NEW ISSUE – **BOOK-ENTRY ONLY** **Ratings: Moody's: "Baa2" (outlook: stable)**
(See RATINGS herein)

In the opinion of Paul Frank + Collins P.C., Bond Counsel, based upon an analysis of existing laws, regulations and rulings, interest on the Series 2021 Bonds is includable in gross income for federal income tax purposes. The Act provides that the Series 2021 Bonds and the interest shall be exempt from Vermont personal income tax and Vermont corporate income tax. See "TAX MATTERS" herein and Appendix G hereto.

$5,175,000
CITY OF BURLINGTON, VERMONT
AIRPORT REVENUE REFUNDING BONDS,
SERIES 2021A (TAXABLE)

Dated: Date of Delivery **Due:** July 1, as shown on the inside cover

The City of Burlington, Vermont (the "City"), is issuing its $5,175,000 Airport Revenue Refunding Bonds, Series 2021A (Taxable) (the "Series 2021 Bonds"), to along with other available funds: (i) refund the July 1, 2021 and July 1, 2022 maturities of the City's outstanding Airport Revenue Refunding Bonds, Series 2012A (Non-AMT) (the "Refunded Series 2012A Bonds"); (ii) refund the July 1, 2021 and July 1, 2022 maturities of the City's outstanding Airport Revenue Refunding Bonds, Series 2014A (Non-AMT) (the "Refunded Series 2014A Bonds" and, with the Refunded Series 2012A Bonds, the "Refunded Bonds"); (iii) capitalize interest payments associated with all outstanding Bonds, including the Series 2021 Bonds, through July 1, 2022; (iv) fund a deposit to the Debt Service Reserve Fund or provide for a surety for the Debt Service Reserve Fund; and (v) pay the costs of issuance associated with the Series 2021 Bonds. The Series 2021 Bonds are issuable only as fully registered bonds without coupons, and, when issued, will be registered in the name of CEDE & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. Purchases of beneficial interests in the Series 2021 Bonds will be made in book-entry only form, in the denomination of $5,000 or any integral multiple thereof. Purchasers of beneficial interests will not receive certificates representing their interest in the Series 2021 Bonds. So long as CEDE & Co. is the Bondowner as nominee of DTC, references herein to the Bondowners or registered owners shall mean CEDE & Co., as aforesaid, and shall not mean the Beneficial Owners of the Series 2021 Bonds. See "APPENDIX G - Book-Entry Only System" hereto.

The Series 2021 Bonds are subject to redemption prior to maturity, as more fully described herein.

The Series 2021 Bonds are being issued pursuant to the City Charter and the General Bond Resolution of the City adopted on May 6, 1997, as previously amended and supplemented and as further amended and supplemented by Supplemental Resolution No. 6, adopted by the City on January 19, 2021. Payment of principal and redemption price of the Series 2021 Bonds, and interest thereon, payable initially on July 1, 2021 and thereafter semiannually on each July 1 and January 1 (each an "Interest Payment Date"), until maturity or prior redemption of the Series 2021 Bonds will be paid directly to DTC by Zions Bancorporation, National Association, Chicago, Illinois, as Paying Agent, so long as DTC or its nominee, CEDE & Co., is the Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the indirect Participants, as more fully described herein.

THE SERIES 2021 BONDS WILL BE SPECIAL OBLIGATIONS OF THE CITY, PAYABLE SOLELY FROM REVENUES OF THE CITY DERIVED FROM THE OWNERSHIP AND OPERATION OF THE AIRPORT, SUBJECT TO THE PRIOR PAYMENT OF OPERATION AND MAINTENANCE EXPENSES, ON A PARITY WITH BONDS PREVIOUSLY ISSUED AND ANY ADDITIONAL BONDS WHICH MAY HEREAFTER BE ISSUED BY THE CITY, AS PROVIDED IN THE RESOLUTION. THE SERIES 2021 BONDS WILL NOT BE A GENERAL OBLIGATION OF THE CITY, NOR WILL THE CITY BE OBLIGATED TO LEVY ANY TAXES IN CONNECTION WITH THE SERIES 2021 BONDS. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE STATE OF VERMONT, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE SERIES 2021 BONDS.

This cover page contains certain information for quick reference only. Investors must read the entire Official Statement to obtain information essential to the making of any informed investment decision.

The Series 2021 Bonds are offered when, as and if issued and accepted by the Underwriter, subject to the approval of legality by Bond Counsel to the City, Paul Frank + Collins P.C., Burlington, Vermont, and certain other conditions. Certain legal matters will be passed upon for the Airport by its counsel, McNeil, Leddy & Sheahan, P.C., Burlington, Vermont, and for the Underwriter by its counsel, Kaplan Kirsch & Rockwell LLP, Boston, Massachusetts. It is expected that the Series 2021 Bonds in definitive form will be available for delivery through the facilities of DTC on or about March 16, 2021.

Ramirez & Co., Inc.

Dated: March 3, 2021

CITY OF BURLINGTON, VERMONT
Airport Revenue Refunding Bonds

$5,175,000 Series 2021A (Taxable)

SERIES 2021A BONDS
MATURITY SCHEDULE

Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	CUSIP No.†	Maturity Date (July 1)	Principal Amount	Interest Rate	Yield	CUSIP No.†
2023	$85,000	1.200%	1.200%	122064DF2	2027	$ 90,000	2.350%	2.350%	122064DK1
2024	80,000	1.400	1.400	122064DG0	2028	105,000	2.600	2.600	122064DL9
2025	80,000	1.800	1.800	122064DH8	2029	2,290,000	2.900	2.900	122064DM7
2026	85,000	1.950	1.950	122064DJ4	2030	2,360,000	3.000	3.000	122064DN5

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† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers have been assigned by an independent company not affiliated with the Cities and are included solely for the convenience of the registered owners of the Series 2021 Bonds. None of the City, the Airport, the Financial Advisor or the Underwriter are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Series 2021 Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2021 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2021 Bonds.

CITY OF BURLINGTON, VERMONT

MAYOR
Miro Weinberger

CITY COUNCIL

Sarah E. Carpenter	*Karen Paul*
Ali N. Dieng	*Franklin Paulino*
Perri Freeman	*Brian Pine*
Jack Hanson	*Joan Shannon*
Zoraya Hightower	*Jane Stromberg*
William "Chip" Mason	*Max Tracy (President)*

CITY ADMINISTRATION

Katherine Schad	*Chief Administrative Officer*
Richard Goodwin	*Director of Financial Operations*
Eileen Blackwood, Esq.	*City Attorney*
John Vickery	*City Assessor*
Ann Barton	*Comptroller*

BOARD OF AIRPORT COMMISSIONERS

Jeff Munger, Chairman
Tim George
Bill Keogh
Helen Riehle
Jeffrey Schulman

BURLINGTON INTERNATIONAL AIRPORT

Eugene Richards, III	*Director of Aviation*
Nic Longo	*Deputy Director of Aviation*
Marie J. Friedman	*Chief Financial Officer*
Larry B. Lackey	*Director of Engineering and Environmental Compliance*
Shelby Losier	*Director of Ground Transportation*

FINANCIAL ADVISOR
PFM Financial Advisors, LLC
Boston, MA

COUNSEL TO THE AIRPORT
McNeil, Leddy & Sheahan, P.C.
Burlington, VT

BOND COUNSEL
Paul Frank + Collins P.C.
Burlington, VT

AIRPORT CONSULTANT
Ricondo & Associates, Inc.
Chicago, IL

TRUSTEE/PAYING AGENT
Zions Bancorporation, National Association
Chicago, IL

REGARDING THE USE OF THIS OFFICIAL STATEMENT

THE SERIES 2021 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACT. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2021 BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAW OF THE STATES IN WHICH THE SERIES 2021 BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. THE SERIES 2021 BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or the Airport or the other matters described herein since the date hereof. See "**CONTINUING DISCLOSURE**" for a description of the City's undertaking to provide certain information on a continuing basis.

This Official Statement includes descriptions and summaries of certain events, matters and documents. Such descriptions and summaries do not purport to be complete and all such descriptions, summaries and references thereto are qualified in their entirety by reference to this Official Statement in its entirety and to each such document, copies of which may be obtained from the Airport. Any statements made in this Official Statement or the appendices hereto involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such opinions or estimates will be realized.

Except as specifically noted herein, references contained in this Official Statement to the Airport's website are for informational purposes, and neither the website nor the information contained on such website shall be deemed incorporated herein by reference. Neither the Airport nor the City is obligated to continue to provide information on the Airport's website.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Official Statement is delivered in connection with the sale of securities referred to herein and may not be reproduced or used, in whole or in part, for any other purposes. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2021 Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale. No dealer, salesperson, or other person has been authorized by the City or the Airport to give any information or to make any representation other than those contained herein, and, if given or made, such other information or representation must not be relied upon as having been authorized by the City, the Airport, the Underwriter, or any other person.

The prices and other terms respecting the offering and sale of the Series 2021 Bonds may be changed from time to time by the Underwriter after such Series 2021 Bonds are released for sale, and the Series 2021 Bonds may be offered and sold at prices other than the initial offering prices, including to dealers who may sell the Series 2021 Bonds into investment accounts.

None of the City, the Airport or the Underwriter make any representation as to the accuracy, completeness, or adequacy of the information supplied by The Depository Trust Company for use in this Official Statement.

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2021 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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OFFICIAL STATEMENT

$5,175,000
CITY OF BURLINGTON, VERMONT
AIRPORT REVENUE REFUNDING BONDS
SERIES 2021A (Taxable)

INTRODUCTION

General

This Official Statement provides certain information concerning the City of Burlington, Vermont (the "***City***" or "***Burlington***") and the Burlington International Airport (the "***Airport***" or "***BTV***") in connection with the issuance by the City of its $5,175,000 Airport Revenue Refunding Bonds, Series 2021A (Taxable) (the "***Series 2021 Bonds***").

Unless otherwise defined in this Official Statement, all capitalized terms used will have the definitions set forth in the Resolution, many of which are summarized under "APPENDIX C - SUMMARY OF THE RESOLUTION - Definitions" hereto.

The City

The City was incorporated as a city in 1864 and is located in northwestern Vermont on the eastern shore of Lake Champlain directly across from northern New York State. The largest city in Vermont, Burlington encompasses 16 square miles. It is the commercial center of Chittenden County and serves as the economic, educational, health care and cultural center of northern Vermont and portions of northeastern New York. The population of the City in 2020 was estimated by the U.S. Census to be 42,819.

The Airport

The Airport is owned and operated by the City and has been in existence since 1920. It is located in the City of South Burlington, Vermont. The City Charter grants policy setting powers and overall responsibility for the Airport to the City Council with advice from the Board of Airport Commissioners (the "***Commission***"). The Charter also allows the City Council to delegate specified regulatory authority to the Commission, which the City Council has done. See "THE AIRPORT- Airport Governance" herein. The Mayor of Burlington appoints the Director of Aviation with the consent of the City Council. The City Council and the Airport control all the lands, buildings and equipment that comprise the Airport. The Commission consists of five members, four of whom are appointed for four-year terms by the City Council with the Mayor presiding. One member is appointed by the City Council of the City of South Burlington, Vermont.

The Airport consists of approximately 1,100 acres, contains a main terminal building comprising approximately 130,000 square feet, a Federal Aviation Administration ("***FAA***") operated air traffic control facility, and is fully instrumented with Instrument Landing Systems ("***ILS***") and approach light systems on each end of the main runway, 15-33, which has a newly completed full-length parallel taxiway, Taxiway Golf. There also is an FAA operated area surveillance radar facility, and the Airport terminal houses a regional National Weather Service facility operated by the National Oceanic and Atmospheric Administration ("***NOAA***"). There are approximately 220,251 square feet of buildings currently rented to and occupied by a major fixed base operator and other businesses involved in aeronautical activities.

COVID-19

The worldwide outbreak of a highly contagious, upper respiratory tract illness caused by a novel strain of coronavirus ("***COVID-19***") has caused significant disruption to domestic and international air travel, including both passenger and cargo operations, and has had significant negative and adverse effects on the economies of the State of Vermont, the nation and the world. The information in this Official Statement that describes revenues, financial affairs, operations and general economic conditions of the Airport for fiscal year ended June 30, 2020 reflects only four months of COVID-19 impacts. Subsequent data through October 2020 is included in this Official Statement where available. All of this information should be considered in light of the negative and adverse impacts from COVID-19 subsequent to the dates of such data. The effects of COVID-19 and actions taken at the state and national levels to halt its spread have had, and are expected to continue to have, a significant adverse effect on the revenues, financial condition and operations of the Airport and on the economy of Vermont. COVID-19 developments, and associated governmental and regulatory responses, are rapidly changing and cannot be predicted with any assurance. For a more detailed discussion of the current and projected impacts of COVID-19 on the Airport's revenues, financial condition and operations, see "IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT" and APPENDIX A – Letter Report of the Airport Consultant.

The Series 2021 Bonds

The Series 2021 Bonds are authorized to be issued pursuant to the City Charter (the "***Charter***"), and the General Bond Resolution of the City, adopted on May 6, 1997, as previously amended and supplemented by resolutions and as further supplemented by Supplemental Resolution No. 6, adopted by the City Council on January 19, 2021. The General Bond Resolution, as amended and supplemented, is herein referred to as the "***Resolution***." The Series 2021 Bonds represent the sixth series of bonds issued under the Resolution. All bonds of the City heretofore and hereafter issued pursuant to the Resolution, including the Series 2021 Bonds, are referred to herein as the "***Bonds***." Bonds previously issued pursuant to the Resolution, including the Refunded Bonds (defined below) are currently outstanding in the principal amount of $26,120,000.

The Series 2021 Bonds are being issued by the City to, along with other available funds: (i) refund the July 1, 2021 and July 1, 2022 maturities of the City's outstanding Airport Revenue Refunding Bonds, Series 2012A (Non-AMT) (the "***Refunded Series 2012A Bonds***"); (ii) refund the July 1, 2021 and July 1, 2022 maturities of the City's outstanding Airport Revenue Refunding Bonds, Series 2014A (Non-AMT) (the "***Refunded Series 2014A Bonds***" and, with the Refunded Series 2012A Bonds, the "***Refunded Bonds***"), (iii) capitalize interest payments associated with all outstanding Bonds, including the Series 2021 Bonds, through July 1, 2022; (iv) fund a deposit to the Debt Service Reserve Fund or provide for a surety for the Debt Service Reserve Fund; and (v) pay the costs of issuance associated with the Series 2021 Bonds. See "PLAN OF REFUNDING" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

THE SERIES 2021 BONDS WILL BE SPECIAL OBLIGATIONS OF THE CITY, PAYABLE SOLELY FROM REVENUES OF THE CITY DERIVED FROM THE OWNERSHIP AND OPERATION OF THE AIRPORT, SUBJECT TO THE PRIOR PAYMENT OF OPERATION AND MAINTENANCE EXPENSES, ON A PARITY WITH BONDS PREVIOUSLY ISSUED AND ANY ADDITIONAL BONDS WHICH MAY HEREAFTER BE ISSUED BY THE CITY, AS PROVIDED IN THE RESOLUTION. THE SERIES 2021 BONDS WILL NOT BE A GENERAL OBLIGATION OF THE CITY, NOR WILL THE CITY BE OBLIGATED TO LEVY ANY TAXES IN CONNECTION WITH THE SERIES 2021 BONDS. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE STATE OF VERMONT, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE SERIES 2021 BONDS. See "SECURITY FOR THE BONDS" herein.

Additional Information

There follows in this Official Statement a brief description of the City and the Airport, together with summaries of the Series 2021 Bonds and the security therefor, the Resolution, certain other documents and certain provisions of the Charter. All references herein to the Charter, the Resolution and such other documents are qualified in their entirety by reference to each such document, copies of which are available from the City or the

Underwriter, and all references to the Bonds are qualified in their entirety by reference to the definitive forms thereof and the information with respect thereto contained in the Resolution.

Except where noted, all information presented in this Official Statement has been provided by the City. The following appendices are included as part of this Official Statement: APPENDIX A – Letter Report of the Airport Consultant dated February 22, 2021 of Ricondo & Associates, Inc., Cincinnati, Ohio; APPENDIX B – Financial Statements of the Airport Enterprise Fund for fiscal year ended June 30, 2020 and comparative information for the fiscal year ended June 30, 2019; APPENDIX C – Summary of the Resolution; APPENDIX D – Summary of the Use and Lease Agreements; APPENDIX E – Book-Entry Only System; APPENDIX F – Form of Continuing Disclosure Agreement; and APPENDIX G – Form of Opinion of Bond Counsel. Appendices C and G have been prepared by Paul Frank + Collins P.C., Bond Counsel to the City. Appendix D has been prepared by McNeil, Leddy & Sheahan, P.C., counsel to the Airport. Appendix E has been provided by DTC. Appendix F has been prepared by Kaplan Kirsch & Rockwell LLP, counsel to the Underwriter.

DESCRIPTION OF THE SERIES 2021 BONDS

*Set forth below is a summary of certain provision of Series 2021 Bonds and the Resolution. For additional information please see "*APPENDIX C- SUMMARY OF THE RESOLUTION" hereto.

General

So long as Cede & Co. is the registered owner of the Series 2021 Bonds, as nominee, references herein to the Bondholders or Owners as registered owners of the Series 2021 Bonds shall mean Cede & Co., as aforesaid and shall not mean the beneficial owners of the Series 2021 Bonds. See "APPENDIX E – BOOK-ENTRY ONLY SYSTEM" hereto.

The Series 2021 Bonds shall be dated their date of original delivery, and shall bear interest at the rates and shall mature on the dates as set forth on the inside cover page of this Official Statement, subject to optional, special and mandatory sinking fund redemption prior to maturity as set forth in the Resolution and as described below. Interest on the Series 2021 Bonds is to be computed on the basis of a 360-day year of twelve (12) 30-day months.

The payment of interest on the Series 2021 Bonds shall be made July 1, 2021, and on each July 1 and January 1 thereafter until maturity or prior redemption (each an "***Interest Payment Date***"), to the Owners listed on the bond register as of the close of business on the fifteenth day of the calendar month next preceding each such Interest Payment Date.

The Series 2021 Bonds shall be issued as fully registered bonds without coupons, in denominations of $5,000 and any integral multiple thereof. When issued, the Series 2021 Bonds will initially be registered only in the name of Cede & Co., as nominee for DTC. As long as Cede & Co. is the registered owner of the Series 2021 Bonds, all payments of principal, premium, if any, and interest on the Series 2021 Bonds are payable to Cede & Co., as nominee of DTC, which will in turn remit such amounts to the DTC Participants (as defined herein) for subsequent disposition to Beneficial Owners (as defined herein). For more information please see "APPENDIX E - BOOK-ENTRY ONLY SYSTEM" hereto.

NONE OF THE CITY, THE AIRPORT, THE TRUSTEE, THE REGISTRAR OR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE BENEFICIAL OWNERS, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEE, WITH RESPECT TO (I) THE PAYMENTS BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR REDEMPTION PRICE, IF ANY, OR INTEREST ON THE SERIES 2021 BONDS; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO BENEFICIAL OWNERS; OR (III) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS REGISTERED OWNER.

BENEFICIAL OWNERS OF THE SERIES 2021 BONDS OR THOSE POSSESSING INTERESTS IN THE SERIES 2021 BONDS WILL NOT RECEIVE OR HAVE THE RIGHT TO RECEIVE PHYSICAL DELIVERY OF CERTIFICATES EVIDENCING THEIR OWNERSHIP INTEREST IN SUCH BONDS, AND

WILL NOT BE OR CONSIDERED TO BE REGISTERED OWNERS THEREOF UNDER THE RESOLUTION. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2021 BONDS, AS NOMINEE OF DTC, REFERENCES MADE HEREIN TO THE BONDHOLDERS, OWNERS OR REGISTERED OWNERS OF SUCH BONDS (OTHER THAN UNDER THE HEADING "TAX MATTERS") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS THEREOF.

Redemption of the Series 2021 Bonds

Optional Redemption. The Series 2021 Bonds will be redeemable at the option of the City, in the order of maturity or sinking fund installment as directed by the City, on any date, at the Make-Whole Redemption Price, as described below.

Make-Whole Redemption Price means the greater of (i) 100% of the principal amount of the Series 2021 Bonds to be redeemed and (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2021 Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2021 Bonds are to be redeemed, discounted to the date on which such Series 2021 Bonds are to be redeemed on a semiannual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (as defined below) plus 30 basis points, plus, in each case, accrued and unpaid interest on the Series 2021 Bonds to be redeemed on the redemption date.

The City shall retain an independent accounting firm or financial advisor to determine the Make-Whole Redemption Price and perform all actions and make all calculations required to determine the Make-Whole Redemption Price. The Trustee and the City may conclusively rely on such accounting firm's or financial advisor's calculations in connection with, and determination of, the Make-Whole Redemption Price, and neither the Trustee nor the City will have any liability for their reliance.

Treasury Rate means, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the Series 2021 Bonds to be redeemed. However, if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

Special Redemption. There is reserved the right to redeem the Series 2021 Bonds in whole or in part at any time, at a redemption price equal to 100% of the principal amount, together with accrued interest to the redemption date, to the extent moneys in the Special Redemption Fund are derived from (i) the sale, lease or other disposition of any portion of the properties and facilities (real or personal) comprising a part of the Airport or (ii) the proceeds of eminent domain. Except as otherwise provided in the Supplemental Resolution providing for the issuance of a Series of Bonds for a project, moneys in the Special Redemption Fund borrowed for or attributable to a project shall be used to purchase or redeem Bonds of that Series to the extent issued for that project and, if more than one Series of Bonds has been issued for a project, the Trustee shall select the Series to be redeemed as directed by the City (or in its own discretion if no direction is received). In the event that less than all of the Series 2021 Bonds are so to be redeemed, they will be redeemed in any order of maturity and in any amounts within maturities as determined by the City and by lot within a maturity.

Notice and Manner of Redemption. Notice of intention to redeem shall be given by the Trustee at least 30 days but not more than 60 days before the redemption date by mail, postage prepaid, to the registered owners of any Series 2021 Bonds which are to be redeemed. Failure to mail any such notice or any defect in such notice shall not affect the validity of the proceedings for such redemption with respect to the registered owners to whom such notice was so given. If any Series 2021 Bond is to be redeemed in part only, the notice of redemption shall state also that on or after the redemption date, upon surrender of such Bond, a new Series 2021 Bond or Bonds in principal amount equal to the unredeemed portion of such Bond and of the same series and maturity and bearing interest at the same rate will be issued.

If at the time of mailing of any notice of redemption, the City shall not have deposited with the Trustee moneys sufficient to pay the principal of and premium, if any, and interest on such Series 2021 Bonds to be redeemed, such notice shall state that it is conditioned on and subject to the deposit of moneys with the Trustee not later than the opening of business on the redemption date and that if such moneys are not so received, such notice shall be of no force or effect and such Series 2021 Bonds shall not be required to be redeemed. In the event that such notice contains such a condition and moneys sufficient to pay the principal of and premium, if any, and interest on such Series 2021 Bonds are not received by the Trustee on or prior to the purported redemption date, the redemption shall not be made, and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

If less than all of the Series 2021 Bonds of any one maturity shall be called for redemption, the particular Series 2021 Bonds or portions thereof to be redeemed shall be selected by the Trustee in such manner as the City in its discretion may determine; provided, however, that the portion of any Series 2021 Bond to be redeemed shall be in the principal amount of $5,000 or some multiple thereof and that, in selecting Series 2021 Bonds for redemption, each Series 2021 Bond shall be considered as representing that number of Series 2021 Bonds which is obtained by dividing the principal amount of such Bond by $5,000. So long as a book-entry system is used for determining beneficial ownership of the Series 2021 Bonds, if less than all of the Series 2021 Bonds within a maturity are to be redeemed, DTC and the DTC participants shall determine which of the Series 2021 Bonds within a maturity are to be redeemed by lot.

To the extent that Cede & Co. is the registered owner for DTC, DTC will be responsible for notifying the DTC Participants of any notice of redemption, and such DTC Participants in turn will be responsible for notifying the Beneficial Owners. Furthermore, for so long as a book-entry system is used for determining beneficial ownership of the Series 2021 Bonds, if less than all of the Series 2021 Bonds of a particular series are to be called for redemption, Series 2021 Bonds to be redeemed in any maturity will be selected by lot by DTC and the DTC Participants.

Transfer of Series 2021 Bonds

So long as Cede & Co., as nominee for DTC (or other nominee of DTC), is the Bondholder of record of the Series 2021 Bonds, beneficial ownership interests in the Series 2021 Bonds may be transferred only through a Direct Participant or Indirect Participant and recorded on the book-entry system operated by DTC. In the event the book-entry-only system is discontinued, Series 2021 Bond certificates will be delivered to the Beneficial Owners as described in the Resolution. Thereafter, the Series 2021 Bonds, upon surrender thereof at the principal office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the holder thereof or such holder's duly authorized attorney, may be exchanged for an equal aggregate principal amount of Series 2021 Bonds of any denomination of $5,000 or multiples thereof.

In all cases in which the privilege of exchanging or transferring Series 2021 Bonds is exercised, the City shall execute and the Trustee shall authenticate and deliver the Series 2021 Bonds in accordance with the provisions of the Resolution. For every such exchange or transfer of Series 2021 Bonds, the City or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer but may impose no other charge therefor. Neither the City nor the Trustee shall be required to make any such exchange or transfer of Series 2021 Bonds during the 15 days next preceding an Interest Payment Date or, in the case of any proposed redemption, during the 15 days next preceding the first publication or mailing of notice of redemption.

PLAN OF REFUNDING

The City is issuing its Series 2021 Bonds to, along with other available funds: (i) advance refund the Refunded Series 2012A Bonds; (ii) advance refund the Refunded Series 2014A Bonds; (iii) capitalize interest payments associated with all outstanding Bonds, including the Series 2021 Bonds, through July 1, 2022; (iv) fund a deposit to the Debt Service Reserve Fund with respect to the Series 2021 Bonds or provide for a surety for the Debt Service Reserve Fund; and (v) pay the costs of issuance associated with the Series 2021 Bonds. There is currently outstanding $14,750,000 in principal amount of the City's Airport Revenue Refunding Bonds, Series 2012A (the "***Series 2012A Bonds***") and $11,370,000 in principal amount of the City's Airport Revenue Refunding Bonds, Series 2014A (the "***Series 2014A Bonds***").

The Series 2012A Bonds were issued for the following purposes: (i) to refund the City's Subordinate Airport Improvement Bond Anticipation Note, Series 2011; and (ii) to refund the City's Series 1997 Bonds and Series 2000 Bonds (as defined herein).

The Series 2014A Bonds were issued for the purpose of refunding the City's Series 2003A Bonds (as defined herein).

Upon the closing of the sale of the Series 2021 Bonds, a portion of the net proceeds thereof, along with other available funds, will be deposited with the Trustee to pay the principal of and interest on the maturities of the Refunded Bonds to be refunded on July 1, 2021 and July 1, 2022, and to pay certain interest payments associated with outstanding Bonds, including the Series 2021 Bonds.

Prior to the delivery of the Series 2021 Bonds, Robert Thomas CPA, LLC, Minneapolis, Minnesota, will deliver a report on the mathematical accuracy of certain computations relating to the calculation of the aggregate amount of principal, interest and redemption premium, if any, due on the maturities of the Refunded Bonds, through and including their redemption dates, which amount will be deposited with the Trustee and held as cash or invested in permitted defeasance securities until the redemption date. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds:

Source of Funds	
Par Amount of Series 2021 Bonds	$5,175,000.00
Series 2012A Bonds Principal Set Aside	1,181,250.00
Series 2012A Bonds Interest Set Aside	155,575.00
Series 2014A Bonds Principal Set Aside	678,750.00
Series 2014A Bonds Interest Set Aside	142,125.00
TOTAL SOURCES	$7,332,700.00
Use of Funds	
Escrow to Refund Refunded Series 2012A Bonds	$4,082,657.75
Escrow to Refund Refunded Series 2014A Bonds	2,661,172.11
Capitalized Interest	190,252.81
Deposit to Debt Service Reserve Fund	68,709.50
Costs of Issuance (1)	329,907.83
TOTAL USES	$7,332,700.00

(1) Includes Underwriter's discount, airport consultant fee, document printing costs, rating fee, legal fees, trustee fees, additional proceeds in the amount of $4,445.35, and other miscellaneous costs.

SECURITY FOR THE BONDS

Pledge of Revenues

The Bonds, including the Series 2021 Bonds, are special obligations of the City. The principal of and premium, if any, and interest on the Bonds are payable solely from, and are secured equally and ratably by a pledge of, Revenues derived from the Airport, subject to the prior payment of Operation and Maintenance Expenses.

"Revenues" means all rates, fees, charges, rents and other income derived by the City from the ownership or operation of the Airport. Unless specifically included by Supplemental Resolution, "Revenues" do not include (a) the proceeds of Bonds or other borrowings by the City, (b) the proceeds of grants for limited purposes or of the disposition of property financed by such grants, (c) condemnation proceeds or insurance proceeds except insurance proceeds received from rental or business interruption insurance, (d) all income and revenue collected and received by the City with respect to properties and facilities which are not included in the definition of Airport, (e) Special Facility Revenues, (f) PFC Revenues, or (g) Industrial Park Revenues. The City has, through adoption of Supplemental Resolutions, specifically included as "Revenues" all PFC Revenues that are allocable to the terminal improvements financed or refinanced by the City's Airport Revenue Bonds, Series 1997A (Non-AMT) (the "***Series 1997A Bonds***"), the City's Airport Revenue Bonds, Series 1997B (AMT) (the "***Series 1997B Bonds***" and, together with the Series 1997A Bonds, the "***Series 1997 Bonds***"), the City's Airport Revenue Bonds, Series 2000 (AMT) (the "***Series 2000 Bonds***"), the City's Airport Revenue Bonds, Series 2003A (Non-AMT) (the "***Series 2003A Bonds***"), the City's Airport Revenue Bonds, Series 2003B (AMT) (the "***Series 2003B Bonds***" and, together with the Series 2003A Bonds, the "***Series 2003 Bonds***"), the Series 2012A Bonds, the City's Airport Revenue Refunding Bonds, Series 2012B ("the "***Series 2012B Bonds***" and, together with the Series 2012A Bonds, the "***Series 2012 Bonds***"), and the Series 2014A Bonds, respectively. The outstanding Series 1997 Bonds and the Series 2000 Bonds were refunded in whole with a portion of the proceeds of the Series 2012 Bonds. The outstanding Series 2003A Bonds were refunded in whole with a portion of the proceeds of the Series 2014A Bonds. In addition, the City has, through adoption of Supplemental Resolutions, specifically included as "Revenues" all Industrial Park Revenues derived from the existing facilities in the Industrial Park as of June 2, 2003. The Supplemental Resolution authorizing the issuance of the Series 2021 Bonds also includes, as Revenues, all PFC Revenues that are allocable to the terminal improvements financed or refinanced by the Series 1997 Bonds, the Series 2000 Bonds, the Series 2003 Bonds, the Series 2012 Bonds and the Series 2014A Bonds and all Industrial Park Revenues (with the exception of revenues derived from the Heritage Flight Property as defined in said Supplemental Resolution) relating to facilities in the Industrial Park in existence as of January 19, 2021, the date of the approval and adoption of such Supplemental Resolution. See "AIRPORT FINANCIAL DATA – Airport Revenues, - PFC Program" herein and "APPENDIX C - SUMMARY OF THE RESOLUTION" hereto.

"Operation and Maintenance Expenses" means the reasonable and necessary expenses of the City paid or accrued under generally accepted accounting principles in administering, operating, maintaining and repairing the Airport. Operation and Maintenance Expenses include (i) costs of collecting Revenues and of making any refunds therefrom lawfully due others, (ii) engineering, auditing, legal and other overhead expenses directly related to the administration, operation, maintenance, and repair of the Airport, (iii) costs of all or a portion of salaries, wages and other compensation of officers and employees and payments to pension, retirement, health and hospitalization funds and other insurance with respect to officers and employees, (iv) costs of repairs, replacements, renewals and alterations occurring in the usual course of business of the Airport, (v) taxes, assessments and other governmental charges, or payments in lieu thereof, imposed on the Airport or on the operation thereof or on the income therefrom or on any privilege in connection with the ownership or operation of the Airport, (vi) costs of utility services with respect to the Airport, (vii) costs and expenses of general administrative overhead of the City allocable to the Airport, (viii) costs of equipment, materials and supplies used in the ordinary course of business, including ordinary and current rentals of equipment or other property allocable to the Airport, (ix) contractual services and professional services for the Airport, (x) costs of fidelity bonds, or a properly allocable share of the premium of any blanket bond, pertaining to the Airport or Revenues or any other moneys held or deposited under the Resolution, (xi) costs of carrying out the provisions of the Resolution, including costs of insurance required by the Resolution, and (xii) all other costs and expenses of administering, operating, maintaining and repairing the Airport arising in the normal course of business. Operation and Maintenance Expenses do not include any allowance for depreciation or any amounts for capital replacements; costs of extensions, enlargements, betterments and improvements; reserves for operation, maintenance, renewals and repairs occurring in the normal course of business; payment of principal, interest or redemption premium on Bonds or other indebtedness; and operation and maintenance costs and expenses pertaining to any "Special Facilities".

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Outstanding Indebtedness

The following table lists the Airport's Bonds that are Outstanding as of December 31, 2020.

Outstanding Airport Revenue Bonds as of December 31, 2020

Series	Original Par Amount	Principal Amount Outstanding
2012A*	$17,670,000	$14,750,000
2014A*	$15,660,000	$11,370,000
Total	$33,330,000	$26,120,000

* A portion of the Series 2012A Bonds and a portion of the Series 2014A Bonds will be refunded by the Series 2021 Bonds.

Capital Leases. The City has outstanding a total of four capital leases relating to the Airport among Key Government Finance, Inc. (three separate leases), and Chase Equipment Finance, Inc. The capital leases were entered into for the purposes of financing two pieces of snow removal equipment, upgrading and replacing the Garage parking revenue control system, and discrete portions of a new Quick Turn Around facility to support car rentals for airline passengers. Payments under the capital leases are scheduled to end in fiscal year 2028, and as of December 31, 2020, the aggregate outstanding payment due under the capital leases is $3,442,260. The Airport's obligations under the capital leases are paid through the Airport Revenue Bond General Fund and are subordinate to the Bonds.

Revenue Anticipation Notes. The City Charter authorizes the issuance of revenue anticipation notes ("***RANs***") by the City on behalf of the Airport in any fiscal year. In November 2011, the City issued RANs in the principal amount of $5 million, which were repaid in full at maturity on June 30, 2012. On May 6, 2020, the City issued a RAN in the principal amount of $11,100,000 (the "***2020 RAN***"), which RAN matures on May 6, 2021. The City expects to refinance the 2020 RAN at or prior to maturity. The City may in the future issue additional series of RANs for the Airport. The RANs are a general obligation of the City, to be repaid from the Airport Revenue Bond General Fund after payments due under the capital leases described above and are subordinate to the Bonds.

Grant Anticipation Secured Credit Facility. On November 14, 2019, the City entered into a Loan and Security Agreement with KeyBank National Association as Lender, pursuant to which the Lender agreed to provide $7,000,000 in the form of a grant anticipation note (the "***2019 GAN***") to provide funds to the Airport for capital expenditures incurred for FAA grant funded projects that are expected to be reimbursed from federal Airport Improvement Program ("***AIP***") grant funds. Due to the economic uncertainty resulting from the COVID-19 pandemic, the City increased the 2019 GAN by an additional $16,000,000 through a new consolidated grant anticipation note from KeyBank National Association in the principal amount of $23,000,000, dated as of July 1, 2020 (the "***2020 GAN***"). The 2020 GAN matures on June 30, 2021. The 2020 GAN is not a revolving credit facility and, once borrowed, amounts repaid may not be reborrowed. As of January 31, 2021, the City had borrowed and repaid drawings in the amount of approximately $500,000 under the 2020 GAN and the outstanding balance was $0, with approximately $22,500,000 available to be borrowed. The 2020 GAN is secured by AIP grant funds to be received by the City. These grants are not included as Revenues under the Resolution. Under the Loan and Security Agreement between the City and KeyBank National Association as Lender dated as of July 1, 2020 (the "***2020 Loan Agreement***"), all payments of Grants Receivable are to be made directly to the AIP Deposit Account (as each term is defined in the 2020 Loan Agreement), and such payments of Grants Receivable are to be applied by KeyBank National Association against principal and interest of the advances made by the Lender to the City pursuant to the 2020 GAN.

Rate Covenant

The City has covenanted in the Resolution to impose and prescribe such schedule of rates, rentals, fees and charges for the use and services of, and the facilities and commodities furnished by, the Airport and to revise the same from time to time when necessary, and collect the income, receipts and other moneys derived therefrom, so that in each fiscal year (July 1 through June 30), the Revenues, together with unencumbered funds on deposit or anticipated to be on deposit on the first day of such fiscal year in the Prepaid Revenue Account of the Airport Revenue Bond General Fund ("***Other Available Funds***"), will be at all times at least sufficient to provide for (i) the payment of all Operation and Maintenance Expenses for such fiscal year and (ii) the payment of all amounts necessary to make the required deposits in such fiscal year to each of the Funds established and as provided by the Resolution. The amount of the Other Available Funds, for purposes of the rate covenant under the Resolution, shall not exceed 25% of the Debt Service in any fiscal year.

The City is required, under the Resolution, to establish and collect rates, rentals, fees and charges sufficient so that in each fiscal year the aggregate of the Revenues after deducting for such year the aggregate of the Operation and Maintenance Expenses (the "***Net Revenues***"), together with Other Available Funds (in an amount not to exceed 25% of Debt Service during such fiscal year), will be at least equal to 125% of Debt Service on all Bonds Outstanding including, without duplication, any repayment or other obligations incurred by the City in respect of draws or other payments or disbursements made under a "Credit Facility" as defined under the Resolution, but only if such obligations have a lien on Revenues on the same priority as the lien thereon of the Resolution. PFC Revenues are treated as Revenues only to the extent such PFC Revenues are actually transferred from the PFC Revenue Account to the Debt Service Fund. Interest and principal on Bonds for which payment has been provided for through amounts credited to the Debt Service Fund are not included in the definition of "Debt Service."

The failure to comply with the rate covenant does not constitute a default by the City under the Resolution if (i) the City promptly (a) causes an Airport Consultant to make a study for the purpose of making recommendations with respect to rates, rentals, fees and charges for the Airport in order to provide funds for all the payments and other requirements described in the first paragraph under this subheading "Rate Covenant"; (b) considers the recommendations of the Airport Consultant; and (c) takes such action as the City, in its discretion, deems necessary to comply with the rate covenant described above, and (ii) thereafter, Revenues, together with Other Available Funds, are at least sufficient to pay all Operation and Maintenance Expenses and all Debt Service due in each fiscal year. See "AIRPORT FINANCIAL DATA - Recent Financial Performance" herein and "APPENDIX C – SUMMARY OF THE RESOLUTION" hereto.

Debt Service Reserve Fund

The Resolution establishes a common Debt Service Reserve Fund securing the Bonds into which the City must deposit and maintain cash or a Credit Facility (as defined below) equal to the Debt Service Reserve Fund Requirement, which is an amount equal to the lesser of (i) maximum annual debt service on all Outstanding Bonds during the then current or any future Fiscal Year, (ii) 125% of the average annual Debt Service on all Outstanding Bonds, or (iii) 10% of the aggregate proceeds of all Outstanding Bonds upon original issuance thereof; provided, however, that in determining maximum annual Debt Service the City is not required to include the repurchase or redemption price of the Bonds subject to repurchase or redemption at the option of the Bondholder. The moneys on deposit in the Debt Service Reserve Fund shall be used and applied to pay principal or sinking fund installments and interest on the Bonds due and owing when a deficiency exists in the amounts on deposit for such purpose in the Debt Service Fund. Investments in the Debt Service Reserve Fund are valued at cost unless the Trustee determines that a lower valuation is necessary by reason of uncertainty of payment thereof or anticipated loss thereon prior to maturity.

The Resolution provides that, upon issuance of each Series of Bonds, there shall be deposited into the Debt Service Reserve Fund an amount necessary so that after issuance of such Series of Bonds, there will be on deposit in the Debt Service Reserve Fund an amount equal to the Debt Service Reserve Fund Requirement, after giving effect to the issuance of such Series of Bonds, except that the supplemental resolution authorizing a Series of Bonds for a Project may allow funding in installments ending not more than three years from substantial completion of such Project.

