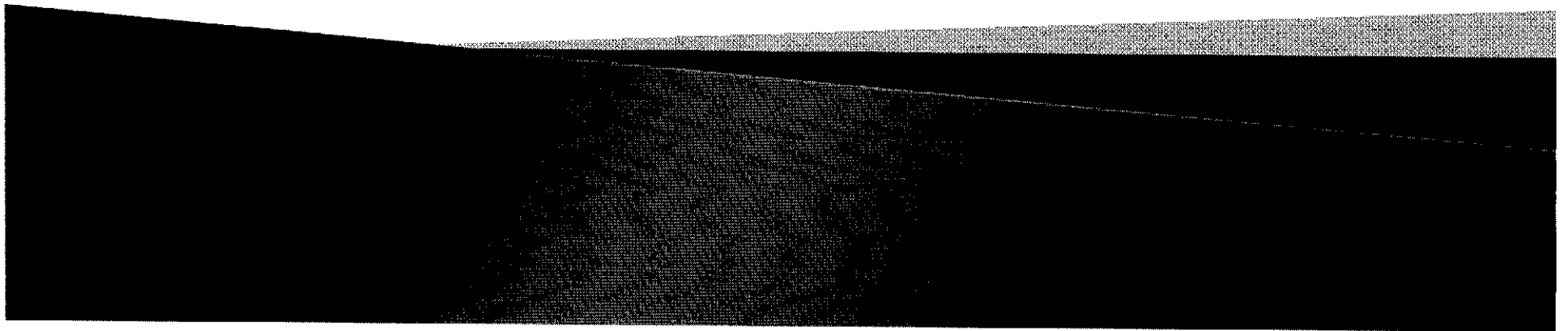
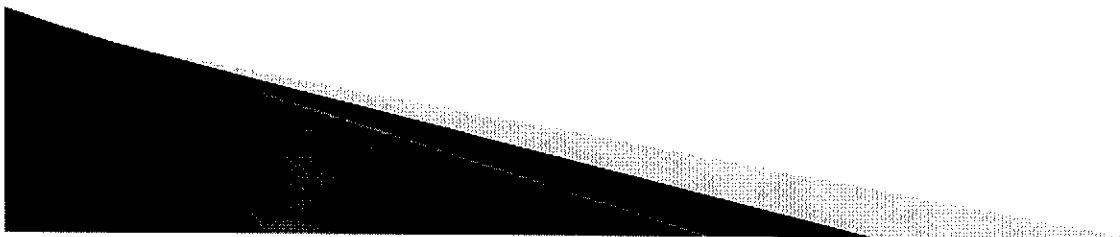


