

**BURLINGTON INTERNATIONAL AIRPORT  
BOARD OF AIRPORT COMMISSIONERS  
MINUTES OF MEETING**

**January 24, 2011**

APPROVED COPY – 2/22/11

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

**STAFF PRESENT:** Robert McEwing  
Tamara Gagne  
Heather Kendrew  
Brad Worthen

**OTHERS PRESENT:** Rich Goodwin, Assistant CFO, City of Burlington  
George Paris, P.E., Campbell & Paris  
Marianne Riordan, Recording Secretary

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**1. CALL TO ORDER and ANNOUNCEMENTS**

Chairman Gene Richards called the meeting to order at 4:11 PM.

**2. MONTHLY REPORTS**

Minutes of 12/20/10

**MOTION by Jeff Wick, SECOND by Miro Weinberger, to approve the 12/20/10 minutes as written. VOTING: unanimous; motion carried.**

Monthly Finance Report

Rich Goodwin, Assistant CFO for the City of Burlington, mentioned his email of three weeks ago regarding the revamp of the financial reports for BTV to include a balance sheet and cash flow. Various financial statements were reviewed as follows:

- Profit & Loss statement showing operating revenues plus interest income to equal total income. Year-to-date revenue (6 months) is \$7.3 million. The year-to-date budget is about at half. The main change reflected on the Profit & Loss statement is debt service has been backed out and interest expense is shown. Principal and interest payment as well as interest expense on capital leases and bonds are reflected and show profitability in the first six months. The airport is making \$1.6 million (goal is about \$1.8 million) and \$3.7 million profitability for the year. Mr. Goodwin said the accounting is corporate finance as opposed to municipal finance.
- Three Year Revenue Report showing revenue for three consecutive years and a six month trend. Tammy Gagne pointed out many revenues do not come in when the report is generated so estimated amounts are used.
- Yearly Revenue Comparison Report displaying revenues and major trends. Revenue is growing year over year, noted Mr. Goodwin. The report also highlights potential errors which are then further investigated (analytical done to determine why a number is what it is). Timely posting of revenues and expenses is important.

- Data sheet showing the debt coverage score. There was discussion of showing the additional 'allowed 25%' on the statement.
- Statement of Cash Flows is not done yet and will be in the format used by Mr. Goodwin. The cash position of the airport is between \$2.5 million and \$3 million.

Miro Weinberger asked where interest on money the airport owes the City is posted. Rich Goodwin stated the number is posted as an interest expense within debt service. Tammy Gagne noted in the last month's report interest owed to the City was reflected under 'interest income' (the number was negative). Rich Goodwin stated the number is now posted as interest on capital bonds. Each number can be exploded to see what is behind it. A data export can be done to provide detail to the Airport Administration so there is an understanding of what is in the number. A simple profit and loss statement should be done on every revenue stream because every one needs to make money.

There was mention of the revenue from the rate increase at the parking garage going completely to BTV. Burlington Public Works receives a percentage of the rate at the garage, but should not share the rate increase.

There was discussion of the motion to reimburse expended airport and city funds with bond proceeds. The commissioners requested an explanation of the reason for the resolution from the City's attorney. Rich Goodwin said the resolution is more of a legal requirement. The amount being requested is larger than what the bond bank usually deals with for a single entity (\$22 million). The big picture of \$1.6 million profit in six months will be shown to the bond bank. Once the \$22 million in bonds is approved the money cannot be earmarked to both the City and the airport unless this is in writing. Gene Richards added financial information and documentation is being compiled in preparation of the meeting with the bond bank to give them confidence in BTV. Miro Weinberger asked about reconciling the debt coverage ratio with the \$1.6 million profit number. Rich Goodwin explained the first quarter was not good at BTV due to construction, but the trend shows growth in revenues. Mr. Weinberger noted the profit and loss interest expense on bonds of \$955,000 is on existing debt which will increase 50% on the new bonds. Rich Goodwin confirmed revenues need to grow to support the debt, but BTV has always made a profit and paid its debt.

Jeff Wick asked for an update on the People's United Bank PFC loan. Rich Goodwin stated the bank needed audited financials which were just received 1/24/11. The audit was done 75 days before the due date. Comment was made that the City's CFO, Jonathan Leopold, spent airport money ahead of the bond and the Airport Commissioners did not have a say even as airport management proceeded with the garage project. Jeff Wick recalled signing the resolution asking City Council for the bonds and the Airport Director at that time assuring the garage construction would not begin without approval from the commission, but construction was started and the commissioners never had an opportunity to determine if BTV could afford the project. Jeff Wick agreed with paying back any negative in the capital account with the City with the bond funding.

There was continued discussion of the bond amount. Tammy Gagne clarified the total borrowed amount is \$22 million (not \$27 million) which will be used to pay off \$5 million owed by BTV to the City of Burlington. In summary, the bond money will go to the City into 'pooled cash' and will be used to pay off the bond anticipation note in the amount of \$5 million as well as any negative cash balance BTV has with the City. The remaining balance will be deposited into a separate BTV account.

**MOTION by Miro Weinberger, SECOND by Jeff Wick, to reimburse expended Airport and City funds with bond proceeds as follows:**

**WHEREAS, the voters of the City of Burlington have authorized the issuance of \$22 million of revenue bonds for the purpose of capital improvements at the Burlington International Airport including, most particularly, the addition to the parking garage facility; and**

**WHEREAS, in anticipation of the issuance of revenue bonds for this purpose the City has expended funds from Airport and pooled cash in excess of \$11 million to date; and**

**WHEREAS, a significant portion of the funds that have been expended to date were derived also from a bond anticipation note issued by the City;**

**NOW THEREFORE BE IT MOVED, that the Board of Airport Commissioners recommend the City reimburse Airport, City and bond anticipation note funding from the issuance of revenue bonds when such bonds are issued, most likely through the auspices of the Vermont Municipal Bond Bank.**

**VOTING: unanimous; motion carried.**

### **3. MANAGER'S REPORT**

No report at this time.

### **4. OLD BUSINESS**

#### Project Updates

#### **1. Parking Garage**

Work is basically done on the garage. Three levels are open. The remaining two levels will open at the end of January, 2011. Some tasks remain for spring (landscaping).

#### **2. Grant Applications for Land and Wildlife Study**

The grants need to be submitted to the FAA before March 5, 2011

#### **3. Director of Aviation Position**

To date 10 applications for the position have been received. The search closes at the end of January. Mayor Kiss is committed to the Airport Commission's involvement in the hiring process and will give an update on the situation at the end of the month.

### **5. NEW BUSINESS**

#### Briefing on BTV Master Plan "Vision 2030"

Bob McEwing announced there is a public information meeting and presentation on the master plan on 1/25/11. George Paris, consultant working on the master plan project briefly reviewed progress to date. The last update of the airport plan was in 1990. In 2006 the airport layout plan, noise exposure maps, and noise compatibility program were updated. The reuse study of the reuse of property being acquired by the airport was incorporated, and together with the other updates formed the basis of the airport's master plan. The purpose of the vision is to identify facility needs and project 20 years or more long term. FAA requires an airport master plan to be in place in order to receive funding. BTV's master plan includes the contribution of the Canadian market. There are 700,000 enplanements and over the 25 year forecast the numbers are anticipated to double (3.5% annual growth). There was mention of the Plattsburgh Airport. Mr. Paris said if Plattsburgh becomes a 'hub' then BTV could be impacted, but right now BTV is ahead of Plattsburgh. Total growth system-wide in enplanements is 1% since Year 2000. BTV enplanement growth is better than the benchmarks.

Mr. Paris reviewed recommendations in the master plan to include:

- Completing the parallel taxiway
- Completing south end development in the most optimum way
- Locating single point security and ticketing on the second floor of the terminal, baggage claim on the first floor, and management offices on the third floor
- Increasing the number of parking spaces at the airport
- Adding a limited access corridor off I-89 (new Exit 14N) for airport traffic

The cost estimate for the master plan over the forecasted 20 + year period is \$257 million. Mr. Paris reviewed a break out of the project work (terminal, loop road, access road, infrastructure, south end development, property acquisition, engineering and environmental studies) and associated budgets in five year increments (Phases I, II, III). Next steps are the environmental and feasibility studies, funding, and design and permitting. The FAA supports the master plan. Approval processes are underway. Final FAA approvals are anticipated in the spring, 2011. There was brief further discussion of the proposed Exit 14N off I-89. Gene Richards noted at this point in time the City of South Burlington does not support the Exit 12B proposal that has been discussed and BTV will not drive that project. George Paris commented there appears to be growing support for the Exit 14N concept.

#### City Accountant Assigned to BTV

Rich Goodwin said Ann Barton is the accountant handling BTV financials.

## **6. OTHER BUSINESS**

Next Meeting: February 22, 2011 at 4 PM, Burlington International Airport.

## **7. EXECUTIVE SESSION and/or ADJOURNMENT**

**MOTION by Jeff Munger, SECOND by Gene Richards, to adjourn the meeting.**

**VOTING: unanimous; motion carried.**

The meeting was adjourned at 6:25 PM.

*RScty: MERiordan*



**BURLINGTON INTERNATIONAL AIRPORT  
BOARD OF AIRPORT COMMISSIONERS  
MINUTES OF MEETING  
February 22, 2011**

APPROVED – 3/21/11

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

**STAFF PRESENT:** Robert McEwing  
Tamara Gagne  
Heather Kendrew

**OTHERS PRESENT:** Rich Goodwin, Assistant CFO, City of Burlington  
Steve Goodkind, Burlington Public Works  
Pat Buteau, Burlington Parking and Maintenance  
Brad Worthen  
Marianne Riordan, Recording Secretary

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**1. CALL TO ORDER and ANNOUNCEMENTS**

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

**2. RFP FOR PARKING MANAGEMENT**

Steve Goodkind briefly reviewed the history of involvement by Burlington Public Works in managing the airport parking garage. Parking lot management has been integrated into the public works program, said Mr. Goodkind, adding BPW does parking lot management for the City of Burlington. Mr. Goodkind stated there is question whether the Airport Commission which is an advisory board to the City can issue an RFP for the airport parking garage management. Also, there is a collective bargaining agreement with BPW employees with a range of benefits. The agreement says the employees cannot be replaced with nonunion people. Something has to be done with the RFP to allow BPW to compete on a level field and be in line with the collective bargaining agreement, stated Mr. Goodkind. City management says BPW manages the parking garage at the airport. Mr. Goodkind noted the FAA is not concerned with management fees paid to BPW or a private organization to be on-site. FAA regulations allow BPW to operate the garage. Paying a management fee is not considered diversion of funds. The airport garage is part of city traffic operations. Management and staff and other resources are shared. BPW has a facility that fixes all the rolling stock owned by the City except school stock. Having an outside organization manage the garage would mean charging more to the taxpayers for other services. Also, the collective bargaining agreement has to be matched so there may not be a savings. Mr. Goodkind assured BPW will work with the airport and provide the desired level of service. Regarding the 5% of gross revenues going to BPW, the percentage can be discussed, said Mr. Goodkind. BPW does not need the 5%, but an agreement was made for 5% and that continues until changed.

Bob McEwing concurred that the airport is part of the City of Burlington, but stressed the airport must operate as a business so revenues and expenses must stay in balance. The

RFP includes overhead. The RFP is needed to stay competitive. Gene Richards added the Airport Commission gave direction to pursue the RFP process and this will be done. The rating of the airport is currently at "junk" status and it is the obligation of the board to pull out of that status in any way possible. The board needs to know that the management of the garage is at the right cost for the airport. The intent is not to take away jobs or disadvantage the City, but rather to know the cost of service so Moody's will agree the operation is being run as it should and that the board looked at every opportunity. The Airport Commission will not forget the relationship with BPW, assured Mr. Richards. Mr. Goodkind stated there are other ways to determine costs rather than the RFP process, adding BPW's financial records are available for review.

Mr. Richards questioned the objection by BPW to the RFP process. Mr. Goodkind cited snowplowing as an example of a task handled by BPW and pointed out it is not up to BPW to find alternatives to staff doing snowplowing. Mr. Richards noted part of the RFP will include operating the garage differently. Currently, there are some people not paying for services in part or in full so part of the RFP is quality control to receive as much revenue as possible. The garage is the airport's largest asset. The board has to do what is right for the garage and is willing to work with BPW, but will go forward with the RFP process to determine the market rate for management services and then negotiate. If there is a way for the City to benefit then that is the way. It would be wrong and poor management not to put out an RFP, stated Mr. Richards. Steve Goodkind commented BPW cannot properly respond to the RFP which includes equipment. BPW cannot fund equipment for the airport. Tammy Gagne recalled the statement about not needing the 5% in revenues and having reserves which could be used. Mr. Goodkind reiterated BPW cannot compete and does not have a fund to provide equipment for the airport. Past practice has been the airport buys the equipment and BPW manages the operation. Gene Richards noted the new equipment will yield a higher capture rate than the current rate with BPW. Steve Goodkind pointed out BPW receives 5% and the airport receives 95% of revenues so the airport should purchase the equipment. Gene Richards suggested the parties agree on the RFP process which allows discussion with the FAA and Moody's with transparency. Steve Goodkind reiterated BPW's books are open and transparent. Mr. Richards rebutted the books will not indicate whether the airport is paying the right fee for services. Steve Goodkind assured BPW is within the range of fees per FAA allowances. FAA has no issues with BPW operating the airport garage. Gene Richards stressed the Airport Commission wants BPW to participate and to participate with an open mind. The airport needs a relationship and partnership with BPW, but if BPW does not feel the same then that is BPW's loss.

Jeff Wick (via teleconference) stated he is not quick to outsource the management of the airport garage to a group other than BPW because there is a level of trust that is not there with a third party provider, but the garage has not been operating at a level to cover the debt coverage ratio. The park-and-ride was outsourced in the past, recalled Mr. Wick. Steve Goodkind pointed out the park-and-ride employees were not unionized at the time. Mr. Wick stated the RFP process is good and will identify the market rate for services. The Airport Commission is legally charged with overseeing the management of the

airport, but there is now confusion as to whether the board is advisory or not. The Airport Commission must answer to markets in ways BPW does not, said Mr. Wick.

Steve Goodkind advised speaking with the City Attorney to ensure the RFP is not an unfair labor practice, and if the RFP is allowed then consult with the Mayor to see if this is the direction to take. Jeff Wick agreed with getting a legal opinion on the RFP and unfair labor practice question. Miro Weinberger (via teleconference) also agreed with getting a legal opinion. Gene Richards added it is under the fiduciary duty of the Airport Commission that an RFP can be issued. Peter Plumeau suggested getting a clear recitation of the board's authority even beyond the RFP. Tammy Gagne noted all contracts are bid out at the airport. Gene Richards stated the Airport Commission will work with BPW, but the board has a job to do and will do that job correctly and hopefully with BPW. The garage operation needs to be healthier today than yesterday and build the foundation for tomorrow, but not on the backs of the taxpayers of Burlington, said Mr. Richards. Steve Goodkind agreed with doing due diligence, but said BPW has a mandated set of wages and benefits which impacts doing a competitive RFP. Equipment is a problem as well. Mr. Richards will forward the legal opinion on the RFP process and BPW to Mr. Goodkind.

On a separate matter, Gene Richards mentioned the City owes money to the airport for the parking fee differential between the old rate and the new (increased) rate. Per the agreement by Jonathan Leopold the airport is to receive 100% of the difference in the rates. Steve Goodkind stated the rates were increased, but the use of the garage decreased. The revenue is at the same level as before the rate was increased. BPW is basing the operation on that amount and is expecting only enough revenue to cover expenses for programs supported by BPW. Funds above that amount are not needed, just the management fee. The rate at the airport garage was increased, but usage decreased. BPW based its budget on the revenue level before the rates were increased. Gene Richards suggested having a work session to get all the questions answered.

### 3. MONTHLY REPORTS

#### Minutes of 1/24/11

**MOTION by Peter Plumeau, SECOND by Jeff Munger, to approve the 1/24/11 minutes as written. VOTING: all ayes except one abstention (Miro Weinberger); motion carried.**

#### Monthly Finance Report

Rich Goodwin, Assistant CAO for Finance for the City of Burlington, reported work continues on refining the financials for the airport. The last document required as part of the financial package is the Cash Flow Statement. Highlights includes:

- Cash in bank \$215,000
- BTV owes the City of Burlington \$2.1 million as of 1/31/11
- YTD capital improvements are \$7.7 and AIP is \$16.5 million for a total of \$24 million in capital improvements in eight months.
- YTD revenue is \$8.4 million which is 52% of the budget for the year.
- YTD profit is \$1.8 million (net operating income).

- Budget is \$3.6 million so the airport is 50% there.
- YTD revenues are up 10% over prior year.

The first quarter of FY11 was soft. Mr. Goodwin stated the airport has always made a profit, but the amount of profitability has not been enough for debt coverage (i.e. can make a profit and not have profitability). Areas making a profit were reviewed (all are making a profit except airfield operations). Administration is an expense (overhead) and will show a loss. Debt coverage on a monthly basis shows actual consolidated profit and loss.

Miro Weinberger asked if debt owed the City for garage expenses is shown on the balance sheet. Rich Goodwin stated the amount is approximately \$2.2 million as of 1/31/11 as noted in the line item under Assets titled "Due from Other Municipal Funds". Mr. Weinberger asked about the amount of interest owed by the airport. Rich Goodwin stated there is a revenue anticipation note of \$5 million plus 'due to/due from' interest and a handling fee charged by the City. Mr. Goodwin will provide the historical pooled cash 'due to' by the airport for the past five years to see the trend owed to the City by the airport. Tammy Gagne stated the airport earns interest at a similar rate.

Tammy Gagne commented BTV was potentially in a cash position three years ago to fund a good portion of the garage. Rich Goodwin explained at the end of FY10, June 30<sup>th</sup>, BTV was owed \$5 million by the City so the year stated \$5 million to the plus with another \$5 million in anticipation notes.

Jeff Wick asked if the revenue anticipation bond is shown on the notes payable. Mr. Goodwin confirmed this. Mr. Wick asked about the Peoples revenue bond escrow. Rich Goodwin explained the account has been static. Further research will be done. Mr. Wick asked if BTV will have separate bank accounts from the City. Mr. Goodwin said cash is in a separate account. The City is still issuing payroll and cutting checks for expenses so there is still 'due to/due from'. It is pooled cash, but equivalent to accounts receivables. PFC is pooled cash for the airport. Tammy Gagne pointed out having separate accounts does not prevent the City from moving money into and out of the accounts.

Jeff Wick commented the Recondo Report has been helpful, noting the report mentions total airline subsidy of \$2 million which is effectively the amount that could be charged the airlines. Tammy Gagne stated management decisions with regard to charges to airlines were made in the past and should be discussed. BTV needs to inform Moody of the plan for future debt service coverage. In FY09 BTV charged airlines \$1.25 per 1,000 pounds of landed weight of the aircraft when the charge could have been \$3.63 per 1,000 pounds of landed weight. Terminal rent is \$45 s.f. which could be at least \$60 s.f. In the past money was being made on the parking garage so it was felt not necessary to take money from the airfield. The same situation does not exist today, said Ms. Gagne, adding the concession rates need review as well to be sure they are competitive. An RFP is being issued for the restaurant and an RFP is being issued for operation of the parking garage. The industrial park and lease rates are based on the CPI, but it is not certain the base rent is competitive. Staff is constantly evaluating expenses and revenue opportunities to set the mark at 1.4 to 1.5 times coverage for the current fiscal year. Staff is reviewing

specialized and different revenue generators, such as offering free Wi-Fi at no cost per year to the airport. The Board will be kept informed.

Jeff Munger asked if the airline landing rates are competitive. Tammy Gagne confirmed this, adding that is why the rates have not been increased. Carriers evaluate costs and the number of passengers to determine if they will offer service at an airport. Terminal rent is close to the market rate. Landing fee airline rates are below. Gene Richards stated the position has been to manage other costs first and let the airline costs be the last resort. There is concern with gasoline prices so a contingency and provision for a rainy day so to speak is needed. Headway has been made on a line of credit for BTV. Further information is forthcoming. Moodys wanted the line of credit so projects can continue to move forward. Rich Goodwin explained planned meetings with banks and investors to secure an attractive bond rate. Information will be forwarded to Fitch in hopes of securing an investment grade rating for the airport which will help improve the rating with Moody. Gene Richards stressed the need to be diligent to do what has to be done to protect the airport, and run the operation as a business. The Airport Commission must stand together, be strong as a group, and make good decisions for the airport, advised Mr. Richards.

#### **4. MANAGER'S REPORT**

##### Airport/Aviation Business Update

Bob McEwing reported the following:

- FAA forecasting conference provided information on trends in the industry (the future, fuel costs, terrorism). Copy of a report of the conference furnished by Campbell & Paris was given to the Commissioners
- The oil situation is not at the well head, but due to speculation on the trading floor. Expected on House floor after the break.
- The House and Senate passed a two year extension of the FAA Reauthorization Bill (\$4 billion).
- There are additional slots at Reagan Airport which is positive for US Airways and will help with the LaGuardia situation.
- There is a House bill for \$3 billion phasing out Essential Air Service.
- BTV received an AIP grant for \$105,000 for wildlife assessment and \$3.2 million for land acquisition (10 properties).
- Feedback was received from the public on the Master Plan update.

Peter Plumeau noted draft comments are being considered by the South Burlington City Council. Mr. Plumeau will attend the council meeting and remind South Burlington that BTV has tried hard to have a good relationship with the city, but the effort has not been reciprocated even though BTV is South Burlington's largest taxpayer.

#### **5. OLD BUSINESS**

##### Project Updates

1. Parking Garage  
The garage is fully operational with plenty of available parking.
2. Seats

The number of seats out of BTV in 2010 was 800,000 down from 952,000 in 2009 and 1,028,000 in 2008. Years 2007 and 2006 show 917,000 and 857,000 seats respectively. The price of fuel is having an impact. As the seats decrease and load factors increase prices go up. Enplanements are down 3%. Airlines are not offering the same number of seats.

3. Solar Update

An outside agreement to build the solar facility will be pursued. BTV will take over operation upon completion. CEDO is structuring an agreement.

4. Garage Financing

Tammy Gagne will continue to provide updates to the board.

**6. NEW BUSINESS**

Frasca & Associates

Staff is recommending that Frasca & Associates be hired to present to Moody and Fitch on behalf of BTV. Tammy Gagne will be the key contact and work with Michael Wheat. Rich Goodwin will email information on the matter to Peter Plumeau.

**MOTION by Peter Plumeau, SECOND by Jeff Munger, to authorize BTV to sign a contract with Frasca & Associates for an amount not to exceed \$100,000 for financial advisory services and to bring together money for the bond of \$17-\$19 million.**

**DISCUSSION:** Miro Weinberger requested documentation to confirm the financing. Staff will draft an internal document or request a letter from Frasca. There was continued discussion of the contract.

**VOTING: unanimous; motion carried.**

**7. OTHER BUSINESS**

Bill to DPW

Staff will forward a bill to DPW for the revenue collected on the parking fee increase (per the agreement with Jonathan Leopold BTV is to receive 100% of the difference between the old fee amount and the new fee amount).

Next Meeting: March 21, 2011 at 4 PM, Burlington International Airport.

**8. EXECUTIVE SESSION and/or ADJOURNMENT**

**MOTION by Jeff Munger, SECOND by Peter Plumeau, to adjourn the meeting.**

**VOTING: unanimous; motion carried.**

The meeting was adjourned at 6:30 PM.

