

**BURLINGTON INTERNATIONAL AIRPORT
BOARD OF AIRPORT COMMISSIONERS
MINUTES OF MEETING
February 23, 2015**

APPROVED – 3/30/15

MEMBERS PRESENT: Jeff Munger [arrived 2:24 PM]
Bill Keogh
Pat Nowak
Alan Newman [arrived 2:11 PM]
Jeff Schulman (via teleconference)

BTV STAFF PRESENT: Gene Richards, Director of Aviation (via teleconference)
Nic Longo, Accounting Office Assistant
Marie Friedman, Financial Advisor
Erin Knapp, Marketing

OTHERS PRESENT: Rich Goodwin, Assistant CAO, City of Burlington
Gregg Meyer, Assistant City Attorney, City of Burlington
David Conger, Dubois & King

1.0 CALL TO ORDER

Bill Keogh called the meeting to order at 2:10 PM. Chairman Jeff Munger arrived later in the meeting.

2.0 AGENDA

There were no changes to the agenda.

MOTION by Pat Nowak, SECOND by Jeff Schulman, to approve the agenda as presented. VOTING: unanimous (3-0)[Jeff Munger and Alan Newman not present for the vote]; motion carried.

3.0 PUBLIC FORUM

There were no comments from the public.

4.0 FINANCIAL PACKAGE

Rich Goodwin reported:

- Per the Profit & Loss Statement revenues are up \$100,000 over the prior year for the first seven months of the fiscal year, and expenses are within \$10,000 of what was spent last year for the same time period.
- Trend Analysis for the first seven months of the fiscal year shows revenues are performing better than the prior year by approximately \$100,000.
- Trend for the debt coverage score for FY2014 shows continued decrease due to enplanement revenue and total flights revenue. Scores are the highest in December and January. Debt load and total debt in 2014 was \$3.4 million. Debt load is a major driver of the debt coverage score.
- Debt coverage score in FY2015 for the first seven months of the fiscal year is 1.63 compared to 1.94 at the same time last year. A certain amount of debt is paid out of the PFC account and some debt has been retired so the debt load is \$3.9

million which drives the debt coverage score. There are five months remaining in the fiscal year and Moody's wants a score of 1.50 or higher so expenses and revenues need to be closely monitored.

- The amount of money the airport owes the city is \$2.4 million (the city paid airport bills). At the end of the year that number needs to be zero. A strong balance sheet for FY2015 is needed. Actual cash the airport has in the bank for reserves for the bonds is \$13.9 million. A separate account was created for Customer Facility Charges (CFC) and there is \$1.8 million in that account to date. Money can be pulled from the CFC account to help make the city whole and after the fiscal year ends the money can be returned to the CFC account for tracking.

Jeff Schulman asked if the refinance of debt is fully shown. Rich Goodwin explained the refinance resulted in decreased debt load which will help improve the debt score moving forward, but the benefit will not occur until 2016. Jeff Schulman asked if the reduction in the score is a function of increased principle and interest payments. Mr. Goodwin stated principle and interest in FY14 was \$3,400,000 and in FY15 was \$3,956,000 which results in a major difference in debt coverage score.

Gene Richards stated some airport projects are on hold. The financials are being further evaluated because the numbers say the airport is up 2%, but weather delays and cancellations are at historical highs and there has been much staff overtime at the airport. Within a month there will be a better indication of what projects will have to be suspended.

MOTION by Pat Nowak, SECOND by Jeff Munger, to accept the financial report for January 2015 and place the information on file. VOTING: unanimous (5-0); motion carried.

5.0 CONSENT AGENDA

- 5.1 Minutes of January 5, 2015
- 5.2 Minutes of January 23, 2015
- 5.3 Minutes of February 4, 2015

MOTION by Pat Nowak, SECOND by Jeff Munger, to approve the consent agenda including the minutes of January 5, 2015, January 23, 2015, and February 4, 2015 as presented. VOTING: unanimous (5-0); motion carried.

6.0 COMMUNICATIONS/DISCUSSION

6.1 Environmental Action – Marcelino Settlement

Attorney Gregg Meyer briefed the Airport Commission on the illegal filling of land on airport property by the abutting property owner, Marcelino. The illegal filling went on for years and eventually covered over a Champlain Water District pipe which restricted access. Action was brought against Marcelino in 2012. The court ordered removal of the fill by Marcelino. Krebs & Lansing Engineers developed a plan that sufficiently removes enough fill to allow access to the CWD pipe. Removal of the material will be overseen by the engineers and testing will be done on the soil. Clean fill can be deposited in the airport quarry (the airport

will secure the permits). All state authorities on contaminated soils must sign off on the plan. Historically there has not been good cooperation by Marcelino so a contingency plan is being drafted. There are many liens on the property and Marcelino has very few assets.

