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ACAA - finance committee
APPROVED
11/29/10

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

Audit
ACAA - committee
APPROVED
3/1/10

November 23, 2009

Pursuant to notice duly given and posted, the Joint Finance-Audit Committee meeting of the Albany County Airport Authority was called to order on Monday, November 23, 2009 at 1:40 pm in the Administration Building, 2nd Floor Conference Room, located at the Albany International Airport.

FINANCE COMMITTEE MEMBERS PRESENT

Elliott A. Shaw, Chair Finance Committee
 Dennis J. Fitzgerald

MEMBERS ABSENT

None

AUDIT COMMITTEE MEMBERS PRESENT

Dennis J. Fitzgerald, Chair Audit Committee
 Elliott A. Shaw
 John A. Graziano, Jr.

MEMBERS ABSENT

None

STAFF

John A. O'Donnell
 Bill O'Reilly
 Margaret Herrmann
 Ginger Olthoff
 Peter F. Stuto
 Doug Myers

ATTENDEES

Jim Amell, Marvin & Company
 Amy Jordan, Marvin & Company

Chair Shaw and Chair Fitzgerald noted that there was a quorum for both the Finance and Audit Committees.

Opening Remarks: John A. O'Donnell, CEO

Mr. O'Donnell opened the meeting by making comments about the current fiscal environment of the Airport. He informed the Committee of the comments received from the Airline Affairs Committee which were very positive in regards to the Airport's efforts to reduce costs and increase revenues wherever possible. He restated the efforts that the Airport was making in reducing costs which included progress that was made in reducing employee staff levels and energy saving efforts. Mr O'Donnell also discussed the shift from new construction to maintaining of the existing infrastructure.

Mr. O'Donnell reiterated to the Audit/Finance Committee that since 2003 a review of all staff positions had commenced and through attrition and reassignments, over 20% of the workforce has been reduced which represents over 60 positions. The greatest number of employee reductions occurred in the AvPort's staff. In 2010 another 3 or 4 staff reductions are projected mostly as a result of employee retirements.

Mr. O'Donnell stated that, in his judgment, the Airport is running better with its current staffing levels. Most recently the Airport will be adding a biometric time clock system as a management tool to assist in the review and assignment of staff. The Airport runs five shifts and this should prove to be a very effective tool in gaining a better understanding of off-hour operations due to the systems real-time computer-based oversight functions. Mr O'Donnell stated that in 2009 overtime was reduced appreciably and no one was furloughed or removed from the workforce. All agreed to union raises were paid on schedule. In 2010 very low raises on average have been budgeted. The Airport has agreed to honor current union contracts but new contracts will be kept at very low levels. The Personnel Committee will be meeting in early December to review the details of our proposed employee salary plan.

Mr O'Donnell stated that later in the meeting Mr. O'Reilly will talk about some of the financial changes that we have made recently. The Airport has increased its MAG for rental cars and, food concessions. Also the percentage of gross was increased for the Park n Fly off-Airport parking concession. PFC's were also increased to help with debt coverage. The plan is to retire a small portion of debt early which will be implemented before the end of the year.

In 2009, the Capital Program moved into a maintenance mode rather than advancing new projects. Mr. O'Donnell stated that the roofing systems were replaced, carpets were replaced, hangar floors were repainted, new insulation was added, and lighting fixtures were replaced with more efficient fixtures.

In 2010, \$5 million in capital improvements will be advanced under the federal grant program. This will allow for the purchase of two large runway sweepers, taxiways and apron repaving, airfield drainage improvements, and repair of the liner at the glycol facility along with some other airside improvements.

AUDIT COMMITTEE

1.1 Approve Minutes: February 23, 2009

Mr. Shaw noted that the members of the Finance Committee have changed since the last meeting. He inquired as to the procedure in regards to members approving minutes to meetings that they did not attend.

Mr. Stuto stated that he would research the requirements under the Open Meeting Law and the Sturgis' Standard Code of Parliamentary Procedure and report later in the meeting. Chair Fitzgerald stated that approval of the minutes would be deferred until later in the meeting. There were no objections.

1.2 Review of 2009 Audit

Mr. Amell distributed and reviewed the Engagement Letter for the Audit of 2009 which outlined the Audit deliverables, objectives, management responsibilities, and audit procedures related to financial statements, internal controls, compliance, and audit administration, fees and other matters.

Mr. Amell stated that the audit fee in the amount of \$28,750 was in accordance with the proposal that was submitted in 2007.

Audit Committee Chair Fitzgerald inquired as to what "deliverables" were. Mr. Amell stated that the deliverables would be the audit reports on the financial statements, i.e., opinion letters on the financial statements, internal controls and compliance with Federal and State regulations pertaining to grant awards and the Passenger Facility Charge (PFC) program.

Mr. Amell stated that there was a requirement that the Audit Committee identify one Authority member in charge of Governance in the event that there are high level issues.

Chair Fitzgerald referred back to Item 1.1 Approval of Minutes.

1.1 Approve Minutes: February 23, 2009

Mr. Stuto reported that he contacted the Committee on Open Government and was unable to get an answer to the question asked earlier regarding procedure for when Committee members change and approval of minutes to meetings where new members did not attend. He stated that he did research as to whether there was a statutory requirement for minutes being voted on and there was none. Mr. Stuto stated that the Authority adopted the Standard Code of Parliamentary Procedure which does require that minutes be adopted.

