

**BURLINGTON INTERNATIONAL AIRPORT
BOARD OF AIRPORT COMMISSIONERS
MINUTES OF MEETING
December 20, 2010**

MEMBERS PRESENT: Gene Richards (Chairman)
Jeff Munger
Miro Weinberger
Jeff Wick
Peter Plumeau

STAFF PRESENT: Brian Searles
Tamara Gagne
Robert McEwing
Heather Kendrew
Brad Worthen

OTHERS PRESENT: Rich Goodwin, Assistant CFO, City of Burlington
Karen Paul, Burlington City Council
Bob Kiss, Burlington Mayor
Pat Carney, Burlington City Council
Glen Howard, Pratt & Whitney
Marianne Riordan, Recording Secretary

1. CALL TO ORDER and ANNOUNCEMENTS

Chairman Gene Richards called the meeting to order at 4:08 PM.

Recruitment of Director of Aviation

Mayor Kiss announced the interim Director of Aviation is Bob McEwing to replace Brian Searles who will assume the position of Vermont Secretary of Transportation. The same support staff will remain in place. The process to find a permanent replacement for the position will be the same used when filling the Burlington Police Chief position (essentially three different teams conducting interviews, two teams determining recommended candidates, and one team forwarding the hiring decision to the Mayor for approval by City Council). There will be a nationwide search as well as consideration of internal candidates. Ads will be placed for the position in early January with interviews targeted for February. Gene Richards requested the Airport Commissioners be included on the teams. Jeff Wick suggested the Airport Commissioners be one complete team. Peter Plumeau suggested the airport administration contact peer airports for potential leads to candidates. Gene Richards mentioned the salary for the BTV Director is not competitive outside of Vermont and this needs serious consideration in order for Burlington to keep its edge in the industry.

Pratt & Whitney Update

Glen Howard gave an overview of Pratt & Whitney and the aircraft and engines built and maintained by the company which does business globally. The Burlington site handles approximately 10 aircraft per week (corporate, charter, fractional flying planes) and is one of only two flying facilities for Pratt & Whitney. The company has 20 certified aircraft mechanics plus support staff at BTV and expects to outgrow the current facility

eventually. More aircraft are anticipated to come to BTV for service. Larger hangar space is needed to handle large corporate aircraft. Gene Richards stated the relationship of Pratt & Whitney to BTV is very important and the Board is committed to keeping the relationship strong and helping the company to grow. Jeff Munger asked about hiring graduates of the Aviation Tech Center. Mr. Howard stated the company will be adding two technicians to staff and looks for individuals with aptitude in the field.

2. MONTHLY REPORTS

Minutes of 11/23/10

MOTION by Miro Weinberger, SECOND by Jeff Munger, to approve the 11/23/10 minutes as written. VOTING: unanimous; motion carried.

Finance Report

November, 2010, financial statements for the airport including the two year revenue comparison (FY10-FY11) were distributed. Gene Richards stressed the need for reports to be received each month in a timely manner and in a consistent format that provides the information requested. Tammy Gagne added staff would like to be able to create reports that allow an estimate to be built in for purposes of review when anticipated revenues are not yet received. Miro Weinberger requested financial information on the airport on debt service, cash reserves, trends, and other financials.

Rich Goodwin, Assistant CFO for the City of Burlington, explained the airport financials are geared toward municipal accounting versus corporate accounting. The Board should look at trend data over the major revenue categories. The financials must be closed by Day 10 to allow time for review and preparation of financial data by Week 3 for the Board. The Cash Balance statement was reviewed. The balance is changing due to the revenue anticipation note for the airport and reimbursement with federal funds. Rich Goodwin stated a bond is expected the first week of January 2011 to pay off short term borrowing needs. Bond anticipation note information (rate, maturity date, use) will be forwarded. A revolving line of credit of \$5 million with Peoples Bank (rate under 3% for short term borrowing) will be in place the first week of January 2011. Auditing financials for the airport are needed by the bank before they will advance 80% of the funds. The money will allow a decrease in flow time for reimbursement with federal funds. The goal is to make the airport self sufficient with a clear separation of money for the airport, stressed Mr. Goodwin. The difference between revenue bonds through the open market versus the Vermont Municipal Bond bank for government financing was explained. BTV will use the bond bank credit rating. The Vermont Municipal Bond Bank understands Burlington and the needs as well as the downgrade by Moody. Long term borrowing (30 years) is at a rate under 3%. The situation is fluid, but staff has been working hard to solidify the deal.

Miro Weinberger summarized the plan is to sell \$22 million in bonds for the airport garage expansion. The Vermont Municipal Bond Bank will be underwritten by the market to buy bonds under their rating. The airport revenue stream will go to the bond bank back out to the markets and city taxpayers will not be at risk for the bond. Gene Richards noted the past history showing the airport's ability to pay down debt. The issue

is the debt coverage ratio. In order to assure the bond bank with regard to the debt ratio BTV's capacity to pay down debt based on conservative revenue growth assumptions were demonstrated, said Rich Goodwin (\$22 million bond at 3.5% over 30 years equaling \$769,000 additional debt per year was used). Mr. Goodwin expressed confidence the \$22 million loan will be secured and even with no grant money (though typically the airport receives grant money) it can be demonstrated the airport can pay the debt.

There was discussion of the airport operating the parking garage rather than Burlington Public Works. Gene Richards stated the task is out to bid as due diligence to ensure BTV is not overpaying for a service.

There was further discussion of the bonds. Peter Plumeau questioned how the airport can get the bonds at the specified rate. Tammy Gagne explained revenue bonds are tied to the airport's rating, but general obligation bonds (GO bonds) are under the City's rating. Jeff Wick expressed concern that the \$14 million airport business does not have a CFO and adequate support staff to provide a professional financial function and this should not be the case. Gene Richards assured this matter has been under discussion. Brian Searles explained the airport is an enterprise fund and has tried to be independent as much as possible from drawing on general taxes, but the airport is an asset of the City of Burlington. Peter Plumeau invited Mr. Goodwin to attend the Airport Commission meetings through the bond issue time period.

Miro Weinberger asked for further explanation of the debt ratio. Rich Goodwin explained the total debt per year for the airport is \$4.2 million. Debt coverage is .75, but the parking garage generates revenue. Each month adjustments must be made accordingly in the amount. Mr. Weinberger questioned how financing can be secured without showing evidence of three or six months of operation. Tammy Gagne stated increases are being implemented as recommended by the consultant to help cover the debt service. Rich Goodwin added financing from the bank can be earmarked and more money put in reserve to increase the number of points. The money can be used to help improve the score. Brian Searles added 'snapshots' have less value early in the fiscal year. There are front loaded expenses, such as insurance, which means reliance on projections until the actual numbers are realized. Rich Goodwin stated the budget is done as a municipality. The year-to-date budget is broken down into a monthly financial plan. Peter Plumeau asked if the projections cover 'disaster scenarios' such as losing an airline. Mr. Goodwin said good business practice of worst, likely, and best case scenarios are covered.

Karen Paul, City Counselor, observed the monthly budget projections are pro forma for Burlington Telecom which is being run like a business. Ms. Paul suggested the airport also be run as a business.

3. MANAGER'S REPORT

Airport/Aviation Business Update

Brian Searles reported there has been two months of an increase in enplanements, October and November. October is up 2.9% over the previous year and November is up

5.69%. The data are encouraging. Demand seems to be coming back. The trend is tracking nationally.

Schedule

Brian Searles announced his resignation effective 12/21/10 to assume the position of Secretary of Transportation on 1/6/11. Mr. Searles thanked the Board for “hanging in there” through the downturn in the economy and aviation, and through the financial confusion with the City of Burlington.

4. OLD BUSINESS

Project Updates

1. Parking Garage

Bob McEwing reported the second level of the skywalk is to open soon. The fourth and fifth floors of the garage are done and will open once the elevator is in place. The garage should be fully operations by mid-January. There are a few tasks to do in the spring (roof garden, grouting, painting, and such).

2. Solar Project

Heather Kendrew reviewed the financial analysis of the energy reduction over the last year and options for funding the solar project. Negotiations are underway for a power contract with realistic numbers for the airport especially with solar in place. The grant for the solar project is lost if not used by June, 2011.

3. Living Wall

Brad Worthen reported the section of “living wall” installed to mitigate noise at ground level from the airport appears to be a success. Noise testing will continue. The wall was a collaboration between Burlington, South Burlington, and neighboring residents.

5. NEW BUSINESS

South Burlington Communications

Quarterly joint staff meetings will resume 1/19/11. Department heads at South Burlington and BTV will discuss issues of concern and communicate with the South Burlington City Council and the public. Gene Richards stressed BTV will continue to work with South Burlington as a partner to set the rules together. The airport is South Burlington’s largest taxpayer.

