
BFAC AIRPORT FINANCE SUBCOMMITTEE PROGRESS REPORT: PRELIMINARY AIRPORT DEBT CAPACITY ANALYSIS

The purpose of this report is to summarize the preliminary findings of the Budget & Financial Advisory SubCommittee (BFAC) airport finance SubCommittee (the “SubCommittee”) to-date and to indicate where it believes more work is needed. As such, all findings and conclusions stated herein are subject to change, and it is anticipated that the SubCommittee will issue a more definitive report after its investigations are completed.

The SubCommittee was formed to determine whether the airport could generate sufficient cash flow to fund necessary and reasonable capital and maintenance expenditures without resorting to FAA funding. We have concluded that with readily achievable revenue growth but without FAA funds or any of the revenue enhancement opportunities currently being investigated by the SubCommittee the town could generate sufficient cash flow from airport operations and properties to pay debt service on bonds to finance a \$5.1 to \$8.5 million of capital expenditures, depending on which of three very different scenarios takes place and subject to the caveats and assumptions stated herein. *Under every scenario considered the town has sufficient debt capacity to issue at least \$4.35 million of bonds in 2014 and at least \$5.1 million during the forecast period.* With revenue enhancement larger capital programs could be supported or higher fund balances accumulated to guard against contingencies.

In each scenario fund balances at the end of 2018 would be less than \$1.5 million. The SubCommittee has questions as to the adequacy of the fund balances (reserves) to pay for non-bondable expenditures such as litigation and consultant’s fees in the event the Town Board adopts an aggressive noise abatement policy.

ASSUMPTIONS

To determine the airport’s debt capacity, the SubCommittee reviewed the last 5 years (2009-13) of airport revenues and expenditures and recast them in a quasi-corporate format in order to calculate EBITDA (earnings before interest, (taxes), depreciation and amortization), a common metric used to determine cash flow available to pay service debt, fund capital expenditures and contribute to overhead. (For this purpose general administrative expenditures allocated from the town A and B funds were treated as overhead.)

Three Scenarios: Status Quo; Reduced Helicopters & Curfew; No Helicopters

Several scenarios were used to test the town’s ability to finance the revised capital and maintenance plan (Exhibit II) with bonds. In each case the primary measure of debt capacity – debt service coverage – was not allowed to dip below 1.25 in any year during the forecast period.

SCENARIO 1: Jet and helicopter traffic continues to grow, and other fixed wing aircraft shrink, at the same rates as over the last five years.

SCENARIO 2A: The same #1 as above except that Scenario 2A helicopter traffic is reduced by 20% in 2016 and an 11 PM to 7 AM curfew is imposed on all aircraft except emergency vehicles.

SCENARIO 2B: Same as Scenario 2A except that helicopter traffic is reduced by 50%.

SCENARIO 3: The same as #1 above except that in 2016 all helicopters are banned, the control tower, AirScene and PlaneNoise costs are eliminated, and a 7 PM to 7 AM mandatory curfew is implemented.

The assumptions common to all scenarios (summarized in the table below) are as follows:

- **Helicopter and jet traffic** continues to grow (except for one time reductions) and other fixed wing **traffic** shrinks at the same annual rates as over the last five (2009-13), i.e. 2%, 5% and minus 9.1%.
- **Mandatory Curfews** are introduced in Scenarios 2A, 2B and 3.
- **Landing fees** are increased by 5% per year.
- **Rents** are increased by 3.3% per year, the same annual rates as over the last five (2009-13).
- **Fuel flowage fees** remain at 15 cents per gallon.
- **Employee benefits** increase by 8.4% a year.
- **Salaries and other expenses** increase by 3% a year

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- **Maintenance & Repairs** expenditures were increased to a level commensurate with other small airports, averaging approximately \$105,000 annually over the projection period not including the cost of a full time maintenance worker and services performed by other Town departments without charge.
- **Planning & development** expenditures of \$550,000 are paid from cash flow from 2014 to 2018.
- **General Administrative** expenditures of \$947,000 are paid from cash flow from 2014 to 2018.

