

**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

---

**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

- 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*