



Finance Committee Meeting Minutes
Friday, June 5, 2020
9:30 a.m. / SRAA Board Room and also via Conference Call/Webex

These minutes reflect the activities of the Syracuse Regional Airport Authority Finance Committee during the meeting publically posted via ABO guidelines and held at Syracuse Hancock International Airport in the SRAA Board Room and also via WebEx and telephone conference call on Friday, June 5, 2020.

Note: The Authorities Budget Office (ABO) has waived the in-person meeting requirement during this public health emergency. During this public health emergency, in the event board members are unable to meet in person, the Governor’s Executive Order 202.1 permits the board to consider the use of telephone conferencing, “to the extent necessary to permit any public body to meet and take such actions authorized by the law without permitting in public in-person access to meetings and authorizing such meetings to be held remotely by conference call or similar service, provided that the public has the ability to view or listen to such proceeding and that such meetings are recorded and later transcribed.”

The Meeting was called to order by Dr. Chin at 9:33 a.m.

I. Roll Call:

In attendance: Mr. Mike Lazar, Dr. Chin, Mr. Fisher, Mr. H. Jason Terreri; Mr. John Carni; Ms. Joanne Clancy; Ms. Cheryl Herzog; Ms. Robin Watkins; and Mr. R. John Clark.
Absent: Mr. Michael Frame and Mr. Simpson and Ms. Gagliano.

II. Review and approval of minutes from previous meeting:

Dr. Chin thanked Mr. Lazar for ably chairing the last committee meeting. Mr. Lazar made a motion to approve the minutes from the previous meeting on May 8, 2020 and Mr. Fisher seconded the motion. Motion carried unanimously.

Executive Session

No executive session was held.

III. CFO Report

CFO Robin Watkins gave her report to the committee and updated everyone on the specific details surrounding the two resolutions going before the board for the 2020-2021 Operating Budget and Capital Budgets. CFO Watkins presented back up slides and have stated that any changes that have come through since the draft have not been significant and/or have been positive. Executive Director stated that the current situation is going about as forecasted.

IV. New Business

2020-2021 Operating Budget discussion

CFO Watkins laid out various metrics and criteria that derive expenses and drive revenues at the airport and how they impact the overall budget.

The \$12.9M in CARES Act Grant funds that were received will be used on operational needs for lawful airport expense such as projects, replacement, and refurbishment or other future shortfall issues. Total projects of \$5.7M have been identified. Included in that is \$2M for AIP projects that we do not have to provide the matching portion of the funds for any 2020 grants. \$3.5M will be put aside for future operating expenses as needed. This budget does not touch our cash on hand, which remains in reserve.

This budget is presented without PRSSM funding as was discussed at previous committee and board meetings. The CARES fund will fill the gap for any needed expenses that would previously have been used with PRSSM. Parking revenue went down more than 90% during the recent COVID pandemic with less passengers and shorter length of parking times. It is anticipated that June will begin to have an uptick but revenue planning for parking and resurgence is being handled very conservatively. Landing fee rates are being held at the 2020 rates to assist in airline and passenger growth. All areas of revenue have been impacted and adjustments to each category have been taken into consideration. Discussions with rental car agencies including the Hertz rental car bankruptcy have been ongoing and appropriate assessments are being made to maintain good partnerships during this difficult time. In order for rental car companies to qualify for this new agreement, all accounts must be current. Concession revenues have also declined mirroring the passenger numbers. Mr. Fisher inquired if we are budgeting reserve for COVID impacts. CFO Watkins explained that the current budget does not include any known or suspected amounts from businesses that were having issues. No revenue is budgeted for example for the hotel this year which is currently closed down.

Expenses by department have been established for the first time in this budget. The department heads each developed their budgets along with the executive team. Even with diminished passenger traffic, business operations need to be met and there are some increases related to equipment and some line items such as realignment of salaries which been moved to the correct accounting entry locations. Executive Director Terreri stated that as the board is now aware, previously the accounting was not done on a month to

