

**BURLINGTON INTERNATIONAL AIRPORT
BOARD OF AIRPORT COMMISSIONERS
MINUTES OF MEETING
October 27, 2014**

APPROVED – 11/10/14

MEMBERS PRESENT: Jeff Munger (Chairman)
Pat Nowak
Jeff Schulman
Alan Newman

MEMBERS ABSENT: Bill Keogh

BTV STAFF PRESENT: Gene Richards, Director of Aviation
Robert McEwing, Director of Planning & Development
Kelly Colling, Director of Airport Operations
Nic Longo, Accounting Office Assistant
Erin Knapp, Marketing
Austin Nelson, marketing intern

OTHERS PRESENT: Rich Goodwin, Assistant CAO, City of Burlington
Barbara Marden, UVM student
Marianne Riordan, Recording Secretary

1.0 CALL TO ORDER

Chairman Jeff Munger called the meeting to order at 4:07 PM. Introductions were done.

2.0 AGENDA

MOTION by Pat Nowak, **SECOND** by Alan Newman, to approve the agenda with the following amendment(s):

- Add Item 6.2 (Refinance Airport Debt)
- Add Item 6.3 (Lease Amendment-Skinny Pancake)

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

3.0 PUBLIC FORUM

None.

4.0 CONSENT AGENDA

4.1 Approval of Minutes: September 22, 2014

4.2 Fare Comparison

Nick Longo will add statistics on Manchester and Albany and all nonstop destinations from Burlington to the fare comparison report. Staff is compiling demographic data. There was discussion of the completed highway project in Canada and possible impact on Burlington Airport.

MOTION by Jeff Munger, **SECOND** by Alan Newman, to approve the consent agenda as presented including approval of the September 22, 2014 minutes as written and the fare comparison report, and to take the action indicated. **VOTING:** unanimous (4-0); motion carried.

5.0 FINANCIAL REPORT

Rich Goodwin reported:

- The airport is looking at opportunity to refinance the 2003 bonds.
- Per the Profit and Loss statement the numbers are unchanged from the numbers a year ago.
- Year-to-date, prior year, and current year information will be included in future P&L statements.
- Debt coverage score is 2.03 through September which is only 90 days into the fiscal year. The score is at the highest this point in the year and then dips after winter expenses. The airport is stockpiling winter supplies to be prepared. It is hoped to get economies of scale with the purchase of materials.
- Cash and investments do not really change year over year because the money is restricted.

The following was discussed:

- Jeff Schulman asked about the decrease in debt coverage score. Rich Goodwin explained since July 1st expenses are being shown on a more accurately and timely basis.
- Jeff Munger asked about the PFC revenue. Staff explained the numbers for September have not yet been received. The PFCs in July and August were for travel in the previous fiscal year. Rich Goodwin noted there is a portion of the PFC that can be utilized for debt
- Jeff Munger asked about fuel expense for vehicles which is at more than half the budgeted amount in only a quarter of the year. Bob McEwing said there are two large tanks and with the price of fuel the dollar amount quickly adds up to fill the tanks. Also, there was lots of mowing through the summer.
- Jeff Munger asked about utilities at 38% of the budget in a quarter of the year and custodian contracts at 50% of the budget. Nic Longo pointed out the custodian contracts include encumbered funds. Rich Goodwin will research whether custodian contracts are prepaid or encumbered funds and if fuel was purchased prepaid and is still in inventory.
- Alan Newman asked if inventories are tracked. Rich Goodwin confirmed inventories (\$300,000 and up) are tracked on an annual basis, not month-to-month. Total value of inventories is approximately \$1 million. Inventories can fluctuate as much as \$200,000 (the amount is not known until the yearend audit). Gene Richards assured the airport is good at depleting inventories by the end of the year. Alan Newman suggested doing a quarterly check on big items to ensure they are in line. Rich Goodwin will look at this and report next month. Mr. Goodwin said it is possible to just book expenses as they are incurred rather than carry inventories.

6.0 ACTION REQUIRED

6.1 Chamberlin Neighborhood Airport Planning Committee

Pat Nowak reported South Burlington received a grant to look at the airport and Chamberlin School area. A staff committee and community based committee

have been formed. A representative from the Airport Commission is needed on the committee.