6. OTHER BUSINESS

Next Meeting: January 24, 2011 at 4 PM, Burlington International Airport.

7. EXECUTIVE SESSION and/or ADJOURNMENT

The meeting was adjourned at 6:51 PM

RScty: MERiordan

NOVEMBER 2010

NO MEETING HELD

**BURLINGTON INTERNATIONAL AIRPORT
BOARD OF AIRPORT COMMISSIONERS
MINUTES OF MEETING
October 18, 2010**

MEMBERS PRESENT: Gene Richards (Chairman)
Jeff Munger
Miro Weinberger
Jeff Wick
STAFF PRESENT: Tamara Gagne
Robert McEwing
Heather Kendrew
Brad Worthen
OTHERS PRESENT: Marianne Riordan, Recording Secretary

1. CALL TO ORDER

Prior to the arrival of Chairman Gene Richards, Tamara Gagne called the meeting to order at 4:12 PM.

Amendment to Agenda

Ms. Gagne requested the agenda be amended to include discussion of a personnel matter in Executive Session under 'New Business'.

MOTION by Jeff Wick, SECOND by Jeff Munger, to amend the agenda to add Executive Session to discuss a personnel matter under 'New Business'. VOTING: unanimous; motion carried.

2. MONTHLY REPORTS

Minutes of 9/20/10

MOTION by Jeff Wick, SECOND by Jeff Munger, to approve the 9/20/10 minutes as written. VOTING: unanimous; motion carried.

Finance Report

The September finance report was not available. Tammy Gagne reviewed the revenue and expense summary, noting a journal entry of \$261,000 for Burlington Police Department airport security year-to-date. The Treasury and Risk Management cost of \$68,080 should be \$80,080. Net income for the airport is \$53,905. Debt service payments are made July 1st and January 1st. Taxi fees are at 105% of budget because they are primarily collected in July and August. Terminal common rent (baggage claim, landing fees, and such) shows two months, not three months. Parking is at 17%, down due to the economy. On the expense side, salaries and wages are over because Park & Shuttle staff and the airport ambassadors are being paid out of payroll, not service contracts. The liability insurance premium is paid in July (the amount will balance out at year end). Treasury and Risk Management are over the allocated budget. Administrative cost budgeted is less than the costs incurred. Trends generally show revenues close to budget, aside from parking, and expenses, except paid up expenses, are trending under year-to-date. Staff will be meeting with the operational managers to talk about revenues and

expenses and necessary changes based on actual occurrences (i.e. recognizing parking is actually down).

Jeff Wick observed the \$4.2 million debt service (operating revenue of \$16.1 million minus operating expenses of \$15.1 divided by debt service payments) does not include the anticipated addition for the garage project because this will not be incurred this year and the final amount is not known.

Miro Weinberger asked if the decline in enplanements was considered in the budget. Ms. Gagne said the budget reflects level enplanements, not a decline. PFC is affected directly and indirectly by car rental, sales, gift shop, restaurant. The rate structure that is required is greatly different than what is charged at the airport, said Ms. Gagne. The charge is \$48 per square foot at the airport when it should be \$66 per square foot, but the majority of expenses are covered by applying other sources of revenue such as parking. Gene Richards commented if maintaining a low rate benefits the airport by having more flights to offer, that is fine, but if not then the rate should be reconsidered.

Mr. Richards proposed the airport operate the parking garage rather than Burlington Public Works because a better job can be done more economically. Tammy Gagne noted research of three airports similar to BTV showed between \$36,000 and \$58,000 is paid for parking operations in contrast to \$250,000 paid to Burlington Public Works for operation of the parking garage.

3. MANAGER'S REPORT

Brian Searles was not present. No report given.

4. OLD BUSINESS

Project Update

1. Parking Garage

Bob McEwing reported the car rental agencies will move back to their original second floor location in the garage on 10/20/10 and this will open approximately 300 parking spaces to the public. A temporary walkway from the north skywalk to the terminal has been established to accommodate car rental customers. The third deck of the existing garage will be the next to open. Lighting in the area is not complete due to delay in the arrival of the fixtures. Parking should be available on the new fourth and fifth levels of the garage with substantial completion of the structure in December. Many items will be finished in the spring. Project costs incurred to date total approximately \$10 million. Total project cost is about \$18 million without the solar component. Purchase of the solar panels will proceed with grant funds of \$234,000. Heather Kendrew noted Peck Electric was the successful bidder on the solar project and is working with staff to investigate any and all potential sources of outside funding for the solar portion of the project. Peck Electric has a solar apprenticeship program.

2. Runway Project

Bob McEwing reported the runway work will be complete in terms of impact to air carriers by October 29th. All paving will be done except the taxiway. Clean up

work will continue after the runway is open. Miro Weinberger mentioned the statement in the City's press release regarding a substantial decrease in enplanements due to the runway work. Mr. McEwing clarified the smaller planes (50 passenger) may have had a problem, but the airlines booked passengers on other planes. The decline is due to the economy. Heather Kendrew state some travel agencies erroneously thought the runway was closed and changed travel plans for their clients. Mr. McEwing suggested a press release be done and a ribbon cutting ceremony be held when all the work is complete at the airport so the public can be fully informed.

3. Chiller, Escalator, Terminal Corridor Renovation

Heather Kendrew reported the terminal chiller install is essentially complete (contractor is setting controls and balances). The escalator repair work is well underway. The project is anticipated to take two months to complete barring delay of parts. Ms. Kendrew will pinpoint a completion date. The terminal corridor renovation project will begin in approximately three weeks. Lead paint abatement was necessary at the start of the work which delayed construction.

5. **NEW BUSINESS**

Impact of Moody Downgrade

There was discussion of the airport's downgrade in rating by Moody which means a higher cost to issue debt. Moody indicated what can be done to improve the rating. Gene Richards stated the airport will have a line of credit in place within the next three weeks which will help the rating. Tammy Gagne noted the budget will include factors to help pay off the debt service. PFC can be used to pay the airport's share of AIP project. Cost information once received will be provided to the airport commissioners. There was discussion of the approach when dealing with Burlington's CEO and the new emphasis on airport financial management and operation. Jeff Wick asked for a 'snapshot' of the balance sheet showing current assets and liabilities, long term assets and liabilities, and cash flow to determine if there is more cash going in or out. Brad Worthen asked if City Council can approve a loan. Ms. Gagne explained the City can get a loan externally for up to \$5 million for an airport, parks, and such. Internally, interdepartmental borrowing is allowed with interest (borrowing from pooled funds). Gene Richards stressed the airport needs to be autonomous and this will be pushed at City Hall. Staff is evaluating all airport contracts and agreements to ensure a fair and competitive rate. Miro Weinberger asked for a report on the FY11 debt coverage ratio and steps being taken and to be taken. Jeff Wick stated 2012 is when an extra \$20 million in debt service will hit.

Executive Session: Personnel Matter

MOTION by Jeff Wick, SECOND by Miro Weinberger, to go into Executive Session to discuss a personnel matter where premature public knowledge could cause an adverse impact, and to invite the Airport Director of Finance and Administration to attend. VOTING: unanimous; motion carried.

Executive Session was convened at 5:40 PM and adjourned at 5:54 PM. The regular meeting reconvened. There was no action taken following Executive Session.

6. OTHER BUSINESS

Next Meeting: November 15, 2010 at 4 PM, Burlington International Airport.

7. EXECUTIVE SESSION and/or ADJOURNMENT

The meeting was adjourned at 5:55 PM

RScty: MERiordan

**BURLINGTON INTERNATIONAL AIRPORT
BOARD OF AIRPORT COMMISSIONERS
MINUTES OF MEETING
September 20, 2010**

MEMBERS PRESENT: Gene Richards (Chairman)
Jeff Munger
Miro Weinberger
Peter Plumeau
Jeff Wick

STAFF PRESENT: Brian Searles
Robert McEwing
Tammy Gagne
Heather Kendrew
Brad Worthen

OTHERS PRESENT: Karen Paul, Burlington City Councilor
Caroline Paul, citizen
Marianne Riordan, Recording Secretary

1. CALL TO ORDER

Chairman Gene Richards called the meeting to order at 4 PM and introduced Karen Paul, Burlington City Councilor, and her daughter, Caroline Paul. Chairman Richards noted Karen Paul is very helpful and supportive of the airport on City Council.