RESULTS

In all scenarios it is assumed that the bonds issued would be general obligations of the Town of East Hampton, but would be repaid solely from airport funds and would be used only to pay capital (not operational) expenditures. A minimum debt service coverage ratio (see below) was selected to provide a sufficient safety margin to ensure that the town is not likely to have to pay debt service on airport bonds from other town funds. The bonds are assumed to have a 15 year final maturity and an average interest rate of 2% if issued in 2014 and 3% thereafter, i.e. considerably above current market rates (a recent town bond issue had an average rate of 1.8%, and level debt service. It should be noted that assets with longer lives, e.g. runways, could be financed with 20 year bonds, which would increase the interest rate but lower annual debt service thereby raising debt capacity. So if only 20 year assets were financed, debt capacity may be understated.

Debt Service Coverage

To calculate debt capacity, debt was limited in each scenario to levels that would ensure minimum debt service coverage of 1.25 to during each year of the forecast period. Debt service coverage is the ratio of funds available to pay debt service (earnings before interest, taxes, depreciation and amortization or “EBITDA”) divided by annual debt service. A debt service coverage of 1x or 1 to 1 would mean there is just enough cash flow to pay debt service. To ensure that there is margin for error, a ratio of 1.25 to 1 is generally considered the minimum acceptable, and 1.5 or greater is desirable.

<u>Operating Assumptions</u>	1. Status Quo	2A. Reduce Helis by 20%	2B. Reduce Helis by 50%	3. No Helis; 7PM to 7Am curfew
Reduction in Helicopter Ops in 2016 Curfew	0%	20%	50%	100%
Additional Revenues (5 year total)	\$0	\$0	\$0	\$0
Fuel Flowage Fee	\$0.15	\$0.15	\$0.15	\$0.15
<u>Annual Growth Rates</u>				
Rent	3.3%	3.3%	3.3%	3.3%
Landing Fees	5.0%	5.0%	5.0%	5.0%
Employee Benefits	8.4%	8.4%	8.4%	8.4%
Salaries & Other Exp.	3.0%	3.0%	3.0%	3.0%
<u>Cash Flows - 5 Year Totals</u>				
Landing Fees (net)	\$6,498,004	\$6,083,583	\$5,547,195	\$4,454,696
Rents	\$3,471,696	\$3,471,696	\$3,471,696	\$3,471,696
Fuel (net)	\$641,429	\$618,850	\$592,827	\$522,399
All Other	\$283,248	\$283,142	\$283,142	\$283,142
Total Revenues	\$10,894,377	\$10,457,271	\$9,894,859	\$8,731,933
Maintenance & Repairs	\$522,038	\$522,038	\$522,038	\$522,038
All Other Expenditures	\$6,071,216	\$6,071,216	\$6,071,216	\$4,489,689
EBITDA	\$4,301,122	\$3,864,016	\$3,301,605	\$3,720,205
<u>Capital Items - 5 Year Totals</u>				
Planning & Development	\$550,000	\$550,000	\$550,000	\$550,000
Capital Expenditures	\$8,500,000	\$7,000,000	\$5,100,000	\$6,385,000
First Year Debt Issued	\$4,500,000	\$4,500,000	\$4,350,000	\$4,500,000
Total Debt Issued	\$8,500,000	\$7,000,000	\$5,100,000	\$6,385,000

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Reserves & Debt Coverage				
Year End 2018 Reserves	\$1,326,158	\$1,295,319	\$1,260,191	\$1,274,017
Minimum Debt Service Coverage	1.25	1.25	1.25	1.25

Fund Balances/Reserves: Caveats

Fund balances may be required for a variety of contingencies, including seasonal variations in cash flow, economic downturns, emergencies, consultants' fees and litigation.

In all scenarios, the starting fund balance was approximately \$1.6 million and in each case, ending fund balances were in the range of \$1.25 to \$1.4 million. If, for example, capital expenditures were reduced to \$5.5 million, year-end 2018 reserves would increase to approximately \$2.5 million in Scenario #1. No assurance can be given, however, that even \$2.5 million in fund balances (reserves) would be sufficient to meet all contingencies.

Accordingly, the SubCommittee has begun to explore revenue enhancement opportunities, such as paid parking, increased fuel flowage fees and increased lease revenues. Revenue enhancements, which would help (i) increase available debt service coverage to support increased capital improvement programs and/or (ii) build reserves to guard against contingencies and/or (iii) reduce borrowing, will be the primary focus of the SubCommittee's continuing work.