The Debt Service Reserve Fund Requirement following issuance of the Series 2021 Bonds in the amount of $3,835,987.50 will be fully funded with cash on the issuance of the Series 2021 Bonds. In lieu of the deposit of moneys in the Debt Service Reserve Fund, the City may cause to be so credited a letter or line of credit, policy of bond insurance, surety bond, guarantee or similar instrument issued by a financial, insurance or other institution and which provides security and/or liquidity in respect of bonds (a "***Credit Facility***") for the benefit of the Bondholders equal to the difference between the Debt Service Reserve Fund Requirement and all other amounts then on deposit in the Debt Service Reserve Fund. The Credit Facility, if any, shall be payable on any date on which moneys will be required to be withdrawn from the Debt Service Reserve Fund and applied to the payment of the principal of or interest on any Bonds of such Series and such withdrawals cannot be made by amounts credited to the Debt Service Reserve Fund. See "APPENDIX C – SUMMARY OF THE RESOLUTION" hereto. The Debt Service Reserve Fund Requirement is fully funded with cash as of the date hereof.

Application of Revenues

The Resolution creates a special trust fund designated as the Revenue Fund into which the City is required to set aside and credit all Revenues of the Airport upon receipt by the City. Within the Revenue Fund the City has created the PFC Revenue Account into which the City pays all PFC Revenues. The Resolution requires that moneys or deposits in the Revenue Fund will be applied monthly in accordance with the order of priorities established by the Resolution, as follows:

First, there shall be deposited in the Operation and Maintenance Fund moneys sufficient, together with any balance available in the fund, to pay Operation and Maintenance Expenses for the next succeeding month, as such expenses become due and payable;

Second, there shall be deposited in the Debt Service Fund an amount equal to one-sixth of the next installment of interest and one-twelfth of the next installment of principal (or sinking fund payment) on the Bonds to provide moneys sufficient to pay, when due, principal, interest and sinking fund installments on the Bonds in accordance with the Resolution;

Third, there shall be deposited in the Debt Service Reserve Fund an amount so that any deficiency in such Fund is made up in not less than six (6) substantially equal monthly deposits;

Fourth, there shall be deposited in the Rebate Fund an amount as necessary to enable the City to comply with all federal rebate requirements relating to the Bonds;

Fifth, there shall be deposited in the Special Redemption Fund moneys sufficient to purchase or redeem Bonds in accordance with the Resolution;

Sixth, there shall be deposited in the Operation and Maintenance Reserve Fund an amount which equals the lesser of (i) one-twelfth of the Operation and Maintenance Reserve Fund Requirement (which amount is equal to 25% of the budgeted amount of Operation and Maintenance Expenses of the Airport for a fiscal year) or (ii) the amount necessary so that the balance in the fund is not less than the Operation and Maintenance Reserve Fund Requirement;

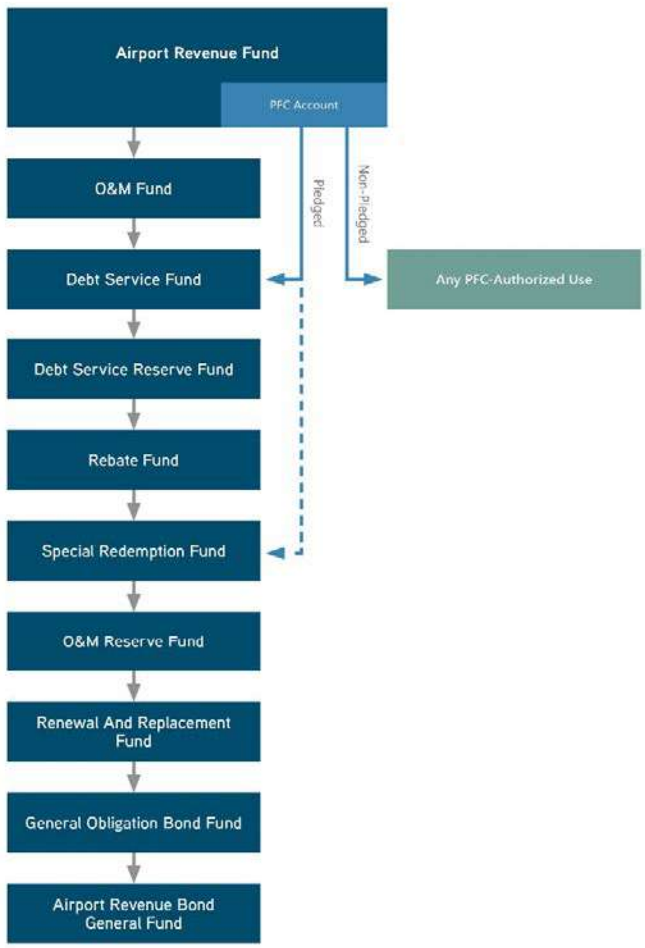
Seventh, there shall be deposited in the Renewal and Replacement Fund an amount equal to 5% of the amount required to be deposited in the Debt Service Fund other than Debt Service accruing with relation to a Project prior to the date of substantial completion of such Project up to at least the minimum amount designated by Supplemental Resolution (which is $200,000, pursuant to Supplemental Resolution No. 6);

Eighth, there shall be deposited in the General Obligation Bond Fund the amount necessary to provide for the payment of debt service on general obligation bonds of the City issued for Airport purposes; and

Ninth, from any moneys remaining in the Revenue Fund, there is to be credited to the Airport Revenue Bond General Fund all moneys remaining in the Revenue Fund after all payments required by the

Resolution have been made. Moneys credited to the Airport Revenue Bond General Fund may be credited by the City to the Prepaid Revenue Account. Moneys in the Airport Revenue Bond General Fund may be applied by the City for capital improvements, extraordinary repairs and maintenance, redemption of Bonds, Operation and Maintenance Expenses, or any other lawful purpose of the City, and may be pledged by the City, free and clear of any lien of the Resolution, to secure other obligations of the City with respect to the Airport. However, pursuant to federal law, such Revenues may only be used for airport-related purposes. See "CERTAIN INVESTMENT CONSIDERATIONS – Federal Law Affecting Airport Rates and Charges" herein.

Set forth below is a flow chart showing the application of Revenues under the Resolution:



Notwithstanding the foregoing, all PFC Revenues shall be accumulated in the PFC Revenue Account of the Revenue Fund and, unless otherwise applied by the City to other eligible costs, to the extent pledged therefor under the Resolution, shall be applied to pay Debt Service on Bonds issued for qualified PFC-eligible projects through monthly transfers of such PFC Revenues from the PFC Revenue Account directly to the Debt Service Fund and, if applicable, the Special Redemption Fund.

Additional Bonds

Additional Bonds on a parity with Bonds previously issued and outstanding under the Resolution and the Series 2021 Bonds, including completion Bonds, refunding Bonds and Bonds to finance additional projects, are authorized to be issued under the Resolution without limitation as to amount, subject to applicable provisions of law and certain provisions of the Resolution.

Additional Bonds shall be issued only upon filing of the following with the Trustee: (1) (a) a certificate of the City that no Event of Default exists and (b) a certificate of the Trustee that there is no Event of Default of which it has actual knowledge; (2) a certificate of the City setting forth for the last audited fiscal year or for any period of 12 consecutive calendar months out of the 18 calendar months next preceding the delivery of such series of Additional Bonds, (i) the Net Revenues, together with any Other Available Funds, for such period and (ii) the Debt Service for such period including, without duplication, related Credit Facility Obligations; and demonstrating that for such period the Net Revenues, together with any Other Available Funds, at least equaled the larger of either (A) the amounts needed to make the required deposits to the credit of the Debt Service Fund, the Debt Service Reserve Fund, the Special Redemption Fund, the Rebate Fund, the Operation and Maintenance Reserve Fund, the Renewal and Replacement Fund and the General Obligation Fund (collectively, the "***Funds***") or (B) an amount not less than 125% of the aggregate Debt Service for such period, including without duplication related Credit Facility Obligations; (3) a certificate of the Consulting Engineer setting forth (i) the estimated date of completion for the Project for which such series of Additional Bonds is being issued and (ii) an estimate of the Project Costs of such Project; (4) a report of the Airport Consultant estimating, for each of the three fiscal years commencing with the fiscal year following that in which the Consulting Engineer estimates such Project will be completed, (i) the Net Revenues and (ii) the amounts required to be deposited in each of the Funds; and demonstrating that the Net Revenues in each such fiscal year, together with any Other Available Funds, are projected to be at least equal to the greater of either (A) the amounts needed to make the required deposits to the credit of the Funds described above or (B) an amount not less than 125% of the aggregate of any Debt Service requirement for each such fiscal year for any Bonds then Outstanding, for the Series of Bonds then to be issued and for any future Series of Bonds which the City estimates will be required to complete payment of the Project Costs of such Project, in each case after giving effect, among other factors, to the increase in Operation and Maintenance Expenses and to the completion of the Project or any completed portion thereof, and the increase in rates, fees, rentals or other charges, or any combination thereof, as a result of the completion of such Project or any completed portion thereof; (5) a certified copy of the Supplemental Resolution providing for the issuance of the Bonds; and (6) an Opinion of Bond Counsel that the conditions precedent to the issuance of the Bonds have been satisfied.

The report of the Airport Consultant described in clause (4) above is not required in connection with the issuance of Bonds to pay preliminary Project Costs of a Project.

The certificate of the Consulting Engineer described in clause (3) above and the report of the Airport Consultant described in clause (4) above are not required in connection with: (A) the issuance of Additional Bonds to pay costs of completing a Project for which Bonds have been previously issued; provided that the principal amount of such Bonds shall not exceed 15% of the original principal amount of the Bonds previously issued for such Project; and provided further there shall have been filed with the Trustee a certificate of the Consulting Engineer, as described in the Resolution; or (B) the issuance of Bonds to refund Bonds, provided that the average annual Debt Service on the refunding Bonds shall not be greater than the average annual Debt Service on the Bonds refunded, but such certificates shall be required in the case of Bonds issued to refund other obligations (including the issuance of Bonds to retire bond anticipation notes) as if the Bonds were being issued for the Projects financed by the prior obligations.

In connection with the issuance of the Series 2021 Bonds, the City will ***not*** obtain a report of the Airport Consultant, described in clause (4), or a certificate of the Consulting Engineer, described in clause (3), as the average annual debt service on the Series 2021 Bonds will not be greater than the average annual debt service on the Refunded Bonds.

For a more complete description of the conditions for the issuance of Additional Bonds, see "APPENDIX C - SUMMARY OF THE RESOLUTION - Additional Bonds" hereto.

Issuance of Subordinate Securities and Special Facility Bonds

The Resolution provides that the City may issue subordinate lien securities for the purposes of the Airport payable from the Revenue Fund and the Revenues. The Resolution also includes provisions under which the City may issue Special Facility Bonds for the purpose of constructing a Special Facility at the Airport. A Special Facility is any facility, structure, equipment or other property, real or personal, which is at the Airport or a part of any facility or structure at the Airport and which is designated as a Special Facility by a Supplemental Resolution. Such Supplemental Resolution shall provide that revenues earned by the City from or with respect to such Special Facility shall constitute Special Facility Revenues and shall not be included as Revenues. Any Special Facility Bonds are required to be payable solely from Special Facility Revenues and will not be a charge or claim against the Revenue Fund or any other fund or account designated in the Resolution. For a summary of the conditions for the issuance of Special Facility Bonds, see "APPENDIX C - SUMMARY OF THE RESOLUTION - Additional Bonds - *Special Facility Bonds*" hereto.

Special Obligations

THE SERIES 2021 BONDS WILL BE SPECIAL OBLIGATIONS OF THE CITY, PAYABLE SOLELY FROM REVENUES OF THE CITY DERIVED FROM THE OWNERSHIP AND OPERATION OF THE AIRPORT, SUBJECT TO THE PRIOR PAYMENT OF OPERATION AND MAINTENANCE EXPENSES, ON A PARITY WITH BONDS PREVIOUSLY ISSUED AND ANY ADDITIONAL BONDS WHICH MAY HEREAFTER BE ISSUED BY THE CITY, AS PROVIDED IN THE RESOLUTION. THE SERIES 2021 BONDS WILL NOT BE A GENERAL OBLIGATION OF THE CITY, NOR WILL THE CITY BE OBLIGATED TO LEVY ANY TAXES IN CONNECTION WITH THE SERIES 2021 BONDS. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE STATE OF VERMONT, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE SERIES 2021 BONDS.

Future Debt Issuance

The City has an ongoing Capital Improvement Program. The City, however, does not currently expect to issue any Additional Bonds under the Resolution for the next five years for the purposes of financing capital improvements at the Airport.

DEBT SERVICE REQUIREMENTS

The following schedule sets forth annual Debt Service on all currently Outstanding Bonds and the Series 2021 Bonds (net of the Refunded Series 2012A Bonds and the Refunded Series 2014A Bonds and interest thereon and on the Series 2021 Bonds through July 1, 2022):

Fiscal Year Ending June 30,	Series 2021 Bonds Principal*	Interest	Series 2021 Bonds Total	Outstanding Debt Service	Total Debt Service
2021	--	--	--	--	--
2022	--	--	--	--	--
2023	--	$ 73,646	$ 73,646	$ 468,275	$ 541,921
2024	$ 85,000	146,783	231,783	3,602,075	3,883,858
2025	80,000	145,713	225,713	3,610,275	3,835,988
2026	80,000	144,433	224,433	3,607,850	3,832,283
2027	85,000	142,884	227,884	3,604,775	3,832,659
2028	90,000	140,998	230,998	3,600,850	3,831,848
2029	105,000	138,575	243,575	3,590,950	3,834,525
2030	2,290,000	104,005	2,394,005	1,438,625	3,832,630
2031	2,360,000	35,400	2,395,400	1,440,125	3,835,525

*Includes principal and mandatory sinking fund payments

THE CITY

The City is located in northwestern Vermont on the eastern shore of Lake Champlain directly across from northern New York State. The largest city in Vermont, Burlington encompasses 16 square miles. It is the commercial center of Chittenden County and serves as the economic, educational, health care and cultural center of northern Vermont and portions of northeastern New York. The 2020 estimated population for the City was 42,819. The estimated population in 2019 was 60,723 for the Air Trade Area, which consists of the Burlington-South Burlington Metropolitan Statistical Area as defined by the federal government's Office of Management and Budget. See "AIRPORT OPERATIONS - Air Service Market" herein.

The City was incorporated as a city in 1864. The City's governing body is composed of the Mayor and a 12-member City Council, each of whom is elected for staggered two-year terms. The larger departments of the City also have an advisory commission appointed to assist with governance. Commissioners are appointed by the City Council with the Mayor presiding. Most commissioners are appointed to a three-year term on a staggered basis. The City Council may and has delegated specific governing authority to departmental commissions.

The City owns and operates the Airport. See "THE AIRPORT" herein.

THE AIRPORT

Introduction

The Airport, located in the city of South Burlington, opened in 1920, and has been in continuous operation since that date. The Airport consists of approximately 1,100 acres, contains a main terminal building comprising approximately 130,000 square feet, and includes 15 gates, an FAA operated air traffic control facility and is fully instrumented with ILS and approach light systems on each end of the main runway, 15-33. A 2,700 stall parking garage is connected to the terminal by enclosed walkways. There is also an FAA operated area surveillance radar facility, and the Airport terminal houses a regional National Weather Service facility operated by NOAA. The Airport has two intersecting runways, the first being 8,320 feet in length and 150 feet side, and the second being 3,611 feet in length and 75 feet wide, together with associated taxiways and aircraft parking aprons. The Airport completed and placed in service a new, full-length taxiway G in November 2020 that parallels runway 15-33, providing greater safety and operational flexibility. There are approximately 220,251 square feet of buildings currently rented to and occupied by a major fixed base operator and other businesses involved in aeronautical activities.

Approximately 693,000 and 520,000 passengers were enplaned at the Airport in fiscal years 2019 and 2020, respectively. The reduction in fiscal year 2020 was primarily due to the effects of the COVID-19 pandemic. See "IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT."

The eastern portion of the Airport premises, consisting of approximately 315 acres, is occupied by the Vermont Air National Guard's 158th Fighter Wing ("***VTANG***") which was formed in 1946. The VTANG consists of F-35 fighter jets that were first stationed at the Airport in 2020. By arrangement with the City, VTANG provides Aircraft Rescue and Fire Fighting services to the Airport that meet federal, state and local requirements. Another 27 acres at the northern portion of the Airport is leased to the Vermont Army Guard for an Air Ambulance Unit using Blackhawk helicopters.

The Industrial Park was established in 1986. It consists of approximately 83 acres and 10 buildings. Its occupants include a fixed base operator and general aviation, airline maintenance and air cargo companies. Planned future development of the Industrial Park includes road access, ramps and taxiways, with room for new or expanded aviation related businesses. No schedule is currently in place for this development, however, in alignment with the Master Plan, development for aeronautical purposes is likely to occur within the next 10 years.

Airport Governance

The Charter grants policy-setting powers and overall responsibility for the Airport to the City Council with advice from the Commission. The Charter allows the City Council to delegate specified regulatory authority to the

Commission, which the City Council has done. The Mayor appoints the Director of Aviation with the consent of the City Council. The City Council and the Airport control all the lands, buildings and equipment that comprise the Airport. The Commission consists of five members, four of whom are appointed for four-year terms by the City Council with the Mayor presiding. One member is appointed by the City Council of the City of South Burlington, Vermont. On December 2, 2020, the City Council approved an action to increase the number of members of the Commission to seven, with one of the two new members being appointed by the City of Winooski, Vermont, and the other by the City Council. This proposal was presented to the voters of the City in March, 2021 and approved. It will now be sent to the Vermont legislature for final approval. Following are the names, terms of office and occupations of the five Commissioners:

Name	Commissioner Since	Current Term Expires	Occupation
Jeff Munger, Chairman	7/1/2009	6/30/2023	(Retired) Liaison for US Senator Bernie Sanders
Bill Keogh, Co-Chair	4/1/2012	6/30/2021	Government Relations Consultant
Helen Riehle (South Burlington Representative)	4/18/2018	6/30/2021	S. Burlington City Councilor
Jeff Schulman	5/1/2012	6/30/2022	Athletic Director, University of Vermont
Tim George	7/1/2018	6/30/2021	Finance Consultant

Airport Management

Management of the Airport is under the control of the Director of Aviation, appointed by the Mayor of the City of Burlington. Eugene Richards III, former Chairman of the Airport Commission, became Interim Director in July 2012 and was named Director of Aviation in May 2013. The Director of Aviation has a five member senior staff composed of a Chief Financial Officer, responsible for overall financial management; a Deputy Director of Aviation for Operations, responsible for safety and security of Airport operations; a Deputy Director of Aviation for Administration, responsible for day-to-day administration and fiscal affairs, long range planning, development of capital improvement plans and projects (currently vacant); a Director of Engineering & Environmental Compliance, responsible for Airport facilities and grounds, engineering projects, and Airport environmental concerns; and a Director of Ground Transportation, responsible for all modes of transportation to and from the airport, aside from aircraft, as well as customer service. Brief resumes of the Airport's senior management appear below:

Eugene Richards III, *Director of Aviation* – Mr. Richards served as Chairman of the Airport Commission from 2007 until he was named Interim Director of Aviation by the Mayor of Burlington in July 2012 and later the Director of Aviation in May 2013. He is the former CEO and Founder of Spruce Mortgage, a Burlington-based mortgage company. Prior to founding Spruce Mortgage he was a Vice President – Mortgage Department at KeyBank National Association (formerly Bank of Boston and Bank of Vermont) where he managed a team responsible for all residential real estate loan operations in Vermont. Mr. Richards plays an active role in community service having served on the Boards of a variety of nonprofit organizations in the Burlington area.

Nicolas Longo, *Deputy Director of Aviation* – Mr. Longo has been employed with the Airport since 2013. Prior to joining the Airport, he served in varying roles at fixed base operators in Nashua, NH and Manchester, NH. He also served for three years as an Air Traffic Controller at the New York Air Route Traffic Control Center in Ronkonkoma, NY. He earned his B.S. in Aviation and Air Traffic Management from Daniel Webster College in Nashua, NH in 2007. Mr. Longo has a wide array of aviation experience including earning his Private Pilot Certificate in 2003.

Marie J. Friedman, C.P.A., *Chief Financial Officer* – Ms. Friedman has been employed as the Chief Financial Officer of the Airport since 2015. Ms. Friedman has experience in both the public accounting profession as well as nearly thirty years for the City. She has held a variety of high-level financial positions during her time with the City, including the Clerk/Treasurer's Office and the Burlington Electric Department. Ms. Friedman was born and raised in Burlington, Vermont and received her Bachelor's Business Accounting degree from the University of Vermont.

Larry B. Lackey, *Director of Engineering and Environmental Compliance* – Mr. Lackey currently serves as the Director of Engineering and Environmental Compliance at the Airport. Mr. Lackey spent the majority of his 37-year career as Vice President of Permits, Environmental Compliance and Engineering at Casella Waste Systems Inc. Prior to joining the Airport over three years ago, he spent close to five years with the State Agency of Transportation as an Aviation Project Developer. Mr. Lackey grew up in Northfield, Vermont and graduated from Vermont Technical College with a degree in Mechanical Engineering. He is also retired from the U.S. Army Reserve, where he spent his entire 22-year military career in transportation operations.

Shelby Losier, *Director of Ground Transportation* – Ms. Losier serves as the Director of Ground Transportation for the Airport. Prior to joining the Airport team, where she began as an intern, Ms. Losier graduated from the University of Vermont with a Bachelor's degree in Business Administration. Ms. Losier recently obtained a Master of Business Administration from Southern New Hampshire University.

IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT

The following information regarding recent developments in finances and operations of the Airport supplements information set forth elsewhere in this offering document describing Airport Revenues and information contained under the headings "AIRPORT FINANCIAL DATA" and "AIRPORT OPERATIONS," certain of which historical information predates the COVID-19 pandemic or was prepared before the outbreak of COVID-19 and should be considered in light of possible negative and adverse impacts of COVID-19.

This section contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance and achievements to be different from future results, performance and achievements expressed or implied by such forward-looking statements. Investors are cautioned that the actual results could differ materially from those set forth in the forward-looking statements.

COVID-19 Outbreak

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, is having significant adverse health and financial impacts throughout the world and the State of Vermont and has caused significant disruptions to domestic and international air travel, including both passenger and cargo operations. The World Health Organization has declared the outbreak of COVID-19 a pandemic, and the Secretary of Health, Education and Welfare of the United States and the Governor have each declared states of emergency. Many states and local governments in the United States, including Vermont, initially issued "stay at home" or "shelter in place" orders, which severely restricted movement and limited businesses and activities to essential functions. While some of these orders have been lifted, there remain restrictions in place throughout the country to varying levels of degree and the current resurgence of the virus may cause further restrictions to be imposed. Additionally, a number of nations have effectively closed their borders by restricting entry and exit to only essential travel and/or requiring travelers to self-isolate for 14 days, further depressing demand for passenger air travel.

The recent emergency approvals by the U.S. Food and Drug administration of three vaccines for COVID-19 are expected to result in some relief from the pandemic, but there are many uncertainties regarding such vaccines, including whether there will be sufficient doses for all persons wishing to be vaccinated, the number of people who will choose not to be vaccinated, and how effective the vaccines will be in eliminating the further spread of the pandemic.

Airports in the United States, including the Airport, have been acutely impacted by the reductions in passenger volumes and flights, as well as by the broader economic shutdown resulting from the COVID-19 outbreak. The outbreak has adversely affected domestic and international travel and travel-related industries. Airlines, including those operating out of the Airport, have reported unprecedented reductions in passenger volumes, causing the cancellation of numerous flights and a dramatic reduction in network capacity, including suspension of service on certain routes, including some to and from the Airport. This reduction in demand and service is expected to continue in the near term, although with modest incremental improvement. In response, airlines have reduced the size of aircraft operating on certain routes and reduced flights in an attempt to match capacity to the reduced demand for air travel.

The safety and health of passengers and employees is the City's top priority, and the Airport has been working in coordination with its airline partners, building cleaning contractors, local public health and emergency response organizations, and other stakeholders to keep travel safe and to comply with guidelines issued by the Centers for Disease Control (the "***CDC***").

The COVID-19 pandemic is ongoing, and its dynamic nature leads to uncertainties, including relating to the severity of the disease; the duration of the pandemic; the efficacy and availability of vaccines against the COVID -19 virus; actions that may be taken by governmental authorities to contain the outbreak or to treat its impact; the impact of the pandemic and any travel restrictions on the demand for air travel, including at the Airport, or on Airport revenues and expenses; the impact of the outbreak on the local or global economies or on the airlines and concessionaires serving the Airport, or on the airline or travel industry generally. Due to the evolving nature of the COVID-19 pandemic and the response of governments, businesses and individuals to the COVID-19 pandemic, Airport management cannot predict, among other things: (i) the duration or extent of the COVID-19 outbreak or another outbreak or pandemic; (ii) the scope or duration of restrictions or warnings related to air travel, gatherings or any other activities, and the duration or extent to which airlines will reduce services at the Airport, or whether airlines will cease operations at the Airport or shut down in response to such restrictions or warnings; (iii) what effect any COVID-19 or other outbreak or pandemic-related restrictions or warnings may have on air travel and the resulting impact on Airport revenues and expenses; (iv) whether and to what extent the COVID-19 or another outbreak or pandemic may disrupt the local, state, national or global economies, manufacturing or supply chain, or whether any such disruption may adversely impact Airport-related construction, the cost, sources of funds, schedule or implementation of the Airport's capital program, or other Airport operations; (v) the extent to which the COVID-19 outbreak or another outbreak or pandemic, or the resultant disruption to the local, state, national or global economies, may result in changes in demand for air travel, or may have an impact on the airlines or concessionaires serving the Airport, or the airline and travel industry, generally, including resulting in the bankruptcy or cessation of operations of airlines or Airport tenants; (vi) whether or to what extent the Authority may provide deferrals, forbearances, adjustments or other changes to the Authority's arrangements with its tenants and Airport concessionaires; or (vii) the extent to which any of the foregoing will have a material adverse effect on the finances and operations of the Airport.

The information included in this Official Statement includes audited data for fiscal year 2020, which reflects approximately four months of impact from the COVID-19 pandemic, as well as unaudited data for the first four months of fiscal year 2021 (through October 2020). Due to the evolving nature of the COVID-19 pandemic, the full impact of the COVID-19 pandemic on the Airport cannot be fully quantified at this time.

Impact of COVID-19 on the Airport

The outbreak of COVID-19 and related restrictions have had an adverse effect on airlines serving the Airport, retail concessionaires at the Airport and Airport Revenues as more fully discussed herein. Historical patterns of passenger and cargo traffic at the Airport were drastically disrupted by the emergence of the COVID-19 pandemic in early 2020 and the Airport has witnessed a sharp contraction in activity since March 2020. For example, in October 2020, the Airport's average daily flights were approximately 15 per day, down from 35 per day in October 2019.

During the first eight months of fiscal year 2020 (the City's fiscal year ends June 30), prior to the COVID-19 outbreak, the Airport continued to experience strong business activity. Airport Revenues, enplaned passengers, landed weights and passenger facility charges ("***PFCs***") collected increased each fiscal year from 2016 through 2019 (with the exception of landed weights in 2017), but Revenues were 16% less in fiscal year 2020 than fiscal year 2019 and enplaned passengers were reduced by 25% during the same period.

Since the COVID-19 outbreak, however, the Airport, similar to other airports around the nation, has seen steep declines in many financial and operating metrics. April 2020 represented the low point in terms of enplaned passengers, which totaled 1,425 or 2.62% of April 2019 enplanements. Scheduled seat capacity was reduced starting in April 2020, although actual passenger traffic was reduced starting mid-March 2020. Decreases in passenger numbers started mid-March 2020, and by October had recovered to -78.42% of those recorded a year earlier. The closure of the U.S. - Canadian border to non-essential travel on March 21, 2020, resulted in a reduction in passengers using the Airport, as the Quebec market for most Canadian passengers using BTV was closed.

For fiscal year 2020, service as measured by average daily departing seats was 25% lower than in fiscal year 2019, while average daily enplaned passenger numbers were 25% lower. The average load factor (enplaned passengers divided by departing seats) was 79% in fiscal year 2020 versus 78% in fiscal year 2019. For the first four months of fiscal year 2021 (through October 2020), service as measured by average daily departing seats was 73% lower than for the first four months of fiscal year 2020, while average daily enplaned passenger numbers were 81% lower. The average load factor was 52% for the first four months of fiscal year 2021 versus 87% for the same period in fiscal year 2020. Network decisions made by each airline regarding their rate of reduction in flight operations can impact the significance of this load factor during the COVID-19 pandemic.

Passenger traffic at the Airport totaled 519,874 passengers for fiscal year 2020, a 25% decrease from the 693,208 passengers who used the Airport in the prior year. For the first four months of fiscal year 2021 (through October), the Airport experienced passenger declines of approximately 78% when compared to the same four-month period in fiscal year 2020. Total passengers for calendar year 2020 through October were 68.16% lower than the same ten-month period in 2019.

The declines in passenger traffic have also continued to reduce demand for commercial parking as well as retail and services provided by Airport concessionaires, including but not limited to restaurants, retail and rental car services, and ground transportation services, such as those provided by taxis and transportation network companies such as Uber and Lyft. Airport parking revenues decreased from approximately $6,409,000 in fiscal year 2019 to $4,747,000 in fiscal year 2020 primarily due to decreased business activity as a result of the pandemic. For the first four months of fiscal year 2021 (through October), the Airport experienced a decrease in parking revenues (the Airport's largest source of discretionary income) of approximately $2.67 million, or 85%, when compared to the same four-month period in fiscal year 2020.

Impact of COVID-19 on Airline Service

All passenger airlines serving the Airport have reduced or suspended service to the Airport in calendar year 2020. Airlines operating at the Airport operated at 43% of October 2019 capacity in October 2020. For October 2020, the Airport's average daily flights were approximately 15 per day, down from 35 per day in October 2019. Future published schedules have not been reliable predictors of airline intentions.

Impact of COVID-19 on Passenger Facility Charges (PFCs)

PFCs collected, including investment income, during fiscal year 2020 were $1,964,000, which was $799,000 less than fiscal year 2019 collections of $2,763,000. In developing the fiscal year 2021 PFC projection, the Airport has assumed a 49% reduction in enplanements and PFCs compared to fiscal year 2019, which results in an expected decrease in PFC collections to $1.299 million. As of December 31, 2020, the Airport had $8,192,945 of PFC revenues available. This balance, together with the estimated reduced future collections due to the COVID-19 pandemic, are estimated to be sufficient to pay the PFC approved eligible portion of debt service on Bonds outstanding through maturity.

AIRPORT FINANCIAL DATA

The information provided by the Authority in this section includes historical information regarding operations of the Airport that occurred before the COVID-19 pandemic and before realizing the economic impact of measures instituted to slow the spread of COVID-19. Accordingly, the information set forth below may not be indicative of future results or performance due to these and other factors. See "IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT."

Historical Airport Operating and Financial Performance

The City accounts for the financial operations of the Airport using an enterprise fund approach. On an annual basis, the Airport has historically generated Revenues sufficient to pay its Operating Expenses, to meet its Bond Debt Service and to fund a portion of its capital expenses. In fiscal years 2016 through 2020 the Airport satisfied its Rate Covenant under the Resolution. The Rate Covenant requires the Airport to generate annual Revenues, net of Operating Expenses, of no less than 1.25 times Debt Service, and sufficient to meet all funding requirements for the Funds and Accounts under the Resolution. The City has paid all Bond Debt Service and capital lease obligations timely and in full when due. See "- Recent Financial Performance" herein.

Airport Revenues

The Airport derives its Revenues from a variety of sources, including terminal revenues, parking, landing fees, car rentals, concessions and rentals of buildings and grounds. It has also applied for and been granted permission by the FAA to charge and collect PFCs for qualified capital expenditures and certain debt service. The following table shows each of these revenue items from fiscal years 2016 through 2020 and for the four-month periods ending in October of fiscal years 2020 and 2021.

AIRPORT REVENUES FY 2016-2020
(fiscal year ending June 30)
(In $000's)

	FY 2016	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**	FY 2020 through October (4 mos.)	FY 2021 through October (4 mos.)
AIRLINE REVENUES							
Terminal Revenue	$2,619	$2,331	$2,787	$2,420	$2,827	$941	$939
Landing Fee Revenue	1,671	1,721	1,921	1,890	1,566	724	280
Airline Surplus	-	-	690	536	-	-	-
Total Airline Revenues	**4,290**	**4,052**	**5,398**	**4,846**	**4,393**	**1,665**	**1,219**
NON-AIRLINE REVENUES							
Parking Lot/Garage	5,407	5,488	5,852	6,409	4,747	2,105	341
Car Rental Concession	1,911	2,048	2,237	2,539	2,179	1,360	516
Terminal Concessions	654	644	672	737	550	294	84
Terminal Non-Airline Rentals	580	599	608	622	641	213	213
Building and Ground Rent	1,274	1,238	1,502	1,488	1,420	475	460
Other Non-Airline Revenues	958	1,036	1,148	1,162	1,061	410	255
Total Non-Airline Operating Revenues*	**10,784**	**11,053**	**12,019**	**12,957**	**10,598**	**4,867**	**1,869**
CFC Revenues	**1,229**	**1,283**	**1,319**	**1,485**	**1,220**	**754**	**168**
Total Operating Revenue*	**$16,303**	**$16,388**	**$18,736**	**$19,288**	**$16,211**	**$7,286**	**$3,256**
Y-o-Y Operating Revenue Change		**0.5%**	**14.3%**	**2.9%**	**(16.0%)**		**(55.1%)**
PFC Revenues	**$2,321**	**$2,378**	**$2,525**	**$2,763**	**$1,964**	**$984**	**$165**

Source: City of Burlington Department of Airports
*Totals may not add due to rounding

Terminal Revenues and Landing Fees

Terminal revenues and landing fees are paid by the airlines that operate at the Airport. Such fees are calculated pursuant to an Airport Use and Lease Agreement pursuant to which the Airport has established six airport cost centers in order to fairly allocate Airport operating costs among the airlines and other Airport tenants. Rates and charges are calculated according to a residual methodology, pursuant to which the airlines operating at the Airport that are parties to the Airport Use and Lease Agreement (the "***Signatory Airlines***") assume all costs of the Airport that are not covered by non-aeronautical revenues and revenues of non-signatory airlines and other aeronautical users of the Airport. The Airport's Airport Use Agreement establishes the airline rates and charges for a five (5) year term ending June 30, 2021. The Airline Use Agreement allows the Airport to set terminal rental rates at a level sufficient to reach 1.5 times debt service and maintain at least 200 days of cash on hand; however, Airport management elected not to increase rates and charges in fiscal year 2020 to a level necessary to achieve such a level of coverage. Debt service coverage in fiscal year 2020 was 1.37%. See "- Use and Lease Agreements" and "- Recent Financial Performance" below.

The Airport charges a landing fee per thousand pounds of landed weight paid for each commercial aircraft landed at the Airport. The landing fee in fiscal year 2020 was $2.44 (including the apron fee), net of a contribution of $1.65 million by the Airport, but if all airfield costs had been fully allocated to the landing fee, the landing fee would have been $4.64. For fiscal year 2021 the landing fee is $2.44 per 1,000 pounds of landed weight. The landing fee is established each year based upon the estimated expenses of the airfield and projected landed weights by the Signatory Airlines and is intended to recover all costs of the airfield, net of fees paid by non-signatory airlines and other users of the airfield and net of allocated non-aeronautical revenues. At the conclusion of each fiscal year, the Airport calculates the actual costs and landed weights for that fiscal year and, if the amount actually collected from the Signatory Airlines exceeds the airfield costs, then the excess is credited to the Signatory Airlines and if there is a shortfall between the amount collected and actual airfield expenses, then the amount of such shortfall is invoiced to the Signatory Airlines based upon each such airline's proportional share of landed weight for the prior fiscal year. In fiscal year, 2020, the Airport received approximately $1,566,000 in airline landing fees compared to $1,890,000 in fiscal year 2019. The reduction was primarily due to fewer flight operations at the Airport beginning in March 2020 due to the COVID-19 pandemic. For the first four months of fiscal year 2021, landing fees were approximately $280,000 compared to $724,000 for the first four months of fiscal year 2020, reflecting a significant reduction in landed weights and flights by commercial airlines. The budget for landing fees for fiscal year 2021 reflects a 38% reduction in expected landing fees as a result of reduced passenger service operations as a result of the COVID-19 pandemic.

Similarly, terminal rental rates are established on a residual basis based upon the amount of space leased by the Signatory Airlines, the projected expenses of operating the Terminal, net of projected revenues, other than those allocated to the airfield. The fiscal year 2020 terminal rental rate $63.00 psf. In fiscal year, 2020, the Airport received approximately $2,827,000 in airline terminal revenues compared to $2,420,000 in fiscal year 2019. See "- Use and Lease Agreements" below. For the first four months of fiscal year 2021, terminal rentals were approximately $939,000 compared to $941,000 for the first four months of fiscal year 2020, reflecting little change in the amount of leased space. The budget for terminal rentals for fiscal year 2021 reflects essentially no change from the prior year.

In April 2020, to provide financial relief to the airlines serving BTV, the City agreed to defer terminal rent for the months of May through July for all airlines (Signatory and non-signatory) serving the Airport, with deferred payments to be repaid over a six-month period beginning in January 2021. The airlines serving the Airport are either current in repayments or have fully repaid the amounts deferred. In addition, the Airport maintained the landing fee and terminal rental rate for the airlines at the same level as in fiscal year 2020, although the Airport has the right to collect any shortfall at year-end.

Parking

The City has made substantial investments in its parking facilities and to connect the north garage to the Terminal with an enclosed second story walkway. The Airport separately accounts for parking revenues and customer facility charges ("***CFCs***") charged to persons renting a car at the Airport.

Current parking fees in the garage are $12 per day. Parking revenues in fiscal year 2020 were $4,747,000, a reduction of $1,662,000, or approximately 26%, from the $6,409,000 in parking revenue in fiscal year 2019, due to reductions in passengers parking at the Airport due to the COVID-19 pandemic. Parking revenue represented approximately 29.3% of the Airport's total Operating Revenue in fiscal year 2020, compared to 33.2% in fiscal year 2019. For the first four months of fiscal year 2021, parking revenues are approximately 487,000, or 85% less than the $3,157,000 received in the same period of fiscal year 2020. The budget for fiscal year 2021 assumes a 49% reduction in parking revenues compared to the prior fiscal year.

Car Rental Facilities

Car rental revenues represented approximately 13.4% of the Airport's total Revenue in fiscal year 2020. Car rental revenues in fiscal year 2020 of $2,179,000 decreased 14.1% from $2,539,000 in fiscal year 2019, also due to the effects of the COVID-19 pandemic. For the first four months of fiscal year 2021, car rental revenues are approximately $614,000, or 60% less than the $1,512,000 received in the same period of fiscal year 2020. The budget for fiscal year 2021 assumes an approximately 43% reduction car rental revenues compared to the prior fiscal year. The Airport also offered to allow the car rental companies operating at the Airport to defer payments of minimum annual guarantee ("***MAG***"), in order to provide some financial relief from the effects of the pandemic, for the period of April through June 2020. Only Hertz accepted the Airport's offer, and Hertz has agreed to repay deferred MAG over the six-month period commencing January 2021.

Under the five-year agreement with the rental car companies that expired on June 30, 2020, the aggregate MAG from the rental car companies was approximately $2.1 million. The Airport is in negotiations with the rental car companies regarding a new or extended agreement for operations at the Airport. Car rental facilities occupy office and counter space within the terminal building adjacent to the baggage claim area and also expected to utilize the newly-completed quick turnaround ("***QTA***") car wash and return facility constructed by the Airport, using primarily CFCs. A portion of the parking garage adjacent to the terminal is also leased to the rental car companies.

In 2015, the Airport entered into car rental concession agreements with National/Alamo, Avis/Budget, Hertz, Enterprise and DTG Operations, Inc. doing business as Dollar, which expired on June 30, 2020. In May 2020, Hertz and DTG Operations filed for bankruptcy protection. Hertz is operated at the Airport by an independent franchisee (which is not in bankruptcy) and both Hertz and Dollar continue to operate at the Airport on a holdover basis. DTG has assumed its agreements at the Airport and is continuing to operate at the Airport on a month to month basis.

In addition to terminal space, the rental car companies also occupy the second floor north of the parking garage, and will utilize the QTA facility immediately north of the FAA Control Tower. The Airport imposes a $4 per day CFC on each car rental transaction, which resulted in approximately $1.2 million in revenue during fiscal year 2020, a reduction of $265,000 from the approximately $1.5 million received in fiscal year 2019. Half of the collected CFCs are utilized to support the Debt Service allocable to the parking garage expansion per the car rental agreements. The City has allocated the other half of the CFC charges collected to the cost of the design and construction of the QTA facility. The QTA facility will also provide the Authority with revenue in the form of land rent.

