

# SYRACUSE REGIONAL AIRPORT AUTHORITY

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## Minutes of the Special Meeting of the Syracuse Regional Airport Authority

Thursday, April 28, 2022

Pursuant to notice duly given and posted, the Special Meeting of the Syracuse Regional Airport Authority was called to order on Thursday, April 28, 2022, in the Syracuse Regional Airport Authority Board Room by Chair, Ms. JoAnne Gagliano.

### Members Present:

Ms. Jo Anne Gagliano – Chair (Teams Video)  
Mr. William Fisher – Vice Chair  
Ms. Latoya Allen  
Dr. Shiu-Kai Chin  
Dr. Donna DeSiato  
Mr. Michael Frame  
Mr. Kenneth Kinsey  
Mr. Michael Lazar  
Mr. Nicholas Paro (Teams Video)

### Members Absent:

Mr. Robert Simpson

### Also Present:

#### Staff

Mr. H. Jason Terreri  
Ms. Robin Watkins  
Mr. Jason Mehl  
Ms. Joanne Clancy  
Ms. Cheryl Herzog

### Roll Call

As noted above, all board members were present, with the exception of Mr. Robert Simpson. Chair Gagliano began the meeting at 11:00 a.m. and thanked everyone for making the effort to attend the Special Meeting of the SRAA Board.

## New Business/Discussion

### Barracks Parcel Project

Chief Commercial Officer Mehl began with a discussion regarding the barrack site development, an ariel view of the location was provided. Mr. Mehl noted that a warehouse opportunity is possible. He reviewed the status with the group including the release for non-aeronautical uses by the FAA and the zoning change application with the Town of Cicero. Mr. Mehl explained the differences between conventional versus modern partnerships. Mr. Mehl focused on the modern partnership and explained that the airport would maintain control. The developer would receive smaller financing profits and the airport controls the strategic plan and would be responsible for leasing. A conversation ensued regarding taxes and risks. Mr. Mehl explained this is in the beginning stages and more will be discussed in detail at future Board meetings as it becomes available. Director Terreri reiterated that today's meeting is to lay out the framework. In order to qualify for the parking deck bond issuance, the SRAA will require an estimated net income of \$5 million this year and further investment in future years. To meet this requirement, the Authority is looking at ways to increase revenues to accommodate the net income necessary for the parking deck bond issuance. This is the time to look for other revenue opportunities but also diversify the revenue into other non-aeronautical streams. When the pandemic happened, the authority lost a lot of revenue since it primarily relied on air service levels. By looking at other revenue sources, if a pandemic should happen again, the Authority would have other sources of revenue. This is all part of the land release planning.

As far as the procurement is concerned in late 2019, multiple parties were engaged but garnered minimal interest. Westport was the most beneficial. Director Terreri explained that the Authority meets with individuals twice a month to review this type of warehousing opportunity. There is a limited supply of this type of warehousing in this area. The discussion has been ongoing since 2019 to identify the best way to develop the site and to understand the market for this type of development. The challenge that the airports run into is that the typical developer does not want to get involved because they cannot negotiate the rates. The FAA is very clear on how rates are set at an airport. Westport has done work at airports and understands the process. Many of the projects they have done have been preleased prior to the opening of the doors. Mr. Fisher asked if any of the projects have models worth looking at where the airport takes on responsibility and Mr. Mehl stated all of them. Director Terreri stated this model is needed at airports to bring in revenue for projects. This is a very common model at airports. CFO Watkins stated this is not breaking any new ground by looking at this avenue, the project is of a smaller scope than what you would find at any other airports. Mr. Mehl explained that Westport has an extensive network of industry relationships and they offered to reach out to their contact to see what the interest is prior to any development. Additionally, the master lease rate charged would be below-market rents because the Authority would provide rates, not a developer. CFO Watkins indicated that Mr. Mehl has done extensive research on what is available for warehouse space within the community. There is a lack of customizable space, which would make this venture very attractive. Dr. Chin asked what leverage does the Authority have to charge lower rates? Mr. Mehl explained the Foreign Trade Zone (FTZ), part of the building could be identified as FTZ which allows

the import of goods without paying the duties until the goods are removed from the warehouse, so the cost is deferred. This would allow individuals to bring in a lot more goods than they actually need and only pay the warehouse fee but not the duty fee until the goods leave the FTZ. The advantage the Authority has is we are not profit-driven and can base rates on the pro forma, so the Authority would have more flexibility than a developer. Mr. Mehl also explained about engaging with commercial real estate. Mr. Lazar asked if being close to the airport helps this location, and the answer was yes. Mr. Lazar asked about the height of the facility and Mr. Mehl stated it cannot be any higher than 45ft. because of the proximity to the airport.