EXHIBITS BEGIN ON NEXT PAGE

BFAC PRELIMINARY AIRPORT DEBT CAPACITY REPORT

ACTUAL 2009-13 & ESTIMATED 2014 CASH FLOW STATEMENTS

<u>Operating Data</u>		<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013*</u>	<u>2014 Est.</u>
Transient Operations		15,322	17,563	16,024	16,217	15,870	16,078
Locally Originated Operations		9,708	10,931	5,292	5,384	5,052	4,086
Total Operations		25,030	28,494	21,316	21,601	20,922	20,164
Helicopters		5,371	5,920	5,021	5,688	5,728	5,843
Jets		2,693	3,124	2,646	3,027	3,601	3,781
Other Fixed Wing		16,966	19,450	13,649	12,886	11,593	10,540
Fuel Sales (Gallons)		692,676	793,987	724,412	733,137	768,303	794,837
Average Landing Fee		\$77.31	\$72.02	\$77.93	\$99.51	\$138.47	\$162.24
Landing Fees - Helis							\$210.00
Landing Fees - Jets							\$306.00
Landing Fees - OFW							\$57.00
<u>Revenues</u>		<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013*</u>	<u>2014 Est.</u>
Landing Fees		\$592,274	\$632,457	\$624,337	\$806,847	\$1,098,793	\$1,304,225
Billing Svc for Landing Fees		\$0	\$0	\$0	(\$94,808)	(\$142,820)	(\$169,549)
Rents (adjusted)		\$514,317	\$494,699	\$582,892	\$607,341	\$625,549	\$650,000
Fuel (net)	\$0.15	\$2,545	\$2,918	\$2,047	\$1,933	\$1,739	\$119,226
Advertising		\$0	\$0	\$43,750	\$32,500	\$12,500	\$50,000
Vending Machines, Int. + Other		\$25,244	\$209,315	\$10,168	\$4,755	\$3,331	\$3,331
Total Operating Revenues		\$1,134,380	\$1,339,389	\$1,263,194	\$1,358,568	\$1,599,092	\$1,957,233
<u>Expenditures</u>							
Salaries		(\$290,736)	(\$286,403)	(\$212,882)	(\$177,460)	(\$187,676)	(\$219,441)
Employee Benefits		(\$108,490)	(\$135,670)	(\$121,458)	(\$130,889)	(\$150,005)	(\$157,255)
Robinson Aviation (est.)					(\$342,600)	(\$383,300)	(\$347,300)
Airscene+PlaneNoise		(\$43,914)	(\$45,670)	-	(\$111,198)	(\$118,632)	(\$135,000)
Genl. Insurance		(\$51,696)	(\$56,866)	(\$77,817)	(\$79,957)	(\$82,020)	(\$82,871)
Utilities		(\$41,422)	(\$47,396)	(\$48,687)	(\$39,985)	(\$41,447)	(\$48,400)
Snow Plowing		(\$55,690)	(\$48,651)	(\$99,400)	(\$14,800)	(\$61,000)	(\$124,500)
Maintenance & Repairs		(\$43,331)	(\$64,332)	(\$43,494)	(\$60,737)	(\$27,094)	(\$89,400)
Total Operating Costs		(\$635,279)	(\$684,988)	(\$603,738)	(\$957,625)	(\$1,051,175)	(\$1,255,084)
EBITDA		\$499,101	\$654,401	\$659,456	\$400,943	\$547,917	\$702,149
Existing Debt Service		(\$123,775)	(\$124,972)	(\$168,300)	(\$131,235)	(\$131,560)	(\$131,660)
Addl. Debt Service							(\$42,804)
Net Operating Cash Flow		\$375,326	\$529,429	\$491,156	\$269,708	\$416,357	\$527,684
Planning & Development Expenditures		(\$116,051)	(\$134,741)	(\$177,875)	(\$606,569)	(\$527,488)	(\$150,000)
Capital Expenditures		(\$232,896)	(\$720,000)	(\$134,277)			(\$1,095,652)
Debt Issued		\$232,896	\$720,000	\$134,277			\$1,100,000
Litigation				(\$52,663)	(\$47,644)	(\$36,653)	\$0
Xfer to Genl Admin.				(\$51,000)	(\$183,128)	\$0	(\$178,369)
Net Cash Flow to/(from) Reserves		\$339,895	\$375,372	\$366,790	(\$632,996)	\$201,187	\$203,663
Year End Reserves				\$2,100,287	\$1,467,293	\$1,676,282	\$1,879,945
Debt Service Coverage (DSC)		4.03	5.24	3.92	3.06	4.16	4.02

