

**BURLINGTON INTERNATIONAL AIRPORT
BOARD OF AIRPORT COMMISSIONERS
MINUTES OF SPECIAL MEETING
May 2, 2012**

APPROVED 2/19/13

MEMBERS PRESENT: Gene Richards (Chairman) [via teleconference]
Bill Keough [via teleconference]
Jeff Munger [via teleconference]
Peter Plumeau [via teleconference]

STAFF PRESENT: Robert McEwing [via teleconference]
Tamara Gagne [via teleconference]
Heather Kendrew
Ryan Betcher

OTHERS PRESENT: Rich Goodwin, Finance, City of Burlington [via teleconference]
Michael Wheat, Frasca [via teleconference]
Adam Whiteman, Frasca [via teleconference]
Chris Hill, Heritage Aviation
Rheal Gagnon, Heritage Aviation
John Briggs, Burlington Free Press
Marianne Riordan, Recording Secretary

1. CALL TO ORDER

Chairman Gene Richards called the special meeting to order at 1 PM.

2. AIRPORT BAN & FEASIBILITY STUDY

Rich Goodwin summarized the request for approval of a contract with a consultant to do a feasibility report noting the following:

- A feasibility study is required for either refinancing existing debt or for a standalone bond issue.
- Excluding a rollover, the feasibility study would have to be done regardless.
- City of Burlington and financial advisors support the request.
- Recondo & Associates is the consultant identified to do the study. Recondo & Associates have a national reputation and are very experienced. Recondo has done a feasibility study in the past for the airport.
- The estimated cost of the study is not anticipated to exceed \$150,000. Billing is time and materials, and if at any time the market is not looking favorable the work can cease and the consultant paid to that point.
- Approval to do the feasibility study is the first step. Discussion of cost then follows.
- There is no choice to do the study in order to move forward with any financing for the airport.
- There is an opportunity to refinance or call in existing debt and significantly decrease cost in interest and not extend the length of time of the debt.
- Potential savings on refinance of existing debt identified will help offset the debt incurred on the \$12 million BAN.

- The plan is to refinance and convert from the BAN to a bond to realize a decrease in interest expense over the next two to three years.
- Fitch and Moody's are concerned about being able to bond if there is a BAN.
- In summary, there is opportunity to decrease costs and decrease debt and ensure the debt coverage ratio for the airport is protected, and a feasibility study will have to be done at some point for financing regardless.

Gene Richards recalled the same proposal was brought to the previous City administration and Jonathan Leopold, but the airport was not in the present financial position 24 months ago. The airport is now optimistic about obtaining financing and interest rate stability going forward.

Michael Wheet and Adam Whiteman with Frasca Associates, financial advisor to the airport, echoed the comments by Rich Goodwin and added the proposal is normal restructuring of debt to decrease costs. The debt ratio is not being increased. A savings of at least 3% must be realized in order to move the financing forward.

Questions & Comments

Q: Total amount involved and existing debt with the conversion of the BAN to a bond?

A: In total approximately \$24 million.

Q: How much is saved compared to making no changes at this time?

A: Interest rates are low now and the existing BAN must be addressed by the end of 2012 regardless. This is an opportunity to restructure some existing debt and lower the debt service while layering on the BAN that was taken out without increasing the amount of debt service above current levels.

Q: Projected savings?

A: Between \$600,000 and \$700,000 in savings or about 5.5%; fairly significant savings. The appeal is locking into a lower interest rate, though before any action is taken a feasibility report must be done and proposals reviewed. The interest rate could change in that timeframe.

Q: What is the feasibility study and what is the time needed to complete the study?

A: The feasibility study is essentially a projection of where the market is and the ability of the airport to get bonding. The time needed to do the study is about four months.

Q: Is the proposal in compliance with City of Burlington policy?

A: The airport will be in compliance with the City with approval by the Finance Board and City Council. The proposal will be brought before both bodies at the next meeting.

Q: How was the consultant (Recondo & Associates) chosen?

A: The airport did three financial feasibility studies in preparation of other financing and used another firm, but there were some issues. Recondo & Associates was then hired to do some work for the airport and is familiar with airport finances. Recondo & Associates is a very qualified national firm.

Q: Can Recondo & Associates be fully objective?

A: Recondo & Associates is an independent analysis provider. Recondo & Associates was selected due to their credentials and being familiar with airport financing, and as a result the firm will be able to do the study better than a new entity without the background knowledge of the airport which could in the end result in more cost. High qualify at perhaps a lower cost is anticipated with Recondo & Associates.

Q: Is there any bidding requirement?

A: No. This is one more instrument to solidify the work that has been done over the past 24 months to improve the position of the airport.

ACTION

MOTION by Bill Keough, SECOND by Peter Plumeau, that the Airport Commissioners recommend to City Council to hire Recondo & Associates, aviation consultancy based in Chicago, to conduct a feasibility study related to the airport BAN. VOTING: unanimous; motion carried.

3. OTHER BUSINESS

None.

4. ADJOURNMENT

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

The special meeting was adjourned at 1:27 PM.

RScty: MERiordan