Terminal Concessions

Terminal concessions, such as food vendor Skinny Pancake, and gift/necessities vendors, such as Hudson News and other similar establishments, provide a variety of services for passengers, visitors and employees at the Airport. Skinny Pancake is a local restaurant with three locations at the Airport. Concession revenues decreased by 25% in fiscal year 2020 compared to fiscal year 2019, to $550,000 from $737,000, respectively. Concession revenue represented approximately 3.4% of the Airport's total revenue for fiscal year 2020. The reduction in revenues was due to reduced passenger traffic as a result of the COVID-19 pandemic. For the first four months of fiscal year 2021, concession revenues are approximately $184,000, a 62% reduction from the $486,000 received in the same period of fiscal year 2020. The Airport also offered to permit the concessions operating at the Airport to defer payments of MAG, in order to provide some financial relief from the effects of the pandemic, for the period of April through June 2020. None of the concessionaires accepted the Airport's offer.

Buildings, Grounds and Airfield Concession Revenues

Building and ground rent and airfield concession revenues ("***Other Non-Airline Revenues***") include revenue from certain parcels within the existing Airport footprint that have been rented to firms such as Federal Express, Pratt & Whitney, and Heritage, as well as hangar and facility rentals from cooperatives using the Airport for general aviation.

Buildings, grounds and airfield concession revenues represented approximately 9% of the Airport's total Revenue in fiscal year 2020. During fiscal year 2020, these revenues decreased approximately $169,000 from fiscal year 2019. The decrease in buildings, grounds and airfield concession revenues in fiscal year 2020 resulted from lower revenues from the fixed base operator ("***FBO***"). Buildings and ground revenues for the first four months of fiscal year 2021 are approximately $460,000, or $15,000 less than the $475,000 in the same period in fiscal year 2020.

Other Revenue

Other Revenues include a federal operating grant, interest income, administrative fees and tenant reimbursements. The tenant reimbursement component relates to property tax and casualty insurance assessments. Changes to this miscellaneous income are primarily affected by fees assessed by third party agencies.

In addition to revenues, the Airport received a grant under the federal Coronavirus Aid, Relief, and Economic Security Act ("***CARES Act***") in the amount of approximately $8.7 million which may be used for any lawful purposes, including reimbursement of operating expenses and debt service, of which $2.28 million was drawn and applied to operating expenses in fiscal year 2020. The Airport expects to apply the remaining $6.42 million in fiscal year 2021 to reimburse the Airport for operating expenses. In addition, the Coronavirus Response and Relief Supplemental Appropriation Act ("***CRRSAA***") was signed into law on December 27, 2020 and provides for additional grant funding for airports. The FAA has announced that the Airport will receive approximately $4.004 million under CRRSAA, including approximately $147,000 which must be used to provide rental relief to certain concessions, which it anticipates drawing down in fiscal years 2021 and 2022.

Passenger Facility Charges

The Airport has applied for and received authorization from the FAA to impose and collect PFCs to fund many of the capital improvements it has initiated since 1997. In fiscal year 2020, the Airport received approximately $1.96 million in PFC revenues, compared to $2.76 million in fiscal year 2019, a reduction of $805,000, due to the reduction in passengers enplaning at the Airport. In fiscal year 2020, the Airport applied approximately $832,000 of PFCs to pay that portion of Bond Debt Service attributable to authorized PFC projects. For the first four months of fiscal year 2021, the Airport had collected $165,000 in PFCs, compared to $984,000 in the same period in fiscal year 2020, a reduction of 83%. The budget for fiscal year 2021 projects a reduction of 49% in PFC collections compared to the prior year. *See* "– The PFC Program" below.

As of June 30, 2020, the Airport had approximately $7.3 million on deposit in the PFC Revenue Account which is adequate to pay for the PFC projects being financed with Airport Revenue Bonds. The Airport expects to continue to apply for authority to impose and collect PFCs for future projects under applicable FAA regulations.

Airport Expenses

The Airport's expenses include typical expense categories covering airport operations. One expense that is not paid for by the Airport is the Aircraft Rescue and Fire Fighting services that are provided by the VTANG as part of its lease with the Airport, saving the Airport approximately $2.5 million annually.

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The following table shows the expenditures by category from fiscal year 2016 to fiscal year 2020 and for the four-month period ending in October of Fiscal Years 2020 and 2021.

AIRPORT EXPENSES FY 2016-2020
(fiscal year ending June 30)
(In $000's)

	FY 2016	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**	FY 2020 Through October (4 mos.)	FY 2021 Through October (4 mos.)
O&M EXPENSES							
Salaries	$2,530	$2,889	$3,033	$3,228	$3,282	$1,010	$969
Employee Benefits	1,518	1,179	1,148	1,239	1,295	405	402
Professional Contracts	937	1,086	1,268	1,170	1,315	316	282
Service Contracts	1,478	1,068	967	891	944	304	311
Insurance	236	236	276	236	240	140	163
Advertising, PR, Travel & Subscriptions	60	77	75	70	82		
Utilities/Phone	1,233	1,400	1,322	1,343	1,337	326	308
Travel & Training	58	53	69	55	40	21	5
Materials, Supplies & Permits	78	63	31	31	52	29	7
Supplies, Postage & Computers	210	207	226	216	252	109	68
Small Tools, Equipment, Fuel	158	266	393	472	548	51	40
Repairs & Maintenance	858	954	1,740	1,991	2,084	701	325
City Interdepartmental	354	396	398	430	465	155	162
BPD /Airport Security	1,014	1,130	1,147	1,164	1,205	402	404
Property Taxes, Bad Debt & Regulatory	1,455	1,326	1,311	1,303	1,322	444	444
Total O&M Expenses*	**$12,116**	**$12,327**	**$13,404**	**$13,838**	**$14,462**	**$4,454**	**$3,927**

Source: City of Burlington Department of Airports
*Totals may not add due to rounding.

In developing the budget for fiscal year 2021 the Airport sought to cut expenses wherever possible, given the regulatory and operational requirements of operating a federally certificated airport. Thus, while the budget for salaries and benefits was reduced due to a determination to freeze open positions, primarily in the general and administrative cost center, many of the positions employed at the Airport are necessary to meet FAA certification requirements. In contrast, the budget for repairs and maintenance has been reduced by 38%, reflecting the fact that the Airport has been able to perform a substantial amount of capital maintenance in the past five years, including receiving approval from the Signatory Airlines to apply surplus rates and charges revenues in fiscal years 2018 and 2019 to undertake projects in addition to those included in the budgets for those fiscal years. In addition, VTANG has provided reimbursements for certain airside projects that benefit both VTANG and the other aeronautical operators using the Airport. The overall budget for fiscal year 2021 approved by the City reflects an approximately 7% decrease from the expenditures for the prior fiscal year.

The largest source of expenses is salaries and employee benefits which represented 32% of operating expenses in fiscal year 2020, compared to 32% in fiscal year 2019. The increase in repair and maintenance expenses in fiscal years 2018 – 2020 was due to increased revenues as well as approval by the Signatory Airlines of use of surplus revenues in those fiscal years for additional projects. Utilities, property taxes/bad debts/regulatory, professional services and airport security were the next largest categories of expenses. Annual operating expenses increased at a compound annual growth rate ("***CAGR***") of 3.2% from fiscal year 2016 through 2020.

Budget Process

Financial accounting for the operations of the Airport is the responsibility of the Airport's Chief Financial Officer in coordination with Airport staff and the City's Chief Administrative Officer (the "***CAO***").

Annually, the Commission prepares a preliminary estimate of revenue and expenses for the next fiscal year. The estimate is forwarded to the Signatory Airlines operating under the Use and Lease Agreement described below for their review. Simultaneously, the estimate is forwarded to the Mayor, who is responsible for preparing a budget for the entire City. The budget, as recommended by the Mayor, is subject to the approval of the City Council, which may decrease any budget recommendation by a majority vote and increase any budget recommendation by a two-thirds vote. Following passage by the City Council, which must occur no later than June 30th of any year, the budget is in place for the following fiscal year. Charges to the airlines are then established based upon the approved budget.

During the course of a given fiscal year, transfers between line items of the budget, including those of the Airport, may be approved by the City's Board of Finance, which consists of the Mayor, the CAO, the President of the City Council and two (2) additional City Council members elected by the City Council. Any supplemental appropriation must be approved by the entire City Council following the original budget process.

Under the City's Charter, Airport revenues form a portion of the City's general fund. However, Airport revenues are accounted for separately as an enterprise fund. Under federal law and regulations, airports may not apply airport generated revenues for expenses unrelated to airport operations. The City believes the Airport complies with this requirement. Consequently, the only transfers of Airport revenue to other operations of the City are to pay for direct services provided by the City to the Airport or to repay indebtedness incurred for Airport purposes. See "CERTAIN INVESTMENT CONSIDERATIONS – Federal Law Affecting Airport Rates and Charges".

The table below shows a summary of the annual budgets for fiscal year 2020 as well as actual results for fiscal years 2019 and 2020. The cost per enplaned passenger is a metric used by many airport and airlines to compare the cost of operating at an airport. The cost per enplaned passenger in fiscal years 2016 through 2020 was \$7.21, \$6.78, \$7.55, \$6.99 and \$8.45, respectively.

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Annual Budgets and Actual Results: Fiscal Years 2019 – 2020
($000's)

	FY 2019 Actual Results (before surplus)	FY 2019 Amended Budget (adjusted for surplus)	FY 2020 Actual Results
Airline Operating Revenues			
Terminal Rent (incl. loading bridges)	$1,336	$904	$1,311
Terminal Rent – Common Use	1,516	1,516	1,516
Landing Fees	1,995	1,890	1,566
Total Airline Revenues Charged	4,846	4,310	4,392
Enplaned passengers	693,208	693,208	519,874
Cost per enplanement	$6.99	$6.22	$8.45

Source: City of Burlington Department of Airports

Use and Lease Agreements

In the United States, an airline generally pays for the use of an airport's facilities through charges calculated based upon the landed weight of the airline's aircraft and the use of the airport's terminal facilities for ticket counters, office space, baggage handling and other passenger services. Airports usually assess these fees through either an agreement with the airlines or through a municipal ordinance, or a combination of the two.

The Airport has executed Use and Lease Agreements (each, a "***Use and Lease Agreement***") with American Airlines, Delta Air Lines, JetBlue Airways and United Airlines (each a "***Signatory Airline***") that remain in effect through June 30, 2021. Frontier Airlines operates at the Airport but has not executed the Use and Lease Agreement and, thus, is a "non-signatory airline". The Use and Lease Agreement contains a "hold-over" provision that states that continued use and occupancy of the Airport by an airline after expiration of the Use and Lease Agreement does not effectuate a renewal of the agreement, but instead creates a month to month tenancy, cancelable by either party upon thirty days written notice by either party. The Airport has not yet commenced negotiation of a new agreement; however, it has tendered a proposed amendment extending the term of the Use and Lease Agreement for an additional year, and each of America Airlines, Delta Air Lines and United Airlines has provided a letter indicating its intent to agree to such an extension of the term. Federal regulations only permit use of a residual rate methodology such as is currently used at the Airport with the agreement of the airlines.

The rates and charges established for fiscal year 2021 remained set at fiscal year 2020 rates. The Terminal Rate is $63.00 per square foot, and the Commercial Landing Fee is $2.44 per 1,000 lbs. (including the apron fee of $0.35).

The Airport establishes a per square foot rental charge for space utilized by the airlines in the terminal complex and a landing fee per thousand pounds of landed weight annually by the airlines. Payments are due from (and paid by) the airlines serving the Airport on a monthly basis, although the rental charges and landing fees are determined by the Airport on an annual basis. Prior to the beginning of fiscal year 2021, Airport Management established the aeronautical rates and charges paid by the air carriers serving the Airport. For fiscal year 2021, the landing fee is set at $2.44 per 1,000 lbs. (including the apron fee of $0.35) and the per square foot rental fee is set at $63.00. In addition, passenger loading bridges at the gates are preferentially leased for $760.00 per month. In the event the Use and Lease Agreement were to be terminated by the Airport or an airline, the City possesses the authority to impose rates and charges by ordinance.

Terminal space rentals are charged on the basis of square feet of occupied space. Under the Use and Lease Agreement, the rental amount due from each Signatory Airline for preferential use of terminal space is determined by allocating a portion of the terminal's estimated operating expenses for the upcoming fiscal year to each Signatory Airline based on such airline's pro rata preferential use of the square footage of the terminal facility. Expenses relating to common use space that is not used on a preferential basis by a Signatory Airline is assessed jointly against each airline, with each Signatory Airline paying an equal portion of the first 20% of such costs and the remaining 80% paid by airlines based on each airline's pro rata share of enplaned passengers at the Airport. Non-signatory airlines pay a premium of 125% in addition to the rates charged to the Signatory Airlines.

Landing Fees are assessed by allocating the airfield area's estimated operating expenses in the upcoming fiscal year by the total estimated landed weight at the Airport for such fiscal year. This per thousand pound charge is then assessed against each Signatory Airline based on its landed weight each month. Non-signatory airlines pay a premium of 125% in addition to the rates charged to the Signatory Airlines.

Within 120 days following the close of each fiscal year (or as soon thereafter as audited financial data is available), the terminal rentals for the preceding fiscal year are recalculated using the audited financial data. As long as the Airport maintains a debt service coverage ratio of at least 1.5 times and the Airport has at least 200 days of cash for operating expenses on hand, the Airport, in the case of overpayment, promptly refunds to the Signatory Airlines the full amount of such overpayment; provided, however, that if the Airport has 1.5 times coverage but less than 200 days cash on hand, the Airport shall remit only 50% of any overpayment to the Signatory Airlines. In fiscal years 2017 – 2019, the Signatory Airlines agreed to allow the Airport to retain the overpayment to be used for capital projects approved by the Signatory Airlines. Under the Use and Lease Agreement, the Airport has the ability to charge and collect rates and charges from the Signatory Airlines so that the Airport maintains a debt service coverage ratio of 1.5 times actual debt service. In fiscal year 2020, the Airport waived this requirement and, as a result, its adjusted debt service coverage ratio was 1.37 times, which is in excess of the coverage requirement set forth in the Resolution of 1.25 times. In the case of an underpayment, the Airport shall invoice the Signatory Airlines for the amount of underpayment. See "APPENDIX D - SUMMARY OF THE USE AND LEASE AGREEMENTS".

The PFC Program

General. A Passenger Facility Charge ("***PFC***") is a fee authorized pursuant to 49 U.S.C. § 40117 (the "***PFC Act***"), as implemented by the FAA pursuant to published regulations at 14 CFR Part 158 (the "***PFC Regulations***"). Under the PFC Act, the FAA may authorize a public agency that controls an airport to impose a PFC of up to $4.50 for each qualifying enplaned passenger at that airport to be used to finance eligible airport-related projects. See "CERTAIN INVESTMENT CONSIDERATIONS – Considerations Regarding Other Sources of Revenue – *Passenger Facility Charges*".

Several of the Airport's eligible airport-related projects have been funded with the proceeds of Bonds, and the plan of finance for these projects assumed that the City would use PFC Revenue to pay the Debt Service on the Bonds issued to pay for such projects to the maximum extent possible. See "PLAN OF REFUNDING" herein and "APPENDIX C – SUMMARY OF THE RESOLUTION" hereto.

Under its current PFC approvals, the City has the authority to impose and use $56,354,764 in PFCs, which includes amounts for the payment of principal, interest and other financing costs on Bonds issued to pay the eligible airport-related project costs or to refinance such projects. The current estimated PFC expiration date is April 1, 2023. Since the inception of the PFC program, the City has submitted seven PFC applications to the FAA. The City transfers a portion of its PFC Revenues monthly to the Debt Service Fund for the purpose of paying Debt Service on Bonds issued to finance or refinance eligible airport-related projects, and intends to do so for the purpose of paying Debt Service on the Series 2021 Bonds allocable to such projects. The amount of PFC Revenue received by the Airport each month varies, and is likely to continue to do so, based upon many factors, including passenger enplanement levels. No assurance can be given that the forecasted level of enplanements will be realized or that any other factor affecting PFC Revenue will not occur that adversely impacts the Airport. A shortfall in PFC collections could require the Airport to increase the required rates and charges collected from airlines using the Airport's facilities to satisfy its obligations under the Resolution. The reduction in enplaned passengers due to the CoOVID-19 pandemic has resulted in a substantial reduction in PFCs collected in fiscal year 2020 compared to fiscal year 2019. See "IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT – Impact of COVID-19 on Passenger Facility Charges (PFCs)."

Termination of Authority to Impose PFCs. The FAA may terminate the Airport's ability to impose PFCs, subject to informal and formal procedural safeguards, under circumstances for violation of the PFC Act or the PFC Regulations. See "CERTAIN INVESTMENT CONSIDERATIONS – Considerations Regarding Other Sources of Revenue – *Passenger Facility Charges.*"

Recent Financial Performance

The information provided by the Airport in this section includes historical information regarding operations of the Airport that occurred before the COVID-19 pandemic and before realizing the economic impact of measures instituted to slow the spread of COVID-19. Accordingly, the information in this section may not be indicative of future results or performance due to these and other factors. See "IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT."

The following is a summary and discussion of certain of the Airport's recent financial and operating results. The following discussion should be read in conjunction with the audited financial statements attached hereto as APPENDIX B.

Airport Net Revenue was determined to have been above the Rate Covenant requirement of 125% of Debt Service in Fiscal Years 2016 through 2020. Debt Service, Operation and Maintenance Expenses and other obligations of the Airport were fully and timely paid in each of those years. Upon issuance of the Series 2021 Bonds, the Debt Service Reserve Fund will be funded, in cash, in an amount equal to the Debt Service Reserve Fund Requirement, taking into account the issuance of the Series 2021 Bonds and the refunding of the Refunded Bonds.

In Fiscal Year 2020, the Airport made payments of debt service on the Bonds from its Revenues and made deposits to the Debt Service Fund in the amounts as required under the Resolution. As of June 30, 2020, there was $3,019,785 deposited to the Debt Service Fund in order to pay Bond Debt Service, $3,904,000 on deposit in the Debt Service Reserve Fund, $3,317,000 in the Operation & Maintenance Reserve, $217,000 in the Renewal and Replacement Fund, and unrestricted cash of $14,389,000, reflecting, in part, the drawing of the full amount of the Revenue Anticipation Note issued by the City on behalf of the Airport in the amount of $11.1 million.

The financial health and performance of the Airport is taken very seriously by the City, the Airport Commission and Airport management. Significant attention continues to be devoted to improving the Airport's financial operations, including increasing non-airline dependent revenues and maintaining debt service coverage in accordance with the requirements of the Resolution.

In future fiscal years, as was done in fiscal years 2016-2020, the Airport expects to employ a portion of its PFC revenues in its coverage calculations, consistent with current FAA regulations as to the use of these revenues. In fiscal year 2020, the City continued to hold Airport funds in segregated accounts and use such Revenues only for Airport purposes, including reimbursing the City for shared services and for payroll, payables and capital expenditure draws covered by the City on an interim basis, in accordance with FAA regulations. PFC Revenues will continue to be deposited to a segregated PFC fund and used exclusively for projects approved for their use by the FAA, including the payment of debt service allocable to such projects.

The City and the Airport are continuing to carefully review any opportunity to increase revenues and decrease expenses. All expiring leases are being viewed as opportunities to improve the facility and increase rental revenue. The increases in Revenues generated by the in-terminal concessions and the rental cars are recent examples of the Airport taking advantage of such opportunities. The Airport also is continuing to request reimbursement (through the PFC program) for certain local matching amounts that the City contributed to the FAA approved projects, with the local AIP share equaling approximately $1,000,000 per year.

It is the goal of these initiatives to (i) provide additional transparency in the handling of Airport funds; (ii) assure timely and proactive responses to any unusual or unexpected financial events with respect to the Airport; and (iii) achieve Debt Service coverage well in excess of the Resolution's covenant of 125% of Debt Service.

The following table shows the Rate Covenant calculation in each of fiscal years 2016 to 2020, showing coverage with and without use of Other Available Funds in the form of PFCs (as permitted by the Bond Resolution) in the calculation of coverage. The first calculation is consistent with the methodology required by the Use and Lease Agreement, while the second ("Adjusted Debt Service Coverage") is consistent with the requirements of the Bond Resolution. In fiscal year 2020, Gross Revenues included Operating Revenues of $16,211,231 plus interest (net of interest on PFCs) of $136,791, building rent of $363,396, gain on sale of $37,468 and other income of $103,779; plus CARES Act funds of $2,278,701; less restricted CFCs of $610,200 and a law enforcement officer grant of $143,950, resulting in total Gross Revenue available for debt service coverage of $18,377,196.

Rate Covenant Calculation
Fiscal Years 2016 – 2020
($ amounts in 000's)

	FY 2016	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**
Gross Revenues	$16,677	$16,624	$17,716	$18,347	$18,377
Airline Surplus	0	572	118	536	0
Total	$16,677	$17,197	$17,834	$18,883	$18,377
Less Operating Expenses	12,376	12,327	13,404	13,838	14,462
Total Net Operating Revenue	$4,301	$4,870	$4,430	$5,044	$3,915
PFCs available for Debt Service	1,087	1,176	1,180	981	832
Funds available for Debt Service [A]	$5,388	$6,046	$5,610	$6,026	$4,747
Debt Service [B]	3,386	3,650	3,662	3,660	3,610
Debt Service Coverage [A]/[B]	**1.59**	**1.66**	**1.53**	**1.65**	**1.31**
25% PFC Revenue (Other Available Funds)	272	294	295	245	208
Adjusted funds available for DS [C]	$5,660	$6,340	$5,905	$6,271	$4,955
Adjusted Debt Service Cov'g [C]/[B]	**1.67**	**1.74**	**1.61**	**1.71**	**1.37**

Source: City of Burlington Department of Airports

The table below shows the Airport's liquidity position for the past five fiscal years. The drawdown of the full amount of the 2020 RAN has provided the Airport with substantial cash reserves, although the Airport has not yet had to apply any of the funds drawn for liquidity purposes. The table below does not reflect the amount of the 2020 GAN available for use to fund capital projects that will be reimbursed with AIP grant funds. The table includes proceeds of the 2020 RAN. Unrestricted cash includes CFCs in fiscal years 2016 - 2020 of $3,038,000 in 2016, $2,936,000 in 2017, $3,441,000 in 2018, $3,898,000 in 2019 and $1,402,000 in 2020. CFCs were applied to pay a portion of the cost of the QTA facility in fiscal year 2020, reducing liquidity, if the 2020 RAN had not been issued.

Airport Liquidity Position and Days Cash on Hand
Fiscal Years 2016 – 2020
($ in 000's)

Fund Balances	2016	2017	2018	2019	2020
Unrestricted cash*	$4,256	$5,764	$7,754	$7,860	$14,389†
O&M Reserve	3,295	3,302	3,307	3,312	3,317
PFC Account	2,685	3,229	3,845	5,867	7,315
Debt Service Reserve Fund	3,782	3,751	3,652	3,798	3,904
Total Reserves and Unrestricted Cash [A]	$14,018	$16,046	$18,558	$20,837	$28,925
O&M Expenses [B]	12,376	12,327	13,404	13,838	14,462
Days Cash on Hand [A] / ([B]/365/366)	**413**	**475**	**505**	**550**	**732**

Source: City of Burlington Department of Airports
*Includes CFCs
†Includes proceeds of 2020 RAN

AIRPORT OPERATIONS

The information provided by the Airport in this section includes historical information regarding operations of the Airport that occurred before the COVID-19 pandemic and before realizing the economic impact of measures instituted to slow the spread of COVID-19. Accordingly, the information set forth below may not be indicative of future results or performance due to these and other factors. See "IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT."

General

The Airport is operated and maintained 24 hours per day, with FAA provided air traffic control and automated flight service facilities. NOAA, located within the Airport terminal building, provides national weather service 24 hours per day. The Airport provides 24-hour police coverage and operational and maintenance control of the airfield and facilities during all airline activity. The Airport is certified under Part 139 of the Federal Aviation Regulations which means that the Airport is approved to handle passenger aircraft. See "CERTAIN INVESTMENT CONSIDERATIONS – Environmental and Regulatory Considerations". Currently the largest aircraft the Airport is serving is the Airbus 320.

Airport operations include a significant commitment to keeping the Airport open regardless of weather conditions. Despite the Airport's location in a snowy and cold weather region, the Airport does not suffer closures due to weather conditions on a routine basis.

The Airport is a regional origination and destination ("***O&D***") facility. Many of its routes are served by regional jets taking passengers to the airlines' hubs for further travel to their final destinations. At the commencement of fiscal year 2020, the airlines serving the Airport provided daily nonstop service to twelve markets with an average of 35 daily flights. Since the onset of the COVID-19 pandemic in March 2020, airlines have reduced service at the Airport and, as of January 2021, there was nonstop service to 8 markets with an average of 15 daily flights. The most recent data as of the four months ending October 30, 2020 shows that 52% of seats on planes arriving and departing from the Airport are filled, reflecting the effects of the COVID-19 pandemic. See "IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT."

Airlines Providing Service at the Airport

As of January 2021, 18 scheduled passenger air carriers operate at the Airport. These carriers include three mainline carriers (three mainline carriers provide seasonal service, replacing service by their regional carriers), two low-cost carriers, and thirteen regional carriers, which provide service as affiliates of various legacy/mainline carriers on a contract basis. In addition, as of January 2021, two all-cargo carriers provided scheduled cargo service at the Airport. Passenger and cargo service at the Airport as of January 2021 was provided by the airlines listed in the table below.

Airlines Serving the Airport
(as of January 2021)

Mainline Carriers	**Low-Cost Carriers**	**Regional Carriers**	**All Cargo Carriers**
United Airlines	JetBlue Airways	Air Wisconsin (American)	Federal Express
Delta Air Lines	Frontier†	Commutair (United)	Wiggins Airways
American Airlines		Endeavor Airlines (Delta)	
		Envoy (American)	
		ExpressJet (Delta & United)	
		GoJet (United & Delta)	
		Mesa (United)	
		Piedmont (American)	
		PSA (American)	
		SkyWest (United & Delta)	

† Frontier serves Denver and Orlando (MCO) seasonally

Enplaned Passengers

Between fiscal year 2016 and fiscal year 2020 enplanements grew to a peak of 693,208 enplaned passengers in fiscal year 2019, and then declined to 519,874 enplaned passengers in fiscal year 2020, a reduction of 25%, as a result of the COVID-19 pandemic. Enplaned passengers showed steady growth from fiscal year 2016 through 2019. Since the COVID-19 pandemic began to effect passenger traffic in March of 2020, enplaned passengers at the Airport have decreased dramatically, reaching a low of 1,425 passengers in April, and recovering to 14,416 passengers in October, a reduction of 78.4% compared to October 2019.

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The following table sets forth enplanements at the Airport for fiscal years 2011 through 2020:

Historical Enplaned Passengers
(Fiscal Years ended June 30)

Fiscal Year	Total Enplanements	Annual Growth
2011	643,683	(5.0%)
2012	652,793	1.4
2013	605,505	(7.2)
2014	617,301	1.9
2015	600,402	(3.0)
2016	595,247	(1.0)
2017	597,800	0.4
2018	623,489	4.3
2019	693,208	11.2
2020	519,874	(25.0)

Source: City of Burlington Department of Airports

Monthly Enplaned Passengers Calendar Year 2019 Compared to 2020

	2018	2019	% Change CY 18 vs. CY 19	2020	% Change CY 19 vs. CY 20
January	46,684	46,356	(0.70%)	50,750	9.48%
February	46,371	49,867	7.54	49,341	(1.05)
March	48,526	56,400	16.23	26,157	(53.62)
April	53,285	54,340	1.98	1,425	(97.38)
May	53,367	55,209	3.45	3,910	(92.92)
June	57,855	62,180	7.48	7,458	(88.01)
July	67,921	71,381	5.09	12,119	(83.02)
August	66,807	71,200	6.58	12,823	(81.99)
September	60,193	62,116	3.19	11,292	(81.82)
October	67,781	66,795	(1.45)	14,416	(78.42)
November	55,549	53,004	(4.58)	10,209	(80.74)
December	50,605	56,314	11.28	9,393	(83.32)
CY Totals	674,944	705,162	4.48%	209,697	(70.3)

Source: City of Burlington Department of Airports

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Airline Market Share

The following table sets forth the total historical share of enplaned passengers by airline at the Airport during fiscal years 2016 through 2020. United held the largest market share, serving 30.6% of the total enplaned passengers in fiscal year 2020. During the same time period, American held the second highest market share, with 30.1% of enplaned passengers. Delta, which ranked as the third largest carrier in fiscal year 2020, served 23.9% of enplaned passengers. The mainline carriers (American, Delta and United) have historically utilized several regional affiliates to provide service at the Airport. For more details see "APPENDIX A – Letter Report of the Airport Consultant" hereto.

Historical Enplaned Passengers by Carrier

(Fiscal Years ended June 30)

Fiscal Year	**2016**		**2017**		**2018**		**2019**		**2020**	
Carrier	Enplaned Passengers	Share	Enplaned Passengers	Share	Enplaned Passengers	Share	Enplaned Passengers	Share	Enplaned Passengers	Share
United Airlines	188,827	31.7%	189,878	31.8%	201,887	32.4%	232,734	33.6%	158,884	30.6%
American Airlines	161,695	27.2	179,723	30.1	191,215	30.7	191,700	27.7	156,473	30.1
JetBlue Airways	100,144	16.8	94,284	15.8	89,046	14.3	87,827	12.7	61,281	11.8
Delta Air Lines	129,683	21.8	125,822	21.0	140,658	22.6	172,553	24.9	124,493	23.9
Frontier	-	0.0	-	0.0	-	0.0	8,394	1.2	18,748	3.6
Allegiant Airlines	13,743	2.3	7,450	1.2	-	0.0	-	0.0	-	0.0
Porter Airlines	1,155	0.2	642	0.1	683	0.1	-	0.0	-	0.0
Total	**595,247**	100%	**597,800**	100%	**623,489**	100%	**693,208**	100%	**519,874**	100%

Source: City of Burlington Department of Airports

Landed Weight

Fiscal year 2020 total landed weight was approximately 708,254 thousand pounds of weight, a decrease of nearly 178,046 thousand pounds over the prior fiscal year, as a result of the COVID-19 pandemic and reductions in flight activity at the Airport. Overall landed weights for this period generally correlates to the number of enplaned passengers, although landed weights for all-cargo carriers held steady through the period. Cargo landed weight is primarily attributable to Federal Express ("***FedEx***").

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Historical Landed Weight at the Airport
(Fiscal Year ended June 30)
(in thousands of pounds)

Fiscal Year	2016		2017		2018		2019		2020	
Carrier	Landed Weight	Share	Landed Weight	Share	Landed Weight	Share	Landed Weight	Share	Landed Weight	Share
American Airlines	208,527	27.5%	220,872	29.6%	246,729	30.5%	234,555	26.5%	201,962	28.5%
United Airlines	203,105	26.8	201,340	27.0	230,670	28.5	278,514	31.4	193,555	27.3
Delta Air Lines	157,360	20.8	149,869	20.1	162,598	20.1	197,917	22.3	154,710	21.8
JetBlue Airways	113,502	15.0	106,861	14.3	108,044	13.4	108,845	12.3	82,171	11.6
All-Cargo	57,940	7.7	57,745	7.7	58,566	7.2	58,456	6.6	57,752	8.2
Frontier	-	0.0	-	0.0	-	0.0	8,013	0.9	18,104	2.6
Allegiant Airlines	14,799	2.0	8,449	1.1	-	0.0	-	0.0	-	0.0
Porter Airlines	1,782	0.2	1,719	0.2	1,791	0.2	-	0.0	-	0.0
Total	**757,015**	100%	**746,855**	100%	**808,398**	100%	**886,300**	100%	**708,254**	100%

Source: City of Burlington Department of Airports

In the first four months of fiscal year 2021, total landed weights were 149,803 thousand pounds, compared to 411,999 thousand pounds in the first four months of fiscal year 2020, a reduction of 63.4%. The majority of the reduction is from passenger service, which declined to 126,778 thousand pounds in the first four months of fiscal year 2021 from 387,380 thousand pounds in the same period of fiscal year 2020, compared to all-cargo airlines, which declined to 23,025 thousand pounds in the first four months of fiscal year 2021 compared to 24,619 thousand pounds in the same period of fiscal year 2020.

Origin – Destination Patterns

An important airport characteristic is the existence of airline service to its largest markets, as measured by the number of passengers travelling between the city pairs ("***O&D Markets***"), which is a function of air travel demand and available services and facilities. The following table shows the Airport's non-stop markets as of January 2020 and January 2019, including the markets served, daily nonstop flights for each market, and the airlines providing nonstop service to these markets. At the commencement of fiscal year 2020, the airlines serving the Airport provided daily nonstop service to twelve markets with an average of 35 daily flights. Since the onset of the COVID-19 pandemic in March 2020, airlines have reduced service at the Airport and, as of January 2021, there was nonstop service to 8 markets with an average of 15 daily flights.

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Non-Stop Markets, January 2020 and 2019
from BTV

Market	Avg. Daily 2019 Non-Stops	Avg. Daily 2020 Non-Stops (2)	No. Airlines 2019	No. Airlines 2020	Airline (Operating Carrier)
Atlanta	2	2	1	1	Delta
Charlotte	-	2	-	1	American
Chicago – ORD (1)	6	6	2	2	American & United
Denver (1)	1	1	2	2	Frontier & United
Detroit	3	3	1	1	Delta
Newark	5	5	1	1	United
New York-JFK	5	5	2	2	Delta & JetBlue
New York-LGA	3	3	1	1	Delta
Orlando – MCO (1)	1	1	1	1	Frontier
Philadelphia	5	5	1	1	American
Washington Dulles	3	3	1	1	United
Washington-DCA	2	3	1	1	American
Totals	35	35			

Notes: (1) Includes seasonal service.
(2) Average daily non-stop flights represent BTV activity July-March. Since then some flights have been suspended, including service to Toronto, due to the COVID-19 pandemic.

Source: City of Burlington Department of Airports

Airport Capital Development Program

In the five-year period from fiscal years 2016 through 2020, the Airport was able to undertake and complete a number of significant capital projects as well as a substantial amount of major maintenance projects. As a result, in response to the COVID-19 pandemic, the Airport has been able to substantially reduce projected spending on major maintenance at the Airport in fiscal years 2022 and 2023 to approximately $200,000 per year, compared to an average of nearly $5 million per year in fiscal years 2019 and 2020. The Airport Capital Development Program for fiscal years 2021 through 2026 has total estimated costs of approximately $97.5 million, the majority of which ($93.6 million) consists of projects expected to be funded from federal or state grants. The Airport has reduced projected capital expenditures in fiscal years 2022 and 2023 in response to the reductions in passengers and revenues as a result of the COVID-19 pandemic but continues to expect to undertake and complete several airfield and terminal projects primarily funded with FAA Airport Improvement Program (AIP) grants and FAA supplemental grants. In addition to the Airport's capital program, VTANG has funded approximately $2.3 million of repairs in fiscal years 2018 - 2020 to Runway 15-33 and aircraft apron serving the VTANG. The FY 2021 - FY 2026 Capital Development Program is summarized in the following table; expenditures for the period are projected:

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Airport Capital Development Program
Projects and Projected Funding Sources
Fiscal years 2021 – 2026
($ in 000's)

Projects	Total Projected Cost
Airfield Projects	$32,885
Cargo Apron Development	4,400
Terminal Area Apron Projects	5,000
Terminal Building Related Projects	15,500
Other Projects (AIP/PFC eligible)	6,800
Planning / Predesign Projects	2,900
Noise Mitigation	30,000
Total Project Costs	**$97,485**

Projected Funding Sources	Estimated Funding Amounts
Federal AIP Entitlement Funding	$21,120
AIP Discretionary Funding	66,617
State Grant Funds (6%)	5,849
Local Funds (4%)*	3,899
Total Projected Funding	**$97,485**

*Local funding projected to be partially paid with PFCs
Source: City of Burlington Department of Airports

For the purposes of capital planning, the Airport Capital Development Program includes projects in the following categories: Capital Improvement Projects, Building Improvement Program, Airfield Improvement Program, Operating/Administrative Equipment Program, and Maintenance Equipment Replacement Program.

An update to the Airport's Master Plan was completed in January 2011. The Airport is working on finalizing a new Master Plan within the next year. The 2011 Master Plan grouped recommended improvements into various phases of implementation in five to ten year increments. The most pressing phases were completed within the first five years of the Master Plan's recommended development program. The Airport Capital Development Program considers a portion of the recommended development plan identified in the Master Plan.

It is anticipated that funding sources will include entitlement and discretionary funding via the FAA's Airport Improvement Program ("***AIP***") grants, state grants, and Airport funds from operations. The City does not expect to issue any additional Bonds to fund the Airport Capital Development program in the next five years. The Airport expects to apply PFCs to pay a portion of the debt service on its outstanding bonds, including the Series 2021 Bonds. For the period from fiscal year 2021 through fiscal year 2023, the Airport's capital plan projects receipts of $10,560,000 in AIP entitlement funds, $27,382,000 in AIP discretionary funds, $14,760,000 in supplemental FAA grants, $1,500,000 in State grant funds (providing a portion of the required 10% local match to AIP grant funds), and $3,526,000 in local funding, anticipated to be provided by PFCs, as the remaining portion of the local matching funds for AIP funds. On February 22, 2021, Senator Patrick Leahy and Burlington City Mayor Miro Weinberger announced that the FAA had awarded a $14,500,000 discretionary AIP grant to the Airport to expand the terminal building and consolidate the two existing checkpoints into a single one. The grant is expected to cover 90% of the cost of the project and the Airport expects to apply PFCs to pay the remaining 10%. As described below, AIP grant funds are provided by the FAA pursuant to the Airport Improvement Program in the form of both "entitlement" funds and "discretionary" funds. Entitlement funds are apportioned annually based upon enplaned passengers, while discretionary funds are made available by the FAA based on a national priority system. The projects at the Airport anticipated to be funded with AIP discretionary grants and supplemental FAA grants are primarily expected to be airfield apron and taxiway improvements, a terminal integration project to consolidate TSA checkpoints into a single location, noise mitigation, and planning. There can be no assurance that AIP grant funds will be received by the Airport in the amounts projected and, if sufficient funds are not received, projects may be cancelled or deferred. See "CERTAIN INVESTMENT CONSIDERATIONS – Considerations Regarding Other Sources of Revenue – *Federal Grants-In-Aid*" herein.

As a condition to the receipt of federal AIP grants, eligible airports must provide written assurances that they will comply with a variety of statutorily specified conditions. One such assurance is the so-called "airport generated revenues" assurance which provides that all airport generated revenues will be expended for the capital or operating costs of the airport, the local airport system, or other local facilities owned or operated by the applicant that are directly and substantially related to air transportation of passengers or property. The City believes that the Airport is in compliance with each of its grant assurances. See "CERTAIN INVESTMENT CONSIDERATIONS – Federal Law Affecting Airport Rates and Charges" and "– Considerations Regarding Other Sources of Revenue".

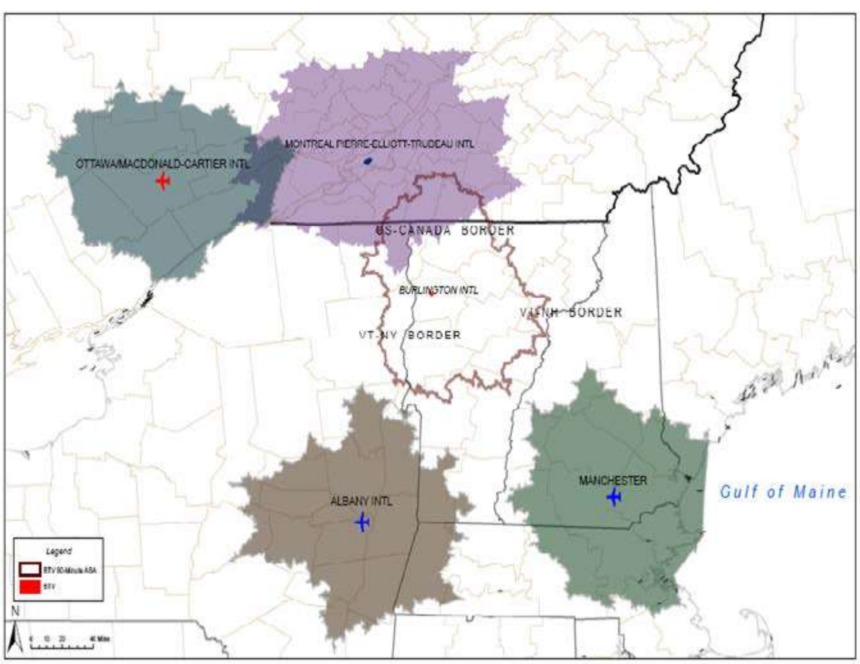
For those projects anticipated to be eligible for AIP funding, up to 90% of estimated project costs are anticipated to be funded with AIP grant funds, while the remainder of AIP-eligible project costs are expected to be funded through state grants and a combination of PFC funds and/or Airport-generated funds. Anticipated funding sources of PFC Projects reflect current funding assumptions. Total costs associated with any projects under the Building Improvement Program, Grounds Improvement Program, Operating/Administrative Equipment Program, and Maintenance Equipment Replacement Program are anticipated to be funded from local sources.