Conversation with Karen Paul

Councilor Paul acknowledged there is much going on at the airport and expressed support of the airport prospering. As an enterprise fund it is critical the airport function as a business with little interference from the City so the enterprise is profitable, and if the airport is profitable that money should stay with the airport, said Ms. Paul. City councilors have been encouraged to tour the facility, noted Ms. Paul, adding it might be beneficial to host an event that allows the public to visit and tour the airport to see and appreciate what is happening at the site. Brian Searles mentioned the recent tour of the airport by the CCMPO board which was very positive and informative for the participants.

Gene Richards stated some issues the airport is experiencing with City Hall include communications (needs improvement) and making sure promises that are made are met relative to the parking garage. Revenue from the parking garage needs to come back to the airport so the budget can be balanced. Karen Paul agreed the airport should continue to pursue the funds that belong to the airport though if the matter cannot be resolved this year, then the money must be budgeted in next year's budget. Brian Searles stated progress has been made, but the airport does not concur with the agreement as written and will not sign, auditors notwithstanding. The parking garage project is having an impact on revenues and as a result the airport will use some reserve funds, but the infrastructure is being built at significantly less cost than in different economic times and the infrastructure will serve the airport well for a long time, stated Mr. Searles. Staff will

continue to negotiate with Burlington Public Works (BPW) for a more fair arrangement. Others issues to be worked out are the Moody situation and the bond market.

Jeff Wick requested the airport portion of the management letter for the City's audit to review any deficiencies. Karen Paul pointed out City Council up until the last year did not receive the management letter (not even listed as a recipient), but this has since been changed. The letter is posted on the website. Gene Richards assured airport staff addresses any identified deficiencies and keeps Jonathan Leopold informed. Brian Searles reiterated the MOU for administration of the garage will not be signed until the numbers are satisfactory. Karen Paul pointed out this will show up on the management letter if not done. The management letter from the auditors for the City of Burlington is 50 pages long as compared to the state's letter which is eight pages long. Peter Plumeau commented in the accounting world the management letter should identify exceptions. The management letter should not be the practice.

Peter Plumeau mentioned the relationship between the airport, Burlington and South Burlington, and urged maintaining an ongoing positive arrangement. South Burlington supports the airport, stated Mr. Plumeau, but is concerned about the property purchases, noise, and the "living wall". Brian Searles noted the houses were not removed upon acquisition as requested by South Burlington, but once the sound testing is done all the houses will be removed.

2. MONTHLY REPORTS

Minutes of 8/23/10

MOTION by Jeff Munger, SECOND by Miro Weinberger, to approve the 8/23/10 minutes with the following correction/clarification:

Page 1, Finance, 2nd paragraph – delete the sentence reading: "Tammy Gagne stated BTV borrowed PFC money without knowledge."

VOTING: unanimous; motion carried.

Finance Report

Tammy Gagne reported operating expenses are under year-to-date. Expenses can be controlled and managed to absorb revenue loss. The budget has \$700,000 fewer expenses and \$400,000 more revenues. Also, there will be a savings from the efficiency projects. There are a significant number of front loaded expenses (such as insurance) that will level out as the year progresses. It is expected to use reserves to cover revenue losses due to airport projects (parking garage) and airline cutbacks. Brian Searles commented the elements of the revenue stream and how dependable these elements are may need rethinking. The airlines may not be as significant a piece of the revenue stream as in the past.

Ms. Gagne reported delinquent accounts have been pursued with success. Commuter Air and jetBlue are still outstanding. Commuter Air is contesting their property taxes and jetBlue is contesting the rate increase in 2009. Delta Airlines has four contract carriers with delinquencies. Staff is following up on this matter.

3. MANAGER'S REPORT

Business Report

Brian Searles reported through the 2007-2009 recession overall system capacity is down eighteen percent. The number of passengers bumped off flights is 28% higher than the 2007 number. Revenues per available seat miles to airlines show an increase of 13% for main line carriers due to decreased capacity and an increase of 21% for low cost carriers. The main line carriers are investing in hubs, not smaller airports like BTV. The main lines are moving traffic into peak hours rather than off peak so the planes are full. There will be growth in subsidies by airports of BTV size which means a sophisticated look at marketing is necessary. Less air service means more competition among passengers for available seats. "Sophisticated subsidy" means more investment by an airport in infrastructure or cash exchange or purchase of routes.

Miro Weinberger asked about impact on the budget. Mr. Searles stated the runway and parking garage will be evident in the second half of the fiscal year. Mr. Weinberger asked about the \$200,000 per month loss. Tammy Gagne explained revenues are down between \$100,000 to \$150,000 per month. In addition to the impact of the garage construction there is some loss at the Park & Shuttle as well. Both the airport and BPW will see a loss in revenue from parking. Last year July/August gross revenues collected at the parking garage were \$400,000. This year revenues were \$200,000. That amount of loss in revenues was not budgeted. Brian Searles added there are not as many passengers as before the garage project stated because the airlines are cutting the number of seats by 500 per day (down 20%). Planes now are full. Parking revenues are down five percent or \$300,000 for two months (5% of \$6.6. million). Airline seating is down 20% so regardless of the parking garage project revenues will be down and that was not projected in the budget.

Brian Searles noted airport staff is meeting with Burlington's CAO and Moody's representatives at the end of the month to hopefully change the bond rating. The City is paying the bills to cover the loss from parking, but reserves will still need to be used. There was mention of increasing the parking rate from \$10 to \$12 immediately. Tammy Gagne will implement the increase effected 9/29/10 and have new signs made.

4. OLD BUSINESS

Project Update

Bob McEwing reported progress continues on airport projects. A solar roof on the parking garage is still in the planning process. Vendors have been contacted, including Mark Kane who is doing the solar array at General Electric in Burlington. The solar roof will not be built until it is confirmed the funding (\$1.6 million) is in place. There was mention of leasing the roof for a solar application. Mr. McEwing assured all ideas will be considered. Jeff Munger suggested contacting Ken Pigeon with ECI regarding solar applications.

Communications with Jonathan Leopold

Tammy Gagne is meeting with Mr. Leopold on 9/21/10 to discuss airport financial matters.

5. NEW BUSINESS

Presentation on BTV Master Plan

Heather Kendrew updated the Board on projects underway as part of the airport's master plan including the following:

Projects 2010-11

- Runway overlay, reconstruction, reconfiguration
- Taxiways C & J (anticipate will be done end of October)
- LED taxiway lighting/signage (anticipate will be done end of October)
- Design work
- Land acquisitions (14 of 20 properties on the schedule have been purchased to date with acquisition of the remaining six to be done by April, 2011; the most recent of two grants that were received was for \$2.4 million for the purchase of an additional eight properties; staff will submit another grant application in February for purchase of up to 10 more properties)

Active Efficiency Projects (with improvements and controls in place anticipate 20% decrease in energy use)

- Lighting retrofit terminal road, lots (95% done)
- Chiller installation
- Economizer installation
- Boiler upgrade
- Garage LED lighting – north (south is pending funding)

Terminal/Garage/Airfield

- Parking garage expansion (double “T” steel installation done within the next two weeks)
- Escalator
- Terminal (fire)
- Air carrier ramp repairs (PFC projects)
- Storm water testing/monitoring
- Runway MALs
- TSA equipment upgrade

Planning Discussion, Goals, Objectives

The following planning issues, goals, and objectives were mentioned:

- Meet current year debt coverage responsibilities
- Discuss inter-jurisdictional governance
- Continue work on financials
- Clear up Moody situation
- Clear up situation with City Hall
- Clarify role of CAO office in financial management of the airport (in the past the CAO office played a more significant role in facilitating investment policy and borrowing; if the airport is to take over then more financial power needs to be given to staff)

- Staff succession planning (salaries paid today are less than what will have to be paid to replacements)
- Taxi service problems and improvements (City Council will not allow privatization which is what should happen with the service)
- Continue work with South Burlington as a partner on issues of common interest
- Airport access (new exit off interstate)
- Airport Improvement Project – south end development

Positive comment was made on the efficiency and effectiveness of airport staff and Nikki Fuller, Assistant City Attorney, in ensuring that airport services are top notch.

Tammy Gagne will provide Jeff Munger with a copy of the old taxi ordinance. The ordinance is being updated for adoption by City Council in November.

Brad Worthen reported half the riders on the bus service from Montreal are debarking at the airport and going elsewhere rather than taking a flight. Also, potential passengers are having difficulty buying bus tickets because the counter is not staffed. A meeting with Greyhound is scheduled.

6. OTHER BUSINESS

CAH Litigation Update

No settlement or much progress at this point in time.

Anonymous Complaint Update

No investigation has been initiated by the FAA.

Announcements

Chairman Richards announced taxi inspections are taking place. Only one service has been found to be out of compliance.

