

The Airport Authority of Airport District No. One of Calcasieu Parish of Louisiana met in regular session at 4:00 PM on Wednesday, January 4, 2023, in the Airport's Department of Public Safety Conference Room with John Berryhill, Vice-President, presiding with the following members present:

Messrs. Hiram DuRousseau, II, Chris Dickson, and Adam Gremillion.

Absent: Mrs. Mary Kaye Eason.

Also present were Messrs. Heath Allen, Walt Jessen Jr., Jimmy Grigus, Amelia Hebert, Mike Dees, and Mark McMurry.

The Pledge of Allegiance was recited.

Motion was made by Mr. Gremillion, seconded by Mr. DuRousseau, and carried unanimously to elect the 2023 Slate of Officers as follows:

President: Mr. John Berryhill

Vice President: Mr. Chris Dickson

Secretary: Mr. Hiram DuRousseau, II

It was moved by Mr. Gremillion, seconded by Mr. DuRousseau, and carried unanimously to approve the minutes of the Regular Authority Meeting held December 7, 2022.

Motion was made by Mr. Dickson, seconded by Mr. DuRousseau, and carried unanimously to approve payment of all current invoices.

Mr. Berryhill and Mr. Allen presented a resolution honoring retired LCH Air Traffic Manager, John Hendrix.

In his Engineer's report, Mr. Jessen stated that the winter weather and Christmas Holiday did slow down the parking lot and hangar project, but both are getting back on track.

Mr. Allen presented the 2022 Annual Airport Report as follows:

President Berryhill, and members of the Authority; I am pleased to present this Annual Report on the activities and progress of the Lake Charles Regional Airport. I would like to start by reiterating our mission: "To provide, maintain, and enhance Airport facilities to allow for the safe and efficient connecting of people to

what's important in their lives and to develop the Airport's resources to facilitate a positive economic impact." This mission, while concise, summarizes what LCH is and what we are about, and I hope that the information provided in these next several paragraphs will further illustrate how we are fulfilling that mission every day. That being said, I would like to focus this report on three primary subjects: Airport finances, capital improvements and air service.

I'm pleased to report that the Airport is in the best financial condition that it's ever been in its 60+ year history. Speaking of history, this Airport and/or the industry in which we operate has faced numerous challenges through the years, including terrorist attacks, natural disasters, economic downturns, and pandemics – a couple of those multiple times in only the last two years. Yet, here I am before you today reporting on our airport's record financials. This speaks to the resiliency of our industry and in particular, the Airport Authority. The Airport currently has a net position of nearly \$65,000,000 year ending 2021, which is an increase of over \$30,000,000 (or 87%) from year end 2008. We also have record cash reserves which have increased approximately 1700% since the beginning of 2009. This means that we can now cash flow projects without needing interim financing; thereby, saving interest payments, make investments in capital equipment (which make our operations more efficient while allowing us to save money), make capital improvements that yield returns on investment and finally, we will soon be able to invest available cash in safe markets to yield greater returns than a typical savings account would. In short, we've positioned the Airport financially for success today and continued success tomorrow, and we've taken advantage of opportunities available to us.

As you know, nearly 75% of the Airport's revenue is generated by our operations with only a small amount coming from a District Ad Valorem. The majority of Calcasieu Parish doesn't pay a single penny toward the operation of LCH but is able to reap the benefits of having a commercial airport. What does that mean? From the standpoint of economic impact; over \$315,000,000 in output,

\$73,000,000 payroll, and 1,983 jobs. For those that do live in the District and contribute by paying the ad valorem, which by the way, is the lowest millage in the entire Parish, can take comfort in knowing that for every \$1 in local tax that is invested, \$397 is returned in the form of economic output. While the economic benefits are easier to quantify, the everyday impact of having this Airport may not be as evident since most residents don't use the Airport everyday – or do they? Many of the services provided by the Airport (and our over 30 tenants) are indeed part of our everyday life. Perhaps it's the oil and gas worker being transported offshore by Bristow, the lifesaving medivac services provided by AirMed, mosquito control, weather forecasting, general aviation transporting doctors, business executives and others, and of course our commercial airlines providing connections to the air transportation system – the original worldwide web.

LCH is the busiest airport in Southwest Louisiana in terms of aircraft operations (and obviously passengers), the largest in terms of land mass, has the most based aircraft, the most runways and taxiways – including the only crosswind secondary runway in the Parish, and finally, the most tenants. When someone refers to the big airport or busiest airport in SWLA, we're it. Make no mistake, even if a resident doesn't ever step foot on an airplane, they are positively impacted by having this premier airport asset. Even more so by the fact that all of this is provided at an extremely low cost.

