

**BURLINGTON INTERNATIONAL AIRPORT
BOARD OF AIRPORT COMMISSIONERS
MINUTES OF MEETING
April 16, 2012**

APPROVED 2/19/13

MEMBERS PRESENT: Gene Richards (Chairman)
Jeff Wick
Jeff Munger

MEMBERS ABSENT: Peter Plumeau

STAFF PRESENT: Robert McEwing
Tamara Gagne
Heather Kendrew
Ryan Betcher

OTHERS PRESENT: Rich Goodwin, Assistant CAO, City of Burlington
Michael Wheat, Frasca (via teleconference)
Chris Hill, Heritage Aviation
Rheal Gagnon, Heritage Aviation
David Conger, Dubois & King
Marianne Riordan, Recording Secretary

1. CALL TO ORDER

Chairman Gene Richards called the meeting to order at 4:02 PM.

2. PUBLIC COMMENT

Chris Hill, Heritage Aviation

Chris Hill made the following announcements:

- There is a BBQ at noon on April 25, 2012 at the Heritage hangar. All are invited.
- Heritage received the 4th Place Award for 2012 for being the best place to work in a small and medium sized company in Vermont. Heritage won the award for 2011 as well.
- Heritage's quality FBO operation is recognized. Airnav.com has very positive feedback on Heritage.
- FY2012 taxes due from Heritage have been paid in full for the entire year.

Gene Richards expressed appreciation for the good news from Heritage, particularly pertaining to taxes being paid in full.

Announcements

Gene Richards announced the upcoming tour of Heritage's "green" building by Rosanne Greco from South Burlington City Council and Joan Shannon from Burlington City Council, adding it is beneficial to remind people of what the building does in energy savings every day.

3. MONTHLY REPORTS

Minutes

March 19, 2012

Postponed.

Monthly Finance Report

Rich Goodwin reported:

- BTV cash balance sheet is looking more attractive to bankers and investors (more money in reserves and a debt service fund established).
- Cash flow position is stronger than last year.
- As of June 30, 2012 it would ideal for BTV to have the capacity to pay back the RAN.
- Moody's is aware of the great strides by BTV and is also aware of the ongoing situation with Burlington Telecom and other city funds.
- P&L is doing well
- Debt coverage score is tracking. The score has been in excess of 1.40. The bond is 1.25. Moody's wants a score greater than 1.40.
- The airport BAN for \$12 million to reimburse the city was critical to replenishing the city's cash balance which otherwise would have been nonexistent.

Gene Richards asked Rich Goodwin to get feedback from the proper people regarding having more cash on the balance sheet and carrying that money over into the next year.

Jeff Wick commented positively on having the balance sheet show a comparison of the prior month and current month and the cash flow statement. Rich Goodwin conceded it is a time consuming exercise, but the statement is a powerful tool.

Tammy Gagne reported:

- There is no "due to" from BTV to the city (\$6 million at the start of the year now stands at \$0). The amount was paid with the PFC infusion so there is a higher cash balance as a result.
- The city owes BTV a "due to" amount. (Rich Goodwin assured the city is paying interest on the money.)
- Staff is aggressively collecting on accounts receivables and expects all to be collected except for bankruptcy billings (\$66,000 to date across four companies, two of which serve BTV; March landings still have to be billed so the total will be closer to \$85,000).

Jeff Wick requested the commission be kept updated on the process and timeline in attempting to collect from the parent company in the bankruptcies. Chris Hill stated Heritage Flight is impacted by the bankruptcies and urged BTV to get deposits up front if possible though airlines typically do not like to negotiate an upfront deposit. It may be possible to negotiate a deposit outside of the agreement. Tammy Gagne noted the agreements with the air carriers require a deposit from the main line carriers, but not from the express services. Staff is reviewing the agreement and wants to maintain the deposit requirement, but is concerned about losing the air service. The security deposit is for the performance end of the contract. An airline in bankruptcy may be protected from paying the deposit. Staff will research other airports to see if it is customary to have a deposit or to waive it.

4. OLD BUSINESS

Status of FAA Request

All requested information has been submitted to FAA headquarters in Washington, DC. The item is not high priority.

CAH Status

A deposition is scheduled on Wednesday, April 18, 2012. The trial is May 7, 2012. Brian Searles will attend and be available as a witness.

Heritage Tax Suit

The matter is between Heritage and the City of South Burlington. A document has been submitted to the court that shows the conditions for BTV to have party status.

Airport Appraisal

The appraisal is in process. A survey of the perimeter as an AIP project is underway.

2012 Land Acquisition Program

The FAA is requiring project applications by May 1, 2012 which presents difficulty since it takes time to work with the property owners and do appraisals. Staff is trying to determine if there is any leeway on the deadline. The property owners need to have a time table so they can make their plans. There is \$5.2 million at stake.