Next Meeting: October 18, 2010 at 4 PM, Burlington International Airport.

7. EXECUTIVE SESSION and/or ADJOURNMENT

Chairman Richards adjourned the meeting at 5:55 PM

RScty: MERiordan

**BURLINGTON INTERNATIONAL AIRPORT
BOARD OF AIRPORT COMMISSIONERS
MINUTES OF MEETING
August 23, 2010**

MEMBERS PRESENT: Gene Richards (Chairman)
Jeff Munger
Miro Weinberger
Peter Plumeau
Jeff Wick

STAFF PRESENT: Brian Searles
Robert McEwing
Tammy Gagne
Heather Kendrew
Brad Worthen

OTHERS PRESENT: Marianne Riordan, Recording Secretary

1. CALL TO ORDER

Chairman Gene Richards called the meeting to order at 3:20 PM.

2. MONTHLY REPORTS

Minutes of 7/19/10

MOTION by Jeff Munger, SECOND by Jeff Wick, to approve the 7/19/10 minutes as written. VOTING: unanimous; motion carried.

Finance Report

Tammy Gagne provided a copy of the financial document received each month which lists revenues and expenditures for the month. The account code identifies what the payment pertains to. There are four large revenue streams at the airport (terminal, car rental, landing fees, parking). The report compares the same month over a two year period. Expenditures are accurate to the end date, but revenue figures lag behind for some items (landing fees, garage revenues, CFC car rentals, for example) because the information is not available when the report is published. The reports are accurate based on the information available at the time, but do not represent the entire picture, said Ms. Gagne, adding staff can generate specific reports on the general operation of the airport if the Board desires. Gene Richards stated the Board only needs to be made aware of any trends or anomalies.

There was discussion of having contract authority to spend money before receiving federal funding. The PFC program is paying debt service on projects from 1997, 2000, and 2003. The airport has always had the proper accounting of PFC funds (what is in from the airlines, what is on account with interest, what is paid out). Jonathan Leopold reported what is new in the account, not what was in the pool. BTV does not have PFC money in the pool because the money was spent on federal AIP projects. Brian Searles added cash flow is managed outside BTV, but now with segregation of funds there is better focus so ideally what is happening with airport funds will be known though less information is being received from the City of Burlington though. Bob McEwing urged

setting up a special capital account for AIP projects because interest that is spent is eligible for reimbursement. Revolving funds are needed for AIP. Tammy Gagne stated up to \$10 million can be borrowed (like a line of credit) for approved AIP projects, and this will eliminate cash flow issues. Miro Weinberger requested budgeted versus actual debt ratio information.

There was discussion of overdue accounts. Gene Richards pointed out the delinquencies are within industry standard. Tolerance helps build and keep relationships with the vendors. Brian Searles assured staff is pursuing the accounts appropriately.

3. MANAGER'S REPORT

Business Report

Brian Searles reported there were not as many seats as passengers compared to last summer (July 23.3%, August 25.2%) because AirTran stopped service September 8, 2009. AirTran offered three flights a day in July and August and filled every plane, but there was not a regular flight schedule. Passenger demand still exists and is not being met due to a different aircraft mix and the runway being closed from 11:30 PM to 5:30 AM. By October airport operations will be back to normal and that will be a positive impact on the schedule.

The visit with Dave Barger, CEO of jetBlue Airway was successful. Mr. Barger enjoyed himself and had good discussions with Governor Douglas and Brian Searles. Mr. Barger also met with his crewmembers (employees). Brian Searles mentioned there will be discussion of movement of airlines at airport gates to create room for jetBlue growth at BTV.

Air Service Marketing Update

Brian Searles reported staff will be going to Atlanta to discuss nonstop service to Atlanta with Delta. This flight was one of the most popular flights out of Burlington, but Delta did not make money because the wrong aircraft type was used (the 70 seat plane used lots of fuel; 100-125 passenger seats were needed to make the route profitable). Miro Weinberger asked about routes with JetBlue. Brian Searles mentioned flights to Fort Lauderdale are under discussion.

Airport 90th Anniversary/AAAE-NEC Convention Update

The AAAE-NEC Convention was a huge success with over 350 attendees and great weather for all events. Kudos to Bob McEwing and Tammy Gagne for coordinating the event. Some airport anniversary activities were included at the convention (air show). The conference committee repeatedly mentioned that Burlington should facilitate future conventions. Tammy Gagne reported the conference hosted by Burlington paid all associated expenses and was able to double the \$25,000 payment to the AAAE chapter. The airshow was paid for as part of the 90th anniversary celebration. The anniversary celebration had a small gathering following the convention.

Fire Update (North Tower)

Firefighters from South Burlington, Burlington, and the Air Guard were credited with their quick response to the fire in the north tower which was due to welding activity during the day. There was very little loss of material and no structural steel damage. The insurance company is handling the claim. Work has resumed on the parking garage.

4. OLD BUSINESS

Parking Structure and Financing

Bob McEwing reported work on the parking garage is on schedule. Nearly a dozen steel beams are being installed daily. Airfield work is also on schedule and on budget. The southern end is expected to be complete by mid-September. Taxiway, concrete work and overlay work will be done by October. A grant amendment of \$360,000 (ARRA funds) for the taxiway project was received. Another piece of property in South Burlington has been purchased as part of the land acquisition effort. BTV hosted some students from York College who are working with airport managers as part of their education in the aviation industry.

Miro Weinberger asked about the expenditure for the garage project (\$15 million by December). Bob McEwing reported \$6.757 million has been spent to date. Tammy Gagne mentioned reimbursement of \$2 million and the money being available for the garage (cash flow). There is a two to three week turnaround by the FAA. Information provided by Jonathan Leopold's office indicates they are still working toward financing of the garage by the November timeframe and the City's general fund will support the work until that time. Mr. Leopold wants BTV to use the City as the source of funds for bills related to the parking garage rather than a bank or revenue bonds. Gene Richards observed historically BTV has not been involved at this level before. Tammy Gagne stated there have been occasions when funding was advanced for architectural and design work and concrete orders. BTV could go for bonds at a different rate, but Mr. Leopold wants to get off the credit watch first. Miro Weinberger noted Mr. Leopold's letter was silent on the credit watch situation. Tammy Gagne said BTV responded to all the questions from Moody and Jonathan Leopold also sent a brief response. Brian Searles stated the intent is to follow up to make sure everyone has all the information that is needed so there can be an update from Moody. Gene Richards said he informed Mayor Kiss of the need for backup information from Jonathan Leopold. Mayor Kiss promised the information would be sent. The charge of the Airport Commission is to make sure there is a plan in place for the airport and to backup the staff, said Mr. Richards. Miro Weinberger and Peter Plumeau stressed the need for better communication and more information on the credit rating situation from Mr. Leopold's office. Miro Weinberger will draft a memo as follow up to the letter from Jonathan Leopold, dated 8/22/10, and request an update for the next meeting. Gene Richards will review the memo prior to sending.

Project Update

Heather Kendrew gave a brief review of current projects at the airport, including runway and taxiway overlay, design and reconstruction work, lighting, signage, land acquisition, energy efficiency upgrades, parking, escalator, and other work. Pictures of the garage construction, air chiller replacements, runway construction, and recent fire damage to the

north tower were shown. The escalator needs to be replaced due to the age of the equipment (1985). Federal funding is being sought to cover the cost of replacement. Concrete work around lights owned by the FAA needed to be replaced (\$50,000). Brian Searles added there are invoices totaling \$88,000 for wildlife management, additional training, and other items related to passenger safety. Staff is investigating if this work qualifies for the PFC program.

Brad Worthen reported Sandy Miller, So. Burlington City Manager, had an orientation with BTV staff and a tour of the airport, Heritage, and Pratt & Whitney. Mr. Miller supports good communications with BTV, acknowledging the airport as South Burlington's #1 taxpayer paying taxes and fees of nearly \$1.6 million.

5. NEW BUSINESS

FAA Discussions

Brian Searles reported an anonymous complaint was filed with USDOT regarding alleged diversion of airport funds. Details have been supplied to show the allegations are false. The FAA is in position to deal with the IG on the matter in case they determine that an investigation is warranted.

6. OTHER BUSINESS

Cell Phone Parking Lot

Peter Plumeau suggested more prominent signage be posted and publicity be done to advertise the location of the cell phone parking lot. Brian Searles stated the signage is temporary at this point in time. A sign was developed by CCMPO. Signs will be posted from the interstate to the terminal.

Announcements

BTV will host the CCMPO monthly meeting on September 15, 2010. A full tour of the facilities and dinner will be provided. The master plan for the airport was presented to the CCMPO. The transportation portions are subject to CCMPO discussion.