While the operational side of the Airport is doing well (as evidenced by clean audits and certification inspections), so too is the capital improvement side. We've now accomplished over \$80,000,000 in capital improvements since 2008 without any local tax dollars. That means that we've taken every opportunity to seek out Federal and State capital improvement dollars at every turn to accomplish needed capital improvements. These improvements have increased safety, maintained critical infrastructure, and enhanced the capacity of this Airport to fulfil its mission. That number continues to grow as we have an additional nearly \$20,000,000 in ongoing improvements. Below is a comprehensive list of capital projects based on

their status of being recently completed, ongoing or upcoming (funded) – 23 projects (not including Hurricane repairs):

Recently completed

- *Hurricane Repairs – Terminal, Fire Station, ATCT, Rental Car Facility*
- *Gates 1 and 4 Passenger Loading Bridges*
- *Obstruction Removal*
- *Runway 5-23 Rehabilitation*
- *Apron Lighting*
- *IP Based Emergency Notification System (AlertUS)*

Ongoing

- *Terminal Arrivals/Departures Loading/Unloading Canopies*
- *Level II Electric Vehicle Charger Installation – Passenger Parking*
- *Entrance Road Improvements*
- *Gates 2 and 3 Passenger Boarding Bridges with pre-conditioned air for all gates*
- *Rental Car Ready/Return Parking Lot Improvements*
- *Hangar 3/AirMed Operations Base*
- *FBO/Freeman Jet Center*
- *Airport Maintenance Building(s)*
- *Employee/DPS Parking Lot*
- *Airport Traffic Control Tower Phase I – Feasibility Study*

Upcoming

- *Airport Traffic Control Tower Phase II – Siting Study*
- *Hangar 2*
- *Hangar 5*
- *Hangar 6*
- *Airport Masterplan Update*
- *Parking Lot Improvements – Phase I*
- *Roadway Improvements – Airport North/South Connection Phase I*

- *Airport Equipment Storage Building*

These projects are funded by several Federal, State and Local programs. The Airport typically receives approximately \$1,000,000 annually from the Federal Airport Improvement Program (AIP) in the form of a 90% entitlement grant with the State of Louisiana picking up the remaining 10% through the State's Aviation Trust Fund (ATF). In addition to these entitlement funds, the Airport is eligible to apply for discretionary AIP grants which are merit-based grants. At the State level, the Airport can compete for a maximum of \$3,000,000 annually of 100% grants above and beyond the match grants provided all of which are funded by the State Aviation Trust Fund. These primary funding sources represent a user funded system with those funds being derived by ticket taxes, fuel taxes and other aviation fees. Other State funding programs include State capital outlay which is merit-based grants funded by the State's general fund. Finally, at the local level, we're able to use Passenger Facility Charges (airline passengers), Customer Facility Charges (rental car customers) and more recently, Airport funds to fund capital improvements – though these funding sources generally account for a much lower percentage of our overall capital improvements given that they're significantly smaller sources but also represent user fees.

In addition to these "normal" funding sources, the Airport will receive an additional approximately \$1,000,000 from the Federal government for the ensuing four years as part of the Bipartisan Infrastructure Law (BIL) that was enacted by Congress. BIL also includes several discretionary grant programs which the Airport is eligible for. We were successful in securing \$2,500,000 in discretionary BIL funding in 2022 for new passenger boarding bridges for gates 2 and 3 and even sought and was awarded a small grant from the Volkswagen Emissions scandal to purchase and install electric vehicle chargers. We have applied for additional discretionary funding, including funding for our control tower project and a micro-electrical grid initiative through the BIL Terminal Grants and SMART Grant programs respectively. Finally, we are also eligible and will apply for Federal Congressionally

Directed Community Funding in 2023 in hopes of constructing a storm-resistant emergency operations center/fire station expansion.

The coordination and management of these many projects and grant programs is quite cumbersome when you think about the deadlines associated with the various programs and all the different regulatory requirements for each grant. Needless to say, the workload is enormous. Thankfully, we have a knowledgeable staff and great team of consultants that help us navigate the never-ending maze of regulations and paperwork associated with the projects and programs. We've made it our priority to first identify a need and then seek resources to satisfy that need. We will focus on that even more as additional resources are made available – especially at the Federal level. All of this is in keeping with our mission, to provide a highly efficient airport resource at minimal cost to the local taxpayer.

One of the core components of our mission statement is the connecting of people to what's important to them. We do that through various means. It could be the business traveler utilizing one of our airline partners on his or her way to close a deal. It could be an executive from one of the local LNG facilities coming to check on the progress of his multibillion-dollar project. It could be an oil and gas professional taking a helicopter to an offshore platform to produce the energy that feeds our local industry, or a doctor using his or her aircraft to fly to other regions to practice rural health. Maybe it's a student taking lessons to become a pilot, which is the grassroots of aviation. Perhaps the most important connection that we make possible is for our loved ones to travel home for the Holidays.

