



**Finance Committee Meeting Minutes
Friday, June 23, 2023**

Pursuant to notice duly given and posted, the Finance Committee meeting of the Syracuse Regional Airport Authority was called to order on Friday, June 23, 2023, in the Syracuse Regional Airport Authority Board Room located in the Syracuse Hancock International Airport by committee Chair, Dr. Shiu-Kai Chin.

The meeting was called to order by Dr. Chin at 9:35 a.m.

Members Present

Ms. Jo Anne Gagliano
Dr. Shiu-Kai Chin
Mr. Michael Lazar
Mr. Nick Paro
Mr. Michael Frame
Mr. Nathaniel Stevens

Members Absent:

Mr. Robert Simpson

Also Present:

Mr. Jason Terreri
Ms. Joanne Clancy
Mr. Jason Mehl
Ms. Robin Watkins

Roll Call

As noted above all members were present other than Mr. Simpson.

Review and approval of minutes from the previous meeting:

Finance Chair, Dr. Chin stated there was a quorum present, therefore, invited a motion to accept the minutes from the May 19, 2023, Finance Committee Meeting. Having no comments or adjustments, Mr. Frame made the motion and Ms. Gagliano seconded that motion. Motion carried unanimously.

Dr. Chin stated that the main business of the day would be the CFO report and project updates. He congratulated Executive Director Terreri and the team regarding the grand opening of the new Escape Lounge and that it is spectacular. Dr. Chin spent time with CFO Watkins regarding today's presentation and discussed the important assumptions regarding the operating conditions at the

airport and with the bondholders. The degree of transparency has been consistent and includes all aspects of having the ability to ask questions. Dr. Chin found no success-oriented planning, but instead a conversative view of finances knowing that there will be unknowns in the future. Dr. Chin stated that he is really pleased with the information and materials presented to him.

New Business:

CFO Report and 2023/2024 Draft Budget Review - CFO Watkins thanked the board and committee for being so involved and active. She shared the information as of the end of May 2023 and encouraged questions to be asked. CFO Watkins stated that she will not say that there won't be surprises or unidentified modifications in the future because there is always something that happens that was not budgeted. Modifications and improvements, along with up-gauging in aircraft and enplanements are far exceeding the pre-pandemic, record 2019 numbers already, and those numbers do not include June numbers so the fiscal year will be a record high.

The revenue continues to exceed the budget due to the enplanements and that flows through all areas, parking, concessions, car rental activity, etc. SRAA is over budget on expenses, but not as high as expected due to maintenance needs. Capital expense assets must be transferred to the City of Syracuse, who still owns the property. Improvements in PFC incomes will offset some future capital improvements. CFC income has increased and in June will go from \$5.00 to \$7.50 per transaction day, which will assist with building the CONRAC facility. CFO Watkins stated that things have turned out better than anticipated in the beginning of the fiscal year. CPE trend is \$9.89 which is better than expected and trending down which helps drive air service development. CPE averages are difficult to compare due to structures at other airports and are based on agreements and whether other airports expenses are absorbed by a county or other factors. \$10-\$12 is a reasonable goal to maintain for attractiveness to the airlines. Airport costs at an airport roughly represents 7-10% of the cost of a ticket. Cash status is \$35M for operating cash. The balance is \$17M in the standard operating account. Reserves which are self-imposed by the Authority is \$18M. On top of that, \$19M is being held in T-bill investments per our policy. Restricted cash is \$24M which has very defined uses and then there are bond escrows that the authority does not touch. There is a self-imposed floor of having 300 days cash on hand, the Authority currently has 119 and is looking at ways to drive that number up.

The airlines agreement negotiations are beginning in July starting an 18-month period to have a new signed agreement in 2025. Executive Director Terreri stated that the Authority shares the Master Plan with the airlines and is looking to negotiate a mutually beneficial agreement with the signatory airlines at SYR. A discussion ensued regarding the differences in priorities in the rates and charges costs for the legacy carriers vs. the low-budget airlines. CFO Watkins stated that the bond market will look at residual or compensatory/hybrid agreement will impact the airport bond ratings and interest rates when we go to market. The airport has a financial consultant for this process. HR Manager Marshall did a great job with the 1773a union negotiations and there is a signed MOU. SRAA Audit field work will begin in July and pre-audit meetings have begun for the September due date.

As of this date, for Fiscal 2023, budget metrics have been modified from the low level to the mid-level based on passenger traffic and landing weights and future knowledge of air service development. Executive Director Terreri stated additional flights from several airlines will be added in the next year. Additionally, the data shows increases in capacity-levels for sale which justify going from the low to the mid-range. Moving to the mid-range changed the Authority's ability to fund needed expenses in this budget. Un-necessary cuts to critical projects would need to be made if the SRAA stayed at the low-budgeted end and the strong continuity in the audited data fully supports the need to move forward with the mid-range projections. New systems have been put in place to closely monitor activities to adjust monthly if necessary if there are decreases or increases in the future. Concession revenue has increased due to Jason Mehl and his Commercial team with the new improvements in concession offerings. Car rental agencies are expecting a 5% increase in revenue next year. The new airline rates and charges are beneficial to the airlines. The CPE is at \$11.21, the May presentation was \$12.22 so there is a positive downward trend currently. Expenses have remained flat. Facilities costs have increased on the airfield and terminal due to the failing systems that had not been maintained for many years. The HVAC system for example is antiquated and the parts are not available. As new HVAC systems are installed, a preventative maintenance program will be put into place. Monitoring will be conducted, and the airport will be able to manage the utility usage resulting in a much better passenger experience and at a significant energy cost savings over the current antiquated system. CFO Watkins stated that some grant monies have been awarded for windows and siding, but the Authority will have to spend a significant amount on the project that will not be covered by the grant. Various other projects and continued strategies for cost savings were discussed, including using a six-sigma approach. All questions were asked and answered. \$8.5M is the expected net income for the next fiscal year.

Parking garage repairs and replacement of the deck were discussed with the group and the options for the timing of each phase. Additional surface lots have been built and there are options for using the old runway with a shuttle service if needed for parking during construction.

A five-year Capital plan lookout has been conducted and project planning based on that is underway. Only the top 50% of the requests are being funded. The parking garage costs are by far the largest need, and this cannot be done without help from the community and other funding sources. Executive Director Terreri stated that he is working with local, state and federal elected officials to find available funding sources for both the landside project and terminal project needs and given the impact of Micron.

Dr. Chin stated the two items that this committee should move forth are the budget and capital budget. Mr. Lazar stated that the format and information were great and that it is a lot easier to follow now.

Chair of the Finance Committee, Dr. Chin invited a motion to move the draft budget discussed during this meeting forward to the full SRAA board for approval after this meeting. Mr. Lazar made the motion and Mr. Stevens seconded.

Dr. Chin next invited a motion to move the capital budget discussed during this meeting forward to the full SRAA board for approval after this meeting. Mr. Stevens made the motion Ms. Gagliano seconded.

Additional discussion regarding the parking garage, surface lot parking and various options were held. All questions were asked and answered.

Adjournment:

With no further questions, Mr. Paro made a motion to adjourn, and Ms. Gagliano seconded that motion. The meeting was adjourned at 10:52 a.m.

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