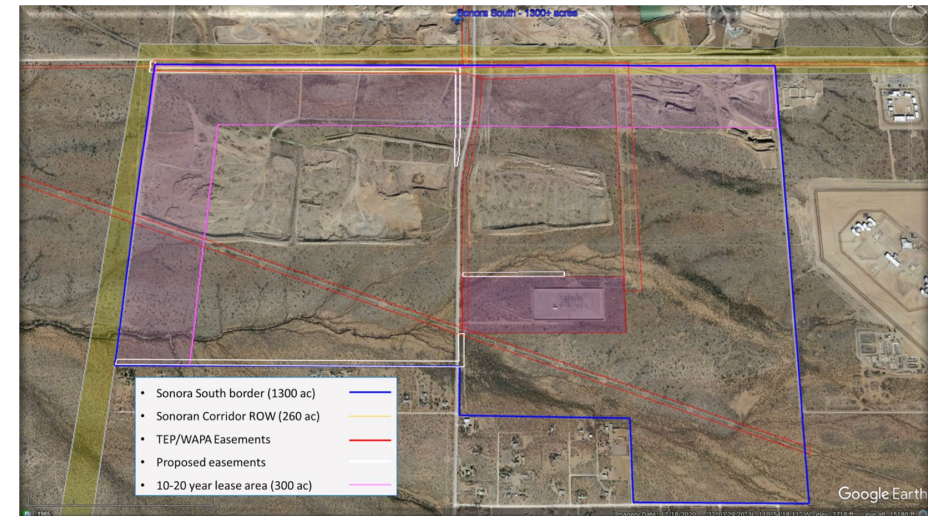
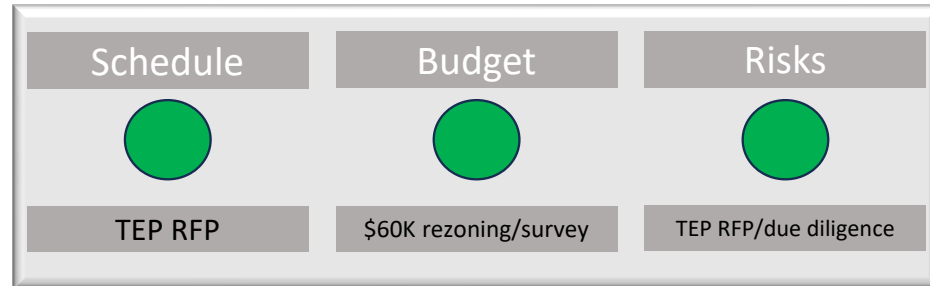
Note: SkyWest changed sub-contractors because of accident that occurred at Boise Airport; could present further delays

Schedule	Budget	Risks
		
February Operations	\$3M TAA	Construction Delays



AES SOLAR DEVELOPMENT

- **Project:** New Tenant Construction
- **Scope:** Install 100 MW PV Array
- **Status:** Contract Executions
 - Secure perimeter with fence
 - Secure southern border w/10' Block wall
 - Conduct bio-environmental studies
 - Conduct glare analysis
 - TAA rezone to heavy industrial
- **Projected Contract Value**
 - \$89,364,571
- **Timeline:**
 - Lease Execution: June 2024
 - Due Diligence: 2024-2027
 - Operational: 2027



6/3/2024

Pending Board Approval

RAYTHEON ENGINE TEST FACILITY

- **Project:** New Tenant Construction
- **Scope:** Construct ETF and Campus
- **Status:** Term renegotiations
 - A-17 Month-to-Month license agreement
 - Site selected, finalizing terms
- **Projected Contract Value**
 - \$850,000
- **Timeline:**
 - Terms planned for September Board Meeting
 - Construction ASAP after lease executed
 - Beneficial Occupancy – 31 December 2024




Schedule	Budget	Risks
●	●	●
December Operations	\$106K TI Allowance	Construction Delays



6/3/2024

STELLA ENERGY STORAGE

- **Project:** New Tenant Construction
- **Scope:** Install Electrical Storage Facility
 - Tenant to install service road
 - Tenant installs all TIs
- **Status:** Contract Execution
- **Projected Contract Value**
 - \$2,090,880
- **Timeline:**
 - Lease Execution: June 2024
 - Due Diligence: May – December 2024
 - Operational: early 2025