Hangar Economic Analysis



Reasons For Presentation

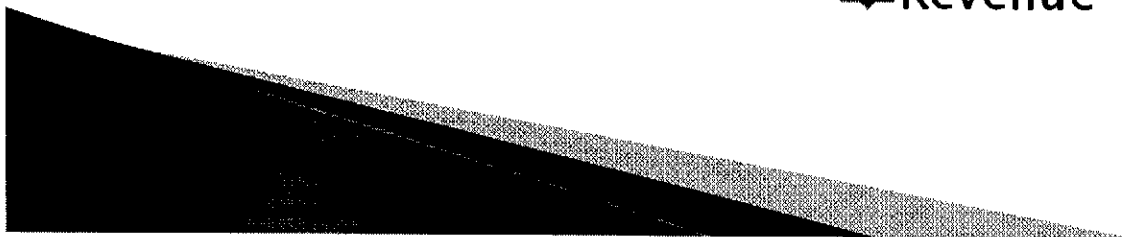
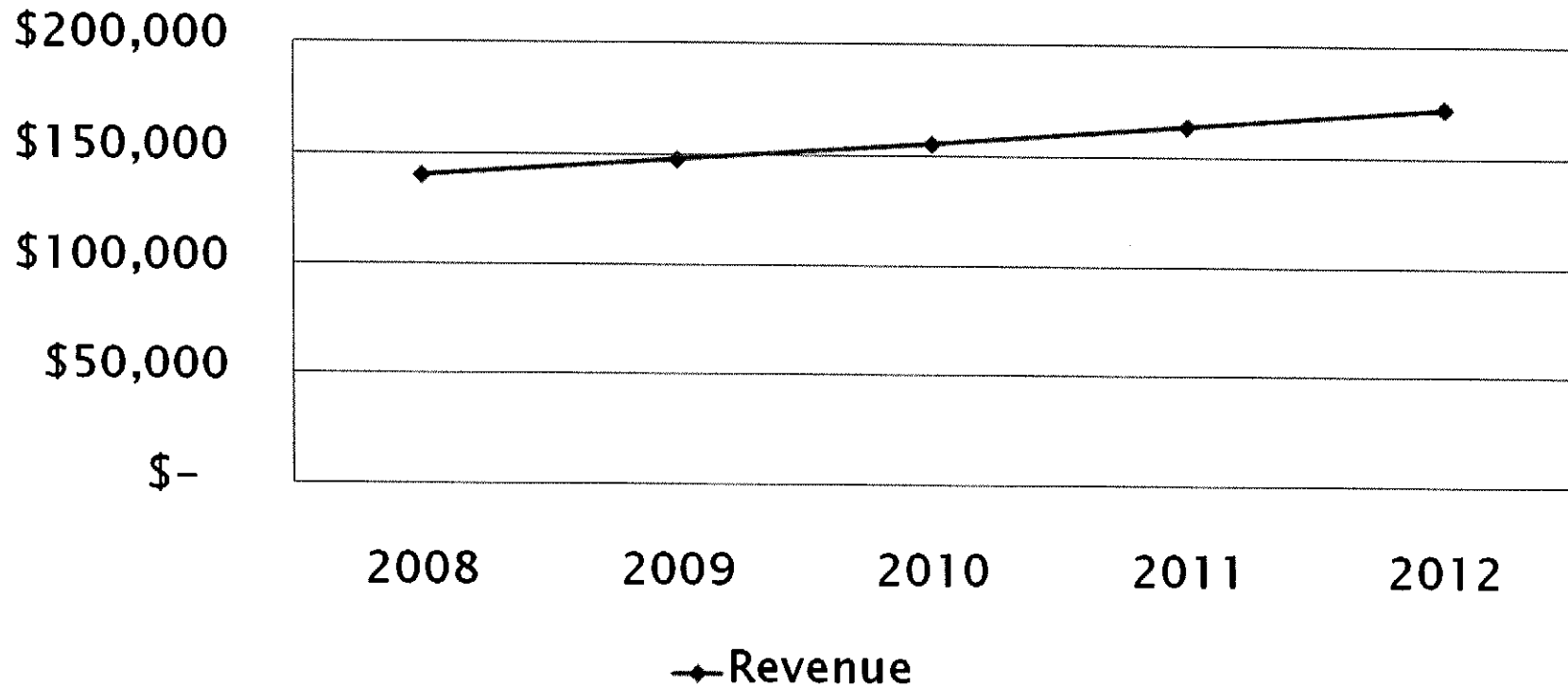
- ▶ Recent Newspaper Articles have brought into question the Economics of the Hangar Project at Hilton Head
- ▶ Recent comments in these articles, by some council members, have implied that decisions have been made regarding the Hangars and their rental rates that were not in the best interest of the taxpayers
- ▶ The facts tell a different story



