

FUTURE OF AIRPORT FINANCE

MARCH 23-24, 2023

Keck Center of the National Academies
500 Fifth Street, NW, Washington, DC

Future of Airport Finance Insight Event

Event Overview:

The *Future of Airport Finances* Insight Forum will be held during a time of uncertainty and change in the aviation industry as well as with the finances of U.S. airports. After a decade of growth, the aviation industry experienced traffic reductions of 96% in the immediate aftermath of the Covid-19 pandemic and has since recovered to approximately two-thirds of its 2019 traffic levels (Airports Council International – North America: *Building the Runway to Economic Growth*).

Eighteen months after the start of the pandemic, there is not yet available a body of literature of how airports are managing through the pandemic and recovery. In addition, there is a need for understanding how their decisions and approaches to coping with this new industry environment will reshape airport finances and economics going forward. Nevertheless, airports continue to employ financial strategies built up over decades of managing through periods of growth, through recessions, and through Black Swan events such as the 9-11 terrorist attacks and its aftermath. While industry and airport recoveries will necessarily come at different rates, and new business models will emerge that distribute traffic differently over the U.S. aviation network and airports, most analysts agree that it will be between three and five years when the industry will come to a “new normal.” In the meantime, airport management will do what it has always done—manage service risk with investment risk.

The *Insight Forum on Airport Finances* will juxtapose the current reality that airports face with an uncertain aviation recovery and new and ongoing costs with a management and financial model that is well understood. This understanding-- developed in part due to the research of the Airport Cooperative Research Program as well as that of practitioners, research institutions, and government agencies – should evolve as we together explore today’s financial realities and offer ideas for future research.

Event Location: Keck Center, Washington D.C., Room 100

Event Dates: March 23-24, 2023

Registration Fee: \$120

Agenda

DAY 1 MORNING	
8:00 – 8:45 AM	Continental Breakfast
Morning 1 8:45 – 9:00 AM	<p>Event Introduction and Opening Remarks Event opening and welcoming remarks.</p> <p>Speakers: Victoria Sheehan, Executive Director, Transportation Research Board Cindy Nichol, Director of Airports, Sacramento County Department of Airports</p>
Morning 2 9:05 – 9:35 AM	<p>National Economic Trends and Aviation The opening session will set the stage for the event and discussion over the next day and a half, by providing an overview of and insights into current economic trends globally and national, and their impacts to aviation.</p> <p>Speaker: Janet Harrah, Economist, Executive Director, US Bank College of Business, Northern Kentucky University</p>
Morning 3 9:40 – 10:40 AM	<p>Public Funding and Financing This session will feature discussion on the important role of public funding and finance for U.S. airports, for example, how the role of FAA and federal funding could change in the future, trends in the bond market, differences in approaches to financing and funding models for commercial service and general aviation airports.</p> <p>Moderator: Lois Kramer, CEO, Kramer Aerotek, Inc.</p> <p>Speakers: Ken Warriner, Chief Financial Officer, Naples Airport Authority Michael Landguth, President and CEO, Raleigh-Durham International Airport Tatiana Starostina, Chief Financial Officer, Los Angeles World Airports</p>
10:40–11:00 AM	Break
Morning 4 11:00 AM – 12:15 PM	<p>Needs vs. Wants: What do we really need to build and how should we pay for it? This session is set up as a moderated debate to explore how we as an industry decide what we need and how it should be funded. Some topics to be explored include how much cash should an airport have on hand? How much debt is too much? How do you apportion risk? How the economic regulation models differ between regions (i.e., EU / UK vs. US)</p> <p>Moderator: Cindy Nichol, Director of Airports, Sacramento County Department of Airports</p> <p>Speakers: Lance Lyttle, Managing Director, Aviation Division, Port of Seattle Steve Sisneros, Vice President Airport Affairs, Southwest Airlines Dr. Lutz Weisser, Managing Director, Munich Airport International</p>
12:15 – 1:15 PM	Lunch