Schedule	Budget	Risks
		
TEP RFP	\$10K ALTA survey	TEP RFP/due diligence

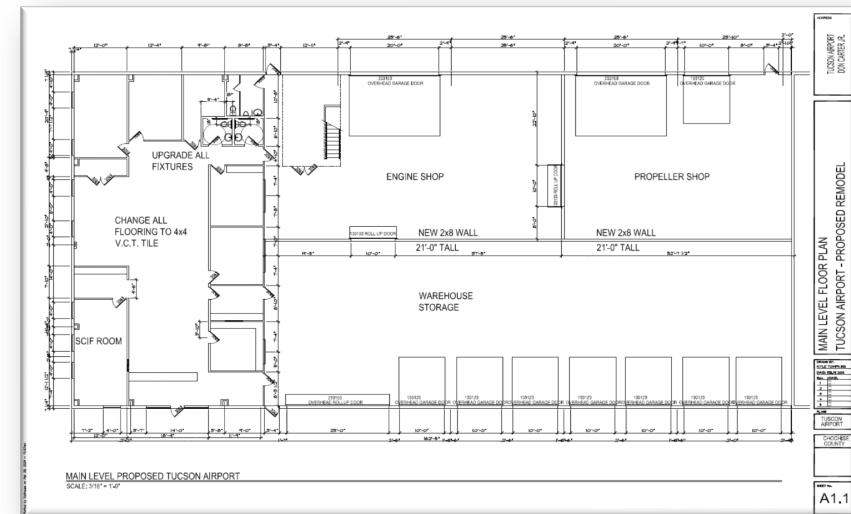


6/3/2024

TBM INC. FACILITY LEASE PROJECTS

- **Project:** New Tenant Facility Improvements
- **Scope:** Tenant Improvements
 - Install SCIF, Reconfigure interior walls
 - Combine Cargo Doors
 - Park 4XC-130 E/H on Air Cargo Ramp
 - TAA Replace HVAC
- **Status:** Contract Execution
- **Projected Contract Value**
 - \$2,866,872
- **Timeline:**
 - **Execute Lease:** June 2024
 - **Terminate Aergo Lease:** June 2024
 - **TI construction:** June – December 2024
 - **Beneficial Occupancy:** December 2024




Schedule	Budget	Risks
		
Operations	\$55K HVAC/\$87K Brokerage Commission	Construction Delays

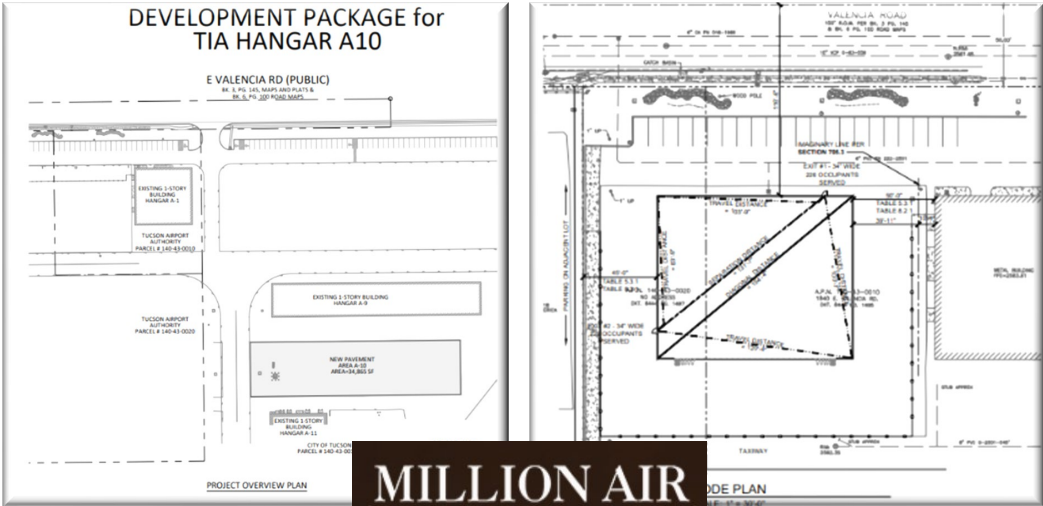


6/3/2024

MILLION AIR LEASE EXTENSION PROJECTS

- **Project:** Tenant Improvement
- **Scope:** Multiple Projects
 1. Ramp Extension – TIRP Collaboration
 2. New Restaurant – Pending PAD Rezoning
 3. Solar Panel – No significant update
 4. New Hangar – TIRP Collaboration
- **Status:** Contract Executions
 - TIRP Review on 2 of 4 projects
 - Rezone from Multi Use to Industrial
- **Projected Contract Value**
 - To Be Finalized
- **Timeline:**
 - Varies by project

