

**TUCSON AIRPORT AUTHORITY | Board of Directors Regular Meeting
Wednesday, November 6, 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. BOARD MEMBERS AND MEMBERS OF THE PUBLIC ATTENDED THE MEETING IN PERSON OR VIRTUALLY/TELEPHONICALLY VIA MICROSOFT TEAMS.

1. CALL TO ORDER | ROLL CALL

Chair Silvyn called the meeting to order at 3:00 p.m.

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

Directors Absent: Treasurer Vance Falbaum

Staff Present: President/CEO Danette Bewley, Executive Vice President/Chief Operating Officer (COO) Bruce Goetz, Executive Vice President/General Counsel Chris Schmaltz, Vice President/Chief Revenue Officer (CRO) John Voorhees, Vice President/Chief Financial Officer (CFO) Kim Allison, Vice President of Operations Chris Deitz, Chief Communications Officer Austin Wright, Chief People Officer Kim DeLaTorre, 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 the Board of Directors Regular Meeting held on September 4, 2024).
- b. Emeritus Member Appointments (Res. No. 2024-17)
- c. Pratt and Whitney Engine Services | Ground Lease Amendment (Res. No. 2024-18)

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

Ayes (9) Silvyn, Hammond, Swaim, Rich, Jackson, Sanchez, Katz, Piña, and Wheeler

Nays (0)

3. BOARD CHAIR REPORT

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

Chair Keri Silvyn reported the following:

- ❑ The TAA achieved significant progress in workforce retention, with voluntary turnover at 11.5% and non-voluntary turnover at 15%.
- ❑ TAA launched the Wheels Up Aviation Scholarship five years ago to promote workforce development in aviation technology. The scholarship is awarded annually to three Pima Community College students, each of whom receives \$2,500.

The Fall 2024 recipients chosen by the Pima Community College Foundation:

- ❑ Karina Diaz | Aviation Powerplant Certification Program
- ❑ David Mangra | Aviation Airframe Mechanic Certification Program
- ❑ Jan Miguel | Aviation Powerplant Certification Program
- ❑ Detective James Allerton was recently among 38 individuals to receive the prestigious Veterans Servant Leader Award.

4. PRESIDENT/CEO REPORT

a. State of the Industry | Update

President/CEO Danette Bewley reported the following:

- ❑ Workers have voted to end their strike against the Boeing Company. The eight-week-long strike cost the manufacturer \$24B and has added further delays to their backlog in aircraft production. Airlines have begun returning older aircraft—such as the Boeing 767—back into service to make up for the aircraft shortage.
- ❑ The TAA saw 50% in passenger growth year over year and is forecast to increase by 5.5% in FY 2025 despite the challenges in filling seats and securing new routes.
- ❑ The Air Service Development team succeeded in bringing a new route and a new carrier into the TUS market. Further information will be announced in the coming days.
- ❑ The TAA continues its legislative efforts to ensure medium and small-hub airports have a better chance competing against larger airports for the limited number of beyond-perimeter slots awarded under the Washington Reagan National Airport (DCA) Perimeter Rule.

5. PRESENTATION/DISCUSSION

TAA Strategic Plan 3.0

Members of the Executive Team provided a high-level overview of the proposed Strategic Plan update.

- ❑ Since the TAA adopted its first strategic plan in 2020, the Executive Team has made regular updates to it to ensure the document remains relevant to what is happening in the industry. Strategic Plan 3.0 will serve as the TAA's blueprint for FY 2025 through FY 2027.
- ❑ One of the four strategic areas, "Upgrade to First Class Systems," has been re-titled as "Project Excellence." This is a better reflection of the work the TAA is doing on major projects such as the Airfield Safety Enhancement (ASE) Program.
- ❑ Other highlights of Strategic Plan 3.0 include the following:

Expand Prosperity

- Ensuring that added capacity is structured so that the TAA derives the most revenue. This includes maintaining and enhancing existing routes, adding new routes and carriers, and re-establishing service to international destinations. Customers should view TUS not only an easy airport to use, but an airport that easily connects them with their ultimate destinations.
- Developing business intelligence practices to track more efficiently customer trends in the concessions program.
- Adding capacity to the rental car facility.

Project Excellence

- Beginning the design and the construction of enabling projects to prepare for the terminal modernization project.
- Developing a comprehensive funding strategy for infrastructure improvements and optimizing grant funding opportunities in conjunction with appropriate financing.
- Implementing a more up-to-date enterprise resource planning system that centralizes functions currently spread across multiple platforms.

Accelerate Performance

- Continuing to leverage the TAA's employment packages to attract and retain top-tier talent.

TAA Champions

- Supporting continued efforts by the Board of Directors and the Membership to champion the TAA’s mission, continue collaborating with community partners, and building relationships with policymakers to promote legislation beneficial to the TAA and the aviation industry.

6. ACTION ITEM

TAA Strategic Plan 3.0

The Executive Team committed to providing the Board with regular status updates and metrics on Strategic Plan 3.0.

The Directors expressed support of the plan and complimented the Executive Team’s forward-looking approach.

Motion by Secretary Swaim, seconded by Director Jackson, to adopt Resolution No. 2024-19 accepting the update of the Tucson Airport Authority Strategic Plan (“TAA Strategic Plan 3.0”), setting the organization’s goals and strategic objectives for FY 2025 through FY 2027. The motion carried by the following vote:

Ayes (9) Silvyn, Hammond, Swaim, Rich, Jackson, Sanchez, Katz, Piña, and Wheeler

Nays (0)

7. DIVISION UPDATES

a. Finance and Regulatory Administration

Vice President/CFO Kim Allison presented a summary of the FY 2024 Third Quarter aviation activity, passenger statistics, and financials:

- Landed Weight: Landed weight is trending 0.5% above budget and is 6.4% higher than the FY 2023 actuals.
- Passenger Volume: Passenger volume is trending 0.2% above budget and is 7.4% higher than the FY 2023 actuals. TUS served just over three million passengers during the first nine months of FY 2024.
- Operating revenues and operating expenses through the third quarter were 83.9% and 66.8%, respectively. Both were favorable to budget.
- Detailed reports were included in the agenda packet.

b. Marketing and Air Service Development

Chief Communications Officer Austin Wright reported the following:

- At the last meeting, the Board requested information regarding the Cost Per Enplaned Passenger (CPE) at TUS and how it compares against its 14 west coast peer airports. The CPE is currently \$5.80, which makes TUS the second most affordable airport behind El Paso, Texas, which is at \$5.19. The CPE is an important metric airlines use when making route decisions, and TUS is well positioned to compete for new routes.
- Seat capacity grew 15% year over year from November 2023 to November 2024. This is well above the national average.
- Air Service Development has been diligent in monitoring the rate of passenger growth compared to the growth in seat capacity. Passenger activity has been affected by a slowdown in the flow of unauthorized aliens traveling through TUS, which reached its peak in late 2023.

The TAA continues to focus its marketing efforts on local markets with the highest leakage to other airports. These efforts include targeted social media ads for users in critical zip codes as well as new billboards in Marana and Nogales. In addition, the TAA has increased its marketing presence in top inbound markets such as Chicago and Minneapolis to inspire inbound travel to ensure that the added capacity is fully utilized.

8. NEXT MEETING

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

9. ADJOURN

There being no further business to discuss, Chair Silvyn adjourned the meeting at 3:54 p.m.

APPROVED BY:

Prepared by:

Phil Swaim, Secretary

Byron Jones, TAA Clerk

Date: _____

Date: _____