



Aligning Airport Investment Strategies: Outlook for Reauthorization

2007 ACI-NA Economics and Finance Conference

May 20-22, 2007

Arizona Biltmore Resort & Spa, Phoenix, Arizona

Sunday, May 20, 2007 – Committee/Subcommittee Meetings

9:00 AM – 3:30 PM Registration

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10:15 AM – 3:15 PM Subcommittee Meetings (*Open to ACI-NA Members Only*)

ACI-NA's committee structure allows members to meet, work with and learn from other professionals in your area of expertise. ACI-NA committees provide a forum to discuss the latest issues facing the industry and develop new and innovative solutions. Lunch will be provided. The following subcommittees will be meeting and are open to all ACI-NA members:

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|-------------------------|---|
| 10:15 – 11:45 AM | Airline Business Subcommittee |
| 12:00 – 1:30 PM | Business and Commercial Management Subcommittee
Insurance and Risk Management Subcommittee |
| 1:45 – 3:15 PM | Business Diversity Subcommittee
Finance and Administration Subcommittee |
| 3:15 – 3:30 PM | Break |
| 3:30 – 5:00 PM | Full Economic Affairs Committee Meeting
(<i>Open to ACI-NA Members Only</i>) |
| 6:00 – 7:30 PM | Welcome Reception |

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Day 1 – Monday, May 21, 2007

7:00 AM – 3:00 PM Registration
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7:00 – 9:00 AM Continental Breakfast

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8:00 – 9:00 AM ACI-NA World Business Partners (WBP) and Associates Business Briefing

All ACI-NA WBP/Associate members are invited to attend the breakfast session. No RSVP is necessary.

9:00 – 9:15 AM Welcome and Opening Remarks

Moderator: Lori Ballard, Business Diversity Manager, Detroit Metropolitan Airport, Chairman, Economic Affairs Committee

Speakers: Danny Murphy, Acting Aviation Director, City of Phoenix Aviation Department, Sky Harbor International Airport (invited)
Charles Chambers, Senior Vice President, Security and Economic Affairs, ACI-NA

9:15 – 10:30 AM General Session 1: State of the Industry (1.5 CPE Credit Hours)

Airlines have shown a resurgence of pricing power and most have returned to profitability. Is this a short-term phenomenon or can we expect this trend to last? Is the industry ripe for another round of mergers and acquisitions? What is the outlook for the world economy and what impact will it have on fuel prices and traffic levels? These are just some of the questions that will be addressed in this year's State of the Industry presentation where leading experts will share their knowledge on these important topics.

Moderator: Lori Ballard, Business Diversity Manager, Detroit Metropolitan Airport

Speakers: Dr. Mike W. Tretheway, Executive Vice President and Chief Economist, InterVISTAS Consulting Inc.
Robert A. Hazel, Managing Partner, Eclat Consulting, Inc.
Robert M. Peterson, Technical Fellow, Air Transportation Industry Infrastructure Research, Aviation Security, The Boeing Company

10:30 – 11:00 AM Break



11:00 – Noon Concurrent Sessions

Concurrent Session 1: Construction Cost Escalation – Managing Projects with Uncertain Costs (1 CPE Credit Hour)

Due to the effects of rebuilding the Gulf Coast and a building boom in Asia, the price of construction has increased dramatically in recent years, far surpassing consumer inflation. An expert from the Bureau of Labor Statistics will explain what data is available so that you can better plan for these increases in your capital program. Experts will also discuss best practices and ways to mitigate these escalating costs.

Moderator: Roy Williams, Principal Program Manager, Transportation Business Group, CH2M HILL

Speakers: Jim Gill, Chief Finance Officer, Raleigh-Durham International Airport
Frank Congelio, Economist, Bureau of Labor Statistics
Mike Dell'Isola, Senior Vice President, Faithful+Gould

Concurrent Session 2: Non-Aeronautical Revenue: The Other Side of the Coin

With continued pressure from airlines to keep costs down, airports must increasingly look to other sources of revenue. Several airports are taking steps to make the most of their current offerings and are introducing new concessions and services to maximize their revenue potential. Learn about their strategies and how they can be applied to your situation.