BFAC PRELIMINARY AIRPORT DEBT CAPACITY REPORT

SCENARIO # 1: STATUS QUO

Helicopter Reduction:	0%	Projected					
Operating Data		2014 Est.	2015	2016	2017	2018	CAGR
Transient Operations		16,078	15,705	15,403	15,166	14,990	
Locally Originated Operations		4,086	3,807	3,557	3,333	3,132	
Total Operations		20,164	19,513	18,960	18,499	18,122	
Helicopters		5,843	5,959	6,079	6,200	6,324	2.0%
Jets		3,781	3,970	4,169	4,377	4,596	5.0%
Other Fixed Wing		10,540	9,583	8,713	7,922	7,202	(9.1%)
Fuel Sales (Gallons)		794,837	823,176	853,356	885,417	919,407	
Helicopters	31.5	184,213	187,897	191,655	195,488	199,398	
Jets	150.5	568,893	597,338	627,205	658,565	691,494	
OFW	4.0	41,731	37,941	34,495	31,363	28,515	
Average Landing Fee		\$162.24	\$176.98	\$192.71	\$209.44	\$227.17	5.0%
Landing Fees - Helis		\$210.00	\$220.50	\$231.53	\$243.10	\$255.26	5.0%
Landing Fees - Jets		\$306.00	\$321.30	\$337.37	\$354.23	\$371.94	5.0%
Landing Fees - OFW		\$57.00	\$59.85	\$62.84	\$65.98	\$69.28	5.0%
Revenues		2014 Est.	2015	2016	2017	2018	CAGR
Landing Fees		\$1,304,225	\$1,389,743	\$1,484,141	\$1,588,177	\$1,702,684	
Billing Svc for Landing Fees		(\$169,549)	(\$180,667)	(\$192,938)	(\$206,463)	(\$221,349)	
Rents (adjusted)		\$650,000	\$671,450	\$693,608	\$716,497	\$740,141	3.3%
Fuel (net)	\$0.15	\$119,226	\$123,476	\$128,003	\$132,812	\$137,911	0%
Additional Net Revenues	\$0	\$0	\$0	\$0	\$0	\$0	
Advertising		\$50,000	\$51,500	\$53,045	\$54,636	\$56,275	3.0%
Vending Machines, Int. + Other		\$3,331	\$3,441	\$3,554	\$3,672	\$3,793	3.3%
Total Operating Revenues		\$1,957,233	\$2,058,944	\$2,169,413	\$2,289,332	\$2,419,456	
Expenditures							
Salaries		(\$219,441)	(\$226,024)	(\$232,805)	(\$239,789)	(\$246,983)	3.0%
Employee Benefits		(\$157,255)	(\$170,523)	(\$184,911)	(\$200,513)	(\$217,431)	8.4%
Robinson Aviation (est.)		(\$347,300)	(\$357,719)	(\$368,451)	(\$379,504)	(\$390,889)	3.0%
Airscene+PlaneNoise		(\$135,000)	(\$139,050)	(\$143,222)	(\$147,518)	(\$151,944)	3.0%
Genl. Insurance		(\$82,871)	(\$85,357)	(\$87,918)	(\$90,555)	(\$93,272)	3.0%
Utilities		(\$48,400)	(\$49,852)	(\$51,348)	(\$52,888)	(\$54,475)	3.0%
Snow Plowing		(\$124,500)	(\$77,250)	(\$79,568)	(\$81,955)	(\$84,413)	3.0%
Maintenance & Repairs		(\$89,400)	(\$94,834)	(\$103,334)	(\$115,909)	(\$118,561)	Schedule
Total Operating Costs		(\$1,255,084)	(\$1,253,054)	(\$1,305,573)	(\$1,364,269)	(\$1,415,275)	
EBITDA		\$702,149	\$805,890	\$863,841	\$925,063	\$1,004,181	\$4,301,122
Existing Debt Service		(\$131,660)	(\$131,450)	(\$78,718)	(\$78,918)	(\$78,918)	
Addl. Debt Service		(\$175,107)	(\$494,223)	(\$611,496)	(\$661,756)	(\$712,016)	
Net Operating Cash Flow		\$395,381	\$180,217	\$173,626	\$184,389	\$213,247	\$1,146,861
Planning & Development Expenditures		(\$150,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$550,000)
Capital Expenditures		(\$4,500,000)	(\$2,800,000)		(\$1,200,000)		(\$8,500,000)
Debt Issued		\$4,500,000	\$2,800,000	\$0	\$1,200,000	\$0	\$8,500,000
Litigation		\$0	\$0	\$0	\$0	\$0	\$0
Xfer to Genl Admin.		(\$178,369)	(\$183,720)	(\$189,232)	(\$194,909)	(\$200,756)	(\$946,985)
Net Cash Flow to/(from) Reserves		\$67,012	(\$103,503)	(\$115,605)	(\$110,520)	(\$87,508)	(\$350,124)
Year End Reserves		\$1,743,294	\$1,639,791	\$1,524,186	\$1,413,666	\$1,326,158	
Debt Service Coverage (DSC)		2.29	1.29	1.25	1.25	1.27	

