

Finance Committee Meeting Minutes
April 6, 2018

The meeting was called to order at 10:01 a.m. by Dr. Chin.

I. Roll Call:

In attendance: Dr. Shiu-Kai Chin, Mr. Michael Lazar, Mr. William P. Fisher, Ms. Beth Rougeux, Ms. Christina Callahan, Mr. Trent Amond, Ms. Maureen Fogarty, Mr. Bill Ryan and Ms. Linda Ryan

II. Approval of Minutes from the Previous Meeting:

Ms. Rougeux made a comment that the minutes suggested that Mr. Fisher made a change to the minutes but it did not say what the change was. Moving forward please note what the change was.

The minutes from the previous meeting were approved.

III. Old Business

Terminal Improvement Project Budget Summary: Mr. Amond explained this is a tracking system that they have set up to track the actual expenses as they come in. There is about 10 million in actual expenses that have occurred so far. Ms. Callahan mentioned that we will update this summary for each Finance Committee Meeting. Mr. Amond mentioned that we have received the first reimbursement from the State. Mr. Clark updated us on the status of the closing with Key Bank. Mr. Clark has ordered searches requested by Key Bank and they should be back next week. He thinks that we will be closing in the next two to three weeks.

Off Airport Park N Fly: Mr. Ryan discussed how Americar is no longer with the Airport and how we would like to continue this off Airport "Park N Fly" Service for our passengers. He is currently working with the Hampton Inn as well as possibly leasing property from an area off of 7th North Street to continue this service. The "Park N Fly" does not generate much revenue but is more of a service to our passengers as people are asking for less expensive long term parking. Mr. Ryan does not have a recommendation for the Committee today but will by the next Board Meeting including whether or not it is cost effective to do so.

IV. New Business

Draft FY 18/19 Operating Budget: Mr. Amond recapped that this draft is the first pass and a broad overview and it will come back next month with the first draft of the Capital Budget. There is nothing outstanding or that reflects any vastly different condition or uncertainty.

Financial Overview for Board Members: Mr. Amond went over selected charts through February and passenger data is good, up 4% to date and expected to add to that with the

arrival of Frontier. Concession Sales are running flat compared to last year. The expectation of more passengers should increase this and the offset is the sales per enplaned passenger is a little behind last year. Right now we are in the process of talking to Creative Food Group about adding more concessions. Ms. Callahan mentioned that we have been approached by Creative Food Group about adding a bar in the South Concourse by the American Gates which are relatively far from Middle Ages. With the Terminal Renovation, we are also working with Creative Food Groups on bringing in a small coffee and baked goods kiosk with a local flair. We have also been approached by Taste of New York and we have put them in touch with Creative Food Group.

Mr. Amond reviewed the Parking Revenue Chart. He explained we are up 2.2 percent in parking. Uber and Lyft have been in place for about 8 months and we are still running ahead of last year. The parking went into the overflow lot twice this year.

Mr. Amond went over the Car Rental Revenue Chart. Car Rental Revenue is flat compared to last year. We are also watching the effect of Uber and Lyft on Car Rentals.

Mr. Amond reviewed the Ground Transportation Chart. We are in the process of implementing licensing by the Authority. We will be publishing notices in the newspapers and inviting operators to an information session so we can explain what the process will be.

Financial Overview for Board Members: Dr. Chin had mentioned to Mr. Amond that it would be useful to this committee and other Board Members if we had a Financial Overview Outline that gave more information on how our cash revenues and inflows and expenses and outflows worked. This is the first draft of the revenue section that was presented to the Committee to get feedback to see if this is what they were looking for. Dr. Chin mentioned that, as the Chair of the Committee, he is very informed and thought we should share this information with the Board. Due to the fact the Board does turn over, this Financial Overview would be a living document.

Mr. Fisher would like the Finance Committee to start thinking about Debt Service Management on a 20 year planning horizon. He would also like us to think about hiring advisors regarding borrowing money. The City made the decisions for the Airport prior to the Authority being created. He mentioned there is not much point getting a credit rating in the abstract, it's best to do when you have a specific borrowing need in mind. If we are going to borrow, we should get a credit rating. Mr. Lazar agreed that this is a good idea because we should have history knowing that we can pay back when it comes to borrowing for the garage, etc. Dr. Chin summed it up that we should build our situational awareness, and what our obligation is to the Authority. If we can benefit from outside advisors, Mr. Fisher is encouraging that the SRAA move forward with this and figure out what the procurement process is and what the Scope of Service is and bring it to the Board sooner than later. Ms. Callahan mentioned that we will come up with a plan over the next few months. Dr. Chin mentioned when we do roll it out, we would like to explain to the Board the major milestones such as what we are doing, why we are doing it and when we plan to do it.

