

**RESPONSES TO QUESTIONS FROM MARCH 2, 2017
MEETING AT REPUBLIC AIRPORT
MARCH 22, 2017**

Below is a list of questions and answers from the March 2, 2017 public meeting at Republic Airport in East Farmingdale. The purpose of the meeting was to discuss the proposal by Stratosphere Development Co., LLC, an affiliate of Talon Air, to develop five parcels at the airport, pursuant to a Request for Proposals issued by Empire State Development on behalf of the New York State Department of Transportation.

1. Will there be printed material available before the next public meeting so we can read and be prepared with questions? Going forward where can the community get information on this project?

Yes, the presentation from the March 2, 2017 meeting as well as questions and answers has been posted on the New York State Department of Transportation (DOT) website. For more information, please visit www.dot.ny.gov/modal/aviation or <http://www.republicairport.net/>.

2. Why wasn't the meeting on March 2, 2017 publicized?

The meeting was publicized. In addition to notifying the Republic Airport Commission of the meeting, information on the meeting was sent on February 15, 2017 to the following media outlets with a request to post in their Calendar of Events sections: Farmingdale Observer, South Bay Neighbor/ Neighbor News, Newsday Long Island Events, Long Island Business News, The Long Islander, Amityville Record, Massapequa Post, Beacon, Long Island Business News, Long Island Wins, Bilingual News, Notica Long Island, La Tribuna Hispana and Airport Metro News.

3. Why were office and/or commercial uses not considered in the Request for Proposals (RFP), which would generate more jobs?

Aviation and aviation-related uses are preferred by the Federal Aviation Administration (FAA) and that preference was reflected in the RFP (the FAA may veto any non-aviation uses). However, respondents were permitted to propose non-aviation uses including office and commercial uses. Only residential uses were prohibited.

4. Which taxes are aviation uses exempt from?

Due to State ownership, the property is not subject to taxation consistent with the transfer legislation from the MTA to DOT. However, as set forth in the law certain payments in lieu of taxes ("PILOT") are envisioned to be generated from non-aviation uses.

5. Would NYS put in writing that no future commercial passenger or freight/shipping uses at Republic will ever be allowed?

The RFP and the responses for proposed development do not contemplate scheduled commercial service at Republic Airport.

6. Is this designation “a final award” and if not who will make the final decision?

The designation is only the beginning of the process and is conditional on obtaining all required approvals. Reviewers/approvers include, but are not limited to the State departments of Transportation, Environmental Conservation and the Division of Homeland Security and Emergency Services; and the Federal Aviation Administration. DOT, as both lead agency for environmental review and as the agency that will be a party to the lease will make the final decision. The leases will also need to be reviewed and approved by the Office of State Comptroller and the Attorney General’s Office before they are effective.

7. What will happen to the existing plane tie down users?

The details of terms and pricing have not been developed; however, DOT will ensure that there are no fewer tie downs than what is currently in use. DOT will work with the developer to maintain similar terms to the current arrangement.

8. When did the official designation letter go out to winner?

A conditional designation letter was sent in August 2016 for Parcels A-D and November 2016 for Parcel E.

9. The community believes that Talon’s fuel farm and FBO application was “fast tracked.” Is Talon’s bid being “fast tracked”?

The process of Talon becoming a Fixed Based Operator (FBO) at Republic, included the installation of fuel tanks, took several years to complete and went through multiple layers of State and federal approval. The tank specs, installation and training were inspected and certified not only by DOT engineers and inspectors from Homeland Security, the plans and requirements were also reviewed by outside licensed engineers before the tanks were installed. The tanks comply with FAA and National Fire Prevention Association standards.

This current procurement has followed the normal state procurement process and has not been “fast tracked.” There are no special favors being done. The RFP was issued in February 2016 and responses were due in April 2016. A term sheet was not agreed upon until August 2016 for Parcels A-D and November 2016 for Parcel E. The public approvals process has just begun.

10. Is it normal for ESD to have such a short procurement period for a project like this?

New York State law requires that an RFP be posted publicly for three weeks. In this case, the RFP was posted for over two months. It has now been over a year since the RFP was first published and the public approval process has just begun.