BFAC PRELIMINARY AIRPORT DEBT CAPACITY REPORT

SCENARIO # 2A: 20% HELICOPTER REDUCTION + 11 PM TO 7 AM CURFEW

Helicopter Reduction:	20%	Projected					
<u>Operating Data</u>		<u>2014 Est.</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>CAGR</u>
Transient Operations		16,078	15,705	14,076	13,822	13,627	
Locally Originated Operations		4,086	3,807	3,407	3,184	2,985	
Total Operations		20,164	19,513	17,483	17,006	16,612	
Helicopters	Curf	5,843	5,959	4,794	4,890	4,988	2.0%
Jets	Curf	3,781	3,970	4,116	4,321	4,538	5.0%
Other Fixed Wing	Curf	10,540	9,583	8,572	7,794	7,086	(9.1%)
Fuel Sales (Gallons)		794,837	823,176	804,351	835,255	868,047	
Helicopters	31.5	184,213	187,897	151,166	154,189	157,273	
Jets	150.5	568,893	597,338	619,245	650,207	682,718	
OFW	4.0	41,731	37,941	33,940	30,858	28,055	
Average Landing Fee		\$162.24	\$176.98	\$189.83	\$206.87	\$224.98	5.0%
Landing Fees - Helis		\$210.00	\$220.50	\$231.53	\$243.10	\$255.26	5.0%
Landing Fees - Jets		\$306.00	\$321.30	\$337.37	\$354.23	\$371.94	5.0%
Landing Fees - OFW		\$57.00	\$59.85	\$62.84	\$65.98	\$69.28	5.0%
<u>Revenues</u>		<u>2014 Est.</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>CAGR</u>
Landing Fees		\$1,304,225	\$1,389,743	\$1,336,043	\$1,429,656	\$1,532,957	
Billing Svc for Landing Fees		(\$169,549)	(\$180,667)	(\$173,686)	(\$185,855)	(\$199,284)	
Rents (adjusted)		\$650,000	\$671,450	\$693,608	\$716,497	\$740,141	3.3%
Fuel (net)	\$0.15	\$119,226	\$123,476	\$120,653	\$125,288	\$130,207	0%
Additional Net Revenues	\$0	\$0	\$0	\$0	\$0	\$0	
Advertising		\$50,000	\$51,500	\$53,045	\$54,636	\$56,275	3.0%
Vending Machines, Int. + Other		\$3,331	\$3,431	\$3,534	\$3,640	\$3,749	3.0%
Total Operating Revenues		\$1,957,233	\$2,058,934	\$2,033,197	\$2,143,862	\$2,264,045	
