TUCSON AIRPORT AUTHORITY
TUCSON INTERNATIONAL AIRPORT • RYAN AIRFIELD

AGENDA

TUCSON AIRPORT AUTHORITY | Board of Directors Regular Meeting
Wednesday, August 5, 2026 | Approximately 4:00 P.M.
7250 S. Tucson Blvd. 85756 | TAA Board Room

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, August 5, 2026 beginning at approximately 4:00 P.M., or shortly following the adjournment of the Financial Council Meeting, which begins at 3:00 P.M.**

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

The agenda for the meeting is as follows:

1. **CALL TO ORDER | ROLL CALL**
   - Michael Hammond, Chair
   - Phil Swaim, Vice Chair
   - Vance Falbaum, Secretary
   - Rhonda Piña, Treasurer
   - Judy Rich, Director
   - Todd Jackson, Director
   - Fran Katz, Director
   - Ellen Wheeler, Director
   - Calline Sanchez, Director
   - Tim Overton, Director
   - Carol Stewart, 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 from a member of the Board of Directors. If removed from the Consent Agenda, the item(s) will be considered separately and individually.
   a. **Approval of Minutes**
      Approve the minutes of the Board of Directors Regular Meeting held on May 6, 2026.

3. **BOARD CHAIR REPORT**
   a. **TAA Advocacy**

4. **PRESIDENT/CEO REPORT**
   a. **Industry and TAA Airport**

5. **ACTION ITEMS**
   a. **Terminal Advertising Services Contract Award**
      The Board will consider and may adopt Resolution No. 2026-10, approving the winning bidder of the Terminal Advertising Services Contract RFP, and delegating

authority to the President/CEO, or her designee, to execute a Terminal Advertising Services Contract.

b. Project Strata Business Terms
The Board will consider and may adopt Resolution No. 2026-11, approving the delegation of authority to the President/CEO, or her designee, to negotiate and execute an agreement with Oso Energy Storage LLC for Oso Energy Storage to complete feasibility assessments on forty (40) acres of land in Sonora East for the proposed construction of an electrical storage facility.

c. Raytheon Company Premises Expansion
The Board will consider and may adopt Resolution No. 2026-12, approving the delegation of authority to the President/CEO, or her designee, to negotiate and execute an amendment to the existing Lease with Raytheon Company to increase its leasehold at TUS by the addition of thirty-seven (37) acres of land.

6. PRESENTATION AND DISCUSSION
The Board will receive a presentation on and discuss the following item(s):

a. Customer Facility Charge Study Session
The Board of Directors will discuss the establishment of a new Rental Car Customer Facility Charge Program for TUS.

7. NEXT MEETING
Wednesday, September 2, 2026, at 3:00 P.M. | TAA Board Room

8. ADJOURN

TUCSON AIRPORT AUTHORITY |Board of Directors Regular Meeting
Wednesday, May 6 2026|3:00 P.M.|TAA Board Room and Microsoft Teams

THIS REGULAR MEETING OF THE TUCSON AIRPORT AUTHORITY (TAA) BOARD OF DIRECTORS WAS HELD IN A HYBRID MANNER. BOARD MEMBERS ATTENDED THE MEETING IN PERSON OR VIRTUALLY VIA MICROSOFT TEAMS. MEMBERS OF THE PUBLIC WERE INVITED TO ATTEND IN PERSON.

1. **CALL TO ORDER | ROLL CALL**
Vice Chair Phil Swaim called the meeting to order at 3:03 P.M.

Directors Present: Vice Chair Phil Swaim, *Treasurer Rhonda Piña, Director Tim Overton, Director Todd Jackson, Director Ellen Wheeler, Director Judy Rich, and Director Carol Stewart.

Directors Absent: Chair Michael Hammond, Secretary Vance Falbaum, Director Calline Sanchez, and Director Fran Katz

Staff Present: President/CEO Danette Bewley, Executive Vice President/Chief Operating Officer Bruce Goetz, Executive Vice President/General Counsel Chris Schmaltz, Interim Chief Financial Officer Mary Fowler, Vice President of Operations John Ivanoff, Chief Communication Officer Austin Wright, Director of Properties and Concessions Emin Aydin, Deputy General Counsel Kim Outlaw Ryan, Associate General Counsel LeCarie Whitfield, IT Customer Support Technician Hector Lopez, and TAA Clerk Carolina Cordova.

*** Joined the meeting at 3:39 P.M. following Board vote and approval of the Discussion and Action Items.**

2. **CONSENT AGENDA**
Vice Chair Phil Swaim called for a motion on Board approval of the March 4, 2026, Board of Directors Meeting Minutes, which was the only item on the Consent Agenda. There being no discussion, a motion was made:

Motion by Director Carol Stewart, seconded by Director Judy Rich, to approve the Consent Agenda. The Motion carried by the following vote:

Ayes (6) **Swaim, Jackson, Overton, Wheeler, Stewart, Rich**
Nays (0)

3. **BOARD CHAIR REPORT**
a. **TAA Advocacy**

- Vice Chair Phil Swaim reminded the Board of Directors to be diligent in their RSVPs to the Board meetings and expressed difficulty in obtaining a quorum at this meeting.
- Vice Chair Phil Swaim spoke on Fly Tucson First, and to be advocates for the airport in a challenging time of high gas/fuel prices.
- The TAA Triennial Drill on February 25, 2026, was mentioned and a video was presented to the Board.

4. PRESIDENT/CEO REPORT

a. President/CEO Danette Bewley provided an industry and TAA Airport System update:

- President/CEO Danette Bewley mentioned the unfortunate passing of past Board Chair Chris Sheafe and his wife Jacque Sheafe, who died in a plane crash at the Marana Regional Airport. She informed the Board that the Sheafe's memorial service will be held on May 9, 2026.
- President/CEO Danette Bewley introduced the new Vice President of Operations, John Ivanoff, who has replaced Chris Deitz. Mr. Ivanoff previously retired as the TAA's Chief of Police and former Vice President of Operations in 2020. Even after retirement in 2020, Mr. Ivanoff continued to support TAA, working as a public safety and emergency management consultant. President/CEO Danette Bewley welcomed him back to the TAA.
- President/CEO Danette Bewley, EVP/GC Chris Schmaltz, and CCO Austin Wright recently traveled to Phoenix for meetings with legislators from the State of Arizona, with the goal intended to discuss matters of importance for the TAA airport system. They discussed some of the bills currently being proposed and lobbied against bills that had a negative impact on airports. They were able to affect change on a bill to protect small hub airports, like TUS, from commercial delivery drones coming within 2.5 miles radius of the airport. They influenced another bill related to public airports use of AFFF containing PFAS.
- On an industry update, the surging fuel prices were discussed. Airlines are seeing a rapid rise in the cost of fuel due to the ongoing situation in the Middle East. As a result, airlines are pulling out of markets and flights are being reduced or eliminated in some markets. Airlines need to make up the cost of fuel somewhere, and ticket prices may rise.
- President/CEO Danette Bewley was happy to report that the Federal shutdown has ended. Congress was able to use the Reconciliation process to adopt a bill that funds the DHS through the end of the fiscal year. Though TUS remained positive and maintained stability during this time, other airports were negatively impacted, and nationwide thousands of TSA/Federal employees left their positions.
- Further, President/CEO Danette Bewley reported that she met with the Regional Administrator for the FAA and shared TAA's desire for federal funding of $100 million dollars for the ASE Program. She is hopeful that TAA will receive $50

million in fiscal year 2027 and $50 million in fiscal year 2028. While the FAA would not commit to any specifics, they were willing to discuss the phased funding approach, and TAA projects the ASE project will be completed within the next 3 years.

- Lastly, President/CEO Danette Bewley discussed a national issue – the collision incident between Air Canada Flight 8646 and an Aircraft Rescue and Fire Fighting (ARFF) vehicle—which may have a local impact. In the investigation of the Air Canada incident, one of the NTSB's initial findings was a communication issue between Air Traffic Control and the ARFF vehicle; had the ARFF vehicle had a transponder on it, Air Traffic Control might have had more awareness of its location. After this incident occurred, the FAA approached the TAA with an offer to provide a grant to add vehicle transponders to our ARFF equipment. TAA staff is working on the details for a grant and will proceed with this opportunity as part of the FY27 budget.

5. DISCUSSION AND ACTION ITEMS

Vice Chair Phil Swaim called each action item for approval and opened the floor for Board discussion on each item separately.

Motion by Director Tim Overton, seconded by Director Todd Jackson, to approve Resolution No. 2026-08, approving the winning bidder of the Parking Management RFP, and delegating authority to the CEO or her designee(s) to execute a Parking Management Agreement. The Motion carried by the following vote:

Ayes (6) Swaim, Jackson, Overton, Wheeler, Stewart, Rich
Nays (0)

Motion by Director Todd Jackson, seconded by Director Tim Overton, to approve Resolution No. 2026-09, approving a budget amendment for the transfer of funds in support of the signage project. The Motion carried by the following vote:

Ayes (6) Swaim, Jackson, Overton, Wheeler, Stewart, Rich
Nays (0)

6. DIVISION UPDATES

a. CCO Austin Wright provided the following Air Service Development (ASD) update:

- Roxanne Harding was introduced as the new Director of Corporate Communications. High fuel prices were discussed as a concern by airlines; once again, airlines are cutting flights and this may cause long term growth issues with new flights. On a positive note, the importance of TUS's relationship with the University of Arizona and with the U of A's Athletics Department was spotlighted as the U of A team excelled in the Elite Eight and Final Four. Our numbers around the NCAA basketball tournament were up 4% above projections, even though the team lost. Despite prices going up, airlines are projecting strong summer demand and do not expect the rising cost of travel to keep consumers away from flying. “Fly TUS for Business” offers great promotions to encourage businesses to fly TUS for business travel.