6.2 Accounts Receivables Review

Nic Longo reported work continues on collecting outstanding receivables. For some companies the paperwork process is protracted so closure on the account is taking longer.

MOTION by Jeff Munger, SECOND by Pat Nowak, to accept the Invoice Aging Report and place the information on file. VOTING: unanimous (5-0); motion carried.

6.3 Marketing Update

Erin Knapp briefed the Airport Commission on the marketing effort to date. Advertising is being done in the terminal including video advertising at the baggage claim area. There are creative ads displayed in Florida to target the “snowbirds”. Gene Richards added staff is critiquing the video advertising system at the airport. Eventually there will be a network. Each screen can be managed separately and separately generate revenue.

6.4 Passenger and Operational Statistics

6.4.a Economic Impacts of Weather

Nic Longo reported winter weather has had an impact on the airport. Cancellations were numerous (68) in January-February. Staff is tracking cancellations, seat cancellations, and load factors. Despite the weather the statistics show the airport is up 2.37% with relatively high load factors across the board.

Gene Richards discussed meetings with United regarding their history of bumping passengers due to overbooked flights and overweight (fuel heavy) planes. Ten to 15 passengers are being bumped per flight which is having a significant impact on the airport (the airport is not being compensated and passengers are depleting the supply of rental cars to go to other airports). Staff is working with United to make changes.

Gene Richards also mentioned the Canadian exchange rate may have an impact as well. Larger planes and more Atlanta or Toronto flights are needed. Staff has also been working hard on the airline leases and an acceptable formula. The car rental leases are as challenging as the leases with the airlines.

Jeff Munger announced there is talk in Washington, DC about regulating the airline industry again because the airlines abused the free system. Alan Newman said the airlines should have to pay a tax on the fees they impose.

6.5 Fare Comparison

Nic Longo pointed out the two month outlook shows Burlington fares are equal with Canada's fares.

7.0 DIRECTOR'S REPORT

Gene Richards reported:

- Erin Knapp has established a strong marketing relationship with Johnson Woolen Mill. The company will provide their signature coats to all Airport Ambassadors as part of their advertising campaign at the airport. (Alan Newman suggested a kiosk be offered to the company to display and sell merchandise.)
- Heritage Flight is replacing their director, Tim Shea, who has been promoted within the company.
- Regularly held Tuesday morning meetings cover legal matters involving the airport. Current issues being discussed include:
 - Lease negotiations for the airport and car washes
 - Marcelino litigation
 - Other property owners illegally using airport property
 - Ongoing tax litigation
 - Litigation with the FAA in Washington, DC brought by Mansfield Heliflight
 - Space to lease at Heritage (notifying parties suing the city for lack of space availability that there is space to lease)
 - RFP for the north hangar
 - New carwash facility
 - House removal program (removal will be in April) and continued communication and transparency with residents and South Burlington City Council/Administration
- A meeting was held with the Winooski Mayor and City Manager for general discussion of matters of mutual interest.
- A consultant will be hired to update the mapping of current noise levels from the airport. A formula is needed to move forward with the military and FAA.

Pat Nowak mentioned the committee is nearly assembled for the planning of the neighborhood once the houses are removed by the airport. Bill Keogh and Pat Nowak are part of the 15 member group that includes residents. The first meeting will be to organize the committee, discuss the rules, be informed about the open meeting law, focus on the mission of the committee, and hear the point of view of the airport and South Burlington. Gene Richards stressed the 2030 plan is the guide with the focus being how to work together and coexist.

8.0 COMMISSIONERS' ITEMS

8.1 Taxi Licensing Board Report

There was discussion of the status of Uber taxi service in Burlington. Gregg Meyer reported the city and Uber are negotiating a potential operating agreement. The city's position is Uber needs to be regulated as a vehicle-for-hire company, but recognizes Uber is already operating and an arrangement is needed so the

drivers do not continue to be ticketed by police for an unlicensed service. The city believes common ground can be found.

Jeff Munger commented on the lack of movement by the City in relocating the taxi administration downtown which was to occur by January 1, 2015. Rich Goodwin said action on the taxi issue is impacted by the staff shortage and upcoming reorganization of the Finance Office. Current staff is handling an increased workload until staff appointments are made.

8.2 Miscellaneous

Pat Nowak recognized the contribution by the Air Guard firefighting division that was first on the scene at the recent barn fire in So. Burlington and literally saved the farm. The Air Guard provides mutual aid to the surrounding communities and contributes in other ways as well. The public at large needs to be made aware of what the Air Guard does for the community.

9.0 ADJOURNMENT

Next regular meeting: March 30, 2015 at 4 PM.

With no further business the meeting was adjourned at 3:27 PM.

RScty: MERiordan