Schedule	Budget	Risks
		
TBD	\$3.1M (Tenant)	Contract Execution Date

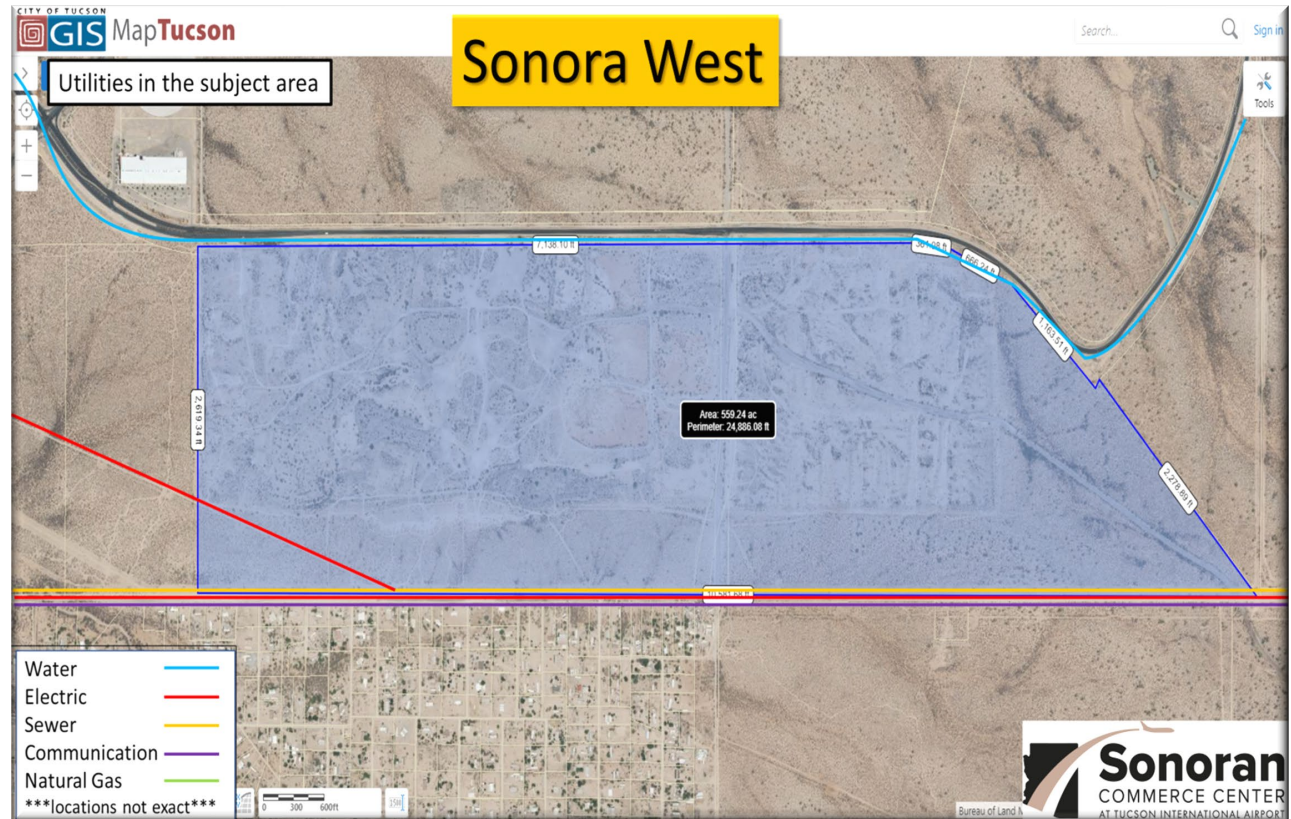


6/3/2024



(CLIENT) PROJECT FARM

- **Project:** New Tenant Construction
- **Scope:** Develop 560+ acre Construction Equipment Proving Ground
- **Status:** Negotiating Terms
 - No Federal Action
 - PFC Reconciliation
- **Projected Contract Value**
 - Under negotiation
- **Timeline:**
 - Lease Execution: October 2024
 - Due Diligence: 2024-2026
 - Operational: 2026



6/3/2024

BUSINESS DEVELOPMENT

- TAA Generated Qualified Leads (since May 2024)
 - Project C2 – 30K SF hangar for aircraft MRO and 10 Acres aircraft storage
 - Project Bye – 900K SF under roof EV aircraft manufacturing headquarters
 - Project EPC – 200K SF under roof for aircraft retro fit operation
 - Project Starting Gate – 96 + Acres for Warehouse Construction (Schnitzer Properties)
 - Project Big Data – 500+ Acres for Data Center Hub
- ACA/SCI Generated Leads (in 2024)
 - Project Frozen – 100 Acres for BESS manufacturing facility
 - Project Bravetrain – 30-100 Acres for advanced plastics recycling operation
 - Project Prismatic – 100 Acres for advanced manufacturing
 - Project Dragonflight – 50 Acres for smart dirigible manufacturer
 - Project Marathon – 250 Acres for solar cell/module manufacturer
 - Project Mesquite – 200 Acres for data centers



QUESTIONS/COMMENTS

John Voorhees

Vice President | Chief Revenue Officer

June 5, 2024