- CCO Austin Wright noted that the majority of Southern Arizona region does continue to go to Phoenix, which has 148 nonstop destinations, more than 13 times the non-stop daily flights from TUS. He compared TUS with our closest competition (Albuquerque (ABQ) and El Paso (ELP)) and noted that while about 50% of their travelers are flying nonstop to final destinations, 62% of TUS passengers are connecting to other flights. CCO Austin Wright encouraged Board Members to champion Fly TUS First and spoke of breaking the myth that connecting flights is inconvenient.
- TAA’s summer parking promotions and spring parking promotions were successful. As a direct result of the spring parking promotions, American Airlines is adding 3 additional mainline flights into the fall. Frontier, which only made up 3% of our overall passenger totals, has transitioned to a seasonal presence at TUS, attributing this decision to a lack of demand. Frontier did not offer popular flight times, or optimal destination cities. Some routes performed well, and CCO Austin Wright remains optimistic that Frontier will return in the fall.
- Further, CCO Austin Wright reported that the TSA and Federal Government shutdown had a small impact of about 1% below forecasted passenger numbers for the year; however, he remains hopeful that operations will return to normal. Additionally, Air Service Development (ASD) continues to engage with Canadian and Mexican air carriers yet expects that high fuel costs will delay these negotiations, as well. Fuel costs must stabilize before any major air carrier moves will be made.
- Vice Chair Phil Swaim commented on the Checked Baggage System and his hopes that TUS will update this system, as he believes there is a common fear by consumers on how their baggage is processed for connecting flights. CCO Austin Wright discussed these concerns not being an issue at TUS because the employees care about passengers and their bags, adding that TUS had been known to have one of the lowest missed baggage rates in the industry. CCO Austin Wright concluded his update by speaking highly of the relationship that the marketing team is building with the University of Arizona.

b. Interim CFO Mary Fowler provided the following Finance and Business Commercial Development (BCD) update:

- A presentation of TAA FY26 Financial results through March was provided. Interim CFO Mary Fowler reported to the Board of Directors that TAA is outperforming on revenue and under spending on expenses. The actual landed weight versus the budget shows that we are down year-over-year and anticipate ending the year below budget in terms of operating statistics. Passenger numbers are below budget; however, passengers are spending more at concessions.

- With the busy season behind us, Interim CFO Mary Fowler stated that it looks like we are outpacing the budget, but she expects that to flatten out. In reviewing the operating expenses, she noted that the personnel expense reported reflects 12 pay periods not 13 pay periods. A comparison year-over-year showed revenue and expenses have increased proportionately. She stated that increased parking rates (effective October 1, 2025) have added to the increase in revenue. She added that while landed weight is down, the landing fee is higher, so landing fee revenue is flat year over year. Several leases are being reviewed and updated to fair market value, and she expects rental revenue to increase.
- Director Tim Overton noticed that the rental car revenue is over 20% more than budget. Interim CFO Mary Fowler reported that this is timing with the busy season, however, there has not been a decrease due to seasonality.

c. EVP/COO Bruce Goetz provided the following ASE update:

- An aerial drone video showing the progression of work on the ASE Program was presented to the Board of Directors. EVP/COO Bruce Goetz reported that the new runway and intersections are in place, and that concrete pouring has begun. The very first lane of concrete was poured and is 30 feet wide. Members of the Executive Team toured the jobsite and observed a concrete pour. EVP/COO Bruce Goetz is hopeful that by the next Board meeting, an additional grant will allow TAA to pave the shoulders of the new runway.

7. EXECUTIVE SESSION

Vice Chair Phil Swaim called for a motion to be made to enter Executive Session:

Motion by Director Judy Rich, seconded by Director Tim Overton, to enter into Executive Session at 3:49 P.M. The Motion carried by the following vote:

Ayes (7) **Swaim, Piña, Jackson, Overton, Wheeler, Stewart, Rich**
Nays (0)

8. RETURN TO REGULAR SESSION

The Board of Directors returned to regular session at 4:20 P.M.

9. ACTION ITEM

Vice Chair Phil Swaim called for a motion on the discussion held in Executive Session.

Motion by Director Judy Rich, seconded by Director Carol Stewart, to approve the President/CEO and Executive Vice President/General Counsel to proceed as discussed in Executive Session related to the land transaction with the Arizona Air National Guard. The Motion carried by the following vote:

Ayes (7) **Swaim, Piña, Jackson, Overton, Wheeler, Stewart, Rich**
Nays (0)

10. NEXT MEETING
Wednesday, August 5, 2026, at 3:00 P.M.|TAA Board Room

11. ADJOURN
Vice Chair Phil Swaim adjourned the meeting at 4:21 P.M.

APPROVED BY:	**Prepared by:**
___________________________________	___________________________________
Vance Falbaum, Secretary	Carolina Cordova, TAA Clerk
Date: ____________________	Date: ____________________

Why to Fly TUS

Q&A with Visit Tucson President & CEO Felipe Garcia

Q: How does Tucson compete with other cities for tourism dollars? What is our positioning? Who is our competition? How has this intensified in recent years?

A: Tucson competes through strategic, data-driven marketing that showcases our authenticity. We use many strategies, from digital advertising, social media and partnerships to reach travelers when they're making decisions. A recent rebrand by Visit Tucson reinforced the fact that Tucson is a place that welcomes everyone, that we are authentic, that we are a UNESCO City of Gastronomy and member of the Food Capitals with 5,000 years of living culture, world-class astronomy, and genuine hospitality. We compete primarily with the Phoenix metro region, Palm Springs, Santa Fe, and Albuquerque, but also with every destination vying for travelers' dollars. Competition has intensified dramatically in recent years. More cities recognize tourism as economic development and have increased marketing investments. The digital landscape has made competition more aggressive, with destinations spending heavily on search and social advertising. Tourism marketing is economic development, and more cities are pouring millions of dollars to compete. As an example, the Phoenix metro region invests more than $50 million a year on tourism marketing while Las Vegas, anticipating a decrease on their room tax revenues, has authorized a budget of $460 million for next fiscal year.

Q: How does our level of air service affect that effort? Why is it important?

A: Air service is fundamental to tourism marketing success. We can run compelling campaigns, but if travelers can't easily get here, they'll choose destinations they can reach. Direct flights are important for travelers. When we lose direct service from a major market, our marketing effectiveness drops immediately. When we gain new routes, those markets become viable marketing targets. Visit Tucson works closely with Tucson Airport Authority because air service and destination marketing are inseparable. We create demand through marketing, which helps airlines justify routes. That's why the Visit Tucson and Tucson Airport Authority partnership is essential, we're both working to make Tucson accessible and desirable.

Q: What are our biggest challenges in recruiting convention and meeting business?

A: Our biggest challenges are infrastructure and competition. First, hotel room inventory. Meeting planners need concentrated room blocks near the convention center. While Tucson has quality hotels, we lack the critical mass of adjacent properties that larger markets offer. When conventions need 2,000+ rooms within walking distance, we're often eliminated early. Second, air service. Convention planners give priority to destinations with robust direct flights from major markets. Limited airlift makes us less competitive against Phoenix, San Diego, or Las Vegas. Third, fierce competition. We compete against destinations with larger convention centers, larger marketing budgets, and established reputations for meetings. Cities like Phoenix and Austin invest heavily in convention marketing and offer significant incentives. It is also worth mentioning that for meetings, seasonality is a big issue, as it is perceived that we are hotter than anywhere else, the reality is, with humidity that other destinations have, we are sometimes more temperate. But most groups are not willing to come to Tucson in the summer even if it's a great value time.

Visit Tucson's convention sales and marketing work to overcome these challenges by showcasing our unique experiences and value, but infrastructure limitations make it an uphill battle.

Q: When a local business traveler chooses to consistently use the air service at TUS, how does that help our inbound tourism economy and Tucson's competitiveness in gaining that business?

A: Local business travelers are essential to maintaining and growing air service, which directly impacts tourism. Airlines decide whether to keep or cut routes based on performance. When locals consistently choose TUS over PHX,

> "Every local traveler who chooses TUS invests in Tucson's tourism competitiveness and economic vitality."
>
> – Felipe Garcia
> President & CEO
> Visit Tucson

they help fill seats and prove route viability. More air service makes Tucson accessible to leisure and business travelers. Every local traveler who chooses TUS invests in Tucson's tourism competitiveness and economic vitality. I remember years ago meeting with an airline route planner who shared with us they were increasing a frequency from New York to Phoenix, since Tucsonans don't mind driving to Phoenix. If Tucsonans use the flights from TUS, even if they have to make a connection, it supports the case for future nonstop flights. It's how we must build the business case

Q: In turn, how does Visit Tucson support TUS in its efforts to win new air service? How has that changed in recent years?

A: Visit Tucson not only supports TUS air service development through data, marketing, and partnership, but we also join them at meetings with airlines to pitch air service to Tucson. We also actively market new routes when they launch, helping airlines achieve load factors that justify sustained service. In recent years, this partnership has intensified and become more strategic. Destination marketing organizations and airports now recognize we're interdependent. Neither succeeds without the other. Some DMOs nationally have begun participating in revenue guarantee programs or minimum revenue guarantees to help launch new routes. The industry has shifted toward viewing air service development as a shared responsibility between airports, destination marketing, and the community.

Tucson Airport Authority's forward-thinking leadership and strategic vision have positioned TUS as a critical economic engine for our region, and Visit Tucson is proud to partner with an airport team that understands the inseparable connection between air service and destination competitiveness.