<u>Expenditures</u>							
Salaries		(\$219,441)	(\$226,024)	(\$232,805)	(\$239,789)	(\$246,983)	3.0%
Employee Benefits		(\$157,255)	(\$170,523)	(\$184,911)	(\$200,513)	(\$217,431)	8.4%
Robinson Aviation (est.)		(\$347,300)	(\$357,719)	(\$368,451)	(\$379,504)	(\$390,889)	3.0%
Airscene+PlaneNoise		(\$135,000)	(\$139,050)	(\$143,222)	(\$147,518)	(\$151,944)	3.0%
Genl. Insurance		(\$82,871)	(\$85,357)	(\$87,918)	(\$90,555)	(\$93,272)	3.0%
Utilities		(\$48,400)	(\$49,852)	(\$51,348)	(\$52,888)	(\$54,475)	3.0%
Snow Plowing		(\$124,500)	(\$77,250)	(\$79,568)	(\$81,955)	(\$84,413)	3.0%
Maintenance & Repairs		(\$89,400)	(\$94,834)	(\$103,334)	(\$115,909)	(\$118,561)	Schedule
Total Operating Costs		(\$1,255,084)	(\$1,253,054)	(\$1,305,573)	(\$1,364,269)	(\$1,415,275)	
EBITDA		\$702,149	\$805,880	\$727,624	\$779,593	\$848,770	\$3,864,016
Existing Debt Service		(\$131,660)	(\$131,450)	(\$78,718)	(\$78,918)	(\$78,918)	
Addl. Debt Service		(\$175,107)	(\$439,775)	(\$502,599)	(\$544,483)	(\$586,366)	
Net Operating Cash Flow		\$395,381	\$234,655	\$146,307	\$156,193	\$183,487	\$1,116,022
Planning & Development Expenditures		(\$150,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$550,000)
Capital Expenditures		(\$4,500,000)	(\$1,500,000)		(\$1,000,000)	\$0	(\$7,000,000)
Debt Issued		\$4,500,000	\$1,500,000	\$0	\$1,000,000	\$0	\$7,000,000
Litigation							\$0
Xfer to Genl Admin.		(\$178,369)	(\$183,720)	(\$189,232)	(\$194,909)	(\$200,756)	(\$946,985)
Net Cash Flow to/(from) Reserves		\$67,012	(\$49,065)	(\$142,925)	(\$138,716)	(\$117,269)	(\$380,963)
Year End Reserves		\$1,743,294	\$1,694,229	\$1,551,304	\$1,412,588	\$1,295,319	
Debt Service Coverage (DSC)		2.29	1.41	1.25	1.25	1.28	

