

November 23, 2020
REGULAR BOARD MEETING
Chair John Shaski

This meeting was held via GoToMeeting.

Board Members Present: John Shaski, Greg Ward, Debbie Groh, Daniel Schiffer and Victor Celentino

Ex-Officio Present: Kam Washburn, Joseph Brehler

Management, Staff and Employees Present: Rob Benstein, Sophie Giviyani-Kermani, Ron O'Neil, Michelle Stanley, Steve Ball and Bonnie Wohlfert

Members of the Public Present: William Brewer, Global Business Resource Group; Andon Pogoncheff; Craig Lyons, Lansing State Journal; Dan Kehoe, Mead & Hunt; Gloria Lubben, SecurAlarm; Jeff Straus, Maner Costerisan; 5 guests

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.

APPROVAL OF MINUTES

1. Greg Ward moved the Board approve the minutes of the October 26, 2020 Regular Board Meeting and Closed Session and the November 16, 2020 Finance Committee Meeting.
2. The roll call vote was: Mr. Celentino, Yes; Ms. Groh, Yes; Mr. Schiffer, Yes; Mr. Ward, Yes; Mr. Shaski, Yes.
3. The motion passed.

COMMUNICATIONS & SPECIAL ITEMS

1. 2021 Board Meeting Schedule

PUBLIC COMMENT

1. None

REPORTS AND RECOMMENDATIONS FOR ACTION

Auditor's Report for Fiscal Year ended June 30, 2019, Jeff Straus, Maner Costerisan

- Audited and issued an unmodified opinion on financial statements. There were no internal controls or compliance issues identified.
- An accounting pronouncement, involving liability for long-term leases, scheduled for 2021 has been pushed back to 2022.
- Pension liability is 85.12% funded; OPEB (Other Post Employment Benefits) is 98.41% funded. John Shaski asked about the preferred funding percentage; Jeff Straus indicated between 85-100% and applauded the board and staff for meeting these obligations.
- Victor Celentino, referencing the statement of net position, inquired about the restricted funds of 8.7 million. Jeff Straus referenced Note 3 – Restricted Assets and explained that restricted funds are required under the revenue bond resolutions and the provisions of the PFC (Passenger Facility Charge) program.

#20-33 Audited Financial Statements for Fiscal Year ended June 30, 2020

- 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, 2020. 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 roll call vote was: Mr. Celentino, Yes; Ms. Groh, Yes; Mr. Schiffer, Yes; Mr. Ward, Yes; Mr. Shaski, Yes
- c. The motion passed unanimously.

#20-34 Publicly Funded Health Insurance Contribution Act Exemption

- a. Victor Celentino 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 2021 for all employees enrolled in the health plan and authorized the President – CEO, or designee, to sign all related documents.
- b. Victor Celentino asked if this was an annual requirement and Rob Benstein indicated yes.
- c. The roll call vote was: Mr. Celentino, Yes; Ms. Groh, Yes; Mr. Schiffer, Yes; Mr. Ward, Yes; Mr. Shaski, Yes.
- d. The motion passed unanimously.

#20-35 Approval of Adoption Agreement Addendums for Municipal Employee Retirement System (MERS) Defined Benefit, Defined Contribution and Hybrid Plans

- a. Greg Ward moved the Capital Region Airport Authority Board approve the Adoption Agreement Amendments to the Municipal Employee Retirement Systems (MERS) Defined Benefit, Defined Contribution, and Hybrid Plans and authorized the President – CEO to sign all related documents on behalf of the Authority.
- b. The roll call vote was: Mr. Celentino, Yes; Ms. Groh, Yes; Mr. Schiffer, Yes; Mr. Ward, Yes; Mr. Shaski, Yes.
- c. The motion passed unanimously.