*RScty: MERiordan*

**BURLINGTON INTERNATIONAL AIRPORT  
BOARD OF AIRPORT COMMISSIONERS  
MINUTES OF MEETING  
March 21, 2011**

APPROVED: 5/19/11

**MEMBERS PRESENT:** Gene Richards (Chairman)  
Miro Weinberger  
Jeff Wick  
Peter Plumeau  
**STAFF PRESENT:** Robert McEwing  
Tamara Gagne  
Heather Kendrew  
**OTHERS PRESENT:** Rich Goodwin, Assistant CAO, City of Burlington  
Marianne Riordan, Recording Secretary

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**1. CALL TO ORDER and ANNOUNCEMENTS**

Chairman Gene Richards called the meeting to order at 4:12 PM.

**2. MONTHLY REPORTS**

Minutes of 2/22/11

**MOTION by Peter Plumeau, SECOND by Jeff Weinberger, to approve the 2/22/11 minutes with the following correction(s)/clarification(s):**

Page 3, paragraph beginning "Steve Goodkind advised speaking with the City Attorney..." – correct the spelling of "recitation", and in the sentence reading: "Miro Weinberger (via teleconference) also agreed with getting a legal opinion..." – end the sentence at the word 'opinion' and re-state the next sentence to read: "Gene Richards added it is under the fiduciary duty of the Airport Commission that an RFP can be issued."

**VOTING: unanimous; motion carried.**

Monthly Finance Report

Rich Goodwin reported on the meeting with Fitch (see "Old Business, Fitch Rating Services Briefing").

**3. MANAGER'S REPORT**

Airport/Aviation Meetings (Networks)

Bob McEwing reviewed the memo from Brian Searles, dated 3/17/11, regarding Networks on March 7th & 8th and meetings with airlines (United, Vision, Southwest, and AirTran) to discuss service to BTV. Vision is interested. For Southwest the question is when, not if. United and AirTran are hit hard by the recession. Delta was also contacted and will re-look at BTV in summer, 2012.

Airport Meeting with Senate Transportation Committee

Bob McEwing reported the Senate Transportation Committee is looking at the original handicap parking law to determine the intent. When the law was enacted there was not a long term parking garage. It is hoped to get the number of free parking days reduced from 10 days to two days.

#### 4. OLD BUSINESS

##### Fitch Rating Services Briefing

Gene Richards announced the presentation made to Fitch went well and was successful. Rich Goodwin added the meeting with Fitch on 3/11/11 in New Year was a great team effort. The presentation was articulate and professional. Questions and concerns were answered. Fitch was prepared and informed about BTV. BTV having corrective actions in place was to the airport's advantage. Rich Goodwin will forward the Fitch presentation to the commissioners.

**MOTION by Peter Plumeau, SECOND by Miro Weinberger, to go into Executive Session to discuss contractual and/or legal issues where premature public knowledge would clearly place the City of Burlington and/or the Burlington Airport at a substantial disadvantage, and to invite staff to attend. VOTING: unanimous; motion carried.**

Executive Session was convened at 4:30 PM.

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

Executive Session was adjourned and the regular meeting reconvened at 4:46 PM.

There was discussion of the following:

- Line of credit (LOC) from Key Bank for \$10 million. Interest payments on the borrowing through the PFC program were explained. LOC will support ongoing projects.
- Revenue anticipation note (RAN) for the airport secured by the City on December 10, 2010 for \$5 million. RAN is a liability on the airport's balance sheet and reduces the amount of pooled cash. With the RAN borrowing is short term based on airport revenue. The borrowed amount must be paid within a year. Tammy Gagne pointed out BTV management was not aware the City acted on behalf of the airport with regard to the RAN. Better communication between City staff and Airport management is needed. Rich Goodwin will forward information on the RAN to the commissioners and staff.
- Grant anticipation note (GAN) has no ceiling on amount borrowed provided the amount is backed by the grant.
- Short term borrowing has no impact on the debt service coverage ratio (only long term borrowing has an impact). The bottom line is the airport does not have to use cash to finance projects and this was the recommendation of Moody's. It was noted the Airport Commission requested this information from Jonathan Leopold without success.
- Bond anticipation note (BAN) through TD Securities would be done because debt service coverage ratios and ratings are not what they should be. BAN borrowing includes money to fund operating reserves plus money owed to the City. BTV owes the City \$7.4 million for pooled cash. To date \$13.4 million has been



expended for the garage with \$4.3 million remaining to be paid. It is possible to take a BAN for up to \$22 million from TD though only \$17.7 million (including debt service) is needed. Concerns with borrowing \$22 million include taking on new debt and making payments on \$22 million versus \$18 million if revenues continue to drop off at the airport. Rich Goodwin advised securing the funding because the future is unknown. Debt service coverage ratio for the airport has been improving month-by-month for the past three months. Prior to that the ratio was declining, but BTV has taken steps to decrease spending for the balance of the fiscal year. The BAN is due in full at the end of 18 months. The least amount needed should be borrowed. Tammy Gagne stated if BTV proceeds with the land acquisition program, then money can be secured upfront from the GAN because it will be spent to fully fund what is needed today (\$17 million). Expenditures include \$7.4 million owed to the City, \$13.4 spent on the garage, and \$11.8 million spent on AIP for a total of \$25.2 million less \$7.4 million equates to \$17.8 million positive balance at BTV. Gene Richards cautioned against being too 'lean' and not having enough funding to meet commitments when necessary. There are carrying costs per month and per year as well as removal costs for the houses in the land acquisition program. LOC for \$10 million is for AIP programs. BAN of \$10 million is for cash flow. Jeff Wick mentioned funding bond reserves. Rich Goodwin mentioned TD Securities will ensure the contractual agreement for the BAN will allow the airport to borrow as little as necessary. Mr. Goodwin will forward bond information to the commissioners.

- There was discussion of budget development and review of the organizational chart to determine where staffing levels may be too lean.

#### Transportation and Security Service RFP

Due to time constraints no report given at this time.

#### Project Updates

1. Reimbursements FY2011 show \$25,400,000 reimbursed on AIP this fiscal year.
2. Accounts Receivables of \$11.8 million is down to \$8 million with receipt of \$3.8 million. Another \$2.5 million is anticipated so A/R is nearly at half.
3. Expenditure to date on the parking garage is \$13.4 million of the \$17.7 million project.
4. Revenue control system included in the garage project still needs to be updated. Discussion is needed on the functionality of the system (what is needed/wanted for information). Staff will forward the proposal to the commissioners.

#### Solar Update

Due to time constraints no report given at this time.

### **5. NEW BUSINESS**

#### Grant and Contract Amendment (AIP-82 runway project)

Staff reported the Burlington Board of Finance needs to accept the amendment to the grant for \$1.098 million plus there are two contract amendments for \$2.036 million (change orders) with SD Ireland for work on the runway project. The change orders have

been negotiated, reviewed, and approved by the FAA for work related to the work required by the FAA on extension of Taxiway C. The work was not in the original contract because the new duct and conduit system was not yet designed. Jeff Wick and Miro Weinberger objected to the lack of advance information prior to being asked for a decision. Tammy Gagne clarified that BTV management is responsible for the financial stewardship of the airport. The Airport Commission is advisory and has asked to be kept informed which is what staff is doing. Burlington Board of Finance has to approve the \$1.098 million grant amendment and \$2.036 million contract amendment (local share \$45,000, state share \$68,985). Gene Richards reiterated the Airport Commission needs to know and wants to know about the matter before it goes before the finance board, and suggested changing the procedure in the future so notice and explanation is sent to the Airport Commission well in advance. Bob McEwing suggested to keep the projects moving forward that he inform the Burlington Board of Finance that the Airport Commission is aware of the amendments, but has not given concurrence as yet.

There was continued discussion of the responsibility and authority of the Airport Commission. Peter Plumeau suggested having a work session to thoroughly discuss the matter. The Airport Commission has fiduciary responsibility to oversee the airport and is held to that liability, but with little authority to take action without City Council approval. Gene Richards confirmed City Council wants to be involved. The Airport Commission represents City Council. Mr. Richards suggested a procedure be developed that will work for all parties and asked the commissioners to forward comments to him. Jeff Wick stated the Airport Commission should not be asked to 'rubber stamp' an action without adequate background information so an intelligent decision can be made. Tammy Gagne mentioned the City's guidelines for levels of purchase could be followed where \$50,000 requires approval by the Board of Finance and \$100,000 requires approval by City Council, and then the Airport Commission can decide the action to take for the airport. Following further discussion there was agreement to schedule a work session on April 4, 2011 at 4 PM, potentially with a facilitator (Ron Redmond) to determine how much debt the airport should take on, clarify the definition of Airport Commission involvement, and develop a procedural direction for the next 12 months. Questions/comments should be emailed to Gene Richards prior to the work session.

## **6. OTHER BUSINESS**

### Kudos to Staff and Rich Goodwin

Appreciation was expressed for the effort and time by staff and Rich Goodwin in bringing the airport forward to this point.

### Upcoming Events at Airport

Staff will forward information on the following events:

- FAA Runway Safety Action Team - Annual Meeting - 3/30/11
- Passenger Facility Charge Airline Consultation Meeting -New PFC Amendment/Application - 3/31/11

### Next Airport Commission Meeting(s):

- April 4 Work Session, 4 PM, Burlington International Airport

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- April 18 Regular Meeting, 4 PM, Burlington International Airport (tentative)

**7. EXECUTIVE SESSION and/or ADJOURNMENT**

Chairman Richards adjourned the meeting at 6:18 PM.

*RScty: MERiordan*



**BURLINGTON INTERNATIONAL AIRPORT  
BOARD OF AIRPORT COMMISSIONERS  
MINUTES OF MEETING  
April 18, 2011**

APPROVED: 5/19/11

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

**STAFF PRESENT:** Robert McEwing  
Tamara Gagne  
Heather Kendrew

**OTHERS PRESENT:** Rich Goodwin, Assistant CAO, City of Burlington  
Marianne Riordan, Recording Secretary

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**1. CALL TO ORDER and ANNOUNCEMENTS**

Chairman Gene Richards called the meeting to order at 4:07 PM.

Executive Session

**MOTION by Peter Plumeau, SECOND by Jeff Munger, to go into Executive Session to discuss a personnel matter. VOTING: unanimous; motion carried.**

Executive Session was convened at 4:08 PM. Miro Weinberger participated in Executive Session via teleconference.

**MOTION by Peter Plumeau, SECOND by Jeff Munger, to adjourn Executive Session and reconvene the regular meeting. VOTING: unanimous; motion carried.**

Executive Session was adjourned and the regular meeting reconvened at 4:52 PM. Miro Weinberger left the meeting with the understanding the Airport Commission would not take action on the BAN until the 5/2/11 work session.

**2. MONTHLY REPORTS**

Minutes of 3/21/11

Postponed.

Monthly Finance Report

Rich Goodwin reviewed the monthly financial report, highlighting cash in the bank as of 3/31/11 is \$600,000 and the PFC account is funded (\$6.9 million). Inventories equal \$231,000. RAN is \$4.8 million. Noncurrent assets include construction in progress of \$9.5 million, AIP of \$23 million for a total through March of \$33 million. AIP/Account Receivables as of 3/31/11 equal \$8 million. AIP reduces the amount in "Due To". Revenues year-to-date are significantly off with the parking garage because the figure is only for the first nine months of the fiscal year. Parking is the main driver of revenue. Tammy Gagne noted the airport will meet what is budgeted in PFC. Rich Goodwin

clarified PFC revenues recognized are not the same number used for the debt service score.

There was continued discussion of revenues. Tammy Gagne stated a more conservative number was used for revenue projections. There is the same number of enplanements in March, 2011 as last year, but parking revenues and the number of parkers is down. Jeff Wick observed statistically the airport is under market for airports of the same size. Ms. Gagne pointed out users of the garage at the Burlington Airport are not used to paying rates found at Albany Airport, for instance, but the users are well aware the rates at the parking garage have increased twice. Gene Richards explained the garage construction interrupted the pattern and people perceive there is no parking available. Advertisement of the ample available parking is needed. Empty spaces need to be filled. People need to be incentivized to use the parking garage. Bob McEwing noted information on the additional parking is on the BTV webpage. There are signs posted outside the garage announcing the parking space and radio advertising announcing the opening of the expanded parking garage.

There was discussion of terminal rent and rate adjustments. Tammy Gagne explained the budget includes rebilling of the north concourse with a rate adjustment for new space, but the airlines were not charged. Common use space used by air carriers, such as the gates or baggage claim, will not meet the budgeted amount because the airlines were not charged. In the future there will be a charge to the airlines.

June 30, 2011 is the date of adoption of the FY12 budget. Rich Goodwin said City Council wants to see the BTV budget on a monthly basis rolled into the same format as the yearly budget. City Council was advised the airport needs to be run like a business so every change in expense or revenue will not be brought before the council.

Gene Richards requested:

- An outline of transactions over the past 36 months to determine what happened to the \$26 million the airport had. The information will be discussed at the finance work session on May 2, 2011 (9 AM – 11 AM).
- A report on the housing project to include an inventory of houses that are paying taxes and unoccupied houses owned by the airport that have a liability attached, verbal and written commitments, the liability going forward, the cost for the next year, feasibility of purchasing 20 houses with the current finances, the cost to BTV for the program (include mowing, maintenance, taxes, and such), cost to demolish the houses and remove asbestos, and the future of the housing project.

Mr. Richards pointed out BTV debt coverage score is 1.26; the objective is 1.25. There are 90 days remaining to achieve the score. Spending must decrease and revenues increase. Parking revenues are off from the budgeted amount. Mr. Richards asked why the Airport Commission should support the bond anticipation note (BAN). Tammy Gagne explained discrepancies have been found. With spend down for the garage and capital, BTV is not meeting bond requirements for funding. BAN or some sort of financing must be in place or investment houses will not look favorably to upgrade the

airport's rating. BTV must have cash reserves, liquidity, and meet debt service. The City cannot carry BTV much longer. The plan is a BAN and this is what Moody's will be told at the April 27, 2011 meeting. Rich Goodwin noted Joe McNeil (City attorney) had concern about the BAN commitment letter. The offering memo will be solid and reviewed by Joe McNeil, Tom Merrill, and Thomas Melloni, assured Mr. Goodwin. A bond or BAN cannot be used to fund reserves. Revenue anticipation note (RAN) can be secured to pay back the City and finish capital projects (\$12 million). The money will decrease the amount of interest BTV must pay. The amount paid on a BAN is higher than the amount on a RAN. Staff will provide a financial plan for the notes. Rich Goodwin recommended borrowing \$12 million rather than \$17 million or \$21 million to be more attractive to investors. It is important to get a mechanism in place in an amount that can be repaid. Tammy Gagne added the City and BTV will be in a better financial position 12-18 months from now. There was discussion of borrowing from the City at an interest rate of approximately 5%. Cash flow is tight, but it may be possible to free up \$18 million out of the \$72 million generated by Burlington taxpayers, said Rich Goodwin, adding he has the authority to borrow up to 25% in a tax anticipation note (TAN). The need to secure a BAN and pay back the City to show investors BTV can pay its debt was stressed.

The consensus of the Airport Commission is in support of the direction being recommended by the finance team. There will be a financial work session on May 2, 2011 from 9 AM to 11 AM.

### **3. NEW BUSINESS**

#### Land Acquisition Program

Postponed.

#### Capital Improvement Program

Information previously forwarded.

#### Energy Project

Heather Kendrew reported the boiler replacements and air handler units will be mostly PFC funded and 10% capital amortized over 10 years. Project cost is \$1.25 million. BTV will save \$10,000 per year as a result of the energy project. Vermont Gas is contributing \$20,000. Efficiency Vermont is contributing \$25,000.

**MOTION by Jeff Munger, SECOND by Peter Plumeau, to move forward with the Energy Project involving replacement of boilers and air handler units as presented by staff. VOTING: unanimous; motion carried.**

Tammy Gagne noted the Burlington Finance Board will also take action on the project.

#### BTV Wi-Fi

Heather Kendrew reported staff will provide a plan for Wi-Fi service through Summit.

### **4. OLD BUSINESS**

Transportation and Security Services RFP

Staff reported bids are expected.

Project Updates

Postponed.

Solar Update

Postponed.

**5. MANAGER'S REPORT**Enplanement Data

Information previously forwarded.

Financial Forecasts for Remainder of FY2011

Information previously forwarded.

Handicap Parking Update

Bob McEwing reported the Senate Transportation Committee passed a bill allowing up to 24 hours of free handicap parking in the airport parking garage, a reduction from 10 days of free parking at a cost of \$130,000. Many people were abusing the free parking and leaving their cars for extended periods of time. The bill still must be passed by the full Senate.

**6. OTHER BUSINESS**Upcoming Events/Meetings:

- So. Burlington, CCMPO, and BTV Joint Meeting – 4/20/11
- Moody's Rating Agency Presentation – 4/27/11

Next Airport Commission Meeting(s):

- May 2, Work Session, 9 AM, Burlington International Airport
- May 23 Regular Meeting, 4 PM, Burlington International Airport

**7. EXECUTIVE SESSION and/or ADJOURNMENT**

Chairman Richards adjourned the meeting at 6:15 PM.

*RScty: MERiordan*



**BURLINGTON INTERNATIONAL AIRPORT  
BOARD OF AIRPORT COMMISSIONERS  
WORK SESSION  
MINUTES  
May 2, 2011**

APPROVED: 5/19/11

**MEMBERS PRESENT:** Gene Richards (Chairman)  
Jeff Munger  
Jeff Wick  
Miro Weinberger  
Peter Plumeau  
**STAFF PRESENT:** Robert McEwing  
Heather Kendrew  
**OTHERS PRESENT:** Rich Goodwin, Assistant CAO, City of Burlington  
Marianne Riordan, Recording Secretary

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**1. WORK SESSION**

Chairman Gene Richards opened the meeting at 9:15 AM and explained the work session will be results oriented to identify tools and a path for management of the airport in the long term. Essentially the airport should be operated as a property management firm responsible for managing airport property. The goal is to simplify what and how this is done. Impacts that affected airport management included budget numbers (were not good this past year), goals (were hard to achieve), and the market crash. The objective is not to repeat this situation by reviewing the past (i.e. figuring out where the City of Burlington directed airport funds) and establishing a plan of action to move into the future. Senior staff will attend the Airport Commission meetings to answer questions and provide information on the budget and management of the airport. Discussion will also cover tools used to finance funding in the future.

Miro Weinberger requested discussion of the position as a commission on the bond authorization note (BAN) and how the airport director position should be filled.

**BAN**

Rich Goodwin explained a BAN for \$12 million has been committed and discussion is ongoing with T.D. Securities for private placement. The offering memo will be sent to private investors. The timeline for the BAN is the first week of June at the earliest and mid to late June at the latest. The memo has been reviewed by attorneys Thomas Melloni, Thomas Merrill, and Michael Wheet. The BAN will be a liability of the airport and will be subordinate to bonds previously issued by the airport. The term is 18 months. If the airport can not replace the money with permanent long term bonds then the City will have to cover. The Board of Finance is on board with the BAN. Mr. Goodwin said his strategy is to decrease borrowing and risk and increase the pool of potential investors. Buy-in by the financial advisors/team was due to structuring the short term bond (RAN) of \$5 million taken on 12/10/10 and due June 30, 2011 (the City can go out every year for the same \$5 million short term bond; typically short term notes are sought six or seven weeks before issue) and 'bundling' the RAN for the airport with other City debt (\$11-\$12 million for City in a TAN bundled with the \$5 million RAN) for an offering of about \$18

million to the pool of investors who like this approach because a better rate can be achieved. TANs and RANs cannot be bundled with GO notes (General Obligation bonds). Mr. Goodwin said when he meets with Frasca he wants the amount owed by the airport to be less than \$12 million and as low as possible. Doing short term bonds buys time and improves the debt service ratio for the airport. The cost to borrow \$12 million is \$100,000. Legal costs will be approximately \$5,000. The Board of Finance understands the City is responsible for the note if the airport cannot pay the debt. The airport owes the City about \$7.5 million. Mr. Goodwin confirmed the Board of Finance reviewed the memo from Joe McNeil and is comfortable with the borrowing.

Miro Weinberger recalled the Airport Commission was told the airport fund balance at the start of the garage project was \$35 million, but now the balance is negative \$7.5 million when the cost of the garage project was only \$13.8 million. An accounting of missing funds is needed. Also, in December, 2008, the commission questioned doing the garage project during the historic economic downturn, but Jonathan Leopold advised there was a \$35 million fund balance and in the "worst case scenario" (Jonathan Leopold's words) if no new revenues from the garage were realized the airport could draw on the fund balance to cover debt service for 10 years (\$3.5 million per year). There was discussion of the fund balance representing the airport fund balance or City of Burlington fund balance. Miro Weinberger said the reference was to the airport fund balance that represented the airport net worth. Rich Goodwin said there is historical financial data showing a positive cash balance for the airport, but not at \$35 million. Mr. Goodwin said he can provide fund balance per month for the past three consecutive years, Due To/Due From (cash on hand), cash flow FY2011 showing money reimbursed AIP, capital project spending, and projects done by the airport. There was further discussion of the \$35 million fund balance. Heather Kendrew could not recall pooled cash for the airport at \$35 million. Jeff Wick read the minutes of 12/29/08 which referred to comments by Jonathan Leopold on the fund balance representing the net worth of the airport and borrowing against the fund balance as security against the bond. Rich Goodwin clarified 'fund balance' and 'net assets' are two different items. Mr. Goodwin said he reviewed the balance sheets and profitability for the airport over the last decade and \$35 million is too large a number. Mr. Goodwin said he sent an email on the fund balance. Heather Kendrew will provide a copy of the email to the commissioners.

Miro Weinberger asked how the BAN proceeds will be used. Rich Goodwin explained the proceeds of the bond will be used for repayment by the airport to the City and a small amount will be used to pay the balance of capital expenditures. The funds will be used for garage related expenses. Jeff Munger asked if the City has to be repaid from the BAN. Mr. Goodwin confirmed this, adding the City needs repayment because pooled cash is used by all city departments and the money is needed. Mr. Munger asked about the BT repayment. Mr. Goodwin stated BT affects the liquidity of the City's pooled cash. There is approximately \$17 million owed from BT to the City. Mr. Goodwin noted \$400,000 per year is being collected on the amount so cash flow is positive. Interest is also being paid. Miro Weinberger asked if the fact that the airport needs to borrow is related to the airport's portion of pooled cash going to BT. Rich Goodwin clarified the airport spent the money and has to repay the City. If the City had excess cash then the airport could

'borrow' from the City of Burlington, but this is not the situation. Presently, the amount owed by the airport to the City is \$7.5 million and with the \$5 million RAN the total is \$12.5 million, but as of June 30, 2011 the airport will collect on AIP accounts receivables and decrease the amount owed and the RAN should be paid by the end of the year so the amount the airport owes the City will be approximately \$8 million. Miro Weinberger expressed concern that the BAN was moved forward with the Board of Finance when the Airport Commission was not comfortable with the borrowing. Mr. Goodwin assured permission from the commission was given to engage T.D. Securities for private placement of the \$12 million BAN. Jeff Wick noted permission was given by the commissioners present at the meeting because there was no alternative action available. All short term borrowing available to the City is exhausted; the \$12 million is needed in pooled cash. Miro Weinberger stated he ended the conference call into the meeting with the understanding that action would not be taken until the Airport Commission met again.