Gene Richards commented on the need to fully inform South Burlington of the associated costs incurred by the airport to maintain the properties and the purpose of the acquisition program. Through the program the homeowners are being offered a favorable price for their less than quality houses that would be very difficult to sell on the open market (some of the houses contain asbestos). The airport does not have to participate in the program, but wanted to help the homeowners and benefit the community.

The land acquisition program will be further discussed at a special meeting on April 18, 2012 at 4 PM.

5. NEW BUSINESS

Refinancing Airport Bonds/BAN & Approval of Financing Study

Rich Goodwin explained the opportunity to call in some long term debt early to save money and interest by refinancing the airport's \$12 million BAN on existing long term debt coupled with a \$12 million BAN from a year ago. The restructuring will decrease the debt load at BTV, get the BAN off the books, and allow conversion to a bond. This will keep the debt service ratio out of jeopardy. A feasibility study is required by the investors and the potential buyer(s) of the bond. The cost of the study is up to \$150,000. The study will take about six months to complete. If the debt coverage score of 1.37 was not achieved in 2011, a feasibility study would have to be done even if a bond was not being sought. BTV has to pay off the existing BAN by the end of the calendar year so approval by the commission is needed to proceed with the study at this point in time.

Jeff Wick requested information on the debt structure over the next 20 years and the rate savings. Mr. Wick expressed concern about pushing the airport's debt out further into the future. Rich Goodwin will email a brief on the debt structuring of \$24 million over 28 years at an interest rate of approximately 5.76% (current interest rate on the BAN is 6.25%) BTV has \$12 million due and payable in December 2012 so action is needed to roll the BAN or bond. Jeff Wick calculated there does not appear to be much savings over a 28 year period so the airport would be mortgaging its future for relatively small savings.

Michael Wheet with Frasca was contacted to answer questions on the investment strategy and the feasibility study. Mr. Wheet confirmed the rationale for the debt restructuring:

- Interest rates are lower which will yield a savings;
- the BAN due date will be 2028 which is the last maturity of any outstanding debt for BTV;
- There would be a minimum 3% savings if the market holds as is and then a 5% savings on net present value;
- If the feasibility study shows this not to be the case then the deal will not be made.

Mr. Wheet will forward information showing cost savings over time at the stated interest rates. Gene Richards requested a side-by-side comparison showing debt service schedules, past and proposed, by 5 PM on April 17, 2012.

Bob McEwing noted staff needs to negotiate the scope of work and the fee for the feasibility study so the commission could approve going forward subject to verification of the numbers to the satisfaction of the commission.

A special meeting was scheduled on April 18, 2012 at 4 PM.

Briefing on Status of F35 Draft EIS

Staff reported no comments on the draft EIS have been received to date. The EIS is available on-line.

6. LEASE/CONTRACT STATUS

Aviatron

City Council and the Finance Board will be asked to approve a lease amendment to the Aviatron land and building lease for the amount of \$160,000 per year which represents a \$47,000 per year increase.

7. PROJECT UPDATES

License Plate Recognition System

The license plate recognition system is operating in passive mode until the software vendor can work out a glitch in the reporting. Final payment of \$50,000 will be held until the problem is resolved and the system is functioning properly.

Park & Shuttle

Within the next month there will be no coverage at the Park & Shuttle.

8. AIR SERVICE DEVELOPMENTJumpstart

No report.

9. MANAGER'S REPORT

A written report from the Airport Manager on current activities at the airport was provided.

10. OTHER BUSINESSBilling for Garage

Rich Goodwin reported he spoke to the Mayor regarding billing for the airport garage so the budget can be drafted, and recommended the airport pay a management fee for the garage of \$100,000.

New Financial System

Rich Goodwin publicly recognized the assistance from Tammy Gagne and Bob McEwing with the new financial system that will streamline reporting for the city and BTV.

Draft FY13 Budget

Tammy Gagne suggested the commission have a meeting in early May to go over the draft FY13 budget so the budget can be forwarded to City Council. A meeting was scheduled on May 10, 2012 at noon.

Next Meeting(s)

- April 18, 2012, Special Meeting, 4 PM, Burlington Airport (BAN & Land Acquisition Program)
- May 10, 2012, Special Meeting, Noon, Burlington Airport (Draft FY13 Budget)
- May 21, 2012, Regular Meeting, 4 PM, Burlington Airport

11. ADJOURNMENT and/or EXECUTIVE SESSION

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

VOTING: unanimous; motion carried.

The r meeting was adjourned at 5:42 PM.

RScty: MERiordan