

COUNTY OF MILWAUKEE
INTER-OFFICE COMMUNICATION

DATE: October 20, 2016
TO: Peggy A West, Chair, Finance & Audit Committee
FROM: Brian Dranzik, Director, Department of Transportation
SUBJECT: **Project WA225 Airport Fuel Storage at General Mitchell International Airport**

Pursuant to Wisconsin Statutes Section 19.85(1)(e), the Committee may adjourn into closed session for the purpose of discussing the following matter(s). At the conclusion of the closed session, the Committee may reconvene in open session to take whatever actions it may deem necessary.

POLICY

Approval is requested authorizing the Airport Director to enter into a loan agreement with an airline fuel consortium. An appropriation transfer request has been submitted separately to establish expenditure authority.

BACKGROUND

The fuel used at General Mitchell International Airport (GMIA) is housed at an off-airport storage facility owned by Equilon Enterprises, a division of Shell Oil Company (Shell). It is then transported via an underground pipeline to our County-owned fuel distribution facility. The off-airport storage facility and the underground pipeline are owned by Shell (collectively the EQ Assets).

Shell has informed Milwaukee County, and the airlines at GMIA, that it would close the off-airport facility by December 31, 2016, and put the EQ Assets up for sale. Rather than see the EQ Assets purchased by a third party, the airlines expressed an interest to the County that GMIA facilitate the purchase of the EQ Assets by a fuel consortium—an entity formed by the airlines. There is a time element to this deal that requires action by Milwaukee County.

According to the proposal, the fuel consortium would repay Milwaukee County for the loan of the funds to purchase the EQ Assets. The transaction would result in a sale of the EQ Assets to the fuel consortium; the consortium would be responsible for operating and maintaining the EQ Assets. They would be accountable for any environmental liability associated with the EQ Assets.

A fund transfer has been separately requested for the purpose of allowing Milwaukee County to lend the funds to the fuel consortium for 120 days, with full collateral security.

RECOMMENDATION

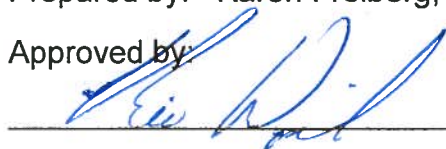
The Director of Transportation and the Airport Director request authorization to enter into a loan agreement with the airline fuel consortium.

This request is contingent on the approval of a separately submitted appropriation transfer request to establish expenditure authority from the Airport Development Reserve for Project (WA225) Airport Fuel Storage.

There will be no tax levy impact from this transfer.

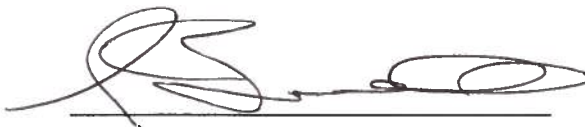
Prepared by: Karen Freiberg, Deputy Airport Director-Finance & Administration

Approved by:

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Brian Dranzik

Director, Department of Transportation

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Ismael Bonilla

Director, General Mitchell International Airport

CC: Chris Abele, Milwaukee County Executive
Raisa Koltun, Chief of Staff, Milwaukee County Executive's Office
Kelly Bablitch, Chief of Staff, County Board of Supervisors
Steve Kreklow, Director, DAS-PSB
James Martin, Director of Administration, Department of Transportation