11. The community believes that Talon was picked very quickly. Is this timeline normal for state contracts?

Yes, the selection process has been consistent with other comparable procurements.

12. How will this project impact vehicular traffic on New Highway? Will the State review the traffic impacts?

Traffic analysis will be conducted as part of the New York State Environmental Quality Review Act (SEQRA) process. Potential mitigation to traffic impacts would be considered during the SEQRA process, as warranted.

13. Will this plan turn Republic into another McArthur Airport, Teterboro or Westchester Airport?

Commercial air service and cargo service are not part of this proposal. There is no plan to make Republic Airport anything but a more financially stable airport that continues to provide general and business-related aviation services to the community and region.

14. Will this plan allow larger aircrafts to Republic?

No, Stratosphere's anticipated fleet mix for the Airport will remain the same and is consistent with similar sized general aviation aircraft intended for the same type of clients. In addition, the taxiways and aircraft maneuvering areas in the Stratosphere areas will be designed for the same Federal Aviation Administration (FAA) Advisory Circular (AC) 150/5300-13A spatial width requirements for obstacle clearance as the existing general aviation areas for Airplane Design Group III at Republic Airport.

15. The development parcels were originally part of a DOT RFP for the operations of the airport. Why were they removed?

DOT's RFP dated March 23, 2015 primarily covered the daily operations and maintenance of the airport. The contract was awarded to Avports in June 2016. The operations and maintenance RFP did include parcel development as an option at the State's discretion, but parcel development was incidental to that particular RFP. During the procurement process, consistent with all applicable law including New York State Finance Law covering state procurements, DOT decided to eliminate the parcel development provisions and seek ESD's guidance on how to more appropriately manage development. This was done with the full knowledge of the respondents, and their final offers reflected this change. DOT then engaged ESD to assist with the marketing of and development of an RFP for long-term

parcel development. The two RFPs were intended to complement each other and maximize both the benefits and the economic opportunities for Long Island.

16. Can RFP responses (to both solicitations) be available for the public to review?

Because the final award has not yet been made (i.e., no lease has been executed), providing the RFP responses now may impair on-going contract negotiations. The New York State Freedom of Information Law provides that such materials may be kept confidential up to the point of contract execution for just this reason.

17. Is the Fire Department considered part of the community?

Yes.

18. Will additional needed fire protection be needed at the airport as a result of this project?

No, airfield firefighting equipment needs are defined by the FAA in Federal Aviation Regulation (FAR) Part 139.315 and FAA AC 150 5220-10-E, which specifies the number and type of equipment required within a particular aircraft "Index". The Aircraft Rescue and Fire Fighting (ARFF) Index only changes when there is an increase in air carrier operations and a change in length of the aircraft. As Republic Airport is a FAR Part 139 Class IV Airport with very limited unscheduled air carrier operations (no scheduled air carrier operations), only a change in the length of aircraft would promulgate a change in the ARFF Index (A through F). As the Stratosphere fleet will remain the same in terms of aircraft type, the ARFF Index and subsequent equipment requirements for the airport as a whole will remain as they are today. Therefore, there will be no regulatory need for additional fire protection due to the Stratosphere proposal.

19. If Stratosphere/Talon was designated in August, then why the Republic Airport Commission (RAC) not notified until now?

The State waited until all five parcels were conditionally designated in November. Upon conditional designation, the developer retained an environmental consultant and a surveyor. We wanted to have more information before we presented to the RAC, which was notified on February 2, 2017.

20. How will Talon's winning of this bid impact the businesses of the other three FBOs?

We cannot predict how Stratosphere's proposal will specifically impact the business of other FBO's at the airport. The Federal Aviation Administration requires open competition. DOT cannot legally deny an FBO's application or request to expand, provided they meet the minimum federal and State requirements. The other two FBOs at the airport as well as the proposed fourth FBO all had the same opportunity to submit proposals in response to the RFP.

21. Will provisions be made in the leases if the airport needed to be used for emergency uses (Sandy Superstorm used as example)?