Jeff Wick asked if there is acknowledgement that inaccurate or untrue financial information was provided by Jonathan Leopold. Rich Goodwin explained the situation he faced when he began working for the City, and assured his approach will be vastly different from what was done in the past. Mr. Goodwin promised continued communication with the financial team about what is being done and the strategy going forward. It is understood that bonding for \$17 or \$22 million is not possible because the airport cannot support the debt, but some borrowing is needed to make the airport whole and address interest expenditure as well. Miro Weinberger suggested the BAN be structured to cover the debt and back loaded so the new debt does not kick in until the old debt is retired. Mr. Weinberger said he wants to see the strategy before supporting the BAN. Rich Goodwin stated the airport can consolidate and refinance all debt in a year or so and structure the debt load less in the early years than in later years. Debt-per-passenger-enplanement was explained. Mr. Goodwin noted the financials showed in March 2011 that revenues were up 10% over 2010, but the budget plan that was done a year and a half ago was aggressive; parking revenue numbers were not met. When the presentation on the budget was made Mr. Goodwin said he repeated at least five times that parking revenue was off budgeted by at least \$1 million. Mr. Goodwin conceded he should have recognized the revenue shortfall by the end of February rather than mid-March. Jeff Wick asked if the airport received the full amount of the parking rate increase (increase from \$10 to \$12 and the airport was to receive the full \$2 delta). Mr. Goodwin confirmed this.

Peter Plumeau asked for a subset of indicators in the budget that show the overall situation (i.e. five key elements as indicators). Rich Goodwin mentioned the key performance index (KPI) can be used. The indicators need to be determined. Mr. Goodwin said he is building a working model for the FY12 budget on a monthly basis based on actuals from the first nine months of FY11 and projected numbers for the balance of the year. Airport staff is needed to help draft a realistic budget. The budget is due May 11, 2011. Miro Weinberger commented the Airport Commission is responsible to present a budget each year, but in his tenure as a commissioner there has been zero budget involvement. A process is needed where the budget is submitted to the commissioners for review before going to City Council. The commissioners need to write

the report on the airport with the help of staff, said Mr. Weinberger. Bob McEwing noted he has a draft of the report which he will forward to the commissioners. Gene Richards agreed the commissioners need to be part of the budgeting process, but not micro managing. Rich Goodwin noted there is a change in the resolution that says all enterprise funds in the city will have monthly budgets produced. Gene Richards stated the garage projections need to be real with supporting evidence. The worst case has to be anticipated. Staff needs to "own" their budget and be able to identify and explain any problems. Budgets will be covered at the Airport Commission meeting in May.

Jeff Munger commented the City has treated the airport as a 'cash cow' of sorts. Burlington Police Department is paid \$1 million for their coverage at the airport. Department of Public Works is paid to operate the garage. Bob McEwing noted the bids for the garage operation will be opened on 5/19/11. Gene Richards mentioned the City wants to review the bids, but there will be a seamless process in place to review and react to the bids after which the City will be informed. Jeff Wick recalled the memo from Joe McNeil regarding the obligation to negotiate with the union before hiring. Peter Plumeau observed it appears the Airport Commission has a great deal of responsibility with little authority. There is a gap between the perception and the real authority of the commission, and that remains an issue to be resolved. People feel the Airport Commission is at fault. The finance letter to the City should stress that since working with Rich Goodwin the commissioners have been well informed with accurate information from the City unlike past occurrences. Gene Richards explained the Airport Commission is advisory to airport staff which is very good at what they do. The commission reports to City Council, not the Mayor. The Airport Director reports directly to the Mayor. Peter Plumeau suggested the role of the Airport Commission be publicly conveyed. Miro Weinberger stated the commission's role is unclear legally, but it appears City Council is delegating formal authority to the commission.

Rich Goodwin said he will request a later budget date for the enterprise fund (airport) or present a draft budget on 5/11/11. Mr. Goodwin will forward the cash flow statement year-to-date through March (formatted to show operations/investments/finances) and pooled cash by month for the past three consecutive years.

Airport Director Position

**MOTION by Miro Weinberger, SECOND by Jeff Wick, to go into Executive Session to discuss a personnel matter (airport director position). VOTING: unanimous; motion carried.**

Executive Session was convened at 10:32 AM.

**MOTION by Peter Plumeau, SECOND by Jeff Munger, to adjourn Executive Session and reconvene the regular meeting. VOTING: unanimous (5-0); motion carried.**

Executive Session was adjourned and the regular meeting reconvened at 11:23 AM.

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**ACTION FROM EXECUTIVE SESSION**

**MOTION** by Jeff Wick, **SECOND** by Peter Plumeau, that the Airport Commission resolves:

- The Airport Commission is concerned that the advertised salary may not be sufficient to attract a candidate with the skills necessary to manage the airport, and prior to posting the advertisement for the position the Airport Commission would like to see the results of a survey of salaries of directors of comparable airports.
- The Airport Commission believes the interim Airport Director is capable of managing the airport until a permanent director is hired.
- The Airport Commission recommends restarting the airport director search in April, 2012.

**VOTING: unanimous (5-0); motion carried.**

**2. OTHER BUSINESS**

Next Airport Commission Meeting(s):

- May 9, Work Session, 9 AM-11 AM, Burlington International Airport
  - Budget
  - Capital spend for the year
  - Cash flow for the year
  - Financing
- May 23 Regular Meeting, 4 PM, Burlington International Airport

**3. EXECUTIVE SESSION and/or ADJOURNMENT**

Chairman Richards adjourned the meeting at 11:30 AM.

*RScty: MERiordan*



**BURLINGTON INTERNATIONAL AIRPORT  
BOARD OF AIRPORT COMMISSIONERS  
CONFERENCE CALL SESSION  
MINUTES  
May 5, 2011**

APPROVED: 5/19/11

**MEMBERS PRESENT:** Gene Richards (Chairman)  
(via conference call) Jeff Munger

Jeff Wick  
Miro Weinberger  
Peter Plumeau

**STAFF PRESENT:** Robert McEwing  
Heather Kendrew

**OTHERS PRESENT:** None.

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**1. CONFERENCE CALL SESSION**

The work session was convened via conference call by all members at 4:20 PM. There was discussion of whether items to be discussed should be discussed in Executive Session (a motion, second, and a stated purpose for the session would be needed). The consensus was that Executive Session is not appropriate for the current subject matter.

The following statement was provided by Miro Weinberger:

“As you all have seen in recent days and months I am quite angry about what happened with respect to the garage expansion. From my perspective some bad decisions were made at great financial cost and this Commission was not treated the way it should have been by the airport or City staff. That said, I realize – with the help of our chair – that it is important to separate that anger from the decisions we need to make here. I do not think it is our role or productive for us to make accusations. I do think we have a responsibility to take some action. We as a body are aware that \$13.5 million was spent on a garage that we cannot currently support with revenues. We are aware that the financial projections that were the basis for going forward deviate significantly from our current financials. We are also aware that a strikingly clear prediction of our current financing troubles was made to Airport and City officials in December 2009 and the project went forward anyways. A \$13.5 million is a big problem by any standard, and I believe we have, over the past year, grappled significantly with it and may well know more about it and how it was created than anybody else in the city. I think it is our role to document and pass on to the Mayor and the City Councilors – the elected officials who are responsible for the finances of the City – the facts we know about this problem and how we got here. We need to do this accurately and without stating anything that is accusatory or unsubstantiated. The elected officials need this information from us so that they can openly sort out the right way to proceed in the light of day with all relevant information. They also need this information from us so that they can try to create and amend systems and safeguards to keep this kind of mistake from continuing to happen in this City. I believe if we were in charge of the City’s finances that is what we would want from a Commission. I also believe it is what the public expects us to do.”

There was discussion of the expenditure for the garage. It was confirmed \$13.5 million has been spent with another \$1 million needed to complete the project. Construction elements could impact the amount. For example, the cost of the LPR system (license plate recognition) is \$150,000. There was mention of the number of parkers being down and potential explanations, such as people using Greyhound bus service to come to the airport rather than personal vehicles. Greyhound will not divulge passenger information so an assumption must be used. Based on the assumption of 20 Greyhound riders per day there are 600 fewer vehicles per month parked in the garage. The Commission requested a concise document showing the change in parking numbers over the last year (number of vehicles and revenue), including park-and-ride numbers and costs if possible, in order to determine whether the \$12/day charge for parking is appropriate and to put the airport in a better financial position going forward. There was mention of the need to increase the number of seats and flights at BTV.

**Action:** Staff will compile data over the past year showing the change in number of vehicles and revenue collected for the parking garage and park-and-ride (if possible).

There was discussion of how to aggregate and refinance debt structure and limit large capital projects at the airport. It was stressed that decisions on how to handle the immediate financial situation (\$12 million) are needed and that the Board of Finance does not know the extent of the problem. Councilor Karen Paul has been made aware of the situation. Miro Weinberger suggested drafting a document with the help of two other Commissioners outlining the matter and concerns. Gene Richards advised having all the information first (Rich Goodwin's job is to provide information to the Commission) and perhaps having a meeting with Board of Finance, Karen Paul and the Airport Commission.

There was further discussion of drafting a document detailing the partial/misrepresented information that was provided and the Commission's position on the matter, and holding a meeting to answer questions. There was agreement the content of the document and the tone of the meeting should be void of accusations and anger. Gene Richards commented factors that contributed to the situation in addition to actions by Jonathan Leopold include assumptions that were made, downturn in the economy, and change in income and vendors. Other airports are experiencing similar problems. Accurate information on the debt coverage ratio was not provided to the Airport Commission which was trying to fund the airport without consistent numbers, said Mr. Richards. It was reiterated that the Board of Finance needs to be made aware of financial control issues related to assumptions and corrections, and that the Airport Commission based decisions on partial information that was provided. Attention to financial controls and allocating to the airport or the city is needed.

Peter Plumeau stated that it is apparent the SH&E report on parking garage demand was not fully disclosed to the Commission prior to work beginning on the facility, and the Commission did not have an opportunity to review and consider the information contained in that report. Gene Richards acknowledged the previous city administration



(Clavelle) is different than the current administration (Kiss). The focus for the airport going forward will be a month-to-month budget. Bob McEwing will have the Finance Director, Tammy Gagne, focus on finance only. Rich Goodwin and Tammy Gagne will work closely together. The Airport Commission will have sign off on matters. Gene Richards stressed the Commission must be united.

**MOTION by Peter Plumeau, SECOND by Miro Weinberger, to draft a communication document outlining the Airport Commission's position and facts as known with regard to the parking garage, bonding, and financing. VOTING: unanimous (5-0); motion carried.**

**Action:** Miro Weinberger and Jeff Wick will draft a memo detailing past and present issues and concerns about airport finances. Peter Plumeau will review the draft document. Rich Goodwin will be made aware of the contents of the memo. The memo will be available for review and discussion at the work session on May 9, 2011.

## **2. OTHER BUSINESS**

### Next Airport Commission Meeting(s):

- May 9, Work Session, 9 AM-11 AM, Burlington International Airport
  - Communication Outlining Airport Commission's Position and Facts as Known re: Airport Finances
  - Budget
  - Financing
- May 23 Regular Meeting, 4 PM, Burlington International Airport

## **3. EXECUTIVE SESSION and/or ADJOURNMENT**

**MOTION by Peter Plumeau, SECOND by Jeff Wick, to adjourn the meeting. VOTING: unanimous (5-0); motion carried.**

The meeting was adjourned and the conference call ended at 4:50 PM

*RScty: Heather Kendrew/MER*



**BURLINGTON INTERNATIONAL AIRPORT  
BOARD OF AIRPORT COMMISSIONERS  
WORK SESSION  
MINUTES  
May 9, 2011**

APPROVED: 5/19/11

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

**STAFF PRESENT:** Heather Kendrew  
Tammy Gagne

**OTHERS PRESENT:** Rich Goodwin, Assistant CAO, City of Burlington  
Marianne Riordan, Recording Secretary

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**1. WORK SESSION**

Chairman Gene Richards opened the meeting at 9:10 AM. The work session agenda was outlined as follows:

- Board of Finance communication
- Memo from Miro Weinberger re: "Where we are today and how we got there."
- Budget – cash flow trends and facts on debt

Gene Richard cautioned against saying anything in public that may result in an adverse effect on the airport's performance. Words should be chosen wisely to avoid panic. Miro Weinberger acknowledged the commission is in a tough situation and that it is better to plan conservatively rather than just hoping the situation will be better in 18 months.

Board of Finance Communication & Budget Cash Flow and Facts on Debt

Miro Weinberger commented the edits to the letter to TD Securities regarding the BAN seem to say that the BAN will not be a general obligation of the city which is a change of position of the letter submitted. Rich Goodwin noted three attorneys reviewed the letter and provided the edits. TD Securities is meeting with their sales team on the offering of the \$12 million BAN. Information on how the airport performed up to March 31, 2011 will be submitted. Miro Weinberger questioned why investors would be inclined to lend any money based on the terms in the letter and when the airport may not be in a position to secure bonds in 18 months. Rich Goodwin was confident the loan would be granted with a decent rate (7.25% worst case, 6.75% best case). The BAN is not tax free now, but TD Securities will give feedback for tax free which yields a lower interest rate (3% to 3.5%). Even though the airport has not met the debt coverage ratio this does not constitute a default. The situation does have to be made right, but the airport is taking those steps and historically there has never been a period in the airport's history that the bonds have not been paid in a timely basis, said Mr. Goodwin.

The process for sale of the BAN with T.D. Securities including having the option to reject the deal was explained by Mr. Goodwin. Jeff Wick stated the city administration and the airport administration should agree on the sale. Rich Goodwin assured once the

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bond issue is secured the money will be used to pay the BAN. There was further discussion of the ability of the airport to afford a bond.

Memo from Miro Weinberger

Miro Weinberger explained that his memo addresses the need for the airport to improve performance significantly to be able to take out a bond in 18 months, and because that may not happen the board must be prudent in the decision to take on a bond. Mr. Weinberger contended the garage was built (cost of \$13.5 million) and the airport is looking to spend another \$1 million, but presently the airport cannot pay for the garage nor is the garage needed.

Gene Richards countered that at the time the decision to build the garage was made there was demand for the space. Approximately 2,000 cars were being parked on the airfield because the existing garage and park-and-ride facility were full. Original construction plans for the garage were modified (reduced) to what is in place today. Mr. Richards added prior to the Kiss administration there was not an issue with bonds and communication gaps and accuracy of information. The Airport Commission and airport staff have been begging repeatedly for information. The Airport Commission did not know about the debt ratio until months into the project. Jonathan Leopold told commissioners "do not worry about it; we are taking care of it". Many decisions were made based on a balance that the airport thought it had to draw from because that was the information provided.

Jeff Wick stated the garage expansion in the end will be good and enplanements will increase. The outlook is optimistic. The affordability piece, though, was not well thought out and the Airport Commission may have been misled by not having adequate information, by misinformation or by not being given information in a timely manner.

Peter Plumeau opined the airport is on the right track, managerially and policy wise, however, he is not as optimistic as others regarding the future growth of airline service for Burlington Airport. The trend in the airline industry continues to be toward consolidation of players and service. In addition, fuel prices are not going down in the big picture over time. The aviation industry is slowly recovering for its years of economic troubles; part of this recovery has and continues to involve routes and flights being cut, airlines being consolidated, and the type of equipment for smaller airports offering fewer seats. If Southwest comes to Burlington that is a boost, but there is no guarantee this will happen because this move will be totally about the airline's bottom line. Mr. Plumeau said he remains skeptical about significant service growth in the near term (two to five year timeframe) and urged being extremely careful and thoughtful in moving forward. If cash flow and revenues are needed, then the projections and assumptions need long and hard thinking before going forward.

Gene Richards said he is optimistic about the airport and potential because the airport has no deferred maintenance, the garage, terminal, and runway work is done. The airport is opportunity waiting to happen. Though the airport may not get federal funding for maintenance or expansion items, there may be federal funds to help the airport stay

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afloat. The current congressional delegation can assist. A flare should not be sent up to scare people about the airport situation.

Miro Weinberger suggested that since the airport is on schedule to retire a significant amount of existing debt in 2018 there may be a way out to structure the new debt such that the airport can afford it even if revenues remain flat. The commission should request and is deserving of a thoughtful analysis of debt structuring by an outside consultant. The commission should formally request a long term debt plan based on current financials and assuming flat revenues versus past practice of short term financing until bonds are secured.

Jeff Wick asked why a BAN is being done. Rich Goodwin explained the BAN will pay back the city the amount owed by the airport based on building the parking garage. The city cannot sit on excess cash. On paper the end balance is negative \$18 million, but there is \$6 million to roll into that amount plus the \$12 million BAN so the balance is positive. If the BAN is not done in June then another source of cash must be found. City staff is working on this. Reimbursement to the city is needed to be in a cash positive position.

Rich Goodwin outlined the FY12 budget will show level of profitability and cash flow for the airport. The budget will be built on a monthly basis rather than annually. The foundation of the budget will include how much money in FY11 and debt service score FY11. Stage 1 will show profitability. Stage 2 will use Stage 1 to build the FY12 budget, and based on that, then layer in the capital plan. Based on bond and profitability to cash flow and payment on debt the amount of rate increases that are needed at the airport can be determined. There will be a budget presentation to the Board of Finance on May 23, 2011. The package will go to Finance for review on May 19, 2011. Jeff Wick asked about the BAN due in 18 months. Rich Goodwin explained the BAN is the obligation of the airport essentially, but if the airport cannot pay then the city will have to pay (much like with a RAN). Mr. Wick expressed concern about other projects that may happen in the next 18 months to increase the amount to be bonded. Mr. Goodwin said the bond is already out. In FY14 there is \$14 million due and payable, but there is a plan to build up reserves. Gene Richards summarized the Airport Commission is not comfortable with the situation and wants a solution, and wants the Board of Finance involved. Rich Goodwin observed regardless of enplanements the current rating is as "ugly" as it will get. There was further discussion of ensuring that the Board of Finance is fully aware of the airport's situation and potential adverse impact on placing the BAN or the ability to borrow in the future. The airport needs to borrow as little as possible and hold down the budget for the next two years, advised Mr. Goodwin. Rich Goodwin explained how the interest payment can be offset by the airport.

Jeff Wick suggested the Airport Commission attend the Board of Finance meeting to provide explanation of the situation and express concern about approving a BAN without confidence of permanent bond financing in 18 months. The garage was built because there was demand, but financial information provide by Jonathan Leopold was bad. Now the situation exists and the city needs to be able to backstop the airport with the BAN. Capital projects without input from the Airport Commission must be stopped, continued

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Mr. Wick, adding the airport needs to stop "empire building", buying houses, and such, and just run the airport because that is the business.

There was further discussion of involvement by the Airport Commission in airport decisions. Miro Weinberger mentioned that the draft Investment Memo being circulated internally by the Administration team working on the document indicated that the Airport Commission would, at the 5/9/11 meeting, be increasing rates paid by airlines (landing fees and such), but could not recall that the Airport Commission discussed the percent of increase or how the rates compare to the competition. According to airport management the rates were approved in the budget that was approved. Peter Plumeau agreed there is a long standing information flow and paternal viewpoint toward the Airport Commission by senior airport management and the city administration of "we will tell you what you need know". Gene Richards mentioned airport senior staff was told at the recent staff meeting to attend Airport Commission meetings to discuss all major changes prior to implementation. The Airport Commission needs time to review and think through the information. Rates are not to be changed without a presentation to the commission. Heather Kendrew recalled the rate changes have been discussed for over a year. The changes were approved last year, but not implemented. Staff agreed to be more open and communicative. Peter Plumeau suggested a standard operating procedure be adopted to say information on items of import must be received by the Airport Commission at least five business days prior to the vote or no action can be taken. Tammy Gagne stated the Airport Commission has never had input on rates. This has always been handled by management with the commission having knowledge of the change. Gene Richards stated for the record that the Airport Commission wants to be included and involved in rate setting for airlines, and any major projects, major expenditures at the airport. The commission does not want to micromanage the approved budget, but wants to know what is going on. Jeff Wick reiterated the commission wants the opportunity to advise and counsel on items that impact the bottom line at the airport.

Mr. Wick asked about the Accounts Receivable report showing airlines not willing to pay the rate change. Rich Goodwin said the plan is to do projected profitabilities and assess collectability of A/R, and if accounts are not collectable then make a recommendation for write off. Tammy Gagne explained airlines do not pay retroactively. When the leases are being negotiated the airline will be informed of the rate increase. Some airlines, like JetBlue, are paying down past due amounts. Gene Richards said according to JetBlue the airline will pay the rate increase going forward, but not retroactively because this money was not in the budget. Miro Weinberger stated for the record the Airport Commission is not taking action on rates, but did hear an explanation from Tammy Gagne. Going forward, any change in airline pricing should involve the Airport Commission in the discussion. Peter Plumeau suggested more specific guidance, such as "no action unless discussed with staff 30 days prior". Jeff Wick volunteered to draft a procedure.

Discussion returned to explaining the airport situation to the Board of Finance. Miro Weinberger summarized that the garage is built, a plan of action to pay back the debt has been suggested, future revenues are not guaranteed, and the role of an airport consultant to foresee future enplanements is key. The Board of Finance needs to know in 2009 there

was a vote to spend \$250,000 on engineering and from there the Airport Commission did not take another step to building the garage, yet the garage was built. Mr. Plumeau suggested informing the Finance Board and identifying the issues so the situation can be avoided in the future and the airport can move forward. Jeff Wick suggested simply saying the garage was built on the assurance by Burlington's CAO that the airport had \$35 million, but the Airport Commission and management team was led down the primrose path by Jonathan Leopold. Mr. Plumeau clarified the communication needs to be factual and dispassionate, providing, for example, the date the CAO stated the information to the Airport Commission. A brief on factual details could be provided to the Finance Board. There was mention of the negative "spin" that will be put on the matter by others. Gene Richards advised the commissioners to be prepared to answer the questions asked by the Finance Board. Facts should be presented so the Finance Board is assured the information is true and accurate. Essentially if the Airport Commission had different information 36 months ago then the matter would have been handled differently, but the garage was built and now a plan of action for financing is needed.

#### *Plan of Action*

- Mark the document "DRAFT".
- Rewrite pages 1 & 2.
- Have staff review for inaccuracies.
- Circulate among the commissioners and secure approval by no less than three members.

Jeff Wick commented the document needs to show the Airport Commission acknowledges the situation and is trying to set the record straight. The Board of Finance needs to know that the commission is concerned about being able to pay off the bond debt. Information can be provided. It was noted the Board of Finance makes recommendations to City Council on policy and procedures. Some items do not need to go to City Council. Gene Richards stated a constructive directive of one or two pages needs to be drafted saying the airport is here and needs to be here 18 months from now and beyond. Rich Goodwin agreed a condense document is good. The Airport Commission needs to be aware of the ramifications of what is being presented. The Board of Finance should formally accept the communication from the Airport Commission so it is in the record. Heather Kendrew suggested the recommendations noted in Mr. Weinberger's memo be included in the communication to the Board of Finance. Following further discussion, the consensus is to draft a one to two page communication that documents the past, but does not rehash the past and does not inflame the current situation.

