

November 15, 2021
REGULAR BOARD MEETING
Chair John Shaski

Board Members Present: John Shaski, Victor Celentino, Debbie Groh, Matthew Lantzy, Daniel Schiffer, and Yvette Collins

Ex-Officio Present: Kam Washburn, Mark Mudry (4:35 pm)

Management, Staff and Employees Present: Nicole Noll-Williams, Rob Benstein, Katherine Japinga, Lisa Barna, Blake Roy, Steve Gonzalez, and Bonnie Wohlfert

Members of the Public Present: Jeff Straus & Jon Ringlein, Maner Costerisan; Dan Kehoe, Mead & Hunt, Inc.

CALL TO ORDER & ROLL CALL

1. John Shaski, Chair, called the Regular Board Meeting of the Capital Region Airport Authority to order at 4:30 p.m. with a quorum present.
2. All recited The Pledge of Allegiance.

APPROVAL OF MINUTES

1. Victor Celentino moved the Board approve the minutes of the September 27, 2021 Regular Board Meeting.
2. The motion passed unanimously.

COMMUNICATIONS & SPECIAL ITEMS

1. 2022 Board Meeting Schedule

PUBLIC COMMENT

1. None

REPORTS AND RECOMMENDATIONS FOR ACTION

Auditor's Report for Fiscal Year ended June 30, 2020, Jeff Straus, Maner Costerisan

- Audited and issued an unmodified opinion on financial statements. There were no internal controls or compliance issues identified.
- There is an upcoming accounting pronouncement involving lease liability.
- OPEB (Other Post-Employment Benefits) is funded at 140% and the Pension Fund is 88% funded. Victor Celentino suggested moving future funding to the Pension Fund since OPEB is overfunded. Daniel Schiffer asked if being taxed on the overfunding is a concern; Jeff Straus indicated no. John Shaski praised the good planning by the board and staff in funding the plans to these levels. Debbie Groh asked how the ARC (Annual Required Contribution) would be determined now. Jeff Straus stated that the ARC is determined by MERS and that he would look into it.

#21-30 Audited Financial Statements for the Fiscal Year ended June 20, 2021

- a. Victor Celentino moved the Capital Region Airport Authority Board accept the audited financial statements as prepared and presented by the Authority's CPA firm Maner Costerisan for the Fiscal Year ended June 30, 2021. Maner Costerisan issued an Unmodified Opinion on these financial statements, which indicated that the Airport Authority has fairly presented its financial position and has met all government auditing standards in conformity with generally accepted accounting principles.

- b. The motion passed unanimously.

#21-31 Ratify execution of Consumers Energy Easement for Pipelines

- a. Matthew Lantzy moved the Capital Region Airport Authority Board ratify the Consumers Energy Easement for Pipelines. *Consumers Energy is replacing approximately 1,200 feet of a 16-inch gas pipeline located on the west side of the airport, south of the corporate hangars. Consumers requested a 40-foot-wide easement for both the new pipeline and the existing pipeline, which will be abandoned in place. Construction of the new pipeline is expected to occur in October/November of 2021 and will last approximately six weeks. Consumers Energy has prepared all the necessary documents in the appropriate format.*

Consumer's Energy requested that the easement be executed prior to the start of construction, which was anticipated to occur before the November 15, 2021 Board meeting. CRAA Board Policy, Section 200.05 D. states, "In the event of limited time constraints, or other situations requiring the urgent execution of a contract or agreement requiring Board approval, the President – CEO may sign on behalf of the Authority with the prior knowledge and consent of the Chair of the Board and legal review by the Authority's attorney. The agreement will then be presented to the Board for ratification at the next regularly scheduled Board meeting." Legal counsel reviewed this agreement, and the Board Chair consented to the President - CEO executing the agreement on behalf of the Authority, which was done on October 20th, 2021.

- b. Victor Celentino asked if anyone from Consumers Energy was present at the meeting; there was no one present from Consumers Energy. Victor inquired about their plans to clean up and restore landscaping after the easement is complete. Rob Benstein explained that Consumers will restore the site and seed the area (most likely in the spring). Mark Mudry asked about the "abandon in place" language and future construction on the site. Rob Benstein indicated that any future construction would require coordination with Consumers.
- c. The motion passed unanimously.

#21-32 Publicly Funded Health Insurance Contribution Act Exemption

- a. Debbie Groh moved the Capital Region Airport Authority Board authorize the Airport Authority to adopt the annual exemption option as its choice to comply with the Publicly Funded Health Insurance Contribution Act. As part of the exemption, the Airport Authority will maintain an alternative cost share of a 10% equivalent of health care premium for benefit year 2022 for all employees enrolled in the health plan and authorized the President – CEO, or designee, to sign all related documents.
- b. The motion passed unanimously.

#21-33 Acceptance of Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) grant agreement for Mason Jewett Field

- a. Dan Schiffer moved the Capital Region Airport Authority Board accept the CRRSAA Sub-Grant TEW-13021 in the amount of \$13,000 and authorized the President – CEO to sign all associated documents on behalf of the Authority.
- b. Matt Lantzy asked if there has been an increase in costs at Mason; staff indicated no. Debbie Groh commented on the language indicating the grant could be used for debt service payments; Nicole reported that the money will be used to pay for staff at Mason.
- c. The motion passed unanimously.