Moderator: Ann Ferraguto, Principal, AirProjects Inc.

Speakers: Frank Chambers, President and CEO, Aviation Facilities Company, Inc.
Don Kolsun, Director, Commercial Properties, Calgary Airport Authority
Joe Waller, Vice President, Business Development, HMSHost

Noon – 1:30 PM Luncheon - Keynote Speech and Transaction of the Year

Speaker: Elizabeth Taylor, Director of Finance, Massachusetts Port Authority
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1:30 – 2:45 PM General Session 2: Airport and Airline Use and Lease Agreements (1 CPE Credit Hour)

Many airports have upcoming negotiations with airlines about their basic business arrangements, and the trend toward shorter-term agreements makes the process ongoing. This session will provide a forum for questions and answers about negotiating use and lease agreements with airlines. What trends have emerged in recent agreements and what lessons have other airports learned from negotiating with their carriers? This session will better prepare you for your next round of negotiations.

Moderator: Chris Poinsette, Executive Director/Chief Financial Officer, Dallas/Ft. Worth International Airport

Panelists: Warren Adams, Director, Jacobs Consultancy
R. Borgan Anderson, Manager, Aviation Finance and Budget, Seattle-Tacoma International Airport
Vince Granato, General Manager, Financial Services, Portland International Airport
Herman Hettinger, Airport Properties Representative, United Parcel Service
Luis Navarro, Manager-Aviation Properties, Seattle-Tacoma International Airport
Steve Sisneros, Manager of Properties, Southwest Airlines
Susan Warner-Dooley, Deputy Executive Director, Finance & Administration, Minneapolis-St. Paul Metropolitan Airports Commission

2:45 – 3:00 PM Break

3:00 – 4:00 PM Concurrent Sessions

Concurrent Session 3: Advanced Business Diversity Processes

Discuss programs and processes that can help an airport agency succeed in a race/gender neutral environment. Share and discuss concepts, ideas, approaches, and strategies that will increase business diversity without a DBE focused program. Find out how to implement advanced business diversity processes that go beyond the Federal Regulations.

Moderator: Anita Bellant, Small Business Liaison Minneapolis-St. Paul Metropolitan Airports Commission

Speakers: Richard Gordon, Equal Business Opportunity Specialist, Metropolitan Washington Airports Authority
Sara Hall, Vice President & General Counsel, Memphis-Shelby County Airport Authority Memphis International Airport

Concurrent Session 4: Privatization: It May be Bigger than Ever (1 CPE Credit Hour)

Airports in many other countries have been successfully privatized. Here in the U.S., FAA's pilot program has been less than successful. However, Chicago's Midway Airport has entered the FAA's pilot privatization program and is expected to generate enormous interest from private investors. The FAA's reauthorization proposal includes an expanded and revised pilot program with lower hurdles to making a transaction possible. This session will give you the basics on what privatization means and will help you decide if it is a good fit for your airport and community.

Moderator: David Z. Plavin, Past President, ACI-NA

Speakers: Susan Gray, Macquarie Bank
David Narefsky, Attorney, Mayer, Brown Rowe & Maw
Neal Attermann, Director, Citigroup Global Markets

3:00 – 4:30 PM Concurrent Session 5: Are You Ready For A New Safety Management System (SMS)?

The forecast growth in air transportation will require new measures and a greater effort from all aviation producers—including airport operators—in order to achieve a continuing improvement in the level of aviation safety. The use of SMS at airports can contribute to this effort by increasing the likelihood that airport operators will detect and correct safety problems before those problems result in an aircraft accident or incident. In November 2005, the International Civil Aviation Organization (ICAO) required member States to have certificated international airports establish an SMS. The FAA intends to implement the use of SMS at U.S. airports to complement existing airport safety regulations in Part 139. Join this session to learn from the FAA on how SMS will impact airports and hear from a Canadian airport on their experience with SMS.