Next Meeting: September 20, 2010 at 4 PM, Burlington International Airport.

7. EXECUTIVE SESSION and/or ADJOURNMENT

Chairman Richards adjourned the meeting at 5:27 PM

RScty: MERiordan

**BURLINGTON INTERNATIONAL AIRPORT
BOARD OF AIRPORT COMMISSIONERS
MINUTES OF MEETING
July 19, 2010**

MEMBERS PRESENT: Gene Richards (Chairman)
Jeff Munger
Miro Weinberger
Peter Plumeau
STAFF PRESENT: Brian Searles
Robert McEwing
Tammy Gagne
Heather Kendrew
Brad Worthen
OTHERS PRESENT: Marianne Riordan, Recording Secretary

1. CALL TO ORDER

Chairman Gene Richards called the meeting to order at 4:20 PM.

2. MONTHLY REPORTS

Minutes of 6/21/10

MOTION by Jeff Munger, SECOND by Miro Weinberger, to approve the 6/21/10 minutes with the following amendment(s):

Page 5, paragraph beginning "Jeff Wick requested discussion of the strategy..." – delete the sentence reading: "It is unlikely BT will pay the city back the \$17 million."

VOTING: unanimous; motion carried.

Finance Report

Tammy Gagne mentioned the previous request to Jonathan Leopold's office to receive financial statements sooner than in the past. On July 7, 2010 an issue with the combined operating statement was found. A copy of the statement was received on 7/8/10. Payables, receivables after 6/30 up to 8/30 are allocated back to FY10. Ms. Gagne provided a modified report, noting the document is unaudited, but a close estimate of how the audited year will end. A snapshot of the federal capital program shows \$12.2 million in projects with \$244,000 (2%) being BTV's share. Capital expenses are budgeted at \$500,000 of which \$336,000 is regular capital expenses such as replacement of carpet, equipment. There is \$4 million shown for garage financing plus \$1 million in other items. There is a line item for industrial park expenses and revenues and if this is removed a revenue loss will be shown which can be covered with rates so it is not an actual loss. The budgeted loss was less than anticipated due to budget control.

Miro Weinberger questioned budgeting for a loss. Mr. Weinberger mentioned the need to have sensitivity to the debt ratio. Tammy Gagne stated the loss is not directly related to the debt service ratio. Mr. Weinberger suggested significant changes and debt service ratio be added to the financial report.

Peter Plumeau asked if airport finances are subject to yellow book, green book audit standards separate from the city. Tammy Gagne stated the airport falls under the city auditing guidelines, but also is separately audited for federal programs.

Tammy Gagne stated it would be helpful to talk about the documents in the monthly commission report. Gene Richards stated discussion of the documents will occur an hour prior to the next Airport Commission meeting.

MOTION by Peter Plumeau, SECOND by Jeff Munger, to approve the “June 2010 City of Burlington - Burlington International Airport Unaudited Financial Report” as submitted and discussed. VOTING: unanimous; motion carried.

3. MANAGER’S REPORT

Business Report

Brian Searles reported enplanements were down 5% in June. Capacity is down 17.7% due to the construction and disruption of schedule. July and August numbers will not include three flights by AirTran which were at capacity on a daily basis. There are seven fewer flights, but staff is confident most will return.

Air Service Marketing Update

Due to changes in aviation and the airline business, Boyd Group International (marketing consultant) advises thinking about the highest and best use of space. Airlines are interested in money made on flights out of the airport. Staff is meeting with various airlines. It is hoped to have more services, such as Delta to serve Atlanta and Boston. AirTran is giving mixed signals, but likely will not return before next year at the earliest. More space is being created for JetBlue (two gates). Space for Continental and United will be merged on the north end of the building. Presently, Gate 7 is not being used.

Airport 90th Anniversary Update

There will be banners announcing the 90th anniversary and release of the book on the history of the airport. A press release will accompany the release of the book which will sell for \$25 with half of the proceeds coming back to the airport. There are other festivities planned for the celebration as well.

4. OLD BUSINESS

Parking Structure Financing

Robert McEwing reported the steel for the parking garage is being installed. The center portion should be done soon. Preparation is being made for the very large crane that is being brought in for the remainder of the structure assembly.

Tammy Gagne reported on meetings with Jonathan Leopold regarding the financing of the garage, specifically relating to payment to contractors for the work. BTV can make three more months of payments. Jonathan Leopold is confident the City of Burlington can borrow \$5 million in a bond anticipation note.

Miro Weinberger asked about the cost of the project. Robert McEwing stated the \$19.8 million cost includes the garage and solar component (\$2 million). It is not certain the solar component will be done. Miro Weinberger calculated the project is nearly \$18 million and there is \$9.4 million on hand plus \$5 million in a bond which leaves a gap of approximately \$4 million. Brian Searles assured the project will get to the market, but the issue is getting there under more favorable conditions. Mr. Weinberger asked about the \$9.4 million spent through September plus \$5 million as noted in the letter from Jonathan Leopold. Brian Searles explained according to Mr. Leopold the funds will be found and the source would be 'pool cash'. Regarding the issue of the financing coming together, Mr. Leopold argues this is not the airport's responsibility, stated Mr. Searles.

Jeff Munger suggested the solar component should remain in the project. Brian Searles agreed, but added people using the parking garage should not be paying for that portion of the debt.

Gene Richards requested for the next meeting more information on other revenues (leases, contracts) showing how much is coming in, terms of the arrangements, and if any are in arrears. Also, information should be included on what is not rented as yet and what will not be rented. Brian Searles suggested the information be provided in October after the ACI peer review of the financial and capital programming areas which will occur September 14-16, 2010. The peer review will include Sarasota Airport and Indianapolis Airport as well as a city owned and operated airport of similar size to Burlington International. Tammy Gagne pointed out the unaudited finance report just given to the board provides much of the information being requested.

Miro Weinberger suggested a note of thanks be sent to Jonathan Leopold for the memo and request be made for an update between the current cash on hand and anticipated notes to show the project has finances to continue through September-October and that the commission would appreciate monthly updates of this plan. More process is needed on the solar piece. There should be an analysis of the solar component for discussion purposes, said Mr. Weinberger. Heather Kendrew noted the first go around of financials assumed federal paybacks which the airport does not receive. More current information will be available prior to the next meeting. Jeff Munger noted the federal energy committee is proposing tax credits.

Airfield Project Update

Mr. McEwing reported \$21 million was received to redo the ends of the runway. Five inches of pavement is being removed and replaced with a pavement overlay and two inches of pavement which should last for 15 years. Taxiway "C" must be completed first then the airport will be in a position to replace the main runway. Runway 119 is to be extended by 400'. The work is being done at night because the runway must be closed. Burlington is a single runway airport and the runway cannot be closed during daytime hours. Airlines were notified in February about the runway closure (11:30 PM) so their flight plans could be adjusted. The work is slated to be complete by mid-October.

5. NEW BUSINESS

CCMPO Master Planning Briefing

Brad Worthen reported a briefing on the master plan for the airport will be provided to CCMPO. The briefing will cover the process and the long range (20 year) plan for the airport. Regarding access as the airport grows (Exit 12B or another option in close proximity to the airport and interstate: Exit 14N) CCMPO should put the transportation possibilities into their planning process. Robert McEwing commented the master plan update is based on Vision 2030 and growth so where 14N or 12B end up depends on demand. Brian Searles clarified 14N is only a concept at this point. The airport is in support of the 12B access.

AAAE/NEC Conference

American Association of Airport Executives Northeast Conference will be hosted by BTV on August 14-18, 2010.

6. OTHER BUSINESSSale of O'Brien Brothers Farm

O'Brien Brothers informed the airport of a 41 acre parcel of farmland that is for sale at \$4 million. The parcel would work well for a rental car facility for the airport. O'Brien Brothers will owner finance for five years with a balloon payment at the end. BTV has no current need for the property and there is not \$150,000 per year in the operating budget to cover the interest payment on the purchase. Staff is recommending the offer be declined.

MOTION by Peter Plumeau, SECOND by Jeff Munger, to accept the staff recommendation to forego the offer from O'Brien Brothers regarding 41 acres of land. VOTING: unanimous; motion carried.

Mr. McEwing will thank the O'Briens for the offer and inform them of the board's decision to decline.

7. NEXT MEETING & AGENDA ITEMS

Next Meeting: August 23, 2010 at 3:30 PM, Burlington International Airport.

Agenda Items:

- Financial Discussion

8. EXECUTIVE SESSION and/or ADJOURNMENT

MOTION by Peter Plumeau, SECOND by Jeff Munger, to adjourn the meeting. VOTING: unanimous; motion carried.

