



ALBANY COUNTY AIRPORT AUTHORITY
 ALBANY INTERNATIONAL AIRPORT
 ADMINISTRATION BUILDING
 SUITE 200
 ALBANY, NEW YORK 12211-1057

TEL: 518.242.2222
ADMIN FAX: 518.242.2641
FINANCE FAX: 518.242.2640
SITE: www.albanyairport.com

**Minutes of the Finance Committee and Audit Committee Meeting
 of the Albany County Airport Authority**

ACAA - Finance Committee
APPROVED
~~9/5/08~~

February 21, 2008

Pursuant to notice duly given and posted, the Finance and Administration Committee and Audit Committee meeting of the Albany County Airport Authority was called to order on Thursday, February 21, 2008 8:11 am in the Administration Building, 2nd Floor Conference Room, located at the Albany International Airport by Finance Committee Chair Daniel M. Sleasman and Audit Committee Chair Elliott A. Shaw with the following present:

FINANCE COMMITTEE MEMBERS PRESENT

Daniel M. Sleasman, Chair Finance Committee
 Richard J. Sherwood
 Elliott A. Shaw

MEMBERS ABSENT

None

AUDIT COMMITTEE MEMBERS PRESENT

Elliott A. Shaw, Chair Audit Committee
 Richard J. Sherwood
 Henry E. Dennis, Jr.

MEMBERS ABSENT

None

STAFF

John A. O'Donnell
 J. Dwight Hadley
 Margaret Herrmann
 Ginger Olthoff

ATTENDEES

Jim Amell, Marvin & Company
 Amy Newburg, Marvin & Company

DAVID E. LANGDON, CHAIR

RICHARD J. SHERWOOD, VICE CHAIR

HENRY E. DENNIS, JR.

DANIEL M. SLEASMAN

JOHN A. GRAZIANO, JR.

ELLIOTT A. SHAW

DORSEY M. WHITEHEAD

JOHN A. O'DONNELL, CHIEF EXECUTIVE OFFICER

1. Approval of Minutes

1.1 Finance and Administration Committee: December 3, 2007

Mr. Sherwood moved to approve the December 3, 2007 minutes. The motion was unanimously adopted.

1.2 Audit Committee: November 28, 2007

Mr. Dennis moved to approve the November 28, 2007 minutes. The motion was unanimously adopted.

2. Approval of Various Financial/Audit Items

2.1 Review and Acceptance of Authority's Thirteenth Comprehensive Annual Financial Report, as of, and for the year ended, December 31, 2007, together with the Audit and Compliance Reports of Marvin and company, p.c., Certified Public Accountants

Mr. Hadley reviewed the Management Discussion and Analysis included in the Financial Report.

Mr. Hadley stated that staff was continuing to review the Financial Report and there may be minor adjustments made prior to submission to the full Board for approval.

Chair Sleasman referred to the figures on General Aviation, noting there was a significant drop, i.e., 10%. Mr. Hadley stated that this was primarily due to high fuel costs, i.e., fuel was \$5.00 per gallon today.

Mr. Sleasman inquired as to whether this would impact marketing efforts for the new T-Hangars. Mr. Hadley stated that he didn't think there would be an impact, as there was a waiting list for potential tenants.

Mr. Sleasman referred to the decrease in capital contributions and inquired if this was due to budgeting cuts in Washington, fewer construction projects, etc. Mr. Hadley stated that it was due to both cuts in Washington and fewer projects being initiated. He stated that the FAA has been very slow in giving out both entitlement or discretionary funding through the Federal Airport Improvement Program (AIP) since the Act expired on September 30, 2007 and has been extended by continuing resolution through June 2008.

Mr. Sleasman inquired as to whether this was reflected in the budget for 2008. Mr. Hadley stated that projects currently on the table are being completed; however, new projects are not being advanced unless funding is available.

Mr. Hadley distributed and reviewed the chart entitled: *"Albany County Airport Authority A/R & A/P Allowances, 12/31/07."*

Mr. Hadley stated that over \$1.5 million in reserves were no longer required and this was reflected in the overall expenditures for 2007. If the reserves were still required, there would have been a substantial decrease in revenues and instead of giving a credit to the airlines for 2007, the airlines would have been required to cover the shortfall.

Mr. Hadley noted that interest paid had increased by \$500,000 but was expected to come down in 2008 with the bond refunding which should generate approximately \$6-700,000.

Mr. Sleasman referred to Page 31 which outlined the capital plan activities. He inquired as to whether the Enabling Legislation required adoption of the 5-Year Capital Plan. Mr. Hadley stated that it did.

Mr. Sleasman inquired as to whether an amendment to the capital plan was required to ensure no loss of credibility in light of the fact that there is quite a disparity between the budget and actual activity. Mr. Hadley stated that future development was considered when the plan was established to ensure full disclosure; however, some of the projects may not be brought to fruition, i.e., a new parking garage. Mr. Sleasman suggested caveats be added to note this so as to not cause a loss of credibility. Mr. Hadley stated that the summary on Page 30 does explain why all projects are included and this has also been pointed out to the rating agencies.