Air Service Market

The Airport is the main commercial facility providing scheduled air service to central and northern Vermont and the surrounding area. The Airport also serves as a gateway to the Lake Champlain region, the state capital in Montpelier, and to several local ski resorts.

A large percentage of the Airport's local passenger traffic originates from the Burlington-South Burlington Metropolitan Area which consists of three counties in the State of Vermont: Chittenden (the county in which the Airport is located), Franklin, and Grand Isle. The Airport also attracts passengers, although to a lesser extent, from the remainder of central and northern Vermont, portions of northeastern New York, and portions of southern Quebec, Canada. On February 22, 2021, the Governor of Vermont announced that persons that have received an approved vaccine against COVID-19 may travel to and from the State without undergoing the previously mandated 15 day quarantine.

The Canadian passengers that utilize the Airport come primarily from southern Canada, primarily within the Province of Quebec. The southern Canadian region is predominantly a rural area covering approximately 26,000 square miles. The Airport has undertaken an aggressive bilingual marketing campaign in southern Quebec.



It is estimated that prior to the COVID-19 pandemic, up to 150,000 Canadians used the Airport each year, making approximately 20% of all enplanements. However, as a result of the pandemic, On March 20, 2020 the US Department of Homeland Security (DHS) closed the US-Canadian border to non-essential travel to mitigate the spread of the COVID-19 virus. The US-Canadian border has remained closed to non-essential travel since March 20, 2020. On February 19, 2021 DHS extended the closure of the US-Canadian border to non-essential travel through March 21, 2021. Prolonged restrictions on cross-border travel could impact future traffic patterns and the timeline to recovery to pre-pandemic levels of activity. Once the border reopens and the restrictions and effects of the pandemic are lessened, Airport management anticipates that this source of passengers is likely to return to the Airport. The Canadian air travel market continues to be more heavily regulated and more expensive than the American market due to a higher tax and fee burden on ticket prices. Frequently, passengers living in southern Canada can save in excess of $200 per passenger by driving fewer than 2 hours to depart from BTV rather than from a Canadian airport. It should be noted that there continue to be discussions among Canadian airports to reduce costs to passengers to make their facilities more competitive in an attempt to recapture passengers lost to U.S. airports. A new expressway opened in southern Quebec that connects with Interstate 89 at the border in Highgate, Vermont. This expressway has reduced the travel time between Burlington and Montreal by approximately one-half hour.

Prior to the COVID-19 pandemic, the Airport routinely purchased print and internet advertising in Quebec as well as radio advertising in the Eastern Townships of Quebec. Prior to the pandemic, there was also direct Greyhound express bus service between downtown Montreal and the Airport.

Socioeconomic Characteristics

A major portion of demand for air travel at the Airport is influenced by the local socioeconomic characteristics of the greater Burlington area. The greater Burlington area is home to a number of large corporations and educational facilities. Greater Burlington has a well-educated population, with over 50% of residents having completed 4-year college. The estimated median household income for Burlington during 2015-2019 is $51,394 in 2019 dollars. In 2019, the unemployment rate for the Greater Burlington area was 1.9%, and as of June 2020, the unemployment rate was 8.7%. Prior to the COVID-19 pandemic, over 25,000 students attended colleges and universities in the Airport's primary service area, including the University of Vermont, Middlebury College, Saint Michael's College, Champlain College, Norwich University, and the Community College of Vermont. The students at these schools have historically provided a reliable passenger base during the academic year.

The following table shows the current enrollment figures for the local colleges and universities. Although the majority of colleges and universities in the greater Burlington area are using hybrid classes as a result of the COVID-19 pandemic, most students are living on or near campus.

Area Institutions	Enrollment
Champlain College	2,078
Community College of Vermont (Winooski)	10,609
Middlebury College	2,500
Northern Vermont University-Johnson	1,145
Norwich University	2,600 (and 1,400 online students)
St. Michael's College	1,600
University of Vermont	10,585 undergraduates; 1,672 graduate students
Vermont Law School	653

Source: Information obtained from the respective Colleges' websites

Companies such as University of Vermont Medical Center, Ben & Jerry's, Burton Snowboards, Seventh Generation, NRG Systems, Green Mountain Coffee and Dealer.com are located or headquartered in and around Burlington. University of Vermont Medical Center employs approximately 5,600 persons, and each require reliable and convenient travel options to continue to attract employees and customers. Historically, academic travel, vacation trips originating in Canada and business travel, as well as winter tourism in and around Burlington, have been the source of many Airport passengers. Many nationally known companies are located or headquartered in the Burlington metropolitan area. The following table shows the ten largest employers in the Air Trade Area, as measured by number of employees. Other local well-known companies include Beta (developer of electronic vertical take-off and landing (eVTOL) aircraft), Cabot Creamery, National Life Group, Hazelett Corporation (continuous casting machines), and the Vermont Teddy Bear Company.

Top Ten Employers in the Air Trade Area

Name	Employees
University of Vermont Medical Center	5,591
University of Vermont	3,729
Global Foundries	2,500
City of Burlington and Burlington School District	2,434
Howard Center of Human Services	1,500
Walmart	1,273
Dealer.com	1,100
People's United Bank	876
Adecco	826
Ben & Jerry's Homemade, Inc.	735

Source: Chittenden County and Vermont Business Magazine, Vermont Business Directory.

Airport Competition

The Airport's primary competition, both domestic and international, comes from the following airports: Plattsburgh International Airport, in New York (approximately 35 miles driving distance from downtown Burlington, but requiring a ferry connection); Albany International Airport in New York (approximately 144 miles driving distance from downtown Burlington); and Manchester-Boston Regional Airport in New Hampshire (approximately 171 miles driving distance from downtown Burlington). Additional competing commercial service airports are located in Rutland, Vermont and Lebanon, New Hampshire. However, their impact on the Airport's traffic base is minimal, given that commercial service from each airport is limited to Essential Air Service program subsidized service to Boston, Massachusetts and White Plains, New York. To a lesser extent, particularly for international traffic, the Airport is also impacted by Montreal Trudeau International Airport, in Montreal (approximately 101 miles driving distance from downtown Burlington) and Boston Logan International Airport, in Massachusetts (approximately 213 miles driving distance from downtown Burlington). The competition is attributable primarily to their accessibility to the Air Trade Area and their higher levels of service in terms of daily flights, numbers of carriers and destinations served.

Vermont Air National Guard's 158th Fighter Wing

The eastern portion of the Airport premises, consisting of approximately 315 acres, is occupied by the VTANG 158th Fighter Wing. Currently, the VTANG consists of 20 new F35 fighter aircraft stationed at the Airport. By arrangement with the City, VTANG provides Aircraft Rescue and Fire Fighting services to the Airport that meet federal, state and local requirements during that portion of every day when commercial airline service is in operation at the Airport, resulting in an estimated annual savings of approximately $2.5 million for the Airport. Another 27 acres at the northern portion of the Airport is leased to the Vermont Army Guard for a Blackhawk helicopter and an Emergency Readiness Facility.

Employee Matters

The City Council establishes the maximum staffing levels for all City departments including the Airport. Within these limits, the Director of Aviation is responsible for the hiring of all staff necessary to carry on operations at the Airport. Currently there are 52 authorized Airport employees, and five vacancies. Those Airport employees who are not regarded as supervisory or confidential are represented by Local 1343 of the American Federation of State, County and Municipal Employees ("***AFSCME***"). A "confidential employee" is defined as an employee whose responsibility or knowledge or access to information relating to collective bargaining, personnel administration, or budgetary matters would make membership in or representation by an employee organization incompatible with his or her official duties, in accordance with Title 21, Section 1722 of the Vermont Statutes Annotated. The AFSCME union also represents employees of the City's Public Works, Parks and Recreation and Library Departments, as well as civilian employees of the Police Department and employees in the offices of the

CAO and City Assessor. The current collective bargaining agreement is in effect through June 30, 2022. It covers wages, hours and working conditions for represented employees.

Bargaining between the City and AFSCME has occurred since 1969, and there has never been a strike or work stoppage. All bargaining has resulted in the negotiation of an agreement.

Retirement Plans

All the Airport employees are members of the Burlington City Employees Retirement System (the "***Retirement System***"), which is reviewed annually by an independent actuary. All City employees except teachers in the Burlington School Department are covered by the Retirement System. The Airport contributes to the Retirement System based upon its proportionate share of the City's total pension liability, based on full time equivalent employees and wages. At June 30, 2020 and 2019, the Airport's proportionate share was 2.20% and 2.14%, respectively. In fiscal years 2020 and 2019 the Airport contributed $238,269 and $216,312, respectively, to the Retirement System.

The Retirement System is a contributory defined benefit plan. As of June 30, 2020, the Retirement System was funded at approximately 72% of its anticipated obligations over the next thirty years and had an unfunded liability of approximately $83.3 million dollars. The Retirement System is funded by a combination of the Retirement System's investment earnings, City contributions and contributions by City enterprise funds such as the Airport, and employee contributions. The amount estimated to be required by the actuaries that is not received from the combination of investment returns and employee contributions is assessed as a property tax by the City Council. *See* "APPENDIX B, Financial Statements of Airport Enterprise Fund for Fiscal Years Ended June 30, 2020 and 2019 - Footnote 11" for more information about the Airport's contribution to the Retirement System.

Contractual Services

A number of the required services at the Airport are provided through contractual arrangements. The Burlington Police Department provides police and terminal security services. Annually, the Airport and Police Department agree on the scope of services to be provided by the Burlington Police Department for security services. The Airport reimburses the Police Department in accordance with the time expended by police officers at the Airport. Currently, there is one Burlington police officer assigned to the Airport 24 hours per day, with two officers assigned during times the security checkpoints are open. In fiscal years 2020 and 2019, the Airport paid the City $1,205,150 and $1,164,400, respectively, for such services. The annual budgeted cost for such police services for Fiscal Year 2021 is $1,212,000.

The Airport directs parking management for the covered parking facility. Until 2017, these services were provided by the City's Department of Public Works ("***DPW***"). In fiscal years 2017 and 2018, the Airport paid the City reduced management fees for transition of this service of approximately $50,000 and $25,000, respectively. Subsequently, the DPW employees that had provided these services were transferred to the Airport department. The Airport's budget for the operation of the parking garage for fiscal year 2021 is $1,330,615, plus debt service of $2,487,677.

Janitorial and terminal cleaning services are provided by Janitech, under a contract which expires on June 30, 2023. The cost for cleaning services in fiscal years 2020 and 2019 was $637,366 and $625,980 respectively. The Airport has budgeted $608,539 for such services in fiscal year 2021.

The City provides direct administrative services and support services to the Airport, including payroll, payables processing, and risk management. The Airport transfers funds to the City's general fund to reimburse the City for direct and indirect services provided by the City to the Airport. In addition, the City provides accounting, engineering and legal services to the Airport by City staff on a reimbursement for time expended basis. In the last two fiscal years, the Airport expended $465,200 and $429,700 for administrative and support services in fiscal years 2020 and 2019, respectively. The Airport has budgeted $512,316 for such services in fiscal year 2021.

Insurance

The Airport facility is insured through the City's commercial property insurance policy with an aggregate limit of $277 million. The Airport's employees and equipment are covered through the City's broad-based automobile and inland marine policies, respectively. In addition, the Airport has an airport owner's and operator's general liability insurance policy with a current liability limit of $100 million per occurrence for all airport operations including airfield operations and hangar keeper's liability and a $50 million limit on malpractice and personal and advertising injury. The Airport carries a separate policy for public officials (management liability) with Chubb, including employment related practices liability, with a $5,000,000 limit.

Commercial property insurance auto, and inland marine is provided by Travelers and is offered on a guaranteed cost basis with deductibles of $50,000 for commercial property, $1,000 - $2,000 for auto, and $2,500 - $10,000 for inland marine. The airport owner's and operator's general liability insurance policy is offered through Chubb without deductible. The public officials/management liability with Chubb carries a $25,000 deductible. The City's workers' compensation program is a "paid large deductible" structure with each accident deductible of $350,000.

FINANCIAL INFORMATION

Financial Statements

The Financial Statements of the Airport Enterprise Fund for the fiscal years ended June 30, 2020 and June 30, 2019 have been audited by Melanson, P.C., Certified Public Accountants, the City's independent auditors. The Financial Statements, and the Independent Auditor's Report therein, are included as APPENDIX B to this Official Statement.

LETTER REPORT OF THE AIRPORT CONSULTANT

The City retained Ricondo & Associates, Inc. (the "***Airport Consultant***") to prepare the letter report attached hereto as APPENDIX A which describes, among other matters, a summary of historical and projected air traffic at the Airport, a financial analysis, including estimates of Revenues, operation and maintenance expenses and annual debt service coverage and cost per enplaned passenger following the issuance of the Series 2021 Bonds and the City's capital plans for the Airport (the "***Consultant's Letter Report***"). The Consultant's Letter Report is limited in scope to evaluation of the following matters: (i) whether the City is required to conduct an additional bonds test required by the Resolution; (ii) the City's ability to comply with the Rate Covenant established in the Resolution on a pro forma basis for fiscal year 2022 through fiscal year 2026; and (iii) the reasonableness of the resulting projected airline costs. The Consultant's Letter Report should be read in its entirety for an explanation of the assumptions and forecasts used therein.

In the context of the widespread economic disruption, public health restrictions, and reductions in airline travel that have resulted from the COVID-19 pandemic beginning in early 2020, making meaningful projections of air traffic demand for the Airport is not possible at this time. For purposes of preparing the financial projections described in the Consultant's Letter Report set forth in APPENDIX A, the City and the Airport Consultant developed two hypothetical scenarios for passenger traffic recovery over the next four to six years.

The projected financial results of the Airport presented in the Consultant's Letter Report are based upon certain assumptions and estimates concerning future events and circumstances described in the review, which the City believes to be reasonable. However, any projection is subject to uncertainties and some assumptions will not be realized and unanticipated events and circumstances may occur. Therefore, there will be differences between the projected and actual results, and those differences may be material. The achievement of any financial forecast is dependent upon future events which cannot be assured.

These projections were prepared by the Airport Consultant. The City retained the Airport Consultant as recognized experts in their field to prepare the Consultant's Letter Report. The Consultant has consented to the inclusion of their Consultant's Letter Report herein. No assurance can be given that the projected Revenues and Operating Expenses for the period covered by the projections will comport with actual results.

CERTAIN INVESTMENT CONSIDERATIONS

The Series 2021 Bonds may not be suitable for all investors. Prospective purchasers of the Series 2021 Bonds should give careful consideration to the information set forth in this Official Statement, including, in particular, the matters referred to in the following summary and under the heading "IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT." The following summary does not purport to be a comprehensive or exhaustive discussion of risks or other considerations which may be relevant to investing in the Series 2021 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such considerations. There can be no assurance that other considerations not discussed herein will not become material in the future. The risks to the Airport related to COVID-19, although not purported to be a comprehensive or exhaustive discussion, can be found above under the heading "IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT." The risks below present a summary of additional risks to the Airport's Revenues, not related to COVID-19, that prospective purchasers of the Series 2021 Bonds should give careful consideration to prior to purchasing the Series 2021 Bonds.

COVID-19

See "IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT" above for risks associated with the Series 2021 Bonds and the Airport resulting from the COVID-19 pandemic.

The Series 2021 Bonds are Special Obligations

THE SERIES 2021 BONDS WILL BE SPECIAL OBLIGATIONS OF THE CITY, PAYABLE SOLELY FROM REVENUES OF THE CITY DERIVED FROM THE OWNERSHIP AND OPERATION OF THE AIRPORT, SUBJECT TO THE PRIOR PAYMENT OF OPERATION AND MAINTENANCE EXPENSES, ON A PARITY WITH BONDS PREVIOUSLY ISSUED AND ANY ADDITIONAL BONDS WHICH MAY HEREAFTER BE ISSUED BY THE CITY, AS PROVIDED IN THE RESOLUTION. THE SERIES 2021 BONDS WILL NOT BE A GENERAL OBLIGATION OF THE CITY, NOR WILL THE CITY BE OBLIGATED TO LEVY ANY TAXES IN CONNECTION WITH THE SERIES 2021 BONDS. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE STATE OF VERMONT, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE SERIES 2021 BONDS. SEE "SECURITY FOR THE BONDS" HEREIN.

Financial Assumptions

Operations of the Airport and the setting of rates and charges by the City with respect to the Airport are based on a number of assumptions that the City believes are reasonable, although any of these assumptions may prove incorrect. Such assumptions include, among others, that (a) the Use and Lease Agreements will continue in effect or be replaced by other mechanisms which will effect a similar rates and charges structure for use of the Airport, (b) there will not be significant reductions in the level of aviation activity at the Airport, or if there are, that rates and charges to airlines operating at the Airport can be adjusted upward to offset any such reduction, (c) airlines operating at the Airport will remain solvent and able to pay amounts owed under the Use and Lease Agreements, (d) various federal airport funding programs (including AIPs and PFCs) will continue, (e) projections of operation and maintenance expenses and non-airline revenues for the Airport are reasonably accurate and (f) there are not significant changes in the airline industry generally that adversely affect operations at the Airport. Any significant variation in any of these and other assumptions could have a material adverse effect on the Airport, the financial condition of the Airport and the projections of the Airport Consultant contained in APPENDIX A hereto.

Airlines Servicing the Airport

The airlines servicing the Airport are American, Delta, JetBlue, United, as Signatory Airlines, although JetBlue has suspended service as a result of the COVID-19 pandemic, and Frontier on a seasonal basis as a non-signatory airline. There is no assurance that any or all of the airlines currently serving the Airport will continue to serve the Airport or will continue to provide service on all of the routes currently served.

General Economic Conditions

Historically, the financial performance of the air transportation industry has correlated with the state of the national and global economy. As a result of the COVID-19 pandemic, the U.S. and world-wide air travel industries have sustained unprecedented losses. Following significant and dramatic changes that occurred in the financial markets in September 2008, the U.S. economy experienced a recession followed by weak growth. The near-term economic outlook for the national and Vermont economies continues to include a potential double-dip recession as a result of the COVID-19 pandemic, followed by a recovery from the recession, the speed and extent of which will be dependent on a number of factors, including the efficacy and availability of vaccines against the COVID-19 virus, the ability of businesses to recover from the effects of the pandemic, the reopening of colleges and universities in the greater Burlington area to in-person study, and the willingness of persons to begin traveling again for both business and leisure. There can be no assurances that the prolonged weak economic conditions, the continuation of the COVID-19 pandemic, or other national and international fiscal concerns will not have an adverse effect on the air transportation industry.

Financial Condition of the Airline Industry

The number of passengers using the Airport will depend partly on the profitability of the U.S. airline industry and the associated ability of the industry and individual airlines to make the necessary investment to continue providing service. The airline industry has historically been highly cyclical and is characterized by intense competition, high operating and capital costs, and varying demand. Passenger and cargo volumes are highly sensitive to general and localized economic trends, and passenger traffic varies substantially with seasonal travel patterns. After an exceptional period of volatility in the 2000s, U.S. carriers experienced record profitability prior to the COVID-19 pandemic. In the near-term, the recovery of the airlines from the effects of the COVID-19 pandemic will take some time and likely constrain growth in air service for some period of time. The profitability of the airline industry may continue to fluctuate dramatically from quarter to quarter and from year to year, even in the absence of catastrophic events such as the COVID-19 pandemic, the terrorist attacks of September 11, 2001 and the economic recession of 2008 and 2009.

Further, due to the discretionary nature of business and personal travel spending, airline passenger traffic and revenues are heavily influenced by a variety of factors, including: (i) the strength of the U.S. economy and other regional and world economies, (ii) the cost and availability of labor, fuel, aircraft and insurance, (iii) international trade, (iv) currency values, (v) competitive/partnership considerations, including the effects of airline ticket pricing, (vi) traffic and airport capacity constraints, (vii) governmental regulation, including security regulations and taxes imposed on airlines and passengers, and maintenance and environmental requirements, (viii) passenger demand for air travel, (ix) strikes and other union activities and (x) disruptions caused by airline accidents, criminal incidents, acts of war or terrorism and weather and natural disasters.

Historically, airline travel demand has recovered from temporary decreases stemming from recessions, carrier liquidations, terrorist attacks and international hostilities. Given the strong origin-destination character of the Airport's market, the travel intensity of the Burlington area's key industries and the relatively high per capita income of the region, the City expects that future demand for airline travel at the Airport will depend primarily on economic factors, rather than the financial health of any given air carrier.

While the City believes that it is less vulnerable to the economic condition of individual airlines because of the Airport's high percentage of origin-destination passengers and because no single airline accounts for a majority of enplaned passengers, no assurance can be given as to the financial stability or profitability of the airline industry or of any airline in particular. The City makes no representation with respect to the continued viability of any of the carriers serving the Airport, airline service patterns, or the impact on any Airport revenues. No assurance can be given that airlines serving the Airport will not eliminate or reduce service.

Reductions in Service

After the recession of 2007-2008, large air carriers were slow to restore service to small and medium hub airports (as classified by the FAA) and shifted much of the service at such airports to their affiliated regional carriers. That pattern may reassert itself following the COVID-19 pandemic. Air service at many small and medium hub airports is largely only provided to the large carriers' connecting hubs, with limited non-stop service to other non-connecting hub airports. Prior to the COVID pandemic, passenger traffic at the Airport had increased and the airlines serving the Airport had offered more destinations. It is not clear whether as the country recovers from the pandemic if the airlines serving the Airport will reinstate all of the service provided prior to the pandemic. The consolidation of the major airlines, the resulting reductions in the number of airline connecting hubs, and the shift in air service at small hub airports to regional carriers could result in slower or limited growth of passenger enplanements and landed weights at the Airport and, consequently, in the growth of Revenues.

Airline Consolidation

In 2005, ten major airlines were flying inside the United States (AirTran, Alaska, American, America West, Continental, Delta, Northwest, Southwest, United and US Airways) and accounted for 87.0% of all available seats. Faced with declining profitability due to the increased cost of aviation fuel, lower fares brought on by the proliferation of low-cost carriers (as described below), reduced growth potential in the domestic markets and declining passenger activity based on security concerns, the airlines pursued consolidation. As a result of these consolidations, today there are five major airlines flying inside the United States (American, Delta, Southwest, United and Alaska) that account for approximately 80% of domestic capacity (available seats). Such consolidation, combined with a focus on driving profitability via capacity discipline and unbundling of services and resulting increased fee income, had increased airline profitability prior to the onset of the COVID-19 pandemic. In addition, American and JetBlue recently entered into an agreement pursuant to which each can code shares with the other and each can access the other airline's passenger loyalty program.

Further airline consolidation remains possible. Depending on which airlines serving the Airport, if any, merge or join alliances, the result may be fewer flights or decreases in gate utilization by one or more airlines. Such decreases could result in reduced Airport revenues, reduced PFC collections and increased costs for the airlines serving the Airport.

Growth of Low-Cost Carriers

Low-cost carriers ("***LCCs***") are carriers that take advantage of an operating cost structure that is typically significantly lower than the cost structure of the network carriers and an increased reliance on fee revenues. These advantages can include lower labor costs, greater labor flexibility, a streamlined aircraft fleet (i.e., fewer different types of aircraft in a given airline's fleet) and a generally more efficient operation. These low costs suggest that the LCCs can offer a lower fare structure to the traveling public than network carriers while still maintaining profitability. Further, increased access to major markets for LCCs may moderate average airfare increases that can typically result from airline consolidation. In calendar year 2019, prior to the COVID-19 pandemic, LCCs provided approximately 31% of the airline seat capacity in the U.S. market.

As the larger U.S. carriers consolidated and became more focused on capacity discipline, fare increases took hold. LCCs began to emerge in larger markets where passenger levels were high enough for the LCCs to overcome certain barriers to entry caused by the larger carriers such as, for example, control of the majority of airport gates and slots. The cost structure of LCCs allows for lower fares, which has stimulated traffic and driven LCCs into more and larger markets. One result of the consolidation of carriers and their capacity discipline and the associated fare increases is that certain price-sensitive travelers are flying less. Accordingly, these budget conscious flyers have emerged as an underserved segment which has helped to expand the LCC market to include the ultra-low cost carriers ("***ULCCs***"), such as Allegiant, Frontier and Spirit. The ULCC business model is characterized by operational flexibility and extreme unbundling of services; the purchase of a ticket on a ULCC covers only the seat. Other amenities such as seat choice, food or drink, checked or carry-on luggage or a paper boarding pass are then available for additional a la carte purchase. ULCCs often operate infrequently, providing less than daily service and moving into and out of markets on a seasonal or other basis.

LCCs and ULCCs are a significant component of service at the Airport. During fiscal year 2020, two domestic LCCs and ULCCs operated at the Airport—JetBlue and Frontier Airlines. In addition to these domestic LCCs, during fiscal year 2020, one foreign flag LCC—Porter—provided international service to Toronto, but has since suspended service. See "IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT – Impact of COVID-19 on Airline Service" above for information on the impact of COVID-19 on airline service at the Airport.

To some extent, the distinction between LCCs and the major network airlines has blurred in recent years. As the LCCs have started to serve airports in major metropolitan areas (such as JetBlue at Boston and New York and Southwest at LAX and New York) in an effort to capture business travelers, and some LCCs have faced increases in labor costs (e.g., the JetBlue pilots unionized in April 2014), the cost base of the traditional LCC has trended upwards. In calendar year 2019, Southwest and JetBlue had average unit costs of 12.4 cents and 11.3 cents, respectively, which were similar to that of Hawaiian Airlines (at 12.1 cents). In the first half of calendar year 2020, costs increased, particularly in the April-June 2020 quarter, as demand plummeted due to the COVID-19 pandemic; it is expected that the COVID-19 pandemic will continue to have an impact on these figures for the foreseeable future. At the same time, the major network carriers have been adopting some of the practices and operational norms of the LCCs, resulting in a general downtrend for major network airline costs. As a result, the fare differential between LCCs and network carriers has narrowed in recent years.

Structural Changes in the Travel Market

Many factors have combined to alter consumer travel patterns. The threat of terrorism against the United States remains high. As a result, the federal government has mandated various security measures that have resulted in new security taxes and fees and longer passenger processing and wait times at airports. Both add to the costs of air travel and make air travel less attractive to consumers relative to ground transportation, especially to short-haul destinations. Additionally, consumers have become more price sensitive. Efforts of airlines to stimulate traffic by heavily discounting fares have changed consumer expectations regarding airfares. Consumers have come to expect extraordinarily low fares. In addition, the availability of fully transparent price information on the internet now allows quick and easy comparison shopping, which has changed consumer purchasing habits. Consumers have shifted from purchasing paper tickets from travel agencies or airline ticketing offices to purchasing electronic tickets over the internet. This has made pricing and marketing even more competitive in the U.S. airline industry. Finally, smaller corporate travel budgets, combined with the higher time costs of travel and the impacts of the COVID-19 pandemic, have made business customers more amenable to communications substitutes such as teleconferencing and videoconferencing.

Effect of Bankruptcy of Air Carriers

Since 2001, several airlines have filed for and have subsequently emerged from bankruptcy protection, including United, Continental, Delta, Northwest, US Airways and American Airlines. Additional bankruptcies, liquidations or major restructurings of other airlines could occur and, as a result of the COVID-19 pandemic, a number of international carriers have sought bankruptcy or insolvency protection. The City's stream of payments from a debtor airline could be interrupted to the extent of unpaid fees for pre-petition goods and services, including accrued rent and landing fees. Under the U.S. Bankruptcy Code, a debtor airline that is a lessee under an unexpired lease with the City of non-residential real property, such as a lease of Terminal space, is required within certain statutory time periods to assume or reject such lease. Rejection of a use or other agreement or executory contract would give rise to an unsecured claim of the City for damages, the amount of which in the case of a use or other agreement is limited by the U.S. Bankruptcy Code. The amount ultimately received in the event of a rejection of a use or other agreement could be considerably less than the maximum amounts allowed under the U.S. Bankruptcy Code. Additionally, during the pendency of a bankruptcy proceeding, a debtor airline may not, absent a court order, make any payments to the City on account of goods and services provided prior to the bankruptcy. The City actively monitors past due balances to minimize any potential losses due to such proceedings, aggressively pursues overdue amounts and bankruptcy claims, and includes an allowance for uncollectible debts in its landing fee and terminal rental rates. Whether or not an airline agreement is assumed or rejected by a debtor airline in a bankruptcy proceeding, it is not possible to predict the subsequent level of utilization of the gates leased under such agreement.

It is not possible to predict the impact on the Airport of any future bankruptcies, liquidations or major restructurings of other airlines. Because of the Airport's high percentage of origin-destination passengers and because no single airline accounts for a majority of enplaned passengers, however, the City believes it is less vulnerable to the economic condition of individual airlines. Potential investors are urged to see "Information Concerning the Airlines" below.

Cost of Aviation Fuel

Airline earnings are significantly affected by changes in the price of aviation fuel. Any increase in fuel prices causes an increase in airline operating costs. Fuel prices continue to be susceptible to, among other factors, political unrest in various parts of the world (particularly in the oil-producing nations in the Middle East and North Africa), Organization of Petroleum Exporting Countries policy, the rapid growth of economies such as China and India and resulting demand for oil-based fuels, the levels of inventory carried by industries, the amounts of reserves maintained by governments, the amount and availability of newer sources of energy (e.g., U.S. "fracking" operations), disruptions to production and refining facilities, and weather. Historically, significant fluctuations and prolonged increases in the cost of aviation fuel have adversely affected air transportation industry profitability, causing airlines to reduce capacity, fleet and personnel, to invest in new, more fuel-efficient aircraft and equipment and to increase airfares and institute fuel, checked baggage, and other extra surcharges, all of which may reduce demand for air travel.

Many airlines engage in or have engaged in fuel hedging - purchasing fuel in advance at a fixed price through derivative contracts - to help manage the risk of future increases in fuel costs. However, there can be no assurance that any fuel hedging contract can provide any particular level of protection from volatile fuel prices. One carrier has even gone as far as to purchase its own refinery in order to better manage its fuel costs.

Aviation Security, Health and Safety Concerns

Concerns about the safety of airline travel and the effectiveness of security precautions, particularly in the context of potential international hostilities and terrorist attacks, may influence passenger travel behavior and air travel demand. Travel behavior may be affected by anxieties about the safety of flying and by the inconveniences and delays associated with more stringent security screening procedures, both of which may give rise to the avoidance of air travel generally and the switching from air to surface travel modes.

Public health and safety concerns also affect air travel demand from time to time, as clearly evidenced with the current COVID-19 pandemic. The current COVID-19 pandemic has had and likely will continue to have material adverse effects on passenger traffic and the Airport's operations and financial performance. See "IMPACT OF COVID-19 PANDEMIC ON THE AIRPORT" above. Future outbreaks or pandemics may lead to a decrease in passenger traffic, which in turn could cause a decrease in passenger activity at the Airport and a corresponding decline in Airport Revenues.

Following the fatal crashes of two Boeing 737 MAX aircraft that are suspected to have been caused by the malfunction of the aircraft's automated flight control system, all Boeing 737 MAX aircraft were grounded in March 2019. Among North American airlines, Air Canada, American, Southwest and United were affected. At the time of the grounding, Boeing 737 MAX aircraft accounted for approximately 1.5% of U.S. airline seat capacity. On November 18, 2020, the FAA signed an order formally rescinding the grounding of the Boeing 737 MAX aircraft, clearing the way for its return to service. However, the grounding of the 737 MAX aircraft had no discernable effect at the Airport, as none of the carriers serving BTV was using 737 MAX aircraft at the Airport.

Travel Substitutes

Teleconference, video-conference and web-based meetings continue to improve in quality and price and are often considered a satisfactory alternative to face-to-face business meetings. Events such as the COVID-19 pandemic have accelerated this trend and increased the number of individuals who are able to work from home. While the effects cannot be quantified, it is possible that business travel to and from the Airport may be more susceptible to such travel substitutes than many other domestic airports.

Non-Renewal of Airline Use and Lease Agreements

The existing Use and Lease Agreements will expire on June 30, 2021, but by their terms, will continue, on a month to month basis. There can be no assurance that the City will be able to negotiate extensions or renewals of the existing Use and Lease Agreements, or replacement agreements for the existing Use and Lease Agreements that are not extended or renewed. In addition, there can be no assurance that extended, renewed or new airline operating agreements would include residual payment methodologies, as do the current Use and Lease Agreements or, if based on compensatory calculations, that the City will be able to negotiate sufficient payments from the Signatory Airlines.

Information Concerning the Airlines

Many of the principal domestic airlines serving the Airport, or their respective parent corporations, are subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith file reports and other information with the Securities and Exchange Commission (the "***SEC***"). Certain information, including financial information, concerning such domestic airlines, or their respective parent corporations, is disclosed in certain reports and statements filed with the SEC. Such reports and statements can be inspected and copied at the public reference facilities maintained by the SEC and on its website.

For additional information on the airlines, prospective investors should review the airlines' financial information that is on file with the SEC and USDOT. The City does not undertake any responsibility for or make any representation as to the accuracy or completeness of: (i) any reports and statements filed with the SEC or USDOT or (ii) any material contained on the SEC's website as described in the preceding paragraph, including, but not limited to, updated information on the SEC website or links to other Internet sites accessed through the SEC's website.

Forward-Looking Statements

This Official Statement contains forecasts, projections and estimates that are based on current expectations. In light of the important factors that may materially affect the financial condition of the City, the Airport, and the aviation industry generally and other economic and financial matters, the inclusion in this Official Statement of such forecasts, projections and estimates should not be regarded as a representation by the City that such forecasts, projections and estimates will occur. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of results.

The factors affecting aviation activity at the Airport include: the growth of population and of the economy in the Burlington Secondary Market Service Area, airline service and route networks, the financial health and viability of the airline industry, national and international economic and political conditions, the availability and price of aviation fuel, levels of air fares, the capacity of the national air traffic control system and capacity at the Airport and elsewhere. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, the actual results achieved during the forecast period will vary, and the variations may be material.

Federal Law Affecting Airport Rates and Charges

Federal aviation law requires, in general, that airport fees be reasonable and that, in order to receive federal grant funding, all airport generated revenues must be expended for the capital or operating costs of the airport, the local airport system, or other local facilities owned or operated by the airport owner that are directly and substantially related to air transportation of passengers or property. Pursuant to the requirements of the Federal Aviation Administration Authorization Act of 1994 (the "***1994 Aviation Act***"), the USDOT and FAA have promulgated regulations setting forth an expedited hearing process to be followed in determining the reasonableness of airport rates and charges, and have also promulgated a policy statement (the "***Rates and Charges Policy***"), which sets forth the standards that the USDOT uses in determining the reasonableness of the fees charged to airlines and other aeronautical users. Pursuant to the Rates and Charges Policy, a residual rate methodology may only be imposed on air carriers at an airport with their agreement.

In 1997, the United States Court of Appeals for the District of Columbia Circuit vacated the Rates and Charges Policy in part, determined that a portion of the Rates and Charges Policy was arbitrary and capricious and vacated portions of the policy and remanded it to the USDOT. In 2008, USDOT amended the Rates and Charges Policy to permit "congested airports," as defined therein, to charge a two-part landing fee that includes a per operation charge intended to help reduce congestion and operating delays. Congested airports are also permitted to include certain other costs in their rate base, including the cost of certain construction in progress and costs associated with reliever airports, if owned by the same airport operator. The Airport does not currently qualify as a "congested airport." The USDOT has not yet proposed any other revisions to the Rates and Charges Policy. If new guidelines are published, the costs that will be permitted to be included in determining an airport's rate base and the extent to which such future guidelines may limit the City's flexibility in negotiating new airline agreements or in setting rates and charges for use of the Airport's airfield and non-airfield facilities cannot be determined at this time. Any new FAA guidelines or any standards promulgated by a court in connection with a dispute could limit the amounts and allocation of costs payable by airlines serving the Airport. Until the USDOT promulgates a new policy regarding rates and charges, the guiding principle for determining whether rates and charges established for use of airport assets is the requirement of federal law that such charges be "reasonable."

The City is not aware of any formal dispute involving the Airport over any existing rates and charges, including the rates and charges for fiscal year 2021. The City believes that the rates and charges methodology utilized at the Airport and the rates and charges established pursuant to the Use and Lease Agreement and paid by the air carriers, foreign air carriers and other aeronautical users operating at the Airport are reasonable and consistent with applicable law. However, there can be no assurance that a complaint will not be brought against the City in the near-term with respect to the fiscal year 2021 rates and charges, or in the future, challenging such methodology and the rates and charges established by the City and, if a judgment is rendered against the City, there can be no assurance that rates and charges paid by aeronautical users of the Airport will not be reduced.

Considerations Regarding Other Sources of Revenue

Passenger Facility Charges. Under the PFC Act, the FAA may authorize a public agency to impose a PFC of up to $4.50, on each passenger of an air carrier enplaned at any commercial service airport controlled by the public agency, subject to certain limitations. PFCs are available to airports to finance certain projects that (i) preserve or enhance capacity, safety or security of the national air transportation system, (ii) reduce noise resulting from an airport, or (iii) furnish opportunities for enhanced competition among air carriers and, with respect to a PFC of $4.00 or $4.50, that will make a significant contribution to improving air safety and security, increasing competition among air carriers, reducing current or anticipated congestion, or reducing the impact of aviation noise on people living near the airport. Under certain circumstances, the FAA grants approval to commence collection of PFCs ("impose only" approval) before approval to spend the PFCs on approved projects ("use" approval) is granted. Approval to both collect and spend PFCs is referred to as an "impose and use" approval.

No assurance can be given that PFCs will actually be received in the amount or at the time contemplated by the City. The amount of actual PFC revenues will vary depending on actual levels of qualified passenger enplanements at the Airport. In addition, the FAA may terminate the City's ability to impose PFCs, subject to informal and formal procedural safeguards, if the City's PFC revenues are not being used for approved projects in accordance with the FAA's approval, the PFC Act or the regulations promulgated thereunder or the City otherwise violates the PFC Act or the PFC Regulations. The City's ability to impose a PFC may also be terminated if the Airport violates certain provisions of the Airport Noise and Capacity Act of 1990 and its implementing regulations. Furthermore, no assurance can be given that the City's authority to impose a PFC may not be terminated by Congress or the FAA, or that the PFC program may not be modified or restricted by Congress or the FAA so as to reduce PFC revenues available to the City.

The PFCs collected by the airlines constitute a trust fund held for the beneficial interest of the eligible agency (*i.e.*, the City) imposing the PFCs, except for any handling fee or retention of interest collected on unremitted proceeds. In addition, federal regulations require airlines to account for PFC collections separately and to disclose the existence and amount of funds regarded as trust funds for financial statements. Airlines are permitted to commingle PFC collections with other revenues. Airlines that have filed for Chapter 7 or 11 bankruptcy protection, however, are required to segregate PFC revenue in a separate account for the benefit of the airport and cannot grant a third party any security or other interest in PFC revenue. The airlines are entitled to retain interest earned on PFC collections until such PFC collections are remitted. The City cannot predict whether an airline that files for bankruptcy protection will properly account for the PFCs or whether the bankruptcy estate will have sufficient moneys to pay the City in full for the PFCs owed by such airline. The City has recovered all of its PFCs from each of the airlines that filed for Chapter 11 bankruptcy protection in the past. See "APPENDIX C - SUMMARY OF THE RESOLUTION" hereto.

Federal Grants-in-Aid. The Airport and Airway Improvement Act of 1982 created the Airport Improvement Program ("***AIP***"), which is administered by the FAA and funded by the Airport and Airway Trust Fund. This fund is financed by federal aviation user taxes. Grants are available to airport operators in the form of "entitlement" funds and "discretionary" funds. Entitlement funds are apportioned annually based upon enplaned passengers and discretionary funds are available at the discretion of the FAA based upon a national priority system. In addition, pursuant to the PFC Act, an airport's annual federal entitlement grants are reduced by 50% following the imposition of PFCs of up to $3.00, and 75% for PFCs in excess of $3.00.

No assurance can be given that federal grants-in-aid will actually be received in the amount or at the time contemplated by the City.