The meeting was adjourned at 5:50 PM

RScty: MERiordan

**BURLINGTON INTERNATIONAL AIRPORT
BOARD OF AIRPORT COMMISSIONERS
MINUTES OF MEETING
June 21, 2010**

MEMBERS PRESENT: Gene Richards (Chairman)
Jeff Munger
Miro Weinberger
Jeff Wick
Peter Plumeau (via teleconference)

STAFF PRESENT: Brian Searles
Robert McEwing
Tammy Gagne
Heather Kendrew
Brad Worthen

OTHERS PRESENT: Jonathan Leopold, Burlington Chief Administrative Officer

1. CALL TO ORDER

Chairman Gene Richards called the meeting to order at 3:39 PM.

2. EXECUTIVE SESSION

MOTION by Miro Weinberger, **SECOND** by Jeff Munger, to go into Executive Session to discuss leases and contracts, and to invite airport staff present to attend. **VOTING: unanimous; motion carried.**

Executive Session was convened at 3:42 PM

MOTION by Jeff Wick, **SECOND** by Miro Weinberger, to adjourn Executive Session and reconvene the regular meeting. **VOTING: unanimous; motion carried.**

Executive Session was adjourned and the regular meeting reconvened at 4:15 PM

3. APPROVAL OF MINUTES (May 17, 2010)

MOTION by Jeff Munger, **SECOND** by Miro Weinberger, to approve the 5/17/10 minutes as written. **VOTING: unanimous; motion carried.**

4. FINANCE REPORT

Copies of the finance report were provided to the Board for review and discussion at a later point in time. Tammy Gagne noted it was discovered the AIP Receivables Report has been in error for the past few months.

5. MANAGER'S REPORT

Business Report

Brian Searles reported enplanements (51,058) are 7.5% less than the same time last year. There are 17% fewer seats than one year ago. Factors include AirTrans no longer serving BTV plus the current construction which limits flights. There are seven fewer departures per day than a year ago. In addition, the average ticket price has increased from \$315 to

\$353. Since September, staff has been visiting one airline per month to try to add service to Burlington. Hub traffic is up 4% domestically and 7% internationally mainly due to business travel. BTV is mainly a leisure travel airport. Leisure travel is projected to increase 2% in 2010. It is anticipated that once the construction projects are complete there will be an increase in flights. There have been discussions with Jet Blue regarding service to Fort Lauderdale and Boston (Jet Blue is not interested in Boston). Three issues facing smaller airports like Burlington include who will serve a small airport with legacy airlines, competition in prices and fees, and diversion of airport revenue to city and county government as well as sale of assets. Load factors at Burlington have been as high as 85%.

Jeff Munger asked about the impact of the Gulf oil spill on the leisure market. Brian Searles noted Florida, Las Vegas, Denver, and the west coast are the main destinations from BTV. There was brief further discussion of bookings.

6. OLD BUSINESS

FY2010 Budget Update

Statements showing revenues for enterprise funds by object code for reporting period 9 and expenses for reporting period 9 were provided to the Board.

7. NEW BUSINESS

FY2011 Budget

Jonathan Leopold, Chief Administrative Officer for the City of Burlington, was in attendance and explained the indirect cost allocation plan. The administrative charge in the budget is an 'indirect cost allocation'. Indirect costs can be used as match for federal funding. This is not used for FAA grants, but could be though the match is not cash. The plan covers three major cost functions, including the ability to support expenditures/revenues, paying for all management and operations of payroll, and governance. The plan uses a series of allocation formulas to distribute costs (office space, share of the IT Center, and such). The financial management function is allocated based on actual expenditures and reconciled at the end of the year with actuals. The governance cost is a hybrid of the other two cost functions and anything else that makes sense. The basis of the allocation must be fair and rationale. There is an audit each year. The cost of the plan fluctuates, continued Mr. Leopold, with change in payroll due to staff changes. The relative share of each entity changes as well. If airport expenditures increase greater than the rest of the city departments then the airport will pick up more of the management costs in the office. Airport expenditures in the last year have increased so there will be a higher allocation of costs. There will be a charge and a corresponding credit for services of the senior accountant in charge of the airport. The city cannot change where the charges are occurring (80% of Interdepartmental Charges is police services). Airport indirect cost allocation in FY10 was \$185,000 increased to \$265,000 in FY11. In the last five years the amount has gone from \$90,000 to \$265,000. Expenses in 2007 were \$8.3 million and projected to be \$11 million in 2011. The budget estimate is on the high side and will track closer to the FY10 projected final, stated Mr. Leopold, adding the city uses the accrual accounting method, not cash accounting.

Jeff Wick requested documentation from Jonathan Leopold on the allocation. Mr. Leopold suggested a good question for the auditor is to ask if the indirect cost allocation plan and charges to the airport are appropriate. The auditors do audit the airport and issue a separate audit report. Issues germane to the airport are noted in the management letter. The audit report should be available in November. The auditors can be asked for a management letter on airport findings only. The audit document details findings of noncompliance to federal requirements and any material weaknesses in financial management. The auditors can be asked to meet with the airport commissioners to answer questions about the indirect cost allocation plan, offered Mr. Leopold.

Mr. Leopold gave a brief history of the parking garage contract with the City Traffic Division of Burlington Public Works (BPW) which was in place for 23 years (beginning in 1986). Prior to that time a private contractor managed the parking garage. Much revenue was being generated by the garage and the city needed money so the mayor at the time (Bernie Sanders) requested a \$300,000 payment to the city based on an analysis of the value of the airport at a couple of hundred million dollars. Also, the city heavily subsidized the airport for a long time. The FAA issued a cease and desist order, and though conceding the audited report on the airport would likely hold up in court threatened to freeze all grants until the issue was resolved. There were other cities that were taking money from their airports, but not publicly, said Mr. Leopold. Burlington put the money in reserve and the FAA did not freeze the grants. The resolution included allowing development of the industrial park and management of the parking garage with customary rates. In FY10 the net gain to the traffic fund increased from \$225,000 to \$250,000. The garage contract is direct cost plus 5% of gross revenues. The direct cost is higher due to the city's livable wage ordinance (\$14/hour rate). Mr. Leopold said he would argue against putting operation of the parking garage out to bid. Mr. Leopold spoke in support of looking at the FY11 parking garage budget and adding a provision to hold the traffic fund harmless for revenues if there is no expansion with all or part of the rate increase. The expansion project will have a temporary negative impact on revenues because the construction is occupying available parking spaces. Mr. Leopold stressed he wants to give the optimal benefit of the rate increase and hopefully get the project done sooner. Mr. Leopold said he wants to support of the Traffic Division budget and suggested in FY11 to have an override to help the airport through the expansion project and provide more revenue to address the debt issue.

Gene Richards asked if all costs against the budget of the garage are employee costs. Mr. Leopold explained BPW has its own internal cost allocation for management allocated across BPW. The airport is not paying for meter readers or parking attendants at other garages. Mr. Richards observed there are some fees that appear not to be BTV's. Jonathan Leopold explained there are three charge back mechanisms in BPW, including administration on a cost allocation basis, engineering on an actual cost basis, and city garage (central garage for the entire city) and any vehicle associated with the garage. There are some costs in the BTV budget (benefits for employees, workers compensation, and unemployment). The airport has an unusually high insurance claim rate due to lots of vehicles being damaged. This will show up in the BPW budget or BTV budget. Mr.

Leopold offered to provide a detail of the BPW budget to show what the airport is covering, assuring BPW has no incentive to have airport costs higher than necessary.

Jeff Wick asked for details on gross revenues, expenses, and net revenues. Tammy Gagne clarified the figure shown is net revenue. In FY09 gross revenues from the Park & Shuttle and the parking garage were \$6.4 million plus collection of \$700,000 PFC. The airport paid the City of Burlington \$617,000 plus \$259,000 for their revenue share.