REPORTS

Rob Benstein – Financial Report for period ending 9/30/21

- Rob provided the status of Coronavirus related grants. CRRSAA grant for TEW, \$13,000, will be added; anticipate we will be receiving a similar grant for Mason under ARPA.

- Actual operating revenue is \$106,742 (6.21%) over budget; primarily due to better-than-expected revenue in concessions (car rentals) and parking lot.
- Actual operating expenses are \$34,070 (1.37%) under budget; primarily due to lower payroll (vacant positions), maintenance, and employee development expenses. The savings were partially offset by higher than budgeted contractual services (i.e., custodial and consulting services) expenses as well as the uneven distribution of marketing expenses (i.e., MSU and Lugnuts advertising contracts).
- Net income is \$1,329,665 (231%) over budget; primarily due to higher than budgeted CARES Act reimbursements, lower than budgeted business development expenses, and the timing of OPEB contribution (\$500,000).
- Operating income (pages 9 and 11 combined) is \$140,812 higher than budgeted.
- Mason Jewett Field operating income is \$13,627 lower than budgeted; primarily due to lower-than-expected fuel sales and higher than anticipated repair expenses (ceiling fans in hangar).

Nicole Noll-Williams, President & CEO

Jan. 3, 2022, United Airlines (UA) will terminate the Lansing (LAN) - Chicago O'Hare (ORD) service. The significant details factoring this decision are noted below.

United's primary concerns during a recent meeting were:

- key issues impacting the industry are due to the pandemic
- pilot shortage and its significant impact on the regional carriers supporting UA.
- the slow return of business and international travelers in the mid-Michigan region during the past year has resulted in low yield for the UA flights.

Nicole noted, in light of this development, it's important to keep in mind LAN will continue to have daily service to ORD and essentially the same connectivity provided by American Airlines (AA). In addition, AA will continue to provide nonstop flights to Washington D.C. (DCA) service.

We continue to be down 30% seats in the markets however, Delta Air Lines loaded an additional 4th flight to DTW (Detroit) to begin January 5 and MSP (Minneapolis) to begin April 11th.

Ultra-Low-Cost Carriers (ULCC) continue being more aggressive with capacity (Up 11-18% in frequency), although network airlines (down 11-22% in frequency).

Apple Leisure will be providing service to Cancun and Punta Cana starting January 22.

Staffing was one of the key priorities when Nicole returned to the Airport Authority 6 months ago. The following are new staff members recently added.

- Blake Roy – Operations Manager
- Lisa Barna – Business Development Manager
- Steve Gonzalez - New Chief of Public Safety

Katherine Japinga, Director of Marketing shared information regarding the new "Fast Facts" cards, the website re-design and development which will be complete by the end of first quarter, and a newsletter which will be developed for employees and tenants.

Several board members commented on the great information and layout of the "Fast Facts" cards. Debbie Groh asked if the information will be included on the website; Katherine indicated yes. Victor Celentino suggested adding the union bug to the card and Dan Schiffer suggested adding that Mason has the only paved runway in Ingham County on the next revision.

Key Dates

- A second Job Fair for tenants is scheduled for November 30, 2021.
- Tailwind, LLC will be operating the Brewport restaurant starting in December.
- Seating for the Market Twenty 4 Seven on the second floor will arrive in January.
- An American Red Cross Blood Drive is scheduled for January 6, 2022.
- Electric Vehicle Charging Stations will be added the first quarter of 2022.
- The Annual Holiday Party is scheduled for December 17, 2021.

December Board Meeting presentations will include TriTerra on the PFAS testing and Mead and Hunt with feedback from the Mason ALP Open House.

Debbie Groh mentioned that a few attendees at the Mason ALP Open House stated that they never received the survey conducted by Mead & Hunt. This prompted a discussion about hanger owners and sub-tenant contact information. The Authority has an agreement with hangar owners but contact information for sub-tenants is not always provided or updated. Dan Schiffer feels the Authority should maintain their own contact information and not rely on the EAA Chapter (Vickie Vandenberg). Dan asked if we require airplane operators to provide proof of insurance; Rob Benstein indicated that we require proof of insurance from hangar owners but not from subtenants. Rob added that we could require aircraft registration in exchange for the gate code as we have in the past.

OLD BUSINESS

1. None

NEW BUSINESS

1. None

PUBLIC COMMENT

1. None

BOARD COMMENTS

1. Victor Celentino commented on the 6-month milestone for Nicole Noll-Williams and expressed appreciation for all that has been accomplished.
2. John Shaski commented on the great job by staff when Air Force One visited. The advance team and marines said it was easy to work with LAN and they will be back. John welcomed the new staff members and thanked the team for hosting the board meeting last month in Mason. He added that it is great to have such engaged tenants at Mason. John also reminded board members of the Board Retreat scheduled for January 22, 2022.

ADJOURNMENT

1. John Shaski moved the meeting be adjourned at 5:56 pm.
2. The motion carried, and the meeting was adjourned.

signed
John Shaski, Chair

signed
Bonnie Wohlfert, Secretary