**MOTION by Alan Newman, SECOND by Jeff Munger, to nominate Bill Keogh to the Chamberlin Neighborhood Airport Planning Committee.
VOTING: unanimous (4-0); motion carried.**

Gene Richards questioned if there any conflict of interest with Pat Nowak serving on both the Airport Commission and the South Burlington City Council and whether Ms. Nowak can vote on issues involving the airport that are before city council without conflict. Ms. Nowak said she would recuse herself if there is litigation involving South Burlington. South Burlington City Council felt input and dialogue was needed, and the best way to inform the Airport Commission of what is happening in South Burlington is to have a city counselor on the Airport Commission. South Burlington knows the majority of the business done by the Airport Commission does not have much to do with the City of South Burlington.

There was discussion of having an alternate for the position on the neighborhood committee. Pat Nowak will communicate to the planning committee that an alternate will attend if the regular committee member from the Airport Commission cannot attend.

6.2 Refinance of Airport Debt

Rich Goodwin reported Moody's is to rate the airport and draft an Official Statement. Staff is preparing a presentation for Moody's. The Airport Commission will see the presentation as the date draws near. The team is going through a due diligence checklist. A work session is scheduled on October 29th to go through the Official Statement. There is a window of opportunity to lock into a rate of 1% to 1.5% with refinance. Market conditions could change and then the opportunity is lost. The risk is a \$50,000 investment in preparing for and pursuing the deal. Gene Richards explained there is a huge spike in 2019 in the current repayment schedule that will adversely impact the airport (up to \$600,000, and not just cash but in future rates on lease agreements as well). PFCs cannot be used to pay the debt because that debt will have been paid off already. With the refinance, debt will be spread out over time and the spikes eliminated. There is also potential to accrue decent reserves. Other city departments are also refinancing/restructuring debt.

**MOTION by Jeff Schulman, SECOND by Alan Newman, to support the concept of refinancing the 2003 airport existing debt based on positive indicators relative to annual debt payments and evening out the debt load for the remainder of the term without extending longer than two years.
VOTING: unanimous (4-0); motion carried.**

6.3 Lease Amendment – Skinny Pancake

Nic Longo explained the proposal to expand the north terminal facility by 14 seats contingent on fire marshal inspection. The financial agreement with Skinny Pancake is still on the table as is retaining the relationship with Seven Days. The area is 137 s.f. of common space for airlines to be additional floor space for Skinny Pancake. Presently the airport collects \$7,200 per year for the space (\$53/s.f.). The airport does not want to lose the relationship with Seven Days.

Alan Newman disclosed Skinny Pancake asked him to be on their board. Mr. Newman stressed the need to find more ways for customers to spend money at the airport that does not involve airlines or seats. A simple solution is to merge the restaurant and waiting room and place orders to a commissary via iPads. There is concern about divvying up space at the airport without a master plan in place. A strategic plan on how to develop the airport in the next 10 years to yield more revenue from customers is needed. There is 18 months remaining on the arrangement with Skinny Pancake. Lease of the space has 12 years remaining. Committing space to expand Skinny Pancake for that time is a concern.

There was discussion of tying in the north and south terminals with a connecting walkway. The airport has an architectural plan, but no funding for this proposal. Jeff Schulman said planning space utilization and overall development needs to start somewhere. Airlines will feel better if they have to spend less. Having more of Skinny Pancake in the north terminal is a better use of the space.

MOTION by Jeff Schulman, SECOND by Pat Nowak, to support the airport moving forward with expansion of Skinny Pancake space as described in the meeting materials, dated 10/24/14.

DISCUSSION: Pat Nowak encouraged continued creative thinking of ways to enhance revenues. Skinny Pancake should see that the airport is taking steps to solidify the relationship so perhaps Skinny Pancake could take a step closer to swipe service. Alan Newman felt he may be able to convince Skinny Pancake to consider a different direction.

VOTING: 2 ayes, 2 nays (Jeff Munger, Alan Newman); motion does not carry.

Jeff Munger said he wants to see the report from the fire marshal before making a decision. Alan Newman reiterated that he feels he can convince Skinny Pancake to experiment with the north terminal. Jeff Schulman spoke in support of moving forward with the fire marshal, stressing that the airport values what Skinny Pancake has brought to the site. Gene Richards pointed out the restaurant invested \$1 million into the endeavor without a guarantee of success. The airport must find a way to support their growth because if Skinny Pancake succeeds, the airport succeeds. There was agreement that Skinny Pancake is a great addition to the airport, but there is also concern about committing space for such a length of time. Gene Richards noted the lease will be for the same amount of time when the space is redeveloped. Everything that has been done to date has been done without using airport money. Alan Newman acknowledged the positive changes

at the airport in the last few years that have brought the finances and the organization into order. Order must be created before moving forward. Gene Richards urged the Airport Commission to encourage Skinny Pancake to attend the next meeting to discuss the space proposal.