#20-36 Approval of Elevator Upgrades

- a. Debbie Groh moved the Capital Region Airport Authority Board award the elevator upgrade project to OTIS Elevator in an amount not-to-exceed \$159,712 and authorized the President – CEO, or designee, to sign all necessary documents on behalf of the Authority.
- b. Several questions were asked by board members regarding the elevators (location, timeline for repair, employees affected, sole sourcing, and the effect on CARES funding). Ron O'Neil explained that Elevator #1 (located east of the main entrance; serves Airport Operations, Administration and FAA) was out of service for 3 ½ weeks due to unavailable parts; no employees were affected. The timeline for the upgrade is 6-8 weeks. The project is being sole sourced to OTIS Elevator under a cooperative purchasing agreement with Omnia Partners to obtain discounted pricing. This will have no effect on reimbursement through the CARES Act grant.
- c. The roll call vote was: Mr. Celentino, Yes; Ms. Groh, Yes; Mr. Schiffer, Yes; Mr. Ward, Yes; Mr. Shaski, Yes.
- d. The motion passed unanimously.

#20-37 Approval of Air Handler Unit Filtration Upgrades

- a. Debbie Groh moved the Capital Region Airport Authority Board award the Air Handler Unit Filtration Upgrades project to Hedrick Associates in an amount not-to-exceed \$48,268 and authorized the President – CEO, or designee, to sign all necessary documents on behalf of the Authority.

- b. Dan Schiffer asked if any of the air handlers are in areas that we may not maintain in the future and if the filtration units can be moved to new air handlers, if needed; Ron O'Neil indicated no, they are all in current public areas and yes, they will work with new air handlers.
- c. The roll call vote was: Mr. Celentino, Yes; Ms. Groh, Yes; Mr. Schiffer, Yes; Mr. Ward, Yes; Mr. Shaski, Yes.
- d. The motion passed unanimously.

REPORTS

Sophie Giviyan-Kermani, Director of Finance & Accounting

Presented financials for period ending September 30, 2020

Debbie Groh commented that the audit brought us to the end of June; how is the airport doing since June 30? Sophie Giviyan-Kermani shared the following points:

- Revenue is as projected, except for parking.
- Airline revenue is exceptionally close to budget.
- Revenue is better than budget due to a quarter million in CARES reimbursement.
- Reducing expenses is going well but we need to concentrate on the revenue side; a large portion of revenue is from airlines, which is not advisable, as noted in an auditor statement.
- The conversation has been started with banks regarding a line of credit. There is a good indication of faith in us; the airport has good standing in the community.

Victor Celentino asked about 2021 CARES money and Rob Benstein stated that Congress is working on a second package, but the two houses are far apart. Airlines continue to seek additional relief. Some of the proposals include language that requires airports to allocate a portion of their relief funds to concessionaires.

Daniel Schiffer questioned the concession revenue (page 4); Budgeted is \$59,203 and actual is \$178,588. Rob Benstein stated that it is due to higher rent-a-car business than budgeted. Dan also asked about the 25% rate of return on a Flagstar certificate of deposit; Sophie stated that CDs are doing better than treasuries and the 25% is a typing mistake.

Debbie Groh asked about the chain of command or protocol for financial questions. John Shaski advised to send any inquiries to Sophie and copy Rob. The same can be done for any maintenance inquiries, send to Ron and copy Rob.

Robert Benstein, Interim President & CEO

Our annual FAA planning meeting was held on Monday, November 2nd. Topics of discussion included the status of open grants, the status of our Passenger Facility Charge (PFC) program, and the 5-year Airport Capital Improvement Program (ACIP). In accordance with the approved ACIP, we submitted a draft pre-application for our 2021 AIP project, design/engineering services for the rehabilitation of Taxiway C. Design will start in February and construction the following year.

The draft Parking Lot Management Agreement has been sent to SP+ for final review and comment. We anticipate that parking operations will resume next month.

Due to the COVID-19 pandemic, the full-scale emergency exercise scheduled for this year is being postponed. We are working closely with the FAA and our mutual-aid partners to reschedule the exercise as soon as resources are available, and the exercise can be conducted in a safe manner. A tabletop exercise will be conducted in the meantime.

For the month of October, TSA screened an average of 827,000 passengers per day nationwide; this is approximately 35.5% of last year's numbers.

Air Service Updates:

- United Airlines will be reducing service to one flight per day during the month of December
- Apple Vacations will be pushing back the start date of their Cancun service by three weeks (now February 13th).
- UPS will be adding a third flight effective January 5th; the Boeing 757 will operate four days per week.