WOMEN LEADING THE REGION

PHOTO BY BRENT G. MATHIS

By Tara Kirkpatrick

We are honored to present our Women Leading the Region honorees for 2026.

The BizTucson team prides itself on a selection process grounded in integrity. Our boots-on-the-ground reporting and analysis help us identify the women we spotlight each year in Southern Arizona. Our honorees drive business and innovation in numerous industries and make a meaningful difference.

The 2026 Women Leading the Region represent achievement in bioscience, chamber governance, construction, communications, defense, entertainment, hospitality and tourism, medicine, nonprofit leadership, public service, regional policy and space science. They lead boldly within this community and contribute to a legacy of leadership that can be seen on our alumni page.

Huge praise for Creative Director Brent Mathis for producing our modern new cover concept. He photographed the group at the University of Arizona Applied Research Building, which is the home of the Arizona Space Institute, led by 2026 honoree Erika Hamden. A sincere thank you to Hamden for providing the marvelous new location.

Lastly, we cannot say enough about the tremendous team at Gadabout Salon Spas, which has been our valued partner from the start, generously providing the makeup and hair services for the honorees each year. We are so thankful to you!

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LESAH SESMA

General Manager
Casino Del Sol

By Rodney Campbell

When she started at Casino Del Sol 15 years ago, Lesah Sesma was content working as an event manager.

"I wanted to come to Tucson and work for my (Pascua Yaqui) Tribe," said Sesma, who was a sales coordinator at a Phoenix hotel when the Casino Del Sol job opened. "I wanted to be an event manager. It was the coolest job."

Her enthusiasm and talents caught the attention of management, and she was offered a chance to work at the resort hotel as an assistant front office manager.

Comfortable in her role, Sesma was initially hesitant.

"I didn't want to change jobs," she said. "But they wanted to start a fire in me."

That flame has burned brightly ever since. Sesma has served as director of hotel operations, executive director of community relations, and was named general manager three years ago after completing an 18-month company executive training program.

Only two employees were chosen for the program. The other, Miguel Escamilla, is also now a general manager.

"It felt like an MBA boot camp," Sesma said. "We were going through everything. I met with every director and high-level executive. We discussed day-to-day and long-term operations."

Sesma credits her time in Greater Tucson Leadership's Class of 2013 and subsequent service on community boards for shaping her approach to leadership. "I'm an empath," she said. "I listen to people. I'm not quick to react when there's bad news. I try to look for the positive. I enjoy creating clarity and building people."

Jacqueline Martinez, Casino Del Sol's director of community relations, said Sesma is the kind of leader who helps her employees thrive.

"Working for Lesah is an absolute honor," Martinez said. "I deeply appreciate her authenticity and strive to embody the qualities she models every day. She is a wonderful example of a leader who prioritizes empathy and compassion while still guiding us with clarity and purpose. She creates an environment where people feel valued, heard and supported."

Sesma's next big challenge is already set. She will be general manager of Casino Del Sol's new casino, Casino Del Sol Vahi Taa'am, at Grant Road and I-10 when it opens in November.

"It's going to be exciting to grow with the property," Sesma said. "The team we have will never let each other fail."

Although she admits to having pre-opening nerves, she's busy thinking about the facility's future with a nod to her past. "I'm already asking our tribal council when we'll get a hotel."

PHOTO BY BRENT G. MATHIS

AMANDA WIGGINS

President & CEO
Marana Chamber of Commerce

By Christy Krueger

Amanda Wiggins' profession is like conducting an orchestra. As president and CEO of Marana Chamber of Commerce, she must inspire others through leadership, have exceptional communication skills and be a good listener – all with the purpose of supporting and connecting the chamber's 830 member businesses.

Before coming to Marana, Wiggins worked with the Greater Tallahassee Chamber of Commerce and Leadership Tallahassee. What she learned there and brought to Marana was the importance of getting business leaders involved in the local community. "Our mission," she said, "is creating a thriving community through connected business leadership."

This is accomplished with networking events, educational programming and strategic partnerships, to name a few.

During her five years at the Chamber, Wiggins has made a significant impact leading her team of six to increase membership by nearly 60%, expand the Marana Visitor Center and add member value through new events and programs like Impact Marana. She also collaborates with other leaders in Tucson, Oro Valley, Vail and Sahuarita. "We connect on important regional issues that impact our businesses and community."

Wiggins is involved with Discover Marana's Tourism Master Planning Team. "It's a deep dive, looking at current assets of Marana and opportunities to expand tourism." This includes attracting visitors through events like Marana Pumpkin Patch and unique destinations like The Ritz-Carlton Dove Mountain.

Outside her chamber responsibilities, Wiggins contributes her time to many local organizations, including American Red Cross, Southern Arizona Chapter; Marana Little League; Marana Unified School District; and the Southern Arizona Defense Alliance. She was also selected to be an honorary commander at Davis-Monthan Air Force Base. "It's a way for the community to get connected to the base," she explained.

Dan Streeter, superintendent of Marana Unified School District, serves on the chamber's board of directors and knows Wiggins well. "She bridges the gap between the regional business community and our school district and ensures the economy and workforce are aligned. Amanda is very deserving of leading our region and what impactful leaders look like. She's a good person to recognize."

"I have the opportunity to represent Marana and these other organizations and be able to bring Marana to the regional table," added Wiggins. "I care a lot and it's reflected in the work I do."

While Wiggins speaks passionately about her work and community involvement, what she really likes to talk about is her family. "I have a wonderful husband and three boys. I do my job and I love my community. And I believe when businesses thrive, families thrive."

PHOTO BY BRENT G. MATHIS

Date: August 5, 2026

To: TAA Board of Directors
From: John Voorhees, Vice President/Chief Revenue Officer
Re: Advertising Concession Contract – Concessionaire Selection

Background:

The current Advertising Concession contract between the Tucson Airport Authority (TAA) and Lamar Advertising at Tucson International Airport (TUS) will expire on November 30, 2026. The Procurement Department, in coordination with the Business and Commercial Development (BCD) Division, issued a Request for Proposals (RFP) to solicit competitive submissions for advertising concession services.

TAA received one proposal from the incumbent concessionaire, Lamar Airport Advertising, Inc. (Lamar). The Selection Committee determined that Lamar's proposal met all RFP requirements and offers significant capital improvements, increased projected advertising revenue, and a higher minimum annual guarantee (MAG). Under the proposed agreement, Lamar will pay TAA the greater of 45% of gross revenue or the MAG.

Cost/Revenue Analysis:

Lamar will carry out a five (5) year agreement with TAA to provide advertisement services at TUS. The agreement will include provisions for a Minimum Annual Guarantee (MAG) and a Minimum Capital Improvement Program:

Minimum Annual Guarantee for the Term:

Year 1: the greater of a MAG of $250,000 or a percentage fee of 45% of gross revenues derived from Lamar's airport operations. Years 2 through 5 of the term, Lamar will pay the greater of: (a) MAG (equal to 85% of the prior contract year's annual privilege fee), or (b) 45% of gross revenues derived from Lamar's airport operations during the respective contract year. The MAG for any contract year will not be lower than the MAG established for contract year one.

Lamar has performed well under the previous contract. Their operations at TUS garnered $196,267 in direct revenue to TAA in FY25. Staff observe that Lamar is on track to surpass that amount in FY26.

Minimum Capital Improvement for the Term:

Lamar committed to a minimum capital improvement of $195,000 for the static and digital signage that will be located throughout the terminal building. This represents a significantly elevated commitment from the prior contract's minimum capital improvement of $100,000.

Strategic Plan/Analysis:
The RFP was advertised from March 2, 2026, through April 8, 2026, resulting in one responsive proposal from Lamar. Following evaluation, the Selection Committee concluded that the proposal met all requirements and provides clear benefits to TAA.

Lamar has successfully managed the TUS advertising program for the past five years, demonstrating strong financial capacity, operational performance, and a consistent commitment to TAA's interests. Based on the evaluation criteria established in the RFP, the Selection Committee determined that Lamar is well-qualified to continue as the advertising concessionaire.

This agreement supports TAA's Strategic Initiative to Expand Prosperity by promoting business activity at TUS and generating additional revenue that contributes to the airport system's long-term economic stability.

Recommendation:
TAA staff recommends the Board adopt Resolution No. 2026-10 to delegate authority to the President/CEO or her designee to execute the Advertising Concession contract materially consistent with the terms outlined above.

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., DELEGATING AUTHORITY TO THE PRESIDENT/CEO OR HER DESIGNEE(S) TO EXECUTE AN ADVERTISING CONCESSION CONTRACT WITH LAMAR AIRPORT ADVERTISING, INC.

WHEREAS TAA is authorized to enter into concession agreements and other contracts necessary for the operation and management of the Tucson International Airport ("Airport"); and

WHEREAS TAA issued a Request for Proposals for Advertising Concession ("RFP"), conducting a competitive selection process to identify and select a qualified firm to provide advertising concession services for the Airport; and

WHEREAS the selection committee reviewed, evaluated and determined the proposal of Lamar Airport Advertising, Inc., the sole submittal, met all requirements of the RFP, and that award of a contract to Lamar Airport Advertising, Inc. is in the best interests of TAA; and

WHEREAS entering into an Advertising Concession Contract with Lamar Airport Advertising, Inc. promotes efficient operations, enhances advertising opportunities, generates revenue for the Airport, and will not create an exclusive right prohibited under federal law or grant assurances.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., AS FOLLOWS:

The President/CEO or her designee(s) is authorized to execute an Advertising Concession Contract with Lamar Airport Advertising, Inc., materially consistent with the terms described in the associated Board memorandum, with a term of up to five (5) years from the date of execution.

PASSED AND ADOPTED by the Board of Directors of the Tucson Airport Authority, Inc., this Fifth day of August, 2026.