MOTION by Jeff Schulman, SECOND by Alan Newman, to rescind the previous action regarding moving forward with expansion of Skinny Pancake. VOTING: unanimous (4-0); motion carried.

MOTION by Jeff Schulman, SECOND by Jeff Munger, to table discussion and invite Skinny Pancake to attend the next meeting of the Airport Commission for discussion. VOTING: unanimous (4-0); motion carried.

7.0 COMMUNICATION/DISCUSSION

7.1 Airport Housing Project Update

Bob McEwing reported the advertisement to move the houses will be going out. Bids will be opened December 3, 2014. Bids will also be sought for deconstruction/demolition of the houses. April 15th is the date work can begin to move or demolish the houses. Mr. McEwing briefly explained FAA requirements and limitations with funding for the housing project. Per the master plan only compatible uses with the airport can go in the space or the money must be returned. A hotel could be built, but not a park. There can be green berms with plantings to screen the remaining houses. An airport maintenance facility could be located in the space if allowed by South Burlington zoning. Mr. McEwing will compile a list of uses or exclusions for the area.

Pat Nowak said the neighborhood planning committee has been told they are not the overseers or watch dogs of the housing project, but rather planners for the area.

7.2 Project Update

Staff reported:

- Airport carrier apron is done and in use. Line striping per Delta's directive will be done.
- Allegiant will move back to Gate 14.
- Cargo apron work will be complete in the next 10 days.
- Taxiway K design is done and ready to go to bid. Discretionary money is needed. Project cost is \$5.5 million which is above the airport's entitlement.
- Next year work will be done on the apron by Delta (\$3.2 million project which will take most of the entitlement).
- The boarding bridge will be replaced for 757 aircraft. PFC funds will be used.

7.3 Marketing and Advertising Update

Erin Knapp introduced Austin Nelson, marketing intern from Champlain College. Ms. Knapp reported:

- The airport is on track to exceed the budget with Clear Channel.
- Staff is working on a marketing campaign with Vermont Travel & Tourism for Brand USA and ORBITZ.
- Purple WiFi is operating. Login through Facebook. The airport is gathering lots of information on users which will help focus marketing efforts.
- Staff is working with UVM on a branding campaign.
- Staff is enlisting help with digital advertising in exchange for a month of advertising at the airport.

7.4 Passenger and Operational Statistics

Nic Longo reported year-to-date enplanements are less than one half percent down. September is showing a 3% decline. Lack of seats is the issue. Airlines will oversell by 10% to ensure planes are full.

8.0 DIRECTOR'S REPORT

8.1 VTANG/BTV Community Financial Benefits

MOTION by Jeff Munger, SECOND by Alan Newman, to table VTANG/BTV community financial benefits until the next meeting. VOTING: unanimous (3-0)[Jeff Schulman not present for vote]; motion carried.

9.0 COMMISSIONERS' ITEMS

9.1 Taxi Licensing Board Report

MOTION by Jeff Munger, SECOND by Pat Nowak, to table the taxi licensing board report until the next meeting. VOTING: unanimous (3-0)[Jeff Schulman not present for vote]; motion carried.

10.0 ADJOURNMENT

Next meeting: November 10, 2014 @ 4 PM.

Agenda: Discussion with Skinny Pancake about expansion of space
VTANG/BTV Community Financial Benefits
Taxi Licensing Board Report

MOTION by Alan Newman, SECOND by Pat Nowak, to adjourn the meeting. VOTING: unanimous (3-0)[Jeff Schulman not present for vote]; motion carried.

The meeting was adjourned at 6:31 PM.

RScty: MERiordan

“To Do” List from 10/27/14 Airport Commission meeting:

1. Rich Goodwin will include year-to-date, prior year, and current year information in future P&L statements.
2. Rich Goodwin will research whether custodian contracts are prepaid or encumbered funds and if fuel was purchased prepaid and is still in inventory.
3. Alan Newman suggested doing a quarterly check on big items in inventory to ensure they are in line. Rich Goodwin will look at this and report next month.
4. Mr. McEwing will compile a list of uses or exclusions for the area by the airport after the houses are removed.