
**TUCSON AIRPORT AUTHORITY | Board of Directors Regular Meeting
Wednesday, June 5, 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 3:12 p.m.

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

Directors Absent: Treasurer Vance Falbaum, Director Calline Sanchez, and Director Ellen Wheeler

Others Present: Attorney Michael Foy (*Salmon, Lewis, & Weldon, P.L.C.*) and Attorney James Murphy

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

Approval of Minutes (From April 3, 2024)

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

Ayes (7) Silvyn, Hammond, Swaim, Rich, Jackson, Katz, and Piña

Nays (0)

3. BOARD CHAIR REPORT

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

Chair Keri Silvyn reported the following:

- ❑ TAA continues to fill critical roles in the organization. Recent hires included Projects Control Director Lance Belhumeur and Director of Grants and Compliance Carolyn Laurie. Both positions will be heavily involved in supporting the Airfield Safety Enhancement (ASE) Program.
- ❑ TAA was selected as the recipient of the Mentorship Award from the San Miguel High School Cristo Rey Network for the 2023-2024 school year.
- ❑ TAA's Warm Welcome Volunteer, Warren Beneville, was awarded Visit Tucson's Certified Tourism Ambassador of the Year Award.
- ❑ TAA Firefighter/Paramedic Fabian Sanchez was recognized by Banner Hospital University Medical Center as Paramedic Provider of the Year.

4. PRESIDENT/CEO REPORT

State of the Industry | Update

President/CEO Danette Bewley reported the following:

- ❑ The United States Congress has passed, and President Joseph R. Biden, has signed into law the FAA Reauthorization Act of 2024. Highlights in the bill include a \$4B appropriation to the Airport Improvement Program (AIP), expanded AIP eligibility, and a separate appropriation for runway incursion mitigation. Also included in the bill were provisions to streamline the Section 163 land-use policies, and a \$350M grant program to assist airports in transitioning to firefighting foam that is free of per- and polyfluoroalkyl substances (PFAS).
- ❑ March 2024 was the busiest month in 16 years with 400,000 passengers. TUS is on track to serve nearly 4M passengers in FY 2024.
- ❑ Construction of the new monument sign is on schedule for completion in July 2024.

Executive Vice President/COO Bruce Goetz gave an update on Strategic Plan initiatives. A detailed report was included in the agenda packet.

- ❑ Employee attrition decreased 6.3% year over year due to continued enhancements to employee compensation. TAA has strategized starting new employees higher in the market range based on previous experience and bringing employees lower in the range up the midpoint.
- ❑ A new lightning warning system was installed to aid during monsoon season.
- ❑ Implementation of the new payroll system is underway.
- ❑ Staff has had to re-prioritize IT resources to implement cybersecurity and other security measures mandated by the Transportation Security

Administration (TSA). This has caused a delay in some projects such as implementation of an enterprise document management system.

5. DIVISION UPDATES

a. Airport Development

Vice President of Airport Development Ken Nichols provided an update on the Airfield Safety Enhancement (ASE) Program. A detailed report was included in the agenda packet.

- Construction continues on the first phase of the new runway and the outboard taxiway (Taxiway C). TAA has submitted grant applications for the second and third phases of runway construction and the middle Taxiway (Taxiway B).
- The land exchange with the United States Air Force for Parcels F and G was completed.
- Prior to the September 2024 board of directors meeting, staff anticipates completing the closeout of DBB1 and finishing construction of Taxiway C. A Notices to Proceed will be issued for completion of the Hughes Wash drainage improvements and construction of the second and third phases of the new runway and Taxiway B.

b. Finance and Regulatory Administration

Vice President/CFO Kim Allison gave an overview of the FY 2024 second quarter and the March 2024 financials and aviation activity. Detailed reports were included in the agenda packet.

- Total passengers for the first six months of FY 2024 were 2,093,066. The average load factor was 89.0%, with an average daily seat capacity of 6,710.
- Total passengers for March 2024 were 398,009. The average load factor was 88.3% with 59.2 average daily departures.
- Operating revenues for the first and second quarters was \$26,435,644, compared to operating expenses, which were \$20,340,845. Revenues and expenses were both favorable to budget.
- Concession revenues from rental cars, food and beverage, and parking were below budget, but these numbers are projected to level out before the end of the fiscal year.
- The balance in the Special Reserve Fund as of February 28, 2024, was \$34,035,242.95.

c. Marketing and Air Service Development

Chief Communications Officer Austin Wright reported the following:

- Enplanements increased 12.5% year over year from October 2023 through March 2024. The United States Department of Transportation ranked TUS as the fourth fastest growing airport of the top 75 in the country.
- Alaska Airlines will operate two flights daily to Portland, Oregon (PDX).
- Southwest Airlines is adding daily flights to Los Angeles, California (LAX).

d. Business and Commercial Development

Vice President/CRO John Voorhees gave an update on several key projects which are ongoing.