Gene Richards mentioned the comment from Moody about “poor financial management and financial performance at the airport”, noting the airport commissioners want to make changes immediately if the problem is at the airport. Jonathan Leopold mentioned the airport has more autonomy than the other city departments except Burlington Electric. The last four airport budgets have been virtually unchanged. The analyst from Moody’s had very little knowledge of airport operations. A different analyst was requested, more of a senior accountant type person, to participate in the review, but this did not happen. The basis of the comment by Moody is that the debt service ratio of 125% was not met and immediate remedial action was not taken by significantly increasing revenues and decreasing expenses. Increasing rates will decrease attractiveness so a decision was made to ride out the downturn and absorb the hit. Outside of that the airport has not been badly managed, stated Mr. Leopold, adding when the city goes to bond there will be a meeting and presentation to the review committee to demonstrate this. Brian Searles added he spoke to Moody on the rates and charges and had a similar impression of the analyst who did not seem to care about anything but the 125% figure. Mr. Leopold said Moody is saying there should be sufficient cash on hand to operate for a year without revenue coming in, but no business does this. The airport has lots of financial liquidity, even financing \$17 million in capital projects without borrowing. Jeff Wick asked about the situation with other airports. Brian Searles noted Manchester was impacted. Pittsburgh since no longer being the hub for US Air now charges \$170 per square foot for terminal rent, but there is no growth. There was further discussion of the 125% debt service figure. Gene Richards observed expenses showed the largest increase mainly due to the parking garage. Tammy Gagne noted internal expenses have already been cut out. Mr. Wick said the parking garage revenues are being increased and the city’s 5% needs to be contained. Mr. Leopold urged not accepting the judgment from Moody on the financial management of the airport. BTV has more connections and services than similarly sized airports. BTV has been riding on the legacy of support from US Air for a long time. Mr. Leopold urged being cautious with increasing rates to airlines.

Jeff Wick asked about the impact of the comment from Moody. Brian Searles assured what is anticipated through the current budget process plus segregation of the airport accounts will restore the rating. There was discussion of cash flow from FAA for capital projects and use of funds on hand as well as using a line of credit to meet the debt coverage ratio. Mr. Wick asked what the incremental cost of interest will be if an upgrade is not achieved. Mr. Leopold said if the rating is not upgraded than a vote for a general obligation bond is strongly recommended. There was further discussion of bonds and bond insurance. Mr. Wick asked how the garage project is being financed. Robert McEwing explained there is \$2.5 million in bonds with the need for \$10 million more.

Jonathan Leopold stated once the airport is off the credit watch there is the possibility of securing bond anticipation notes. The consultant report says what is needed and Burlington needs to show this has been done. Investigation of options to finance projects should continue. City Council authorized \$12 million in financing based on grants receivables and is looking at the revenue notes for the airport, said Mr. Leopold, adding the goal is to accumulate as much cash as possible by June 30th. Bonds should be issued by August or September. The extension of the waiver on the alternative minimum tax is part of the problem. Getting off the watch list is the first priority and then bond anticipation notes can be issued which will buy some time. The project is already approved. Revenue bonds cost more than general obligation bonds. Mr. Leopold proposed going to the voters for support of general obligation bonds rather than revenue bonds.

Jeff Wick requested discussion of the strategy of bond issuance at each monthly Board meeting. Mr. Wick asked about any impact from the payment to Burlington Telecom. Gene Richards pointed out there will not be an impact because the airport is segregated from BT. Mr. Leopold explained the city can cancel the lease with BT. The city is not in default on the lease and will not be in default. If the lease is terminated, that is it. Moody also feels it is unlikely BT will pay back the \$17 million that is owed. BT has been sealed off from other city finances since October. Mr. Wick requested that the Board receive a bank statement showing the segregated airport funds in advance of the next meeting. Jonathan Leopold said he receives a snapshot of the city's accounts. A snapshot at the end of the month of the airport's two accounts can be provided.

Miro Weinberger asked about the role and responsibility of the Board, expressing concern that neither the city nor the Board has altered the budget in the past five years. Mr. Weinberger suggested a budget-to-actual report be provided each month along with a brief explanation of any deviations. The Board needs more tools. Jonathan Leopold stated the budget snapshots show cash in the bank of \$3.7 million, but there could be \$100,000 owed for payroll to the city. The city's internal accounting system shows the budget and year-to-date figures and these statements can be sent. Airport management can explain the variances. The airport budget is not reconciled to the accrual format from the cash format. Some differences include principal which is not shown in the accrual system, but is shown in the cash system. Also, depreciation is an expense in the accrual system. The city statements will not match the airport balance sheets and reports, cautioned Mr. Leopold. The accrual accounting system was briefly explained by Mr. Leopold. Gene Richards asked that the reports from Mr. Leopold be received by the second Monday of the month to prepare for the Board meeting on the third Monday of the month. Mr. Leopold said if the information is available it will be sent as soon as possible.

Jonathan Leopold mentioned impacts to the budget out of the airport's control, such as insurance and personnel benefits. Insurance will be level funded for the third year in a row. Costs have increased for retirement benefits. The city tries to practice successful risk management and as a result workers compensation is going down. Mr. Leopold left the meeting at this time.

Brian Searles stated airport management and staff is not in support of any notion of going back to the voters for a bond vote. Gene Richards echoed the sentiment from the Board's point of view, adding the matter was previously discussed and the Board felt a bond vote was too risky (2/3 of votes in approval would be needed). Mr. Richards noted City Council is 100% in support of the projects at the airport. With the allocation that is paid to the city a representative from City Council should be on the Airport Board of Commissioners.

Once it is known what is needed and what will work to restore the airport financially will be implemented, assured Mr. Richards. Jeff Wick suggested a bulleted list of what is needed should be drafted. Gene Richards, Jeff Wick, and Tammy Gagne will meet before the next meeting to draft the bulleted list.

8. NEXT MEETING & AGENDA ITEMS

Next Meeting: July 19, 2010 at 4 PM at Burlington International Airport.

Agenda Items:

- Bulleted list of what is needed to restore the airport financially.

9. EXECUTIVE SESSION and/or ADJOURNMENT

The meeting was adjourned at 6:31 PM

RScty: MERiordan

MAY 2010

NO MEETING HELD

**MINUTES
BOARD OF AIRPORT COMMISSIONERS
MONDAY, APRIL 19, 2010
4:00 P.M.**

PRESENT:

Miro Weinberger
Jeff Wick
Jeff Munger
Chuck Haftner

Brian Searles
Tamara Gagne
Robert McEwing

The meeting was called to order by Miro Weinberger, acting Chair, and above present at 4:14 p.m.

MONTHLY REPORTS:

The minutes of January 18, 2010 were listed for approval but were approved at the meeting of February 22, 2010. The minutes of February, which included a union grievance, were not available but promised by end of week.

March financial report presented for review and discussion. Presentation/response from TG – many questions about parking revenues and Park & Shuttle operation. Discussion. Chuck Haftner asked whether Airport had segregated cash from City.

BUSINESS REPORT:

Brian Searles – business down 14% for first quarter. 17.5% less seats than last year – taking Airtran out brings us down to 6.7%. Airport launched new Canadian ad campaign with much of it centered around Greyhound, radio, print ads and internet. Have also been working the air carrier marketing. Presentation to USAirways in March, Delta to follow. JetBlue working with American which will mean a code share out of Burlington. Continued efforts for Boston but no takers. Ft. Lauderdale is target city. USAirways talking with United also with Continental – rumor today is that all three may end up as one. Airfares are projected to increase by 25% over the summer. Discussion.

LEGISLATIVE REPORT (VERMONT & U.S.):

B. Searles – big item at Federal level is the passing of FAA re-authorization which is going on 13 years of - also has PFC increase from \$4.50 to \$7.00. State legislature – terrific year – \$150,000 in jobs bill (funding needed for Burlington Tech Center construction) approved and \$229,000 AIP match also granted. Aluzzi, Ashe, Hinda Miller, Phil Scott on AIP bill and Ashe, Mazza on transportation bill

SOUTH END DEVELOPMENT (PRATT & WHITNEY, HERITAGE):

Talks have begun again about the redevelopment/addition to Pratt facility. Bob – economic stimulus – private pilot will have more options to have airplanes served. May 20 at 1800, open house for Heritage. Pratt & NetJets will be in attendance.

MEDIA CLIPS:

Presentation/publication of latest/recent airport related news stories

GREYHOUND:

Brad Worthen – Greyhound will start service at BTV on May 1 in the space currently occupied by Budget car rental. One hurdle that has been worked on is the connection from Airport back to Burlington. Airport has coordinated the available CCTA buses and connection will work. The early a.m. arrivals/departures are being accommodated by Greyhound making a turn in downtown (using the ??? station at corner of South Winooski and Main) for stops and ticketing. No stumbling blocks. Previous issues with South Burlington have been resolved with response to Paul Connor, sharing of marketing plans, entire dialogue with Greyhound. Ray Belair has responded/indicated that there are no permitting issues unless Airport spends more than \$50K in terminal renovations. Equipment that has been promised is the new, wifi capable buses. Chuck indicated that the City Council has asked him to have the City attorney review the decision by zoning to verify. Miro asked for clarification of the information provided by Ray Belair. Discussion. Same fee structure as they currently use. Chuck asked whether South Burlington could be provided with reports for ridership. Discussion.