Yes. The airport will continue to serve as a staging area for both the Federal Emergency Management Agency and the State Division of Homemade Security and Emergency Services.

22. Were the Republic Airport Commission (RAC) and local civic groups notified about the RFP?

The RAC was notified shortly after the release of the RFP and the RFP was discussed by board members at several RAC board meetings. In addition, a press release on the opportunity was released concurrent to the release of the RFP.

23. What does an “open procurement” mean? Can people still submit a proposal?

An “open” procurement means that the procurement process has not yet been concluded – in other words, no final contract or lease has yet been executed. Proposals were due on April 15, 2016. The state is not accepting any more proposals.

24. Question on the capacity of existing Talon hangars?

Fixed Base Operator (FBO) hangars are typically used for storage of aircraft, light aircraft maintenance, and the housing of transient clients. By way of background, the business model is to have aircraft flying on trips in order to maximize revenue. This means that often a substantial portion of the fleet is either in route for trips or are located at other airports as a result of trips that are underway. So for example, if there are currently 22 aircraft in the fleet, a large number of them should be in route on trips or located at other airports. Hangar capacities also vary based upon different aircraft sizes and depending on business needs – such as whether hangar space needs to be used for a maintenance or repair event. With that background, typical hangar capacity combinations for a 30,000 square foot hangar would be 3-4 business jets or 3 business jets and 2 or 3 smaller general aviation aircraft.

25. How big is the existing Talon fleet?

Stratosphere’s operations represent a very small portion of the total aircraft operations (flights) at Republic Airport. Indeed, Stratosphere’s flights are only approximately 0.003 percent of the total operations that occur at Republic Airport. Presently Stratosphere’s fleet size is as follows: 20 mid to small corporate jets, one King Air twin-engine turboprop and one helicopter (for a total fleet of 22 aircraft). However, as explained, these aircraft are often operating off-site serving Stratosphere’s customers at other airports and do not operate from Republic on a daily basis. The demand for FBO services is mostly driven by regional economic factors that attract corporate operators to the airport for business needs. For example, FBO’s serve aircraft customers who need to be in a certain area or location for short periods of time, usually business meetings or leisure related, over a period of 1 to 3 days.

Currently, Stratosphere services (such as fueling operations) approximately 5-6 aircraft on an average day. With the new proposed parcel development, the anticipated aircraft to be serviced per day is projected to increase by 5-6 additional aircraft in the short-term period (1 to 2 years), resulting in 10-12 aircraft serviced per day by Stratosphere. In the mid-term period, 3-5 years from now with all parcels at full-buildout, the total aircraft serviced is estimated to be 15 aircraft per day. For the long term period (5 years+), the average aircraft serviced is estimated to be 20 aircraft per day. It should be noted that approximately half of the 20 aircraft serviced in the long term period are projected to come from Stratosphere fleet and the local portion of the aircraft that are currently operating at Republic Airport – the other half will constitute transient aircraft coming from other airports. Also, please keep in mind that just because Statrosphere is servicing an aircraft on a particular day, does not mean that such aircraft will fly on that same exact day – the aircraft may or may not stay overnight for Republic Airport or remain there for days.

Based upon Stratosphere's long term projections, they project an additional 15 daily operations (flights) will occur at Republic Airport. This growth will result from a combination of growth in our fleet, competitive business practices, and new aircraft that are attracted to Republic Airport. This operational growth is consistent with FAA forecasts for Republic Airport. As reported by the FAA, 210,000 total operations occurred at Republic Airport in 2016. Currently, Stratosphere's operations represent approximately 0.003 percent of the total operations at the Airport. By applying the FAA's operations projections for Republic, by 2022 (with a compounded annual growth rate of 0.4 percent) operations for Republic Airport will grow to 212,500 total operations. Applying the projections of Stratosphere's operations, it is estimated that at full-buildout and once the operations and use of the new parcels have been in effect for years, the Stratosphere's operations will represent only approximately 0.005 percent of the total operations at the Airport.

26. Did this process include public input and was RAC involved?

Please see response to #23.