- Sonora South Environmental Assessment:** This project involves the development of 800 acres of greenfield land approximately located between Alvernon Way and Country Club Road and south of Corona Road. Schnitzer Properties plans to develop 96 acres on the north end for non-aeronautical use. This project had been on hold due to changes in the FAA review process. TAA is also in initial discussions with two aeronautical companies interested in developing 150 acres on the south end. These companies engage in the manufacture of electric vehicles and aircraft retrofitting.
- Skywest Airlines Hangar Construction:** Construction is ongoing on this 160K maintenance, repair, and overhaul facility. Skywest changed subcontractors due to a safety issue at another facility. This has caused a delay in the project, with projected occupancy shifting from December 2024 to February 2025.
- AES Solar Development:** This project involves the construction of a 100-megawatt photovoltaic array. AES is currently reviewing the lease agreement. TAA anticipates executing the lease in June 2024. AES is competing for an RFP to establish an interconnect with Tucson Electric Power; however, they plan to construct the facility whether or not they are selected. Completion of the facility is projected in 2027.
- Raytheon Engine Test Facility:** Raytheon recently agreed to terms to move ahead with this project. Staff will seek approval from the Board of Directors at the board meeting in September. Ascent Aviation has been given a notice to vacate by December 31, 2024. Raytheon intends to move ahead with construction once the lease is executed, which beneficial occupancy also scheduled for December 31, 2024.

- ❑ **Stella Energy Storage:** Stella has approved the lease terms. TAA is in the process of providing a legal description to Stella at which point they will execute the lease.
- ❑ **TBM Facility Lease:** TBM is taking over the facility from Aergo, which was unable to find a compatible tenant to sublease to. The early termination of Aergo’s lease, and the execution of the lease with TBM will occur in June 2024. TBM will perform various tenant improvements, with beneficial occupancy slated for December 2024.
- ❑ **Million Air Lease Extension:** Million Air is making multiple improvements to the facility totaling \$3.1M in exchange for a 15-year lease extension. The project has been delayed due to several reasons. The ramp and taxiway need to be widened to accommodate larger aircraft. Also, TAA is in the process of having the property rezoned to allow for a restaurant Million Air wants to operate.
- ❑ **Project Farm:** This client wants to develop a construction equipment proving ground on a 560-acre parcel to the south of Raytheon. In addition to constructing a small facility, the company also intends to level the disturbed soil to accommodate the proving ground. In addition to the lease revenue, this will save TAA between \$10M and \$14M in costs to bring the property to a marketable condition.

6. EXECUTIVE SESSION

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 Rich, seconded by Director Katz, to recess the public meeting and convene in executive session. The motion carried by the following vote:

Ayes (7) Silvyn, Hammond, Swaim, Rich, Jackson, Katz, and Piña

Nays (0)

The public meeting recessed, and the Board of Directors went into executive session at 4:21 p.m. Also participating in the executive sessions were President/CEO Danette Bewley, Executive Vice President/General Counsel Chris Schmaltz, Director of Airport Development Ken Nichols, Vice President/CFO Kim Allison, Attorney Michael Foy, and Attorney James Murphy.

Director Rich left the executive session and left the public meeting at 4:30 p.m.

7. RETURN FROM EXECUTIVE SESSION

The executive session adjourned at 4:57 p.m. Chair Silvyn reconvened the public meeting at 4:58 p.m.

8. NEXT MEETING

Wednesday, September 4, 2024, 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 p.m.

APPROVED BY:

Phil Swaim
[Phil Swaim \(Sep 5, 2024 14:50 PDT\)](#)
Phil Swaim, Secretary

Date: September 5, 2024

Prepared by:

Byron Jones
[Byron Jones \(Sep 5, 2024 14:10 PDT\)](#)
Byron Jones, TAA Clerk

Date: September 5, 2024