



Finance Committee Meeting Minutes Friday, October 22, 2021

Pursuant to notice duly given and posted, the Finance Committee meeting of the Syracuse Regional Airport Authority was called to order on Friday, October 22, 2021, in the Syracuse Regional Airport Authority Board Room located in the Syracuse Hancock International Airport and Teams Virtual/Audio Conferencing by committee Chair, Dr. Shiu-Kai Chin.

The meeting was called to order by Dr. Chin at 9:39 a.m.

Roll Call:

In attendance: Dr. Shiu-Kai Chin, Mr. Mike Lazar, Mr. Michael Frame, Ms. Joanne Gagliano, Mr. William Fisher, Mr. Jason Terreri; Mr. Jason Mehl, Ms. Cheryl Herzog, Ms. Robin Watkins
Absent: Mr. Robert Simpson

Review and Approval of Minutes from Previous Meeting:

Chair Chin asked if there were comments to the minutes. A motion was made by Mr. Lazar to approve the minutes from the previous meeting on June 25, 2021, and Ms. Gagliano seconded the motion. Motion carried by committee with the exception of Mr. William Fisher who abstained due to being absent from previous meeting.

CFO Report

CFO Watkins began the meeting by reviewing the financial metrics. There has been a significant improvement in landing weights of actual versus budgeted. This is due to larger aircraft and flights returning to the airport that had been deferred during the pandemic. In August, SYR launched the DFW nonstop flight. This flight has been so successful that it will be upgraded to a mainline run. Passenger enplanements are also running above budget. Revenue is up due to those increases for landing weights and parking fees. Concessions are up, passengers are buying more, the new SYRenity Bar is doing well, and car rentals are also running high with passenger traffic levels above budget. CFO Watkins spoke about the garage spaces for car rental and how they were reallocated due to garage construction. This amount was not calculated into the current budget. A conversation ensued regarding the garage construction and all questions were answered. Garage repairs and construction is currently being completed with the goal for additional spaces to be made available for the November travel season.

CFO Watkins discussed the expenses for the first quarter. She explained the bottom-line difference is due to timing differences, all expenses for the runway rehabilitation project have not been received, there are currently some vacant positions, utilities are up 40%, and issues with the supply chain are significantly escalating costs this year. She discussed stocking more supplies to avoid supply issues. Mr. Fisher inquired about the Trades line item and what that included. CFO Watkins explained that the Trades group are the inhouse specialty employees, carpenter, electrician, plumber, painter, HVAC, etc.

Mr. Fisher asked where he would locate the principal and interest on the debt of the SRAA? CFO Watkins explained it is currently on the non-operating list. Mr. Fisher asked when the SRAA starts making principal and interest payments on the Bond issuance will it then fall into the Operating Expense category? CFO explained that it will to the extent that it comes out of the operating revenues. CFO Watkins reviewed the financial summary which showed the total operating revenue along with expenses. Explanation was given regarding FAA projects payments and how the SRAA pays the contractors first and then bills the FAA., therefore there is a timing difference between these invoices and payments and reminded the committee that this line item will be zero once all invoice processing is complete and is 100% reimbursable.

CFO Watkins explained the bond payments with the City of Syracuse. Mr. Fisher asked if we are replacing all of their bonds and CFO Watkins answered yes, other than the 2013 bonds since those will mature in 2023.

CFO Watkins provided an update on the CARES Funds. An update was given regarding the use of CARES 1. These are funds will be utilized to address some deferred maintenance as it relates to the Maintenance Department and their fleet. The Maintenance Building Rehabilitation project is being reassessed. The plan is to have parts inventoried by us and kept on hand to make repairs more efficient. Recently, ordering has become a problem and it takes a long time for parts to come in. An update will be provided in the future once the needs are all addressed. It was asked if we will have an inventory management system and it was clarified that there are four possible software programs the SRAA is looking into. Mr. Fisher asked if the airport owns its fleet and if the airport looked into going outside for some or all of it. It was explained that the airport is going to look at all options as it relates to fleet management. Mr. Fisher asked if in the airport industry, if most take care of their own fleet or if there are different models where some go outside and some do not. Director Terreri said it is usually a hybrid where certain things are done inhouse and some are not. Dr. Chin asked how many staff are in this area, it was stated one crew leader and two heavy mechanics.

CFO Watkins reviewed the Cash Position slide which shows improvements. CFO Watkins introduced the Cost Per Enplanement (CPE) Calculation slide which shows what it costs for the airlines to operate at the SYR airport, based on their passenger levels. This is what the airlines look at to measure performance. The Authority is tracking this metric closely in order to drive down the CPE. Director Terreri stated that this number is not strictly passenger driven. The airport is looking into non-aeronautical revenue opportunities, passenger increases, changes with

the staff, service contracts, etc. Director Terreri indicated that the goal is to get the CPE down so we will be in line with other small hub airports of our size. This is important as we try to bring new carriers and routes into the SYR Airport.

CFO Watkins reviewed the Capital Equipment purchases and actual costs. Overages as they relate to the supply chain issues are being managed in various ways.

Mr. Fisher discussed the past history of the airport and stated that it looks like we are making progress and setting our sights on getting to the lower CPE level. It is great to understand where we need to go and that there is a clear strategy and realistic goals to get there. Director Terreri stated that we have a good plan and a good team in place. COVID allowed us a chance to stop and look at how we position ourselves. We now have the right people in place with a team behind us that supports our mission. All of the initiatives are in line, and we are getting feedback from the airlines that they love what they are seeing.

New Business

CFO Watkins discussed the exciting news about the Bond Refinancing. The Bond sale occurred on October 5, 2021. It was on the market from 10:00 a.m. to 11:30 a.m. and we exceeded the amount needed. She reviewed the total allotments by firm. Our final yield was 2.10%, our previous rate was 4.7%, so this will give us a significant cost savings. The Bonds will expire in 2036.

The implementation of the Common Use Software System was addressed. The Authority is looking at installing all the equipment at the same time. There were some pieces held up because of a chip shortage. The airport is working on Capital Asset Management policies and procedures, with a focus on fleet management. The Southwest Airlines signed agreement has been received, so they are now an official signatory airline. Their first flight will be on November 14, 2021. Once there is a finalized schedule for the inaugural flight, we will send it out to the Board, it will be great to have the Boards participation at the events.

Dr. Chin stated that this is spectacular and after speaking with CFO Watkins, we have the resources to be strategic. Congratulations.

Mr. Lazar inquired about the quarterly initiatives report and if we could put that in Dropbox or have it at the next meeting.

Adjournment:

Ms. Gagliano made a motion to adjourn, and Mr. Lazar seconded that motion. Meeting was adjourned at 10:43 a.m.