BFAC PRELIMINARY AIRPORT DEBT CAPACITY REPORT

SCENARIO # 2B: 50% HELICOPTER REDUCTION + 11 PM TO 7 AM CURFEW

Helicopter Reduction:	50%	Projected					
<u>Operating Data</u>		<u>2014 Est.</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>CAGR</u>
Transient Operations		16,078	15,705	12,421	12,134	11,905	
Locally Originated Operations		4,086	3,807	3,264	3,038	2,836	
Total Operations		20,164	19,513	15,685	15,172	14,741	
Helicopters	Curf	5,843	5,959	2,997	3,056	3,118	2.0%
Jets	Curf	3,781	3,970	4,116	4,321	4,538	5.0%
Other Fixed Wing	Curf	10,540	9,583	8,572	7,794	7,086	(9.1%)
Fuel Sales (Gallons)		794,837	823,176	747,664	777,434	809,069	
Helicopters	31.5	184,213	187,897	94,479	96,368	98,296	
Jets	150.5	568,893	597,338	619,245	650,207	682,718	
OFW	4.0	41,731	37,941	33,940	30,858	28,055	
Average Landing Fee		\$162.24	\$176.98	\$184.28	\$201.83	\$220.61	5.0%
Landing Fees - Helis		\$210.00	\$220.50	\$231.53	\$243.10	\$255.26	5.0%
Landing Fees - Jets		\$306.00	\$321.30	\$337.37	\$354.23	\$371.94	5.0%
Landing Fees - OFW		\$57.00	\$59.85	\$62.84	\$65.98	\$69.28	5.0%
<u>Revenues</u>		<u>2014 Est.</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>CAGR</u>
Landing Fees		\$1,304,225	\$1,389,743	\$1,144,455	\$1,224,465	\$1,313,197	
Billing Svc for Landing Fees		(\$169,549)	(\$180,667)	(\$148,779)	(\$159,180)	(\$170,716)	
Rents (adjusted)		\$650,000	\$671,450	\$693,608	\$716,497	\$740,141	3.3%
Fuel (net)	\$0.15	\$119,226	\$123,476	\$112,150	\$116,615	\$121,360	0%
Additional Net Revenues	\$0	\$0	\$0	\$0	\$0	\$0	
Advertising		\$50,000	\$51,500	\$53,045	\$54,636	\$56,275	3.0%
Vending Machines, Int. + Other		\$3,331	\$3,431	\$3,534	\$3,640	\$3,749	3.0%
Total Operating Revenues		\$1,957,233	\$2,058,934	\$1,858,012	\$1,956,673	\$2,064,008	
<u>Expenditures</u>							
Salaries		(\$219,441)	(\$226,024)	(\$232,805)	(\$239,789)	(\$246,983)	3.0%
Employee Benefits		(\$157,255)	(\$170,523)	(\$184,911)	(\$200,513)	(\$217,431)	8.4%
Robinson Aviation (est.)		(\$347,300)	(\$357,719)	(\$368,451)	(\$379,504)	(\$390,889)	3.0%
Airscene+PlaneNoise		(\$135,000)	(\$139,050)	(\$143,222)	(\$147,518)	(\$151,944)	3.0%
Genl. Insurance		(\$82,871)	(\$85,357)	(\$87,918)	(\$90,555)	(\$93,272)	3.0%
Utilities		(\$48,400)	(\$49,852)	(\$51,348)	(\$52,888)	(\$54,475)	3.0%
Snow Plowing		(\$124,500)	(\$77,250)	(\$79,568)	(\$81,955)	(\$84,413)	3.0%
Maintenance & Repairs		(\$89,400)	(\$94,834)	(\$103,334)	(\$115,909)	(\$118,561)	Schedule
Total Operating Costs		(\$1,255,084)	(\$1,253,054)	(\$1,305,573)	(\$1,364,269)	(\$1,415,275)	
EBITDA		\$702,149	\$805,880	\$552,440	\$592,404	\$648,733	\$3,301,605
Existing Debt Service		(\$131,660)	(\$131,450)	(\$78,718)	(\$78,918)	(\$78,918)	
Addl. Debt Service		(\$169,076)	(\$363,966)	(\$363,966)	(\$395,378)	(\$426,791)	
Net Operating Cash Flow		\$401,413	\$310,464	\$109,755	\$118,108	\$143,025	\$1,082,765
Planning & Development Expenditures		(\$150,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$550,000)
Capital Expenditures		(\$4,350,000)			(\$750,000)		(\$5,100,000)
Debt Issued		\$4,345,000	\$0	\$0	\$750,000	\$0	\$5,095,000
Litigation							\$0
Xfer to Genl Admin.		(\$178,369)	(\$183,720)	(\$189,232)	(\$194,909)	(\$200,756)	(\$946,985)
Net Cash Flow to/(from) Reserves		\$68,044	\$26,744	(\$179,476)	(\$176,801)	(\$157,731)	(\$419,221)
Year End Reserves		\$1,744,326	\$1,771,070	\$1,591,593	\$1,414,793	\$1,257,061	
Debt Service Coverage (DSC)		2.33	1.63	1.25	1.25	1.28	

