Ensure Plan of Finance is flexible, nimble and able to proactively address future changes

Sub-initiative: Re-establish contingency plans and actions to be taken in the event of a significant shock
Financial Resilience Plan

- **Purpose:** Ensure ability to navigate through events that create financial stress
- **Examples:** Shocks to the industry, economic downturns, natural disasters
- **Goal:** Outline actions the Executive Leadership Team (ELT) will take to evaluate and ultimately implement across the enterprise to ensure financial stability
Financial Resilience Plan Levels

• **LEVEL 1**
  
  • Actual or anticipated *moderate* threat
  • Expected slower revenue growth or increased expenses
  • Impacts current and potentially the following fiscal year
  • **Moderate** measures to be implemented
  • Target Result:
    • Meet expense budget parameters
    • Protect revenue budget at highest level possible
Financial Resilience Plan Levels

• LEVEL 2
  • Actual or anticipated **substantial** threat
  • Expected **significant** impact to budgeted net income
  • Impacts current and potentially future fiscal years
  • **Significant** measures to be implemented
  • Protect net income in current and future fiscal years to highest extent possible
  • Target Result:
    • Ensure major metrics* maintained to preserve senior credit rating of “A” or higher
    • Preserve as much air service to region as possible

*Metrics: Debt service coverage; Cost Per Enplanement; Days’ Cash on Hand
Financial Resilience Plan Levels

• LEVEL 3

• Imminent threat or actual occurrence
• Expected **severe** impact to budgeted net income
• Impacts current and future fiscal years
• **Drastic** measures to be implemented
• Protect net income and major metrics* in current and future fiscal years to highest extent possible
• Target Result:
  • Keep CPE at a level that protects air service
  • Preserve Authority’s senior credit rating of “A” or higher

*Metrics: Debt service coverage; Cost Per Enplanement; Days’ Cash on Hand
COVID-19 Impacts

- Financial Resilience Plan has been activated
- Dynamic situation – monitoring on a daily, even hourly, basis
- Passenger Traffic has been substantially impacted
- Revenue and financial metrics expected to be substantially impacted as well
- Analyzing multiple financial scenarios
- Receiving many requests from airlines, concessionaires, rental cars for relief
• Implementing Level 2 and some Level 3 measures, including:
  • Hiring Freeze – CEO approval required for all new hires
  • Capital Program – Delaying non-ADP and non-mission critical project spending
  • Delaying or reducing non-essential expenditures, e.g. travel, training, shuttle services, consulting services, certain major maintenance, equipment, supplies, marketing, and landscaping

• Government relations team working with industry groups and regional congressional delegation to seek Federal assistance

• Evaluating certain measures to assist business partners
Financial Profile

- Prudent financial management has provided opportunity for resilience

- Strong metrics and reserves (as of Feb 29, 2020):
  - $33.4m operating income ($13.2m better than budget)
  - 1038 Days’ Cash on Hand
  - 2.5 Debt Service Coverage
  - $13.10 Cost Per Enplanement

- While metrics are strong, potential impact is extensive and risk is very high

- Must proceed with extreme caution and continue to make wise and conservative financial decisions to successfully navigate this crisis
QUESTIONS