

BFAC/Airport Finance Group

Agenda 6/21/42

1. Minutes
2. Update on interim town board actions (and further work to be done) on
landing fees
fuel flowage and long term fuel management changes
3. Status of safety issues
Landing and taxiway Lighting
Terminal Safety fence for passengers
4. Leasing
New 5 ½ acre commercial/industrial area uses
Build/finance/lease land
Commercial Broker
Coordination with planning and environmental depts.
Other
5. Market Research
2-3 weekend study
Questionnaire
6. Enterprise Accounting
- 7.. Next meetings: Saturday June 28 or July 12 at 9 AM?

BFAC/Airport Finance Group

Minutes of Meeting – June 21, 2014 at Town Hall

Arthur Malman, Chairman of Town of East Hampton's Budget and Financial Advisory Committee (BFAC), called the meeting to order at 4:00 PM.

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

Attending the meeting by invitation was Kathee Burke-Gonzalez, Councilwoman and Board liaison for the BFAC and for the airport.

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

Councilwoman Burke-Gonzalez updated the meeting on repairs to the fuel farm, the fuel flowage fee increase and the work on RFP's for engineering and fuel supplies. The RFP for engineering was discussed and some initial questions relating to its scope were clarified. She also reported approval by the Board for runway lighting and taxiway repairs for 4/22.

Arthur Malman asked about a safety fence (not for security or deer) in between the terminal and ramp to prevent people from wandering into aircraft warming up, refueling or taxiing and said he would report on rent-fence costs for a trial.

Peter Wadsworth asked the committee to recommend to the Town Board that it adopt Enterprise Fund Accounting (EFA) for the airport in the coming fiscal year (2015) because the advantages of adopting EFA for the FY2015 budget are substantial:

- a. The 2015 budget would be compared with our projections.
- b. Future financial reports would include an Income Statement not dominated by the fuel purchases and sales line items (the only income comes from the fuel flowage fee) but would include depreciation and a Cash Flow Statement to reconcile changes in fund balances.
- c. They would also include a balance sheet, which would require identifying and valuing (at cost less depreciation) all assets.
- d. Year-to-date reports would make it easier to monitor the airport's progress on revenue enhancement, cost control and capital expenditures.

According to Len Bernard and Charlene Kagel, who have been supportive of adopting EFA, the conversion would need to take place this summer before or during the 2015 budget process. It was

noted that Charlene Kagel has researched the issue extensively with her contacts in Albany and believed that there was no major impediment to adopting EFA for the airport.

A Town Board resolution may be required before they can start, and, absent the requirement, they would still likely require a directive from Larry Cantwell or the Town Board.

The BFAC's affirmative support, which would undoubtedly help, would be needed at this or our next meeting if it is to impact a board resolution.

Peter Wadsworth provided some NY State legal citations which appear to support the adoption. Tom Twomey questioned their applicability to municipalities which will need to be clarified before moving forward. The committee agreed to recommend that, subject to clarifying the legal issue, the Town Board adopt the Enterprise Fund Accounting for 2015 or as soon thereafter as practical.

The next item of discussion was leasing of land at the airport. It was pointed out that in addition to the land on Industrial Road on the airport layout plan there is also a 5½ acre parcel for lease on the north side of the airport. Pat Trunzo and Bonnie Krupinski explained that in the development of the 5½ acre parcel part of the rentable land would be lost to roads and related infrastructure.

Tom Twomey explained how aircraft had to have periodic inspections that cost about \$5,000 and up and perhaps the town could focus on bringing such a service facility to the space as a creator of good jobs.

Most members felt that the airport should lease land but not get into the development of buildings which should be left to the private market. Aircraft owners with an interest in hanger space should be encouraged, as in the past, to organize groups to develop multiple hanger facilities on a condominium basis on land rented from the airport.

Councilwoman Burke-Gonzalez reported that the Town legal and finance departments had reacted favorably to our suggestion of considering moving airport lease administration to an outside vendor. Arthur Malman said he would contact Cushman & Wakefield to get an idea of the parameters of services and costs.

The discussion turned to whether the best broker would be a national company with national tenant relations which would coordinate with a local broker or a local commercial broker who could tie in a national brokerage firm. The desirability of using an exclusive broker was also considered. After discussion it was determined that we should recommend that the Board consider one RFP for an exclusive commercial broker and one for a lease administrator.

A short discussion followed on developing a questionnaire for incoming passengers on weekends to better understand their destinations and needs.

The meeting adjourned at 6 PM after having the next meeting set for noon on Friday, July 18th, at Town Hall.

Respectively submitted, Arthur Malman