## **2. OTHER BUSINESS**

### Open Meeting Law

Tammy Gagne suggested review of the open meeting law regarding discussions in Executive Session versus public session.

### Next Airport Commission Meeting(s):

- May 19, Work Session, 4 PM, Burlington International Airport

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- Budget and Financing
  - May 23 Regular Meeting, 4 PM, Burlington International Airport

**3. EXECUTIVE SESSION and/or ADJOURNMENT**

**MOTION by Peter Plumeau, SECOND by Jeff Wick, to adjourn the meeting.**

**VOTING: unanimous; motion carried.**

The meeting was adjourned at 10:58 AM.

*RScty: MERiordan*



**BURLINGTON INTERNATIONAL AIRPORT  
BOARD OF AIRPORT COMMISSIONERS  
MINUTES OF MEETING  
June 9, 2011**

APPROVED – 1/18/12

**MEMBERS PRESENT:** Gene Richards (Chairman)  
Jeff Munger (arrived 4:30 PM)  
Jeff Wick  
Miro Weinberger  
Peter Plumeau (via teleconference)

**STAFF PRESENT:** Robert McEwing  
Tamara Gagne  
Heather Kendrew

**OTHERS PRESENT:** Rich Goodwin, Assistant CAO, City of Burlington  
Karen Paul, Burlington City Councilor  
John Briggs, Burlington Free Press  
Marianne Riordan, Recording Secretary

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**1. CALL TO ORDER and ANNOUNCEMENTS**

Gene Richards called the meeting to order at 3:40 PM. There were no announcements.

**2. OLD BUSINESS**

Transportation and Security Services RFP

Tammy Gagne reported the following:

- RFP components included management of the parking garage, management of the park & shuttle, management of the airport ambassador program, and management of the security service at the north exit.
- Bids included labor, wages, management fee, and flat overhead. Requirements specified in the bid mirrored existing conditions to allow like comparisons.
- Six bids were received. Two bids (Standard and Republic) covered all four components of the RFP. One bid covered management of the parking garage and park and shuttle. Three bids covered management of the airport ambassador program and security service north exit.
- Burlington Department of Public Works was not one of the six bidders.
- The figure from Standard and Republic for management of the airport ambassador program and gate security does not include the management fee.
- Green Mountain Concert Services (GMCS), Global, and G4-S submitted bids on management of the airport ambassador program.
- GMCS provides gate security presently. There may be potential for different manhours for the ambassador program, but security is set.
- The various proposals are being reviewed by staff. Completed results are anticipated by the June 20, 2011 Airport Commission meeting.

Gene Richard advised the following:

- Forward the bid numbers to Mayor Kiss who can pass the information to DPW. Staff will draft a cover page explaining the bids and forward the package to Mayor Kiss.

- Ask Burlington Public Works about operating the garage on a month-to-month basis until the contract is awarded or an agreement with DPW is settled.
- The intention is to realize a savings and work with the City to manage the asset to reflect the savings.
- The decision on the contract must be factually based on the numbers. All that can be done must be done to protect the City and airport. A potential savings of \$200,000 for the garage alone is significant. Much effort has already gone into tightening the budget (\$1 million was cut from the \$15 million airport budget for FY2011).
- The asset (airport) must be managed differently than in the past, utilizing current technology, such as a license plate recognition system. Target date for implementation of the license plate system is mid-July to August. Money for the system is included in the parking garage budget.

Rich Goodwin requested opportunity to analyze the bid information to confirm comparison of like items before sending the package to the Mayor. Tammy Gagne will send the information to Mr. Goodwin.

The restaurant lease expires in December, 2012. A working committee is planned to develop options and a new RFP for food services. Miro Weinberger volunteered to spearhead the restaurant RFP.

#### Parking Garage Statistical Data

Tammy Gagne reported the following:

- Frasca helped with analyzing data to determine if the rate increase for the parking garage affected utilization.
- Usage of the garage and park & shuttle shows 'peaks' and 'valleys'.
- A drop in usage corresponds to the garage construction.
- The rate increases do not appear to have an adverse impact on utilization of the garage and enplanements.
- Frasca said rate increases have some resistance in the short term, but there does not seem to be long term impact of rate increases at the airport.
- The approach taken by the airport is seen as the better way for funding capital improvements.

There was continued discussion of the garage analysis and actions that could be taken to help fill the garage (incentives, more advertising, etc.). A work session will be scheduled in July to further discuss the parking garage. Staff will provide several scenarios/forecasts for the garage such as the numbers if the airport loses an airline.

#### Update on CAH Litigation

Tammy Gagne reported:

- CAH Services managed the park & shuttle. Curt Hennigar remains a defendant. Both parties are held responsible for what is owed.
- Trial date is November 1, 2011

### 3. NEW BUSINESS

#### 2012 Budget

Tammy Gagne reported the following:

- Ending FY2011 revenues over expenses indicate the need for rate increases.
- FY2011 will end, without additional PFC coverage, under 1.25 times coverage.
- Additional \$250,000 is needed to make the ratio of 1.25.
- Rate increases are necessary to meet the FY2012 budget.
- A consultant for United Airlines suggested that airlines should be informed of the amenities benefitting the airlines that are being offered by BTV, and it is their opinion rates should be no more than 20% to 25% of total operating costs for airlines.
- FY2012 budget goals emphasize the need to demonstrate financial discipline for rating agencies, budgets need to be built to realize 1.4 debt service coverage, and strategies are needed to decrease expenditures and enhance revenues.
- Revenue opportunities considered by staff include:
  - Increasing the customer facility charge (CFC) for car rentals from the current \$2 set in 1997 to the average rate at airports of \$4.50;
  - Requiring off airport car rentals to pay an operating fee;
  - Establishing an apron fee for the area where planes park by the terminal to \$.40 per 1,000 pounds of landed weight (this might be in lieu of a portion of the land fee rate increase);
  - Increasing the landing fee from \$1.75 per 1,000 pounds of landed weight to \$2.10 per 1,000 pounds.

There was discussion of potential impact of fee increases and meeting the ratio coverage. Rich Goodwin will work with Tammy Gagne to delineate budget assumptions including increases in landing fees and CFC.

### 4. OTHER BUSINESS

#### Interdepartmental Fee

Rich Goodwin will forward an outline of direct and indirect costs charged to the airport and other city departments.

#### Upcoming Meeting Dates/Events

- June 20, 2011 – BTV Airport Commission meeting, 4 PM
  - Agenda items include accounts receivables report and budget approval
- July 11, 2011 – City Council discussion of airport (Airport Commissioners to attend)
- July Work Session
  - Parking garage

### 5. EXECUTIVE SESSION and/or ADJOURNMENT

The meeting was adjourned at 6:02 PM.



**BURLINGTON INTERNATIONAL AIRPORT  
BOARD OF AIRPORT COMMISSIONERS  
MINUTES OF MEETING  
May 19, 2011**

APPROVED – 1/18/12

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

**STAFF PRESENT:** Robert McEwing  
Tamara Gagne  
Heather Kendrew  
Rick Varney  
Steve Gragg

**OTHERS PRESENT:** Bob Kiss, Burlington Mayor  
Rich Goodwin, Assistant CAO, City of Burlington  
Adam Whiteman, Frasca Associates  
Karen Paul, Burlington City Councilor  
David Conger, Dubois & King  
Marianne Riordan, Recording Secretary

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**1. CALL TO ORDER and ANNOUNCEMENTS**

Chairman Gene Richards called the meeting to order at 4:05 PM.

Announcements

*Additions to Agenda:*

- Approval of 5/5/11 minutes
- Communication to Board of Finance
- Question and Answer with Adam Whiteman, Frasca Associates

*Question and Answer with Adam Whiteman, Frasca Associates*

- EPAX

A chart providing comparative EPAX (enplanements per passenger) cost figures across airports was provided. Burlington's EPAX is low comparatively because Burlington subsidizes the airlines. It was noted many communities pay airlines to serve their airport. There was discussion of increasing the rates at Burlington incrementally over time. Tammy Gagne noted the last increase was in 2006 for landing weight (\$1.25 increased to \$1.50/1,000 pounds) and terminal rent (\$45 to \$46/s.f.). Jeff Wick stated Burlington has the worst credit rating in the country besides the Virgin Islands and Marianas. Tammy Gagne stated the FY11 landing fee budgeted is \$1.75 (up from \$1.50) and the rental rate increased from \$46/s.f. to \$48/s.f. The FY12 budget shows a landing fee of \$2.10 and rental rate of \$51.50/s.f. The parking rate in the garage was increased in 2009 and 2010. The rate increase does not appear to be impacting use of the garage. There is direct correlation between enplanements and impact on the park-and-ride/shuttle parking lot. The parking garage construction did have an impact on travelers using the garage. Gene Richards stated

the perception prevails that there is no parking available at the airport so more advertising is needed. Word needs to be spread far and wide that there is plenty of parking at the airport.

- BAN

Miro Weinberger asked about the cost of interest on the BAN. The number as estimated is 7% per annum (or \$1.25 million). Mr. Weinberger asked about getting the rating up and then going out for general airport revenue bonds (GARBs). Adam Whiteman advised the airport may go out for GARBs whether or not the rating is up as long as the outlook is positive. Moody's wants to see willingness to pay and a cushion of cash. Burlington is demonstrating a track record by showing better financial reporting, information on operations, knowledgeable contact people, and financial statements being available in a timely manner. Rich Goodwin said he asked Moody's for an investment grade rating even with a negative watch and to tell Burlington what is wanted, and if Burlington does not deliver then downgrade. Burlington has three years to demonstrate this. Miro Weinberger asked for a review of the procedure with the BAN. Rich Goodwin said essentially there is a presentation, solicitation of interest by investors, then negotiation. Miro Weinberger stated to fully pay for new GARBs in 18 months the airport needs a significant increase in cash flow for debt service. Adam Whiteman interjected this depends on how the GARBs are structured. The debt needs to be structured to not impact rates and charges. The goal is to not load everything up front (i.e. back loading). Miro Weinberger responded that on call a with Frasca on 5/18/11 Whiteman's colleague had indicated that there limitations to how much the debt can be back loaded, especially given the airport's current credit rating – while it may be possible to delay some principal payments, Frasca had previously indicated that it was unlikely that the interest payments on the \$12 million could be accrued and delayed beyond the BAN period. Rich Goodwin pointed out there are different funding options. The BAN amount is \$12 million. Miro Weinberger calculated the BAN adds one third to the debt load so 18 months will be needed to sell the GARBs and secure significant funds to pay debt service. Adam Whiteman said rates and charges will have to increase. Tammy Gagne confirmed the plan is to increase rates and charges and marketing efforts as well as look at other revenue generators.

Gene Richards thanked Mr. Whiteman for his expertise and guidance.

*Communication to Board of Finance*

There was discussion of the communication to the Board of Finance. Peter Plumeau explained the memo is a high level, but accurate and pointed summary of financial and debt issues associated with the airport to inform the Board of Finance as they make decisions. Gene Richards recalled his request to work as a team and agree on the document, and not to have the document appear political. Rich Goodwin has been instrumental in working with the Airport Commission and his opinion is valued, said Chairman Richards, and it needs to be noted Mr. Goodwin was not involved in drafting the communication. Jeff Wick said he would like to see the financials in the memo fact checked by Rich Goodwin and will not approve the communication until this is done and



the airline statistics are confirmed. Peter Plumeau pointed out the information came from documents provided by Bob McEwing and/or Rich Goodwin. Mr. Wick said he wants a memo confirming the numbers have been checked and are correct so the Airport Commission can move forward with confidence. Gene Richards reminded everyone that the airport and the Airport Commission are part of the City of Burlington. The airport is a distinct entity, but must act in partnership with the City. Jeff Wick observed Mayor Kiss who is in attendance is being made aware of the Airport Commission's concerns with how the airport has been managed. It would be better to have all the parties present and have open communications. Miro Weinberger suggested deleting the statement in the memo about 30% in funds being available for debt service because the statement may not be accurate.

Mr. Weinberger read the following statement:

Commissioners –

As you all are aware, I believe it is important for us to communicate with the Board of Finance to confirm that they are fully aware of the challenges we are confronting.

I would like to share my current understanding of those challenges:

- The City and Airport have spent approximately \$14.5 million on the expansion of the garage.
- The Administration commenced construction of the garage without permanent, voter-authorized General Airport Revenue Bonds (GARB) in place and, shortly after it started, it became impossible to put such financing in place because of the Moody's downgrade. That financing status continues until today.
- Because GARBs have not yet been secured, City pooled cash and short-term airport borrowing have been used to pay for the garage construction to date.
- An 18-month BAN is currently being offered by the airport to investors. As with other financing efforts the Administration has attempted over the last year, the outcome of that effort is uncertain and, even if successful, the airport's ability to secure GARBs 18-months from now to repay such a BAN is not certain. It is certain that in order to repay the BAN the airport's net Funds Available for debt service would need to grow significantly – ~~probably approximately 30%~~ (less if the BAN is taken out sooner) and that the airport will incur costs of approximately \$1.35 million during the 18-month period.

This is a serious situation – perhaps resolvable – but serious nonetheless.

There is another dimension to this situation that the Commission has just become aware of and which I believe we have a responsibility to share with the Board of Finance. Just over two weeks ago the Commission was given a copy of the draft December 17, 2009 SH+E report, apparently for

the first time. The draft report, issued four months before the start of the garage construction and five months before the Moody's downgrade, predicted clearly the challenging situation we are now in.

The SH+E report is clear evidence of financial mismanagement of the garage expansion project and the airport finances more broadly by Airport and City officials. The investment rating downgrades of 2010 and the current inability to permanently finance the garage expansion would have been avoided or at least significantly mitigated had the warnings in the SH+E draft report (and the earlier warnings described in the report) been heeded.

We have a duty to inform the Board of Finance (and thus the public) of the draft report. Failure to do so – and to do so quickly – will make us complicit with the errors we are now aware of. While bringing attention to the report may well cause some near term disruption and discomfort to us all, I believe we are likely to do greater damage [to] the reputation of this Commission and ultimately the airport and the City by failing to do so.

To that end, I move to approve the 1.5 page letter that the Commission has worked on over the past week. Thank you to Peter Plumeau for taking the lead in this drafting effort.

**MOTION by Miro Weinberger, SECOND by Peter Plumeau, to approve the one and a half page letter the Commission worked on to be forwarded to the Board of Finance.**

**DISCUSSION:** It was noted the SH&E report is a feasibility report on the expansion of the airport garage. Peter Plumeau said the Airport Commission was asked to make a decision on moving forward with garage financing when the information that had been provided to the Commission on the airport's financial position to date was incomplete. Mr. Plumeau said he wanted to put on record that the Commission did not fully understand the amount and nature of the gaps in information related to decisions it is asked to make until recently. Mr. Plumeau said that it is critical that the team of the Board of Finance, Airport Commission, and Administration and staff all be involved in rectifying the situation and ensure that the needed information is available and understood when key decisions are to be made. It is time to fill the gaps and in moving forward all is on the table, above board, before asking the Commission to take action. The right people need to have the right information, said Mr. Plumeau. Rich Goodwin stated the data in the memo is factually accurate, but 30% is not correct. Edits to the document could be added to provide greater insight. Total revenues in 2012 are \$16 million. A five percent increase on \$16 million per year is \$800,000. There is a period of two to two and a half years (18 months) so when looking at total revenues today and over time it is not an insurmountable amount of money that is needed to increase to in order to get to decrease the debt. That explanation is



not in the memo, said Mr. Goodwin. Jeff Wick said the document is not as balanced as he would prefer. Mr. Wick said he does not want to inflame the situation beyond what is prudent. Rich Goodwin stated the airport is a department of the City of Burlington which is working hard to secure a \$12 million BAN at an attractive rate. The City of Burlington does significant borrowings at the beginning of the fiscal year. In July approximately \$35 million is to be borrowed and that determines interest paid to the airport in pooled cash. The memo as written could impact the City's ability to borrow at an attractive rate and impact what the airport receives. The garage has been built. The City loaned the money to build the garage. A mechanism needs to be in place for the airport to pay back the City, and at an attractive rate. Mr. Goodwin agreed the memo is not balanced. Miro Weinberger felt the memo is factual and that it is not possible to be inflaming by stating the facts. It is not appropriate to plan with public taxpayer money hoping for improvements or events to occur (i.e. Southwest coming to the airport), said Mr. Weinberger, adding the matter needs to be resolved today because it has been going on too long. Peter Plumeau concurred with Mr. Weinberger's statements, adding the memo is making sure people have enough information to make decisions. Jeff Wick said it feels like the Commission was "fooled or misled" and knowing what is known now would not have made the decisions that were made. Management had the SH&E report, but no negative information in the report was presented to the Commission. The project got built before financing was in place because Jonathan Leopold assured the Commission there was \$35 million in the airport's fund balance with the city and that \$3.5 million per year of the airport fund balance could be used in the worst case scenario, recalled Mr. Wick, but then Rich Goodwin could not confirm the \$35 million number, only \$10 million, so either Jonathan Leopold did not know or he lied to the Commission. Mr. Wick said Peter Plumeau and Miro Weinberger did not want [the Commission] to be "tarred" with the matter. Jeff Wick said Bob Kiss is the constituent he cares most about knowing of the matter because he can hire/fire the head of the airport. Information has not been received from City Hall that the Commission can work with, but the Commission is on the right track now with Rich Goodwin on board and attending meetings of the Airport Commission. Gene Richards said he will not vote in favor of the memo at this point in time, but has optimism for the future and is realistic of the past. Information was available over time, continued Mr. Richards, though maybe not at the meetings. "Monday morning quarterbacking" is easy. Mr. Richards acknowledged the Commission did the best that could be done with what was provided. Perhaps Jonathan Leopold could have handled matters differently. The Commission clearly did not have the support, and if Mr. Leopold did what the voters asked then the Commission would not have been able to do what was done. Mr. Richards requested the commissioners put their energy into making, not breaking, the airport, adding he will support a document that the team together drafts. Mr. Richards said he has no problem with disclosure and telling the public everything. The Mayor and

City Council are all aware. No information is being hidden. The airport is a small part of the whole picture. Mr. Richards reiterated he will not support the document unless Rich Goodwin's signature is on it. Mr. Richards said he will talk to the Board of Finance. Miro Weinberger disagreed with the assessment of "Monday morning quarterbacking" when the matter is a base mistake – the garage should not have been built until it was known how to pay for it. The voters said to sell general bonds to pay for the garage yet the Administration started a \$20 million project without the finances in place. That is irresponsible and not 'Monday morning quarterbacking', said Mr. Weinberger, adding he "chafes" at the statement that the document is not a team document. Facts are in the document and there was every opportunity to vet the document broadly. The document was vetted within the Commission. Rich Goodwin works for the Administration that put the airport in this position. It is unreasonable to expect Mr. Goodwin to sign off on the memo. Mr. Richards said he tried to have the drafters write an accurate document and involve everyone. Mr. Richards said he would not go out with the document because it is half the story and will do more harm than good to the airport. The energy put into the document can be used at the airport. The document is Miro Weinberger's belief, not the common belief, observed Mr. Richards, adding Rich Goodwin is a good soul who has been honest with the Commission. Peter Plumeau stated the document needs to be brought to the Board of Finance before a decision is made on finances, but it is obvious the Commission is not going to accept the report to go to the Board of Finance. Mr. Plumeau disagreed with the statement that the document will only achieve 'stirring the pot'. Mr. Plumeau said he sees the memo as raising information to the light of day, accountability, and that the decision made was flawed because of the information or lack of information. Mr. Plumeau said it is the Commission's fiduciary duty to make sure those who make decisions with public funds are aware of the information underlying the decision so they know what questions to ask. Mr. Plumeau wondered if the SH&E report was not shared with the Commission because it would undercut the direction someone wanted to go. Tammy Gagne interjected regarding airport management or staff hiding something from the board, the perception can be understood, but the details of the SH&E report were not fully evaluated by staff (before release to the Commission). It was an oversight and is related to the lack of opportunity due to staffing needs and requirements which have been issues for the last 10 years. Ms. Gagne said she does take offense to the statement that staff was hiding something. Mr. Plumeau replied the staffing issue needs to be addressed or the same situation will continue to occur. Jeff Wick pointed out the drafters may have achieved their objective in that Mayor Kiss and City Councilor Karen Paul who both serve on the Board of Finance are in attendance and the document is now public. Rich Goodwin said he is not in support of the document which is factually inaccurate. Miro Weinberger called on Mr. Goodwin to clarify this statement given that earlier in the meeting Mr. Goodwin had stated that the document is factually accurate but for the

somewhat subjective estimate that an increase in Funds Available for Debt Service will need to increase 30% in order to repay the BAN. Rich Goodwin pointed out there is other language in the document which is not numbers that is objectionable. Miro Weinberger agreed to strike the last sentence on the first page reading "...increase funds available debt service by approximately 30%..." and remove the word "serious" on Page 2 in the statement reading "...2009 report...SH&E...raised serious feasibility concern...".

**AMENDMENT TO MOTION** by Miro Weinberger, **SECOND** by Peter Plumeau, to send the letter with the deletion of the last sentence on the first page ("...debt service by approximately 30%...") and deletion of the word "serious" on the second page ("...raised serious feasibility concern...").

**DISCUSSION ON AMENDMENT:** Mayor Kiss said he has no way to confirm the language or that the debt service ratio fell below 1.25. Mayor Kiss expressed concern the document will not allow the City to move forward strategically to finance the BAN and put the airport in a better financial position. The Board of Finance wants to work with the airport. This is a negative statement that affects the ability to secure a BAN, said Mayor Kiss. Rich Goodwin agreed the document as written is damaging. Bob McEwing agreed the document is damaging and is no good to the community. Karen Paul advised being cognizant of what is said in the memo because it could potentially be damaging to the airport. There are ways to get to the truth. Jeff Munger stated rehashing history is like trying to close the barn door after the horse is gone. Mr. Munger said he could not see anything in the memo that is positive to get out of the situation and put the airport on a good footing. Rich Goodwin has been very helpful, but the memo is inflammatory. There were no further comments.

**VOTING ON MOTION AS AMENDED:** 2 ayes (Weinberger, Plumeau), 3 nays (Richards, Munger, Wick); motion did not carry.

Jeff Wick commented the memo is a report of significance, but put together too quickly. It is not prudent to present the report in the current form. A more balanced document is needed. It is imprudent to present something unbalanced and one side that does not tell the whole story.

Gene Richards noted he has talked a lot with Miro Weinberger and appreciates the work that was done, but so much time has been spent on the issue of financing for the airport, the people and the airport cannot be hurt. Some good did come of the day and what was desired to be accomplished was done. Mr. Richards said he supports the memo in spirit, but could not hurt the airport.

Miro Weinberger said he appreciates and understands the remarks, but is done with drafting a report on the situation. Mr. Weinberger asked about attending the Board of Finance meeting as a member of the Airport Commission and flagging issues. Mr. Richards said all are welcome and encouraged to attend the Board of Finance meeting and provide thoughts and opinions.

Peter Plumeau said his intention with the document was about moving the airport forward in a positive direction and not pointing fingers or looking backwards. It is good to know where you have been before moving forward and to explore in clear, factual terms what transpired so the decision makers are cognizant of where weaknesses may be and where opportunities may be to keep moving in a forward direction, said Mr. Plumeau, and it is hoped Mayor Kiss and Councilor Paul consider this in their decision making.