[continues to the next page]

Michael S. Hammond
Chair of the Board

ATTEST:

Vance Falbaum, Secretary

APPROVED AS TO FORM:

Christopher Schmaltz, Executive Vice President and General Counsel

TUCSON AIRPORT AUTHORITY
TUCSON INTERNATIONAL AIRPORT • RYAN AIRFIELD

BOARD MEMORANDUM

Date: August 5, 2026

To: TAA Board of Directors
From: John Voorhees, Vice President/Chief Revenue Officer
Re: Project Strata Key Business Terms

Background:
On May 18, 2026, TAA and Project Strata (Oso Energy Storage, LLC) agreed to terms for a ground lease of up to forty (40) acres of land (minimum twenty-five (25) acres) located in Sonora East (see Exhibit A). Project Strata will construct a battery energy storage system (BESS) and other ancillary improvements.

Project Strata is currently conducting due diligence on the site, including pursuing an electrical interconnection with Tucson Electric Power Company (TEP). This interconnection process requires successful participation in TEP's request for proposal (RFP) process. If Project Strata is not selected for an interconnection this year, the company intends to resubmit in subsequent years. TAA staff have tentatively agreed to a five-year feasibility option period to allow Project Strata to secure the required interconnection and complete its due diligence.

Strategic Plan | Analysis:
This lease supports TAA's Strategic Initiative to Expand Prosperity by promoting business activity at TUS and generating additional revenue that contributes to the airport system's long-term economic stability. The project also aligns with the City of Tucson's energy resilience goals while providing direct, non-aeronautical revenue to the airport system.

Cost Analysis:
The ground lease will have an initial 20-year term. TAA has also offered Project Strata up to four (4) five-year extension options, each to be exercised at TAA's discretion. Base rent will be $0.10 per square foot and will be adjusted every two years based on the Consumer Price Index (CPI). Minimum annual rent revenue will be $108,900. If Project Strata leases the full forty (40) acres, annual rent revenue would initially be $174,240.

The site is greenfield and currently lacks road infrastructure. If future development requires TAA to construct a road, Common Area Maintenance and Pavement Preservation fees will be assessed through an amendment to the lease.

Recommendation:
TAA staff recommends the Board adopt Resolution No. 2026-11 authorizing the President/CEO or her designee(s) to execute a new ground lease with Oso Energy Storage, LLC, subject to the attached key business terms.

Attachments:

1. Exhibit A: Key Business Terms

EXHIBIT A: Key Business Terms

TUCSON AIRPORT AUTHORITY
TUCSON INTERNATIONAL AIRPORT • RYAN AIRFIELD

KEY BUSINESS TERMS – PROJECT STRATA

Date:	**May 15, 2026**
Landlord:	Tucson Airport Authority, Inc., an Arizona nonprofit corporation ("TAA")
Prospect:	**Oso Energy Storage, LLC ("Tenant")**
Prospect Point of Contact:	Bridget Sidwell

Premises	Prospect will have option to lease up to forty (40) acres of land in Sonora East as depicted in Exhibit A - Premises. Prospect shall lease a minimum of twenty-five (25) acres following the option period if the site is deemed as feasible by the Prospect. Exact location, dimensions, and shape of the Premises will be mutually agreed upon between Landlord and Prospect to ensure highest and best use of the site, land contiguity, and compliance with industry standard requirements and practices.
Project Description	Construct an Electrical Storage System ("ESS") (as depicted in Exhibit A). Interconnect with the Tucson Electric Power ("TEP") grid at the Wilmot or Sonoran Substation. Execute ground lease for the subject parcel.
Lease Term	Effective upon the Rent Commencement Date, Tenant shall have an initial term of twenty (20) years with four (4) five (5) year extensions at TAA's discretion.
Lease Effective Date	Upon execution of the lease option.
Feasibility Option Period	Tenant will have up to five (5) one (1) year options ("Feasibility Option Period") to execute due diligence for the project. During the Feasibility Option Period, Tenant shall not construct any part of the project or engage in any activity that disturbs the Premises, including but not limited to, boring, grading, and excavating, without advance written permission from TAA.
Feasibility Option Fees	Payable by Tenant to TAA in lump sum at the beginning of each Feasibility Option Period as follows: Year 1 - $30,000; Year 2 - $40,000; Year 3 - $50,000; Year 4 - $60,000; Year 5 - $70,000
Construction Term	Following the Feasibility Option Period, Tenant shall have up to eighteen (18) months to perform all construction activities at the Premises.
Construction Term Rent	Payable by Tenant to TAA in lump sum at the beginning of the Construction Period. Year 1 - $110,000; Partial Year 2 (6 mos): $60,000
Rent Commencement Date	The earlier to occur of (i) the date Tenant begins regularly selling electricity (other than Test Energy, as defined below) to a third party power purchaser, off-taker, merchant buyer, spot market buyer, or other third party purchaser from Project Facilities located in the Project or (ii) the expiration of the Construction Term.

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TUCSON AIRPORT AUTHORITY
TUCSON INTERNATIONAL AIRPORT • RYAN AIRFIELD

KEY BUSINESS TERMS – PROJECT STRATA

Base Rent & Rate Adjustments	Effective upon Rent Commencement Date, at the rate of $.10 PSFPY (plus CPI adjustment as described below), a minimum Base Rent of $108,900/year for 25 acres or up to $174,240/year for 40 acres. Base Rent rate ($.10 PSFPY) will be adjusted according to the Consumer Price Index (CPI) upon Rent Commencement Date using 2025 as the base index year, and every two years thereafter in accordance with the Consumer Price Index (CPI) changes. The rate will never be adjusted downward.
Common Area Maintenance (CAM)	TAA reserves the right to assess a common area maintenance fee in the future.
Pavement Reserve	TAA reserves the right to assess a common area maintenance fee in the future.
Lease Security	Tenant will be responsible, at its sole cost, for providing a lease security in an amount equal to three months of rent, in a form acceptable to the TAA.
Removal Surety	Tenant will provide removal security to cover Tenant's obligation to remove its project facilities from the Premises.
Taxes	The Tenant will be responsible for paying for all applicable taxes regarding the construction project and other applicable taxes at no cost to TAA.
Site Development	If Tenant intends to make modifications to the Premises. Approval of these modifications is subject to the TAA Tenant Improvement Review Panel (TIRP). No improvements or modifications will be completed prior to a written notice to proceed from the TIRP. • Tenant will develop the ESS at Tenant's cost and expense. • Tenant will construct access road(s) to the facility at Tenant's cost and expense. • Tenant will comply with all municipal permitting requirements at Tenant's cost and expense. • Tenant will provide utilities to the site at Tenant's cost and expense.
TAA Responsibilities	TAA will provide survey and legal description of site as an Exhibit to the lease document at its cost and expense.
Tenant Responsibilities	Tenant will construct an access road on the south side of the subject parcel. If Tenant is not awarded the ESS contract by TEP, these terms shall be null and void. Parties may renegotiate different terms. Tenant agrees to make available and transfer to TAA any site related information and documentation it may obtain through its own resources or by 3rd parties, including, site surveys, descriptions, topographies, environmental testing, and other related data.

TUCSON AIRPORT AUTHORITY
TUCSON INTERNATIONAL AIRPORT • RYAN AIRFIELD

KEY BUSINESS TERMS – PROJECT STRATA

Maintenance	Tenant shall, at no expense to TAA, improve, maintain, and repair the Premises, and keep the same in a neat, clean, and safe condition and in compliance with all applicable laws, rules, regulations and orders.
Utilities	Tenant shall pay for all utility services supplied to the Premises, including, but not limited to, electricity, gas, water, sewer, and data.
Sample Lease	The attached sample is for informational purposes only (see Exhibit B). Actual lease terms offered by TAA may have material differences at TAA's discretion.
TAA Approval of Terms	Lease terms are subject to approval of TAA's Board of Directors.

This proposal represents an expression of interest in pursuing acceptable business terms for which Landlord and Tenant can mutually execute a lease document for the Premises. No legal obligation or liability shall arise between the parties until the execution of a standard Lease agreement that is satisfactory to each party and its counsel. Unless agreed and signed by Tenant, this proposal shall expire as of 5:00 p.m. local time, June 3, 2026.

Agreed and Accepted:

Oso Energy Storage, LLC
By: Strata Manager, LLC, its Manager

Alex Wilhelm — 5/18/2026

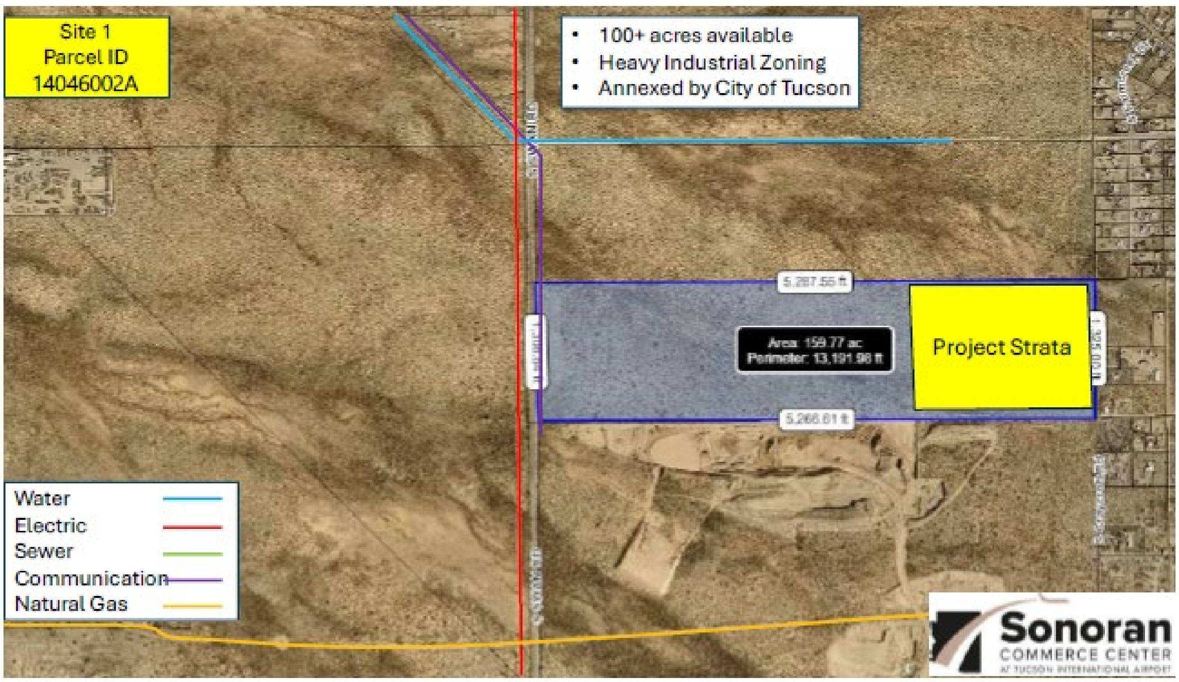
Authorized Signatory — Date

TUCSON AIRPORT AUTHORITY
TUCSON INTERNATIONAL AIRPORT • RYAN AIRFIELD

KEY BUSINESS TERMS – PROJECT STRATA

EXHIBIT "A": PREMISES

Approximate location shown below as Project Strata spanning an area of -/+40 acres



A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., DELEGATING AUTHORITY TO THE PRESIDENT/CEO OR HER DESIGNEE(S) TO EXECUTE A NEW GROUND LEASE WITH OSO ENERGY STORAGE, LLC.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., AS FOLLOWS:

The President/CEO or her designee(s) is authorized to execute a new ground lease with Oso Energy Storage, LLC, subject to material consistency with the key business terms identified in Exhibit A.

PASSED AND ADOPTED by the Board of Directors of the Tucson Airport Authority, Inc., this 5TH day of August, 2026.

Michael S. Hammond
Chair of the Board

ATTEST:

Vance Falbaum, Secretary

APPROVED AS TO FORM:

Christopher Schmaltz, Executive Vice President and General Counsel

EXHIBIT A

TUCSON AIRPORT AUTHORITY

KEY BUSINESS TERMS – PROJECT STRATA

Date: **May 15, 2026**

Landlord: Tucson Airport Authority, Inc., an Arizona nonprofit corporation ("TAA")

Prospect: **Oso Energy Storage, LLC ("Tenant")**

Prospect Point of Contact: Bridget Sidwell

Premises	Prospect will have option to lease up to forty (40) acres of land in Sonora East as depicted in Exhibit A - Premises. Prospect shall lease a minimum of twenty-five (25) acres following the option period if the site is deemed as feasible by the Prospect. Exact location, dimensions, and shape of the Premises will be mutually agreed upon between Landlord and Prospect to ensure highest and best use of the site, land contiguity, and compliance with industry standard requirements and practices.
Project Description	Construct an Electrical Storage System ("ESS") (as depicted in Exhibit A). Interconnect with the Tucson Electric Power ("TEP") grid at the Wilmot or Sonoran Substation. Execute ground lease for the subject parcel.
Lease Term	Effective upon the Rent Commencement Date, Tenant shall have an initial term of twenty (20) years with four (4) five (5) year extensions at TAA's discretion.
Lease Effective Date	Upon execution of the lease option.
Feasibility Option Period	Tenant will have up to five (5) one (1) year options ("Feasibility Option Period") to execute due diligence for the project. During the Feasibility Option Period, Tenant shall not construct any part of the project or engage in any activity that disturbs the Premises, including but not limited to, boring, grading, and excavating, without advance written permission from TAA.
Feasibility Option Fees	Payable by Tenant to TAA in lump sum at the beginning of each Feasibility Option Period as follows: Year 1 - \$30,000; Year 2 - \$40,000; Year 3 - \$50,000; Year 4 - \$60,000; Year 5 - \$70,000
Construction Term	Following the Feasibility Option Period, Tenant shall have up to eighteen (18) months to perform all construction activities at the Premises.
Construction Term Rent	Payable by Tenant to TAA in lump sum at the beginning of the Construction Period. Year 1 - \$110,000; Partial Year 2 (6 mos): \$60,000
Rent Commencement Date	The earlier to occur of (i) the date Tenant begins regularly selling electricity (other than Test Energy, as defined below) to a third party power purchaser, off-taker, merchant buyer, spot market buyer, or other third party purchaser from Project Facilities located in the Project or (ii) the expiration of the Construction Term.

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TUCSON AIRPORT AUTHORITY
TUCSON INTERNATIONAL AIRPORT • RYAN AIRFIELD

KEY BUSINESS TERMS – PROJECT STRATA

Base Rent & Rate Adjustments	Effective upon Rent Commencement Date, at the rate of $.10 PSFPY (plus CPI adjustment as described below), a minimum Base Rent of $108,900/year for 25 acres or up to $174,240/year for 40 acres. Base Rent rate ($.10 PSFPY) will be adjusted according to the Consumer Price Index (CPI) upon Rent Commencement Date using 2025 as the base index year, and every two years thereafter in accordance with the Consumer Price Index (CPI) changes. The rate will never be adjusted downward.
Common Area Maintenance (CAM)	TAA reserves the right to assess a common area maintenance fee in the future.
Pavement Reserve	TAA reserves the right to assess a common area maintenance fee in the future.
Lease Security	Tenant will be responsible, at its sole cost, for providing a lease security in an amount equal to three months of rent, in a form acceptable to the TAA.
Removal Surety	Tenant will provide removal security to cover Tenant's obligation to remove its project facilities from the Premises.
Taxes	The Tenant will be responsible for paying for all applicable taxes regarding the construction project and other applicable taxes at no cost to TAA.
Site Development	If Tenant intends to make modifications to the Premises. Approval of these modifications is subject to the TAA Tenant Improvement Review Panel (TIRP). No improvements or modifications will be completed prior to a written notice to proceed from the TIRP. • Tenant will develop the ESS at Tenant's cost and expense. • Tenant will construct access road(s) to the facility at Tenant's cost and expense. • Tenant will comply with all municipal permitting requirements at Tenant's cost and expense. • Tenant will provide utilities to the site at Tenant's cost and expense.
TAA Responsibilities	TAA will provide survey and legal description of site as an Exhibit to the lease document at its cost and expense.
Tenant Responsibilities	Tenant will construct an access road on the south side of the subject parcel. If Tenant is not awarded the ESS contract by TEP, these terms shall be null and void. Parties may renegotiate different terms. Tenant agrees to make available and transfer to TAA any site related information and documentation it may obtain through its own resources or by 3rd parties, including, site surveys, descriptions, topographies, environmental testing, and other related data.

TUCSON AIRPORT AUTHORITY
TUCSON INTERNATIONAL AIRPORT • RYAN AIRFIELD

KEY BUSINESS TERMS – PROJECT STRATA

Maintenance	Tenant shall, at no expense to TAA, improve, maintain, and repair the Premises, and keep the same in a neat, clean, and safe condition and in compliance with all applicable laws, rules, regulations and orders.
Utilities	Tenant shall pay for all utility services supplied to the Premises, including, but not limited to, electricity, gas, water, sewer, and data.
Sample Lease	The attached sample is for informational purposes only (see Exhibit B). Actual lease terms offered by TAA may have material differences at TAA's discretion.
TAA Approval of Terms	Lease terms are subject to approval of TAA's Board of Directors.

This proposal represents an expression of interest in pursuing acceptable business terms for which Landlord and Tenant can mutually execute a lease document for the Premises. No legal obligation or liability shall arise between the parties until the execution of a standard Lease agreement that is satisfactory to each party and its counsel. Unless agreed and signed by Tenant, this proposal shall expire as of 5:00 p.m. local time, June 3, 2026.

Agreed and Accepted:

Oso Energy Storage, LLC
By: Strata Manager, LLC, its Manager

Alex Wilhelm

Authorized Signatory

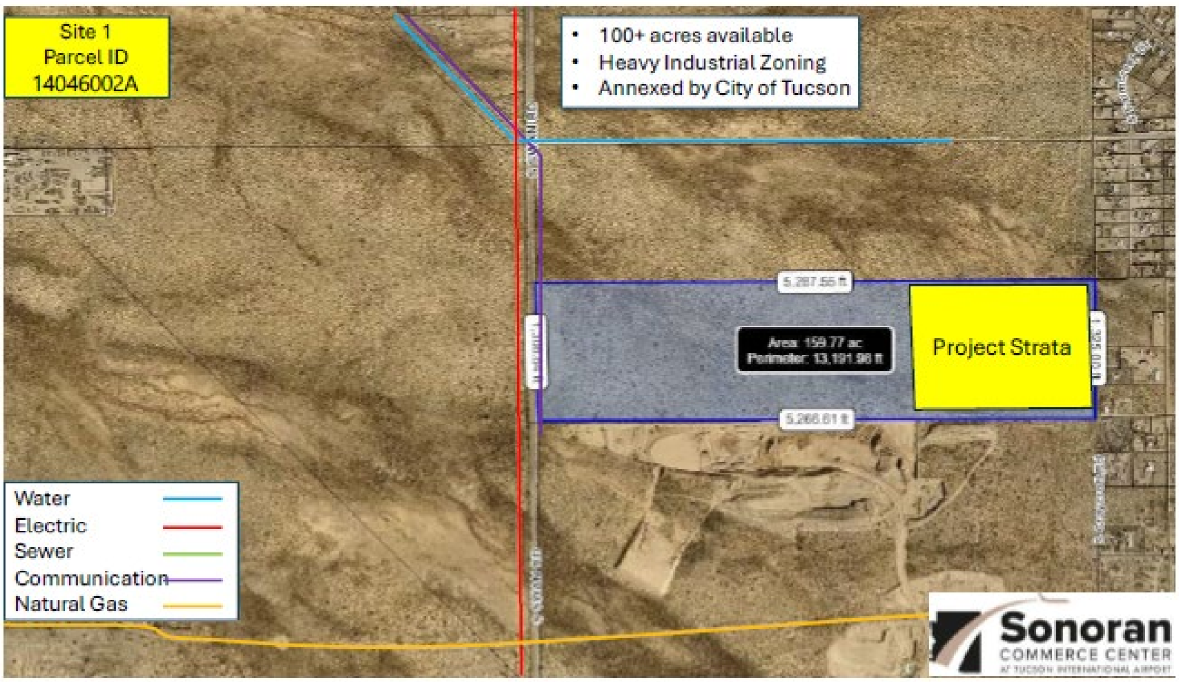
5/18/2026

Date

KEY BUSINESS TERMS – PROJECT STRATA

EXHIBIT "A": PREMISES

Approximate location shown below as Project Strata spanning an area of -/+40 acres