Hilton Head Hangar Cash Flow

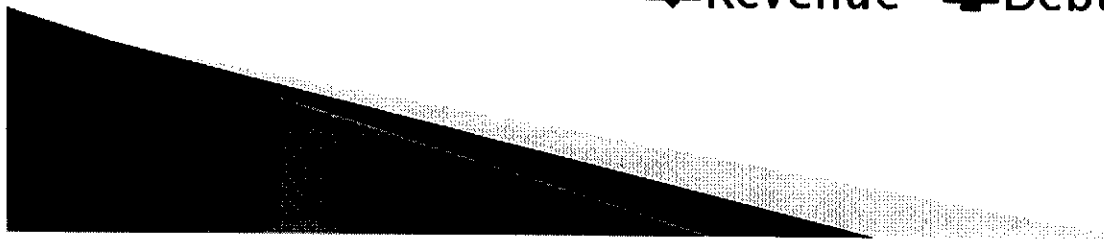
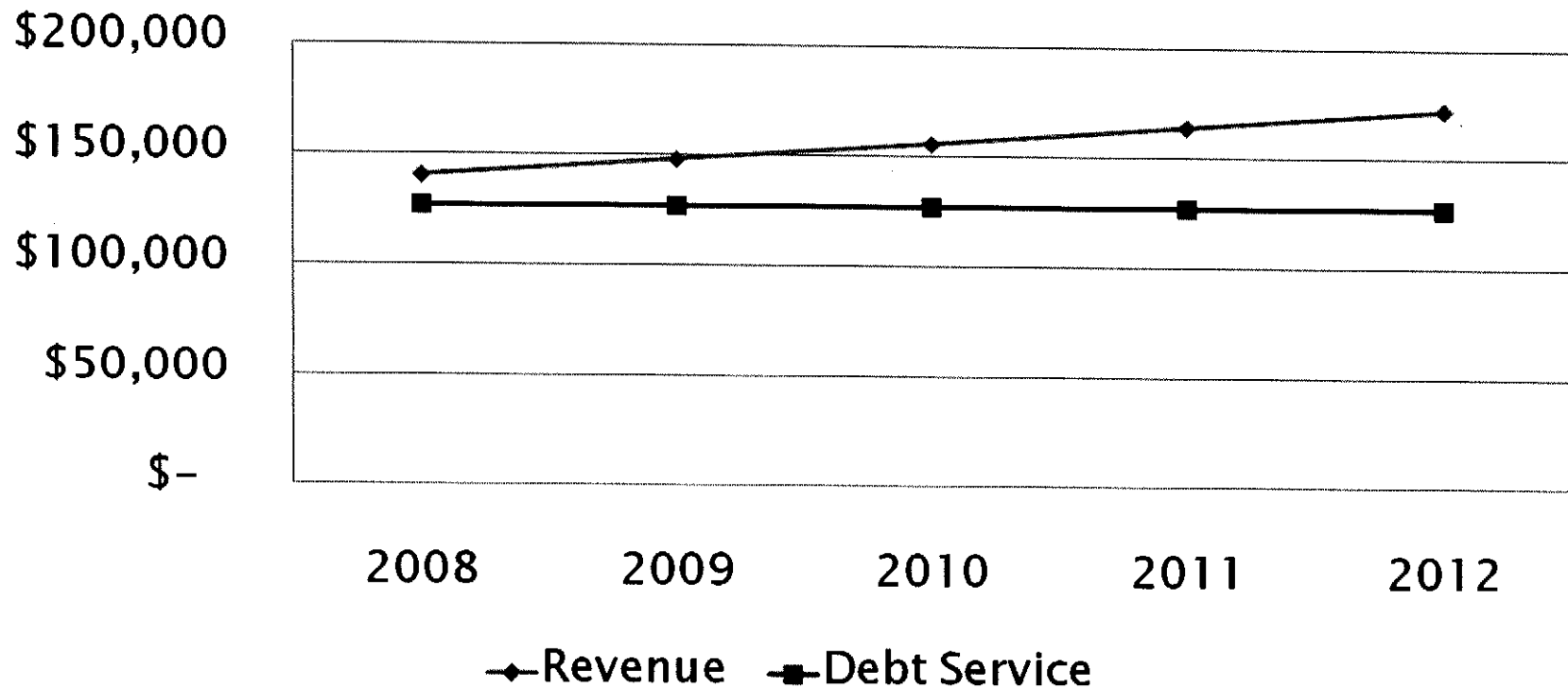
***Rental rates have been increased 5% /year for five years**