## **2. MAYOR BOB KISS**

### Director of Aviation Position

Mayor Kiss reported the search to fill the Director of Aviation position is reopened and seven new applications have been received. Candidates in the process previously will still be considered if requested. Mayor Kiss said he is not opposed to the idea of the Boyd Group recommending people. Mayor Kiss felt the process to determine a Director of Aviation should move forward in order to get back into balance and put responsibility on the shoulders that should bear it. The process in place was to ensure the selectee had broad support, and that is still the hope.

## **3. MONTHLY REPORTS**

### Approval of Minutes (3/21/11, 4/18/11, 5/2/11, 5/5/11, 5/9/11)

**MOTION by Miro Weinberger, SECOND by Jeff Munger, to approve the minutes of 3/21/11, 4/18/11, 5/2/11, 5/5/11, and 5/9/11 as circulated and with the following correction(s)/clarification(s):**

- **In the March 21, 2011 minutes, Page 3, sentence reading: “To date \$13.4 million has been expended for the garage...” – delete “federal funds for \$11.5 million received”**
- **In the May 2, 2001 minutes – globally correct the spelling of “Joe McNeil”; on Page 2, bottom paragraph, sentence reading: “There is \$17 million owed from BT to the airport” – rewrite to read: “There is approximately \$17 million owed from BT to the City.”**

**VOTING: unanimous (4-0)[Peter Plumeau not present for vote]; motion carried.**

### Monthly Finance Report

Information reported under ‘New Business’.

## **4. MANAGER’S REPORT**

### Monthly Enplanements

Enplanements were flat in January, February, and March, 2011. Decrease year-to-date is 3.5%. Management is seeking to increase enplanements.

### Parking Statistics

Parking numbers were reconfigured following the discovery of an error. Parking numbers at the garage are basically stable over the past two years. Canadian traffic makes up 23.2% of enplanements with up to 10% from New York State and 60% from Vermont.

### Load Factor Comparisons

Load factors increased over the last four years from 70.6% to 79.5% because planes are fuller, not because the number of seats is increasing. Fares will be higher. Demand is not satisfied due to the lack of seats.

#### Networks Conference Report

Bob McEwing reported Brian Searles made good contacts at the Networks conference he attended which hopefully will produce results. More meetings with airlines are planned (Vision, Delta, JetBlue, Southwest, AirTran). There is rumor JetBlue and American may be joining forces. American would provide additional seats to Chicago from Burlington.

Jeff Munger reported Sen. Sanders met with the congressional affairs delegate who is head of Southwest Airlines to discuss Southwest/AirTran serving Burlington. Letters have been sent from National Life, Middlebury College, Green Mountain Coffee, Ben & Jerry's, Vermont Commerce, Travel & Tourism, Mayor Kiss, Interim BTV Aviation Director Bob McEwing, and Governor Shumlin asking for start up at Baltimore and Chicago. Washington National would be a nice addition as well. Sen. Sanders stressed the importance of getting in and out of Burlington without multiple transfers. Sen. Leahy also met with Southwest on the merger. Southwest/AirTran has not felt the recession as yet because they did a pre-buy of fuel and their tickets are still inexpensive in comparison. Gene Richards noted he and Karen Paul are meeting with Senator Leahy to discuss air service. Jeff Munger will forward copies of the aforementioned letters to Bob McEwing for the file.

### **5. OLD BUSINESS**

#### Transportation and Security Services RFP

Tammy Gagne reported bids will be opened on 5/26/11 for all or portions of the management of the parking garage, shuttle, airport ambassadors, and north concourse gate. A good response to the bid solicitation is anticipated. Gene Richards noted the airport commissioners are welcome to attend the bid opening. Mr. Richards requested a letter be sent with Mayor Kiss being copied about the bid process/decision and to clarify whether Burlington's Department of Public Works (DPW) is submitting a proposal. It was recalled DPW questioned the livable wage and benefits portion of the RFP. Subsequently changes were made to the wording to accommodate the concerns. Jeff Wick asked about Attorney McNeil's letter outlining the ability of the airport to go out to bid and requirements for good faith negotiations with the union. Staff will ask Joe McNeil to provide a legal opinion on the need to negotiate (regardless of the RFP proposal opening).

#### Project Updates

Heather Kendrew report on the following:

- Boiler project was approved by the Board of Finance and City Council. The project "kick off meeting" will be next week. The project is in the FY12 budget.
- Closeout of runway construction project, painting, some grading, and electrical work is wrapping up.
- The recent power outage impacting runway lights is believed to be due to a power surge that caused the failure of two transformers and three lights requiring the

runway closure. As a precaution electricians will be inspecting airfield light fixtures and wiring over the next few months

Karen Paul asked if anyone from the airport attended the air show public meeting. Kelly Colling from Airport Operations attended on behalf the airport. Gene Richards encouraged positive support by the airport administration and the Airport Commission, especially since the Air National Guard is a partner at the airport. Chairman Richards asked if more meetings are scheduled so continued support can be shown.

## **6. NEW BUSINESS**

### Financial Forecasts for Remainder of FY2011 and FY2012 Budget

Rich Goodwin gave an overview of the proposed FY12 budget and the model created using actuals from the current fiscal year and forecasts by BTV to show projected level of profit and debt service coverage ratios and model cash flow for the year. It was noted Adam Whiteman of Frasca provided oversight to ensure the budget was realistic and met the required debt/coverage ratios. There was discussion of including salary for the Director of Aviation position for 12 months in the FY12 budget, and agreement this should be included in the FY12 budget to be conservative.

Tammy Gagne reviewed the FY11 budget and past budgets, noting in 2009 the airport provided \$1.8 million in subsidy to airlines per the rate structure used. In 2010 the subsidy was \$1.9 million to help keep costs low for the airlines and encourage continued service to Burlington. New rates are proposed for 2012 to ensure debt coverage ratios are met. There was continued discussion of rates, back-billing of airlines, and effect on debt service coverages. It was noted Moody's indicated debt service coverage of 1.4 is needed for two years for reinstatement to "investment" grade. There was discussion of current landing weight fees and terminal rent rates versus what needs to be budgeted to meet coverage scores. Staff plans to meet with airlines who have unpaid (back-billed) fees. Miro Weinberger urged that, given the sensitive and critical nature of those meetings, that they not take place until after rates for FY2012 have been set. Miro Weinberger expressed deep concern that the proposed Landing Fee increase to \$2.10 would result in a 40% increase in that fee in a 24-month period (12 months if you consider that the initial increase has not yet been billed) and that the rental fee rate increase (plus an increase in the square footage being billed) was also large. The Airport Commission requested accounts receivable information be sent to each member.

There was discussion of short term interest being reflected in the debt service ratio. Miro Weinberger commented going from short term to long term debt impacts the debt coverage ratio. Rich Goodwin stated that short-term interest rate costs (paid either to the City or on the RAN or proposed BAN) are not included in either the numerator or the denominator of the DSCR calculation. Miro Weinberger asked whether Goodwin was confident in this given that previous e-mail communications from City staff had indicated that short-term interest payments were counted as operating expenses. Mr. Goodwin noted Adam Whiteman, Michael Wheat, TD Securities, and legal counsel have reviewed the recommendations on short term borrowing. It was discovered short term interest was included in the debt service ratio relative to current FY11 expenses, but the situation is

rectified and the ratio recalculated. The FY12 budget shows even distribution on a monthly basis and active oversight by staff to ensure the ratios are met at the rates proposed in the budget presented.

There was discussion of potential revenue opportunities, such as parking, concessions, restaurant, and increasing rates incrementally or by lump sum. RFPs to update agreements are needed. Miro Weinberger volunteered to work on an RFP. There was discussion of increasing rates to airlines, and concern about the impact of large percentage increases. Moody's and the SH&E report advised against BTV continuing to subsidize the airlines.

Miro Weinberger indicated that he was not ready to approve the budget as presented and that an additional session before the start of the FY 2012 of July 1 would be needed. Other Commissioners agreed. Richard Goodwin indicated that staff needed to continue with the City's budget process, but confirmed that it would be possible to amend the budget later if necessary.

Next steps with the budget include forwarding the draft budget to the Board of Finance for presentation and approval following which the Airport Commission will meet to review/approve the budget and rates.

There was a request for an update on the status of litigation involving the former Park & Shuttle operator. Legal counsel will be asked to provide a brief update.

#### Airport Commission Report to City Council

Airport commissioners will review the draft report from the Commission and send suggested edits to Bob McEwing. The revised report will be re-sent to the members for approval then forwarded to the Mayor's Office. Karen Paul mentioned the Airport Commission will likely be asked to present the annual report to City Council. Gene Richards requested the full commission attend the presentation if possible.

### **7. OTHER BUSINESS**

#### Upcoming Events/Meetings:

- Jumpstart Meeting, June 21 – 23, 2011. Airport management will meet with eight airlines. Brian Searles will join Bob McEwing at the meetings if scheduling permits.

#### Next Airport Commission Meeting(s):

- Second week of June (tentative)

### **8. EXECUTIVE SESSION and/or ADJOURNMENT**

**MOTION by Jeff Wick, SECOND by Jeff Munger, to adjourn the meeting.**

**VOTING: unanimous (4-0)[Peter Plumeau not present for vote]; motion carried.**

The meeting was adjourned at 7:34 PM.

*RScty: MERiordan*





**BURLINGTON INTERNATIONAL AIRPORT  
BOARD OF AIRPORT COMMISSIONERS  
MINUTES OF MEETING  
June 20, 2011**

APPROVED – 7/25/11

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

**STAFF PRESENT:** Robert McEwing  
Tamara Gagne  
Heather Kendrew  
Ryan Betcher

**OTHERS PRESENT:** John Briggs, Burlington Free Press  
David Conger, Dubois & King  
Chuck Rolecek, Stelex Corp, One Flight Up Restaurant  
Bill Weigle, One Flight Up Restaurant  
Jerry Spaulding, GMCS  
Marianne Riordan, Recording Secretary

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**1. CALL TO ORDER**

Chairman Gene Richards called the meeting to order at 3:38 PM.

**2. MONTHLY REPORTS**

Approval of Minutes

*June 9, 2011*

Action on the minutes postponed.

Monthly Financial Report

Bob McEwing reported the monthly financial report was just received. Staff has not had time to review the report. Based on estimated expenses the forecast for the debt service ratio is 1.29. Tammy Gagne clarified the preliminary report was received on May 7<sup>th</sup>, but many revenues are not received by that date (such as the May 10<sup>th</sup> airline reports). The accounts receivables report was received, but not in summary form and there were problems with payments not posted.

**3. OLD BUSINESS**

2012 Budget

FY12 Budget assumptions include:

- \$50 terminal rent (4% increase). Every \$.50 in terminal rent increase generates \$20,000 in revenue.
- \$1.75 per 1,000 pounds landing weight (14% increase with retro bill). Every \$.10 per 1,000 pounds landing weight generates \$80,000 in revenue. To eliminate the airline subsidy the rate should be \$4.67 per 1,000 pounds landing weight.
- An apron fee of \$.30 per 1,000 pounds landing weight (\$240,000 per year will be generated).

- Overall increase for airfield and ramp over FY10 fees is 15%.
- Parking revenue for FY11 is \$4.8 million not including \$800,000 for customer facility car (CFC) fees through car rentals. FY12 budget projection is \$6.7 million Rich Goodwin's projection for all parking revenue in the first 11 months is \$5.2 million plus \$500,000 for June equating to approximately \$5.8 million versus \$6.7 million budgeted. CFC could help meet the budget gap.
- Staff continues to seek parking data from the garage system and has contacted the manufacturer to help retrieve purged data.
- Nationally \$4.50 is the CFC average. Burlington is at \$2 presently and proposing an increase to \$4. In addition off airport car rentals will have a rate increase though the amount will be less than the increase for car rentals located at the airport.

There was discussion of rate increases. Jeff Wick requested data on parking rates at comparable airports be re-circulated. Mr. Wick stated reserves should be substantially built up over time for future capital investments. Peter Plumeau urged focusing on rate increases where demand is not elastic, such as rental car users (typically not discretionary users) and fees airlines will allocate to terminal rates rather than landing rates. Mr. Weinberger mentioned controlling expenses as well as seeking more revenues, adding he will not support more than a 10% per year cumulative rate increase on the airlines. Tammy Gagne assured expenses are controlled. Salary and benefits are what exist today. To reduce expenses means reducing positions. Cost impacts to the budget include runway de-icing increase from \$40,000 to \$500,000 in one fiscal year due to the cost of the required material. Utility costs have also increased. The proposed budget is as pared down as possible. The only change will be the service contracts. DPW is showing as an expense at this point in time. A combination of managing airport assets differently, courting new airlines, and an improved economy will have positive change on the budget.

Miro Weinberger calculated an increase to the landing fee to \$2.05 (sum of \$1.75 landing fee and \$.30 apron fee) is \$.55 over the \$1.50 rate in FY10 or a 36% increase.

Retroactively increasing the rate at 10% per year from FY10 means a \$.30 increase to \$1.80. The \$.25 difference between \$1.80 and \$2.05 will generate \$200,000 in revenue and it may not be worth the risk of losing an airline for that amount. The money can be found somewhere in the expense budget, said Mr. Weinberger. Peter Plumeau suggested seeking guidance from the financial consultants regarding risk and reward potential associated with increasing landing fees, especially given Plattsburgh service, Plattsburgh's nominal parking rates, and proximity to Montreal. Bob McEwing recalled the charge to Frasca was to determine apron fees which were found not to be uniform (some use square footage and some linear). Burlington uses the cost to maintain the apron as the charge. In comparison to Burlington's combined landing fee of \$2.05, other airports charge more (Albany is \$2.96 plus an apron fee based on square footage, Rochester is \$3.31 plus an apron linear fee, Syracuse is \$2.97 plus an apron linear fee, and San Diego is \$1.77 landing fee plus 10% of airfield cost for an apron fee). The proposed fee for Burlington would create a cushion going into the future. Tammy Gagne reiterated the increase in fees is the only way the airport can move forward. Gene Richards noted \$1 million was cut out of this year's budget.

**MOTION by Jeff Wick, SECOND by Jeff Munger, to approve the budget management has proposed including the summary of assumptions as presented as the management supports the budget and it was made clear in the consultant reports that rates and charges need to be increased and reserves built up.**

**DISCUSSION:** Miro Weinberger stressed it needs to be communicated to City Hall that the airport budget will not be met if savings from the garage is not realized. There was mention of including a line item for an airport CFO in the budget. There is funding for accounting services in the FY12 budget.

Peter Plumeau urged doing a sensitivity analysis to stress test the budget, and producing quarterly reports showing the big picture including added airlines or reduced flights to allow budget adjustments early if necessary.

**AMENDMENT by Miro Weinberger, SECOND by Peter Plumeau, to decrease the proposed fee increase from \$2.05 to \$1.80 and offset with expense savings in the property tax line item or elsewhere in the budget. VOTING ON**

**AMENDMENT: 2 ayes, 3 nays (Richards, Munger, Wick); motion did not carry.**

**VOTING ON ORIGINAL MOTION: 4 ayes, one nay (Weinberger); motion carried.**

#### Transportation and Security Services RFP

Staff recommended the contract for transportation and security services be awarded to Standard Parking at a cost of \$1.36 million because the bid covers all four components of the RFP and provides the greatest value in savings for the airport. Standard was also the low bid for operation of just gate security and airport ambassador services. It appears there is a \$400,000 saving using a vendor covering all four service areas (\$1.7 million current cost versus \$1.3 million management by Standard). It was noted the cost for FY12 for DPW to operate the parking garage is \$916,000 which is an increase of \$45,000 from this year's cost of \$868,000. There was mention of the union issue with the parking garage and asking the vendors to resubmit a bid with this 'tweak'. Gene Richards noted there will be a discussion with Mayor Kiss before a decision on the RFP is made. The Mayor supports DPW and wants the airport to support DPW, but the Airport Commission and airport staff need to manage the asset differently than in the past and cannot subsidize DPW at the expense of airport operations.

**MOTION by Peter Plumeau, SECOND by Jeff Wick, to investigate next steps including seeking legal advice on options in the future on the RFP and the union, and meeting with Mayor Kiss. VOTING: unanimous (5-0); motion carried.**

#### **4. NEW BUSINESS**

##### 2012 Marketing Plan

Paul Kaza Associates is working on a marketing plan to reach out to Canadian travelers. The campaign (cost is \$15,000-\$20,000) includes Google ad words, online displays, and newspaper ads in the Sherbrook and southern Quebec area. More expensive options include a display board at the Bell Center (\$136,000 per quarter) or a full page color ad in Canadian Magazine (\$47,000). One approach for the more expensive campaigns is to share the effort and investment with the community. Local radio ads for the airport are

now running at a cost of \$800 per month. The marketing plan is limited by the amount of budgeted funds. There was mention of again doing a survey of travelers in the terminal to find out where they are from, where they are going, and why they are using Burlington Airport. Staff will forward the most recent marketing reports on hand from Kaza Associates and Delta Airlines. Kaza Associates will be invited to present their proposal to the Airport Commission.

#### One Flight Up Restaurant

Bob McEwing reported the airport's plan to manage the vending service as a revenue opportunity beginning July 1, 2011. Currently, the restaurant manages the vending operation and pays the airport 10% of proceeds. The vending operation is not sufficiently outlined in the current verbal agreement with the restaurant.

Restaurateurs Chuck Rolecek and Bill Weigle gave a history of the relationship between One Flight Up and the airport since 1990. According to the gentlemen there is a 20 year lease set to expire in six months. The restaurant has tried to be an excellent tenant, paying bills on time. Vending has been a part of the business for nearly 20 years, now earning approximately \$2,000 per month. The restaurant manages the vending machines, reimbursing customers if there is a problem. The money from the vending operation is important to the restaurant, said Mr. Rolecek and Mr. Weigle, requesting that vending be negotiated on the anniversary of the lease especially since there is no performance issue or violation of the lease. The restaurant receives \$2 per cap as a form of rent plus food and vending revenues. Since 2008 enplanements have been down 160,000 people which impacts income by \$320,000. The business has handled the decline in income internally by seeking more revenue sources and decreasing expenses (no pay rate increases and decreasing benefit costs). The business has \$2 million annual revenue with 40% from the restaurant and 60% from concessions and vending (vending is about \$25,000 per year). The restaurant provides employee discounts.

Following discussion and an informal poll of the Airport Commissioners present there was support to draft a written understanding of the situation facing the airport and the restaurant, and the suggestion to split the difference in vending revenue for the next six months with the vending operation being separated from the restaurant operation on January 1, 2012.

### **5. PROJECT UPDATES**

#### Parking Garage

Miro Weinberger asked staff to show what expenses can be deferred at the parking garage. Bob McEwing noted the contingency (\$650,000) in the budget most likely will not be spent. There are some expense items, such as the requirement by South Burlington for a 10' wide sidewalk rather than extending the existing five foot wide sidewalk.

#### Boiler Replacement

A memo on the boiler replacement was provided to the commission.

#### Land Acquisition

Gene Richards reported South Burlington objects to having occupied houses next to vacant houses. Noise is an issue as is the manner of acquisition. South Burlington would like a more systematic approach. Bob McEwing updated the commission on the acquisition program. The cost to the airport is 2% of acquisition plus demolition and taxes for the property. A map showing the houses in the program will be provided to the Finance Board. Staff requested the Airport Commission accept the \$2 million grant including purchase of four properties in the second half of the fiscal year.

**MOTION by Jeff Munger, SECOND by Jeff Wick to accept the communication to the Finance Board, dated 6/20/11, which includes acceptance of the grant and purchase of four homes as presented by staff. VOTING: unanimous (3-0)[Miro Weinberger and Peter Plumeau not present for vote]; motion carried.**

#### Living Wall

Bob McEwing reported sound measurements at the wall and at a series of locations to be decided need to be done. Peter Plumeau requested an outline of what management feels should be done for presentation to South Burlington. Mr. Plumeau will report South Burlington's response after July 1, 2011.

#### License Plate Recognition System

Memo to the Finance Board requests approval to purchase the license plate recognition system for \$230,888 of which \$30,000 is for the software updates (airport is three years behind with updates) and \$200,000 is for the plate recognition system.

**MOTION by Jeff Munger, SECOND by Jeff Wick, to accept the memo to the Finance Board to purchase the Ultimate System Solution License Plate Recognition System. VOTING: unanimous (3-0)[Miro Weinberger and Peter Plumeau not present for vote]; motion carried.**

### **6. MANAGER'S REPORT**

#### Airport Business

Management is meeting with five airlines later in the week. Enplanements are down one half percent. Year to date enplanements are down 3%.

#### Wildlife Training & Emergency Management Exercise

Memos from Rick Varney, Airport Operations, explained the upcoming training exercises at the airport.

#### Presentations to City Council

Airport budget presentation to City Council is scheduled June 27, 2011. The second presentation date of July 11, 2011 will likely not be needed.

#### Annual FAA Certification Inspection

FAA inspection is scheduled on July 11-13, 2011.

### **7. OTHER BUSINESS**

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Next Meeting:

- July 25, 2011, 3:30 PM, Burlington Airport

**8. EXECUTIVE SESSION and/or ADJOURNMENT**

**MOTION by Jeff Wick, SECOND by Jeff Munger, to adjourn the meeting.**

**VOTING: unanimous (3-0)[Miro Weinberger and Peter Plumeau not present for vote]; motion carried.**

The meeting was adjourned at 6:34 PM.

*RScty: MERiordan*

**BURLINGTON INTERNATIONAL AIRPORT  
BOARD OF AIRPORT COMMISSIONERS  
MINUTES OF MEETING  
June 17, 2011**

APPROVED – 1/18/12

**MEMBERS PRESENT:** Gene Richards (Chairman)  
Jeff Munger  
Jeff Wick  
Miro Weinberger  
Peter Plumeau  
**STAFF PRESENT:** Robert McEwing  
Tamara Gagne (via teleconference)  
**OTHERS PRESENT:** Rich Goodwin, Assistant CAO, City of Burlington  
Karen Paul, Burlington City Councilor  
Marianne Riordan, Recording Secretary

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**1. CALL TO ORDER**

Chairman Gene Richards called the meeting to order at 10:21 AM.

**2. BOND ANTICIPATION NOTE (BAN)**

Rich Goodwin reported the following:

- Placement of a bond began with meetings with Frasca in early 2011.
- Frasca advised they could not close a deal by the end of the fiscal year.
- Advice was sought from PFM which had no plan for financing.
- Large financing institutions were targeted and T.D. Securities was contacted as well as banks.
- T.D. Securities was selected (T.D. Securities has placed \$37 billion in deals since 2010).
- T.D. Securities suggested the solution of a BAN because there would not be the impact on debt coverage score and there would be cash in the bank.
- PFM and Frasca said they do not have the expertise to put up the deal proposed by T.D. Securities.
- PFM and Frasca both agreed the fee for T.D. Securities is in line for private placement.
- Moody and Fitch felt the finance plan proposed by T.D. Securities was brilliant and a sound business decision.
- Legal counsel prepared the investor memo. A pool of investment buyers expressed interest. Questions from interested investors were addressed.
- T.D. Securities confirmed Wells Capital is willing to provide \$12 million in subordinate notes and will fund and transfer the money to the bank by June 24, 2011.
- Term sheet is forthcoming.
- Bond Council must approve and sign the term sheet before the deal is finalized and the associated documents filed.

