

BFAC Airport Financial Analysis Group

Agenda 4/26/14

1. Welcome and review procedures
2. Approve minutes
3. Team Reports

**a. Financial Analysis**

**Approval of Interim Report on Ability of Airport to support \$5.5 million in additional 2014 bonds—Peter**

- i. Reformatting and analyzing historical financial and operational data
- ii. Preliminary graphs and charts
- iii. Development of user friendly financial analysis model for airport operations
- iv. Evaluation of financial impact of various operational and noise committee suggestions

**a. Rental/Sale Properties**

***Lease and FMV update--Arthur***

- i. Requirements on Town as Landlord
- ii. Tenant lease requirements versus actual performance
- iii. Pricing for rental and sale
- iv. Parking

**b. Fixed Base Operators**

- i. Lease review
- ii. Fuel farm and operations-

**c. Maintenance of Airport Facilities**

- i. Buildings and Paving
- ii. Equipment

iii. Runways, Taxiways and Lighting

iv. Insurance

**d. Cost Controls/Systems Integration**

i. Costs perhaps not properly chargeable or allocated to the airport

ii. Controlling costs

iii. Systems

iv. Landing and other fees

4. New Business

5. Set next meeting May 3 or 17, June 7 or 28?

## **BFAC/Airport Finance Group**

### **Meeting – April 26, 2014 at the Town Hall**

Arthur Malman, Chairman of Town of East Hampton's Budget and Financial Advisory Committee—BFAC, called the meeting to order at 9 00 AM

The following members of the BFAC/Airport Finance Group were present: Tom Twomey, Gene Oshrin, Mike Diesenhaus, Pat Trunzo, Jr, Frank Dalene, Peter Wadsworth, David Gruber, Bonnie Krupinski, Munir Saltoun and Arthur Malman; Toni Somerstein had indicated she could not attend.

Attending the meeting by invitation was Kathee Burke-Gonzalez, Councilwoman who is the Board liaison for the BFAC and for the airport. Jim Brundige, Airport Manager, had been invited but could not attend

Minutes of the last meeting had been previously distributed and were approved. The attached agenda had been previously distributed.

The first order of business was the approval of the BFAC Airport Finance Subcommittee Progress Report: Preliminary Airport Debt Capacity Analysis, drafts of which had been previously distributed among subcommittee members and extensively reviewed. After discussion, the attached resolution approving the Report was unanimously approved (Toni Somerstein who was not present had emailed her approval). Copies of the Report and Resolution are attached.

The next area of discussion was the most effective way for the Subcommittee to share with the administration its thoughts on detailed suggestions on procedural changes. It was determined that the best approach would be a management letter and meeting with the heads of the departments most regularly interfacing with the airport.

Councilwoman Burke-Gonzalez reported that the worn out large fuel hose at the fuel farm identified as a safety issue at our last meeting had been replaced.

The next area of discussion was the rate of return that the town should look for on land leases in today's unusually low interest rate market. Mr. Malman reported on his findings to date and suggested further confirmations. The structure of land leases was then discussed with general agreement on an initial rate that would increase annually at the higher of a standard CPI or 3% with possible reappraisal of more current higher fair market rental values every 5 or 10 years for longer term leases.

Some further consideration should be given to the precise structure for the 25-30 year leases that could be needed for a tenant who needs to get bank financing for construction.

The next area of discussion was building additional hangers for aircraft at the airport now using ties downs which, at the prior meeting, the members agreed would not constitute an expansion of the

airport and be a new source of revenue for the airport. The method to have additional hangers built for rent at the site was discussed. The suggestion was made that the town should build the hangers and then rent both the land and building at a higher annual rental than the renting of just the land. The consensus was that construction would be better handled by the private sector than the town.

Gene Oshrin explained that in the past the local pilots association would contact aircraft owners on a list it maintains of those interested in hangers becoming available. Once a group would agree to rent the hangers when built, a hanger condo association would be assembled and a contractor engaged. The hanger condo association would then rent the needed land from the Town. Gene Oshrin was asked to proceed on this path to determine the number of hangers that could be built and airport land rented in in the near term as a source of additional revenue.

Frank Dalene updated the subcommittee on the solar projects and clarified some economic and environmental issues associated with them.

The meeting adjourned at 11:15 after having the next meeting set for Saturday May 17 at 2 PM at Town Hall.

Respectively submitted    Arthur Malman

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