AIP grants are authorized by Congress through acts reauthorizing the program and funded through annual appropriations. The current authorization for the AIP expires on September 30, 2023. When the AIP last expired, Congress did not immediately extend the program and instead enacted numerous continuing resolutions that extended the program for short intervals. There can be no assurance that the AIP will be extended on or before it expires on September 30, 2023 and, if so extended, that it will continue to be structured or funded at current levels.

Before federal approval of any AIP grant applications can be given, eligible airports must provide written assurances that they will comply with a variety of statutorily specified conditions. One such assurance is the so-called "airport generated revenues" assurance, which provides that all airport generated revenues will be expended for the capital or operating costs of the airport, the local airport system, or other local facilities owned or operated by the applicant that are directly and substantially related to air transportation of passengers or property.

The City is not aware of any dispute involving the City concerning the use of Airport Revenues. The City believes that the City's use of the Airport Revenues is consistent with the applicable laws and regulations. The City believes that it is in compliance with its federal grant assurance obligations.

FAA Reauthorization and Level of Federal Airport Grant Funding. On October 5, 2018, the President signed into law a five-year reauthorization bill for the FAA—the FAA Reauthorization Act of 2018. The 2018 FAA reauthorization retains the federal cap on PFCs at $4.50 and authorizes $3.35 billion per year for AIP through federal fiscal year 2023, which is the same funding level as was in place for the preceding five years. The AIP provides federal capital grants to support airport infrastructure through entitlement grants (determined by formulas based on passenger, cargo and general aviation activity levels) and discretionary grants (allocated on the basis of specific set-asides and the national priority ranking system). The City is unable to predict the level of AIP funding at this time, since authorization is subject to Congressional appropriation. If there is a reduction in the amount of AIP grants awarded to the City for the Airport, it could: (1) increase by a corresponding amount the capital expenditures that the City would need to fund from other sources (including operating revenues, and Bond proceeds), (2) extend the timing to complete certain projects, or (3) reduce the scope of individual proposed projects or the overall program, or both.

Environmental and Regulatory Considerations

Certain of the activities at the Airport are subject to review, or are otherwise affected, by a variety of environmental protection and other regulatory agencies including those set forth under this section.

Federal Aviation Administration. The FAA has jurisdiction over certain environmental matters, including noise reduction. Airport noise is a significant federal and local issue, which may require substantial capital investments by the industry and/or airport operators, including the City, from time to time to meet applicable standards. The FAA is responsible for the inspection and certification of various airfield facilities and procedures. In particular, federal law requires operators of air carrier airports (including the City) to hold a current airport certificate granted by the FAA evidencing satisfactory compliance with numerous operational and safety standards. The City holds a valid Part 139 certificate from the FAA permitting all current operations at the Airport. The FAA regulates the imposition, collection and use of PFCs and the FAA also administers federal AIP grants, and monitors compliance with numerous contractual grant assurances that are a condition of receipt of AIP funding. In addition, the FAA provides and maintains navigational aids at the Airport, and has exclusive control over airspace management and air traffic.

Transportation Security Administration. Created in 2001 by the Aviation and Transportation Security Act, and part of the Department of Homeland Security, the TSA is responsible for transportation security nationally. In particular, TSA is required to screen all commercial airline passengers and all baggage loaded onto commercial airplanes, and has promulgated regulations regarding aviation security applicable to the City's facilities.

Environmental Protection Agency. The EPA and the Vermont Agency of Natural Resources Department of Environmental Conservation ("***DEC***") are responsible for regulating air quality and water quality. The potential exists for additional federal or state regulation that may require capital expenditures or changes in operations at the City's facilities. The EPA and the DEC are ultimately responsible for administering air and water pollution control regulations, which directly affect operations of the Airport.

Assumptions in the Airport Consultant's Letter Report

In connection with the offering of the Series 2021 Bonds described in this Official Statement, the Airport Consultant has prepared the Letter Report of the Airport Consultant a copy of which is included as APPENDIX A to this Official Statement. The Airport Consultant's Letter Report contains numerous assumptions as to the utilization of the Airport and other matters and reviews certain projections. Projections and assumptions are inherently subject to significant uncertainties. Inevitably, some assumptions may not be realized and unanticipated events and circumstances may occur. Actual results are likely to differ, perhaps materially, from those projected. Accordingly, the projections contained in "APPENDIX A – LETTER REPORT OF THE AIRPORT CONSULTANT" (collectively, the "***Projections***") are not necessarily indicative of future performance, and neither the Airport Consultant nor the City assumes any responsibility for the accuracy of such Projections. See "LETTER REPORT OF THE AIRPORT CONSULTANT" herein and "APPENDIX A – LETTER REPORT OF THE AIRPORT CONSULTANT" hereto.

The Projections are based, in part, on historic data from sources considered by the Airport Consultant to be reliable, but the accuracy of these data has not been independently verified. The Projections are based on assumptions made by the Airport Consultant concerning future events and circumstances which the Airport Consultant believes are significant to the Projections but which cannot be assured. Therefore, the actual results achieved may vary from the Projections, and such variations could be material.

Climate Change and other Environmental, Social and Governance (ESG) Considerations

Numerous scientific studies on global climate change show that, among other effects on the global ecosystem, sea levels will rise, extreme temperatures will become more common and extreme weather events will become more frequent as a result of increasing global temperatures attributable to atmospheric pollution.

The Fourth National Climate Assessment, published by the U.S. Global Change Research Program in November 2018 ("***NCA4***"), finds that more frequent and intense extreme weather and climate-related events, as well as changes in average climate conditions, are expected to continue to damage infrastructure, ecosystems and social systems over the next 25 to 100 years. NCA4 states that rising temperatures, sea level rise, and changes in extreme events are expected to increasingly disrupt and damage critical infrastructure and property and regional economies and industries that depend on natural resources and favorable climate conditions. Disruptions could include more frequent and longer-lasting power outages, fuel shortages and service disruptions. NCA4 also states that expected increases in the severity and frequency of heavy precipitation events will affect inland infrastructure, including access to roads, the viability of bridges and the safety of pipelines.

Projections of the effects of global climate change on the City and the Airport, airline users of the Airport, and on operations at the Airport are complex and depend on many factors that are outside the City's control. Climate change may affect Airport operations directly, as discussed above, or indirectly, such as by disrupting operations at other airports that have ripple effects in the air transportation system. The scientific understanding of climate change and its effects continues to evolve. Accordingly, the City is unable to forecast when adverse effects of climate change will occur. In particular, the City cannot predict the timing or precise magnitude of adverse economic effects, including, without limitation, material adverse effects on the business operations or financial condition of the Airport and the local economy during the term of the Series 2021 Bonds. The City cannot give any assurance about whether the City will be required to take adaptive mitigation measures. If necessary, such measures could require significant capital resources.

Cybersecurity

The City, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations, and faces multiple cybersecurity threats including, but not limited to, hacking, phishing, viruses, malware, ransomware and other attacks to its computing and other digital networks and systems (collectively, "***Systems Technology***"). As a recipient and provider of personal, private or sensitive information, the City (including the Airport) may be the target of cybersecurity incidents that could result in adverse consequences to the City's Systems Technology, requiring a response action to mitigate the consequences.

Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the City's Systems Technology for the purposes of misappropriating assets or information or causing operational disruption or damage. To mitigate the risk of business operations impact and/or damage by cybersecurity incidents or cyber-attacks, the City invests in multiple forms of cybersecurity and operational safeguards.

While the City's cybersecurity and operational safeguards are periodically tested, no assurance can be given by the City that such measures will ensure against other cybersecurity threats and attacks. Cybersecurity breaches could damage the City's Systems Technology and cause material disruptions to the City's finances or operations. The costs of remedying any such damage or protecting against future attacks could be substantial.

The airlines serving the Airport and other Airport tenants, as well as the FAA and TSA, also face cybersecurity threats that could affect their operations or finances.

Enforceability of Remedies

The rights of the owners of the Series 2021 Bonds and the enforceability of the City's obligation to make payments on the Series 2021 Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights under existing law or under laws enacted in the future and may also be subject to the exercise of judicial discretion under certain circumstances. The opinions of Bond Counsel and the Airport's Counsel as to the enforceability of the City's obligations will be qualified as to bankruptcy and similar events and as to the application of equitable principles and the exercise of judicial discretion in appropriate cases and to common law and statutes affecting the enforceability of contractual obligations generally and to principles of public policy concerning, affecting or limiting the enforcement of rights or remedies against governmental entities such as the City.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Robert Thomas CPA, LLC, Minneapolis, Minnesota, certified public accountants (the "***Verification Agent***"), will verify the arithmetical accuracy of certain computations included in the schedules provided by PFM Financial Advisors, LLC on behalf of the City relating to the computation of forecasted receipts of principal and interest on the "Escrowed Securities" and the forecasted payments of principal and interest to redeem the Refunded Bonds. Such computations will be based solely on assumptions and information supplied by PFM Financial Advisors, LLC on behalf of the City. The Verification Agent will restrict its procedures to verify the arithmetical accuracy of certain computations and will not make any study or evaluation of the assumptions and information on which the computations are based and, accordingly, will not express an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

The report will be relied upon by Bond Counsel in rendering their opinions with respect to the defeasance of the Refunded Bonds.

TAX MATTERS

The following discussion is a summary of the opinion of Bond Counsel that is to be rendered on the tax status of interest on the Series 2021 Bonds, and of certain federal and Vermont income tax considerations that may be relevant to prospective purchasers of the Series 2021 Bonds. This summary is based on existing law, including current provisions of the Internal Revenue Code of 1986, as amended (the "Code"), existing regulations under the Code, and current administrative rulings and court decisions, all of which are subject to change.

Series 2021 Bonds

In the opinion of Paul Frank + Collins P.C., Bond Counsel, interest on the Series 2021 Bonds is included in gross income for federal income tax purposes pursuant to the Code.

The following discussion is a brief summary of some of the United States federal income tax consequences of the acquisition, ownership and disposition of the Series 2021 Bonds by original purchasers of the Series 2021 Bonds who are "U.S. Holders." The term "U.S. Holder" means a beneficial owner of a Series 2021 Bond that is: (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

The following summary is based on the Code, Treasury Regulations, and IRS rulings and guidance, as currently in effect and subject to change at any time, possibly with retroactive effect. This summary does not discuss all of the federal income tax consequences that may be relevant to a U.S. Holder in light of its particular circumstances or to U.S. Holders subject to special rules. Examples of such include insurance companies, financial institutions, tax-exempt organizations, dealers in securities, U.S. Holders who acquire Series 2021 Bonds in the secondary market, or individuals, estates and trusts subject to the tax on unearned income imposed by Section 1411 of the Code.

Purchasers and U.S. Holders of Series 2021 Bonds should consult with their own tax advisors concerning the federal income tax and other consequences with respect to the acquisition, ownership and disposition of the Series 2021 Bonds as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

Original Issue Discount. In general, if the Original Issue Discount ("***OID***") of a Series 2021 Bond is greater than a *de minimis* amount, a U.S. Holder of a Series 2021 Bond having a fixed maturity date of more than one year from the date of issue must include in the federal gross income of such holder, an amount equal to the sum of the daily portions of the original issue discount for each day during the taxable year on which such holder held such debt instrument. OID is the excess of (i) the "stated redemption price at maturity" over (ii) the "issue price." For purposes of the foregoing, the term "issue price" means the initial offering price at which a substantial amount of the Series 2021 Bonds are sold to the public (excluding bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters); "stated redemption price at maturity" means the sum of all payments, other than "qualified stated interest," of such Series 2021 Bond; "qualified stated interest" is the interest due based on the fixed rate that is payable unconditionally at least annually at a single fixed rate during the term of such bond; and "*de minimis* amount" is an amount equal to 0.25 percent of the Series 2021 Bond's stated redemption price at maturity, multiplied by the number of complete years to maturity.

Bond Premium. In general, if a Series 2021 Bond is originally issued for an issue price (excluding accrued interest) that reflects a premium over the bond's stated redemption price at maturity, other than payments of "qualified stated interest" (a "***Premium Bond***"), that Premium Bond will be subject to Section 171 of the Code, relating to bond premium. In general, if the U.S. Holder of a Premium Bond elects to amortize the premium as "amortizable bond premium," the holder amortizes bond premium by offsetting the interest allocable to an accrual period with the premium allocable to that period. Bond premium is allocable to an accrual period based on a constant yield. The U.S. Holder will make a corresponding adjustment to the U.S. Holder's basis in the Premium Bond. The election under Section 171 of the Code applies to all taxable bonds held during or after the taxable year for which the election is made. Any such election is generally irrevocable and applies to all debt instruments of the U.S. Holder (other than tax-exempt bonds) held at the beginning of the first taxable year to which the election applies and to all such debt instruments thereafter acquired.

Defeasance. Generally, upon the sale, exchange, redemption, or other disposition (which would include a legal defeasance) of a Series 2021 Bond, a U.S. Holder will recognize taxable gain or loss in an amount equal to the difference between the amount realized and such holder's adjusted tax basis in the Series 2021 Bond. As provided in the Resolution, the Issuer may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the Series 2021 Bonds to be deemed to be no longer outstanding (a "defeasance"). For federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of cash for such deemed exchange.

Information Reporting. In general, information reporting requirements will apply to non-corporate U.S. Holders of the Series 2021 Bonds with respect to payments of principal and interest, and the accrual of OID on a Series 2021 Bond and the proceeds of the sale of a Series 2021 Bond before maturity within the United States. Backup withholding may apply to U.S. Holders of Series 2021 Bonds under Section 3406 of the Code.

Series 2021 Bonds – State Tax Exemption

Bond Counsel is of the Opinion that the Act provides that the Series 2021 Bonds, and the interest hereon, shall be exempt from Vermont personal income tax and Vermont corporate income tax. Bond counsel notes that Vermont taxpayers seeking to exempt interest on the Series 2021 Bonds from Vermont personal income tax or Vermont corporate tax may need to provide supplemental information to the Vermont Department of Taxes to in order to claim the exemption. Such supplemental information should include a reference to the Act, which is codified at Title 24 Appendix V.S.A. Section 3-64b.

General

Bond Counsel will render its opinion as of the issuance date, and will assume no obligation to update its opinion after the issuance date to reflect any future facts or circumstances, or any future changes in law or interpretation, or otherwise. Moreover, the opinion of Bond Counsel is not binding in the courts on the IRS; rather, such opinion represents Bond Counsel's legal judgment based upon its review of existing law.

Any discussion of U.S. federal and Vermont State tax issues set forth in this Official Statement relating to the Series 2021 Bonds was written in connection with the transactions described in this Official Statement. Such discussion is not intended or written to be legal or tax advice with respect to the Series 2021 Bonds to any person or entity, and is not intended or written to be used, and cannot be used, by any person or entity for the purpose of avoiding any federal, state, or local tax penalties that may be imposed on such person or entity. Each investor should seek advice based on its particular circumstances from an independent tax advisor.

The enactment of future legislation, interpretations of current legislation, decisions or actions taken by the Internal Revenue Service, or court decisions, whether at the federal or state level, could affect the market price or marketability of the Series 2021 Bonds. Such matters could also have an adverse impact on the tax-exempt status of interest on the Series 2021 Bonds under Vermont state law.

Other than the matters specifically referred to above, Bond Counsel will express no opinion regarding the federal, state, local or other tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2021 Bonds.

Prospective purchasers are urged to consult their tax advisors with respect to the U.S. federal, state of Vermont, and other tax consequences of the purchase, ownership and disposition of the Series 2021 Bonds before determining whether to purchase the Series 2021 Bonds.

RATINGS

Moody's Investors Service, Inc. ("***Moody's***") has assigned its municipal bond rating of "Baa2" (stable outlook) to the Series 2021 Bonds. The ratings do not constitute a recommendation by the rating agencies to buy, sell or hold the Series 2021 Bonds. Such rating reflects only the views of Moody's, and an explanation of the significance of the rating may be obtained from the rating agency furnishing the same. The rating is subject to revision or withdrawal at any time by the rating agency, and there is no assurance that a rating will continue for any period of time or that it will not be revised or withdrawn. Any downward revision or withdrawal of a rating may have an adverse effect on the market price of the Series 2021 Bonds.

UNDERWRITING

Samuel A. Ramirez & Co., Inc., as the underwriter of the Series 2021 Bonds (the "***Underwriter***") has agreed, subject to certain conditions, to purchase the Series 2021 Bonds from the City at a purchase price of $5,109,537.52, representing the aggregate principal amount of the Series 2021 Bonds less an Underwriter's discount of $65,462.48. The Underwriter will be obligated to purchase all of the Series 2021 Bonds if any Series 2021 Bonds are purchased. The Series 2021 Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriter and other dealers depositing Series 2021 Bonds into investment trusts) at prices lower than the public offering prices of such Series 2021 Bonds and such public offering prices may be changed, from time to time, by the Underwriter.

The Underwriter and its respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriter and its affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the City for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the City.

No guarantee can be made that a secondary market for the Series 2021 Bonds will develop or be maintained by the Underwriter or others.

LITIGATION

There is no litigation now pending or, to the best of the City's knowledge, threatened which seeks to restrain or enjoin the sale, execution, issuance or delivery of the Series 2021 Bonds or in any way contests the validity of the Series 2021 Bonds or any proceedings of the City taken with respect to the authorization, sale or issuance of the Series 2021 Bonds, or the pledge or application of any moneys provided for the payment of or security for the Series 2021 Bonds.

The City has recently received a claim from a neighbor of the Airport alleging damages as a result of the use of aqueous fire-fighting foam ("***AFFF***") containing per- and polyfluoroalkyl substances ("***PFAS***") at the Airport that, allegedly, have contaminated stormwater and ground water on the claimant's property. The City is evaluating this claim and is engaged in discussions with the claimant. At this time, the City cannot estimate the likelihood that the claimant will bring suit, and if an action is brought, the City's potential risk or liability. The City notes that all fire-fighting services at the Airport are provided by VTANG, and not the City, and that the use of AFFF containing PFAS at the Airport has historically been and continues to be required by both the FAA and the Department of Defense.

The City and the Airport are also engaged in numerous matters of routine litigation. These routine matters include personal injury and property damage claims for which the City's liability is covered in whole or in part by insurance. Others include such matters as to which the Airport is self-insured. The City does not expect that these routine matters will require any amounts to be paid that, singly or in the aggregate, will have a material effect on the operations or financial position of the City or the Airport.

LEGAL MATTERS

The form of the legal opinion of Paul Frank + Collins P.C., Burlington, Vermont, Bond Counsel to the City, is included as APPENDIX G hereto. Certain legal matters will be passed upon for the Airport by its counsel, McNeil, Leddy & Sheahan, P.C., Burlington, Vermont. Certain legal matters will be passed upon for the Underwriter by its counsel, Kaplan Kirsch & Rockwell LLP, Boston, Massachusetts.

CONTINUING DISCLOSURE

The City will enter into a Continuing Disclosure Agreement (the "***Disclosure Agreement***") for the benefit of the beneficial owners of the Series 2021 Bonds to provide certain information annually regarding the Airport and to provide notice of certain events concerning the Airport to the Municipal Securities Rulemaking Board (the "***MSRB***") pursuant to the requirements of Rule 15c2-12(b)(5) (the "***Rule***") adopted by the SEC under the Securities Exchange Act of 1934, as amended (the "***Exchange Act***"). The MSRB has designated its Electronic Municipal Market Access System, known as EMMA, as the system to be used for continuing disclosures to investors. The notices of material events will be filed by the City with EMMA. The specific nature of the information to be made available and to be contained in the notices of material events is set forth in "APPENDIX F – FORM OF CONTINUING DISCLOSURE AGREEMENT" hereto. These covenants have been made to assist the Underwriter in complying with the Rule.

Provided the City has properly filed the Annual Financial Information (as such term is defined in the Disclosure Agreement) and any event notices with the MSRB's EMMA system in accordance with the undertakings as described therein, the City shall not be responsible for any failure by the MSRB's EMMA system to properly post and maintain such information or to associate such information with the correct CUSIPs in respect of any outstanding Bonds.

Annual Financial Information Disclosure

The City covenants that it will disseminate the Annual Financial Information, which includes its Audited Financial Statements for the Airport Enterprise Fund, to the MSRB. The City is required to deliver such information so that the MSRB receives the information by the dates specified in the Disclosure Agreement.

Existing Undertakings

The City presently is subject to continuing disclosure undertakings with respect to the Airport in connection with the Series 2012 Bonds and the Series 2014 Bonds. Such continuing disclosure undertakings require the City to file with the nationally recognized municipal securities information repositories or the MSRB an annual audit report and certain annual operating and financial data with respect to the Airport within 180 days after the end of its fiscal year, as well as notices of certain material events.

The City has timely filed the City's audited financial statements and annual operating information, as well as event notices, for the Airport for each of the past five fiscal years, with the exception of fiscal year 2018, when the audited financial statements were filed 32 days late (but unaudited financial statement were filed along with a notice of failure to provide audited financial statements were filed on December 27, 2018, in a timely manner) and fiscal year 2016, when annual operating data was filed one day late, on December 28, 2016 (but a notice of failure to file was timely filed on December 27, 2016). The City has implemented a policy and procedures to facilitate ongoing and future compliance with its continuing disclosure undertakings. In order to provide certain continuing disclosure with respect to its previously issued Bonds, the City entered into a Disclosure Dissemination Agreement with Digital Assurance Certification, L.L.C. ("***DAC***"), dated as of November 28, 2012. The City shall amend the Disclosure Dissemination Agreement to include coverage of the Series 2021 Bonds by its agreement with DAC.

MISCELLANEOUS

The references in this Official Statement to the Resolution, statutes, contracts and other documents are brief outlines or partial excerpts of certain provisions of the documents. These outlines or excerpts do not purport to be complete, and reference is made to the documents, copies of which are available at the offices of the City, for full and complete statements of their provisions. All estimates used in this Official Statement, including estimates of expected construction costs, are intended only as estimates and not as representations.

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The execution and delivery of this Official Statement by the City's Chief Administrative Officer and the Airport's Director of Aviation have been duly authorized by the City Council of the City of Burlington, Vermont.

CITY OF BURLINGTON, VERMONT

By ____________________________________
Chief Administrative Officer

By ____________________________________
Director of Aviation
Burlington International Airport

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APPENDIX A

LETTER REPORT OF THE AIRPORT CONSULTANT

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February 22, 2021

Mr. Eugene E. Richards III
Director of Aviation
Burlington International Airport
1200 Airport Drive, #1
South Burlington, VT 05403

RE: The City of Burlington, Vermont
Airport Revenue Refunding Bonds, Series 2021A

Dear Mr. Richards:

Ricondo & Associates, Inc. (Ricondo) is pleased to present this Letter Report of the Airport Consultant (Letter Report) for inclusion as Appendix A in the Official Statement for the City of Burlington, Vermont (the City) Airport Revenue Refunding Bonds, Series 2021A (Taxable) (Series 2021A Bonds or 2021 Bonds).

The 2021 Bonds are to be issued pursuant to the General Bond Resolution of the City, adopted on May 6, 1997, as previously amended and supplemented by resolutions and as further supplemented by Supplemental Resolution No. 6, adopted by the Burlington City Council on January 19, 2021 (collectively, the Bond Resolution). The 2021 Bonds are payable from Airport Net Revenues generated from the operation of Burlington International Airport (BTV or the Airport).

This Letter Report presents the analysis performed by Ricondo to: (i) confirm whether the City is required to conduct an additional bonds test required by the Bond Resolution; (ii) demonstrate the City's ability to comply with the Rate Covenant established in the Bond Resolution (hereinafter defined) on a pro forma basis for fiscal year (FY) 2022 through FY 2026 (the Projection Period); and (iii) demonstrate the reasonableness of the resulting projected airline costs.

This Letter Report is organized as follows:

- Description of the Series 2021 Bonds
- Information Regarding Air Traffic
- Airport Passengers and Operations Projections
- Financial Analysis
- Issuance of Additional Bonds
- Debt Service Coverage
- Reasonableness of Airport Rates and Charges – Airline Cost Projection (Cost per Enplaned Passenger)
- Disclaimer

Unless otherwise defined herein, all capitalized terms in this Letter Report are used as defined in the Official Statement for the 2021 Bonds and/or the Bond Resolution.

Description of the Series 2021 Bonds

The Plan of Finance

The City intends to issue the 2021 Bonds to refund portions of its outstanding 2012A and 2014A Airport Revenue Bonds.

Specifically, proceeds from the 2021 Bonds are anticipated to be used to:

i. Refund the July 1, 2021 and July 1, 2022 maturities of the City's outstanding Airport Revenue Refunding Bonds, Series 2012A (Non-AMT) (the "Refunded Series 2012A Bonds");
ii. Refund the July 1, 2021 and July 1, 2022 maturities of the City's outstanding Airport Revenue Refunding Bonds, Series 2014A (Non-AMT) (the "Refunded Series 2014A Bonds" and, with the Refunded Series 2012A Bonds, the "Refunded Bonds");
iii. Capitalize interest payments associated with all outstanding Bonds, including the Series 2021 Bonds, through July 1, 2022;
iv. Fund a deposit to the Debt Service Reserve Fund or provide for a surety for the Debt Service Reserve Fund; and
v. Pay the costs of issuance associated with the Series 2021 Bonds.

Table 1 summarizes the 2021 Bonds.

TABLE 1 SUMMARY OF THE 2021 BONDS

	TOTAL
Sources	
Par Amount of Bonds	$5,385,000
2012A Principal Set Aside	1,181,250
2012A Interest Set Aside	155,575
2014A Principal Set Aside	678,750
2014A Interest Set Aside	142,125
Total Sources of Funds	**$7,542,700**
Uses	
Escrow Deposit	$6,742,124
Capitalized Interest Fund Deposit	260,836
Cost of Issuance	400,000
Debt Service Reserve Fund Deposit	139,740
Total Uses of Funds	**$7,542,700**

SOURCE: Ramirez & Co., January 2021.

Rate Covenant

The Rate Covenant requires the City to establish rates, rentals, fees, and charges sufficient to produce Net Revenues together with Other Available Funds in an amount in excess of annual debt service, as set forth in the following:

(a) The City has covenanted in the Bond Resolution to impose and prescribe such schedule of rates, rentals, fees, and charges for the use and services of and the facilities and commodities furnished by the Airport, and to revise the same from time to time when necessary, and collect the income, receipts, and other moneys derived therefrom, so that in each fiscal year (July 1 through June 30), the Revenues, together with unencumbered funds on deposit or anticipated to be on deposit on the first day of such fiscal year in the Prepaid Revenue Account of the Airport Revenue Bond General Fund ("Other Available Funds"), will be at all times at least sufficient to provide for (i) the payment of all Operation and Maintenance Expenses for such fiscal year and (ii) the payment of all amounts necessary to make the required deposits in such fiscal year to each of the Funds established and as provided by the Bond Resolution. The amount of the Other Available Funds, for purposes of the rate covenant under the Bond Resolution, shall not exceed 25 percent of the Debt Service in any fiscal year.

(b) The City is required, under the Bond Resolution, to establish and collect rates, rentals, fees, and charges sufficient so that in each fiscal year the aggregate of the Revenues after deducting for such year the aggregate of the Operation and Maintenance Expenses (the Net Revenues), together with Other Available Funds (in an amount not to exceed 25 percent of Debt Service during such fiscal year), will be at least equal to 125 percent of Debt Service on all Bonds Outstanding including, without duplication, any repayment or other obligations incurred by the City in respect of draws or other payments or disbursements made under a "Credit Facility" as defined under the Bond Resolution, but only if such obligations have a lien on Revenues on the same priority as the lien thereon of the Bond Resolution. Passenger Facility Charge (PFC) Revenues are treated as Revenues only to the extent such PFC Revenues are actually transferred from the PFC Revenue Account to the Debt Service Fund.[1] Interest and principal on Bonds for which payment has been provided for through amounts credited to the Debt Service Fund are not included in the definition of "Debt Service."

Flow of Funds

The Bond Resolution creates a special trust fund designated as the Revenue Fund into which the City is required to set aside and credit all Revenues of the Airport upon receipt by the City. Within the Revenue

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1 Pursuant to Section 5.1 of the Bond Resolution, PFC Revenues relating to (1) the Series 2003 Projects, (2) the Series 2000 Projects, and (3) the terminal building improvement portion of the Project for which the Series 1997 Bonds were issued are subject to the pledge of the Resolution. The Series 2003 Projects, the Series 2000 Projects, and the terminal building improvement portion of the Project for which the Series 1997 Bonds were issued were refunded by the Refunded Bonds and are by extension included in the 2021 Bonds.

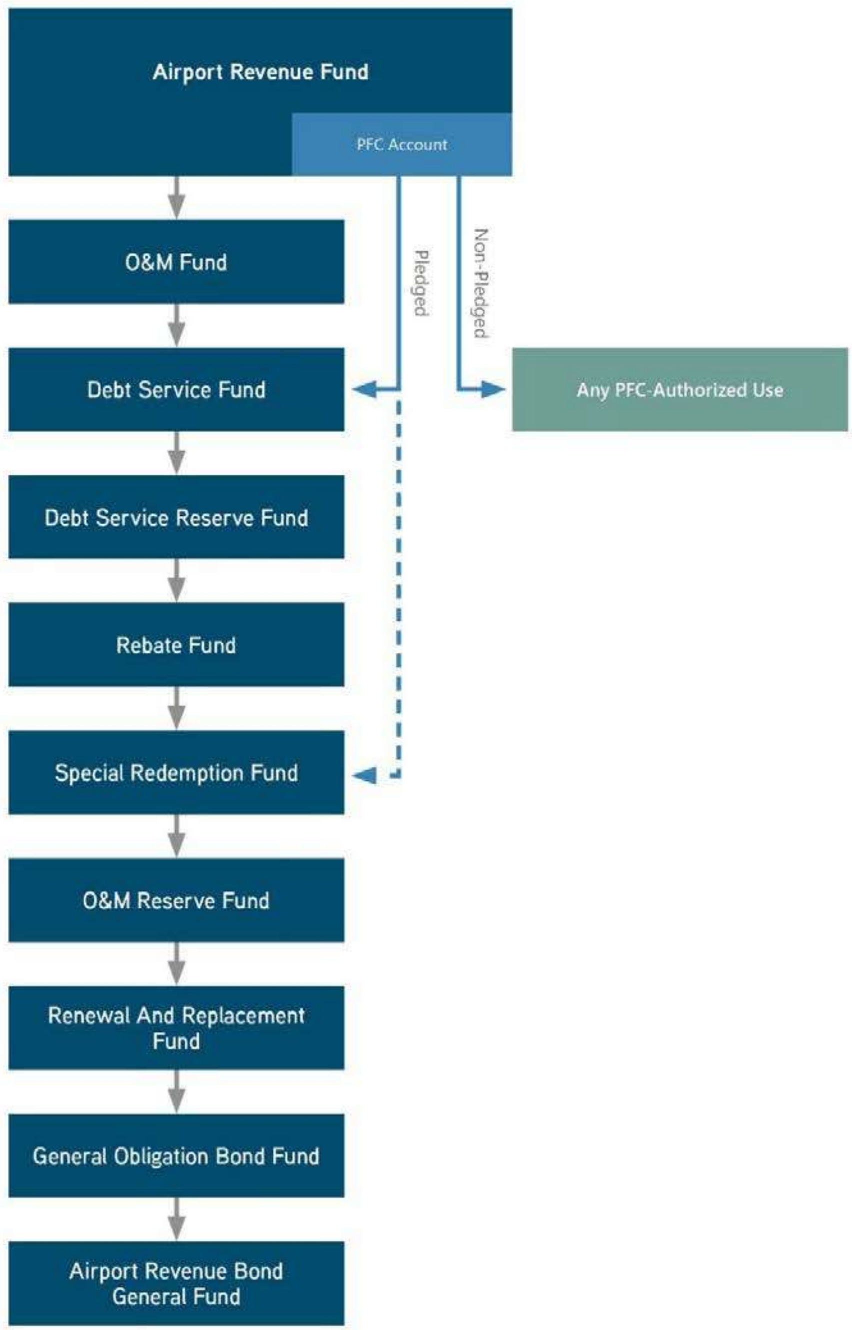
Fund, the City has created the PFC Revenue Account into which the City deposits all PFC Revenues. The Bond Resolution requires that moneys or deposits in the Revenue Fund be applied monthly in accordance with the order of priorities established by the Bond Resolution, as follows:

(a) *Operation and Maintenance Fund*. Pay, monthly, Operation and Maintenance Expenses related to the operation, maintenance, and repair of the Airport.
(b) *Debt Service Fund*. Pay one-sixth (1/6) of the interest due on the next interest payment date in the Interest Account and one-twelfth (1/12) of the principal (or sinking fund payment) due on the next principal payment date in the Principal Account on the Bonds.
(c) *Debt Service Reserve Fund*. Pay an amount, if necessary, so that any deficiency in the Debt Service Reserve Fund is made up in not less than six (6) substantially equal monthly deposits.
(d) *Rebate Fund*. Pay an amount, if necessary, to enable the City to comply with all federal rebate requirements relating to the Bonds.
(e) *Special Redemption Fund*. Pay for the retirement, purchase, or payment of Bonds in accordance with the Bond Resolution.
(f) *Operation and Maintenance Reserve Fund*. Pay an amount equal to the lesser of (i) one-twelfth of the Operation and Maintenance Reserve Fund Requirement (which amount is equal to 25 percent of the budgeted amount of Operation and Maintenance Expenses of the Airport for a fiscal year) or (ii) the amount necessary so that the balance in the fund is not less than the Operation and Maintenance Reserve Fund Requirement.
(g) *Renewal and Replacement Fund*. Retain an amount equal to 5 percent of the amount required to be deposited in the Debt Service Fund other than Debt Service accruing with relation to a Project prior to the date of substantial completion of such Project up to at least the minimum amount designated by Supplemental Resolution (which is $200,000, pursuant to Resolution No. 5).
(h) *General Obligation Bond Fund*. Retain the amount necessary to provide for the payment of debt service on general obligation bonds of the City issued for Airport purposes.
(i) *Airport Revenue Bond General Fund*. Credit to the Airport Revenue Bond General Fund all moneys remaining, if any, in the Revenue Fund after all payments required by the Bond Resolution have been made. Moneys may be credited by the City to the Prepaid Revenue Account. Moneys in the Airport Revenue Bond General Fund may be applied by the City for capital improvements, extraordinary repairs and maintenance, redemption of Bonds, Operation and Maintenance Expenses, or any other lawful purpose of the City, and may be pledged by the City, free and clear of any lien of the Bond Resolution, to secure other obligations of the City with respect to the Airport. However, pursuant to federal law, such Revenues may only be used for airport-related purposes.

Exhibit 1 depicts the order of the application of funds on deposit in the Revenue Fund.

As a recipient of Federal Aviation Administration (FAA) Airport Improvement Program (AIP) grants, the City must comply with associated grant assurances that include restrictions requiring the use of revenue generated from the operation of the Airport solely for Airport purposes.

EXHIBIT 1 FLOW OF FUNDS



NOTES:
PFC – Passenger Facility Charge
O&M – Operating and Maintenance
SOURCE: Ricondo & Associates, Inc., January 2021.

Information Regarding Air Traffic

This section provides an overview of the FY 2016 through FY 2020 Airport activity and air service developments.

Fiscal Year 2016

In FY 2016, the number of passengers enplaned at the Airport totaled 595,247, which represented a 0.9 percent decrease compared with FY 2015. American Airlines (American) added new service from the Airport to Charlotte Douglas International Airport (CLT), while decreasing departing seat capacity to Philadelphia International Airport.

Fiscal Year 2017

In FY 2017, the number of passengers enplaned at the Airport totaled 597,800, which represented a 0.4 percent increase compared with FY 2016. Allegiant Air ceased operations at the Airport, from which it served a single destination (Orlando Sanford International Airport). American increased departing seat capacity to CLT and Ronald Reagan Washington National Airport (DCA), and Delta Air Lines (Delta) increased capacity to Hartsfield-Jackson Atlanta International Airport (ATL).

Fiscal Year 2018

In FY 2018, the number of passengers enplaned at the Airport totaled 623,489, which represented a 4.3 percent increase compared with FY 2017. In FY 2018, enplaned passengers exceeded FY 2014 passengers for the first time. United Airlines (United) increased departing seat capacity to Washington Dulles International Airport (IAD), American increased capacity to CLT, and Delta continued to increase capacity to ATL. Delta initiated service to John F. Kennedy International Airport (JFK),[2] and American initiated seasonal service to O'Hare International Airport (ORD).

Fiscal Year 2019

In FY 2019, the number of passengers enplaned at the Airport totaled 693,208, which represented a 11.2 percent increase compared with FY 2018. United continued to increase departing seat capacity to IAD and also capacity service to ORD. Delta increased capacity to Detroit Metropolitan Wayne County Airport and benefited from a full year of service to JFK, a route the airline launched in March 2018. American decreased departing seat capacity to DCA but benefited from a longer season of service to ORD than the previous year, in which there was only a single month of departures (June 2018). Frontier Airlines initiated operations at the Airport in FY 2019, with service to Denver International Airport and Orlando International Airport.

Fiscal Year 2020

In FY 2020, the number of passengers enplaned at the Airport totaled 519,874, which represented a 25.0 percent decrease compared with FY 2019. The decline in enplaned passengers is a direct result of significant decreases in traffic in the last four months of FY 2020 due to the COVID-19 pandemic. Enplaned passengers

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2 The service Delta added to JFK in FY 2018 was [temporarily] discontinued in FY 2020.

at the Airport were up 3.4 percent in the first eight months of FY 2020 over FY 2019 levels. During that period Frontier, which launched service from the Airport in February 2019, represented the largest driver of growth. American and Delta also increased enplaned passengers to nearly all their destinations compared to the same period the previous year. United's enplaned passengers were down 10.0 percent during this period, due to reduced service to Newark Liberty International Airport and ORD. Beginning in March 2020, airlines started cancelling flights and reducing future departing seat capacity at the Airport and across their entire route networks as a result of the immediate and severe decrease in demand for air travel. The following section describes the effect of the COVID-19 pandemic on air traffic both locally and nationally.

Table 2 presents the historical annual enplaned passengers, operations, and landed weight for the period FY 2016 through FY 2020.

TABLE 2 HISTORICAL ENPLANED PASSENGERS, OPERATIONS, AND LANDED WEIGHT

FISCAL YEAR	ENPLANED PASSENGERS	ENPLANED PASSENGERS YOY	TOTAL OPERATIONS	TOTAL OPERATIONS YOY	TOTAL LANDED WEIGHT	TOTAL LANDED WEIGHT YOY
2016	595,247		51,650		757,014,392	
2017	597,800	0.4%	51,070	-1.1%	746,824,468	-1.3%
2018	623,489	4.3%	54,610	6.9%	808,397,990	8.2%
2019	693,208	11.2%	56,138	2.8%	886,299,896	9.6%
2020	519,874	-25.0%	47,886	-14.7%	708,254,330	-26.7%
2016 to 2020 Compound Annual Growth Rate	-3.3%		-1.9%		-3.7%	

NOTE:
YOY – Year-Over-Year
SOURCE: City of Burlington, Vermont, Department of Airports, December 2020.

COVID-19 Pandemic Impact on Air Traffic

The outbreak and spread of COVID-19 have depressed demand for air travel globally. The impact to air travel began in East Asia in early 2020, and it rapidly accelerated to other regions in March and April. Due to the spread and severity of COVID-19 across the globe, the World Health Organization declared COVID-19 to be a pandemic on March 11, 2020.[3] Because of the negative effect on passenger activity brought about by COVID-19, airlines responded by parking aircraft and drastically reducing capacity across their networks. By May 2020, which represented the low point in terms of passenger airline capacity reductions for all US airports, scheduled departing seats represented 24 percent of those in May 2019 for all US airports and 25 percent of May 2019 capacity for the Airport. Airline capacity in the United States started to recover in June with US airport scheduled departing seat capacity increasing to 31 percent of June 2019 capacity.

3 "A Timeline of COVID-19 Developments in 2020," https://www.ajmc.com/view/a-timeline-of-covid19-developments-in-2020 (accessed January 29, 2021).

For the Airport, June 2020 departing seats represented 22 percent of June 2019 departing seats, a further decline in monthly departing seats compared to the previous year. While July 2020 seat departures for the Airport exceeded those in June 2020, they remained substantially below July 2019 levels. Since July 2020, progress toward a recovery to 2019 departing seat levels has stalled for both the Airport and the United States as a whole. In October, total departing seats represented 52 percent of prior year departing seats for the total United States, and just 33 percent for the Airport.

Table 3 presents the 2019 and 2020 departing seat capacity by month for January through October for the United States and the Airport.

