



AIRPORT COMMISSION
BUDGET AND FINANCE COMMITTEE
Wednesday, October 19, 2022 – 11:00 A.M.

ACTION SUMMARY MINUTES

1. CALL TO ORDER:

Committee Chairman Feltman called the Budget and Finance Committee meeting to order at 11:00 A.M.

2. POSTING OF AGENDA: Agenda posted on October 13, 2022.

3. ROLL CALL:

Committee Members Present: Budilo, Feltman, Hedrick, and Miller

Committee Members Absent: Corcoran and Weil

Staff Present:

Harry Barrett, Airport Executive Director
Victoria Carpenter, Airport Administration Manager
Nancy Pauley, Director of Finance and Treasurer
Kristopher Mooney, Assistant Director of Finance
Andrew Neri, Budget Manager
Christina Brown, Executive Administrative Assistant

Others Present:

Suzanne Harrell, Harrell & Company Advisors, LLC

4. ACCEPTANCE OF AGENDA:

ACTION: Accept the agenda as presented. **Moved by Committee Member Hedrick and seconded by Committee Member Budilo and unanimously approved noting the absence of Committee Members Corcoran and Weil.**

5. PUBLIC COMMENTS: None

6. APPROVAL OF MINUTES:

ACTION: Approve the minutes of the Budget and Finance Committee meeting held on March 1, 2022 and April 11, 2022. **Moved by Committee Member Hedrick and seconded by Committee Member Feltman and unanimously approved with Committee Member Budilo abstaining and noting the absence of Committee Members Corcoran and Weil.**

7. PRESENTATION:

7.A Overview of PFC Bonds

Director of Finance and Treasurer Pauley introduced Budget Manager Andrew Neri, Assistant Director of Finance Kris Mooney, and she said that Suzanne Harrell would be presenting the overview of the Passenger Facility Charge (PFC) bonds to the Committee. Committee Chairman Feltman thanked the Finance Department and Airport staff for their cooperation and facilitation of the Budget and Finance Committee meeting and for having meaningful examinations and discussions that help the committee members better understand the matters that are related to the financing of the Airport.

Ms. Harrell provided an overview of the Airport's revenue bond financing. Committee Member Miller asked if there was cash in the bond reserve fund or if there was a security instrument, and Ms. Harrell confirmed that there was cash in the amount of \$2.5 million in the bond reserve fund. Committee Member Hedrick asked why the bond reserve fund wasn't invested. Mr. Harrell clarified that the cash is invested with the trustee.

Committee Member Hedrick asked if the Standard & Poor's (S&P) rating was the underlying rating and not the actual rating because the bonds were insured. Ms. Harrell said that the bonds are not insured and that the rating is assigned by S&P. Committee Member Miller said that he believed that a portion of the bonds were insured. Ms. Harrell clarified that a portion of the bonds were insured, and a portion was not insured.

Committee Member Hedrick noted that the current PFC rate was \$4.50, and he inquired about the cap amount. Ms. Carpenter said that the cap amount was \$18. Committee Member Hedrick inquired about the possibility of requesting approval from

the Department of Transportation to raise the PFC rate. Airport Executive Director Barrett explained that the \$4.50 rate was the national PFC rate cap that was set by Congress, an increase would have to be approved legislatively, and he said that he did not believe that the PFC rate would be increased any time soon.

Committee Member Miller inquired about possible effects that the PFC bond could have on the City. Ms. Harrell said that there was no financial commitment on the part of the City to pay the PFC bonds if there was insufficient revenue. She said that the reserve funds would be depleted, and the bond holders would receive a partial payment to the extent of the remaining PFC revenue that would be reimbursed over time. Committee Member Miller inquired about there being other consequences to the City as the owner of the PFC bond such as an effect on the City's bond rating and potential public impact. Ms. Harrell explained that the 2019 PFC bonds were issued by the City and that because of the pandemic, the City went with an option that would secure the reserve fund and allow the funding of the reimbursable projects to be delayed by 12 months. Committee Member Miller asked if other airport revenues could be used to fund a default. Ms. Harrell said that the general airport revenue would be used first to fund the default, and she said that although there isn't a legal obligation to pay the bond, it would be in the Airport's best interest to pay the bond. Ms. Harrell noted that when the Airport's S&P rating was downgraded, it had no impact on the City's rating. Committee Member Feltman asked why the Airport's S&P rating was downgraded. Ms. Harrell said that because of the pandemic, there was an overall airport rating downgrade.

8. DISCUSSION AND ACTION ITEMS:

8.A Airport Budget Year to Date Review

Airport Administration Manager Carpenter noted that the financial information that had been provided in the agenda packet was similar to the financial summary that would be provided at that Airport Commission meeting that was being held that evening. Committee Chairman Feltman suggested that Ms. Carpenter skip the agenda item since the information would be provided at the Commission meeting.

8.B Financial Reporting Capabilities

Committee Chairman Feltman reported that there had been a meeting with Director of Finance and Treasurer Pauley and her staff, and Ms. Carpenter to outline the

Committee's requests, he said that further articulation for some of the requests had been delegated to Committee Member Miller who would be providing the information to Committee Chairman Feltman to review before the articulated information is forwarded to Ms. Pauley and her staff. Committee Member Miller said that he would hopefully provide the consolidated list of requests to Committee Chairman Feltman by that Sunday.

Budget Manager Neri shared the financial reports that he and Ms. Pauley had begun preparing for the Committee. Ms. Pauley said that they did not have the statistical operations data that the Committee had requested and that the Airport staff could provide the data. Mr. Neri reviewed the draft financial reports and graphs. Committee Chairman Feltman requested quarter by quarter and year over year financial reports, and an appendix for the underlying months for the year to date report.

Committee Member Miller requested that the next committee meeting be an in-person meeting. Airport Administration Manager Carpenter noted that the City Council had directed staff to continue holding virtual meetings and that staff would be receiving further direction in January. Committee Member Miller suggested that a working group be created with three committee members for the purpose of reviewing the reports in-person. Committee Chairman Feltman said that he would discuss having a working group with Executive Director Barrett and that he would advise the committee accordingly. Committee Member Hedrick voiced his satisfaction with the report that Mr. Neri had prepared for the committee.

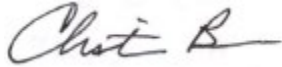
9. COMMITTEE MEMBERS REPORTS AND REQUESTS:

Committee Member Miller suggested that to simplify the minutes, Executive Administrative Assistant Brown should use either the last names of the committee member or committee member in lieu of listing committee member and the last names. Ms. Brown said that she appreciated Committee Member Miller's suggestion, and she explained that staff tries to stay consistent with the formatting of the City Council minutes, and she said that staff wants to make sure that the public can clearly understand who is speaking in the minutes.

10. ADJOURNMENT:

ACTION: Motion to adjourn. **Moved by Committee Member Hedrick and seconded by Committee Member Miller and unanimously approved noting the absence of Committee Members Corcoran and Weil.**

The Airport Budget and Finance Committee Meeting adjourned at 11:51 P.M.



Christina Brown
Executive Administrative Assistant

APPROVED BY BUDGET AND FINANCE COMMITTEE: 02/13/2023