The list goes on and on. Airports and aircraft make this possible, and LCH is at the center of all those examples for the residents of Southwest Louisiana. The closest thing that we have to time travel is air travel. While it may not always feel that way, an airplane is the only mode of travel that can have you eating breakfast in Lake Charles and lunch in Los Angeles on the same day. We live in an age where you can purchase a ticket from your phone, board a commercial airplane in Lake Charles and fly to virtually anywhere in the world. Regional airports like LCH allow

this to happen far from the congestion of a large city. Nevertheless, there exist a looming and quite possibly existential threat to this ultimate modern convenience – at least as it relates to regional commercial air travel. There is an acute shortage of pilots which is gutting the regional airline sector, and in doing so, slowly eliminating commercial air service at regional airports across this Nation. United alone has canceled service at 39 airports since the beginning of the pandemic. American and Delta are not far behind. While LCH has not experienced the worst of it, we are seeing significant impacts and are not immune to the issue as the lack of pilots continues to become more severe. It is quite literally the death of an industry by a thousand cuts.

There are those that say "economics" is the reason that these routes are being cut or that "it's about safety" as the reason that we now have the most restrictive path to becoming a commercial pilot of any Nation in the world. I would agree that the reason that lawmakers in Washington need to address this issue immediately is indeed about safety and economics. In terms of economics, the economies of these hundreds of smaller markets are going to suffer as they lose jobs and become less competitive at attracting investment into their cities as companies choose other markets that have connectivity to the air transportation system. Indeed, it is about safety. As these small markets continue to get cut, thousands upon thousands of would-be regional airline passengers will take to the roadways to larger airports 2,3,4 hours away to begin their journey. Unfortunately, we all know the comparison between safety on roadways versus air travel. As much as I hate to speak on this subject in terms of mortality, simple statistics tell us that more people will die in motor vehicle accidents versus if they had been on regional aircraft. Unfortunately, you can't make a drastic – kneejerk change to Federal law like Congress did when they raised the minimum hours required to become a commercial pilot by 500% – from 250 hours to an arbitrary and unstructured 1500 hours – and there not have any unintended consequences. The Colgan Air crash that occurred in Buffalo (and drove this change) is a tragedy to be sure, and that should never be understated.

Nonetheless, regarding the 1500-hour rule, any significant increase in safety in terms of the pilots is highly debatable given that both pilots involved in Colgan Air had far more than 1500 hours of flying time. Even so, the result of this legislation is becoming clearer every day. The barriers to becoming a commercial pilot are now so great that we have a severe pilot shortage that is getting worse on the heels of the pandemic. The rest of the story (as it relates to safety) can be predicted based on highway safety statistics and that unfortunately, is not debatable.

I'm sure some will point to the fact that we've had a very low accident rate in aviation, and they would be right. Statistically speaking, modern US commercial aviation had been safe, in terms of pilot error as the cause of a crash, for a decade or more prior to this legislation. I hesitate to speak of lives lost in terms of statistics, but the lives of people lost on an airplane are not anymore of a statistic than those that die in automobiles. I believe that this legislation, in its current form, will cause more people that were forced to travel on a highway following the elimination of air service at their regional airport to lose their lives. People that argue against the 1500-hour rule are automatically labeled as not caring about the safety of the passengers, but I would submit that its past time for Congress to act in order to save our regional airline and airport industry and save lives in the process. The pilot shortage will continue to get worse as more pilots reach the mandatory retirement age of 65, and regional air service will suffer.

This is the message that will be shared with our Congressional delegation when we meet with them this Spring, along with the continued push for the funding of our capital improvements. With your help, we've enhanced our marketing efforts and made significant progress in getting word out about the convenience of flying LCH. Unfortunately, like most things related to commercial air service, this pilot shortage is out of our control. Nonetheless, with so much forward momentum at LCH, we must continue to push for a solution. This is a threat that small and medium size airports cannot, and we will not, ignore.

In closing, I want to thank each of you for your dedication to this Airport. While I often refer to our organization as LCH or the Airport, the truth is that is a mistake. Our organization is the Airport Authority, and the reality is that none of this happens without you all. It's our job as administration to bring initiatives and ideas to you, but you employ us and make the votes that allow us to do our jobs. I think what I've stated in this report demonstrates the importance of this organization, and I believe you should always be applauded for what you do on behalf of our community. I know that each of you serve on this Board to better the Airport and Southwest Louisiana, and I thank you for your service. Thanks also to the Calcasieu Parish Police Jury and administration for their constant support and to all of our consultants who work hard on behalf of the Lake Charles Regional Airport. Our team of consultants are integrated into our airport management structure, and we rely heavily on them including Kutchins and Groh, Mike Dees, Walt Jessen, Jr., Mark McMurry, Stulb and Associates, the Picard Group, and other design consultants working all of the projects that I previously listed. They all play a significant part in the success of LCH – especially now at a time when the management workload has expanded exponentially. Finally, thanks to our employees. Our employees are our most valuable resource and are the backbone of this organization. Without them, this organization falters. I look forward to working with all of you in 2023 as we work to make LCH the best that it can be. I wish all of you a Happy New Year.

There being no further business, motion was made by Mr. Dickson, seconded by Mr. Gremillion, and carried unanimously that the meeting be adjourned.

John Berryhill, President

Hiram DuRousseau, II