Mr. Ryan gave us an update on the Airport Hotel. We had an appraisal done on the Airport Hotel. The owner of the Hotel reached out to Mr. Ryan and asked if the Airport would like to purchase the hotel. The Appraisal came in at 3 million dollars. The lease runs through 2032. Mr. Fisher mentioned that the hotel does not meet the Airport's needs. It doesn't have the right meeting space and it doesn't perform very well. It is on our list of non-aeronautical revenue opportunities to explore and the Hotel owners want out. Mr. Clark mentioned that there was a buyout option in the contract. Mr. Ryan mentioned he is an anxious seller and would like it to happen in 2018 as they are focusing on the casino. In order to meet the Best Western standard, they have to make a substantial investment very soon, approximately 1 million dollars. If they are forced to make the investment then they are less prone to get rid of it and we may be married to it until 2032. Ms. Callahan recommended that Mr. Clark go back to the lease and understand who owns it and what the buyout is. Once we have this information, we will revisit this and make some decisions. Our goal with the Hotel is to have a brand that people want, to have a facility that attracts business to the airport with conferences rooms for business meetings as well as something that is affordable to Canadian tourism and our Frontier passengers.

Mr. Ryan gave an update on the RFP Taft Road Parcel. The Airport has 9 properties potentially for sale that Mr. Amond looked into in 2016. There is interested in Parcel #4. Mr. Ryan is proposing a limited RFP for Engineering Services to ascertain particularly what the environmental is, to get a baseline and see what the utility is, and what it would cost to bring this to market. There is no Airport use for it. The parcel is 82.26 acres. There are manufacturing companies that have contacted Mr. Ryan for this property. He would like to continue with this RFP to bring it to market. The Roads are no longer in place for this property, it is the old Hancock Park. He has looked into the FAA guidelines for leasing this property. Mr. Fisher asked if we informed the Town of Cicero that we are considering putting this property on the market. Ms. Callahan said we would do that. Dr. Chin asked if everyone was on board to continue with the RFP and everyone agreed it is OK to continue this process. Mr. Lazar asked if he could review it before it goes out.

FY 15/16 Airline Reconciliation: Mr. Amond explained the Airline Rates and charges came down about 7% and that was good news for the airlines. The Reconciliation also shows what the amount credited to the Airlines was.

FY 15/16 Cost Allocation: Ms. Fogarty explained the Board approved a "Best Interest" to continue to use Maximus for cost allocations. We are engaged with them now and they are looking at the 15/16 year. We are going back to the City and having them report to Maximus their overall expenses and then a certain portion is prorated back to the Airport as an indirect cost. It is acquired as one of our 3 agreements between the SRAA and the City. It is a legal process that is approved by the FAA to avoid any revenue diversions. Maximus is about 4 weeks into the process. This information will go Mr. Amond and Ms. Callahan to review and they it will be brought to the Board.

MWBE Report: Ms. Ryan discussed the MWBE/SDVOB/DBE Outreach that the Airport has conducted. The SRAA started with Staff training first. We explained what these Acronyms meant and why they were important. She discussed the 30% MWBE goal, the 6% SDVOB goal, and the 6.7% DBE goal and the importance of each. Once the staff understood the

goals and Article 15A and 17B, a mixer was held between the Staff and these organizations. The event proved to be very successful as the Staff started to work with new companies and purchase goods and services from these vendors. Ms. Ryan mentioned she attended Vetcon (Veterans in Economic Transition Conference) for the past 2 years. Each year she met with over 50 vendors to discuss the upcoming projects at the Airport and showed them our website where they could find the upcoming bids and proposals. Ms. Ryan attends the local and regional MWBE Outreach programs and attends the Monthly Agency/Authority meetings held by Empire State Development. Ms. Ryan explained that our numbers went from 3.1% MWBE utilization in the 2nd quarter of fiscal year 15/16 and now we are at 31.98% in the 2nd quarter of fiscal year 2017/18 which is exceeding our goal. Ms. Callahan and Ms. Fogarty mentioned that the staff has done a great job helping to meet this goal. Mr. Lazar asked if OMNI is still necessary and we explained that OMNI is also an MWBE and is in charge of all of our reporting and is a necessary consultant.

In Closing: Dr. Chin mentioned Mr. Clark is investigating the hotel lease, Ms. Callahan and Mr. Amond will look into the debt service and bring it to Dr. Chin first and then the Finance Committee. Mr. Amond is going to add the one suggested addition to the Finance Overview and continue to work on the expense side.

- V. **Adjournment:** The meeting was adjourned at 10:47a.m.