Mr. Stuto stated that he would continue researching the matter and approval of the minutes be deferred until the next meeting at which time he would report on his findings. There were no objections.

Mr. Shaw reminded the Committee that an Authority member was to be identified in charge of Governance in the event of high level issues. The Committee identified Mr. John Graziano, Jr. as the Governance designee in light of the fact that he was the Chair of the Governance Committee.

Chair Fitzgerald stated that he would contact Mr. Amell if the Committee desired a meeting with the auditors without staff.

FINANCE COMMITTEE

2.1 Approve Minutes: June 2, 2009

Finance Committee Chair Shaw stated that approval of the minutes would be deferred to the next meeting when Mr. Stuto will advise as to his findings regarding the procedure for when Committee members change and approval of minutes to meetings where new members did not attend. There were no objections.

2.2 Presentation of Proposed Budget for 2010

Mr. O'Reilly stated that there have been a few minor changes to the budget since the Preliminary Budget was submitted. Mr. O'Reilly reviewed a memo to the Board which was included in the agenda packet regarding adoption of the 2010 Operating Budget.

Chair Shaw inquired as to the correlation between decreased enplanements and decreased revenues, i.e., landed weight, parking, rental cars. Mr. O'Reilly stated that generally enplanements and parking revenues do not always move together and in light of recent economic trends, parking has decreased even more than enplanements as a result of passengers being dropped-off and picked-up in lieu of paying for parking. Mr. O'Reilly stated that there is no exact correlation between enplanements which can fall off before landed weight and vice-versa.

Chair Shaw inquired as to how many flights have been discontinued from 2009 to 2010. Mr. O'Reilly stated that the number of flights has remained relatively flat as it seems that there has not been as large a decrease in operations as enplanements and landed weight.

Mr. O'Reilly stated that the 2010 Budget has been reviewed by the Airport's Financial Advisor, Jacobs Consultancy, and they made no comments since there were no significant changes since the Preliminary Budget was submitted. Mr. O'Reilly also stated that there have been no negative comments received from the Airline Affairs Committee.

Mr. O'Reilly stated that the goal going forward is to lower the cost per enplanement (CPE) which is \$8.50 for 2010 which does include all services. He stated that in order to attract new airlines, the rates have to be affordable.

Mr. Fitzgerald inquired as to who chaired the Airline Affairs Committee. Mr. O'Reilly stated that the committee was chaired by Steve Sisneros of Southwest Airlines since Southwest has the most enplaned passengers at ALB.

Chair Shaw inquired as to whether there was any dissent from the Airline Affairs Committee. Mr. O'Reilly stated that there was not and it was agreed by the airlines at the meeting that they would submit notice to the Airport by June 2010 to extend the Use and Lease Agreements for another five years.

Mr. O'Reilly stated that the projected year end settlement due from the airlines for 2009, as of October, was \$355,000; however, this number has since been revised as of September 30th, to \$513,000. He stated that efforts continue to be made to reduce this number before year-end.

Chair Shaw inquired as to what drove the increase to \$513,000. Mr. O'Reilly stated that the most significant change in the projection was due to a revision in the estimate of deferred revenue that will be released this year under the recent requirement by the FAA for airports to dispose of or reimburse the FAA for land acquired under the Part 150 Noise program. The Authority plans to reimburse the FAA Noise program for two parcels which will result in the Authority receiving restricted revenue from rental of the parcels. The previous projection estimated \$260,000 in revenue will be released by year end whereas the current projection assumes only \$140,000 will be released. Mr. O'Reilly also stated that we were still researching the number as it involves a number of prior years.

Chair Shaw inquired as to what could change the current number of \$513,000. Mr. O'Reilly stated if November and December prove to be good months due to the holidays, revenues could increase and if costs are contained until the end of the year, this number could be reduced.

Mr. O'Donnell reiterated that expenses will be monitored very closely over the next few months in an effort to maintain or reduce the current projected year end settlement.

Mr. O'Donnell advised the Committee that a recommendation will be made at the December Authority meeting to approve the formation of an OPEB trust so funds set aside for OPEB will qualify as contributions to fund the OPEB liability. Upon creation of an OPEB Trust, which is irrevocable, amounts deposited in the OPEB trust will reduce the unfunded OPEB liability.

Mr. O'Donnell also stated that the OPEB Health Insurance Benefit Plan will also be presented at the December meeting. This plan will state that Authority employees will maintain benefits going forward at not less than those provided by Albany County or New York State.

Mr. Fitzgerald moved to recommend adoption of the 2010 budget at the December Authority meeting. The motion was adopted unanimously.

There being no further business the meetings were adjourned at 3:25 pm.



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**ALBANY COUNTY AIRPORT AUTHORITY
JOINT AUDIT AND FINANCE COMMITTEE**

AGENDA

November 23, 2009

1. Audit Committee Meeting

- 1.1 Approve Minutes: February 23, 2009
- 1.2 Review of 2009 Audit
 - Introduction of Jim Amell, Partner in Charge of Audit Engagement with Marvin & Company, P.C.
 - Delivery of Engagement Letter for the Audit of 2009 and Discussion of Audit Deliverables
 - Discussion of Audit Schedule
 - Questions and Answers from Audit Committee Members

2. Finance Committee Meeting

- 2.1 Approve Minutes: June 2, 2009
- 2.2 Presentation of Proposed Budget for 2010
 - Questions and Answers from Finance Committee Members
 - Introduce Motions to Approve Proposed Budget for 2010