Date: August 5, 2026

To: TAA Board of Directors
From: John Voorhees, Vice President/Chief Revenue Officer
Re: Raytheon Key Business Terms

Background:
On May 14, 2026, TAA and Raytheon agreed to terms for an expansion of Raytheon's ground lease, adding approximately 37 acres of land west of the company's existing leasehold. Raytheon intends to use the additional land to expand business capacity by constructing new research and production facilities.

Raytheon executed its existing ground lease with TAA in 2017. The leased premises include 204 acres of land located between Hermanns Road and East Aero Park Drive. The initial lease term is 30 years, with two successive 15-year extension options available to the tenant. The lease includes both landside and airside facilities, including the Raytheon Hangar.

The proposed expansion would be memorialized through an amendment to the 2017 ground lease.

Strategic Plan | Analysis:
This lease supports TAA's Strategic Initiative to Expand Prosperity by promoting business activity at TUS and generating additional revenue that contributes to the airport system's long-term economic stability.

Cost Analysis:
The amended ground lease will add 37-acres to the existing 204-acre leasehold. Under the terms of the agreement the additional property will be leased at the rate of $0.28 per square foot per year. At lease commencement, annual revenue will be $455,250.

Recommendation:
TAA staff recommends the Board adopt Resolution No. 2026-12 authorizing the President/CEO or her designee to execute a new ground lease with Raytheon, subject to the attached key business terms.

Attachments:
1. Exhibit A: Key Business Terms

EXHIBIT A: Key Business Terms

Date: **April 1, 2026**

Landlord: Tucson Airport Authority, Inc., an Arizona nonprofit corporation ("TAA")

Prospect: **Raytheon Company ("Tenant")**

Prospect Point of Contact: [David Daane / Portfolio Manager / david.daane@rtx.com/ (520) 484-5152]

Premises	Approximately thirty-seven (37) acres of land as depicted in Exhibit A – Premises. Portions of tax parcel numbers 140-43-013D, and 013E.
Land Use	City of Tucson Heavy industrial (I-2). Research and development, office, storage, database etc.
Project	Tenant's intent is to construct multiple research and development facilities along with supporting infrastructure facilities (data centers, test structures). Tenant will not commit to a specific timeline for construction of any improvements. Tenant will enter into a ground lease with TAA.
Lease Term	Coterminous with the Raytheon-TAA lease dated July 1, 2017. Initial Term Expiration: 6/30/2047. Two 15-year extension options.
Lease Effective Date	Upon execution of the lease amendment.
Rent Commencement Date	October 1, 2026
Base Rent & Rate Adjustments	Base Rent shall be $455,000 per year, subject to a Consumer Price Index (CPI) adjustment every five (5) years. The first adjustment will occur on July 1, 2032, following the same schedule and CPI methodology used in the existing lease. The Base Rent shall not be adjusted downward. This Base Rent is in addition to the rent payable under the existing lease.
Taxes	The Tenant will be responsible for paying for all applicable taxes regarding the construction project and other applicable taxes at no cost to TAA.
Tenant Site Development Responsibilities	Review and approval of all structural or permanent modifications is subject to the TAA Tenant Improvement Review Panel (TIRP). No structural improvements or modifications will be completed prior to a written notice to proceed from the TAA TIRP. Tenant shall, at its sole cost and expense: • Construct and develop the Premises; • Comply with all municipal, state, and federal permitting requirements, laws, rules and regulations; and,

	• Provide all necessary utilities to the Premises.
TAA Responsibilities	TAA will provide survey and legal description of site as an Exhibit to the lease document at its cost and expense.
Maintenance	Tenant shall, at no expense to TAA, improve, maintain, and repair the Premises, and keep the same in a neat, clean, and safe condition and in compliance with all applicable laws, rules, regulations and orders.
Utilities	Tenant shall pay for all utility services supplied to the Premises, including, but not limited to, electricity, gas, water, sewer, and data.
Existing Lease	This proposal is subject to the terms and conditions of the existing lease.
TAA Approval of Terms	This proposal is subject to approval of TAA's Board of Directors.

This proposal represents an expression of interest in pursuing acceptable business terms for which Landlord and Tenant can mutually execute a lease document for the Premises. No legal obligation or liability shall arise between the parties until the execution of a standard Lease agreement that is satisfactory to each party and its counsel. Unless agreed and signed by Tenant, this proposal shall expire as of 5:00 p.m. local time, April 17, 2026.

Agreed and Accepted:

Raytheon Company

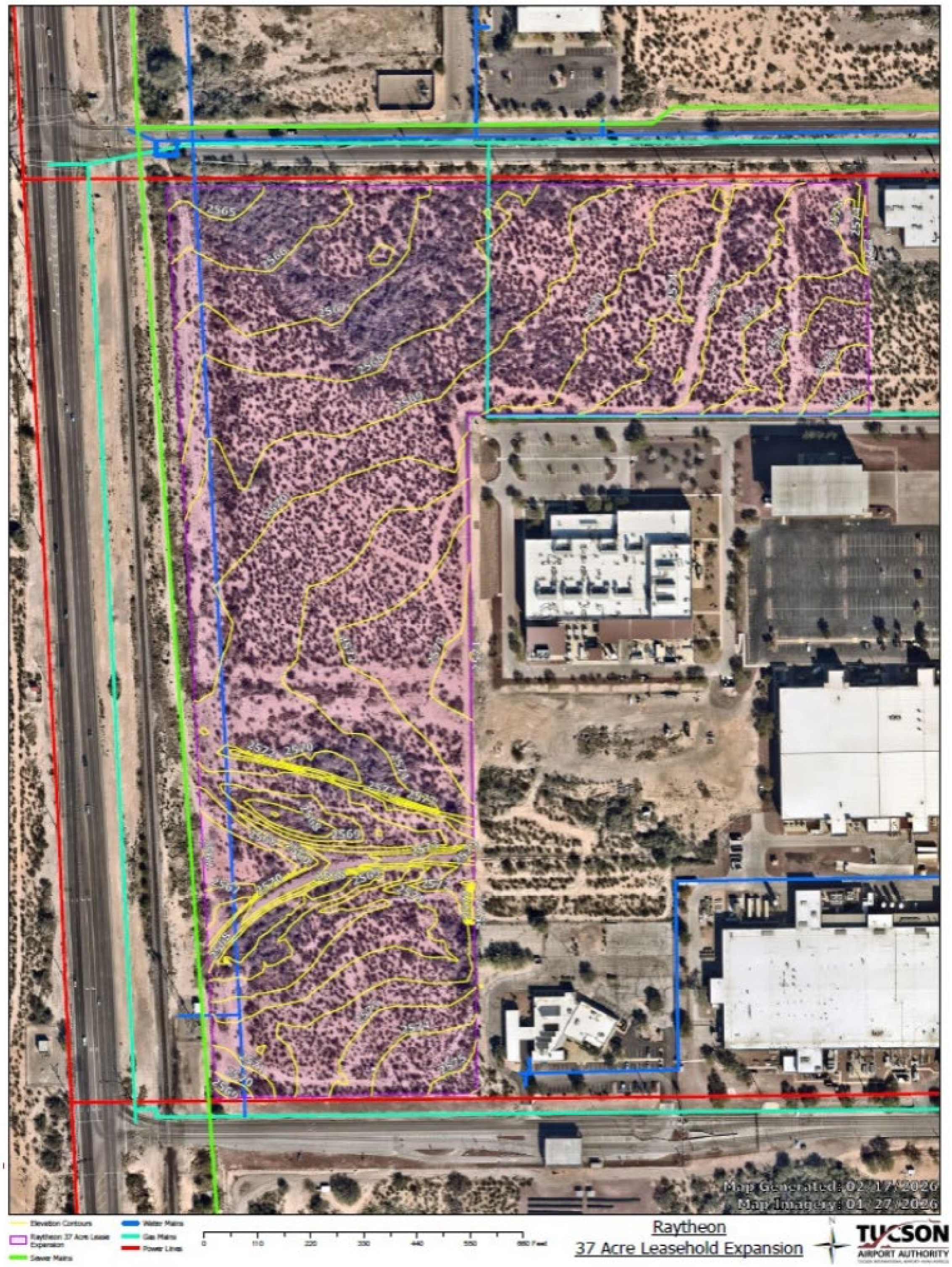
Agreed and Accepted | May 14, 2026

_______________________________________ | ____________________

Authorized Signatory | Date

EXHIBIT "A": PREMISES

Approximate area of -/+37 acres



A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., DELEGATING AUTHORITY TO THE PRESIDENT/CEO OR HER DESIGNEE(S) TO EXECUTE AN AMENDMENT TO THE EXISTING GROUND LEASE WITH RAYTHEON COMPANY.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TUCSON AIRPORT AUTHORITY, INC., AS FOLLOWS:

The President/CEO or her designee(s) is authorized to execute an amendment to the existing ground lease with Raytheon Company, subject to material consistency with the key business terms identified in Exhibit A.