27. Why was the fire department never notified of these projects before they are selected?

The Fire Department will be added to our distribution list.

28. How long will the environmental process take and who oversees that process? Will the environmental review include all five sites? Will an Environmental Assessment Form (EAF) or a full Environmental Impact Statement be issued?

Prior to its implementation, the proposal by Stratosphere will be the subject of multiple environmental review processes. The New York State Department of Transportation is in the process of evaluating the potential environmental impacts of the proposal as required under the New York State Environmental Quality Review Act (SEQRA), and the Federal Aviation Administration will also be conducting an environmental review of the proposal in accordance with its implementing regulations of the National Environmental Policy Act (NEPA). Neither process provides for a maximum overall timeframe within which the review must be completed. Both are required to consider the potential environmental impacts of

the entire proposal (i.e., the “whole action”), rather than consider each of the proposed development sites, individually. The ultimate level of documentation that will be required by each reviewing agency may vary, and will be determined at the appropriate time in the respective review processes. In any case, the implementing regulations of SEQRA and NEPA applicable to the proposal mandate that the reviewing agency consider all potential environmental impacts - - noise, air quality, cultural resources, water resources, etc. - - prior to making an ultimate decision on the proposal, and it is expected that the respective agencies will be diligent in carrying out their responsibilities based on the specific facts surrounding the proposal.

29. Why has there been no DOT representative on the RAC for the past few years?

There are several open seats on the RAC as well as currently expired terms. DOT will discuss the process to addressing vacancies/terms with the Governor’s Office and the Legislature.

30. Have the designations of non-aviation use and aviation compatible use stated in the Airport Layout Plan (ALP) been changed?

Pursuant to the FAA’s Airport Sponsor Guide, Section 520, Airport Layout Plans, DOT will need to update the ALP regardless of this transaction.

31. Did NYSDOT Commissioner Driscoll consult with and seek the advice of the RAC, as required by Article 15, Section 402 of the NYS Transportation Law, prior to granting Stratosphere conditional approval?

Please see response to #23.

32. Article 15, Sections 400 and 402 also spell out how property at the airport should be developed to provide payments in lieu of taxes. Will NYSDOT and ESD insure that future development produces this legislatively planned tax relief?

DOT believes that the responses to the RFP, including aviation-related uses conform to the statute.

33. The ALP shows that parcel E is designated for “aviation compatible use” which includes offices, retail etc. that would make PILOT payments. Parcel A is for compatible non-aviation development. Parcel C is a restaurant. Is the State disregarding the ALP?

Pursuant to the FAA’s Airport Sponsor Guide, Section 520, Airport Layout Plans, DOT will need to update the ALP regardless of this transaction.

34. Will there be further environmental review of the Plume under Republic Airport to assure that pollution has not migrated south?

As part of the National Environmental Policy Act (NEPA) process, the analysis of potential hazardous materials that could be within the project site will be examined and disclosed. Should any hazardous materials be identified, proper measures will be taken during construction to ensure materials are removed and/or contained. Groundwater contamination beneath Republic Airport has been extensively investigated by the United States Environmental Protection Agency (EPA) and the New York State Department of Environmental Conservation (NYSDEC). Interim Remedial Measures (IRMs) associated with the Fairchild Republic site removed volatile organic compound (VOC) source areas. A pump and treat system utilized to remediate contaminated groundwater was installed at the southern end of Republic Airport and has been operational since 2005. Should any groundwater monitoring wells or other related facilities located within the Stratosphere proposed leased properties require relocation within the property (i.e., to accommodate proposed structures), the proposed relocation would be conducted in cooperation with the New York State Department of Transportation and NYSDEC to ensure that the proposed action does not interfere with ongoing remedial measures. The proposed construction will avoid interaction with groundwater - buildings will be slab-on-grade. Stormwater will be collected and recharged on-site to the maximum extent practicable, and separation distance will be provided between the base of stormwater leaching structures and the water table. The need for vapor barriers or sub-slab depressurization systems will be contemplated as design progresses, to ensure the protection of future occupants of the proposed buildings.