

Finance Committee Meeting Minutes  
November 9, 2018

These minutes reflect the activities of the Syracuse Regional Airport Authority Finance Committee during the meeting held at Syracuse Hancock International Airport in the SRAA Board Room on Friday, November 9, 2018.

The Meeting was called to order by Dr. Chin at 10:01am.

**I. Roll Call:**

In attendance: Dr. Shiu-Kai Chin, Mr. John B. Johnson, Mr. William P. Fisher, Mr. Patrick Mannion, Mr. Mike Lazar, Mr. John Clark, Ms. Christina Callahan, Mr. Trent Amond, Mr. Bill Ryan and Ms. Linda Ryan

**II. Approval of Minutes from the Previous Meeting:**

Mr. Fisher made a motion to accept the minutes from the previous meeting and Mr. Mannion seconded that motion. The minutes were unanimously accepted by the Committee without any changes or modifications.

**III. New Business:**

A. Signature and Niagara Mohawk Leases:

Mr. Amond explained that with the onset of the Million Air Lease that our practice has been to set our rates based on the square footage of land but we have not charged for the buildings on the Land. The Buildings are built by the occupants and they are fully maintained by the occupants. We do insure the Million Air Building as it is on our property, but we bill them back for the insurance. This was the approach the Authority took when constructing the Signature and National Grid Contracts. When we sent the National Grid around to the Finance Committee as a "Best Interest Exception" (due to the dollar value of the Revenue Contract), the question was raised as to whether or not it is appropriate to not charge an additional fee for the square footage for the building that is on the land. Dr. Chin asked that we come up with a consistent practice. Mr. Lazar asked the term of the Million Air Lease. Ms. Callahan mentioned it was consistent with our lease with the City which is 34 years. Mr. Lazar believes the Authority should go out on the market and ask what this Building/hangar would be worth on the open market. Mr. Lazar recommends that we ask the Financial Consultant we are hiring to evaluate this issue. A conversation ensued about the current rate structure within the Authority. Dr. Chin asked what the ramifications would be of conducting a study. A conversation continued about the ramifications of conducting a study and continuing with the Leases on a Month to Month Basis. Mr. Amond mentioned that Signature and Niagara Mohawk tenancies would not terminate immediately as their leases would continue on a month to month basis until the study was complete. Mr. Lazar made a comment to the effect that it might not be a problem if National Grid

were to leave because he would commit to rent the hanger for \$28,000. Mr. Johnson noted that if Mr. Lazar's comment were to be taken literally, it would be inappropriate for a member of the Authority Board to engage in such an activity. Mr. Amond continued to discuss what the ramifications would be for Signature if we continued on a month to month basis. Signature would like to tear down and rebuild their main hanger and lounge facility to compete with Million Air. They are not going to do this until we have a new lease in place. This study will delay whatever plans they have to improve their facility Ms. Callahan mentioned we have an obligation according to our Grant Assurances to maximize our revenue opportunities at the Airport. In conducting a study, we have to remember there are several types of buildings on premises. Ms. Callahan thinks we need to look at the General Aviation practice as a whole.

Dr. Chin asked that we decide the sequence of events given that the Leases are up and if we are undertaking a study, we should develop a plan on how to proceed. We have to treat similar contracts the same way. A conversation ensued about the rate structure. The Chair of the Board, Mr. Mannion, asked that the minutes show that Mr. Mike Lazar is currently a tenant of Signature and should recuse himself from the vote. Dr. Chin mentioned that the consensus is that management move forward and embark on a study. Mr. Johnson mentioned that it is important to get a deadline date from the Financial Consultant to complete the study on how long it will take to conduct the study.

Dr. Chin summarized the comments as follows. He mentioned that the Committee has questions regarding the status of the buildings that are included in Signature's proposed lease. The Authority is interested in continuing with the Lease once we have answers to our questions regarding the Buildings life expectancies. The Committee is not comfortable with signing a lease of this length without additional knowledge. Ms. Callahan mentioned that we can delay the signing and go through the lease again and would like to table this conversation until December. We are scheduling a Finance Committee Meeting before the December Board Meeting.

#### **B. The Airport Hotel:**

Mr. Ryan discussed the plan for the Airport Hotel. The existing hotel lease expires in 2032. The current owners will not be investing any more money into this hotel and would like to sell it. Mr. Ryan would like to develop a subcommittee to discuss all of these issues. We would like to look at options such as do we need a new hotel or do we need a hotel at all. He asked if Mike Lazar and Mike Quill could be on the subcommittee. Mr. Fisher volunteered for the subcommittee as well. Ms. Callahan asked that we are looking for concurrence from the Finance Committee to approve a hotel subcommittee which would report their findings and recommendations to the Board in June.

#### **C. Financial Consulting Services RFP:**

Dr. Chin discussed the Financial Consultant RFP review process. There were two candidates, Landrum & Brown and Unison. The Committee recommended Landrum and Brown based on their previous history and their good working relationship with management and their competence. Both Firms were competent but in the end we had a higher degree of confidence with Landrum

& Brown. We would like to recommend to the Board that we hire Landrum & Brown. Mr. Lazar made a motion to recommend this and Mr. Mannion seconded that motion.

**D. Revised Capital Improvement Budget:**

Mr. Amond discussed the Capital Improvement Plan. There were two projects, the Lagoon Deicing Facilities and the Taxiway Hotspots on the CIP that both came in significantly above our original estimates. They exceeded the 20 percent limit and now require the Boards approval so we are have updated the dollar values of these projects and are putting this in front of the Board. The Deicing project has been fully funded by the FAA so we are moving forward with this. The Taxiway project was not fully funded by the FAA but we are applying for supplemental funding which may allow us to still proceed with this. Mr. Lazar made a motion to recommend this to the Board and Mr. Mannion seconded the motion.

Dr. Chin motioned to adjourn the meeting. Mr. Mannion seconded the motion. The meeting ended at 11:00.