As previously communicated, Karissa Weight has submitted her resignation effective this Friday, November 27th. On behalf of the staff, Rob thanked Karissa for her service to the Authority, and wished her well in her future endeavors.

Rob wished all a Happy Thanksgiving!

Victor Celentino asked who is in charge of HR (Human Resources). Rob Benstein indicated that Sophie Giviyani-Kermani is taking the lead and we are exploring a couple options. Either a contracted company or a part-time Accounting/Human Resources position.

Debbie Groh inquired about the job postings on the website. Rob Benstein indicated that the Ops position has been removed and a Compliance Coordinator or Operations Manager is being considered. A Compliance Coordinator position offers cost-savings vs. an Operations Manager. Rob added that Public Safety Officer interviews were conducted; no offers have been made but we are close. Also, the Planning and Design Manager position will not be filled.

Debbie Groh asked if any update is available regarding Delta CPE (Cost per Enplanement). Rob stated that we have not heard anything yet; Delta expressed appreciation for our response and commitment to the issue, but that was the last communication. John Shaski asked if unrestricted funds could be used for incentive or relief to the CPE charge. Rob stated that an incentive is good for new service as a partnership to get markets back. He added that CARES funding may be used over the next four years; however, more work is needed over the long term (e.g. fees for Terminal 1 & 2) in order to establish rates and charges that are fair and sustainable.

Debbie Groh asked about AIP (Airport Improvement Program) funds from MDOT. Rob indicated that entitlements are based on passenger and cargo numbers. ACIP (Airport Capital Improvement Plan) is an FAA planning tool. Debbie asked if having an Interim President – CEO poses any problems with grants. Rob stated no, we are submitting grant applications as usual.

OLD BUSINESS

1. None

NEW BUSINESS

1. Daniel Schiffer shared that he would like to establish an airport observation area at no cost to the airport. He would like to get the community involved and possibly obtain a corporate sponsorship. John Shaski acknowledged that it was a great idea. Victor Celentino also felt it was a good idea but suggested it be done after the pandemic as to not encourage large gatherings with the current pandemic.

PUBLIC COMMENT

1. None

BOARD COMMENTS

1. John Shaski expressed appreciation for Karissa Weight's service to the Authority as well as Jordan Leaming's service on the board. He also shared his positive experience traveling from Lansing on Delta recently.
2. John Shaski shared an email communication recently sent to board members and ex-officios. In the email, he thanked everyone and most especially the members of the Personnel Committee for the time and dedication put forth during the CEO search process. Since the search started a lot has changed in the world and at the airport. He added that we continue to work to improve our rates and charges to remain competitive with our airlines. He believes it is in our best interest to pause the CEO search at this time and revisit this when we have clarity on our future. It is his intention to notify our executive recruiter that we will hold on this for now and will reconnect with him at the appropriate time. He will also ask that the executive recruiter connect with the candidates to notify them of the pause.

Victor Celentino stated that he understands the comments but stressed that the Personnel Committee invested a lot of hours in the search process and requested that the applicants recommended as 1 & 2 continue in the process. John Shaski stated that there is no reason to restart the search, this is just a pause. Debbie Groh asked if there is any need on our part to follow-up with the candidates every two weeks. John replied that if things change then yes, but if there is no change, he didn't see any reason to follow-up. As Chair of the Personnel Committee, Greg Ward will follow-up with Mr. Brewer as needed.

3. John Shaski shared a private chat question sent to him. The anonymous attendee asked about a recent discussion in a Finance Committee meeting regarding contracting Public Safety Officers. Dan Schiffer, Chair of the Finance Committee, stated that we discussed contracting Public Safety Officers but quickly determined that is not practical and it was not considered further. Rob Benstein, to put this in context, added that the discussion occurred during an analysis of rates and charges and CPE, and that these fees may be affected by the airport governance structure (e.g. an Airport Authority vs. a City/County owned airport).
4. John Shaski closed the meeting by wishing all a Happy Healthy Thanksgiving.

ADJOURNMENT

1. John Shaski moved the meeting be adjourned at 6:19 pm.
2. The motion carried, and the meeting was adjourned.

signed

John Shaski, Chair

signed

Bonnie Wohlfert, Secretary