- The Airport Commission is urged to accept the short term borrowing mechanism at the rate and term offered so the airport can repay the City which advanced funds in good faith for the parking garage.

Gene Richards noted the Vermont Bond Bank could not provide money to the airport until late August and the interest rate would be greater than the BAN through T.D. Securities. Also, the municipal bank typically funds utilities, not airports so legislative approval would be needed to loan money to the airport.

Jeff Wick recalled past events and communications assuring affordability of the garage project would be clear prior to construction, but the project proceeded before this clarity was provided. Mr. Wick felt the City of Burlington should continue to finance the project until the airport is in a better position to bond since the airport is a department of the city so the city ultimately is responsible for the project. The city made an equity investment and now wants to convert this to debt which is dangerous, said Mr. Wick. Rich Goodwin explained the city cannot hold excess cash on hand and cannot carry \$12 million for the airport for a period of time. The airport needs to reimburse the city. There is a magnitude of ramifications if the sound business decision to approve the BAN is not made. Mr. Goodwin assured he continues to seek the best financial deals that may be available for the city and hence the airport.

Miro Weinberger spoke against the BAN and incurring more debt, expressing concern about being able to make payments. Mr. Weinberger objected to what appears to be an attempt by the City of Burlington to shift a financial problem from the city to the airport, noting the Airport Commission did not vote the garage project to move forward nonetheless the project was built. Mr. Weinberger pointed out the airport is making payments to the city and eventually the debt will be paid in full. The city needs to allow time for this to happen.

Rich Goodwin explained the funding processes for the garage and reserves. There is a \$5 million BAN funded by a Tax Anticipation Note (TAN) that will be used to fund reserves prior to going out for a bond. The \$12 million BAN proposed by T.D. Securities is separate and will not fund reserves.

Peter Plumeau asked about stress tests on cash flow, such as a drop in enplanements. Mr. Goodwin stated a cash flow policy has been implemented which will result in a stronger financial position in FY12. The proposal by T.D. Securities is a sound business decision, reiterated Mr. Goodwin. Mr. Plumeau mentioned the misinformation or lack of information that was provided in the past, confirming the need to change the order of business going forward. Gene Richards assured this is already happening.

Karen Paul, Burlington Finance Committee, acknowledged the processes to provide cash flow also produce debt, but the BAN is the best alternative along with cutting costs. The Airport Commission is urged to be part of the solution, and the solution is the proposed financial plan. History cannot be undone, said Ms. Paul, and it would be helpful to have the Airport Commission in unanimous support of the BAN. Regarding the impact of



raising rates at the airport to generate more revenue and cover debt, those are questions that should be asked of the Airport Director and staff, advised Ms. Paul.

Gene Richards noted the debt has already occurred and belongs to the airport. The situation is frustrating and not ideal, but the city will be impacted if the BAN is not done. The Airport Commission is being asked to look at the big picture and make a recommendation of support to the Finance Board for the BAN.

Bob McEwing pointed out the airport/city must pay the debt one way or another whether there is a loan or not. Next year the interest payment is due. The BAN will provide 18 months to cover payment.

There were no further comments.

**MOTION by Jeff Munger, SECOND by Jeff Wick, to proceed to a vote on pursuing the BAN as presented. VOTING: 4 ayes, one nay (Weinberger); motion carried.**

### **3. OTHER BUSINESS**

#### Next Meeting

- June 20, 2011 – BTV Airport Commission meeting, 3:30 PM

### **4. EXECUTIVE SESSION and/or ADJOURNMENT**

The meeting was adjourned at 11:34 AM.

*RScty: MERiordan*



**BURLINGTON INTERNATIONAL AIRPORT  
BOARD OF AIRPORT COMMISSIONERS  
MINUTES OF MEETING  
July 25, 2011**

APPROVED – 1/18/12

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

**MEMBERS ABSENT:** Peter Plumeau

**STAFF PRESENT:** Robert McEwing  
Tamara Gagne  
Heather Kendrew  
Ryan Betcher

**OTHERS PRESENT:** Rich Goodwin, Assistant CAO, City of Burlington  
Chris Hill, Heritage Aviation  
Paul Howard, citizen  
Marianne Riordan, Recording Secretary

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**1. CALL TO ORDER**

Chairman Gene Richards called the meeting to order at 3:41 PM.

**2. HERITAGE-ATLANTIC CONSOLIDATION**

Chris Hill, President of Heritage Aviation briefed the board on the following:

- Heritage acquired Atlantic as of July 1, 2011 with no interruption of service. Twenty employees from Atlantic who applied for employment with Heritage were hired.
- Heritage, founded in 1984 and located at Burlington Airport in 1986, has three business lines: operation of airplanes (charter aircraft from around the world), aircraft maintenance and repair by highly trained technicians, and service (aircraft ground support, fueling, deicing, moving and storage).
- Heritage supports the Burlington Tech Center aircraft technician program.
- The Heritage building is a leader in environmental responsibility including a green roof, reuse of rain water, bio-retention areas, LED lighting, electric ground fleet, and other measures.
- Heritage was awarded the 4<sup>th</sup> best place to work in Vermont and is a Vermont business environmental partner. Heritage was also awarded recognition for having the largest porous parking lot in the state.
- The company continues to invest in the airport and is contemplating construction of a building between the Heritage and Whitney Pratt buildings.
- Orbis traveling eye hospital (DC-10 aircraft) providing eye operations around the world will be at Burlington Airport during the next Vermont Aviation and Aeronautics Association meeting. Tours of the aircraft will be available. FedEx donated an aircraft to be retrofitted by MMIC of St. Johnsbury to serve as the new traveling eye hospital.
- Fuel prices vary region to region. Heritage's prices are in line or below regional prices for retail jet fuel. The price for based tenant aircraft is used. FBOs adjust

fuel prices weekly based on the crude oil price. Through the end of June prices were decreasing then spiked up as of July 1<sup>st</sup>. This is reflected in the based tenant fuel price. Heritage is sensitive to fuel prices and consumption of fuel as well as decreasing emissions.

### 3. MONTHLY REPORTS

#### Approval of Minutes

*June 20, 2011*

**MOTION by Jeff Munger, SECOND by Miro Weinberger, to approve the minutes of June 20, 2011 with the following correction(s)/clarification(s):**

**Page 1, Old Business, 3<sup>rd</sup> bullet – clarify \$.30 per 1,000 pounds of landing weight if the apron fee;**

**Page 2, paragraph beginning “There was discussion of rate increases.”, sentence reading: “Miro Weinberger mentioned controlling expenses...” – add “on the airlines” after “10% per year cumulative rate increase”.**

**VOTING: unanimous (4-0); motion carried.**

Staff will review financial figures mentioned in the 6/20/11 minutes to confirm accuracy. Action on minutes from 5/19/11, 6/9/11, and 6/17/11 will occur at the next meeting.

#### Monthly Financial Report

Rich Goodwin reported on finances as follows:

- Airport balance sheet shows ending cash balance as of June 30<sup>th</sup> of approximately \$350,000.
- Money owed to the City by the airport is zero.
- The airport has \$983,000 credit to the City in the pooled cash account.
- PFC restricted cash is \$7.2 million.
- Debt coverage score improved by 12 points due to funding of a half million dollars to the prepaid cash account.
- Debt coverage score is based on performance of 1.32 which would not have been achieved without the added PFC.
- Airport receivables are \$5.4 million.
- Bond anticipation note (BAN) for \$12 million was secured.
- Revenue anticipation note (RAN) was paid in full at the end of the year.
- In full \$7 million was paid to the City, the short term borrowing mechanism was paid, and there is cash on hand remaining.
- In the future, the airport financial team will present actual and budgeted financials, month to date plus last year's month to date as well as the entire budget. Updates on future short term borrowings will also be provided.
- \$4.1 million in reserve must be funded in full by 9/30/11. This will be funded by revenues generated by the airport plus a \$5 million RAN. Of the \$5 million RAN, \$4 million will pay the reserve and \$1 million will collect interest earnings.
- Debt coverage score of better than 1.25 and achieving the FY11 budget is due to the hard work and effort of the airport finance team and diligence in retro-billing and managing expenses.

Rich Goodwin briefly reviewed the airport bonds, noting the reserve was funded by a surety bond which required a “AAA” rated insurer. MBA lost their AAA rating. The reserve must be in place to be in compliance with the bonds. The Finance Board will sign a grant anticipation note (GAN), issued by Northfield Savings Bank, for the airport for \$5 million for approved AIP grants. The GAN will strengthen the airport’s cash position. Jeff Munger noted \$2.5 billion in AIP money is on hold presently and 4,000 FAA employees have lost their jobs. Federal taxes are not being collected on airline tickets currently; the federal tax revenue from tickets funds the FAA. Gene Richards asked the exposure to the airport. Bob McEwing said projects under grant will continue to be processed, but at a slower rate. Tammy Gagne stated the financial exposure is \$5.4 million, but the money has been committed. Chairman Richards commented the airport is not in the position to take any risk so it may be prudent to freeze the purchase of houses by the airport at this point in time. Mr. McEwing stated houses under the grant have been obligated by the FAA. The remainder of the houses will be on hold. In the short run AIP projects have to be managed to not get ahead of funding. It is likely the federal tax on airline tickets will be reinstated to avoid shutting down the airline industry.

Jeff Wick asked about the lease payable of \$2.5 million. Rich Goodwin noted there are many items over many years included in the item. Mr. Wick confirmed the reserves are necessary to be in compliance with the bonds. Tammy Gagne noted some money will be used for the garage so all the funds will not simply sit in reserves.

Miro Weinberger asked about the total fund equity of \$83,853. Rich Goodwin explained the money is retained earnings over the life of the airport. Mr. Weinberger asked about 13 periods for the fiscal year reflected on the P&L statement and why there is 400% more revenue from the industrial park than anticipated. Tammy Gagne explained cost centers do not belong in the P&L report. The 400% revenue item is a coding problem. Rich Goodwin explained with municipal accounting the 12<sup>th</sup> and 13<sup>th</sup> periods of the fiscal year collapse together for June 30<sup>th</sup>, but data is input after that date in period 13. Tammy Gagne added period 13 will look different 30 days from now when the June report is complete.

Tammy Gagne mentioned there are retro-billings and expenses not included on the balance sheet. Rich Goodwin agreed there could be outstanding bills to pay and all accounts receivables must be truly collectable. There was also an agreement negotiated between the airport and the Mayor of South Burlington. Gene Richards interjected the agreement must be accepted by the Airport Commission, the Finance Board, and City Council. The concept can be discussed, but no bills will be incurred that impact the airport. Rich Goodwin clarified he met with Mayor Kiss and there is a document not yet finalized as binding, but as an agreement. Mr. Goodwin will forward the document to the commissioners. Gene Richards advised if Mayor Kiss wants to be successful, all parties, including the Airport Commission, should be involved in the process. Bob McEwing said at the meeting with South Burlington there was agreement there is a problem. South Burlington felt the airport owes them money that was paid in years past. Attorneys for the municipalities will review the matter.

There was discussion of the accounts receivables report provided to the board as requested by Jeff Wick. Tammy Gagne noting there are a number of inaccuracies in the report, such as JetBlue has paid, but the check is not posted, Continental payments could have been applied to PFC and not receivables, Enterprise Rental Car is paying a percentage of growth when due each month rather than the minimum due. Rich Goodwin stated cash on a monthly basis is reconciled. There was a magnitude of retro-billings this month to close out the year which required many hours of work.

There was discussion of the balance due from Heritage Aviation. The June payment from Atlantic has not yet been received, most likely due to the acquisition by Heritage. Heritage Aviation has not paid their lease bill and has been billed for property taxes (\$200,000). A response from Heritage has not been received. Bob McEwing will follow up on the matter. Jeff Wick stated a meaningful and streamlined process is needed so there is good reporting and follow up. Tammy Gagne assured a process for collecting receivables is being worked on, but staffing is limited. Reports from tenants have been requested, but not yet received. Rich Goodwin added the City changed its financial system and data had to be transferred. Better reports will be available next month.

#### **4. OLD BUSINESS**

##### Update on BAN

Discussed under “Monthly Financial Report”.

##### Transportation and Security Services RFP

Staff reported the following:

- A summary of the RFP for the parking garage was sent to Mayor Kiss. The Mayor feels the bids were not that different from DPW’s costs to the airport.
- Garage management only was put out to bid. Two bids were received, one for \$435,000 and one for \$525,000.
- DPW’s actual cost in FY11 to manage the garage was \$765,000. The proposed FY12 budget by DPW for the airport parking garage is \$805,000.
- Credit card processing fees are not included in the bids. Only the airport processes credit card transactions. No other parking garages in Burlington take credit cards.
- Operating and management fees hold true for the two bidders. Operation of the garage by the bidders is \$19,000 versus over \$60,000 by DPW. Management fee for the garage by the bidders is \$30,600 and \$41,000 respectively versus \$236,000 by DPW.
- There is a significant savings with the private company bids.
- The bid on salaries and wages by the private bidders was close to DPW’s number, but retirement is not offered because the contract is only for three years.
- DPW has union issues and expenses associated with city employees.
- DPW is willing to further discuss management of the garage.

##### South Burlington Fee Status

Negotiations are ongoing.

##### Food Service RFP

Restaurant Consultants of Vermont is forwarding information to staff. Gene Richards suggested future contracts have a shorter term and the contracts be managed by the airport. Local businesses have expressed interest in providing food service. The airport has the opportunity to increase the quality of food offerings.

#### **5. NEW BUSINESS**

None.

#### **6. PROJECT UPDATES**

Heather Kendrew will email updates to the commissioners.

#### **7. MANAGER'S REPORT**

##### City Payroll Change

Burlington will issue paychecks on a biweekly basis for eight nonunion employees. The schedule will change some time in the future for full time union employees. There are 30 temporary employees at the airport. Staff is trying to confirm if these employees will be impacted by the change.

#### **8. OTHER BUSINESS**

##### Nominations for Airport Commission Chairman

**MOTION by Jeff Wick, SECOND by Jeff Munger, to nominate Gene Richards as Chairman of the Burlington Airport Commission.** There were no other nominations.

**VOTING: unanimous (4-0); motion carried.**

##### Garage RFP

Tammy Gagne will forward information on the parking garage RFP to City Council as soon as the information is available.

##### Fiscal Year Summary of Parking Revenues

Tammy Gagne reported there is a 23% increase in gross revenues from the Park & Shuttle and a 21% increase in net.

##### Next Meeting:

- August 22, 2011, 3:30 PM, Burlington Airport

#### **9. EXECUTIVE SESSION and/or ADJOURNMENT**

The meeting was adjourned at 5:25 PM.

*RScty: MERiordan*





**BURLINGTON INTERNATIONAL AIRPORT  
BOARD OF AIRPORT COMMISSIONERS  
MINUTES OF MEETING  
August 22, 2011**

APPROVED 9/19/11

**MEMBERS PRESENT:** Gene Richards (Chairman)  
Peter Plumeau  
Jeff Wick  
Miro Weinberger  
**MEMBERS ABSENT:** Jeff Munger  
**STAFF PRESENT:** Robert McEwing  
Tamara Gagne  
Heather Kendrew  
**OTHERS PRESENT:** Lara Alemy, Airport Accounting Rep, City of Burlington  
Marie Friedman, CPA, City of Burlington  
Bill Keough, City Council  
Karen Paul, City Council  
Allen Yandow, Vermont Lottery  
Bruce Anderson, Intralot, Inc.  
Bill Fuller, Middlebury Transit, Inc.  
Marianne Riordan, Recording Secretary

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**1. CALL TO ORDER**

Chairman Gene Richards called the meeting to order at 3:40 PM.

**2. MONTHLY REPORTS**

Approval of Minutes (5/19/11, 6/9/11, 6/17/11, 7/25/11)

Postponed.

Monthly Financial Report

Marie Friedman and Lara Alemy explained their duties with respect to daily accounting tasks for the airport and city (deposits, billing, journal entries, and audit work). There was discussion of the availability of information and reports from the City's finance department and time/materials devoted toward airport accounting. The City is installing a new accounting system that will be more useful and reliable. Reports can be generated as needed. Tammy Gagne stated accurate day-to-day financial information does not seem to be available and that is a concern. Tammy Gagne will continue to work with City staff to refine the financial reports for the airport. Full accrual accounting is used at the airport. Revenues are accounted in the month earned. Payables are net 60 days. Invoices received in June are paid in August.

The Cash Flow Statement was reviewed. The airport shows negative pooled cash due to recent payment on debt and interest, but the City's pooled cash (collectively from all departments) has a positive balance. There was a transfer from PFC to help cover the debt payment. Bills were paid in July for invoices received in June. AIP grant reimbursement was received and payments made. The City is seeking to secure a Revenue Anticipation

note (RAN) to fund reserves. Frasca is creating a cash flow projection for the airport which will be available next month.

The July Balance Sheet was reviewed. Jeff Wick requested prior and current month figures be shown to highlight any change. The PFC restricted account has \$5.7 million used to pay debt. With PFC or CFC revenue the money earned in June and received in July is recorded as June revenue. Adjustment will be made for the 12 month year in next month's statement. It appears the airport will meet the debt ratio of 1.25 (debt service coverage is 1.54 before 25% PFC revenues). City staff is trying to even out large yearly expenses in the airport budget. Gene Richards recommended airport commissioners and airport staff meet with the City Finance Committee and City Council to discuss the goals of the airport and the goals of the City.

Tammy Gagne provided an update on accounts receivables. Many tenants are current. Staff is contacting tenants with outstanding balances and will follow up with Heritage Aviation which currently has an outstanding balance of \$371,000 (Heritage) and \$41,000 (Atlantic). A report will be provided at the next meeting.

### **3. OLD BUSINESS**

#### Update on GAN, HVAC Funding

Discussed under "Monthly Financial Report".

#### Transportation and Security Services Latest Status

Staff confirmed the recommendation to secure the services of Standard for operation of the parking garage. The compromise proposed between the City and airport is a \$100,000 management fee paid to DPW, eliminating further administrative costs, and working with DPW and Standard as a consultant at a cost not to exceed \$50,000 shared by DPW and the airport to review operations at all city parking garages. There is an FAA communication on diversion of funds and risk of losing grant funding. Staff will seek a legal opinion per the request of the Airport Commission to confirm FAA funding will not be lost if the \$100,000 management fee is paid to DPW. The City Attorney's Office will be asked to enlighten the Airport Commission on union issues associated with operation of the parking garage.

### **4. NEW BUSINESS**

#### Vermont Lottery Proposal

Alan Yandow with Vermont Lottery and Bruce Anderson with Intralot, Inc. explained the proposal for placement of two lottery ticket vending machines at the airport. Details include the following:

- Proposed locations are by the gift shop and in the baggage claim area near the Chamber of Commerce.
- Revenue projections are between \$12,000 and \$16,000 per year. The airport will receive 5.75% of revenues.
- The machines must be in the line of sight of airport staff to ensure no one underage buys a ticket (the machine can be electronically shut down from a distance).

- Money from the machines must be collected and deposited daily.
- Vermont Lottery is seeking locations that have not been lottery agents in the past.
- Vermont Lottery is a revenue enhancement organization like the airport.
- The proposal to place two machines at the airport would be a win-win situation for both entities.
- The machines do not take credit cards. A decision on debit cards has not been finalized.
- A trial run of the machines at the airport for a year could be tried, and if unsuccessful the machines can be removed.

Mr. Yandow gave a brief history of the Vermont lottery:

- Established in 1977, sold the first ticket in 1978.
- Purpose is to produce the maximum amount of net revenue for the state education fund generated responsibly.
- Money is paid to the players, local community (lottery agents), and the state general or education fund.

There was further discussion of the following;

- Monitoring the machine for underage players.
- Other potential locations at the airport for the machines.
- Aesthetics of the machine itself (bright and does not match the overall décor at the airport).
- Concern lottery games prey on certain individuals.
- Demographic studies show that lottery players having an average household income of \$42,000.

Heather Kendrew felt the lottery machines are a simple revenue source that can be easily removed if there is a problem. Tammy Gagne pointed out airport resources (staff) will be needed to provide line of sight monitoring and collection/deposit of funds. Also, 5.75% is below the concession rate for the airport. In addition, there is a policy at the airport on aesthetics to maintain a hometown look and feel and manage signs in advertising. Bob McEwing agreed having airport staff collect and deposit the money from the machines is a labor issue. Airport staff does not handle cash. Employees at the gift shop do handle cash on a regular basis and could better handle the task. If arrangements can be made for the oversight and collection of money then a trial placement could be tried. Jeff Wick suggested there be the ability to sever the contract with Vermont Lottery in three months without penalty if the arrangement does not work out.

Staff will discuss the oversight and money collection tasks with Hudson News and the gift shop. A recommendation on the lottery machines will be provided at the next meeting.

Alan Yandow mentioned two machines will be installed in the Miller Building at the fairgrounds in Essex Junction, and a pilot project is being done in the state where machines are being installed in 100 locations (supermarkets, convenience stores, and such).

Bill Fuller, Middlebury Transit, re: Airport Ground Transportation Fees

Bill Fuller briefly explained the transportation services provided by his company and the impact of the fee increases at the airport (from \$325 per month to \$1100 per month for his drivers and vehicles to pick up guests from the airport). Mr. Fuller stressed the fee increases have a significant impact on a small business. Contract carriers are now grouped with taxis, but contract carriers only do trips on contract. Even the fee to stop at the airport has increased (doubled from fifty cents to one dollar). All fees combined cost Middlebury Transit \$1,000 per month minimum and as drivers are added the cost will go up. Mr. Fuller suggested the following:

- Eliminate the per trip fee of \$1 for volume users.
- Have a two year license rather than a one year license to avoid incurring a large expense each year.
- The per vehicle fee impacts contract carriers, and the intent of the fee may be different from what is being implemented.
- Buses are not being charged for picking up many people, but a contract carrier like Middlebury Transit that may only be picking up one or two guests is paying \$1,000 per month.
- Hotel courtesy vehicles are paying a lower fee or no fee and are using more resources than a contract carrier.
- The cost for badges and a photograph is \$75 per person. A background check is \$75 plus \$16 for a motor vehicle registration check. All three charges combined total \$166 per driver, and this impacts small companies like Middlebury Transit.

Mr. Fuller asked the Airport Commission to review the costs associated with the implementation of the new ordinance to see the impact on contract carriers that pick up guests on occasion at the airport. There was discussion of the compromise made last year for Middlebury Transit relative to fees paid (\$125 for the first vehicle and \$25 for each additional vehicle) due to a misinterpretation of the ordinance. Mr. Fuller said he paid \$1,200 last year and received 20 registrations. It was noted new licensing under the new ordinance goes into effect September 1, 2011, and any change to the ordinance must be approved by the city's ordinance committee and City Council. There are approximately six contract carriers providing service to the airport and many companies are not licensing all their vehicles due to the fee increases. Mr. Fuller said Middlebury Transit licenses all their vehicles because that is the rule, but it is very expensive.

Mr. Fuller provided a copy of rules and regulations for Albany Airport where a transportation service pays a \$125 fee and receives a debit card then pays fifty cents for each visit to the airport to pick up guests. Boston Logan Airport charges \$10 for a badge and \$3.75 to use the tunnel to the airport. Manchester Airport has high fees. Staff will further research options with contract carriers. Gene Richards will update Jeff Munger on the matter and get the issue on a future City Council agenda.