TABLE 3 DEPARTING SEAT CAPACITY (THOUSANDS OF DEPARTING SEATS)

UNITED STATES	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	JAN TO OCT
2019	91,038	82,974	98,243	95,204	99,093	99,578	103,439	102,735	93,880	98,186	964,371
2020	93,908	88,126	97,543	43,146	23,917	31,252	49,754	53,423	45,601	50,584	577,254
2020 % of 2019	103.2%	106.2%	99.3%	45.3%	24.1%	31.4%	48.1%	52.0%	48.6%	51.5%	59.9%
BTV	**JAN**	**FEB**	**MAR**	**APR**	**MAY**	**JUN**	**JUL**	**AUG**	**SEP**	**OCT**	**JAN TO OCT**
2019	63.9	60.2	68.4	66.6	67.4	78.8	84.7	83.8	76.2	75.2	725.2
2020	60.6	59.0	64.9	25.8	17.1	17.2	31.4	27.6	23.8	24.8	352.3
2020 % of 2019	94.9%	97.9%	94.9%	38.7%	25.4%	21.9%	37.1%	32.9%	31.3%	32.9%	48.6%

SOURCE: Innovata, December 2020 (published airline schedules).

Passenger volumes have decreased at a faster rate than seat capacity systemwide. Throughout most of April 2020, which has thus far been the lowest point in terms of domestic monthly passenger activity since the onset of COVID-19, the Transportation Security Administration (TSA) reported that daily airport screening throughput for all US airports was approximately 5 percent of the volume on the equivalent same day in 2019. For the Airport, April 2020 enplaned passengers represented approximately 3 percent of April 2019 enplaned passengers. By October 2020, the Airport's percentage of prior year enplaned passengers had increased to 22 percent. **Table 4** presents the Airport's actual enplaned passengers, passenger airline operations, and total landed weight for January through October 2019 and 2020.

Many countries, including the United States, have provided financial assistance to airlines in the form of grants and guaranteed loans. In the United States, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed by Congress on March 27, 2020. As described in the Financial Analysis section of this Letter Report, the CARES Act also provided financial assistance to US airports. The CARES Act required those airlines receiving financial assistance to maintain minimum service levels on a nationwide basis, with some exceptions, and refrain from conducting involuntary furloughs until September 30, 2020, as a condition of receiving this financial assistance. Airlines that received the CARES Act financial assistance were also prevented from issuing or paying dividends and issuing stock buybacks, furloughs, or salary reductions for a specified period, and executives were subject to compensation limits. The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) was signed into law on December 27, 2020; it provides additional financial assistance to airlines and extends the air service requirement under the CARES Act until March 31, 2021. Likewise, the CRRSAA provides additional financial relief to airports.

TABLE 4 BTV ENPLANED PASSENGERS, PASSENGER OPERATIONS, AND TOTAL LANDED WEIGHT (JANUARY – OCTOBER 2019 AND 2020)

ENPLANED PASSENGERS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	JAN TO OCT
2019	46,356	49,867	56,400	54,340	55,209	62,180	71,381	71,200	62,116	66,795	595,844
2020	50,750	49,341	26,157	1,425	3,910	7,458	12,119	12,823	11,292	14,416	189,691
2020 % of 2019	109%	99%	46%	3%	7%	12%	17%	18%	18%	22%	32%
OPERATIONS [1]	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	JAN TO OCT
2019	2,068	1,952	2,292	2,304	2,286	2,480	2,632	2,644	2,588	2,617	23,863
2020	2,107	1,916	1,915	666	717	879	1,230	1,172	1,037	1,119	12,758
2020 % of 2019	102%	98%	84%	29%	31%	35%	47%	44%	40%	43%	53%
LANDED WEIGHT [2]	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	JAN TO OCT
2019	62,888	60,527	69,144	67,799	70,009	80,194	85,579	85,615	78,932	78,257	738,943
2020	63,986	59,440	56,887	13,609	20,815	21,335	33,444	30,622	29,145	28,650	357,933
2020 % of 2019	102%	98%	82%	20%	30%	27%	39%	36%	37%	37%	48%

NOTES:
1 Operations totals may contain some air taxi operations.
2 Landed weight totals are in thousands.
SOURCE: City of Burlington, Vermont, Department of Airports, December 2020.

While airline capacity and passenger activity have begun to recover from the low points in April and May 2020, demand for air travel remains unstable, and airlines will likely extend capacity reductions if a meaningful recovery in demand does not occur. Furthermore, published schedules do not necessarily reflect all capacity changes, as airlines are cancelling flights in the near-term through operational dispatch procedures rather than by filing new schedules.

Considerations for Evaluating Short- and Long-Term Impact to Aviation Activity and Patterns

The development of a projected recovery scenario for air travel—globally, nationally, and for the Airport—considers the following factors:

- The severity and duration of the downturn in the demand for air travel, as well as the pace and length of the recovery, are unknown at this time. The development and distribution of a vaccine or treatment for COVID-19 would affect the timing and magnitude of economic recovery and would positively impact air traffic demand far more substantially than the modest recent increase in passenger activity previously described. A full recovery to pre–COVID-19 levels of activity will likely require development and widescale deployment of a vaccine to prevent COVID-19. While the first doses of a vaccine to prevent COVID-19 were deployed in the United States on December 14, 2020, there are uncertainties about the scope and speed of the deployment of the vaccines.

- A prolonged contraction of demand for air travel increases the likelihood of structural changes to the airline industry as compared to a "return to normal" recovery. These structural changes may include airline bankruptcies and failures, consolidation, hub closures, and other network changes.
- Airlines have announced the retirement of certain aircraft types from their operating fleets, which in some cases represent an accelerated timeline for retiring older aircraft that airlines were already planning to retire in the next few years. The City indicates that thus far the retirement of aircraft types has not negatively impacted flight schedules at the Airport. However, changes in fleet mix and average aircraft size could change the number of operations required to accommodate passenger demand at the Airport in the future.
- Governments have imposed short-term regulatory changes, including requiring airlines to maintain service to certain destinations and bans on cross-border travel. Extending these temporary changes, as well as potentially imposing additional regulatory changes, such as government-coordinated scheduling and ticket pricing, would impact demand for air travel and patterns of activity.
- The Airport is located approximately 100 miles from Montreal, Canada, and residents of the Montreal area have historically represented a sizable component of the Airport's total passenger traffic. The City has estimated that at times approximately 20 percent of the automobiles parked in the Airport's parking garage had Canadian license plates. Likewise, residents of the Burlington–South Burlington, Vermont, Metropolitan Statistical Area (Burlington MSA) have used Montreal–Trudeau International Airport, with the balance of traffic influenced by the relative difference in ticket prices due to exchange rate fluctuations and taxes. On March 20, 2020 the US Department of Homeland Security (DHS) closed the US - Canadian border to non-essential travel to mitigate the spread of the COVID-19 virus. The US-Canadian border has remained closed to non-essential travel since March 20, 2020. On February 19, 2021 DHS extended the closure of the US – Canadian border to non-essential travel through March 21, 2021. Prolonged restrictions on cross-border travel could impact future traffic patterns and the timeline to recovery to pre-pandemic levels of activity.
- Plattsburgh International Airport (PBG), located approximately 35 miles from downtown Burlington via ferry, is predominately served by ultra-low-cost carriers Allegiant Air and Spirit Airlines, neither of which serve the Airport. There is little direct overlap in routes served from the Airport and PBG. However, given the degree to which the airports have a common catchment area, changes in service levels at PBG could influence activity levels and patterns at the Airport during and after the recovery to pre-pandemic levels of activity.

Airport Passengers and Operations Projections

To aid in the development of this Letter Report, Ricondo developed two passenger projection scenarios (Baseline Scenario and Low Scenario) to reflect a number of variables and considerations due to the ongoing uncertainty and negative impacts to the travel industry associated with COVID-19. For purposes of this analysis, Ricondo assumed full recovery to be the return of passenger activity to 2019 levels (Recovery).

Both the Baseline Scenario and Low Scenario are based on an evaluation of actual activity for FY 2019, FY 2020, and the period from July 2020 through October 2020. Projected activity for November and December 2020 is based on published airline schedules, estimates of the percentage of scheduled flights that will be operated, and passenger load factors. Published airline schedules were not used after December 2020, because airlines are expected to file updated schedules closer to actual departure dates. The projection of departing seat capacity was based on an estimate of departures and average seats per departure by month and airline for the remainder of the Projection Period. Projected departing seats were multiplied by estimated load factors to derive the projection for enplaned passengers. Gradual increases in capacity and load factors represent the recovery in demand, which considers seasonal patterns in passenger activity.

The Baseline Scenario, used for the financial analysis described in the following sections, assumes total passenger activity returns to 2019 levels in mid-calendar year 2024. Full fiscal year activity does not exceed FY 2019 passenger levels until FY 2025. The Low Scenario assumes a prolonged COVID-19 pandemic impact on passenger activity, which slows recovery to 2019 passenger activity levels until 2026. The Low Scenario projects FY 2026 passengers will represent 97 percent of FY 2019 passengers. Other factors, including extended economic impacts of the pandemic, may also contribute to a prolonged contraction in demand for air travel.

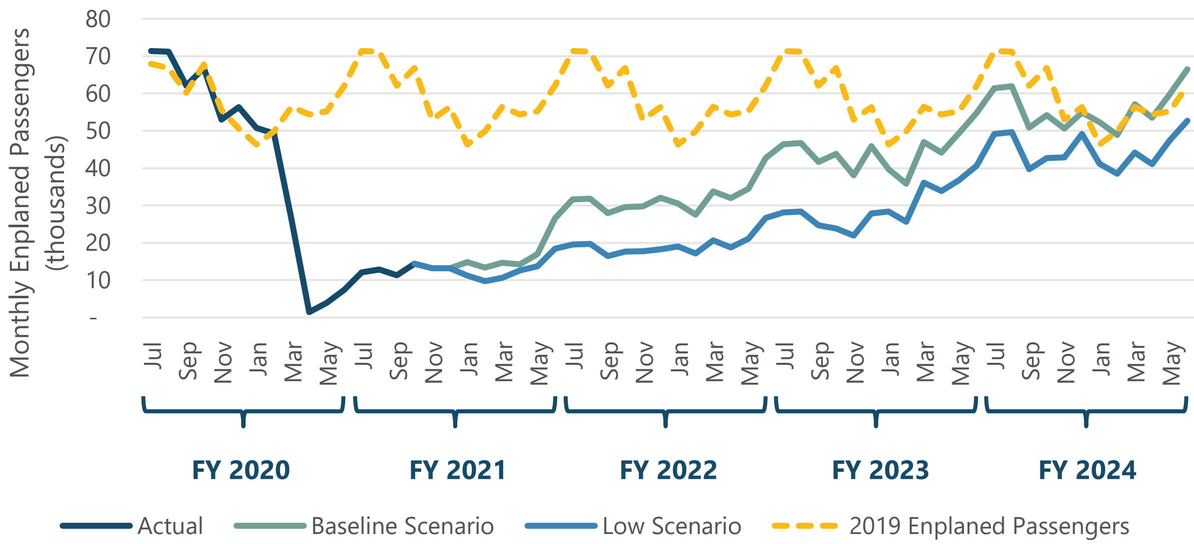
Exhibit 2 presents projected monthly enplaned passengers through May 2024 for the Baseline and Low Scenarios to demonstrate the trajectory of the projected recovery to 2019 levels of activity.

Exhibit 3 and **Table 5** present the projected enplaned passengers for the Baseline and Low Scenarios for FY 2013 through FY 2026. In the Baseline Scenario, enplaned passengers increase from 519,874 in FY 2020 to 735,090 in FY 2026, which represents a compound annual growth rate (CAGR) of 5.9 percent. The Baseline Scenario further projects FY 2026 enplaned passengers will represent 106 percent of FY 2019 passengers. In the Low Scenario, enplaned passengers increase from 519,874 in FY 2020 to 675,642 in FY 2026, which represents a CAGR of 4.5 percent. The Low Scenario projects FY 2026 enplaned passengers will represent 97 percent of FY 2019 passengers.

Table 6 presents the projected operations for the Baseline and Low Scenarios. Total operations are projected to increase in the Baseline Scenario from 47,886 in FY 2020 to 54,558 in FY 2026, which represents a 2.2 percent CAGR. In the Low Scenario, total operations are projected to increase from 47,886 in FY 2020 to 52,078 in FY 2026 which represents a 1.4 percent CAGR.

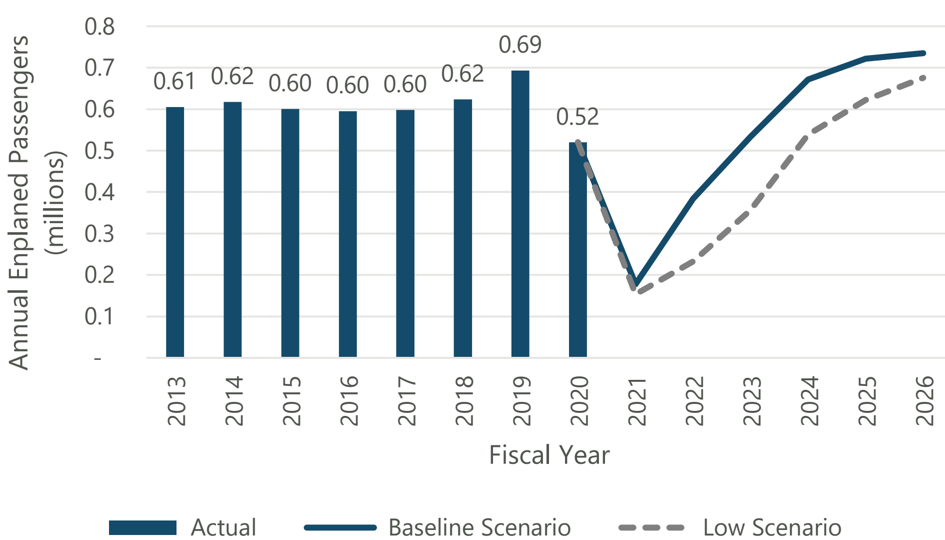
Table 7 presents projected landed weight for the Baseline and Low Scenarios. Total landed weight for the Baseline Scenario is projected to increase from 708,254 thousand-pound units in FY 2020 to 961,177 thousand-pound units in FY 2026, which represents a 5.2 percent CAGR. In the Low Scenario, total landed weight is projected to increase from 708,254 thousand-pound units in FY 2020 to 889,279 thousand-pound units in FY 2026, which represents a 3.9 percent CAGR.

EXHIBIT 2 MONTHLY ENPLANED PASSENGERS DURING THE RECOVERY



NOTE:
FY – Fiscal Year
SOURCES: City of Burlington, Vermont, Department of Airports, December 2020 (historical activity); Ricondo & Associates, Inc., December 2020 (projection).

EXHIBIT 3 HISTORICAL AND PROJECTED ENPLANED PASSENGERS



SOURCES: City of Burlington, Vermont, Department of Airports, December 2020 (historical activity); Ricondo & Associates, Inc., December 2020 (projection).

TABLE 5 ENPLANED PASSENGER SCENARIOS

FISCAL YEAR	ENPLANED PASSENGERS			
	BASELINE SCENARIO	BASELINE PERCENT OF 2019	LOW SCENARIO	LOW SCENARIO PERCENT OF 2019
2019 (Actual)	693,208		693,208	
2020 (Actual)	519,874	75%	519,874	75%
2021	177,713	26%	153,398	22%
2022	383,994	55%	232,964	34%
2023	533,618	77%	356,307	51%
2024	671,912	97%	538,358	78%
2025	722,131	104%	621,919	90%
2026	735,090	106%	675,642	97%
2020 to 2026 Compound Annual Growth Rate	5.9%		4.5%	

SOURCES: City of Burlington, Vermont, Department of Airports, December 2020 (historical activity); Ricondo & Associates, Inc., December 2020 (projection).

TABLE 6 OPERATIONS PROJECTION

FISCAL YEAR	BASELINE SCENARIO				LOW SCENARIO			
	AIR CARRIER AND AIR TAXI	GENERAL AVIATION	MILITARY	TOTAL	AIR CARRIER AND AIR TAXI	GENERAL AVIATION	MILITARY	TOTAL
2019 (Actual)	28,162	24,977	2,999	56,138	28,162	24,977	2,999	56,138
2020 (Actual)	23,231	21,814	2,841	47,886	23,231	21,814	2,841	47,886
2021	11,820	24,153	2,841	38,815	11,063	24,153	2,841	38,058
2022	16,066	24,202	2,841	43,109	12,536	24,202	2,841	39,579
2023	20,085	24,250	2,841	47,176	16,202	24,250	2,841	43,293
2024	24,908	24,299	2,841	52,048	21,252	24,299	2,841	48,392
2025	26,941	24,348	2,841	54,130	23,278	24,348	2,841	50,466
2026	27,321	24,396	2,841	54,558	24,841	24,396	2,841	52,078
2020 to 2026 Compound Annual Growth Rate	2.7%	1.9%	0.0%	2.2%	1.1%	1.9%	0.0%	1.4%

NOTE:
Numbers may not add due to rounding.
SOURCES: City of Burlington, Vermont, Department of Airports, December 2020 (historical activity); Ricondo & Associates, Inc., December 2020 (projection).

TABLE 7 LANDED WEIGHT PROJECTION (IN THOUSANDS OF POUNDS)

FISCAL YEAR	BASELINE SCENARIO			LOW SCENARIO		
	PASSENGER AIRLINES	ALL CARGO	TOTAL	PASSENGER AIRLINES	ALL CARGO	TOTAL
2019 (Actual)	827,844	58,456	886,300	827,844	58,456	886,300
2020 (Actual)	650,502	57,752	708,254	650,502	57,752	708,254
2021	299,828	52,845	352,673	273,306	52,845	326,151
2022	502,854	52,845	555,699	354,585	52,845	407,430
2023	659,535	52,845	712,380	497,350	52,845	550,195
2024	832,815	52,845	885,660	712,822	52,845	765,667
2025	893,296	52,845	946,141	783,648	52,845	836,493
2026	908,333	52,845	961,177	836,434	52,845	889,279
2020 to 2026 Compound Annual Growth Rate	5.7%	-1.5%	5.2%	4.3%	-1.5%	3.9%

NOTE: Numbers may not add due to rounding.
SOURCES: City of Burlington, Vermont, Department of Airports, December 2020 (historical activity); Ricondo & Associates, Inc., December 2020 (projection).

Financial Analysis

The financial analysis presented herein assumes a continuation of the residual rate-setting methodology set forth in the existing Agreement and Lease of Premises (Airline Agreement) through the end of the Projection Period.

Financial Projection Tables containing the financial projections under the Baseline Scenario and summary financial results under the Low Scenario (previously described) are included in the **Attachment** section of this Letter Report.

Coronavirus Aid, Relief, and Economic Security Act Funding

The CARES Act allocated approximately $10 billion in grants for eligible US airports to prepare for and respond to COVID-19 impacts, including support for continuing airport operations. The amount of CARES Act funding awarded to airports was based on a 50.0 percent allocation on the basis of enplaned passengers, 25.0 percent allocation on the basis of existing debt, and 25.0 percent allocation on the basis of unrestricted cash reserves. Based on this allocation formula, the City received approximately $8.7 million in grant funding for the Airport from the CARES Act.

CARES Act funds may be used for any lawful purpose, including Airport operating expenses, debt obligations, and capital expenditures. The funds may not be used for off-Airport purposes. Accepting CARES Act funding committed the City to employing at least 90 percent of the number of persons employed (i.e., Full Time Equivalents) at the Airport through December 31, 2020. The COVID-19 Mitigation section of this Letter Report describes how the City is using CARES Act funds.

Coronavirus Response and Relief Supplemental Appropriations Act Funding

On December 27, 2020, CRRSAA was signed into law. CRRSAA includes $2 billion in funds as economic relief to be awarded to eligible US airports (with up to $200 million dedicated to providing airport concessions relief) to cover operating costs, including those related to personnel, cleaning, sanitization, janitorial services, combating the threat of pathogens at airports, and debt service payments. The FAA is implementing a grant program allocating the majority of funds ($1.75 billion) through airports' share of enplaned passengers. Further financial assistance to airports by the US government may be included as part of the Biden Administration's proposed aid package of $1.9 trillion, announced on January 14, 2021.

On February 16, 2021 the FAA announced the City would receive approximately $3.86 million in CRRSAA funding for O&M Expenses. In addition, the FAA announced the City would receive an additional approximately $150,000 in CRRSAA funding for financial relief to Airport concessionaires for rent and Minimum Annual Guarantees (MAG) payments. The COVID-19 Mitigation section of this Letter Report describes how the City intends to use CRRSAA funding for O&M Expenses.

COVID-19 Mitigation

The City has implemented several initiatives to mitigate the significant decrease in activity at the Airport and the corresponding negative financial impact of COVID-19 at the Airport. The near-term actions in FY 2020 and FY 2021 include application of CARES Act funds to minimize airline rate impacts. A total of $12.7 million in CARES Act and CRRSAA funding has been included in this financial analysis and is assumed to be applied to Airport Operating and Maintenance (O&M) Expenses, but not debt service as follows:

- In FY 2020, approximately $2.3 million in CARES Act funding was applied to O&M Expenses.
- In FY 2021, approximately $6.4 million in CARES Act funding is expected to be applied to O&M Expenses.
- CARES Act monies will have the effect of reducing the calculated Terminal Rate in FY 2021.
- In FY 2021, approximately $1.0 million in CRRSAA funding is expected to be applied to O&M Expenses.
- In FY 2022, approximately $2.0 million in CRRSAA funding is expected to be applied to O&M Expenses.
- In FY 2023, approximately $0.8 million in CRRSAA funding is expected to be applied to O&M Expenses.

The expected use of CRRSAA funds during FY 2021 through FY 2023 described above is expected to reduce the Total Airfield Requirement during this period.

Additionally, in April 2020 the City notified signatory (American, United, Delta, and JetBlue Airways) and non-signatory (Frontier Airlines) airlines serving the Airport that it was providing deferrals for rent due beginning May 2020 through July 2020. Deferred rent payments became due January 1, 2021, and they are to be paid in six monthly installments with the final installment payable on June 1, 2021. As of January 15, 2021, the airlines serving the Airport are either current in repayments or have fully repaid the amounts deferred.

The City also offered to defer payments of MAG for the Hudson Group and the rental car companies; however, only the Hertz Corporation accepted the City's deferment offer.

Airline Agreement

On July 1, 2016, the City and certain airlines serving the Airport entered into the Airline Agreement. The Airline Agreement establishes the operational and financial relationship between the City and the airlines, including a residual rate-setting methodology, and is set to expire on June 30, 2021. In February 2021, United, American, and Delta submitted letters to the City indicating a willingness to enter into an amendment to extend the term of the Airline Agreement through June 30, 2022 under the same terms and conditions. Each of these airlines further indicated a willingness to negotiate a new agreement. The City intends to initiate negotiations for a new agreement in the spring of 2021.

The Airline Agreement permits the City to set airline rates to achieve a debt service coverage ratio (DSCR) of 1.50x. At the end of each fiscal year, the City performs a true-up to determine if a variance to the targeted 1.50x DSCR exists. Any shortfall is remitted to the City and any surplus is to be credited back to the airlines.

For purposes solely of the Airline Agreement, the City excludes CFC Revenues and certain PFC Revenues[4] from its annual DSCR calculation. Ricondo's calculations of DSCR contained in this Letter Report include CFC Revenues and certain pledged PFC Revenues because they are considered Revenues under the Rate Covenant. Therefore, Ricondo's DSCR calculations vary from the City's published DSCR calculations. For example, Ricondo calculates the FY 2020 DSCR as 1.35x, compared to the City's 1.31x published coverage calculation. Ricondo's DSCR calculations prepared pursuant to the Rate Covenant contained in the Bond Resolution are shown in **Attachment A, Table A-6**.[5]

The financial projections included in this Letter Report assume a continuation of the rate-setting methodology (described in "Net Airline Revenues Required and Rates and Fees") set forth in the Airline Agreement through the Projection Period.

Operating and Maintenance Expenses Projections

Historical Operating and Maintenance Expenses

O&M Expenses are budgeted by the City and are designated as one of the following expenses:

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4 PFC regulations permit the use of PFC Revenues to pay debt service on PFC-eligible projects. PFC Revenues approved to be used to pay debt service from FY 2021 to FY 2031 total $11.4 million. In addition, pursuant to Section 5.1 of the Bond Resolution, PFC Revenues relating to (1) the Series 2003 Projects, (2) the Series 2000 Projects, and (3) the terminal building improvement portion of the Project for which the Series 1997 Bonds were issued, are subject to the pledge of the Resolution. The Series 2003 Projects, the Series 2000 Projects, and the terminal building improvement portion of the Project for which the Series 1997 Bonds were issued were refunded by the Refunded Bonds and are by extension included in the 2021 Bonds.

5 The Bond Resolution permits funds on deposit or anticipated to be on deposit in the Prepaid Revenue Account (within the Revenue Bond General Fund) to be considered Other Available Funds up to 25 percent of the amount of debt service in a fiscal year.

- Salaries
- Employee Benefits
- Professional and Service Contracts
- Insurance
- Advertising, Public Relations, Subscriptions
- Utilities / Phone
- Travel and Training, Materials, Supplies, Permits, and Postage
- Small Tools, Equipment, Fuel, and Deicer
- Repairs and Maintenance
- Burlington Police Department / Airport Security
- City Interdepartmental
- Property Taxes, Banking Fees, and Capital Leases

The Airport is certificated by the FAA in accordance with 14 Code of Federal Regulations (CFR) Part 139, *Airport Certification*. The City is required under 14 CFR Part 139 to comply with FAA operating and safety standards, including the provision of aircraft rescue and firefighting (ARFF) services at the Airport during the hours of airline activity. Annual ARFF O&M Expenses, along with equipment and capital expense, are provided by the Vermont Air National Guard (VTANG). The City estimates annual savings of approximately $2.5 million in O&M Expenses because VTANG provides ARFF services at the Airport. It is assumed that VTANG will continue to provide ARFF services at the Airport to meet the requirements of 14 CFR Part 139 during the Projection Period at no cost to the City.

Table 8 presents the historical O&M Expenses and the resulting O&M Expenses per enplaned passenger.

TABLE 8 HISTORICAL OPERATING AND MAINTENANCE EXPENSES

	2018	2019	2020	COMPOUND ANNUAL GROWTH RATE
Total O&M Expenses	$13,403,514	$13,838,291	$14,462,237	4.0%
O&M Expenses Annual Growth Rate		3.2%	4.7%	
Enplaned Passengers (thousands)	623,489	693,208	519,874	-8.7%
Enplaned Passengers Growth Rate		11.2%	-25.0%	
Total O&M Expenses per Enplaned Passenger	**$21.94**	**$19.96**	**$27.82**	**12.6%**

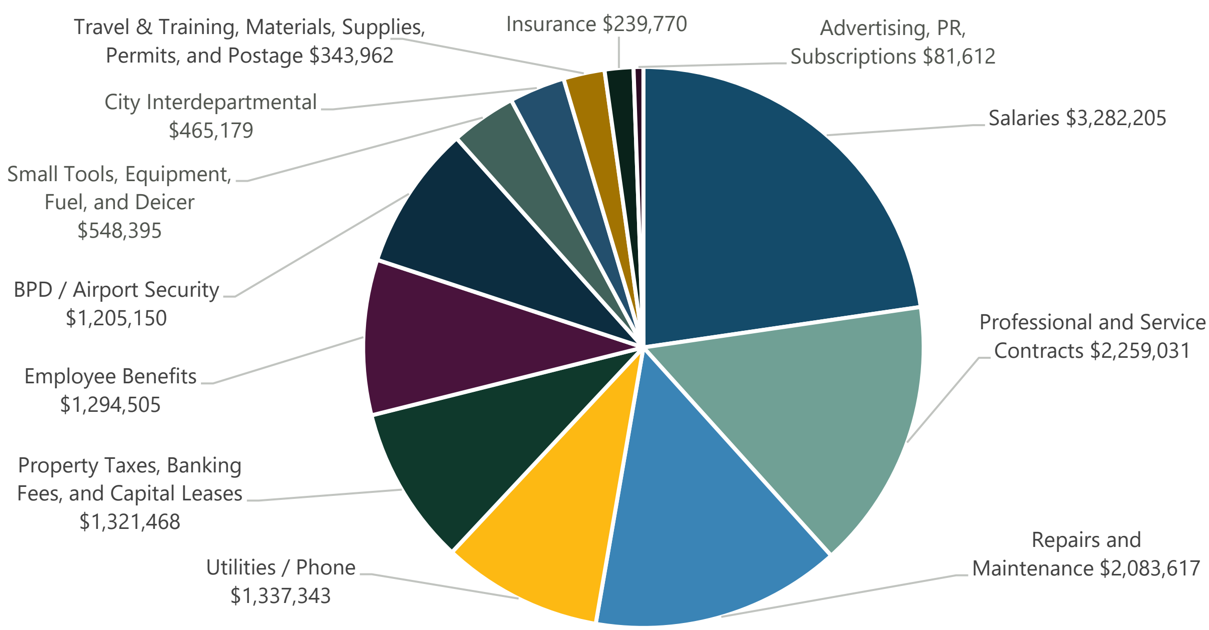
NOTES:
Dollars are in thousands for fiscal years ending June 30.
O&M – Operating and Maintenance
SOURCE: City of Burlington, Vermont, *Financial Statements*, December 2020.

O&M Expenses increased from approximately $13.4 million in FY 2018 to approximately $14.5 million in FY 2020, reflecting a CAGR of 4.0 percent. This increase in O&M Expenses between FY 2018 and FY 2020 is primarily due to increases in repairs and maintenance (an increase of 19.6 percent), salaries (an increase of 8.2 percent), and small tools, equipment, fuel, and deicer (an increase of 39.4 percent).

O&M Expenses per enplaned passenger increased between FY 2018 and FY 2020 from $21.94 to $27.82. This is a direct result of significant decreases in traffic in the last four months of FY 2020 due to the COVID-19 pandemic.

O&M Expenses are budgeted to be approximately $14.5 million in FY 2021, which represents a 0.2 percent increase over FY 2020 actual O&M Expenses. **Exhibit 4** presents the actual O&M Expenses breakdown for FY 2020 by category. Certain expenses, such as depreciation, bond-related expenses, and capital lease principal and interest payments, are not included on Exhibit 4.

EXHIBIT 4 2020 AIRPORT OPERATING AND MAINTENANCE EXPENSES BY CATEGORY



NOTES:
BPD – Burlington Police Department
PR – Public Relations
SOURCE: City of Burlington, Vermont, *Financial Statements*, December 2020.

Budgeted and Projected Operating and Maintenance Expenses

The City's FY 2021 budget serves as the base year from which O&M Expenses are projected. O&M Expenses are projected to increase based on the type of expense and expectations of future inflation (assumed to be 3.0 percent annually through the Projection Period). A one-time $300,000 incremental increase in Repairs and Maintenance expenses is assumed to occur in FY 2022 due to planned repairs associated with the Airfield Cost Center.

As shown in **Attachment A, Table A-1**, O&M Expenses are projected to increase from approximately $14.5 million in FY 2020 to approximately $17.6 million in FY 2026, representing a CAGR of 3.3 percent. From FY 2020 through FY 2023, CARES Act and CRRSAA funding is assumed to be applied as an offset to O&M Expenses. This applied funding is anticipated to total approximately $12.7 million across these four fiscal years and is not assumed to impact the underlying projection of O&M Expenses.

Salaries and Employee Benefits

Expenses for salaries and employee benefits, which together accounted for 31.6 percent of total O&M Expenses in FY 2020, include staff compensation and benefits. They are projected to increase at CAGRs of 4.7 percent and 4.1 percent, respectively, through the Projection Period. This increase is attributable to normal cost of living increases and inflation.

Professional and Service Contracts

Professional and service contracts include the equipment and service-related leases and contracts the City holds for services such as vehicle maintenance, consultant services, professional services, legal services, and audits. These expenses accounted for 15.6 percent of total O&M Expenses in FY 2020. Between FY 2020 and FY 2021 professional and service contracts are projected to decrease by 14.7 percent, which is primarily due to expected decreases in expenses allocated to the Administrative and Terminal Cost Centers.

Insurance

Insurance expenses accounted for 1.7 percent of total O&M Expenses in FY 2020, and they are projected to increase at a CAGR of 7.4 percent through the Projection Period. The annual growth rate is the result of a one-time 32.7 percent year-over-year increase in insurance expenses from FY 2020 to FY 2021, driven by significant increases in the budget for pollution insurance in the Terminal Operations, Airfield Operations, and Parking Garage Cost Centers.

Advertising, Public Relations, Subscriptions

Advertising, public relations, and subscriptions include expenses for dues and subscriptions; they accounted for 0.6 percent of total O&M Expenses in FY 2020. They are projected to increase at a CAGR of 2.5 percent through the Projection Period.

Utilities / Phone

Utilities / phone expenses include utility expenses related to telecommunications, cellular communications, electricity, gas, water, rubbish removal, and stormwater. These expenses accounted for 9.2 percent of total O&M Expenses in FY 2020, and they are projected to increase at a CAGR of 5.4 percent through the Projection Period. The 18.0 percent increase between FY 2020 and FY 2021 is primarily the result of a larger budget for water, gas, and electricity utilities.

Travel and Training, Materials, Supplies, Permits, and Postage

Travel and training, materials, supplies, permits, and postage expenses accounted for 2.4 percent of total O&M Expenses in FY 2020, and they are projected to increase at a CAGR of 2.1 percent through the Projection Period.

Small Tools, Equipment, Fuel, and Deicer

Small tools, equipment, fuel, and deicer expenses include utilities expenses related to computer equipment and software, custodial supplies, office supplies, and shipping and moving. These expenses accounted for 3.8 percent of total O&M Expenses in FY 2020, and they are projected to increase at a CAGR of 3.8 percent through the Projection Period.

Repairs and Maintenance

Repairs and maintenance expenses include the costs of supplies (e.g., asphalt, signs, electrical supplies, and other construction supplies) associated with projects such as runway and taxiway striping and repairs and equipment maintenance. These expenses accounted for 14.4 percent of total O&M Expenses in FY 2020 and are anticipated to decrease by approximately 20.5 percent in FY 2021 and then increase to approximately $2 million in FY 2022, which is approximately four percent less than actual FY 2020. Thereafter, Repairs and Maintenance O&M Expenses are projected to increase by 3.0 percent per year during the remainder of the Projection Period. This trend is expected to result in an overall CAGR of 1.4 percent for the Projection Period.

Burlington Police Department / Airport Security

The Burlington Police Department provides police and terminal security services at the Airport. The Department is reimbursed in accordance with the time expended by police officers at the Airport. These expenses accounted for 8.3 percent of total O&M Expenses in FY 2020, and they are projected to increase at a CAGR of 2.6 percent through the Projection Period.

City Interdepartmental

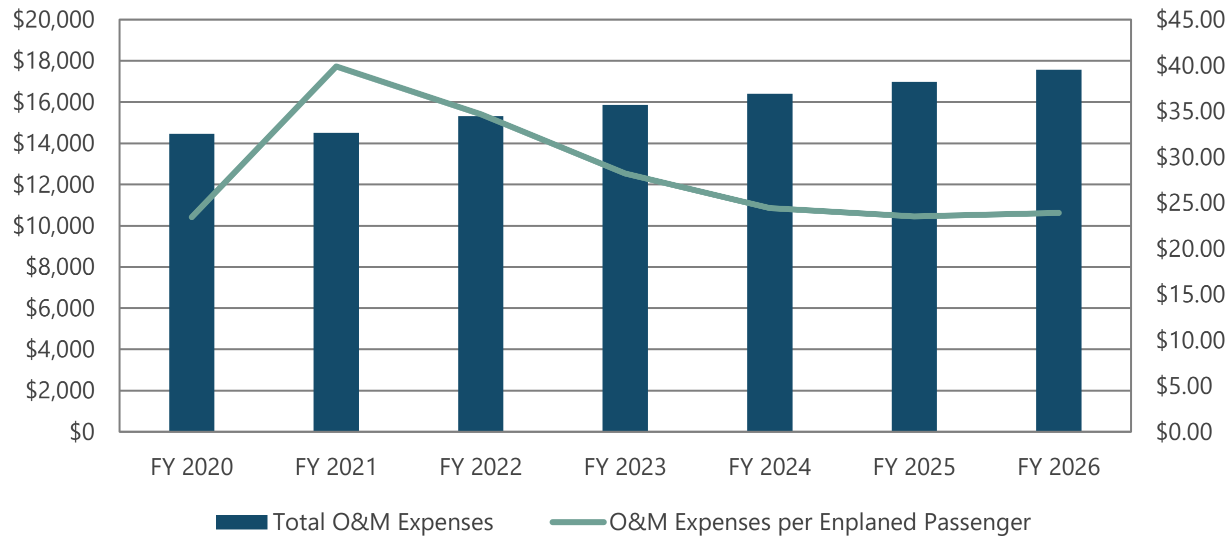
City interdepartmental expenses include expenses related to the administrative and support services provided by the City to the Department of Airports including payroll, pension, and risk management. These expenses accounted for 3.2 percent of total O&M Expenses in FY 2020 and are projected to increase at a CAGR of 4.2 percent through the Projection Period.

Property Taxes, Banking Fees, and Capital Leases

Property taxes, banking fees, and capital leases include expenses related to real estate taxes, capital leases property and equipment, and regulatory and bank fees. These expenses accounted for 9.1 percent of total O&M Expenses in FY 2020, and they are projected to increase at a CAGR of 4.7 percent through the Projection Period. In FY 2021 an additional $104,000 is allocated to the Airfield Cost Center for capital leases for new snow removal equipment (SRE), resulting in a 13.7 percent increase in property tax, banking fee, and capital lease expenses from FY 2020.

Exhibit 5 presents the projected O&M Expenses through the Projection Period. Total O&M Expenses for FY 2020 and FY 2021 are actual and budgeted amounts, respectively.

EXHIBIT 5 PROJECTED OPERATING AND MAINTENANCE EXPENSES



NOTES:
FY – Fiscal Year
O&M – Operating and Maintenance
SOURCE: City of Burlington, Vermont, *Financial Statements*, December 2020.

Non-Airline Revenues

Non-Airline Revenues include all Revenues generated for the Airport other than Revenues generated from the airlines. **Table 9** presents the historical Non-Airline Revenues and the resulting Non-Airline Revenues per enplaned passenger. Total Non-Airline Revenues decreased from approximately $13.3 million in FY 2018 to approximately $11.8 million in FY 2020, resulting in a CAGR of -5.9 percent.

The City's FY 2021 budget serves as the base for the Non-Airline Revenue Projections in this Letter Report.

For the purposes of this Letter Report, it is assumed that the terms and conditions in all existing contracts reflected in Non-Airline Revenues in budgeted FY 2021 will be extended through the Projection Period.

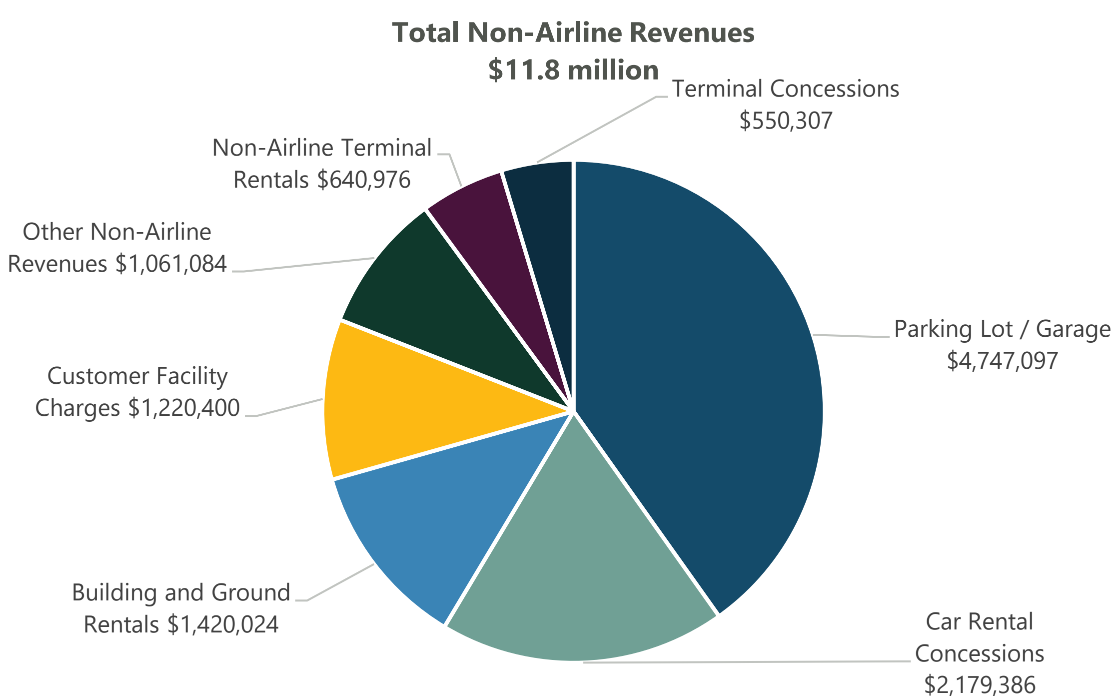
Exhibit 6 presents a breakdown of actual 2020 Non-Airline Revenues.