Moderator: Scott Gibbons, Risk Manager, Kenton County Airport Board
Cincinnati/Northern Kentucky International Airport

Speakers: Barry Molar, Manager, Airport Financial Assistance, FAA
Louis A. Sorrentino, Senior Vice President, Managing Director –
Safety, Security & Operations, SH&E, Inc.
Stephen Dinsdale, Director of Aviation, Oakland International Airport

4:00 – 4:15 PM Break

4:15 – 5:15 PM Concurrent Sessions

Concurrent Session 6: Regional Airlines: Time to Re-Think Business Terms?

Regional airlines continue to take on more and more operations from their network affiliates. The business relationship between an airport and regional airlines is complex, particularly in an environment of changing code-share partnerships and new ownership structures which result from the financial success of the regional airlines. What impact will potential mergers have on their relationships with their parent carriers and with the airports they serve?

Moderator: Deborah C. McElroy, Senior Vice President, Government Affairs, ACI-NA

Speakers: Hal Fahrenbruch, US Airways
Ken Talley, Director of Properties and Facilities, SkyWest Airlines
Geoffrey Wheeler, Senior Vice President, Ricondo & Associates, Inc.

Concurrent Session 7: Accounting Issues and Pension Funding (1 CPE Credit Hour)

Financial reporting is the heart of a rating agency's analysis of an airport. As we all know, two thirds of airports are part of another entity. This session will discuss the common deficiencies in preparing a Comprehensive Annual Financial Report (CAFR) and the effects of GASB 49, which requires accounting and financial reporting of pollution remediation. Private sector companies are also tackling the issue of under-funded pension plans, or taking on the task of closing these plans. Although the Pension Protection Act of 2006 does not apply to airports, it does tell us the direction of funding expectations. How do these obligations affect financial statements and the cost to airport users? This session will examine the way forward for airports in this challenging arena.

Moderator: Marsha Stone, Finance Director, Indianapolis International Airport

Speakers: J. Dwight Hadley, Chief Financial Officer, Albany County Airport
Phoebe Selden, Scott Balice Strategies
Thomas Totten, Managing Principal, Alliance Benefit Group

Day 2 – Tuesday, May 22, 2007

7:00 AM – 3:30 PM Registration
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7:00 – 9:00 AM Continental Breakfast

9:00 – 10:15 AM General Session 3: The State of Play for FAA Reauthorization (1.5 CPE Credit Hours)

This session will bring you up to date on the latest developments in the FAA reauthorization debate. This reauthorization has been billed as the most important in decades and will not only determine the future of the AIP and PFC programs, but will also likely include provisions on environmental, small communities, air service and other issues. Learn what effect these proposals may have on your airport.

Moderator: Steve Van Beek, Director, Jacobs Consultancy

Speakers: Frank Berardino, President, GRA, Incorporated
C.A. Howlett, Senior Vice President, Public Affairs, US Airways
Deborah C. McElroy, Senior Vice President, Government Affairs, ACI-NA
Barry Molar, Manager, Airport Financial Assistance, FAA

10:15 – 10:30 AM Break

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10:30 – 11:30 AM General Session 4: Paying For It: New Opportunities for Airport Bonds (1 CPE Credit Hour)

This session will explore the various debt instruments available to airports and discuss the impact of the Alternative Minimum Tax (AMT) on airport bonds. You will also learn about innovative financing techniques such as tax credit bonds.

Moderator: Nancy Clawson, Managing Director, UBS Securities LLC

Speakers: Wendy Franklin, Managing Director, Bear, Stearns & Co. Inc.

