Public Funding and Financing

9:40 AM – 10:40 AM

MODERATOR

Lois Kramer
Chief Executive Officer
Kramer Aerotek, Inc.

SPEAKERS

Ken Warriner
Senior Director of Finance and Administration
Naples Airport Authority

Michael Landguth
President & CEO
Raleigh-Durham International Airport

Tatiana Starostina
Chief Financial Officer
Los Angeles World Airports

Public Funding and Financing

LOIS KRAMER

Chief Executive Officer
Kramer Aerotek, Inc.

- The Panel - Introductions
- Airport Financial Toolbox
  - Federal grants – AIP, CARES, CRRSA, ACRGP, BIL
  - State and local grants
  - Airport funding - PFCs/CFCs
  - P3S – tenant leased/operated or developer
  - Bonds and other sources of debt
  - Net operating revenue
  - Alternative revenue-generating activities– FBOs, management of concessions, parking, and ground transportation; real estate and resource development; access fees
- Outlook and Opportunities

Public Funding and Financing

KEN WARRINER

Senior Director Finance and Administration
Naples Airport Authority

- Self funding for projects/grant match – no debt
  - Invested $60 million in assets last 10 years, $20 million funded by FAA and state grants; no debt

- Rates and charges key for financial success – don't give things away
  - Landing fees by the gallon

Public Funding and Financing

- Operating the FBO – proprietary exclusive rights
  - No fuel flowage fee, instead airfield cost recovery model
  - FBO margin plus direct costs of FBO operations
  - FBO accounts for over 80% of our revenue

Public Funding and Financing

MICHAEL LANDGUTH

President and CEO
Raleigh-Durham Airport Authority

- Airport infrastructure suffers from chronic underfunding
- Congress has not modernized one of the main funding mechanisms for airports in more than two decades. The Passenger Facility Charge (PFC)
- Modernizing the PFC cap would enable airports to fund projects that would provide concrete benefits for travelers
- Airports will need to become more innovative and entrepreneurial in developing new revenue streams

RDU Runway Preservation Program

Play
Here

Public Funding and Financing

TATIANA STAROSTINA

Chief Financial Officer
Los Angeles World Airports/LAX

- Future airport improvements will be funded with debt
- Airports are investing in terminal infrastructure that will cost more than airfield due to AMT Penalty
- Airline Costs per Enplaned Passenger will increase significantly to pay additional debt service
- A PFC increase will help both airports and airlines
- Airports need longer term financing to match useful life of new assets

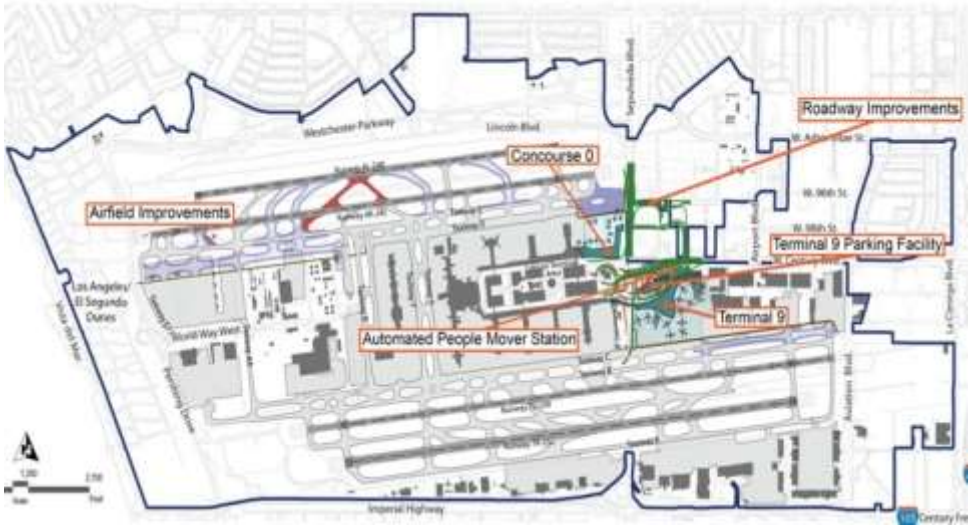
Existing Capital Improvement Plan: Phase I CIP

Phase II: Airfield and Terminal Modernization Project

- **Makes up about 70% of Phase-Two CIP program and includes: Concourse 0**
  - Easterly extension of Terminal 1
  - Full-service international processing capabilities
  - Features 11 gates (9 new)
  - Connects to Automated People Mover system

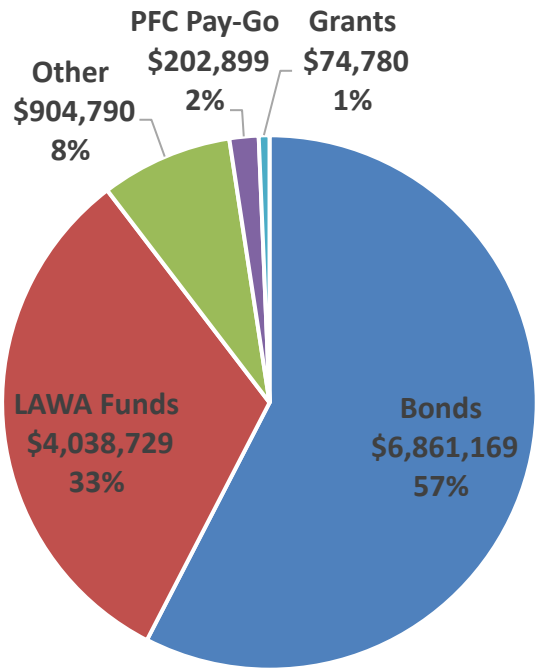
  Terminal 9
  - 12 new gates
  - Connects to Automated People
  - Will provide full-service international processing capabilities
- **Elevated roadway system to separate airport traffic from local traffic**
  - Scheduled to complete by 2028

  Airfield Enhancements
  - Reconfiguration of taxiways and runways to meet FAA standards Improves pilot visibility
- **Project Objective:**
  - ATMP aims to improve passenger experience by smoothing the transition between international and domestic flights, reducing busing needed from remote gates, providing more options for seating, concessions and retail, and reducing traffic congestion outside of the LAX terminals.

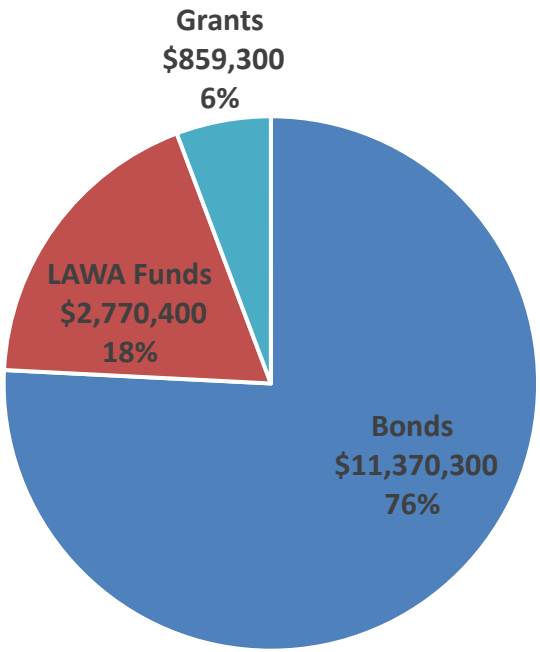


Phase II CIP Preliminary Funding Plan Is Mostly Debt Funded

Phase I CIP (2018-2026): $12.1 billion*



Phase II CIP (2023-2029): $15.0 billion



* Not including completed projects and P3 developers' funds.