Frasca Associates Future Role as Consultants

The contract with Frasca ends in December, 2011. The retainer is \$12,500 per month. Staff tried to negotiate an early end to the contract and Frasca counter-offered with a

retainer of \$10,000 per month through the end of FY12 (June 30, 2012). Current contract terms will be upheld so services should be used. Suggestions include asking Frasca for guidance on refinancing debt, researching BANs, and taxes on bonds.

#### Leases and Contracts

Staff will review items to go to the Finance Board prior to sending. Action on the easement/right-of-way for relocation of Poor Farm Road – VANG and acceptance of the land grant (AIP-88) for \$2,935,025 is on hold.

**MOTION by Peter Plumeau, SECOND by Jeff Wick to approve sending the following to the Finance Board:**

- **Contract with Stantec Consulting – Demo Project**
- **Supplemental lease for 2.59 acres - Arm-DeArm Pad on Taxiway F-VANG**
- **Supplemental lease for enclosed walkway between FAA ATCT and operating area – FAA**
- **Lease agreement for former AFSS facility to FAA**

**VOTING: unanimous; motion carried.**

#### Taxi Licensing Board

##### *Taxi Services Advisory Committee*

Appointments postponed until the number of members is confirmed.

##### *Vehicle Impoundment Hearing Officer*

Jeff Wick was appointed the Vehicle Impoundment Hearing Officer.

## **5. PROJECT UPDATES**

### Parking Garage

Heather Kendrew reported the roof top garden has been installed and is open to the public. An opening ceremony will be scheduled.

### HVAC Replacement Project

No report given.

## **6. MANAGER'S REPORT**

The manager's report was emailed to the Commission prior to the meeting. Items include:

- Update on airport business (down 1.3% for the first seven months, up 4.62% in July, anticipated loss of 1,700 seats in September due to airlines changing from 320 to 190 planes);
- FAA reauthorization extended to mid-September and the grant will be signed;
- Orbis mobile eye operating room in a converted DC-10 plane will be at Heritage on 8/30/11 and tours can be arranged;
- Staffing update will be provided at the September meeting;
- Food services committee will meet on 9/1/11 at 10 AM to discuss the request from the restaurant for a six month extension of the food service contract.

## **7. OTHER BUSINESS**

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Executive Session

None.

Next Meeting:

- September 19, 2011, 3:30 PM, Burlington Airport

**8. ADJOURNMENT**

**MOTION by Miro Weinberger, SECOND by Peter Plumeau, to adjourn the meeting. VOTING: unanimous; motion carried.**

The meeting was adjourned at 6:29 PM.

*RScty: MERiordan*

**BURLINGTON INTERNATIONAL AIRPORT  
BOARD OF AIRPORT COMMISSIONERS  
MINUTES OF SPECIAL MEETING  
September 1, 2011**

APPROVED – 9/19/11

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

**MEMBERS ABSENT:** Jeff Munger

**STAFF PRESENT:** Robert McEwing  
Tamara Gagne  
Heather Kendrew

**OTHERS PRESENT:** Bob Kiss, Mayor of Burlington  
Ken Schatz, Burlington City Attorney  
Joe McNeil, Attorney  
Rich Goodwin, CAO, City of Burlington  
Joe Reinert, Mayor's Office  
Bill Keough, City Council  
Marianne Riordan, Recording Secretary

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**1. CALL TO ORDER**

Chairman Gene Richards called the special meeting to order at 3:09 PM and explained the purpose of the meeting is to provide the Airport Commission with more information on the RFP for the parking garage and communications to South Burlington regarding \$200,000 in accessory charges. There was discussion of the appropriateness of discussing the subject matter in open or executive session. Joe McNeil stated the decision rests on how Commissioner Peter Plumeau views his involvement - either as an airport commissioner or as the representative from South Burlington on the Airport Commission charged with reporting business to South Burlington. Peter Plumeau commented that those who appointed him to the Airport Commission said negotiations should occur between Mayor Kiss and the South Burlington City Manager. Mr. McNeil advised negotiations on the Burlington side will involve the Mayor and City Council with regard to endorsing/ratifying any agreements. Executive session under the rubric of contract negotiations is appropriate, and even if just the Burlington side of the negotiation is discussed it would be appropriate for a recusal by Peter Plumeau if Mr. Plumeau is to report back to South Burlington. Peter Plumeau stated anything discussed by the Airport Commission short of personnel matters will be reported to South Burlington.

**2. PARKING GARAGE RFP**

Copies of the parking garage recommendation to the Airport Commission and a summary of costs were provided to the attendees. Bob McEwing summarized that staff is going forward with recommending the contract be award to Standard Parking for parking services, airport ambassador services, and gate security services at a cost of \$1.37 million. Present cost for these services is \$1.73 million so the contract with Standard will yield a net savings per year of \$357,000. Employees working for DPW at the airport will remain and the airport will reimburse payroll and benefit costs. Airport staff will work

with DPW on a city-wide solution for parking garage operations by hiring a consultant at a cost not to exceed \$50,000 shared equally by the airport and the City. The airport will make a payment of \$100,000 to DPW for FY2012 to cover associated management fees, and to allow time for DPW to budget for the following fiscal year. No management fee will be paid by the airport in FY13. The goal is to have the airport manage all staff by FY13.

**MOTION by Jeff Wick, SECOND by Peter Plumeau, to go into Executive Session to discuss legal ramifications of the parking contract. VOTING: unanimous; motion carried.**

Executive session convened at 3:26 PM. Miro Weinberger left the meeting at 4 PM.

**MOTION by Jeff Wick, SECOND by Peter Plumeau, to adjourn executive session and reconvene the regular meeting. VOTING: unanimous; motion carried.**

Executive session adjourned and the regular meeting reconvened at 4:02 PM. Discussion of the parking garage RFP continued. Mayor Kiss stated the City feels the decision is premature to go to a private contractor. A city and airport solution is needed to protect the employees and overall interests of the city. Mayor Kiss recommended city and airport staff meet as a workforce and work on a solution that can be handled internally. Mayor Kiss urged taking the long view, adding there is history behind the management fee which with prior contracts was simplified to 5% of gross. When possible and when the airport is capable a contribution back to the city can be made. The management fee, past and present, can be revisited, but the RFP is a different issue which threatens union employees and fair labor practices. The contract does not provide salary and benefits given to city employees which include full and part-time workers. How to maximize the benefits of parking and parking revenues to the airport and city needs to be discussed. According to Steve Goodkind, continued Mayor Kiss, over 1,000 empty parking spaces were observed so there is excess capacity. An outside consultant can be hired to discuss how to get additional revenue for the airport, but not one to say who will work for the airport or how to operate the garage. Even Scott Carr who was interviewed for the Airport Director position recognized the need to work together better to improve the income to debt ratio and maximize parking revenues. Mayor Kiss stressed the need to look internally first to look at efficiencies to improve performance.

Gene Richards pointed out working together means the Airport Commission having a seat at the Mayor's table to discuss the issues. There has been a lack of meetings between the Mayor and the Airport Commission.

Jeff Wick observed the airport appears to be overpaying for services from the city. The Airport Commission must be fair and reasonable to the airport which will ultimately benefit the city. On the expense side there are excesses that can be brought in and it appears the Mayor is open to doing this. It was reiterated that there is history behind the management fee. The 5% of gross does not include the new parking spaces. If the airport can make that payment to the city, that is good, but if the airport cannot make the



payment then the number can be renegotiated in light of the debt ratio and costs to the airport as an enterprise fund. Mayor Kiss interjected in this fiscal year he will not support taking an RFP action. Jeff Wick countered the RFP was one way to see if the airport is paying too much for services. Mayor Kiss stressed there is room for mutual effort to lower costs.

Rich Goodwin explained city departments have the ability to ‘piggyback’ on the credit of the City of Burlington and get a more attractive rate if money is borrowed. There needs to be fair market value for services, but there is a premium above that. Mr. Goodwin felt the situation with the parking garage can be resolved. Gene Richards stated the airport wants to use the industry to help do what is done better. The airport wants to do what is right and use personnel with expertise. Rich Goodwin assured the city is also looking at better ways of doing business and if an independent contractor can do a better job of managing the parking garage so can the city. Jeff Wick asked the city’s alternative now that the market price for services is known, rather than simply rejecting the RFP.

Gene Richards stated the recommendation regarding the parking garage operation will be made to City Council for a final decision. Bill Keough noted City Council relies on commissions and the administration for recommendations and looks for an available compromise. If the airport parking garage matter becomes a labor management issue that is a problem with City Council. Mr. Keough urged the Airport Commission and Mayor Kiss to make a single recommendation on both the parking garage RFP and the South Burlington matter. Gene Richards pointed out the airport did offer a compromise to the city and continues to invite the Mayor to meetings. “Business as usual” will not work any more and the airport must be protected, stated Chairman Richards. Jeff Wick again asked what the city is counter offering. Mayor Kiss again suggested the matter be resolved internally rather than going to an outside contractor. Further discussion is needed on the items being recommended by the airport.

Peter Plumeau stated his concern is the health and vitality of the airport which is central to Burlington, South Burlington, and the region as a whole. Anything that is done to make the airport more cost effective is good. Initially the reaction from DPW on parking garage services was very negative, but it appears the city is now willing to revisit the matter.

### **3. SOUTH BURLINGTON BILL FOR \$200,000**

Joe McNeil reported City Council has to approve the proposal with South Burlington which has already been accepted by South Burlington.

**MOTION by Gene Richards, SECOND by Jeff Wick, to go into executive session to discuss negotiations involving South Burlington. VOTING: unanimous; motion carried.**

The regular meeting was adjourned and executive session convened at 4:37 PM. Peter Plumeau recused himself from the discussion.



**BURLINGTON INTERNATIONAL AIRPORT  
BOARD OF AIRPORT COMMISSIONERS  
MINUTES OF SPECIAL MEETING  
September 8, 2011**

APPROVED – 9/19/11

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

**STAFF PRESENT:** Robert McEwing  
Tamara Gagne  
Heather Kendrew

**OTHERS PRESENT:** Bob Kiss, Mayor of Burlington  
Joe Reinert, Mayor's Office  
Bill Keough, City Council  
Marianne Riordan, Recording Secretary

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**1. CALL TO ORDER**

Chairman Gene Richards called the special meeting to order at 4:19 PM and thanked everyone for attending.

**2. PARKING GARAGE RFP**

Mayor Kiss distributed a memo, dated 9/8/11, stating he cannot support a change in management of the parking garage or related services to a private contractor at this point in time. There must be agreement on the accuracy of the numbers before proceeding with any elements of the service (Standard Parking expenses do not include certain employee absorption expenses or credit card processing fees) and city solutions that benefit the airport must be considered before bringing in a third party operator. Mayor Kiss said he can agree to hire a consultant to determine how to maximize revenues from parking, and the cost of the consultant should be shared by DPW and the airport.

Miro Weinberger asked if the Mayor would consider a shift in management of the garage if there is agreement on the numbers. Mayor Kiss replied there needs to be further discussion of DPW assuming management responsibilities and maximizing benefits accrued to the city while the airport gets better revenues with better service. A third party should not capitalize on their role before the city has a chance to do this, said Mayor Kiss.

Jeff Wick expressed his preference to stay with the city if the numbers work. The profit Standard Parking is returning to its shareholders preferable should be realized by the city and stakeholders. There was mention of eliminating the Park & Shuttle. Bob McEwing pointed out the parking garage cannot accommodate oversized vehicles and buses so the satellite parking lot is needed. Mr. McEwing further explained 600 parking spaces were added to address a full Park & Shuttle lot (800 cars) and 1,000 cars parked on the airfield. As the economy improves demand for parking will increase.

Tammy Gagne referred to data from 7/22/11 comparing salaries and wages, noting Standard Parking has a higher bid than what DPW is paying, but Standard could not pay fully vested employee retirement. Also, operating expenses from Standard do not include credit card processing fees which the proposers estimated between \$50,000 and \$60,000. There is nearly \$300,000 savings by using Standard (\$525,000 Standard; \$805,000 DPW). Joe Reinert corrected the DPW figure according to the July memo is \$765,000 (credit card processing fee is not included in the figure). Jeff Munger stressed the need to settle the discrepancy in the figures and then focus the debate on policy. Gene Richards asked for clarification of the position of the Mayor, pointing out the Mayor has been kept informed of the ongoing effort to improve efficiencies and reduce costs at the airport, but has not agreed with the direction proposed (i.e. third party operator of the parking garage) and there is no compromise being offered by the city. DPW was invited to participate in the process as well and declined. Chairman Richards felt the city is simply delaying the matter. Mayor Kiss reiterated his position as follows:

- Does not support contracting with a third party;
- The quotes need to be reviewed;
- Folding Park & Shuttle into the parking garage operation is a consideration;
- City oriented discussion is needed aiming at the best benefit to the airport and the city.

Joe Reinert pointed out areas of compromise by the Mayor include having a consultant review parking garage operations city-wide and lowering the management fee charged by DPW. Jeff Wick commented the process is moving slower than all parties had hoped and urged making a commitment to work together to resolve the matter. Miro Weinberger stated the nub of the issue is the management fee. Typically the management fee charged by a private contractor is 10%, but the management fee charged by DPW is one third of the total cost to operate the garage. Following further discussion there was agreement Tammy Gagne representing airport staff, Rich Goodwin representing the city, and Jeff Wick representing the Airport Commission will meet on September 16, 2011 to review costs to operate the airport parking garage and make a recommendation to the Airport Commission and the Mayor's Office. Mayor Kiss urged being cognizant of unfair labor practice issues when confirming a recommendation that can be agreed upon and presented to City Council. Jeff Munger stated the management fees by DPW are way over the line. The airport lost its credit rating due to information received from the city and is now trying to rectify the situation by hiring a contractor with expertise. Standard Parking operates over 40 airport parking facilities in the country so their quote is accurate. Miro Weinberger stated there is a \$200,000 discrepancy so the issue is not complicated and a decision can be made. Mayor Kiss stressed he wants to discuss the matter with DPW and take the best course of action for the city and airport.

Miro Weinberger confirmed the management fee for the parking garage operation continues to be paid each month to DPW and suggested there be a resolution to advise the airport and city to commit to putting the management fee into an escrow account until the issue of parking garage operator is settled. Jeff Wick suggested the course of action be a reduction of the DPW fee in the next budget cycle. Tammy Gagne noted DPW was aware of the cost difference when the airport budget was drafted and yet increased their fee. Joe Reinert assured the numbers can be reconciled in FY12 if an agreement cannot be

reached prior to that time. Jeff Wick suggested drafting a resolution saying the Airport Commission feels the management fee by DPW is egregious and the statement should be submitted to the press. Following further discussion the Airport Commission agreed to hold action until the end of September after review of the numbers by Tammy Gagne, Rich Goodwin, and Jeff Wick.

Miro Weinberger recalled at the last meeting Joe McNeil voiced an operational concern about management at the airport needing to be interfacing. Gene Richards explained union employees need to be managed by city employees. Tammy Gagne stated this is already occurring at the airport and will continue. There is a supervisor from DPW working at the airport. A private parking garage operator will give airport staff controls to use and staff will meet with the city employees to implement those controls. Regarding automation of the parking garage operation, according to Joe McNeil automation of positions over time is acceptable replacement of positions. Bob McEwing noted staff is exploring the elimination of two positions because two exit lanes at the south end of the garage are now automated.

### **3. SOUTH BURLINGTON BILL FOR \$200,000**

Mayor Kiss reported final communication from attorney Steve Stitzel has not been received so there is no agreement as yet with South Burlington.

Peter Plumeau, Jeff Wick, Mayor Bob Kiss, and Joe Reinert left the meeting.

**MOTION by Gene Richards, SECOND by Jeff Munger, to go into executive session to discuss legal and contract matters where premature knowledge would place the airport at a substantial disadvantage. VOTING: unanimous; motion carried.**

The regular meeting was adjourned and executive session convened at 5:13 PM.

*RScty: MERiordan*



**BURLINGTON INTERNATIONAL AIRPORT  
BOARD OF AIRPORT COMMISSIONERS  
MINUTES OF MEETING  
September 19, 2011**

APPROVED – 1/18/12

**MEMBERS PRESENT:** Gene Richards (Chairman)  
Jeff Wick  
Miro Weinberger  
Jeff Munger  
**MEMBERS ABSENT:** Peter Plumeau  
**STAFF PRESENT:** Robert McEwing  
Tamara Gagne  
Heather Kendrew  
**OTHERS PRESENT:** Rich Goodwin, CAO, City of Burlington  
Chris Hill, Heritage  
Marianne Riordan, Recording Secretary

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**1. CALL TO ORDER**

Chairman Gene Richards called the meeting to order at 4:11 PM.

**2. MONTHLY REPORTS**

Approval of Minutes (8/22/11, 9/1/11, 9/8/11)

**MOTION by Jeff Wick, SECOND by Miro Weinberger, to approve the minutes of August 22, 2011 and September 1, 2011 as written, and approve the minutes of September 8, 2011 with correction of the word “hub” to “nub” on Page 2 in the sentence reading: “Miro Weinberger stated the hub of the issue is the management fee.” VOTING: unanimous; motion carried.**

Monthly Financial Report

Rich Goodwin reported the following;

- Early trend that is developing shows the financial performance of the airport better than last year and better than budget. The debt coverage score exceeded 1.25.
- It has been 14 consecutive months that the debt coverage score has been achieved by the airport.
- The debt coverage score year-to-date is 1.76.
- Revenues are up because enplanements are up.
- Parking revenues are up with the completion of the parking garage construction.
- Staffing is lean so wages and benefits are lower than the prior year.
- Expenses are down and well managed.
- Opportunity to improve cash flow includes a cash reserve account, prepaid cash account for the BAN, and aggressive collection of AIP revenue.
- The airport owes pooled cash \$3.6 million.
- AIP accounts receivables should not get larger because the GAN is in place.
- The City is not advancing bills. Northfield Bank is paying the bills and will be reimbursed by PFC with federal money.



Rich Goodwin will research the payment to the City for police service (\$819,000 or \$690,545), and what is meant by “unbilled revenue”.

Tammy Gagne reported on the assistance provided to Heritage Aviation to reconcile their account. Payments were received from Heritage on all the ground leases, but property taxes of \$248,000 have not been paid as yet. Chris Hill with Heritage said the tax bills are being reviewed to try to understand the methodology used by South Burlington and state statute with regard to the methodology used by South Burlington. The assessment is being evaluated against the lease holds before payment is made. Mr. Hill will present Heritage’s 5-Year Plan on use of lease holds at the next meeting. Building a new hangar to join the Pratt & Whitney building with the Heritage building is being explored. Heritage is now the largest employer at the airport with 139 employees. Development of the proposed building depends on the tax environment.

Tammy Gagne reviewed accounts receivables, noting most accounts are current or payment is forthcoming. Rich Goodwin advised it can be assumed the auditors will view outstanding accounts exceeding \$100,000 as having an adverse impact on the debt coverage score.

### **3. OLD BUSINESS**

#### Vermont Lottery Proposal

Revenue generated by the lottery ticket sales is estimated at \$15,000 per year. The airport would receive 12% of ticket sales. The gift shop is not interested in overseeing the lottery machine and cleaning up the discarded tickets. Staff recommends not going forward with the proposal. The Board concurred.

#### Transportation and Security Services

Staff recommended the following to gain efficiencies:

- Combine Park & Shuttle, Airport Ambassadors, and North Checkpoint services and have the airport manage operations.
- Lot A should be used for oversized vehicles and buses.
- The Park & Shuttle lot should be used for employee parking and overflow if necessary.
- Park & Shuttle employees will become staff for the Airport Ambassadors and provide security at the North Checkpoint.
- Airport staff has put forth much effort to increase revenues and decrease costs and feels airport functions and employees should be managed by the airport.
- If DPW is to operate the parking garage there should be a flat fee. Market price is \$50,000. The airport offered \$100,000 to DPW for a management fee, but DPW wants \$250,000. The airport is obligated to pay the market rate (\$50,000) and no more. City Council and the Mayor must settle the issue with DPW.

There was continued discussion of the management fee for the parking garage. The Airport Commission concurred \$50,000 is reflective of market value. Rich Goodwin agreed if the airport is responsible for the financials and level of profitability, then the airport should manage the entity, but market rate for management of the parking garage is



\$100,000 in his experience. It was noted any expenditure greater than \$100,000 needs approval by City Council.

Miro Weinberger expressed concern about the expense of 11 additional full time employees. Staff will compile the financial information. Rich Goodwin suggested drafting a short summary (one or two pages) of the entire situation, not just the management fee, and presenting the information to the Mayor. Mr. Goodwin will schedule a meeting with the Mayor.

#### South Burlington Issues

A response was sent to South Burlington through legal counsel saying the \$200,000 payment requested by South Burlington is an unsubstantiated expense for FAA funding and therefore cannot be paid by the airport. South Burlington billed the airport for services at a cost of \$100,000 per year (owed for two years) and the airport is disputing this. Gene Richards spoke against side deals being made by the City without informing the airport and the need to inform the Finance Board that this approach is not supported by the Airport Commission. The requested payment was not budgeted and will have an adverse impact on the airport's debt ratio.

#### **4. PROJECT UPDATES**

##### HVAC Replacement

Rich Goodwin reported he has not been successful in securing a lease for the boiler. (cost of \$1,200,000)

#### **5. MANAGER'S REPORT**

A written report from the Airport Director was sent to the Airport Commission prior to the meeting. Bob McEwing mentioned the upcoming meeting with Porter to establish two flights per week at Burlington as the beginning service.

#### **6. OTHER BUSINESS**

##### Next Meeting(s)

October 10, 2011 at 3:30 PM, Burlington Airport

#### **7. ADJOURNMENT**

**MOTION by Jeff Wick, SECOND by Jeff Munger, to adjourn the meeting.**

**VOTING: unanimous; motion carried.**

The meeting was adjourned at 6:15 PM.

*RScty: MERiordan*



**BURLINGTON INTERNATIONAL AIRPORT  
BOARD OF AIRPORT COMMISSIONERS  
MINUTES OF MEETING  
October 10, 2011**

APPROVED – 1/18/12

**MEMBERS PRESENT:** Gene Richards (Chairman)  
Jeff Wick  
Miro Weinberger  
Jeff Munger  
Peter Plumeau  
**STAFF PRESENT:** Robert McEwing  
Heather Kendrew  
Ryan Betcher  
**OTHERS PRESENT:** Joe Farnham, Attorney  
Carol Betz, Heritage  
Rheal Gagnon, Heritage  
Marianne Riordan, Recording Secretary

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**1. CALL TO ORDER**

Chairman Gene Richards called the meeting to order at 3:08 PM.

**2. MONTHLY REPORTS**

Approval of Minutes (5/19/11, 6/6/11, 6/17/11, 7/25/11, 9/19/11, 10/10/11)

- Minutes will be a short general synopsis of what transpired at the meeting. Motions will be verbatim.
- Action on the minutes was postponed until the next meeting.

Monthly Financial Report

Report not available.

Accounts Receivable – Heritage

Bob McEwing reported the following:

- Heritage is reviewing the amount due to the airport for property taxes paid to South Burlington with their legal counsel.
- The contract with the airport says Heritage must pay the taxes.
- Heritage needs to honor the terms of the contract.
- The airport paid the property tax bill to South Burlington in good faith.
- Heritage needs to make their account with the airport current.
- Chris Hill would like to attend the November meeting and present the five year plan for Heritage.
- At a previous meeting Chris Hill indicated the payment would be forthcoming.
- It is presumed payment will be made by Heritage prior to the November presentation.

