

BFAC/Airport Finance Group

Agenda 5/17/14

1. Minutes
2. Supplemental debt capacity analysis
3. Revenue enhancement findings to-date
  - Parking
  - Fuel
  - Hangars
  - Leases
  - Solar
  - Other
4. Other Recommendations
  - Fuel farm upgrade
  - Maintenance
  - Lease management
  - Other
5. Other new business
6. Next meetings: Friday June 6 anytime or Saturday June 7 at 9 AM?  
Friday June 27 anytime or Saturday June 28 at 9 AM?

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**FOIL 000137**

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## **BFAC/Airport Finance Group**

### **Meeting – May 17, 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: Mike Diesenhaus, Gene Oshrin, Pat Trunzo, Jr, Frank Dalene, Peter Wadsworth, David Gruber, Bonnie Krupinski, Munir Saltoun and Arthur Malman; Toni Somerstein and Tom Twomey had indicated they 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.

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

Arthur Malman reported on the meeting on May 16 that Peter Wadsworth and he had with Alex Walter to bring him up to date on airport matters that was joined by Councilwoman Burke-Gonzalez and, for a portion, by Supervisor Cantwell. It appears that there is growing support for a permanent airport committee or commission that would have staggered membership of individuals who would become familiar with airport operations and report to the Board.

Next there was a discussion of the supplemental debt capacity analysis distributed by Peter Wadsworth that examined the effects of revenue enhancements from increasing the fuel flowage fee to 30 cents a gallon and paid parking and covering the cost of a \$500,000 fuel farm, \$500,000 for main runway repairs and \$225,000 for terminal roof and other miscellaneous items resulting in carrying more debt but also with strengthened fund balances.

There followed a lengthy discussion of paid parking with the sense of the meeting being that an enhanced Luke II multi-space pay station would be desirable as a first step in testing paid parking rather than one of the more elaborate LAZ parking systems with gates or a manual system.

A further discussion on additional hangers ensued led by Gene Oshrin. Locations, sizes and designs were discussed and it was determined that Bonnie Krupinski would contact the contractor building hangers at West Hampton Airport and report back with current designs and costs. Gene Oshrin would try to find out the range of interest among present users of tie downs.

Peter Wadsworth recommended that the town could increase its revenues from new hangers by building the hangers and renting them rather than just the land and/or supplying cheaper financing through some form of public/private partnership. The sense of the meeting was that this should be avoided as the Town's history of building projects was not good and the Town should not incur

additional debt when institutional mortgage loans are available at attractive rates. Rather the members felt the model used successfully at HTO should be followed: the town rents land to a user's condo which arranges for building and maintaining the hangers as well as its own building mortgage loan.

We will back into the appropriate land rent based on recent resales of hangers at HTO and the recent building costs as well as the costs of compliance with various town permits. It was agreed that, if feasible, new hangers should have water for both bathroom facilities and fire protection.

There was a continuation of a discussion of appropriate annual maintenance levels and a recommendation that a professional engineer be engaged to advise on this matter. Munir Saltoun reported that, through Eastern Fuels, we had been in contact with an airport facilities manager who had wide experience running airports in Rhode Island and Massachusetts and through Google Earth noted problems with our main runway. It was suggested that her firm be considered on runway and taxiway issues.

Fuel Farm renovation was next discussed. Munir Saltoun reported that, although we had assumed that an above ground facility would be required, the County expert familiar with our fuel farm and soil conditions suggested continuing with a below ground facility. However the foregoing operations professional, who had begun her career as an expert in fueling facilities, recommended against continuing with an underground facility. After discussion, it was the strong sense of the committee that a new facility be above ground since the potential problems from an undetected underground leak were too severe to be chanced in this water recharge area.

The major work necessary for a thorough underground inspection of fuel farm tanks and couplings was described and the sense of the meeting was that the substantial cost of such an inspection instead be saved and applied to the rebuilding of the farm.

The meeting adjourned at 11:30 after having the next meeting set for 9 AM on Monday, June 2 at Town Hall

Respectively submitted Arthur Malman

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