***Prior to each increase rates are compared to competition**



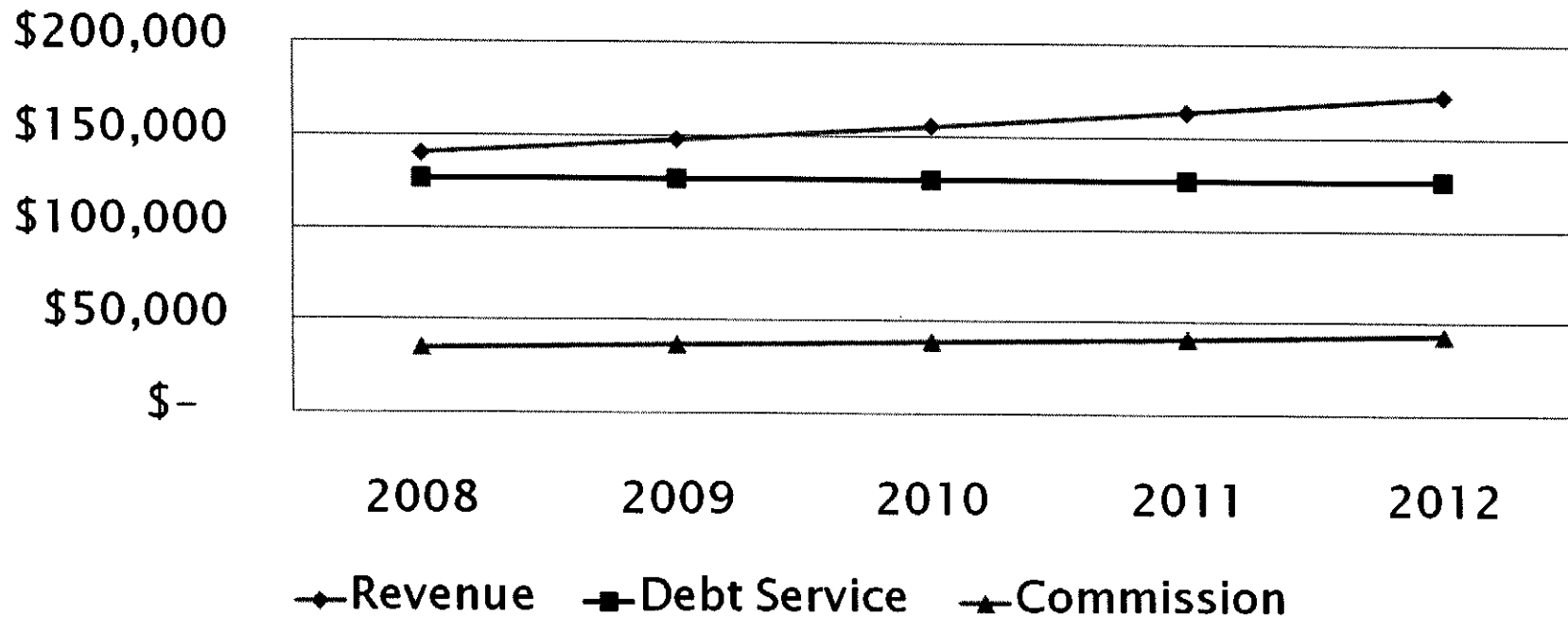
Hilton Head Hangar Cash Flow

Rental Income has exceeded debt service interest and principle since rentals started!



