

**SELECTMEN'S MEETING, AIRPORT COMMISSION,
FINANCE COMMITTEE and CAPITAL IMPROVEMENTS COMMITTEE
Due to COVID-19 Public Participation is by Zoom
December 21, 2020**

Remote Zoom Meeting was opened at 6:00 PM. Kuklewicz announces that the meeting is being recorded. Kuklewicz acts as Moderator.

Zoom Video Link: <https://vimeo.com/493740941>

PRESENT:

- Selectboard: Rich Kuklewicz (Chair), Michael Nelson, and Chris Boutwell
- Finance Committee: Jen Audley (Chair), Fred Bowman, Greg Garrison, and John Hanold
- Capital Improvements Committee: Greg Garrison (Vice-Chair), Fred Bowman, and Steve Ellis
- Airport Commission: Gary Collins (Chair), Seth Rutherford, and Joe Mazeski
- Town Administrator: Steve Ellis; Executive Assistant: Wendy Bogusz; Treasurer/Tax Collector Eileen Seymour
- Airport Manager: Bryan Camden

Chairs of the Selectboard, Airport Commission, and Finance Committee and the Vice-Chair of the Capital Improvements Committee open their meetings, roll call taken

Overview of Proposal to Purchase Pioneer Aviation

Bryan explains that there are three parcels of aviation-related property that abuts the airport. They are currently held privately, and this project would be to purchase all three parcels and return them to airport ownership. Included in the property are two airport hangers and one dry storage commercial warehouse. There are also roughly three acres of vacant property that could be developed. As the project proceeds, the airport would take ownership as soon as possible financially and physically and oversee the day-to-day operations. Right now they do not have control over it and there is not much to keep the current owners from going with a non-aviation use of property other than a goodwill discussion that was had in the past. There currently is not enough space on the airport that is buildable to reconstruct maintenance, a flight school, aircraft storage, and fueling services.

Operational Cost Impact

- **Additional Request for FY21 Airport Budget**
 - Camden reviews the original budget allocated at Annual Town Meeting, the needed operational funds to operate Pioneer Aviation from January to July, the original "Pioneer" allocation budget total, and the FY22 operational budget expected as of November 7, 2020. With the increase the airport would still see a surplus of revenue of \$4,700.
 - According to the sheet, the airport would need \$52,300 from Town Meeting. This money would be repaid to the Town once the retained earnings get certified.
 - Seymour states that we would not see any debt service, at least until FY22.
 - Audley clarifies the three changes the airport would be making: (1) increasing its current year budget at a Special Town Meeting, (2) purchasing the property, and (3) proposing a different budget for FY22 at Annual Town Meeting.
 - Ellis clarifies that the airport commissions have specific rights to engage in property purchases, but if they require some appropriation from Town Meeting, those would be subject to Town Meeting approval.
 - Bryan explains that the retained earnings would come from fixed revenues from the warehouse and two hangers as well as revenue from the aviation fuel sales.
 - In response to a question by Singleton, Ellis explains that the most likely sources for the appropriation would be Free Cash or General Stabilization.

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Implications for FY22 Budget

Financing the purchase

- **Explanation of available grant support**

- A significant amount would be covered by both State and Federal Aviation Administration Grants (Non-Primary Entitlement Funds).
- The FAA is doing a grant that is 90% Federal, 5% State, and 5% local. The 5% local would be built into the airport's FY22 operational budget.

- **Options for financing of purchase**

- According to Ellis, we would be receiving a separate grant agreement each year.
- David Rich from Stantec states that airport has a bank of funds with Non-Primary Entitlement Funding and Discretionary Funding. Stantec has discussed the airport's capital improvement program with the FAA, who are on board with the purchase.
- Janice Bland from Stantec explains that the first grant would likely be a multi-year grant covering 2021, 2022, and 2023. After that, the FAA would be issuing a new grant and it would be determined whether it would be another multi-year grant or single grants.
- Camden states that they currently have at least \$350,000 available in Non-Primary Entitlement funds. The next two years would add another \$300,000.
- Ellis clarifies that our fiscal years do not align with the Federal fiscal years.
- In response to a question by Garrison, Camden states that the airport would be dependent upon approximately eight years of grant funding.
- In response to a question by Bowman, Camden states they do not have a final purchase price as of yet. Once the professional appraisal and a professional appraisal review are completed, they can start negotiations with the property owners. A good, safe number to anticipate is \$1.5 million.
- Seymour explains the option of a BAN (Bond Anticipation Note), the rates of which are very low. These are taxable as we are going to be getting rental income. You cannot start paying the principle back until after three years. The advantage of a BAN is that you are not tied into a bond for 15 or 20 years.
- Ellis expresses concern about any one-year or multi-year declines in funding. For example, will the Feds fully fund us the \$150,000 if we are unable to pay ahead on the principle with the BANs? Bland suggests we would need further guidance from the FAA, but states that she does not see an issue with requesting the full \$150,000.

- **Possible capital improvements to include in project financing**

- Camden shares that the interest rates for bonding are extremely low and now would be a good time to engage in some improvements that would increase revenues for the airport.
- A fuel system upgrade, which has to be done anyway, would cost approximately \$50,000-\$55,000.
- Construction of an aircraft T hanger with 10 bays which would be rented out would cost about \$340,00-\$355,000.

Viability of Revenue Streams and Opportunity for Growth

- The fuel system upgrade would result in approximately \$14,000 a year, which would enable the debt to be paid back over four to five years.

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- The T hanger would net around \$33,000 a year in revenue, which would pay back the debt in 11 years.
- Camden states that there are 14 aircraft tenants that will be coming with the Pioneer acquisition, along with five small businesses (flight school, aircraft maintenance, two renters inside the warehouse, and an operation that does aircraft detailing), none of whom have any intentions of leaving the airport.
- In response to a concern raised by Garrison regarding a gap between the debt and revenues, Camden states that over the years, with the rents and future increases, the gap will be bridged.

Discussion of Next Steps

Kuklewicz asks each committee to determine questions and decide whether to have a follow-up meeting shortly after the 1st of the year.

Adjourn

- *Nelson makes the motion to adjourn the Selectboard Meeting. Seconded by Boutwell, unanimously approved. Nelson - Aye, Boutwell - Aye, Kuklewicz - Aye*
- *Garrison makes the motion to adjourn the Finance Committee Meeting. Seconded by Bowman, unanimously approved. Garrison - Aye, Bowman - Aye, Hanold - Aye, Audley - Aye*
- *Bowman makes the motion to adjourn the Capital Improvements Committee Meeting. Seconded by Ellis, unanimously approved. Bowman - Aye, Ellis - Aye, Garrison - Aye*