BFAC PRELIMINARY AIRPORT DEBT CAPACITY REPORT

SCENARIO # 3: NO HELICOPTERS + 7 PM TO 7 AM CURFEW

Helicopter Reduction:	100%	Projected					
Operating Data		2014 Est.	2015	2016	2017	2018	CAGR
Transient Operations		16,078	15,705	8,890	8,570	8,304	
Locally Originated Operations		4,086	3,807	2,796	2,583	2,391	
Total Operations		20,164	19,513	11,686	11,153	10,695	
Helicopters	Curf	5,843	5,959	0	0	0	2.0%
Jets	Curf	3,781	3,970	3,750	3,937	4,134	5.0%
Other Fixed Wing	Curf	10,540	9,583	7,937	7,216	6,561	(9.1%)
Fuel Sales (Gallons)		794,837	823,176	595,626	620,983	648,009	
Helicopters	31.5	184,213	187,897	0	0	0	
Jets	150.5	568,893	597,338	564,204	592,414	622,035	
OFW	4.0	41,731	37,941	31,422	28,569	25,975	
Average Landing Fee		\$162.24	\$176.98	\$169.74	\$188.24	\$208.40	5.0%
Landing Fees - Helis		\$210.00	\$220.50	\$231.53	\$243.10	\$255.26	5.0%
Landing Fees - Jets		\$306.00	\$321.30	\$337.37	\$354.23	\$371.94	5.0%
Landing Fees - OFW		\$57.00	\$59.85	\$62.84	\$65.98	\$69.28	5.0%
Revenues		2014 Est.	2015	2016	2017	2018	CAGR
Landing Fees		\$1,304,225	\$1,389,743	\$754,510	\$806,629	\$865,234	
Billing Svc for Landing Fees		(\$169,549)	(\$180,667)	(\$98,086)	(\$104,862)	(\$112,480)	
Rents (adjusted)		\$650,000	\$671,450	\$693,608	\$716,497	\$740,141	3.3%
Fuel (net)	\$0.15	\$119,226	\$123,477	\$89,345	\$93,148	\$97,202	0%
Additional Revenues		\$0	\$0	\$0	\$0	\$0	10%
Advertising		\$50,000	\$51,500	\$53,045	\$54,636	\$56,275	3.0%
Vending Machines, Int. + Other		\$3,331	\$3,431	\$3,534	\$3,640	\$3,749	3.0%
Total Operating Revenues		\$1,957,233	\$2,058,935	\$1,495,955	\$1,569,689	\$1,650,122	
Expenditures							
Salaries		(\$219,441)	(\$226,024)	(\$232,805)	(\$239,789)	(\$246,983)	3.0%
Employee Benefits		(\$157,255)	(\$170,523)	(\$184,911)	(\$200,513)	(\$217,431)	8.4%
Robinson Aviation (est.)		(\$347,300)	(\$357,719)				3.0%
Airscene+PlaneNoise		(\$135,000)	(\$139,050)				3.0%
Genl. Insurance		(\$82,871)	(\$85,357)	(\$87,918)	(\$90,555)	(\$93,272)	3.0%
Utilities		(\$48,400)	(\$49,852)	(\$51,348)	(\$52,888)	(\$54,475)	3.0%
Snow Plowing		(\$124,500)	(\$77,250)	(\$79,568)	(\$81,955)	(\$84,413)	3.0%
Maintenance & Repairs		(\$89,400)	(\$94,834)	(\$103,334)	(\$115,909)	(\$118,561)	Schedule
Total Operating Costs		(\$1,255,084)	(\$1,253,054)	(\$793,901)	(\$837,247)	(\$872,442)	
EBITDA		\$702,149	\$805,881	\$702,054	\$732,442	\$777,680	\$3,720,205
Existing Debt Service		(\$131,660)	(\$131,450)	(\$78,718)	(\$78,918)	(\$78,918)	
Addl. Debt Service		(\$175,107)	(\$428,466)	(\$479,983)	(\$507,416)	(\$534,850)	
Net Operating Cash Flow		\$395,381	\$245,965	\$143,353	\$146,108	\$163,913	\$1,094,720
Planning & Development Expenditures		(\$150,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$550,000)
Capital Expenditures		(\$4,500,000)	(\$1,230,000)		(\$655,000)	\$0	(\$6,385,000)
Debt Issued		\$4,500,000	\$1,230,000	\$0	\$655,000	\$0	\$6,385,000
Litigation							\$0
Xfer to Genl Admin.		(\$178,369)	(\$183,720)	(\$189,232)	(\$194,909)	(\$200,756)	(\$946,985)
Net Cash Flow to/(from) Reserves		\$67,012	(\$37,755)	(\$145,878)	(\$148,801)	(\$136,843)	(\$402,265)
Year End Reserves		\$1,743,294	\$1,705,539	\$1,559,661	\$1,410,860	\$1,274,017	
Debt Service Coverage (DSC)		2.29	1.44	1.26	1.25	1.27	