month basis, there were no monthly closures, items were not counted in the correct departments, so this budget has been pulled apart to put in the correct categories for next year. For example, the PRSSM fund was not budgeted or tracked separately previously and had simply been put in the parking line item. New proper accounting procedures have now been put into place to remedy these issues. CFO Watkins has done an in-depth dive with all expenses. An example would be that salaries have never been allocated to the correct departments and these costs are now trued up for personnel. Important repairs and needs are not being deferred. A new department has been established for Information Tech and the costs associated with it have been incorporated into this budget. The airports overall technology for the airport is out of date and there is no comprehensive information system that will track grants, revenues, reimbursements and FAA reports which need to be done quickly and accurately because it drives the revenue stream. Currently, that can not be done or in any expedient manner and is handled with various simple hand-tracked spread sheets. Research has been completed on a new proven comprehensive system for airports that will meet these needs and link with the new ABRM system and drive us to where we need to be from an IT perspective. Costs are built into this budget to incorporate licensing into our system in phases. The general ledger chart of accounts structure is currently an 18-digit number and must all be re-vamped before we can transition over to a proper accounting structure. Phase 1 will take 7 months. Phase 2 will incorporate grant funding reporting and budgeting tools. Mr. Lazar asked further questions regarding the current tracking systems and the timing of the transition. CFO Watkins explained to Mr. Lazar that we are doing hand journaling during this time because it is critical. The ABRM system is going live July 1st. Dr. Chin discussed the mission criticality of this project transition. The fire and security budgets have also been realigned to show the appropriate costs of each compared to the past budgets. Human Resources has some additional costs built in for LinkedIn job recruiting and to accommodate licensing needs for the new Paylocity Payroll system that was put in place during this past year and continues to expand with employee growth needs. The Marketing department budget includes some exciting media and promo activities to enhance the Syracuse airport as a gateway to vacations during and post pandemic for those looking for spacious, outdoor places and SYR has started an effort with all of the local tourism partners to put together a campaign for this catchment area. Additionally, some of the costs also had to shift into the correct departments for accounting and budgeting purposes moving things from a more general executive office line item.

Mr. Fisher asked questions regarding the inter-departmental budget as it referred to the Department of Aviation and the cost allocation study. The inter-departmental costs are budgeted in General Administrative. SYR is awaiting the results of the new study and meetings are being coordinated for those discussions. The expectation is that costs will come down on that line item, but it was conservatively left at the rate it was budgeted for last year.

A summary of the CARE Funds was discussed next for \$12.9M and CFO Watkins explained the use of the funds and the conservative approach used for these funds. The larger purchases will not be made with these funds until 2021 to ensure confidence to be sure that where we are fiscally based on actual return of passenger numbers. PFC and

CFC funds were discussed. The authority is well positioned to meet all debt requirements. CFC funds are segregated accounts derived from rental car funds. Utilization will be based on the garage and rental car project activities and began September 1, 2019. This account is not large enough to be used for any specific project at this time. A PFC application will be brought to the board on a later date to tap into the legal use of these funds, which must be for one of the eligible five reasons: safety, security, capacity, noise or competition. This has no impact on the budget. Mr. Lazar inquired about how past PRSSM funds were spent and where it showed up in the budget. CFO Watkins stated that they are currently auditing all expenses and revenues associated with PRSSM. Executive Director Terreri stated that there was never any separate accounting of PRSSM done, it was simply grouped into an operating funds general account. Dr. Chin stated that the budget was reviewed in detail and the committee will recommend it to the board now that they know new controls are in place. Mr. Lazar stated that the presentation was refreshing and that the committee has a full understanding. Mr. Fisher agreed. Exec Director Terreri complimented new CFO Watkins and her team on all their hard work.

2020-2021 Capital Budget and Reserve Status discussion

A list of capital requests was discussed with the committee. As noted, no monies will be utilized until such time that cash flow improves. CFO Watkins requested that the committee approve the list to recommend to the board which includes the requirement to update the wife and information technology structure replacements needed. A discussion ensued regarding eligible costs and which items were of urgent need to meet ADA and other FAA requirements. Mr. Fisher expressed concern regarding the level of detail for some of the projects and the funding sources/finance and grant options available. Chair Dr. Chin shared his thoughts with the board and agreed with gaining further information for the source of funds on larger cost items. Mr. Lazar stated his comfort level with the transparency of what has been presented this year. Dr. Chin stated his appreciation for the tighter controls put into place and the attention to detail. CFO Watkins reminded the committee that they will be getting monthly reports compared to budget in the next year which will allow the board to now see the budget status each month and that next year's budget will meet an even higher standard of clarity once all these new processes are implemented. Ultimately, a revised list with additional detail was provided to the committee along with timing and both Mr. Fisher and the committee agreed to recommend that list to the board for approval.

VI. Adjournment:

Mr. Lazar made a motion to adjourn and Mr. Fisher seconded that motion. Meeting was adjourned at 10:50 a.m.