Director Terreri stated that what the Authority is looking for from the board is concurrence to move forward with Westport. This will allow the authority to start to develop the business case where we can bring to the board true numbers and real risk analysis. The Authority would like to bring in the Westport group to meet with the board.

Mr. Fisher asked what else will the board receive and need to approve until the project is to the point of no return. Mr. Mehl answered the Authority will provide to the Board costs vs projected revenues, a market analysis, supply vs demand in warehouse space and a presentation from Westport, what else would the Board like to see? Mr. Fisher stated risks laid out and plan for mitigating, financial assets the greater the risk the greater the potential reward. Director Terreri stated prior to any agreements being signed it would come to the board first. In the meantime, updates will be provided at the board meetings. Mr. Lazar asked how the Market Study would be done and it was answered that it would be completed by a third party. Dr. Chin stated that he agrees as long as we are solving the right problem.

Mr. Fisher made a motion to authorize management to move ahead with negotiations with Westport as well as expenditure on a Market study for this development project. Mr. Lazar seconded the motion. All board members were in favor. Motion carried unanimously.

### **Landside Planning Design – Scope of Work**

Director Terreri provided a follow-up discussion from the offsite meeting to continue the project with the Landrum & Brown team. Director Terreri reviewed the Authority history with Landrum & Brown. The Authority is looking to have a project definition document developed. This would take the project to 25 to 30% design of the parking deck which includes the ConRAC deck and the parking deck. This will provide a document that could be handed out at a bid. How this would be structured with Landrum and Brown was discussed. Since this is an Authority funded project even the design must meet the state requirements of MWBE & SDVOB. The Authority needs to get a replacement strategy prepared. Currently, there are funding opportunities available now for infrastructure. Director Terreri reviewed the Outline of Workplan, Phase A and Phase B costs. The Option B will provide the bridging document and the project definition document that can be used to bid out for construction for design-build. This will take the Authority all the way to procurement documents. The authority's recommendation is Option B. The schedule was reviewed with a final deliverable in Q4-2022, with the goal

to begin construction in 2023. CFO Watkins stated that getting the Authority to the final deliverable, Option B will allow the Authority to have the documents required to move forward with any federal funding that is non-FAA. The Authority is looking at RAISE Grants that come out every year and are DOT-focused, these funds could be used for a parking garage.

Director Terreri indicated this is above his financial threshold authority and at the retreat, the Board was in favor but he still wanted to present the information to the Board with numbers and receive concurrence to move forward. A conversation ensued about the cost of services to be provided by Landrum & Brown. All questions were clarified. Mr. Lazar indicated that this is an important step to having the necessary documents to apply for grant funding.

Mr. Fisher made a motion to authorize to continue with Landrum & Brown in the procurement that is already underway of their services and advance to the next step that was defined in the meeting today. Mr. Lazar seconded the motion. All board members are in favor. Motion carried unanimously.

Mr. Lazar inquired on the status of the Enabling Legislation. General Counsel Clark provided the update to the board. Mr. Fisher asked if something will be passed by the end of June. General Counsel Clark stated he does not believe that all changes will be approved by the end of June. General Counsel Clark indicated that he did see an Enabling Act Amendment draft. Mr. Fisher requested a copy of the draft to be sent to the board. Director Terreri stated if necessary, a few people including board members will go to Albany to explain the urgency of these items. Mr. Fisher would like to be included if there is a need to go to Albany.

### **Adjournment**

A motion was made by Mr. Frame and seconded by Mr. Lazar to adjourn the meeting. The meeting was adjourned at 12:02 p.m.