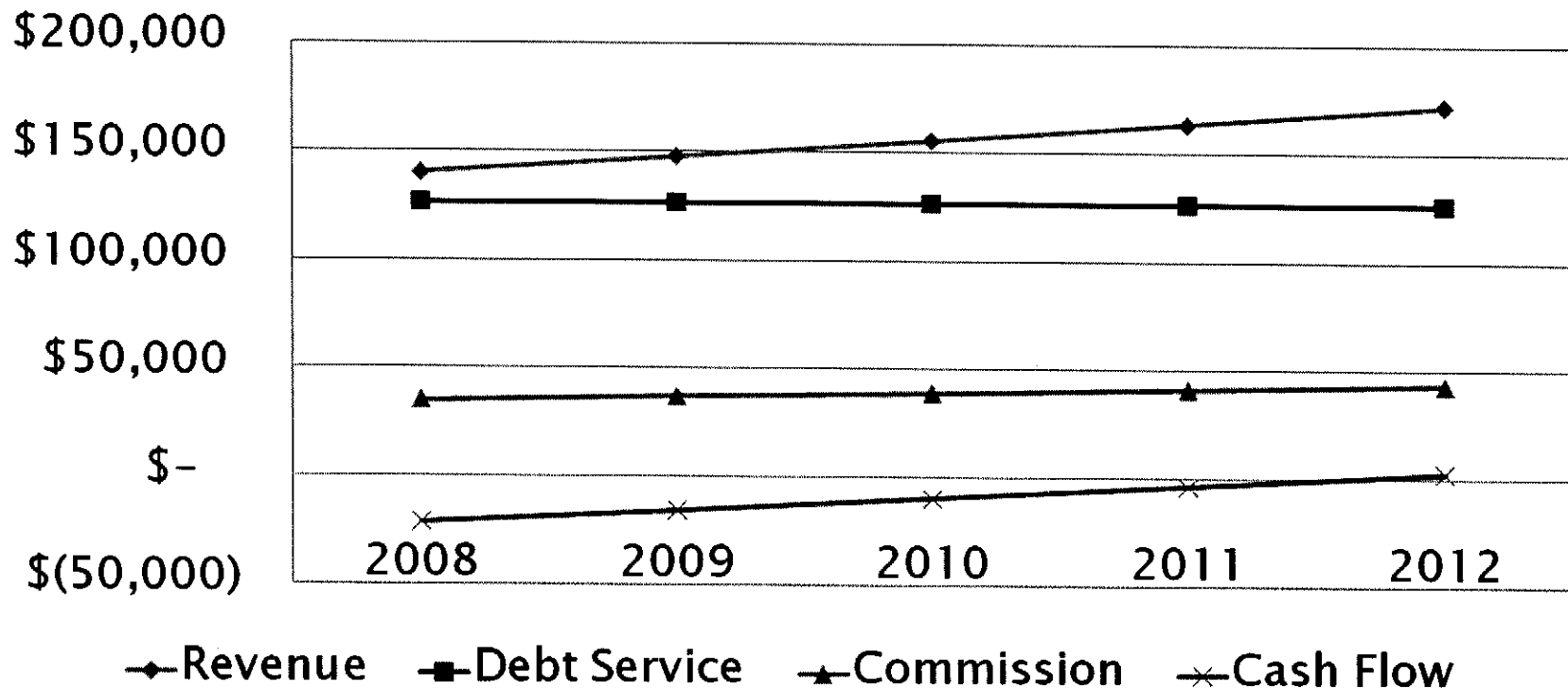
Hilton Head Hangar Cash Flow

The fact that the County agreed to a 25% rental collection fee, until 2028 with the FBO, is the reason cash flow started off slightly negative, not the rental rates.