Mr. O'Donnell stated that since the capital plan was adopted he has met with the Albany County Legislature and presented updates on the Airport and the capital plan. He stated that he will continue with these updates in the future.

Mr. Shaw inquired as to the interest rate on funds in the bank. Mr. Hadley stated that currently it was at 3% but was expected to continue decreasing. Mr. Shaw inquired if there were any opportunities of getting a greater return. Mr. Hadley stated that in today's market the funds would have to be tied up long term, i.e., 6 months to 1 year could result in ½ to 1% additional interest.

Mr. Shaw referred to the fact that Albany County is due money. He inquired as to why this was. Mr. Hadley stated that Albany County's submittal of documentation supporting the payment of funds owed, at times, can be delayed.

Mr. Sleasman referred to the costs from Albany County for security services provided by the Sheriff's office. He inquired as to whether an analysis was ever done to determine if the Authority could provide its own security services. Mr. Hadley stated that the Authority's Enabling Legislation does not grant the Authority the ability to perform arrests; therefore, a law enforcement agency was required. Mr. Sleasman inquired if the duties of the Sheriff's could be limited to those types of services with the Authority providing the other required security services. (This is done currently with the Authority hiring third parties to provide services on the curb in front of the terminal and at a gate

required for access to the airfield.) Mr. Hadley stated that an analysis was performed a few years ago to determine what the cost would be if the Authority were to use the services of the Town of Colonie or NYS Police and those costs were higher.

Mr. O'Donnell stated that there is language in the lease with Albany County that states if the Authority utilize the services of the Albany County Sheriff it must reimburse the County for what is deemed to be a fair and reasonable cost. He stated that discussions have begun with the County Sheriff's office regarding a review of these costs.

Mr. Sleasman stated that given the fact that Mr. Langdon, ACAA Chair, could not be in attendance today, he would like to bring up the topic with him.

Mr. O'Donnell stated that the Sheriff currently employs 19 full time deputies (currently 19 deputies and 1 lieutenant) as part of the Airport substation. Mr. Hadley stated that the costs associated with the Sheriff's services amounted to 10% of the Airport Operating Budget.

Mr. Shaw stated that this should be reviewed further in the upcoming year with all parties.

Mr. Sleasman requested that staff look at peer airports and their security program, i.e., in respect to staffing.

2.2 Review and Acceptance of Marvin and Company, P.C. Letter Regarding Information Related to their Conduct of the Audit Required under Generally Accepted Auditing Standards

Mr. Hadley introduced Mr. Jim Amell from Marvin & Company to review the Marvin and Company, P.C. Letter Regarding Information Related to their Conduct of the Audit Required under Generally Accepted Auditing Standards.

Mr. Amell thanked the Authority staff for their assistance to allow for a quick turn around time to complete the audit.

Mr. Amell stated that Marvin and Company met with the Audit Committee prior to conducting the audit (November 28, 2007) to outline the conduct of the Audit required under Generally Accepted Auditing Standards. He stated that the Authority was given a "clean" opinion with nothing to report.

Mr. Amell stated that there were no significant audit findings to report; however, he did have a minor suggestion that will be transmitted via memo to Mr. Hadley and Ms. Herrmann and copied to the Audit Committee regarding the electronic signature plate that is used by the Authority. Mr. Amell stated that ideally the signature should not be electronic in that when individuals are signing checks directly, they have the opportunity to monitor the checks for any unusual transactions or unusual vendors.

Mr. Hadley expressed thanks to Marvin and Company for a great job particularly in light of the fact that this was the first year of this contract and there was less time this year to perform the audit. He also thanked Ms. Herrmann for her assistance and a job well done.

2.3 Review and Acceptance of Airline Rates and Charges Settlement and Revenue Sharing Transfer Calculation for 2007

Mr. Hadley reviewed the Airlines Rates and Charges Settlement and Revenue Sharing Transfer Calculation for 2007. He referred to Table 12 – Summary of Settlement and reported that the total Signatory Airline Revenue Sharing Distribution for 2007 was \$400,453.

Mr. Sleasman expressed congratulations to Mr. Hadley on his upcoming retirement and expressed thanks to Mr. Hadley for all of his years of service in reporting to the Finance Committee and the full Board in such a professional and helpful manner.

Mr. Hadley recommended the Finance Committee make recommendation to the full Board at its next meeting on the items discussed at this meeting.

Finance Committee Chair Sleasman stated that he would make a recommendation to the Board, at its next meeting, to approve the Authority's Twelfth Comprehensive Annual Report as of, and for the year ended, December 31, 2007, and Airlines Rates and Charges Settlement and Transfer Calculation Report for 2007. There were no objections.

Audit Committee Chair Shaw stated that he would make a recommendation to the Board, at its next meeting, to approve the Audit and Compliance Reports of Marvin and Company, P.C. Letter Regarding Information Related to their Conduct of the Audit Required under Generally Accepted Auditing Standards. There were no objections.

There being no further business, the meeting was adjourned at 9:35 am.

Respectfully Submitted,

Daniel M. Sleasman, Finance Committee Chair
Elliott A. Shaw, Audit Committee Chair