TABLE 9 HISTORICAL NON-AIRLINE REVENUES

NON-AIRLINE REVENUES	2018	2019	2020	COMPOUND ANNUAL GROWTH RATE
Parking Lot / Garage	$5,852,454	$6,408,605	$4,747,097	-9.9%
Customer Facility Charges	1,319,172	1,484,752	1,220,400	-3.8%
Car Rental Concessions	2,237,162	2,539,031	2,179,386	-1.3%
Terminal Concessions	671,799	736,850	550,307	-9.5%
Non-Airline Terminal Rentals	608,205	621,912	640,976	2.7%
Building and Ground Rentals	1,501,874	1,488,400	1,420,024	-2.8%
Other Non-Airline Revenues [1]	1,147,953	1,162,400	1,061,084	-3.9%
Total Non-Airline Operating Revenues	$13,338,619	$14,441,950	$11,819,272	-5.9%
Non-Airline Revenues Annual Growth Rate		11.7%	-17.0%	
Enplaned Passengers (thousands)	623,489	693,208	519,874	-8.7%
Enplaned Passengers Growth Rate		11.2%	-25.0%	
Total Non-Airline Revenues per Enplaned Passenger	**$21.39**	**$20.83**	**$23.73**	**5.4%**

NOTES:
Dollars are in thousands for fiscal years ending June 30.
1 Includes taxi revenues, miscellaneous revenue from services, miscellaneous reimbursements, federal reimbursements (operating), and interest income.
SOURCE: City of Burlington, Vermont, *Financial Statements*, December 2020.

EXHIBIT 6 2020 NON-AIRLINE REVENUE BY CATEGORY



SOURCE: City of Burlington, Vermont, *Financial Statements*, December 2020.

Projected Non-Airline Revenues

Attachment A, **Table A-2** presents projected Non-Airline Revenues for the Projection Period. Total Non-Airline Revenues are projected to increase from approximately $11.8 million in FY 2020 to approximately $16.8 million in FY 2026, which represents a CAGR of 6.0 percent. Although the projections are based on budgeted FY 2021 values, the CAGRs presented in this section are calculated based on the changes in revenues from FY 2020 to FY 2026, as they more accurately present the long-term trends in Airport Non-Airline Revenues.

Ricondo evaluated the rate of change in enplaned passengers relative to the rate of change in total Non-Airline Revenues between FY 2020 and FY 2021 (Budget) to determine the projected rate of growth during the Projection Period for Parking Lot/Garage; Customer Facility Charges; Rental Car Concessions; Terminal Concessions; Non-Airline Terminal Rentals; and Other Non-Airline Revenues. Between FY 2020 and FY 2021, enplaned passengers are projected to decrease 65.8 percent while Non-Airline Revenues are anticipated to decrease 32.6 percent. Since the projected 32.6 percent year-over-year decrease in Non-Airline Revenues is less than the 65.8 percent projected decrease in enplaned passengers, Non-Airline Revenues are not assumed to recover at the same annual rates as enplaned passengers. Ricondo also added a 5 percent buffer to keep projections conservative to reach the 55 percent discount discussed in the following sections describing the aforementioned categories of Non-Airline Revenue. Building and Grounds Rentals and Non-Airline Terminal Rentals are forecast to increase based on inflation because these categories of Non-Airline Revenue are comprised of building and land rents and are not linked to passenger activity at the Airport.

Non-Airline Revenues per enplaned passenger increase from $21.49 in FY 2019 to $22.80 in FY 2026. Over the Projection Period, enplaned passenger growth outpaces Non-Airline Revenue growth on a compound annual basis as a result of the conservative assumption that any ongoing or anticipated business agreements between the City and its existing or new business partners will not result in material increases in Non-Airline Revenues.

Parking Lot / Garage

The Airport offers both short- and long-term parking available in the expanded, multilevel, covered parking garage at the terminal building. Parking represents the Airport’s largest source of Non-Airline Revenues, totaling approximately 37.8 percent of budgeted FY 2021 Non-Airline Revenues. Annual revenues in FY 2022 through FY 2024 are assumed to grow by inflation and the annual rate of enplaned passenger growth discounted by 55.0 percent. Annual revenues from FY 2025 through FY 2026 are assumed to only grow by inflation.

Customer Facility Charge

The City charges a customer facility charge (CFC)—currently set at $4.00 per transaction-day—to fund improvements to serve the needs of Airport rental car customers. At $0.6 million, CFC revenues represent approximately 7.5 percent of total Non-Airline Revenues budgeted for FY 2021. Total CFC revenues are projected to increase to $1.4 million in FY 2026, a FY 2020 through FY 2026 CAGR of 2.7 percent. Annual revenues from FY 2022 through FY 2026 are assumed to grow by inflation and the annual rate of enplaned passenger growth discounted by 55.0 percent.

Car Rental Concessions

Car rental concessions represent approximately 12.7 percent of the Airport's Non-Airline Revenue budget in FY 2021. The Airport car rental concession and lease agreements expired on June 30, 2020, and they are in holdover status. The aggregate MAG from the rental car companies during the term of the car rental concession and lease agreements was approximately $2.1 million. The rental car companies continue to pay MAG to the City under the agreements in holdover status. Negotiations for a new agreement are currently on hold due to COVID-19 and the Hertz Corporation bankruptcy, and the City anticipates no significant change in the business terms and conditions for the new agreements. Over the course of the Projection Period, revenues from Car Rental Concessions are expected to increase from approximately $1.0 million in FY 2021 to approximately $2.3 million in FY 2026. Annual revenues from FY 2022 through FY 2024 are assumed to grow by inflation and the annual rate of enplaned passenger growth discounted by 55.0 percent. Annual revenues in FY 2025 through FY 2026 are assumed to only grow by inflation.

Terminal Concessions

Based on their individual agreements, restaurants, businesses, and retailers in the terminal pay a portion of their gross revenue or a MAG. Terminal concession represent 5.6 percent of the Non-Airline Revenues budget in FY 2021 and are projected to increase from $0.4 million to $1.1 million in FY 2026. Annual revenues from FY 2022 through FY 2026 are assumed to grow by inflation and the annual rate of enplaned passenger growth discounted by 55.0 percent.

Non-Airline Terminal Rentals

Non-airline terminal rental revenues, received for space leased by the rental car companies, TSA, and the National Weather Service, among others, are budgeted at approximately $0.5 million dollars in FY 2021, which is 6.3 percent of the Airport's total Non-Airline Revenues that year. Non-airline terminal rentals are projected to increase to $1.4 million in FY 2026, representing a FY 2020 through FY 2026 CAGR of 14.1 percent. Annual revenues from FY 2022 through FY 2026 are assumed to grow by inflation and the annual rate of enplaned passenger growth discounted by 55.0 percent. A $192,000 increase in FY 2024 is assumed to result from Beta Technologies, an air-taxi startup, beginning to make lease payments to the Airport.

Building and Ground Rentals

Building and ground rentals include revenue from certain parcels within the existing Airport footprint that have been rented to firms such as Federal Express, Pratt & Whitney, and Heritage, as well as hangar and facility rentals from cooperatives using the Airport for general aviation. Building and ground rentals include revenue derived from City leases associated with the Industrial Park. Revenues from building and ground rentals represent 22.6 percent of the Airport's budget in FY 2021, the second most after revenues from the parking lot and garage. Annual revenues from FY 2022 through FY 2026 are assumed to grow by inflation.

Other Non-Airline Revenues

Other Non-Airline Revenues include items such as taxi fees, transportation network companies, such as Uber and Lyft, administrative fees, federal reimbursements, miscellaneous and service fees associated with the terminal, and interest income. Other Non-Airline Revenues are projected to increase from approximately $0.6 million in FY 2021 (when they make up 7.5 percent of the budget) to $1.4 million in FY 2026, representing a FY 2020 through FY 2026 CAGR of 6.5 percent. Annual revenues from FY 2022 through FY 2026 are assumed to grow by inflation and the annual rate of enplaned passenger growth discounted by 55.0 percent.

Required Net Airline Revenues and Airline Rates and Fees

Required Net Airline Revenues constitute amounts that are to be paid by airlines to the City during a given year through landing fees and terminal rental revenues. The City has established expense and revenue cost centers as part of its accounting system for use in calculating Required Net Airline Revenues. These expense and revenue cost centers include:

- Administration Area
- Airfield Area
- Parking Area
- Terminal Complex
- Industrial Park
- Rented Buildings and Other Areas

Because the Airline Agreement uses a residual ratemaking methodology, certain Non-Airline Revenues are credited to the airlines to reduce Required Net Airline Revenues. The resulting revenues from landing fees and terminal rentals are collectively called Airline Revenues.

The financial projections included in this Letter Report are in accordance with the terms and conditions set forth in the Airline Agreement. For purposes of this Letter Report, it is assumed the rate-setting methodology set forth in the current Airline Agreement continues through the Projection Period including the continuation of applying a 25 percent premium to non-signatory airlines.

Landing Fee Calculation

The calculation of Landing Fees for the Projection Period is derived by first calculating direct and indirect O&M Expenses attributable to the operation of the Airfield Cost Center (Airfield Cost Center O&M Expenses). Airfield Cost Center O&M Expenses are then credited by (i) CRRSAA funds applied to offset Airfield Cost Center O&M Expenses (FY 2021 through 2023 only); (ii) Non-Airline Revenues from Concessions, Ground and Building Rent, Apron Fees, and other miscellaneous revenue streams; and (iii) 20.0 percent of net revenues from the Administrative, Industrial Park, Parking, and Rented Buildings and Other Areas Cost Centers. The resulting net amount from this calculation is the Required Net Revenue for the

Airfield and is divided by estimated airline landed weight to derive the landing fee. **Attachment A**, **Table A-3** presents the calculation of Landing Fees and Required Net Revenue for the Airfield during the Projection Period.

Terminal Rental Rate Calculation

The Total Terminal Requirement is equivalent to the sum of Airline Terminal Revenues generated from the charged Terminal Rate and the variance between actual Net Revenues and Net Revenues necessary to meet the target DSCR of 1.50x stated in the Airline Agreement.

Attachment A, **Table A-4** presents the calculation of the Terminal Rate during the Projection Period. Through the City's residual ratemaking methodology, 80.0 percent of Net Revenues from the Administrative, Industrial Park, Parking, and Rented Buildings and Other Areas Cost Centers are credited to the Total Terminal Requirement to reduce the Required Net Revenue for the Terminal. In addition, the City is allocating approximately $6.4 million in CARES Act funds in FY 2021 to offset O&M Expenses in the Terminal Complex Cost Center.

During the Projection Period, Required Net Airline Revenues are projected to increase from approximately $3.9 million in FY 2022 to approximately $5.5 million in FY 2026. This increase is due to the additional debt service requirements resulting from the issuance of the 2021 Bonds becoming payable in FY 2023 and increasing Airfield O&M Expenses resulting in increasing landing fees during the Projection Period.

Airport Capital Development Program

Table 10 presents the FY 2021 – FY 2026 Airport Capital Development Program and expected funding sources for the Projection Period. The Airport Capital Development Program is currently estimated to be $97.5 million and is to be funded through FAA AIP grants, State of Vermont grants, and Airport funds. No additional Bonds are planned to be issued by the City in conjunction with implementation of the Airport Capital Development Program.

The Airport Capital Development Program includes the following projects:

- **Airfield**. These projects include the rehabilitation of the customs/cargo apron (started in 2013), a new glycol treatment system for the south end of the terminal apron and new North Hangar, construction on and around Taxiway C, remediation of the Taxiway E hotspot,[6] Taxiways B and L relocation, Runway 15-33 pavement rehabilitation, and Runway 1-19 pavement rehabilitation and shortening. The total estimated cost of these airfield improvements is approximately $32.9 million.
- **Cargo Apron Development**. This project is for the development of a new Cargo Aircraft Parking Apron in FY 2024, with an estimated cost of $4.4 million.

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6 The FAA defines a hotspot as a location on an airport movement area (i.e., runway/taxiway intersection, taxiway/aircraft parking apron intersection) with a history of potential risk of collision or runway incursion, and where heightened attention by pilots and drivers is necessary.

TABLE 10 AIRPORT CAPITAL DEVELOPMENT PROGRAM PROJECTS AND FUNDING SOURCES

PROJECTS	TOTAL APPROVED COST
Airfield Projects	$32,885,000
Cargo Apron Development	$4,400,000
Terminal Area Apron Projects	$5,000,000
Terminal Building Related Projects	$15,500,000
Other Projects (AIP- / PFC-Eligible)	$6,800,000
Planning/Predesign Projects	$2,900,000
Noise Mitigation	$30,000,000
Total Project Cost	**$97,485,000**
FUNDING SOURCES	TOTAL ESTIMATED FUNDING SOURCES
Federal Entitlement Funding	$21,120,000
Anticipated AIP Discretionary	$66,616,500
State Funding (6%)	$5,849,100
Local Funding (4%)	$3,899,400
Total Funding Sources	**$97,485,000**

NOTES:
AIP – Airport Improvement Program
PFC – Passenger Facility Charge
The local funding component is assumed to be partially payable from PFC Revenue.
SOURCE: City of Burlington, Vermont, Department of Airports, December 2020.

- **Terminal Area Apron Projects**. An expansion of the Terminal Area Aircraft Parking Apron is planned for FY 2021, with an estimated cost of $5.0 million.
- **Terminal Building Related Projects**. These projects include an expansion to the terminal building ($10.0 million), installation of facilities to conform to random security check requirements of the TSA ($0.5 million), and installation of an inline baggage system ($5.0 million).
- **Other Projects (AIP- / PFC-Eligible)**. Other Projects include the acquisition of new/replacement SRE and a new/expanded SRE facility. Total costs are estimated to be $6.8 million.
- **Planning/Predesign Projects**. These projects include an Airport environmental assessment, the acquisition of avigation easements (evaluation and acquisition), obstruction removal (Roadways 15 and 33), an update to the Airport's wildlife study, development of an Airport sustainability plan, South End Development plan refinement, and an asset management plan and implementation. The total cost of Planning/Predesign Projects for the Projection Period is approximately $2.9 million.

Debt Service Requirements

2021 Bond Debt Service

Proceeds from the 2021 Bonds will be used to refund certain maturities of the City's outstanding 2012A and 2014A Bonds. The 2021 Bonds are assumed to have a term of 8 years. For the purposes of this Letter Report, interest on the 2021 Bonds is assumed at the current market interest rate as of January 20, 2021, for taxable bonds, plus 75 basis points. The 2021 Bonds are being issued with the objective of providing the City with near-term debt service relief in FYs 2022 and 2023. Interest on the 2021 Bonds will be capitalized to provide additional near-term relief.

Attachment A, Table A-5 depicts debt service payable on the 2021 Bonds. As shown, debt service on the 2021 Bonds is projected to be approximately $101,000 in FY 2023 and increase to approximately $300,000 annually from FY 2024 through FY 2029. After the final maturity of the outstanding Series 2012 Bonds in FY 2029, debt service on the 2021 Bonds is projected to be approximately $2.5 million per year in FY 2030 and FY 2031. The 2021 Bonds have been structured to achieve level annual aggregate debt service for all Bonds Outstanding from FY 2024 through FY 2031.

Debt Service Requirements

Total Airport debt service is also depicted in Attachment A, Table A-5. The City currently has debt service payable on bonds issued in 2012 and 2014, net of the debt service to be refunded with proceeds of the Series 2021 Bonds. Debt service is presented net of capitalized interest, as well as the assumed application of PFC Revenues to pay debt service based on the use authority the City received from the FAA in its PFC Application #7.

This Letter Report assumes no additional bond issuances during the Projection Period.

Other Amounts Available for Debt Service: Passenger Facility Charge Revenue

The Aviation Safety and Capacity Expansion Act of 1990, signed into law on November 5, 1990, granted the public agency controlling an airport to impose a local fee of $1, $2, or $3 per enplaned passenger; the law also requires the public agency to use PFC Revenues for FAA-approved eligible projects. On April 5, 2000, the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century was enacted, raising the federal cap on local PFCs to $4.50.

The City has submitted and received approval from the FAA to impose and use PFC Revenues for capital projects totaling approximately $56.4 million in 7 separate PFC applications. The expiration date for PFC collections is currently estimated to be April 1, 2023, based on estimates of future enplaned passengers.

The City received approval from the FAA in Application #7 to collect and use an additional $4.3 million of PFC Revenues for Airport Bond Financing and Interest costs associated with the 2012A and 2014A Bonds. In FY 2021, the City anticipates paying $1,162,009 in debt service costs with PFCs, an increase from the $831,638 in PFCs used to pay debt service in FY 2020. PFC Revenues approved to be used to pay debt service from FY 2021 to FY 2031 total $11.4 million.

Issuance of Additional Bonds

Section 2.4 of the Bond Resolution does not require a report of the Airport Consultant for the issuance of Bonds to refund Bonds, provided that the average annual Debt Service on the refunding Bonds shall not be greater than the average annual Debt Service on the Bonds refunded.

Debt Service Coverage

Attachment A, Table A-6 presents projected debt service coverage for Airport Revenue Bonds for the Projection Period assuming the issuance of the Series 2021 Bonds.

In addition to the base DSCR, an adjusted DSCR is calculated, which includes an additional 25 percent of PFC funds eligible for the payment of debt service. The City's FAA approvals for the use of PFC Revenues include payment of debt service for PFC-eligible projects at the Airport. The FAA PFC Order 5500.1, dated August 9, 2001 (the Order), identifies the permitted use of PFC Revenues. The Order defines "debt service" as "payments for such items as principal and interest, sinking funds, call premiums, periodic credit enhancement fees, trustee and paying agent fees, coverage, and remarketing fees for bonds issued to fund approved projects." Therefore, the City's current practice of incorporating an amount of PFC revenues equal to 1.25x the amount of PFC Revenues pledged to pay debt service in the coverage calculation is consistent with PFC regulations identified in the Order and permitted under the Bond Resolution. The City maintains PFC Revenues in a separate, designated, and restricted account and anticipates continuing to do so as long as PFC Revenues are pledged to pay allocable PFC-eligible debt service.

Beginning in FY 2024 and continuing through the end of the Projection Period, airline rates are assumed to be calculated according to the existing rate-setting methodology so that the Airport's 1.50x coverage target is achieved with no resulting shortfall or surplus. The Total Terminal Requirement is assumed to comprise a summation of Airline Terminal Revenues and the variance between actual Net Revenues and the Net Revenues required to meet a DSCR of 1.50x, as specified in the Airline Agreement.

Scenario Analysis

Given the lack of certainty surrounding the pace of the recovery of passenger activity at the Airport and across the aviation industry, Ricondo prepared summaries of projected Airport financial performance under the Baseline and Low Scenarios. Summaries of these projections are presented in **Attachment A, Tables A-7A and A-7B**.

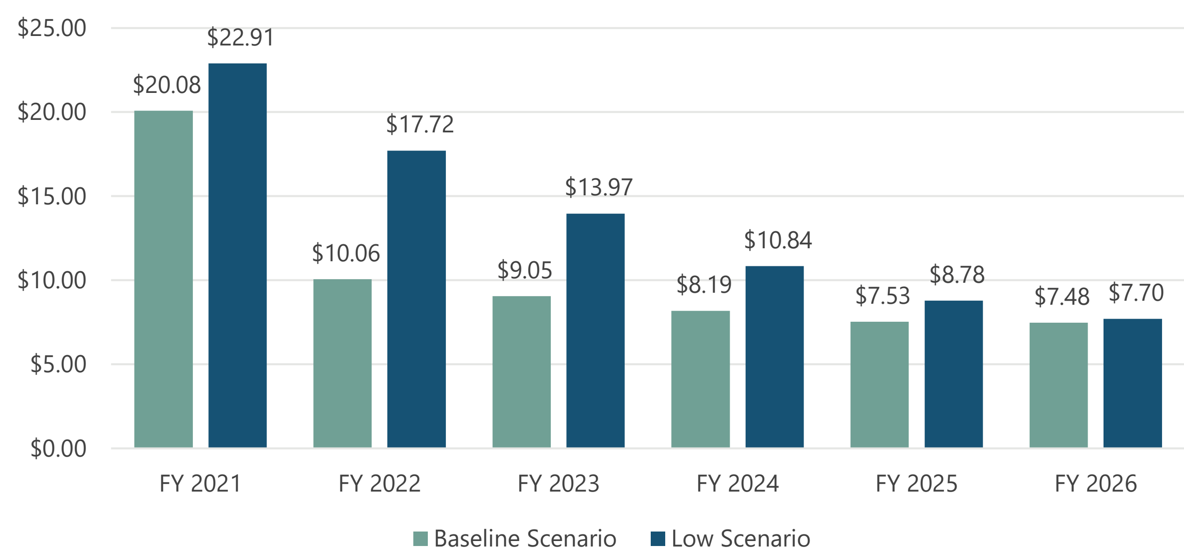
For both the Baseline Scenario and Low Scenario, no additional bonds are assumed to be issued for debt service that would be payable by Revenues during the Projection Period. Due to the assumed continued use of the current approach to airline rates, the DSCR from FY 2024 through FY 2026 is calculated to be 1.50x. This is the result of higher calculated terminal rental rates and landing fees under the Low Scenario, offsetting the decline in passengers and associated declines in Non-Airline Revenues.

Reasonableness of Airport Rates and Charges – Airline Cost Projection (Cost per Enplaned Passenger)

A general test of reasonableness of airport user fees is to compare projected airline costs in a manner that accounts for airline activity. One approach is to measure airline revenues generated from airline rates and charges on a cost per enplaned passenger (CPE) basis. By comparing this metric on a year-over-year basis and by comparing it to airline revenue and estimated costs allocated to the Airport, the reasonableness of Airport user fees can be determined. The airline CPE is calculated by dividing the Total Airline Revenue charged by the number of enplaned passengers at the Airport.

Exhibit 7 presents the results of projected airline CPE for the Baseline and Low Scenarios.[7] Under the Baseline Scenario, the CPE is projected to be $20.08 in 2021 compared to $22.91 in the Low Scenario. This Low Scenario CPE does not include any additional expense cuts or application of remaining CARES Act funds the City could use to offset additional Non-Airline Revenue loss in 2021. Over the course of the Projection Period, CPE ranges from a high of $17.72 to a low of $7.70 under the Low Scenario, consistently higher than the Baseline Scenario. The Low Scenario does not approximate Baseline Scenario CPE levels until FY 2026.

EXHIBIT 7 COST PER ENPLANED PASSENGER COMPARISON



NOTE:
FY – Fiscal Year
SOURCES: City of Burlington, Vermont, December 2020 (actual and budgeted amounts); Ricondo & Associates, Inc., January 2021 (projection).

7 Attachment A, Table A-8 presents the calculation of airline CPE for the Baseline Scenario for the period FY 2020 (Actual) through the Projection Period (Projected).

Expenses are assumed to grow at a slower rate under the Low Scenario as the City is anticipated to respond to a slower trajectory toward recovery by limiting increases in annual O&M Expenses; however, it is not assumed the City will make further reductions in O&M Expenses. Additionally, the use of CARES Act and CRRSAA funds is assumed to be applied to offset Airport O&M Expenses in the same fiscal years and amounts as shown in Attachment A, Table A-1. Finally, Revenues driven by passenger activity are assumed to recover at a correspondingly slower rate in the Low Scenario.

On the basis of the analysis set forth in this Letter Report, Ricondo is of the opinion that Revenues generated in each year of the Projection Period are expected to be sufficient to comply with the Rate Covenant established in the Bond Resolution and that projected airline costs are expected to remain reasonable.

Disclaimer

Founded in 1989, Ricondo is a full-service aviation consulting firm providing airport physical and financial planning services to airport owners and operators, airlines, and federal and state agencies. Ricondo has prepared Reports of the Airport Consultant in support of over $32 billion of airport-related revenue bonds since 1996. Ricondo is not registered as a municipal advisor under Section 15B of the Securities Exchange Act of 1934. Ricondo is not acting as a municipal advisor and has not been engaged by the City to provide advice with respect to the structure, timing, terms, or other similar matters concerning the issuance of municipal securities. The assumptions regarding such matters included in this Letter Report were provided by the City or the City's Municipal Advisor or underwriter, or, with the City's approval, were derived from general, publicly available data approved by the City. Ricondo owes no fiduciary duty to the City. The City should discuss the information and analysis contained in this Letter Report with internal and external advisors and experts that the City deems appropriate before taking any action. Any opinions, assumptions, views, or information contained herein are not intended to be, and do not constitute, "advice" within the meaning of Section 15B of the Securities Exchange Act of 1934.

The techniques and methodologies used by Ricondo in preparing this Letter Report are consistent with industry practices for similar studies. While Ricondo believes that the approach and assumptions used in this Letter Report are reasonable, some assumptions regarding future trends and events detailed in this Letter Report, including the projections of passenger activity and financial performance, may not materialize. Achievement of the projections presented in this Letter Report, therefore, are dependent on the occurrence of future events, which cannot be assured, and the variations may be material. The industry has experienced significant changes as a result of the impacts from the COVID-19 pandemic. The impacts to passenger activity due to COVID-19, as they are related to the 2021 Bonds, are analyzed within this Letter Report.

In developing this Letter Report, Ricondo used information from various sources, including the City and independent private providers of economic and aviation industry data, as identified in the notes accompanying the related tables and exhibits in this Letter Report. Ricondo believes these sources to be reliable but has not audited the data and does not warrant their accuracy. The Letter Report presented is based on conditions known as of the date of this letter. Ricondo has no obligation to update this Letter Report on an ongoing basis.

Sincerely,

Ricondo & Associates, Inc.

RICONDO & ASSOCIATES, INC.

ENCLOSURES

ATTACHMENT A

Financial Projection Tables

TABLE A-1 OPERATION AND MAINTENANCE EXPENSES

(Dollars for Fiscal Years Ending June 30)

	ACTUAL	BUDGET	PROJECTED					COMPOUND ANNUAL
	2020	2021	2022	2023	2024	2025	2026	GROWTH RATE (2020-2026)
O&M Expenses								
Salaries	$ 3,282,205	$ 3,467,714	$ 3,623,761	$ 3,786,830	$ 3,957,238	$ 4,135,313	$ 4,321,403	4.7%
Employee Benefits	1,294,505	1,323,628	1,383,191	1,445,435	1,510,479	1,578,451	1,649,481	4.1%
Professional and Service Contracts	2,259,031	1,928,006	1,985,846	2,045,422	2,106,784	2,169,988	2,235,087	-0.2%
Insurance	239,770	318,275	327,823	337,658	347,788	358,221	368,968	7.4%
Advertising, Public Relations, Subscriptions	81,612	81,500	83,945	86,463	89,057	91,729	94,481	2.5%
Utilities / Phone	1,337,343	1,578,200	1,625,546	1,674,312	1,724,542	1,776,278	1,829,566	5.4%
Travel & Training, Materials, Supplies, Permits, and Postage	343,962	336,800	346,904	357,311	368,030	379,071	390,444	2.1%
Small Tools, Equipment, Fuel, and Deicer	548,395	590,892	608,619	626,877	645,684	665,054	685,006	3.8%
Repairs and Maintenance	2,083,617	1,657,519	2,007,245	2,067,462	2,129,486	2,193,370	2,259,171	1.4%
BPD / Airport Security	1,205,150	1,212,000	1,248,360	1,285,811	1,324,385	1,364,117	1,405,040	2.6%
City Interdepartmental	465,179	512,566	527,943	543,781	560,095	576,898	594,204	4.2%
Property Taxes, Banking Fees, and Capital Leases	1,321,468	1,502,236	1,547,303	1,593,722	1,641,534	1,690,780	1,741,503	4.7%
Total All Expenses [1]	**$ 14,462,237**	**$ 14,509,336**	**$ 15,316,486**	**$ 15,851,085**	**$ 16,405,102**	**$ 16,979,270**	**$ 17,574,355**	**3.3%**
O&M Expense Cost Center Allocation								
Admin	$ 1,574,029	$ 1,221,993	$ 1,262,931	$ 1,305,290	$ 1,349,120	$ 1,394,476	$ 1,441,412	-1.5%
Terminal Ops	6,422,256	6,364,588	6,586,478	6,816,417	7,054,710	7,301,673	7,557,634	2.8%
Airfield Ops	3,764,445	3,829,106	4,263,374	4,411,544	4,565,070	4,724,155	4,889,009	4.5%
Industrial Park	783,265	796,685	823,789	851,850	880,903	910,986	942,136	3.1%
Parking Garage [2]	1,298,466	1,670,394	1,732,053	1,796,082	1,862,575	1,931,630	2,003,349	7.5%
Other Properties	619,775	626,570	647,861	669,903	692,723	716,351	740,816	3.0%
Total O&M Expenses	**$ 14,462,237**	**$ 14,509,336**	**$ 15,316,486**	**$ 15,851,085**	**$ 16,405,102**	**$ 16,979,270**	**$ 17,574,355**	**3.3%**
Less: CARES Act and CRRSAA Funding Applied To Offset O&M [3]	(2,278,701)	(7,421,299)	(2,000,000)	(810,000)	-	-	-	-100.0%
O&M Expenses Net of CARES Act Funding	**$ 12,183,535**	**$ 7,088,037**	**$ 13,316,486**	**$ 15,041,085**	**$ 16,405,102**	**$ 16,979,270**	**$ 17,574,355**	**6.3%**

NOTES:

1 Excludes depreciation, interest, bond-related expenses, and capital lease principal and interest payments.

2 Includes expenses associated with the QTA Facility from FY 2020 through FY 2026.

3 Assumes $1.0 million of CRRSAA (as defined in the Letter Report) funding applied in FY 2021, $2.0 million in FY 2022, and $0.8 million in FY 2023

SOURCES: Burlington International Airport, December 2020; Ricondo & Associates, Inc., February 2021.

TABLE A-2 NON-AIRLINE REVENUES

(Dollars for Fiscal Years Ending June 30)

	ACTUAL	BUDGET	PROJECTED					COMPOUND ANNUAL
	2020	2021	2022	2023	2024	2025	2026	GROWTH RATE (2020-2026)
Non-Airline Revenues								
Parking Lot / Garage	$ 4,747,097	$ 3,012,044	$ 4,717,846	$ 5,708,778	$ 6,563,653	$ 6,760,563	$ 6,963,380	6.6%
Customer Facility Charges	1,220,400	593,901	930,243	1,125,631	1,294,191	1,377,710	1,430,466	2.7%
Car Rental Concessions	2,179,386	1,015,612	1,590,780	1,924,907	2,213,157	2,279,551	2,347,938	1.2%
Terminal Concessions	550,307	444,740	696,608	842,923	969,149	1,031,692	1,071,197	11.7%
Non-Airline Terminal Rentals	640,976	500,000	783,163	947,658	1,281,190	1,363,870	1,416,096	14.1%
Building and Ground Rentals	1,420,024	1,802,096	1,856,159	1,911,844	1,969,199	2,028,275	2,089,123	6.6%
Other Non-Airline Revenues [1]	1,061,084	599,318	938,728	1,135,898	1,305,995	1,390,276	1,443,513	5.3%
Total Non-Airline Operating Revenues	**$ 11,819,272**	**$ 7,967,711**	**$ 11,513,528**	**$ 13,597,639**	**$ 15,596,534**	**$ 16,231,938**	**$ 16,761,712**	**6.0%**

NOTE:

1 Includes taxi revenues, miscellaneous revenue from services, miscellaneous reimbursements, federal reimbursements (operating), and interest income.

SOURCES: Burlington International Airport, December 2020; Ricondo & Associates, Inc., February 2021.

TABLE A-3 AIRLINE LANDING FEE RATES AND REVENUES

(Dollars for Fiscal Years Ending June 30)

		ACTUAL	BUDGET	PROJECTED				
		2020	2021	2022	2023	2024	2025	2026
Airfield Requirement								
Airfield Operating Expenses		$ 3,764,445	$ 3,829,106	$ 4,263,374	$ 4,411,544	$ 4,565,070	$ 4,724,155	$ 4,889,009
Less: CRRSAA Funding Applied Offset to Operating Expenses		-	(1,000,000)	(2,000,000)	(810,000)	-	-	-
Less: Revenue Share To Decrease Requirement								
Concessions		(243,358)	(150,000)	(234,949)	(284,298)	(326,870)	(347,965)	(361,289)
Ground and Building Rent		(247,097)	(247,776)	(255,209)	(262,866)	(270,752)	(278,874)	(287,240)
Apron Fee		(207,271)	(19,041)	(29,824)	(36,088)	(41,492)	(44,170)	(45,861)
Other Revenues [1]		(34,438)	(35,000)	(35,900)	(36,827)	(37,782)	(38,765)	(39,778)
Airfield O&M Expenses Less Revenue Share		**$ 3,032,281**	**$ 2,377,289**	**$ 1,707,492**	**$ 2,981,465**	**$ 3,888,174**	**$ 4,014,381**	**$ 4,154,840**
Less: Revenue available from other cost centers [2]		(1,047,488)	-	(780,094)	(1,184,249)	(1,069,953)	(1,037,624)	(1,033,189)
Total Airfield Requirement	[A]	**$ 1,984,793**	**$ 2,377,289**	**$ 927,398**	**$ 1,797,216**	**$ 2,818,221**	**$ 2,976,757**	**$ 3,121,652**
Landed Weight	[B]	649,953	352,673	555,699	712,380	885,660	946,141	961,177
Landing Fee - Calculated (per 1,000 lbs.)	[C=A/B]	**$ 3.05**	**$ 6.74**	**$ 1.67**	**$ 2.52**	**$ 3.18**	**$ 3.15**	**$ 3.25**
Landing Fee - Charged (per 1,000 lbs.)	[D]	**$ 2.09**	**$ 2.09**	**$ 1.67**	**$ 2.52**	**$ 3.18**	**$ 3.15**	**$ 3.25**
Net Landing Fee Revenue [3]	[E=B*D]	**$ 1,358,402**	**$ 737,087**	**$ 927,398**	**$ 1,797,216**	**$ 2,818,221**	**$ 2,976,757**	**$ 3,121,652**

NOTES:

1 Includes miscellaneous revenues, fee for services revenues, and property tax reimbursements.

2 Equivalent to 20% of net revenue available from Administrative, Industrial Park, Parking, and Rented Buildings and Other Areas cost centers.

3 Does not include apron fee revenue.

SOURCES: Burlington International Airport, December 2020; Ricondo & Associates, Inc., February 2021.

TABLE A-4 TERMINAL RENTAL RATE AND AIRLINE TERMINAL REVENUES

(Dollars for Fiscal Years Ending June 30)

		ACTUAL 2020	BUDGET 2021	PROJECTED 2022	2023	2024	2025	2026
Net Revenue Calculation								
Total Operating Revenue		$ 18,397,881	$ 11,536,839	$ 15,376,080	$ 18,426,222	$ 21,097,208	$ 21,668,148	$ 22,262,338
Total Operating Expenses		(14,462,207)	(14,509,336)	(15,316,486)	(15,851,085)	(16,405,102)	(16,979,270)	(17,574,355)
Plus: CARES Act Funding Applied To Offset O&M [1, 2]		-	6,421,299	-	-	-	-	-
Net Revenue [3]	[A]	$ 3,935,674	$ 3,448,802	$ 59,594	$ 2,575,137	$ 4,692,106	$ 4,688,878	$ 4,687,983
Target Debt Coverage Calculation								
Debt Service	[B]	$ 3,609,675	$ 3,604,675	$ -	$ 569,244	$ 3,902,138	$ 3,901,681	$ 3,900,600
Target Ratio	[C]	1.50x	1.50x	1.50x	1.50x	1.50x	1.50x	1.50x
Target Net Revenues	[D=B*C]	$ 5,414,513	$ 5,407,013	$ -	$ 853,866	$ 5,853,206	$ 5,852,522	$ 5,850,900
Less: PFCs Available for Debt Service	[E]	(831,638)	(1,162,009)	-	(228,332)	(1,161,100)	(1,163,644)	(1,162,917)
Net Operating Revenue Required for Target DSCR	[F=D+E]	$ 4,582,875	$ 4,245,004	$ -	$ 625,534	$ 4,692,106	$ 4,688,878	$ 4,687,983
Net Revenue	[A]	3,935,674	3,448,802	59,594	2,575,137	4,692,106	4,688,878	4,687,983
Variance from Target Coverage Ratio	[G=F-A]	$ 647,201	$ 796,202	$ -	$ (1,949,603)	$ -	$ -	$ -
Terminal Requirement								
Total Billed Square Footage	[H]	42,637	42,637	42,637	42,637	42,637	42,637	42,637
Charged Terminal Rate	[I]	**$ 63.00**	**$ 63.00**	**$ 65.00**	**$ 67.00**	**$ 58.58**	**$ 53.17**	**$ 51.12**
Terminal Space Rental Revenues[4]	[J=H*I]	**$ 2,686,162**	**$ 2,686,162**	**$ 2,771,437**	**$ 2,856,712**	**$ 2,497,551**	**$ 2,266,854**	**$ 2,179,482**
Plus: Variance to Target Coverage Ratio	[G]	647,201	796,202	-	(1,949,603)	-	-	-
Total Terminal Requirement	[K=J+G]	$ 3,333,363	$ 3,482,365	$ 2,771,437	$ 907,109	$ 2,497,551	$ 2,266,854	$ 2,179,482
Calculated Terminal Rate	[L=K/H]	**$ 78.18**	**$ 81.67**	**$ 65.00**	**$ 21.27**	**$ 58.58**	**$ 53.17**	**$ 51.12**
Jet Bridge Fees, Non-Signatory Fees, and Storage Room Rent	[M]	140,613	126,838	133,893	138,567	143,410	148,429	153,631
Airline Terminal Revenues	[N=J+M]	**$ 2,826,775**	**$ 2,813,000**	**$ 2,905,331**	**$ 2,995,279**	**$ 2,640,961**	**$ 2,415,283**	**$ 2,333,113**

NOTES:

1 CARES Act funding is assumed to be applied to total operating expenses.

2 FY 2021 is the only Fiscal Year in which CARES Act funding is applied to offset O&M Expenses and affects the Terminal Rate calculation.

3 Assumes $1.0 million of CRRSAA funding applied in FY 2021, $2.0 million in FY 2022, and $0.8 million in FY 2023 does not affect the Terminal Rate calculation.

4 This total includes only revenues dervied from the Terminal Rental Rate and excludes, jet bridge fees, non-signatory fees, and storage room rent.

SOURCES: Burlington International Airport, December 2020; Ricondo & Associates, Inc., February 2021.

TABLE A-5 PROJECTED DEBT SERVICE

(Dollars for Fiscal Years Ending June 30)

	ACTUAL	BUDGET	PROJECTED				
	2020	2021	2022	2023	2024	2025	2026
Revenue Bonds							
Series 2012A [1]	$ 2,157,675	$ 2,154,675	$ -	$ 230,400	$ 2,156,200	$ 2,165,400	$ 2,161,600
Series 2014A [1]	1,452,000	1,450,000	-	237,875	1,445,875	1,444,875	1,446,250
Proposed 2021A Bonds - 2012A Refunding	-	-	-	60,469	179,813	172,656	180,406
Proposed 2021A Bonds - 2014A Refunding	-	-	-	40,500	120,250	118,750	112,344
Total Revenue Bond Debt Service	**$ 3,609,675**	**$ 3,604,675**	**$ -**	**$ 569,244**	**$ 3,902,138**	**$ 3,901,681**	**$ 3,900,600**
Debt Service by Cost Center							
Terminal	$ 1,415,082	$ 1,749,958	$ -	$ 182,665	$ 1,250,401	$ 1,253,859	$ 1,248,108
Airside	-	929,352	-	45,666	312,600	313,465	312,027
Parking	2,194,593	925,365	-	340,912	2,339,136	2,334,358	2,340,465
Industrial Park	-	-	-	-	-	-	-
Total Revenue Bond Debt Service	**$ 3,609,675**	**$ 3,604,675**	**$ -**	**$ 569,244**	**$ 3,902,138**	**$ 3,901,681**	**$ 3,900,600**
PFCs Applied to Debt Service By Cost Center							
Terminal	$ 831,638	$ 1,162,009	$ -	$ 182,665	$ 1,023,062	$ 1,025,017	$ 1,024,533
Airside	-	-	-	45,666	138,038	138,627	138,384
Parking	-	-	-	-	-	-	-
Industrial Park	-	-	-	-	-	-	-
Total Debt Service Paid by PFCs	**$ 831,638**	**$ 1,162,009**	**$ -**	**$ 228,332**	**$ 1,161,100**	**$ 1,163,644**	**$ 1,162,917**

NOTES:

1 Net of the Series 2012A and Series 2014A Principal to be refunded and interest to be capitalized by proceeds from the Series 2021 Bonds.