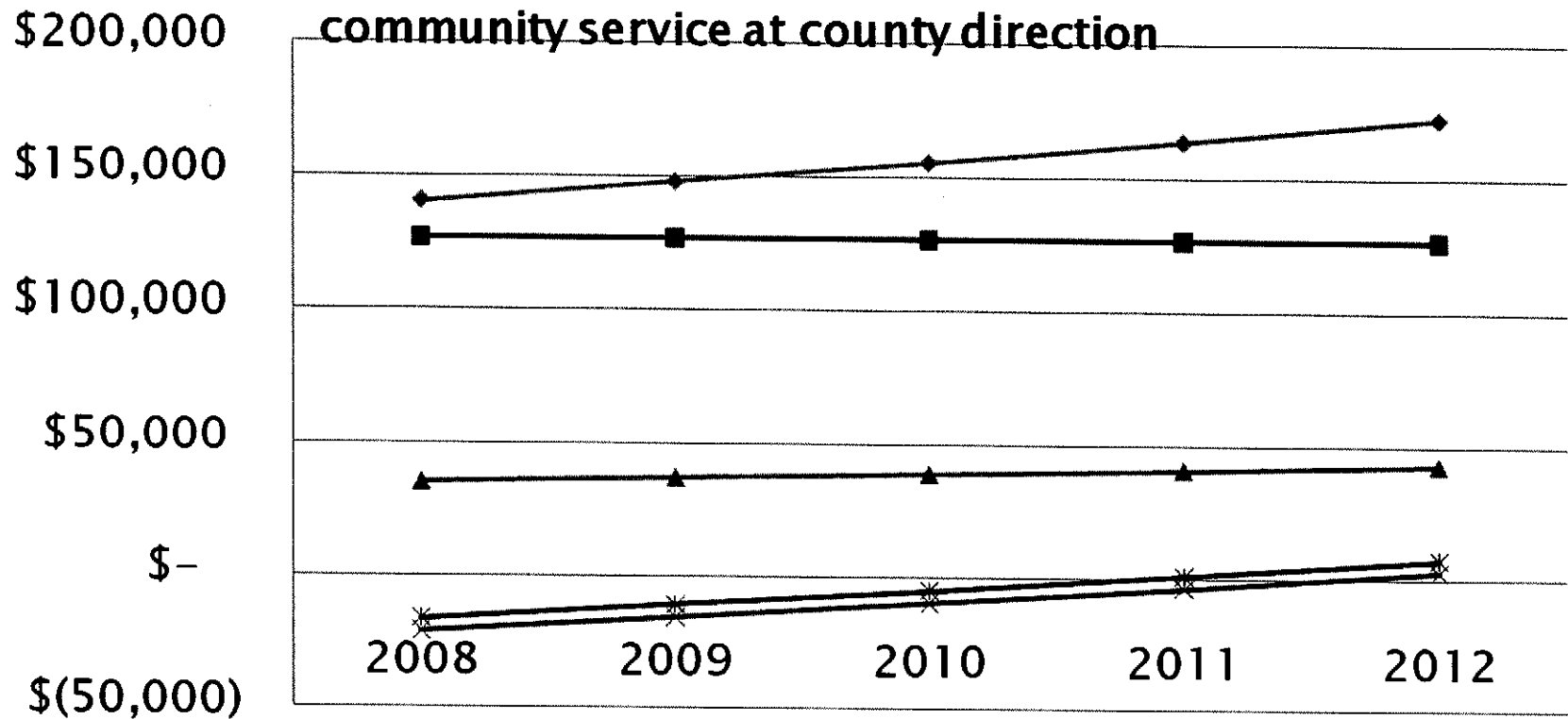
Hilton Head Hangar Cash Flow

Despite the FBO's 25% Commission the project's cash flow has quickly turned positive



Hilton Head Hangar Cash Flow

The project economics also included a free rental, at a value of \$4,788 in 2012, for the Civil Air Patrol as a community service at county direction



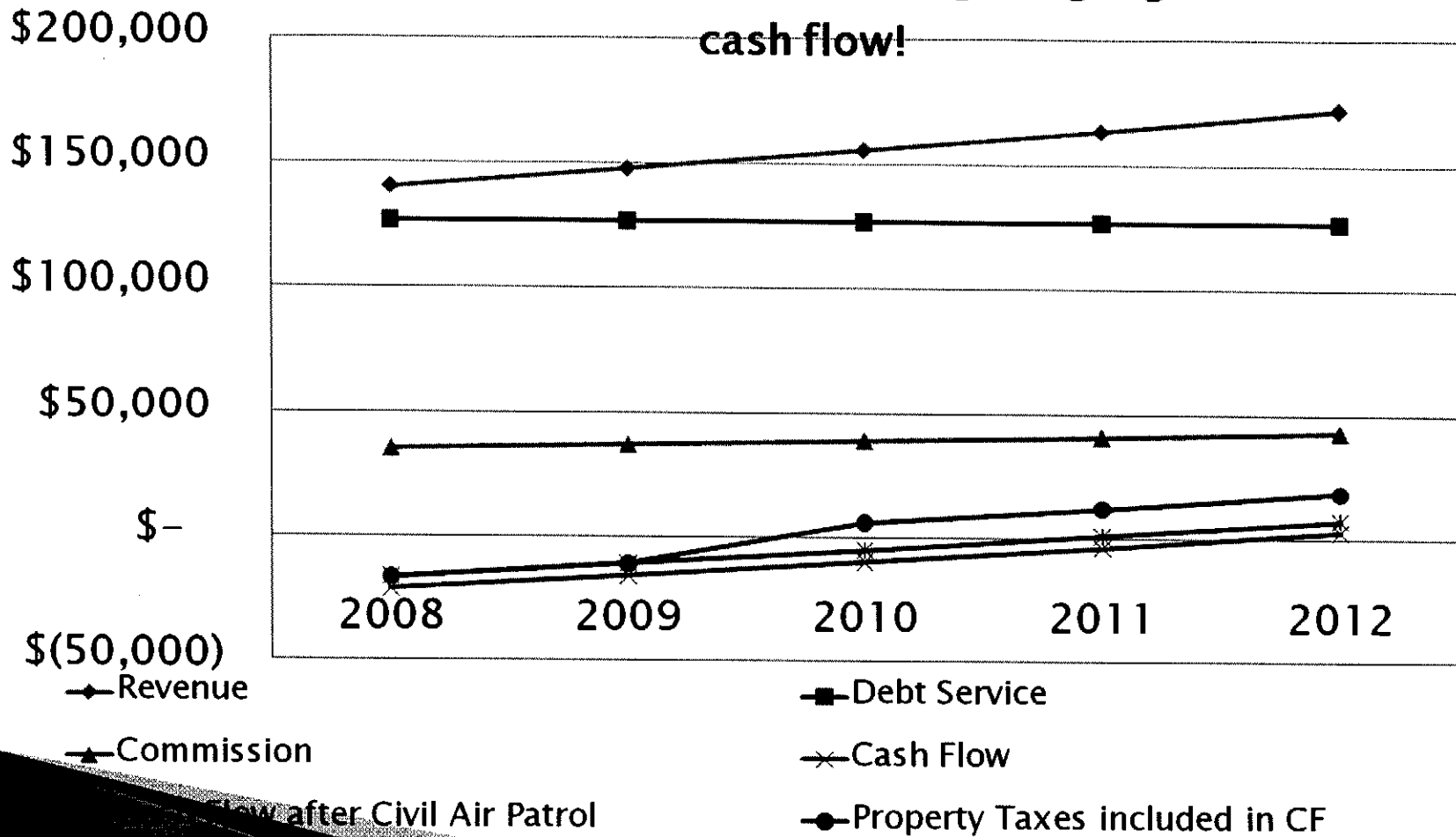
Revenue ■ Debt Service ▲ Commission ✕ Cash Flow ✖ Cash Flow after Civil Air Patrol