DAY 1 AFTERNOON

<p>Afternoon 1 1:15 – 2:30 PM</p>	<p>Environmental, Social and Governance (ESG) Reporting and Airports</p> <p>For many years, airports have undertaken sustainability initiatives to minimize their impact on natural resources, increase operational efficiency, ensure their economic health and address social responsibility. Many airports have also documented their efforts in voluntary sustainability reports and/or on their websites. However there has been little standardization and few requirements about what information airports should report and how the information should be shared. This is changing as environmental, social, and governance (ESG) reporting championed by investors for publicly traded companies is beginning to impact U.S. airports. In this session, we will discuss ESG reporting trends, emerging requirements and frameworks, who is asking airports for information, what they are seeking and how it is being used, stakeholder expectations, reporting risks, and what airports should be thinking about now to prepare.</p> <p>Moderator: Katherine Preston, Director, Aviation Environment and Sustainability, HMMH</p> <p>Speakers:</p> <p>Jill Blickstein, Vice President Sustainability, American Airlines Chris Poinsette, CFO, Dallas-Ft. Worth International Airport Kurt Forsgren, Managing Director, Transportation Sector, S&P Global Ratings Chris Bergstrom, Executive Director, UBS Financial Services, Inc., Public Finance</p>
<p>2:30– 2:45 PM</p>	<p align="center">Break</p>
<p>Afternoon 2 2:45 – 4:00 PM</p>	<p>Breakout Session and Report-Back</p> <p>The objective of the breakout sessions is to provide event participants an opportunity to have more in-depth dialog with industry experts and peers on the various topics discussed throughout the day. Each discussion will be led by two facilitators who will pose questions to start the conversation, keep the group engaged and direct the discussion based on participant’s interests, including identifying future research ideas, and questions and ideas for the ‘Hot Topics’ session on Day 2. The breakout sessions will run for 45 minutes, followed by a 5-minute summary from the facilitators of each group.</p> <p>Facilitators:</p> <p>Group 1 – Room 101</p> <ul style="list-style-type: none"> • Kevin Kone, Managing Director, Finance and Acting Airport Controller, SFO • Jim Bennett, Principal, Paslay Group <p>Group 2 – Room 103</p> <ul style="list-style-type: none"> • Mookie Patel, Airport Chief Officer, Business and Finance, AUS • Arturo Garcia, Chief Operating Officer, Avports <p>Group 3 – Room 105</p> <ul style="list-style-type: none"> • Chris Wimsatt, Deputy Director, Airport Finance and Administration, Sacramento County Department of Airports • Ian Sample, Associate, Steer Group <p>Group 4 – Room 106</p> <ul style="list-style-type: none"> • Tatiana Starostina, Chief Financial Officer, LAWA • Amanda Zhang, Managing Director of Government and Airport Affairs, American Airlines

4:15 – 5:30 PM	Reception – Keck Center Atrium
DAY 2 MORNING	
8:00 – 8:45 AM	Continental Breakfast
Morning 1 8:45 – 9:00 AM	<p>Preview of Day 2</p> <p>Opening remarks, synthesis of discussions from Day 1 and an introduction of Day 2.</p> <p>Speaker: Steve van Beek, Director & Head of North American Aviation, Steer</p>
Morning 2 9:00 – 9:45 AM	<p>Audience Choice / Hot Topics</p> <p>This session is an opportunity for discussion and Q&A on topics provided by participants through a live poll or issues raised during the breakout discussion groups. The moderator will also prompt the audience for future research ideas.</p> <p>Moderator: Henrietta Brown, Deputy Director and Chief Financial Officer, Louis Armstrong New Orleans International Airport</p>
Morning 3 9:45–10:45 AM	<p>Future of Business and Commercial Arrangements at Airports</p> <p>Airports have seen a lot of changes in commercial relationships, particularly in the concessions realm over recent years. This panel will explore other big shifts in the industry related to cargo and ecommerce, real estate and non-aeronautical development, counterparties, unidentified risks, etc.</p> <p>Moderator: Mookie Patel, Airport Chief Officer, Business and Finance, Austin-Bergstrom International Airport</p> <p>Speakers:</p> <p>Candace McGraw, CEO, Cincinnati/Northern Kentucky International Airport Dave Edwards, President/CEO, Greenville Spartanburg International Airport Eric Smith, Partner, Kaplan Kirsch Rockwell</p>
10:45–11:00 AM	Break
Morning 4 11:00 AM - 12:00 PM	<p>Financing the Energy and Electrification Transition</p> <p>The energy demand continues to increase at airports which requires comprehensive planning for electric infrastructure, supply and how to pay for it. Airports need to consider their own energy needs as well as tenants and passengers, how and where to source it, whether and how to invest in alternative fuels, and how to fund the transition (green bonds, sustainable revolving funds, grants, partnership between airports and airlines).</p> <p>Moderator: Cathy Nelmes, Financial Program Manager, Federal Aviation Administration</p> <p>Speakers:</p> <p>Mike Nakornkhet, Chief Financial Officer, Denver International Airport Angela Shafer-Payne, Chief Development Officer, San Diego International Airport Juan Macias, Chief Executive Officer, AlphaStruxure LLC</p>

<p>Afternoon 1 12:00–12:30 PM</p>	<p>ACRP Research Ideas Discussion This will be a facilitated discussion on future research needs related to airport funding and financing, and potential problem statements for ACRP to develop projects. Moderator: Katherine Preston, Director, HMMH</p>
<p>Closing 12:30–12:45 PM</p>	<p><i>Closing Remarks and Adjourn</i> Speakers: Cindy Nichol, Sacramento County Department of Airports Marci Greenberger, Manager, Airport Cooperative Research Program</p>
<p><i>Lunch (grab-and-go)</i></p>	
<p>Event Adjourn</p>	