PASSED AND ADOPTED by the Board of Directors of the Tucson Airport Authority, Inc., this 5TH day of August, 2026.

Michael S. Hammond
Chair of the Board

ATTEST:

Vance Falbaum, Secretary

APPROVED AS TO FORM:

Christopher Schmaltz, Executive Vice President and General Counsel

EXHIBIT A

TUCSON AIRPORT AUTHORITY

KEY BUSINESS TERMS – TAA COUNTER

Date:	**April 1, 2026**
Landlord:	Tucson Airport Authority, Inc., an Arizona nonprofit corporation ("TAA")
Prospect:	**Raytheon Company ("Tenant")**
Prospect Point of Contact:	[David Daane / Portfolio Manager / david.daane@rtx.com/ (520) 484-5152]

Premises	Approximately thirty-seven (37) acres of land as depicted in Exhibit A – Premises. Portions of tax parcel numbers 140-43-013D, and 013E.
Land Use	City of Tucson Heavy industrial (I-2). Research and development, office, storage, database etc.
Project	Construct multiple research and development facilities along with supporting infrastructure facilities (data centers, test structures). Enter into a ground lease with TAA.
Lease Term	Coterminous with the Raytheon-TAA lease dated July 1, 2017. Initial Term Expiration: 6/30/2047. Two 15-year extension options.
Lease Effective Date	Upon execution of the lease amendment.
Rent Commencement Date	October 1, 2026
Base Rent & Rate Adjustments	Base Rent shall be $455,000 per year, subject to a Consumer Price Index (CPI) adjustment every five (5) years. The first adjustment will occur on July 1, 2032, following the same schedule and CPI methodology used in the existing lease. The Base Rent shall not be adjusted downward. This Base Rent is in addition to the rent payable under the existing lease.
Taxes	The Tenant will be responsible for paying for all applicable taxes regarding the construction project and other applicable taxes at no cost to TAA.
Tenant Site Development Responsibilities	Review and approval of all structural or permanent modifications is subject to the TAA Tenant Improvement Review Panel (TIRP). No structural improvements or modifications will be completed prior to a written notice to proceed from the TAA TIRP. Tenant shall, at its sole cost and expense: • Construct and develop the Premises; • Comply with all municipal, state, and federal permitting requirements, laws, rules and regulations; and, • Provide all necessary utilities to the Premises.
TAA Responsibilities	TAA will provide survey and legal description of site as an Exhibit to the lease document at its cost and expense.
Maintenance	Tenant shall, at no expense to TAA, improve, maintain, and repair the Premises, and keep the same in a neat, clean, and safe condition and in compliance with all applicable laws, rules, regulations and orders.

TUCSON AIRPORT AUTHORITY

KEY BUSINESS TERMS – TAA COUNTER

Utilities	Tenant shall pay for all utility services supplied to the Premises, including, but not limited to, electricity, gas, water, sewer, and data.
Existing Lease	This proposal is subject to the terms and conditions of the existing lease.
TAA Approval of Terms	This proposal is subject to approval of TAA's Board of Directors.

This proposal represents an expression of interest in pursuing acceptable business terms for which Landlord and Tenant can mutually execute a lease document for the Premises. No legal obligation or liability shall arise between the parties until the execution of a standard Lease agreement that is satisfactory to each party and its counsel. Unless agreed and signed by Tenant, this proposal shall expire as of 5:00 p.m. local time, April 17, 2026.

Agreed and Accepted:

Raytheon Company

Agreed and Accepted   May 14, 2026

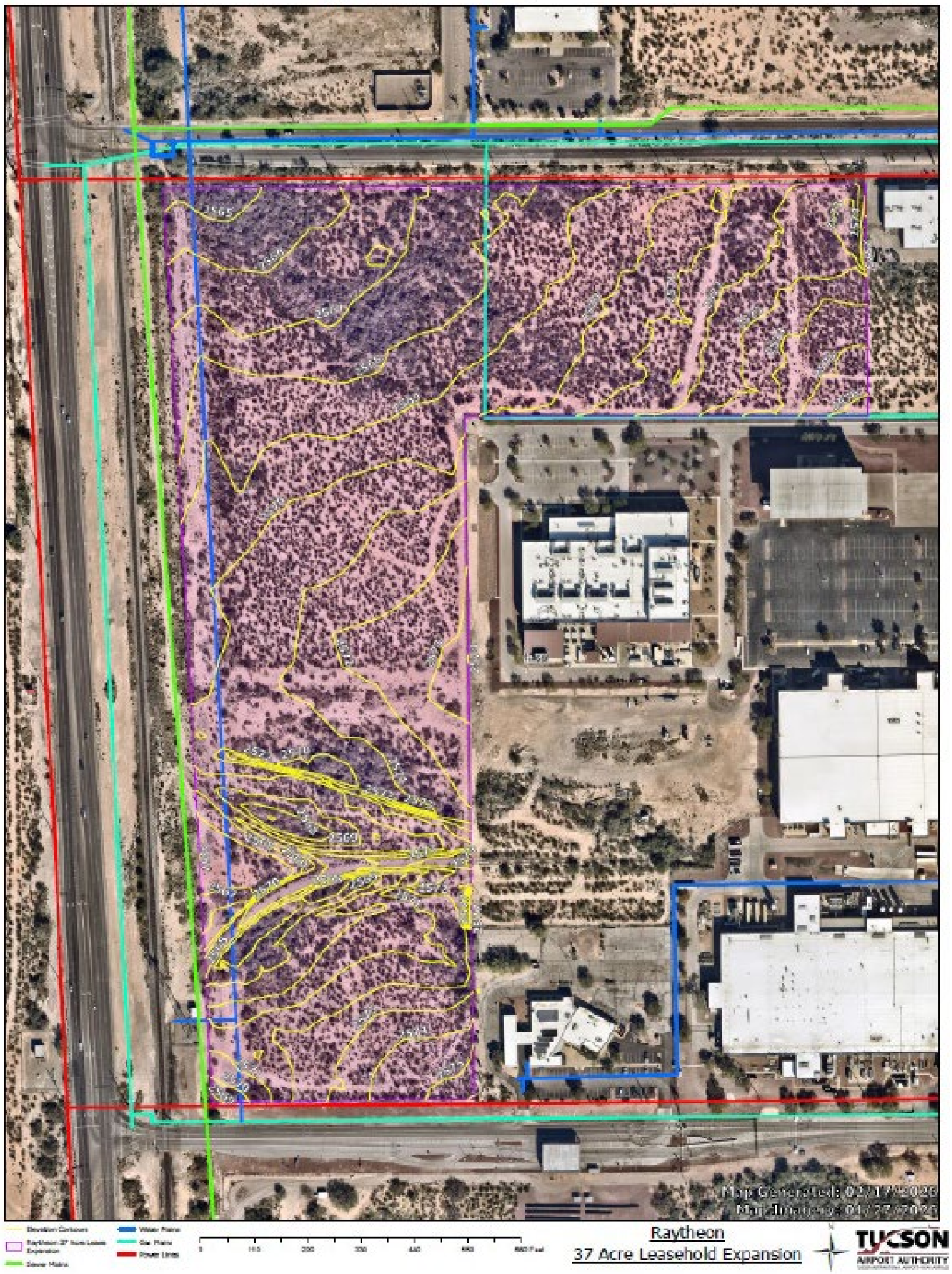
________________________________   ________________

Authorized Signatory   Date

KEY BUSINESS TERMS – TAA COUNTER

EXHIBIT "A": PREMISES

Approximate area of -/+37 acres



Date: August 5, 2026

To: TAA Board of Directors
From: Chris Schmaltz, Executive Vice President/General Counsel; Mary Fowler, VP/Chief Financial Officer; John Voorhees, VP/Chief Revenue Officer
Re: Establishing a new TUS Customer Facility Charge (CFC) Program

Background

TAA's Rent-A-Car (RAC) facility was completed in 2002 at a cost of $19.4 million as part of the Capital Improvement Plan (CIP), following approval by both the TAA Board and the Signatory Airlines. The project was initially financed through an internal loan from TAA reserves (the RAC Facility Loan). Under the approved funding structure, Signatory Airlines agreed to repay that loan over time through the airport's rates and charges framework.

As part of this financing approach, TAA also established a Customer Facility Charge (CFC) Program, which allows for fees to be collected by car rental companies from their customers, whereby revenues generated from the CFC program in excess of the loan repayment to the Signatory Airlines were applied to the TAA airport system. This CFC Program, acommon approach used at airports nationwide, was adopted as an equitable method of funding rental car infrastructure while minimizing disproportionate impacts on individual operators.

The 2002 financing plan contemplated a 20-year repayment period, with the first five years structured as interest-only payments to allow for a phased implementation of the CFC Program. Full recovery of capital costs was scheduled to occur during years six through twenty.

These funding mechanisms successfully supported development of the RAC facility. However, as the facility has aged and the related financing repayment obligation nears completion, with the existing loan scheduled to be fully repaid in July 2027 (see Exhibit A), the current revenue structure and funding model warrant re-evaluation. A new CFC Program is necessary to address anticipated capital repair and maintenance needs and to ensure the facility remains safe, functional, and serviceable in the short-, middle- and long-term.