Economic Review Summary

- ▶ Hangar Rental Rates Have increased 5% per Year for five years from \$328 to \$399/month
- ▶ Hangar rental rates have kept the hangars fully occupied
- ▶ The 2012 rental rates result in Net Positive Cash flow after Debt Service and even after the awarded 25% commission to the FBO and a free hangar for CAP
- ▶ The cumulative cash flow is/will be positive over the project life, provided we keep the hangars full by charging competitive rental rates
- ▶ The Hangars like the Airport are not losing money for the County
- ▶ The Hangar renters also pay \$11,000/yr. of property taxes for the hangars

Hilton Head Hangar Cash Flow

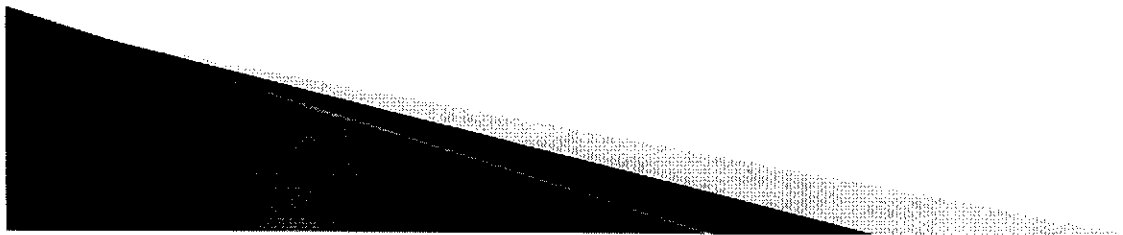
Property Taxes were assessed on the hangar renters starting in 2009, further improving hangar generated cash flow!



Cash Flow after Civil Air Patrol

Only Negative found with project

- ▶ Initially the project experienced a delay in commencing rentals, at a loss of \$11,695 a month for 5 months or (\$58,000), while the initial rental rates were “studied”.
- ▶ Even this loss of cash flow, generated in the initial year of the project, will eventually be recaptured, IF WE KEEP RATES COMPETITIVE AND THE HANGARS FULLY OCCUPIED.



Conclusions

- ▶ The time has come to correct the public impression that has been given regarding the Hangars
 - ▶ The Hangars are a cash flow positive project, that once the debt is paid, and the commission eliminated, the contribution to taxpayers will be substantial \$2-300,000+/YR.
 - ▶ The Airport is also cash flow positive, and is paying back the advances for capital projects to the County over time
 - ▶ Finally the Airport/Hangars are strong assets of economic contribution to the County and Town which pay for themselves.
 - ▶ These facts should be recognized by all elected officials and reported to the local population
- 