Carol Betz will forward the message to Chris Hill that Heritage needs to make the payment to the airport immediately.

### 3. OLD BUSINESS

#### Food Services

Bob McEwing reported the following:

- A meeting was held with Premier Catering regarding thoughts and ideas for the restaurant service going forward.
- Premier Catering's letter outlines the impact of the 'livable wage' on employee wages and food charges.
- Paying \$15.83 for a dishwasher position is a large increase from the current wage and will result in a 15% increase in the price of food.
- Only entities having a lease with the City of Burlington pay a livable wage.
- City Market does not pay a livable wage.
- Stores on the Church Street Marketplace pay minimum wage, not a livable wage.
- It is unfair to isolate one tenant in the city (airport) and force that a livable wage be paid when others pay minimum wage.
- The janitorial contract already pays a livable wage. Wages will increase for car rental jockeys.
- Premier Catering will operate the airport restaurant until the end of March and thereafter the agreement is month-to-month as necessary.
- Other companies have expressed interest in operating the airport restaurant (Breuggers, Deli Airport Grocery, Creative Foods).
- The draft RFP for food service is ready for review and will be sent out on November 1<sup>st</sup>. Return required by December.

#### CAH Services Litigation

**MOTION by Jeff Wick, SECOND by Peter Plumeau, to go into Executive Session to discuss legal matters, and to invite Bob McEwing, Heather Kendrew, and Joe Farnham to attend. VOTING: unanimous (5-0); motion carried.**

Executive Session was convened at 3:55 PM and adjourned at 4:30 PM.

### 4. NEW BUSINESS

None.

### 5. PROJECT UPDATES

#### Parking Garage

Heather Kendrew reported:

- Temporary exit and road removed.
- Crosswalks are marked.
- Park & Shuttle decreased to seasonal use and for oversized vehicles and employee parking. Credit card only access in and out.

#### HVAC Replacement Project

Heather Kendrew reported:

- Equipment on site and installed.
- Electronic air valve boxes to be complete within the next couple weeks.

## **6. MANAGER'S REPORT**

### Airport Business

- Letter of intent signed with Porter Airlines for two flights per week for a two year trial service, Thursdays and Sundays, from December 15<sup>th</sup> through April 8, 2012. The state is providing money for bus service from customs to the airport terminal. The state is also paying match money for marketing efforts by the Ski Area Association.
- Air fare comparison continues to show about a \$200 difference, highest between Washington National (\$312) and Baltimore (\$344), smallest between Las Vegas (\$52) and Orlando (\$82).

### Transportation Services RFP

- Staff is proceeding forward with establishing limited service (Park & Shuttle, North Checkpoint, Airport Ambassadors).
- DPW indicated the overhead fee to operate the garage is \$44,000.
- Staff is working with Susan Leonard in HR.
- Cancellation notice will be sent to Green Mountain Services for screening services at the North Checkpoint.
- Bidders will be notified of the action to be taken by the airport.

### Land Acquisition

- Five properties remain to be acquired.
- Three of the five properties will be acquired this fiscal year through the acquisition program.

## **7. OTHER BUSINESS**

### South Burlington Fees

Peter Plumeau reported Sandy Miller told him that Mayor Kiss said he wants to deal directly with Mr. Miller on the disagreement in fees owed by the airport and not act through the Airport Commission. Gene Richards clarified the process is Airport Commission to Finance Board to City Council.

### Next Meeting(s)

November 14, 2011 at 3 PM, Burlington Airport

## **8. ADJOURNMENT**

The regular meeting adjourned and Executive Session convened at 3:55 PM.

*RScty: MERiordan*



**BURLINGTON INTERNATIONAL AIRPORT  
BOARD OF AIRPORT COMMISSIONERS  
MINUTES OF SPECIAL MEETING  
November 7, 2011**

APPROVED – 1/18/12

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

**STAFF PRESENT:** Robert McEwing  
Tamara Gagne  
Heather Kendrew

**OTHERS PRESENT:** Bob Kiss, Mayor, City of Burlington  
Joe Reinert, Assistant to Mayor, City of Burlington  
Rich Goodwin, CEO, City of Burlington  
Joe Farnham, Attorney, City of Burlington  
Ken Schatz, Attorney, City of Burlington  
Chris Hill, Heritage Aviation  
Ken Merritt, Attorney, Heritage Aviation  
Marianne Riordan, Recording Secretary

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**1. CALL TO ORDER**

Chairman Gene Richards called the special meeting to order at 9:32 AM.

**2. COMMENTS FROM MAYOR KISS**

Mayor Kiss noted the following on the South Burlington issue:

- There is an ongoing plan in place regarding payment to South Burlington including a negotiated settlement through FY12.
- Information relative to FAA guidance is being pursued (Attorney Farnham has contacted another law firm with expertise in FAA work and once all the needed information is compiled a response to City Council will be drafted. The objective is to have an appropriated, coordinated response issued through Attorney Farnham as the point of contact).
- An adversarial stance with South Burlington is not being taken so that the relationship with South Burlington remains intact for the future.
- A city solution that is also an airport solution is being sought.

Gene Richards noted the Airport Commission wants to understand what is going on and why. Peter Plumeau urged making sure South Burlington knows about the statement from the FAA that encourages working with the FAA prior to entering into an agreement.

**3. HERITAGE AVIATION**

Chris Hill, President of Heritage Aviation, reported the following:

- Contributions by Heritage to the airport from 1986 to the present include nearly \$30 million in investments in the airfield and buildings, being the largest private

employer at the airport, being the largest lease holder, and offering 24/7 FBO service.

- Invoice for the FY11 taxes was received May 29, 2011, late for appeal.
- Lease documents were carefully scrutinized and discrepancies found.
- Heritage pays \$1 million per year to the City while the City tax bill to South Burlington is \$1.2 million. Heritage's total lease holds approach \$300,000 for 17 acres of land yet the assessment is for 25% of the total tax bill for the airport paid to South Burlington.
- Heritage fully complies with FAA regulations and pays assessments that are in accordance with the law.
- Based on information currently received Heritage believes the tax invoices from South Burlington to Burlington for the airport are not developed in accordance with state law.
- Heritage has hired an aviation expert in airport taxation and valuation as well as other expert tax appraisers and attorneys.
- Heritage is reviewing how to proceed to resolve the issue and is not contemplating not paying taxes.
- There is impact on the ability for Heritage to grow if the tax liability continues to increase as the City continues to pay "illegal" taxes to South Burlington.

Ken Merritt, attorney for Heritage, added the following:

- Heritage has five lease holds at Burlington Airport and is assessed approximately \$300,000.
- The leases are triple net.
- FY11 tax invoice was received late in the fiscal year and the amounts were staggering which led to research of the process used by South Burlington to determine the tax assessment.
- Research indicated South Burlington valued the buildings on the land which directly contradicts state statute.

There was discussion of:

- Tax appeals process that is available.
- Heritage chose not to use the tax appeals process.
- The airport in essence paid the taxes for Heritage to avoid penalty and interest charges. Heritage needs to reimburse the airport immediately even while the taxes are under appeal (this will get Heritage out of default and make the airport whole).
- The airport offered to be a partner in the appeal effort by Heritage.
- The airport is collecting data to clarify the assessment of airport property by South Burlington.
- A meeting will be scheduled following receipt of information from the FAA.
- Ken Merritt urged the airport to seek a legal opinion on continuing to pay taxes to South Burlington that are not in accordance with state statute.

#### **4. MONTHLY REPORTS**

No reports given.



**5. OLD BUSINESS**

Transportation Services

No report given.

South Burlington Fee Payment

Postponed pending further information on state statute and the FAA's position.

**6. NEW BUSINESS**

None.

**7. PROJECT UPDATES**

No report given.

**8. MANAGER'S REPORT**

Airport Business

- Porter Airlines – handout was provided noting steps taken to secure service from Porter Airlines. Welcome receptions are planned at Burlington Airport and Toronto. Promotional travel offers are available.

**9. OTHER BUSINESS**

Next Meeting(s)

November 21, 2011 at 4 PM, Burlington Airport

**10. ADJOURNMENT**

The meeting was adjourned at 11 AM.

*RScty: MERiordan*



**BURLINGTON INTERNATIONAL AIRPORT  
BOARD OF AIRPORT COMMISSIONERS  
MINUTES OF MEETING  
November 28, 2011**

APPROVED – 1/18/12

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

**STAFF PRESENT:** Robert McEwing  
Tamara Gagne  
Heather Kendrew  
Ryan Betcher

**OTHERS PRESENT:** Steve Baldwin  
Chris Hill  
Dave Conger  
Bill Ellis  
Greg Roy  
Marianne Riordan, Recording Secretary

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**1. CALL TO ORDER**

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

**2. MONTHLY REPORTS**

Minutes

Postponed to the next meeting. Staff will recirculate copies.

Finance Report

- Tammy Gagne, Rich Goodwin, and Frasca have been working to provide multiple responses to Moody's requests for financial data.
- Monthly finance report from Rich Goodwin delayed because Mr. Goodwin is working on the city's audit.

The commissioners stressed the need to emphasize to Rich Goodwin the importance of having the finance report available at the Airport Commission meetings.

**3. OLD BUSINESS**

FAA Request

Data has been collected to be presented to the FAA Division Chief. Further discussion will be held in Executive Session.

Chris Roy, Burlington Public Works, said he attends all the Public Works meetings and there was discussion of the FAA parking garage issue in New York. The FAA indicated the matter was a nonissue and miscommunication between FAA Boston and FAA New York.

South Burlington Fees

Heritage Aviation has a meeting scheduled with So. Burlington on 12/2/11. Further discussion will be held in Executive Session.

Heritage

To be discussed in Executive Session.

Appraisal

To be discussed in Executive Session.

**4. NEW BUSINESS**RFP for Car Rental Service & Off Airport Fees

Tammy Gagne reported:

- Car rental service is presently a monthly contract.
- RFP is ready to go out for an extended contract.
- Regarding off airport fees, Burlington Airport can charge a fee to off airport car rental services, but has not to date.
- On airport car rental services do pay a fee.
- Percent of gross revenues is set at 8%. On airport pays 10%. The new industry standard is 10% or above.
- The city ordinance for off airport users is 6.5% so a change in the ordinance would need to be done to increase the percentage.
- On airport rental fee also includes a \$4 CFC (customer facility charge) to help defray the cost of the garage.
- People go off airport for car rentals.

Staff will provide a recommendation on car rental service fees at the next meeting.

There was mention of the need for South Burlington to monitor airport issues through City Council meetings, Airport Commission meetings, and communicating with the Director of Aviation.

Janitorial Contract

Heather Kendrew reported:

- Contract proposals for janitorial services are due 11/30/11.
- Staff will evaluate and provide a recommendation.
- Seven companies responded to the RFP.

**5. PROJECT UPDATES**License Plate Recognition System

- The system will be completely installed by mid-December.
- Worker training on the system will be done.
- A press release notifying the public that the system is in use will be published.
- Staff will do an inventory of cars already parked at the garage in order to track them with the new system.

Boiler Installation/HVAC System

System installed and operational.

#### Organization of Leases

Ryan Betcher reported:

- All leases with the airport are now organized by area (six areas).
- Complete leases are compiled in a notebook (hardcopy) and electronically on the network.
- The master spreadsheet shows details and dates for each lease.

Mr. Betcher was commended for his excellent work.

### **6. MANAGER'S REPORT**

#### Enplanements

- United Airlines numbers have not yet been received. AIP funding is based on the numbers.
- The numbers reflect activity at Burlington Airport (down 4%).
- Plattsburgh's enplanements continue to increase.

#### Fares

- Trudeau to Orlando is cheaper than out of Burlington International presently.
- Other major locations are cheaper out of Burlington International.

#### Porter Air

- Service start up is December 15, 2011.
- Heritage Aviation is providing ground handling, deicing, and customer service.
- Staff is working to get pre-clearance for passengers through Customs to avoid the cumbersome experience that occurs now.
- Current reservations on Porter Air are greater than expected.

#### Food Services

- Staff is still reviewing the RFP.

#### Land Acquisitions

- One property remains to be acquired through the program.
- Future steps with the program need to be decided.

#### Website

- Anticipated completion date is 12/2/11.

#### Park-and-Shuttle

- Staff continues to work to reduce activity at the facility.
- Park-and-Shuttle site manager submitted notice of leaving the position.

#### Audit

- Annual audit begins 11/29/11.
- A new audit firm is doing the audit so all programs at the airport must be explained.

### **7. OTHER BUSINESS**

#### Next Meeting(s)

December 19, 2011 at 4 PM, Burlington Airport

**8. ADJOURNMENT and/or EXECUTIVE SESSION**

**MOTION by Peter Plumeau, SECOND by Jeff Munger, to adjourn the regular meeting and convene Executive Session to discuss negotiations and contracts where premature public knowledge would place Burlington Airport and the City of Burlington at a substantial disadvantage, and to invite Bob McEwing and Bill Ellis to attend. VOTING: unanimous (5-0); motion carried.**

The regular meeting was adjourned and Executive Session convened at 5:09 PM

*RScty: MERiordan*

**BURLINGTON INTERNATIONAL AIRPORT  
BOARD OF AIRPORT COMMISSIONERS  
MINUTES OF MEETING  
December 19, 2011**

DRAFT

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

**STAFF PRESENT:** Robert McEwing  
Tamara Gagne  
Heather Kendrew  
Ryan Betcher

**OTHERS PRESENT:** Rich Goodwin  
Joe Farnham  
Bill Ellis  
Tom Torti  
Tim Shea  
Chris Hill  
Ken Merritt  
Marianne Riordan, Recording Secretary

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**1. CALL TO ORDER**

Chairman Gene Richards called the meeting to order at 3:07 PM.

**2. MONTHLY REPORTS**

Minutes

May 19, 2011 |  
June 6, 2011 |  
June 17, 2011 |  
July 25, 2011 |  
Sept. 19, 2011 | ----- Postponed until next meeting  
Oct. 10, 2011 |  
Nov. 7, 2011 |  
Nov. 28, 2011 |

Finance Report

Tabled until the next meeting.

New Cash Flow Presentation

Tammy Gagne reviewed the new cash flow sheet noting the following:

- Cash flow projections for the fiscal year are shown.
- ~~The airport made debt service payments in 2011 of \$4.2 million plus accumulation of debt service for the July 2012 payment of \$4.3 million for a total of \$8 million.~~ The Airport cash flow reflects actual debt service payments in FY'12 of \$4.2 million as well as the accumulation of debt service payments, on a





monthly basis, of \$4.2 million in order to comply with the Airport bond documents.

- Rich Goodwin opened another account and has been transferring in money so the funds are available for the debt payment (a portion of the actual debt payment is in the PFC account so funds were moved from the PFC account to the debt account).
- The airport's cash flow despite double payments and funding O&M is better than a year ago.
- The financial advisors documents indicated an operating and maintenance reserve at 25% of the operating budget needs to be established.
- A column will be added to the cash flow sheet for "actuals".
- Assumptions include the airport will not meet revenues on the parking garage of \$400,000, legal fees will cost \$500,000, and expenses and decreases in revenues are recognized.
- Cash flow for FY2013 and 2014 will be provided to Moody's in January, 2012.

Rich Goodwin stated that compared to last year the airport is doing better, but compared to the budgeted plan the biggest concern is revenues for the garage which are \$250,000 off budget. It is doubtful the revenue projections for the garage will be met (revenues are trending downward). Positive news is the debt coverage score for the airport is 1.74 and though the score is unaudited the figure has maintained since the last audit. Mr. Goodwin mentioned the November balance sheet and the money in reserves and restricted funds compared to October. Cash balance for the airport is not strong because these funds are set aside.

Jeff Wick suggested relabeling "Net Change in Cash" to "Ending Balance – Cash" on the new cash flow sheet. Mr. Wick noted according to the aging report for Accounts Receivables there is an aggregate of \$1.2 million and if the airport could collect the money there would be a positive impact on cash flow. Mr. Wick also mentioned the issue of adequate staffing (a staffing deficit prevails throughout city departments). Bob McEwing assured the matter will be discussed as part of the budget process.

### **3. OLD BUSINESS**

#### FAA Request

Bill Ellis reported he has 12 revenue reports regarding the parking garage and an executive summary to go with the documents. If additional documents are not received within a week then the matter will move forward with the information in hand (net and gross numbers without all the back up information). Further discussion will be held in Executive Session.

#### CAH Status

To be discussed in Executive Session.

#### Heritage

Bill Ellis reported:



- A lawsuit has been filed by Heritage against the City of Burlington as of 12/16/11.
- The lawsuit seeks a Declaratory Ruling that the City cannot terminate the lease for nonpayment of taxes.
- Tammy Gagne pointed out the airport paid the taxes due to South Burlington for Heritage plus two other quarters of taxes due.

Ken Merritt explained:

- Heritage was forced by the default letters from the airport to initiate the lawsuit against the City of Burlington.
- The action against the City is to forestall the lease cancellation. Then an action will be filed against South Burlington.
- Heritage proposed extending the timeframe to avoid initiating the lawsuit and offered to escrow the entire sum (\$199,000) because paying the airport (i.e. reimbursing the City of Burlington for the taxes paid to South Burlington) weakens Heritage's position against South Burlington.
- Heritage's position is that the mode of assessment by South Burlington is in contradiction of state statutes.
- The primary dispute lies with South Burlington and resolution of that matter will help determine action against the City of Burlington.
- Heritage tried to meet with South Burlington. A meeting was scheduled and then cancelled by South Burlington at the last minute.
- Per the contract Heritage has the right to litigate, but it is felt the City of Burlington should take the lead in the litigation since all airport property is affected.

Jeff Wick commented:

- The complaint filed by Heritage with a half truth about their ability to appeal is a disingenuous argument to use before a judge.
- Heritage should fully inform the judge at the hearing of their appeal options.
- For the airport to be made whole back taxes held in escrow plus the cost of capital to the City should be paid to the airport if Heritage loses the case and if Heritage prevails then the court must order South Burlington to reimburse the airport with interest.

Gene Richards commented:

- The approach by Heritage is short sighted and shows a lack of trust which could hamper relationships in the future.

The matter was further discussed in Executive Session.

**MOTION by Peter Plumeau, SECOND by Jeff Wick, to go into Executive Session to discuss contractual matters and pending litigation where premature public knowledge would place Burlington Airport and the City of Burlington at a substantial disadvantage, and to invite attorneys Joe Farnham and Bill Ellis and**



staff members **Bob McEwing, Tammy Gagne, Heather Kendrew, and Ryan Betcher** to attend. **VOTING: unanimous; motion carried.**

Executive Session was convened at 3:55 PM.

**MOTION by Jeff Wick, SECOND by Peter Plumeau, to adjourn Executive Session and resume the regular meeting. VOTING: unanimous; motion carried.**

Executive Session was adjourned and the regular meeting resumed at 5:14 PM.

Appraisal (meeting on 12/22/11)

Bill Ellis reported a meeting with George Silver and South Burlington is scheduled on 12/22/11.

Taxi Board License Update

Jeff Munger reported:

- UVM Transportation Research Center has been contacted to establish meter fares for taxicabs in the city.
- Meters and fares go into effect July 1<sup>st</sup>.
- There have been complaints about cars parking on residential streets because there are not enough taxi stands. Burlington Public Works was to post signs allowing use of loading zones during designated hours, but the signs have not been installed.

Tammy Gagne mentioned Green Cab already uses meters and has fares that are comparable to the city zone rates. Also, the transportation research center should study whether the city is over served by taxicabs. The number of taxi licenses that are issued may need to be limited.

**4. NEW BUSINESS**

Chamber of Commerce – Tom Torti

Tom Torti referred to the notice of cancellation of the contract between the airport and the Chamber of Commerce effective early February 2012 and requested the opportunity to discuss what the airport is looking for and wants to accomplish, and how the Chamber can be of service. Mr. Torti noted the following:

- There is a long relationship and active partnership between the Chamber and the airport.
- The Chamber has the capacity to handle information services and provides seamless, professional, quality service at the airport as well as markets the airport in the region, at tradeshow and conventions.
- Services provided by the Chamber include staffing the information desk 15 hours per day, greeting and helping visitors get to local hotels and making them aware of local restaurants, tours, and attractions.
- Staff members are trained in hospitality and present a professional level of competence.



- Any changes to the contract should be purposeful, thoughtful, and strategic to help meet goals.
- The Chamber would like to continue per the contract plan of 2007 when the contract was continued. If there is to be a different model than what was in place in 2007 the Chamber would like the opportunity for discussion.
- It is felt the new contract does not account for much of what the Chamber does.
- The Chamber has developed expectations and recognizes the current environment at the airport with fewer enplanements, but the dramatic contract change is only a month before the election of a new city administration or the appointment of a permanent airport manager. It appears the contract presumes these decisions.
- The Chamber has ideas that respect the relationship and commitment to the airport and the desire of the new administration to take larger stock of how to handle the airport.
- The contract figure of \$163,000 incorporates a livable wage and applied CPI. The Chamber proposes a reduction from \$163,000 to \$133,000 effective January 1, 2012 until August 2012 without reduction of service and continuance with Porter Air to allow time to work out any issues. The Chamber will continue to pay the salaries, benefits, and uniforms for the hospitality professionals through the proposed timeframe.
- The Chamber wants to move forward with the airport in a way that respects the relationship.
- The airport needs to look strategically at what the Chamber does for the airport.

Gene Richards explained the cancellation letter was sent because the request in August, 2011 for a menu of services from the Chamber so the airport could decide what services are affordable was never honored. The airport requested cost savings options from the Chamber which were not received. Mr. Torti countered his request for information from the airport (Interspace contract, enplanement data, and prioritization) in order to draft a proposal was never answered. Tim Shea added the information requested was specific to the advertising contract to determine if there is flexibility with pricing for the staffing of visitor services.

A meeting will be scheduled in the first week of January, 2012 to analyze the numbers from the Chamber and discuss cost reductions the airport is seeking. A copy of the Interspace contract and enplanement data will be made available.

## **5. LEASE/CONTRACT STATUS**

A written report on the status of leases and contracts was provided to the Airport Commission.

## **6. PROJECT UPDATES**

### License Plate Recognition System

The system will be complete once parts that are on order are received and installed.

### Escalator Repair

The repairman is coming to fix the escalator.





**7. AIR SERVICE DEVELOPMENT**

Peter Plumeau reported on the meeting to discuss new routes, new service, attracting airlines, and strategy for retaining passenger numbers. Michael Boyd, Aviation Services, will meet with the Airport Commission to discuss attracting airlines to Burlington Airport.

**8. MANAGER'S REPORT**

A written report from the Airport Manager was provided to the Airport Commission. Direct comments and questions to Bob McEwing.

**9. OTHER BUSINESS****Next Meeting(s)**

Regular meeting – January 23, 2012 at 4 PM, Burlington Airport

**10. ADJOURNMENT and/or EXECUTIVE SESSION**

**MOTION by Jeff Munger, SECOND by Miro Weinberger, to adjourn the regular meeting and convene Executive Session to discuss personnel matters and contracts where premature public knowledge would place Burlington Airport and the City of Burlington at a substantial disadvantage. VOTING: unanimous; motion carried.**

The regular meeting was adjourned and Executive Session convened at 6:11 PM.

*RScty: MERiordan*