Lynn Hampton, Chief Financial Officer/Vice President for Finance,
Metropolitan Washington Airports Authority
D.J. Mehigan, Senior Vice President, Morgan Keegan & Company, Inc.

**11:30 AM – 12:30PM General Session 5: Airport Capital Development: Defining the Need
(1 CPE Credit Hour)**

From planning to financing and construction, developing capital projects is a complicated and lengthy process. To accommodate the expected increase in passengers in the coming years, airports need to start planning now. Learn how your industry colleagues have moved forward with their capital projects and overcome the obstacles they encountered.

Moderator: Kurt Forsgren, Director, Standard & Poor's

Speakers: Paul Aussendorf, Assistant Director, US Government Accountability Office
Fred Simon, Deputy Aviation Director, Fiscal Management & Accounting, City of Phoenix Aviation Department, Sky Harbor International Airport
Richard Smyth, Vice President of Redevelopment, JetBlue

12:30 – 2:00 PM Luncheon

2:00 – 3:00 PM General Session 6: What Next? Managing Risk in an Environment of De-Hubbing (1 CPE Credit Hour)

Losing connecting hub status is a "meltdown" scenario many airports analyze and plan for years in advance. Recent talk of airline mergers has made this a very real issue. This session will explore the likely impacts of possible mergers and what strategies other airports have developed when faced with this situation.

Moderator: Maria Matesanz, Senior Vice President, Moody's Investors Service

Speakers: Deborah Meehan, President & Chief Operating Officer, SH&E, Inc.
J. Michael Scureman, Chief Financial Officer/Treasurer, Pittsburgh International Airport
Kenneth Below, Assistant Airport Director, Finance and Accounting, Lambert-St. Louis International Airport

3:00 – 3:15 PM Break

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**3:15 – 4:15 PM General Session 7: Rates and Charges: Recent Developments
(1 CPE Credit Hour)**

Moderator: Alan Stewart, Assistant Director, Finance, McCarran International Airport

Speakers: James Cherry, President and Chief Executive Officer, Aéroports de Montréal
Scott Lewis, Partner, Anderson Kreiger LLP
Spencer Ballard, Managing Director, John F. Brown Company

Recent actions at Los Angeles International Airport have sparked a new round of legal challenges under the framework of DOT's Rates & Charges Policy. Hear from airport, lawyer, and consultant about their views on this hot-button issue and what it means for other airports contemplating rate structure changes.

4:15 – 5:15 PM General Session 8: Customer Facility Charges: One Size Does Not Fit All (1 CPE Credit Hour)

Moderator: Tamie Fisher, Deputy Director for Properties, City of Phoenix Aviation Department, Sky Harbor International Airport

Speakers: James Branda, Vice President, Ricondo & Associates, Inc.
Jessica Soltz Rudd, Senior Director Public Finance, Fitch Ratings
Elbert L. Sheppard, Vice President, Properties and Airport Relations, Vanguard Car Rental, Inc.

The ACI-NA Airport Capital Development Needs Survey clearly shows an increasing trend of using CFCs as a funding mechanism to build rental car and parking facilities. This session will present a few case studies on how airports have used CFCs and Special Transportation Charges to generate new revenues in order to pay debt service and to improve facilities for their passengers.

CPE Information

Conference workshops are all Group-Live.

Conference Learning Objectives: Participants will gain an understanding of various airport business practices and learn techniques to monitor and audit various activities. Workshops will focus on tips to improve practices and will discuss approaches used by various airports.

Course Level: The course level is intermediate. Conference workshops are designed for individuals with a basic understanding of airport industry concepts and issues.

Prerequisite: No prerequisites and/or advance preparation is required.

Conference participants are eligible to receive up to 12 hours of Management CPE credits.



For more information regarding administrative policies such as complaints, cancellations and refunds, please contact Amy Peters, Vice President, Conferences & Exhibitions, at (202) 293-8500 ext. 3019 or apeters@aci-na.aero.

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