NOISE MITIGATION PROGRAM:

B. Worthen – two petitions in circulation in South Burlington – one for F-35 operation and one for restriction of hours at Airport. Meeting tonight at So. Burlington regarding F-35 operations – not a hearing – presentation of information. BTV is officially neutral on the F35 operation, is in support of the mission but does not make decisions regarding the type of equipment, etc. Airport opposed to petitions based on lack of fact. Gene asked that copies of the petitions be made available to him to review. Discussion. Chuck has indicated that there is only one petition that is actionable by City Council is the one relative to fees and restriction of airport hours. City would need to first determine legality of the petition before being able to act upon it. Discussion. Gene Richards asked Mr. Haftner whether Megan Emery was officially representing the City Council and received an unequivocal “no” response. Gene suggested that the City ask her to make herself clear when she is publicly speaking that it is on her own behalf or that of her neighbors but not on behalf of the City to which Mr. Haftner responded that it has been done. Discussion. Jeff Wick – his history on board is constantly hearing about South Burlington complaints, control, etc. – does it make sense to have joint meeting with the commission and councils in order to get to know each other. Brian advised that he started process to get Burlington and South Burlington and Commission together but was

thwarted by efforts of Councilor Emery and is reluctant to move forward until the South Burlington Council is ready to talk as a group and not represented by a single councilor. Discussion. Miro wanted to ensure that the Airport is not being dismissive about the concerns that Councilor Emery has. Brian Searles responded that the Airport certainly is not being dismissive to the issues or concerns but is not giving credit to directly untrue information being presented by Councilor Emery.

PARKING STRUCTURE:

Bob McEwing – opened bids on significant components of the parking garage project – equating to about 40% of the project. Bids came in at about \$1.6M less than estimated. Construction under way in early June. Portions of the exiting garage will be closed off (3rd deck) and others areas cordoned off at various times throughout periods of the construction – when steel is erected there can be no pedestrian traffic. Exit to garage will be relocated to south end (as was done with second garage addition), opening of south end entrance, possible relocation of employees to first floor of garage (employees easier to control vs public). Precast steel awarded to Daley, Breton for structural steel (out of Canada) and precast architectural = ??. Solar component of project came in significantly lower than estimated. Approximately 15 May is when planning and relocation of vehicles within the garage will begin.

Miro Weinberger left the meeting at 5:50 p.m.

Runway project – Bob McEwing – night work on R/W15-33 project – hard closures which will affect airlines – bids came in on concrete at \$9.5M with bids opened tomorrow for ?, with engineer's estimate at \$12.?M?

TG – City is working with PFM on behalf of Airport to fund Airport revenue bond with goal to sell bonds by end of December to take advantage of alternative minimum tax relief.

The next meeting of the Board of Airport Commissioners is scheduled for Monday, May 17, 2010 at 4:00 p.m.

There being no further business, the meeting adjourned at 5:54 p.m.

Respectfully Submitted,

Tamara S. Gagne
Clerk of the Board

MARCH 2010

NO MEETING HELD

MINUTES
BOARD OF AIRPORT COMMISSIONERS
Monday, January 18, 2010
4:00P.M.

PRESENT:

Gene Richards, Chairman (by Conference call)	Brian Searles
Jeff Munger	Robert McEwing
Jeff Wick (arrived at 4:11 pm.)	
Peter Plumeau (arrived at 4:30pm)	
Miro Weinberger (arrived at 4:43pm)	

Contractor Brad Worthen

The meeting was called to order by the Chairman, Commissioner Richards, via conference phone at 4:05 p.m. with all of the above present at the times noted.

MONTHLY ADMINISTRATION REPORTS:

The **minutes of December 21, 2009** were presented. Commissioner Plumeau indicated that he arrived late at the meeting on December 21 at 4:30pm and offered a motion to accept the minutes as amended to show the correct arrival time. Seconded by Jeff Wick. All were in favor.

December financial statements were not available due to impact of Holidays on the Treasurer's office staff. Any significant items will be reported at the next Commission meeting.

MONTHLY MANAGER'S REPORT:

Enplanements. Brian Searles reported that final enplanement numbers were in for CY 2009 and the Airport enplanements were down 6.74% from CY2008, which was a record year. Available seats were down as much as 15% but recent additions have reduced the loss of seats to around 7% under last year. Much of this recent gain is due to larger aircraft serving Newark, Chicago and Washington-National.

Record snowstorm. It was reported that while Burlington experienced a record snowfall of 33+” on January 2 & 3 and there were delays on many flights, the Airport remained open due to the tremendous work of the snow crews.

BUSINESS REPORT:

Parking Garage Expansion (PEP2). The Burlington Finance Board has recommended the parking bond resolution to the Burlington City Council which will act upon it on at its meeting on 1/25/10. Commissioner Richards indicated that he will attend that meeting as will Director Searles. Showing support for the resolution is important. The Airport will be represented at Neighborhood Planning Assemblies (NPAs) to explain the project. The first NPA was held on 1/14 for Wards 2 and 3 and was attended by Brad Worthen and Director Brian Searles. Additional meetings are scheduled as follows:

Thursday, 2/4, at Ward 6 (Greek Orthodox Church). Commissioner Richards, Director Searles and Robert McEwing will attend.

Wednesday, 2/10, at Ward 1 (UVM Memorial Lounge in Waterman Building). Commissioner Jeff Munger and Bob McEwing will attend.

Tuesday, 2/16, at Ward 4 and 7, (Miller Center). Bob McEwing will attend. Date has not been set for Ward 5.

Greyhound. Meeting with So. Burlington City Council is scheduled for Monday, Feb. 1. Greyhound will be there making a presentation and will have one of their new busses on display. Venue is currently at So. Burlington City Hall but venue may change depending on anticipated attendance. There has been correspondence with City of Burlington officials who are concerned about possible loss of service to downtown. There is a meeting scheduled with the Mayor on Thursday, 1/28, with Brad Worthen and Director Searles attending. Possible solutions include shuttle service between the Airport and downtown to meet each bus. Suggestions on type of bus include a "green/hybrid" unit with possible sponsorship.

Runway 15-33 Project Briefing. Bob McEwing provided a description of the runway 15-33 project and some of the impacts it will have on airline operations during the summer of 2010. The runway will be shortened during both the north and south construction elements and night work will be required for the center section involving a firm closure of runway 15-33 from approximately 12am until 5am to allow removal and replacement of paving. The entire project will cost approximately \$12.5 million and is expected to start around June 1, depending on availability of Federal Funding. The project will take most of the summer to complete. Airlines are involved in discussions on impacts. The VT Air National Guard will relocate to Pease Air Force Base during construction.

Taxiway "C" reconstruction. Approximately 60% of taxiway C was reconstructed during the 2009 construction season using stimulus funding. Construction of the remaining segment of taxiway C will start around May 1.

Commissioner Richards left the meeting conference call at 4:38pm

Legislature. Meetings will be held with Senate Transportation Committee, House Transportation Committee and Lt. Governor Brian Dubie on Thursday, 1/21, to discuss the state match on AIP projects (which has been capped at \$208,200 vs. the normal 3%). Also to be discussed is the funding and support of the Aviation Technical Center. The Airport has provided approximately \$7 million in infrastructure for the center; Senator Leahy has obtained NASA funding of \$1.0 million in FY2010 and requesting another \$1.5 million in FY2011 to support program development and equipment purchases and now construction funds of approximately \$7.5 million are required. Support of a level of funding is being sought..

Master Plan Update (MPU). A workshop and Technical Advisory Committee Meeting on the MPU project was held on January 14, 2010 with several representatives from South Burlington including the City Manager, Council President, two Council members and Planning Director. Also attending was Commissioner Munger. The consultant presented their finding and recommendations concerning airport access, terminal expansion, and other facility needs to meet an expected increase in demand during the 20 year forecast period. The MPU is called "Vision 2030". It will be the subject of a future Commission meeting item.

Marketing. Director Searles reported on the Forecast Report received from Michael Boyd Associates concerning future aviation activity at the airport. The report discussed the Canadian impact, recognized the difference in Canadian/US fares, the value of the Canadian dollar which is about on par with US Currency, and the new international restructure at Trudeau. The report indicates that there isn't much loss by competition at Albany or Manchester. Biggest weakness in service appears to be westward. The report suggests emphasis on FLL, BWI, ATL and Denver as possible direct service locations. Service to Boston is not seen as viable.

The next Commission meeting is scheduled for Feb 22, 2010 at the Airport.

The meeting adjourned at 5:15pm.

Respectfully Submitted,

Robert A. McEwing
Airport Director of Planning & Development