Strategic Plan | Analysis:

This effort supports the Strategic Plan Initiatives: Expand Prosperity and Project Excellence. The deliberate planning process involved will ensure that TAA has a thoughtful, objective-oriented CFC Program designed to meet specific financial goals. It will be designed to strategically build funds that support the future RAC facility infrastructure projects. Furthermore, it will establish clear authority for use of the funds by segregating CFC revenue from the TAA General Fund while enabling the CFC Program to become self-sustaining with little to no impact on the airline rates and charges model, which the Airlines expect. Finally, there will be increased stability and credibility as TAA evaluates all its financial options, including whether to seek external funding for major capital projects at the RAC. TAA will be well positioned for flexible financing options with a CFC Program that has clear authority, sound financial planning, well-defined goals, a thoughtful cost recovery strategy, and reliable future revenues.

Cost Analysis:

Under the current funding structure, CFC revenues have been collected in excess of the amount needed to satisfy annual debt service on the RAC Facility Loan. Historically, those excess revenues have flowed into the broader airport system, providing an additional funding source that has helped offset airport operating costs. As a result, the airport system has benefited from supplemental revenue generated by RAC users, which has in turn reduced the level of operating costs otherwise recoverable through airline rates and charges.

With the existing RAC Facility Loan set to be fully repaid in July 2027, TAA has an opportunity to re-evaluate the RAC funding model and better align future CFC collections with the facility's ongoing capital and maintenance needs. Now, more than twenty years old, the RAC facility requires targeted investment to address both deferred maintenance and planned improvements, including a repair and replacement of underground fuel storage tanks (USTs), restroom renovations, and garage lighting upgrades, among other projects. Longer-term planning will also be necessary to evaluate future facility needs, including the eventual installation of above-ground fuel storage tanks (ASTs) to support rental car operations.

A summary of these projects follows:

1. Assessment and repair of the Underground Fuel Storage Tanks (USTs). The TUS RAC facility operates seven (7) underground fuel storage tanks. One tank recently failed inspection and has been removed from service, with repair costs estimated at approximately $430,000. Because the remaining six tanks are of similar age, staff have retained services to inspect them as well, at an estimated cost of $22,000. If all seven (7) tanks require comparable repairs to extend the life of the system, the total repair cost could reach approximately $3 million.

2. Improvement of the Garage Lighting. Insufficient lighting in the Ready/Return garage has been a recurring concern for rental car employees and customers. Poor visibility makes it more difficult for customers to inspect vehicles and creates safety and security concerns for staff. A formal engineering assessment of the lighting improvements is still pending; however, the project is currently estimated to cost approximately $2 million.

3. Renovation of the RAC Restrooms. This project addresses a long-standing need for employees working in the car rental area. The existing restrooms require renovation to meet current City of Tucson Code requirements and improve overall functionality. In 2022, a TAA Resource Allocation Plan (RAP) project allocated $75,000 from the RAC

Maintenance Reserve Fund for design. The total project cost, including reimbursement of those design expenses, is estimated at approximately $365,000 yet could be higher.

4. Procurement of consultant services for RAC master planning. The RAC facility is approaching its operational capacity and will ultimately require significant capital investment to modernize the facility, expand capacity, and position TAA to capture additional revenue opportunities. To support that long-term planning effort, staff has engaged a consultant to develop conceptual options for future growth, including evaluation of above-ground fuel storage tanks that are more consistent with current industry practices. The cost of these initial planning services is estimated at $102,400.

TAA currently assesses a CFC of $4.50 per rental car transaction. While this rate is adequate to retire the existing RAC facility loan on schedule, it is not sufficient to support the facility's ongoing maintenance requirements or future capital needs. Accordingly, staff recommends transitioning to a per-transaction-day fee model, which the Business and Commercial Development Division (BCD) has identified as the prevailing industry standard. This structure would more closely align revenue generation with actual facility use and establish a dedicated funding source for RAC-related maintenance, repairs, and long-term capital planning.

Implementation:

TAA staff recommend implementing the transaction-day fee through a phased approach. Under this proposal, in the initial phase, the CFC rate would be set at $2.50 per transaction day. This measured rollout would allow TAA to begin generating a dedicated funding source for the RAC facility while preserving flexibility to adjust the fee structure as project scopes and cost estimates are further refined. It would also moderate the impact of a more substantial one-time increase on car rental operators and their customers.

TAA Finance has evaluated multiple projection scenarios and conservatively estimates that implementation of the initial $2.50 per transaction-day fee would generate approximately $2.5 million in additional net revenue, after repayment of the RAC Facility Loan, during the first year (see Exhibit B). The use of these funds would be restricted for maintenance, capital improvement, and near-term RAC facility projects. Under this new transaction-day fee model, TAA would be positioned to begin addressing these projects immediately and to fully fund them within three years.

As project scopes and cost estimates are further refined, BCD anticipates that the transaction-day fee may be upwardly adjusted in future phases. These subsequent adjustments would increase funding capacity not only for identified RAC repairs and capital improvements, but also for broader short- and long-term planning initiatives, including consultant services to support evaluation and eventual replacement of the existing RAC facility.

The proposed transaction day fee model permits TAA to responsibly transition from a debt-repayment funding structure to a sustainable user-based funding mechanism dedicated to preserving and planning for the RAC facility, which is an industry best practice. This approach would ensure that future RAC-related revenues are reinvested in the RAC system for maintenance, repair, capital planning, and eventual replacement needs, rather than continuing to flow into the broader airport system after retirement of the current debt.

Recommendation

No recommendation at this time. The study session is intended to review the proposed program and allow staff and the Board of Directors to discuss the proposal.

Exhibit A: Loan Payment Schedule

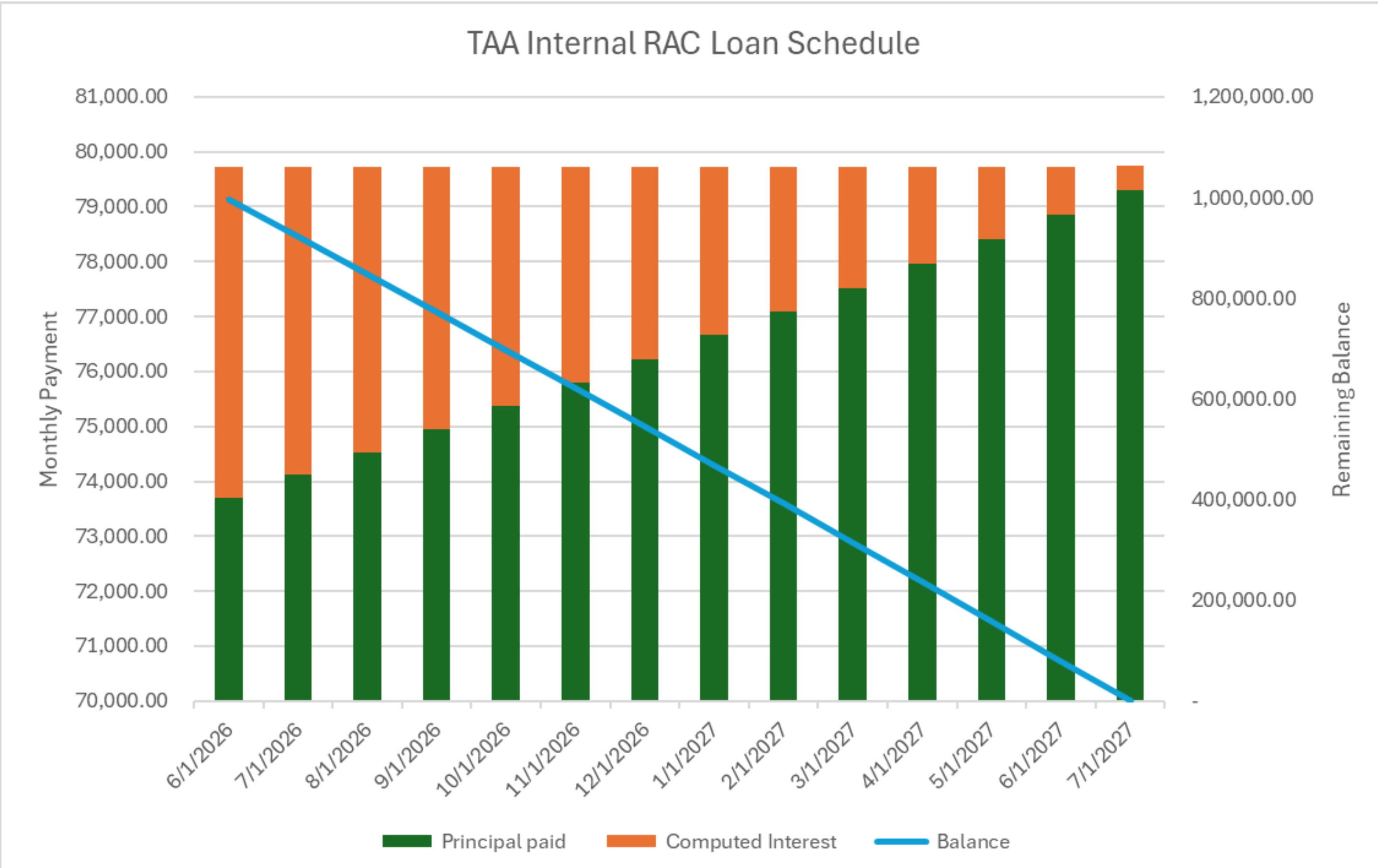


Exhibit B: CFC Collection Model at $2.50 per contract day