SOURCES: Ramirez & Co., January 2021; Ricondo & Associates, Inc., February 2021.

TABLE A-6 APPLICATION OF REVENUES AND DEBT SERVICE COVERAGE

(Dollars for Fiscal Years Ending June 30)

		ACTUAL	BUDGET	PROJECTED				
		2020	2021	2022	2023	2024	2025	2026
Gross Revenues and Other Available Funds								
Airline Terminal Revenue [1]		$ 2,826,775	$ 2,813,000	$ 2,905,331	$ 2,995,279	$ 2,640,961	$ 2,415,283	$ 2,333,113
Airline Landing Fee Revenue [2]		1,565,673	756,128	957,222	1,833,305	2,859,713	3,020,927	3,167,513
Non-Airline Revenues		11,819,272	7,967,711	11,513,528	13,597,639	15,596,534	16,231,938	16,761,712
Total Revenues[3]	[A]	**$ 16,211,721**	**$ 11,536,839**	**$ 15,376,080**	**$ 18,426,222**	**$ 21,097,208**	**$ 21,668,148**	**$ 22,262,338**
Less: Total O&M Expenses	[B]	$ (14,462,237)	$ (14,509,336)	$ (15,316,486)	$ (15,851,085)	$ (16,405,102)	$ (16,979,270)	$ (17,574,355)
Plus: CARES Act Funding Applied To Offset O&M [4]	[C]	2,278,701	7,421,299	2,000,000	810,000	-	-	-
Net Revenues	[D=A+B+C]	**$ 4,028,186**	**$ 4,448,802**	**$ 2,059,594**	**$ 3,385,137**	**$ 4,692,106**	**$ 4,688,878**	**$ 4,687,983**
Plus: PFC Revenues Applied to Debt Service	[E]	$ 831,638	$ 1,162,009	$ -	$ 228,332	$ 1,161,100	$ 1,163,644	$ 1,162,917
Funds Available for Debt Service	[F=D+E]	**$ 4,859,824**	**$ 5,610,810**	**$ 2,059,594**	**$ 3,613,469**	**$ 5,853,206**	**$ 5,852,522**	**$ 5,850,900**
Plus: PFC Eligible Allocation (25%)	[G=E*25%]	$ 207,910	$ 290,502	$ -	$ 57,083	$ 290,275	$ 290,911	$ 290,729
Adjusted Funds Available for Debt Service	[H=F+G]	**$ 5,067,733**	**$ 5,901,312**	**$ 2,059,594**	**$ 3,670,552**	**$ 6,143,481**	**$ 6,143,433**	**$ 6,141,629**
Revenue Bond Debt Service Requirements	[I]	**$ 3,609,675**	**$ 3,604,675**	**$ -**	**$ 569,244**	**$ 3,902,138**	**$ 3,901,681**	**$ 3,900,600**
Debt Service Coverage Ratio	[J=F/I]	**1.35x**	**1.56x**	**n/a**	**6.35x**	**1.50x**	**1.50x**	**1.50x**
Adjusted Debt Service Coverage Ratio [5]	[K=H/I]	**1.40x**	**1.64x**	**n/a**	**6.45x**	**1.57x**	**1.57x**	**1.57x**

NOTES:

1 Terminal revenue includes jet bridge, airline waivers, and storage room revenues.

2 Landing fee revenue includes apron fee revenue.

3 CFC Revenues and pledged PFC Revenues are included because they are considered Revenues under the Rate Covenant.

4 Assumes $1.0 million of CRRSAA funding applied in FY 2021, $2.0 million in FY 2022, and $0.8 million in FY 2023.

5 Adjusted debt service coverage ratio includes PFC eligible allocation (25%) available for coverage purposes.

SOURCE: Ricondo & Associates, Inc., February 2021.

TABLE A-7A SUMMARY OF FINANCIAL METRICS - BASELINE SCENARIO

(Dollars for Fiscal Years Ending June 30)

		ACTUAL	BUDGET	PROJECTED				
		2020	2021	2022	2023	2024	2025	2026
Enplaned passengers		**519,874**	**177,713**	**383,994**	**533,618**	**671,912**	**722,131**	**735,090**
Percent Growth		-25.0%	-65.8%	116.1%	39.0%	25.9%	7.5%	1.8%
Percent of 2019 Traffic Levels		75.0%	25.6%	55.4%	77.0%	96.9%	104.2%	106.0%
Total Revenues		$ 16,211,721	$ 11,536,839	$ 15,376,080	$ 18,426,222	$ 21,097,208	$ 21,668,148	$ 22,262,338
CARES Act Funds		$ 2,278,701	$ 7,421,299	$ 2,000,000	$ 810,000	$ -	$ -	$ -
PFC Revenues Applied to Debt Service		$ 831,638	$ 1,162,009	$ -	$ 228,332	$ 1,161,100	$ 1,163,644	$ 1,162,917
Total O&M		$ 14,462,237	$ 14,509,336	$ 15,316,486	$ 15,851,085	$ 16,405,102	$ 16,979,270	$ 17,574,355
Debt Service	[A]	$ 3,609,675	$ 3,604,675	$ -	$ 569,244	$ 3,902,138	$ 3,901,681	$ 3,900,600
Funds Available for Debt Service	[B]	$ 4,859,824	$ 5,610,810	$ 2,059,594	$ 3,613,469	$ 5,853,206	$ 5,852,522	$ 5,850,900
Percent eligible passengers paying PFC		86%	85%	85%	85%	85%	85%	85%
Net PFC per passenger [1]		$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39
PFC collections [2]		$ 1,963,840	$ 663,138	$ 1,432,873	$ 1,991,194	$ 2,507,240	$ 2,694,631	$ 2,742,990
Cost Per Enplanement		**$ 8.45**	**$ 20.08**	**$ 10.06**	**$ 9.05**	**$ 8.19**	**$ 7.53**	**$ 7.48**
Terminal Rate		$ 63.00	$ 63.00	$ 65.00	$ 67.00	$ 58.58	$ 53.17	$ 51.12
Landing Fee - Charged (per 1,000 lbs.) [3]		$ 2.09	$ 2.09	$ 1.67	$ 2.52	$ 3.18	$ 3.15	$ 3.25
Debt Service Coverage Ratio	[C=B/A]	**1.35x**	**1.56x**	**n/a**	**6.35x**	**1.50x**	**1.50x**	**1.50x**
Adjusted Debt Service Coverage Ratio [4]		**1.40x**	**1.64x**	**n/a**	**6.45x**	**1.57x**	**1.57x**	**1.57x**

NOTES:

1 $4.50 less airline collection fee of $0.11 per passenger.

2 Per the City's budget, PFC collections in FY 2021 are anticipated to total $1.3 million.

3 Does not include apron fee which was $0.35 in FY 2020.

4 Adjusted debt service coverage ratio includes PFC eligible allocation (25%) available for coverage purposes.

SOURCE: Ricondo & Associates, Inc., February 2021.

TABLE A-7B SUMMARY OF FINANCIAL METRICS - LOW SCENARIO

(Dollars for Fiscal Years Ending June 30)

		ACTUAL	BUDGET	PROJECTED				
		2020	2021	2022	2023	2024	2025	2026
Enplaned passengers		**519,879**	**153,398**	**232,964**	**356,307**	**538,358**	**621,919**	**675,642**
Percent Growth		-25.0%	-70.5%	51.9%	52.9%	51.1%	15.5%	8.6%
Percent of 2019 Traffic Levels		75.0%	22.1%	33.6%	51.4%	77.7%	89.7%	97.5%
Total Revenues		$ 16,211,721	$ 11,481,408	$ 13,811,638	$ 16,867,418	$ 20,632,262	$ 21,027,537	$ 21,435,109
CARES Act Funds		$ 2,278,701	$ 7,421,299	$ 2,000,000	$ 810,000	$ -	$ -	$ -
PFC Revenues Applied to Debt Service		$ 831,638	$ 1,162,009	$ -	$ 228,332	$ 1,161,100	$ 1,163,644	$ 1,162,917
Total O&M		$ 14,462,237	$ 14,509,336	$ 15,172,069	$ 15,551,371	$ 15,940,155	$ 16,338,659	$ 16,747,126
Debt Service	[A]	$ 3,609,675	$ 3,604,675	$ -	$ 569,244	$ 3,902,138	$ 3,901,681	$ 3,900,600
Funds Available for Debt Service	[B]	$ 4,859,824	$ 5,555,379	$ 639,568	$ 2,354,379	$ 5,853,206	$ 5,852,522	$ 5,850,900
Percent eligible passengers paying PFC		86%	85%	85%	85%	85%	85%	85%
Net PFC per passenger [1]		$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39	$ 4.39
PFC collections [2]		$ 1,963,840	$ 572,405	$ 869,306	$ 1,329,561	$ 2,008,883	$ 2,320,690	$ 2,521,156
Cost Per Enplanement		**$ 8.45**	**$ 22.91**	**$ 17.72**	**$ 13.97**	**$ 10.84**	**$ 8.78**	**$ 7.70**
Terminal Rate		$ 63.00	$ 63.00	$ 65.00	$ 67.00	$ 63.65	$ 51.52	$ 42.40
Landing Fee - Charged (per 1,000 lbs.) [3]		$ 2.09	$ 2.09	$ 2.94	$ 3.55	$ 3.85	$ 3.68	$ 3.60
Debt Service Coverage Ratio	[C=B/A]	**1.35x**	**1.54x**	**n/a**	**4.14x**	**1.50x**	**1.50x**	**1.50x**
Adjusted Debt Service Coverage Ratio [4]		**1.40x**	**1.62x**	**n/a**	**4.24x**	**1.57x**	**1.57x**	**1.57x**

NOTES:

1 $4.50 less airline collection fee of $0.11 per passenger.

2 Per the City's budget, PFC collections in FY 2021 are anticipated to total $1.3 million.

3 Does not include apron fee which was $0.35 in FY 2020.

4 Adjusted debt service coverage ratio includes PFC eligible allocation (25%) available for coverage purposes.

SOURCE: Ricondo & Associates, Inc., February 2021.

TABLE A-8 AIRLINE COST PER ENPLANED PASSENGER

(Dollars for Fiscal Years Ending June 30)

		ACTUAL	BUDGET	PROJECTED				
		2020	2021	2022	2023	2024	2025	2026
Total Airline Revenue Charged								
Terminal Revenue		$ 2,826,775	$ 2,813,000	$ 2,905,331	$ 2,995,279	$ 2,640,961	$ 2,415,283	$ 2,333,113
Landing Fee Revenue [1]		1,565,673	756,128	957,222	1,833,305	2,859,713	3,020,927	3,167,513
Total Airline Revenue Charged	[A]	**$ 4,392,448**	**$ 3,569,128**	**$ 3,862,553**	**$ 4,828,584**	**$ 5,500,674**	**$ 5,436,210**	**$ 5,500,626**
Enplaned Passengers	[B]	519,874	177,713	383,994	533,618	671,912	722,131	735,090
Percent Growth		-25.0%	-65.8%	116.1%	39.0%	25.9%	7.5%	1.8%
Percent of 2019 Traffic Levels		75.0%	25.6%	55.4%	77.0%	96.9%	104.2%	106.0%
Cost per Enplaned Passenger	[C=A/B]	**$ 8.45**	**$ 20.08**	**$ 10.06**	**$ 9.05**	**$ 8.19**	**$ 7.53**	**$ 7.48**

NOTE:

1 Landing fee revenue includes apron fee revenue.

SOURCES: Burlington International Airport, December 2020; Ricondo & Associates, Inc., February 2021.

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APPENDIX B

FINANCIAL STATEMENTS OF AIRPORT ENTERPRISE FUND FOR FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

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CITY OF BURLINGTON, VERMONT
BURLINGTON INTERNATIONAL AIRPORT
FINANCIAL STATEMENTS

FOR FISCAL YEARS ENDED

JUNE 30, 2020 AND 2019

TABLE OF CONTENTS

Independent Auditor's Report

To the Honorable Mayor, City Council
and Burlington Airport Commission
City of Burlington, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of the Burlington International Airport, an Enterprise Fund of the City of Burlington, Vermont (the Airport) as of and for the years ended June 30, 2020 and 2019, as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

The Airport's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

As discussed in Note 1, the financial statements present only the Airport and do not purport to, and do not, present fairly the financial position of the City of Burlington, Vermont as of June 30, 2020 and 2019, and the changes in its financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Airport Enterprise Fund of the City of Burlington, Vermont as of June 30, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, and the Pension and OPEB schedules be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we will also issue our report on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Airport's internal control over financial reporting and compliance.

Melanson

Merrimack, New Hampshire
November 25, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the Burlington International Airport's annual financial report, management provides a narrative discussion and analysis of the financial activities for the year ended June 30, 2020. The Airport's performance is discussed and analyzed within the context of the accompanying financial statements and note disclosures following this section.

Overview of the Financial Statements:

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements include (1) the statement of net position, (2) the statement of revenues, expenses and changes in net position, (3) the statement of cash flows, and (4) notes to financial statements.

The Statement of Net Position is designed to indicate our financial position as of a specific point in time. At June 30, 2020, it shows our net position of $170,548,448 a change of $5,728,300 in comparison to the prior year.

> The largest portion of net position, $148,760,524, reflects our net investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. This portion of net position increased $6,654,413 from the prior year primarily from the acquisition of capital assets from AIP Grants less depreciation expense exceeding the debt service principal payment during the fiscal year.
>
> An additional portion of net position, $18,264,729, (restricted net position) represents resources that are subject to external restrictions on how they may be used. This portion of net position increased $1,616,257 from the prior year primarily from the increase in restricted PFC cash balance.
>
> The remaining balance, or unrestricted net position, was $3,523,195. This portion of net position decreased $2,542,370, or 42% from the prior. Please refer to page five for more information on operating revenues and expenses.

The Statement of Revenues, Expenses and Changes in Net Position summarize our operating results and reveals how much, if any, of a profit was earned for the year. As discussed in more detail below, our change in net position for June 30, 2020 was $5,728,300. There are three significant components of this increase. The first is the net income before capital contributions and special items of ($1,255,472). The second component is the recognition of the capital contributions received from the Federal Aviation Administration (FAA) and the State of Vermont for capital improvement of $7,779,623. Lastly, the Airport recognized a special item of ($795,851) on the impairment of land assets. Collectively, these three components account for the net increase in Net Position.

The Statement of Cash Flows provides information about cash receipts and cash payments during the accounting period. It also provides information about investing and financing activities for the same period. A review of our Statement of Cash Flows indicates that cash receipts from operating activities plus PFC revenues adequately covered our debt service principal and interest in fiscal year 2020.

Financial Highlights:

The following is a summary of condensed financial data for the current and prior two fiscal years.

Summary of Net Position (000s)

	2020	2019	2018
Assets:			
Current and other assets	$ 41,562	$ 33,462	$ 36,162
Capital assets	184,779	175,897	169,370
Total assets	226,341	209,359	205,532
Deferred outflows of resources	651	527	827
Total assets and deferred outflows of resources	$ 226,992	$ 209,886	$ 206,359
Liabilities:			
Current and other liabilities	$ 20,612	$ 6,224	$ 9,741
Long term liabilities	35,509	38,259	41,328
Total liabilities	56,121	44,483	51,069
Deferred inflows of resources	323	583	830
Net position:			
Net investment in capital assets	148,760	142,106	133,374
Restricted	18,265	16,648	14,468
Unrestricted	3,523	6,066	6,618
Total net position	170,548	164,820	154,460
Total liabilities, deferred inflows of resources and net position	$ 226,992	$ 209,886	$ 206,359

Summary of Changes in Net Position (000s)

	2020	2019	2018
Operating revenues	$ 16,211	$ 19,288	$ 18,736
Operating expenses	(21,610)	(21,904)	(20,267)
Operating loss	(5,399)	(2,616)	(1,531)
Nonoperating revenues (expenses)			
Other revenue	6,038	4,627	3,191
Other expense	(1,894)	(1,818)	(1,875)
Total nonoperating revenues and expenses	4,144	2,809	1,316
Net income (loss) before capital contributions and special items	(1,255)	193	(215)
Capital contributions - grants	7,779	10,167	14,182
Special items	(796)	-	-
Change in net position	5,728	10,360	13,967
Beginning net position	164,820	154,460	140,493
Ending net position	$ 170,548	$ 164,820	$ 154,460

Operating revenues changed by ($3,076,667) in 2020, a decrease of 16%. This decrease is a result of the COVID-19 pandemic which directly impacted enplanements, thus reducing revenues. The Airport experienced a reduction in flying passengers starting in March 2020. The biggest reductions in revenues occurred in parking garage, car rental concessions, CFC and PFC revenue. Additional discussion for this change can be found in the Revenues section of this MD&A.

Operating expenses changed by ($293,939) in 2020, a decrease of 1.3%. This change is mostly attributed the decrease in Non-personnel costs. Personnel costs were relatively flat and depreciation increased $244,835. In addition, the Airport spent nearly $1 million on runway repairs which are being reimbursed 100% under the Military Construction National Guard Grant agreement (reported as non-operating grant).

Capital Assets:

Capital Assets - Net capital assets changed by $8,881,826 in 2020, the difference between current year additions, net of CIP reclassification of $15,064,500 and annual depreciation expense of $6,182,674.

Significant capital asset additions in the current year include:

- $4,871,333 Quick turnaround facility
- $4,346,428 Taxiway Gulf Phase 2
- $3,841,208 Air Carrier apron phase 5&6
- $1,310,911 Taxiway Gulf phase 1
- $663,103 Air carrier apron phase 4
- $355,541 Terminal Integration Project
- $275,220 Air carrier apron phase 7
- $101,818 Access Control Security Upgrade

Additional information on capital assets can be found in the Notes to the Financial Statements.

Long-term Debt:

Long-term Debt - At the end of the current fiscal year, total bonded debt outstanding, including unamortized premiums, was $29,318,142, all of which was backed by the full faith and credit of the government.

On May 22, 2018, Moody's Investors Service (Moody's) upgraded the airport's bond rating from Baa3 to Baa2. The upgrade to Baa2 reflects continued improvement in liquidity and stability in debt service coverage, combined with a strengthen cost recovery framework following the adoption of a five-year airline agreement that is residual in natured and provides for a 1.5X Debt Service Coverage Ratio and 200 days cash on hand. On July 14, 2020, Moody's affirmed the Baa2 rating and stable outlook.

Likewise, on September 19, 2018, Fitch Ratings upgraded the airport's bond rating from BBB- to BBB with a stable outlook. On April 9, 2020, Fitch affirmed the BBB rating and revised the outlook to negative due to the COVID uncertainly.

Additional information on long-term debt can be found in the Notes to the Financial Statements.

Historical Airport Operating and Financial Performance

The City accounts for the financial operations of the Airport as an Enterprise Fund. On an annual basis, the Airport has historically generated Revenues sufficient to pay its Operating Expenses, to meet its Bond Debt Service and to fund a portion of its capital expenses. In Fiscal Years 2013 through 2020, the Airport satisfied its Rate Covenant under the Resolution. The Rate Covenant requires the Airport to generate annual Revenues, net of Operating Expenses, of no less than 1.25 times Debt Service, and sufficient to meet all funding requirements for the Airports and Accounts under the Resolution. The City has paid all Bond Debt Service and capital lease obligations timely and in full. See "Recent Financial Performance" herein.

Revenues

The Airport derives its Revenues from a variety of sources, including terminal revenues, parking, landing fees, car rentals, concessions and rentals of buildings and grounds. It has also applied for and been granted permission by the FAA to charge and collect PFCs for qualified capital expenditures and certain debt service.

The following table shows each of these revenue items since fiscal year 2016:

Historical Revenues (000s)	Fiscal Year Ended June 30				
	2016	2017	2018	2019	2020
Airline Revenues					
Terminal Revenues	$ 2,619	$ 2,331	$ 2,787	$ 2,420	$ 2,827
Landing Fee Revenues	1,671	1,721	1,921	1,890	1,566
Airline Surplus	-	-	690	536	-
Total Airline Revenues	**4,290**	**4,052**	**5,398**	**4,846**	**4,393**
Non-Airlines Revenues					
Parking Lot/Garage	5,407	5,488	5,852	6,409	4,747
Car Rental Concessions	1,911	2,048	2,237	2,539	2,179
Terminal Concessions	654	644	672	737	550
Terminal Non-Airline Rent	580	599	608	622	641
Building and Ground Rent	1,274	1,238	1,502	1,488	1,420
Other Non-Airline Revenues	958	1,036	1,148	1,162	1,061
Total Non-Airline Operating Revenues	**10,784**	**11,053**	**12,019**	**12,957**	**10,598**
CFC Revenues	**1,229**	**1,283**	**1,319**	**1,485**	**1,220**
Total Operating Revenues	**$ 16,303**	**$ 16,388**	**$ 18,736**	**$ 19,288**	**$ 16,211**
Y-O-Y Operating revenue Growth		**0.5%**	**14.3%**	**2.9%**	**-16.0%**
PFC Revenues	**$ 2,321**	**$ 2,378**	**$ 2,535**	**$ 2,763**	**$ 1,964**

Terminal Revenues and Landing Fees

Terminal revenues and landing fees are paid by the airlines that operate at the Airport. Such fees are calculated pursuant to an Airport Airline Agreement. The Airport has established five airport cost centers in order to fairly allocate Airport operating costs among the airlines and other tenants. The Airlines signed the new Airline Agreement during FY 2017. American Airlines, United, Delta, and Jet Blue all signed the Agreement and are considered signatory Airlines. The new Airline Agreement, which is a residual method contract, outlines the airline rates and charges methodology which are in effect from July 1, 2016 through June 30, 2021. This new five-year residual airline agreement provides strong and timely cost recovery. In 2019, Frontier began service at the Airport. They have not signed the Airport Airline Agreement and considered non-signatory.

The outbreak of coronavirus affected air travel beginning in March 2020. The Airlines reduced flights to correspond with lower flying public needs. The BTV airline agreement does give BTV the ability to set rates to reach 1.5X of Debt Service. However, it was the decision of management not to increase the airline rates this year. BTV was successful in meeting and exceeding the debt coverage requirement of 1.25% per the bond documents. The FY 2020 Debt coverage score is 1.31%.

Due to the new methodology within the Airline Agreement, the end of year true-up resulted in an Airline revenue surplus for the Fiscal years 2017-2019. Negotiated into the agreement is the requirement that the airport debt coverage ratio will be 1.5X of Debt Service. If the Airport debt coverage ratio exceeds 1.5X at year end, starting with Fiscal Year 2017, a credit will be issued back to the Airlines. If the Airport has less than 200 days cash on hand, only 50% of any overpayments will be due back to the airlines. Fiscal year 2019 surplus is $535,577. Fiscal year 2018 airline revenues recognized fiscal year 2018 and 2017 surpluses as a result of the true-up resulting in airline revenues showing 16% increase from the prior year, as $689,720 relates to surpluses ($572,162 for FY17 and $117,558 for FY18). The surplus from fiscal year 2019, 2018 and 2017 respectively, was retained by the Airport and used for various projects benefiting the airlines and approved by the airlines.

Parking

The City has made substantial investments since 2009 to expand parking capacity and to connect the north garage to the Airport with an enclosed second story walkway.

Current parking fees in the garage are $12 per day. Parking revenues represented approximately 29% of the Airport's total Operating Revenue in Fiscal Year 2020, with a decrease of 26% from the previous year. This follows multiple years of substantial growth. The Fiscal year 2020 decrease was a directly related to the coronavirus impact.

Car Rental Facilities

Car rental revenues represented approximately 13.4% of the Airport's total Operating Revenue in Fiscal Year 2020. Car rental revenues decreased 14.1% from the previous year, again due to the effect of the coronavirus impact. Car rental facilities occupy office and counter space within the terminal building adjacent to the luggage receiving area. The car rentals had a minimum annual revenue guarantee (MAG) of approximately $2.1 million in Fiscal Year 2020. The rental car companies generated slightly more revenue than the guaranteed minimum. In Fiscal Year 2020, the rental car companies generated Revenues to the airport approximately $68,000 above the MAG. In the fall of 2015, the Airport finalized car rental concession agreements with Avis/Budget, Hertz, Dollar, Enterprise, National/Alamo, which are in effect through June 30, 2020. The airport is in discussions with the car rental companies regarding the agreements.

In addition to terminal space, the rental car companies also occupy the second floor north of the parking garage and an onsite car wash facility immediately north of the FAA Control Tower. The Airport imposes a $4 per day CFC on each car rental transaction, which resulted in approximately $1.2 million in revenue during Fiscal Year 2020. $610,020 of the collected CFCs were utilized to support the Debt Service allocable to the parking garage expansion and operating expenses of the garage per the car rental agreements. The City has allocated the remaining $610,020 of the CFC charges collected to complete the construction of a consolidated quick turnaround car wash/return facility (QTA) to replace the existing facility. This new facility will also provide the airport with an opportunity for an additional revenue stream in the form of land lease and potentially transactions fees once it is in operation. The QTA is expected to open during fiscal year 2021.

Terminal Concessions

Terminal concessions, such as food vendors Skinny Pancake, and gift/necessities vendors, such as Hudson News and other similar establishments, provide a variety of services for passengers, visitors, and employees at the Airport. Skinny Pancake, a local restaurant with three locations at the Airport, and newly expanded Hudson News facilities opened in Fiscal Year 2013. Food concession revenues decreased by 25% for Fiscal Year 2020 due to the coronavirus impacts. Terminal concession revenues represented approximately 3.4% or $550,307 of the Airport's total Revenue in Fiscal Year 2020.

Buildings, Grounds, and Airfield Concession Revenues

Building and ground rent and airfield concession revenues ("Other Non-Airline Revenues") include revenue from certain parcels within the existing Airport footprint that have been rented to firms such as Federal Express, Pratt & Whitney, and Heritage, as well as hangar and facility rentals from cooperatives using the Airport for general aviation.

Buildings, grounds and airfield concession revenues represented approximately 9% of the Airport's total Revenue in Fiscal Year 2020. These revenues decreased slightly from the previous year.

Other Revenue

Other Revenues include a federal operating grant, interest income, administrative fees and tenant reimbursements. The tenant reimbursement component relates to property tax and casualty insurance assessments. Changes to this miscellaneous income are primarily affected by fees assessed by third party agencies.

Passenger Facility Charges

The Airport has applied for and received authorization from the FAA to impose and collect PFCs to fund many of the capital improvements it has initiated since 1997. In Fiscal year 2020, the Airport received approximately $1.964 million in PFC revenues, of which approximately $832K were used to pay that portion of Bond Debt Service attributable to authorized PFC projects during FY 2020. In July 2020, the FAA approved the airport's PFC application to revised and increase the amount of PFC used for revenue bond payments related to the revenue bonds issued in 1997 & 2000. These revenue bonds were previously refunded.

As of June 30, 2020, the Airport had approximately $8.5 million on deposit in the PFC Revenue Account, which is adequate to pay for the PFC projects being financed with Airport Revenue Bonds. The Airport expects to continue to apply for authority to impose and collect PFCs for future projects under applicable FAA regulations.

Expenses

The Airport's expenses include typical expense categories covering airport operations. One expense that is not paid for by the Airport is the Aircraft Rescue and Fire Fighting services that are provided by the VT Air National Guard (VTANG) as part of its lease with the Airport, saving the Airport approximately $2.5 million annually.

Salaries and benefits were virtually the same from Fiscal Year 2019 to Fiscal Year 2020, which is primarily because the airport had lower overtime costs and was able to defer and wait on filling certain positions. Service contracts represent third-party maintenance and other non-capital projects. This City interdepartmental expenses are the amounts reimbursed by the Airport to the City for financial, legal, and other necessary services the City provides to support the operations of the Airport.

Due to other Governments and Special Items

The Mayor and Director of Aviation received approval from the City and FAA during fiscal year 2020 to list and sell seven Airport-owned properties known as the Kirby Cottages, located on Lily Lane in South Burlington. These properties were initially purchased using Federal Aviation Administration (FAA) Airport Improvement Program grant monies (AIP-109). However, the City and Airport were able to pull these properties out of the grant for the purposes of avoiding demolition of residential housing. As part of the Airport's sound mitigation program, prior to June 2017, the Airport purchased seven properties in South Burlington. At the time, these properties were located within an area designated by the FAA as incompatible with airport use, based on the 2015 noise map approved by the FAA. Because of their location, under FAA rules, the only option was to purchase and tear down these homes. However, because concerns had been raised about the destruction of affordable housing in the area around the airport, the City negotiated an option with the FAA to delay destruction of these homes until the end of the grant. The grant is now completed, and the FAA is requiring that the homes either be torn down or the grant money returned. Mayor Weinberger has directed the airport to return the grant money and save these affordable homes because the newest noise map shows them to be outside the tear-down zone. At June 30th, 2020, the Airport owes the FAA $2.5 million related to the original cost of the properties, which is showing as Due to other governments. The airport sold all seven properties in August 2020. The final sale price was $795,851 less than the recorded book value of the houses. Therefore, a special item is shown on the Statement of Revenues and Expenses in fiscal year 2020.

Recent Financial Performance

Airport Net Revenue was determined to have been above the Rate Covenant requirement of 1.25X of Debt Service in Fiscal Years 2011 through 2020. Debt Service, Operation and Maintenance expenses and other obligations of the Airport were fully and timely paid in each of those years.

The financial health and performance of the Airport is taken very seriously by the City, the Airport Commission and Airport management. Significant attention has been devoted to improving the Airport's financial operations in the past several years, including increasing non-airline dependent revenues and maintaining debt service coverage in accordance with the requirements of the Resolution.

The outbreak of the coronavirus pandemic primarily impacted the last four months of fiscal year 2020. The entire travel industry was greatly affected with travel being significantly reduced for the time being. The FAA recognized this and responded by issuing CARES ACT grants to airports. The BTV airport received an $8.7 million CARES ACT grant in May 2020. The Airport used $2.3 million of this grant in fiscal year 2020 with the remaining $6.4 million grant being reserved for fiscal 2021.

The Airport finalized negotiations with the Airlines in the Fall of 2016. The Airlines signed the lease in FY 2017. This new agreement calls for the terms to commence as of July 1, 2016 and continue for 5 years. The Airline lease sets the precedent for the methodology used to establish rates and charges, including landing fees, apron fees, and terminal rental rates. This basic methodology is referred to as a residual calculation giving greater risk to the airlines, while providing a sustainable financial future for the airport.

In future Fiscal Years, as was done in Fiscal Years 2011-2020, the Airport expects to employ a portion of its PFC revenues in its coverage calculations, consistent with current FAA regulations as to the use of these revenues. In Fiscal Year 2020, the City continued to hold Airport funds in segregated accounts and use such Revenues only for Airport purposes, including reimbursing the City for shared services and for payroll, payables and capital expenditure draws covered by the City on an interim basis, in accordance with FAA regulations. PFC Revenues will continue to be deposited to a segregated PFC fund and used exclusively for projects approved for their use by the FAA, including the payment of debt service allocable to such projects.

The City and the Airport are continuing to carefully review any opportunity to increase revenues and decrease expenses. The Airport continually evaluates smart ways to increase non-airline revenues to help balance rates and charges billed to the Airlines. All expiring leases are being viewed as opportunities to improve the facility and increase rental revenue. The Airport also is continuing to request reimbursement (through the PFC program) for certain local matching amounts that the City contributed to the FAA approved projects. The local AIP share was $1,036,741 in Fiscal Year 2020.

It is the goal of these initiatives to (i) provide additional transparency in the handling of Airport funds; (ii) ensure timely and proactive responses to any unusual or unexpected financial events with respect to the Airport. Additionally, negotiated into the new airline agreement is the requirement that the airport debt coverage ratio will be 1.5X of Debt Service. The agreement allows the airport to increase rates to meet this ratio. However, due to the current coronavirus pandemic, the airport management team decided not to increase the rates charged to the airlines. The debt covenant requirement of net revenues to be 1.25% of debt service. The airport was able to exceed the bond requirement, with a score of 1.31%.

We believe this presentation tells our most accurate success story from fiscal years 2016 through 2020.

Rate Covenant Calculation From FY 2016 to 2020 (000s)	*Fiscal Year Ended June 30*				
	2016	**2017**	**2018**	**2019**	**2020**
Revenues	$ 16,677	$ 16,625	$ 17,716	$ 18,347	$ 18,377
O&M Expenses (as defined)	12,376	12,327	13,404	13,838	14,462
Net Revenues (as defined)	$ 4,301	$ 4,298	$ 4,312	$ 4,509	$ 3,915
PFC Revenues Available for DS	$ 1,087	$ 1,176	$ 1,180	$ 981	$ 832
Funds Available for DS	$ 5,388	$ 5,474	$ 5,492	$ 5,490	$ 4,747
25% PFC Revenue for DS coverage	272	294	295	245	208
Adjusted funds Available for DS	$ 5,660	$ 5,768	$ 5,787	$ 5,735	$ 4,955
Debt Service	$ 3,386	$ 3,650	$ 3,662	$ 3,660	$ 3,610
Debt Service Coverage	**1.59**	**1.50**	**1.50**	**1.50**	**1.31**
Adjusted Debt Service Coverage	**1.67**	**1.58**	**1.58**	**1.57**	**1.37**

Liquidity

The following table reflects changes to the Airport's Liquidity since fiscal year 2016:

Liquidity Position (000s)	*Fiscal Year Ended June 30*				
Cash and Investment balances	**2016**	**2017**	**2018**	**2019**	**2020**
Unrestricted cash	$ 4,256	$ 5,764	$ 7,754	$ 7,860	$ 14,389
O&M Reserve	3,295	3,302	3,307	3,312	3,317
Renewal and Replacement Reserve	216	216	217	217	217
PFCs[1]	2,685	3,229	3,845	5,867	7,315
PFC Rolling Coverage	488	489	490	490	491
Debt Service Reserve Fund	3,782	3,751	3,652	3,798	3,904
Bond Debt Service Reserve[2]	2,897	3,162	2,958	2,964	3,020
Total cash and investments	**$ 17,619**	**$ 19,913**	**$ 22,223**	**$ 24,508**	**$ 32,653**

[1] *As a result of fiscal year 2015 refunding, our debt service requirements decreased, thereby providing for an increase in our year-end PFC cash position.*

[2] *Represents 1/6 Interest and 1/12 Principal Payments*

The current year increase in cash and investments of $8.1 million is primarily due to an increase of $11 million in the issuance of a Revenue Anticipation Note (RAN), the $2.5 million decrease of

CFC bank account to pay for construction of the Quick Turn Around facility and a decrease in the airport bank account due to lower revenues. The CARES ACT grant fund of $2.3 million were received after June 30th. Increase in PFC cash is due to both higher enplanements (until March 2020) increasing PFC collections and lower annual PFC disbursements. The Airport is preparing the next PFC application to add new eligible projects under this Federal program.

REQUESTS FOR INFORMATION:

This financial report is designed to provide a general overview of the City of Burlington Airport Enterprise Fund's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Office of Clerk/Treasurer
City of Burlington, City Hall
149 Church Street
Burlington, VT 05401

CITY OF BURLINGTON, VERMONT

BURLINGTON INTERNATIONAL AIRPORT
STATEMENT OF NET POSITION

JUNE 30

		2020		2019
Assets				
Current:				
Cash and short-term investments	$	14,389,499	$	7,860,387
Escrows		18,367		2,803,347
Accounts receivable, net of allowance for doubtful accounts		1,704,535		1,651,415
Intergovernmental receivables		6,199,932		3,107,820
PFC receivables		59,210		500,248
Inventory		260,300		264,153
Loan receivable		78,921		76,591
Prepaid expense		154,656		37,778
Total current assets		22,865,420		16,301,739
Noncurrent:				
Restricted cash for passenger facility charges (PFC)		7,314,892		5,866,931
Restricted cash for prepaid cash reserve (PFC)		491,094		490,358
Restricted cash for R&R reserve fund		217,711		217,384
Restricted cash for debt service reserve		2,842,333		636,474
Restricted cash for bond debt service fund		3,019,881		2,963,560
Restricted cash for O&M reserve fund		3,317,059		3,312,088
Restricted investment for debt service reserve		1,061,759		3,161,677
Loan receivable		432,105		511,026
Land and construction in progress		89,031,891		84,370,228
Capital assets, net of accumulated depreciation		95,747,289		91,527,126
Total noncurrent assets		203,476,014		193,056,852
Total Assets		226,341,434		209,358,591
Deferred Outflows of Resources				
Pension related:				
Deferred current year pension contributions		238,269		216,312
Difference between actual and expected experience		30,207		36,743
Difference between projected and actual investment earnings		14,780		4,438
Change in assumptions		92,421		111,218
Change in proportional share of contributions		132,571		152,016
OPEB related:				
Difference between expected and actual experience		142,434		6,161
Total Deferred Outflows of Resources		650,682		526,888
Total Assets and Deferred Outflows of Resources	$	226,992,116	$	209,885,479

(continued)

BURLINGTON INTERNATIONAL AIRPORT
STATEMENTS OF NET POSITION

JUNE 30

(continued)

		2020		2019
Liabilities, Deferred Inflows of Resources and Net Position				
Liabilities				
Current:				
Accounts payable	$	3,843,350	$	2,313,986
Accrued liabilities		90,153		84,358
Retainage payable		818,819		1,547,451
Due to other governments		2,447,766		-
Unearned revenue		1,113,096		1,207,407
Accrued interest		685,218		710,476
Grant anticipation note		498,672		351,528
Revenue anticipation note		11,100,000		-
Other liabilities		13,930		8,282
Current portion of:				
Revenue bonds payable		2,497,880		2,398,687
Capital leases payable		600,281		753,780
Accrued employee compensated absences		32,717		28,222
Total current liabilities		23,741,882		9,404,177
Noncurrent:				
Revenue bonds payable, net of current portion		26,820,262		29,318,142
Net pension liability		1,834,449		1,623,323
Other post-employment benefits		257,184		112,007
Capital leases payable, net of current portion		3,172,162		3,772,443
Accrued employee compensated absences		294,452		252,547
Total noncurrent liabilities		32,378,509		35,078,462
Total Liabilities		56,120,391		44,482,639
Deferred Inflows of Resources				
Pension related:				
Difference between expected and actual experience		39,466		69,206
Change in assumptions		82,544		120,788
Changes in proportional share of contributions		176,055		386,185
OPEB related:				
Change in assumptions		25,212		6,513
Total Deferred Inflows of Resources		323,277		582,692
Net Position:				
Net investment in capital assets		148,760,524		142,106,111
Restricted		18,264,729		16,648,472
Unrestricted		3,523,195		6,065,565
Total Net Position		170,548,448		164,820,148
Total Liabilities, Deferred Inflows of Resources and Net Position	$	226,992,116	$	209,885,479

The accompanying notes are an integral part of these financial statements.

CITY OF BURLINGTON, VERMONT

BURLINGTON INTERNATIONAL AIRPORT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEARS ENDED JUNE 30

	2020	2019
Operating Revenues:		
Charges for services	$ 16,067,281	$ 19,143,074
Intergovernmental	143,950	144,824
Total Operating Revenues	16,211,231	19,287,898
Operating Expenses:		
Personnel costs	4,611,128	4,594,625
Non-personnel costs	10,816,615	11,371,892
Depreciation	6,182,674	5,937,839
Total Operating Expenses	21,610,417	21,904,356
Operating Loss	(5,399,186)	(2,616,458)
Other Income (Expenses):		
Passenger facility charges	1,963,840	2,763,221
Nonoperating grants	989,780	1,095,955
CARES grant	2,278,701	-
Interest income	147,113	195,798
Amortization of bond premium	153,687	163,991
Interest expense and fiscal charges	(1,467,226)	(1,586,476)
Building rent	363,396	353,535
Building rental expenses	(426,824)	(231,903)
Gain on sale of asset	37,468	-
Other income	103,779	55,620
Total Other Income (Expenses)	4,143,714	2,809,741
Net Income (Loss) Before Capital Contributions and Special Items	(1,255,472)	193,283
Capital contributions	7,779,623	10,166,707
Special items	(795,851)	-
Change in Net Position	5,728,300	10,359,990
Net Position at Beginning of Year	164,820,148	154,460,158
Net Position at End of Year	$ 170,548,448	$ 164,820,148

The accompanying notes are an integral part of these financial statements.

CITY OF BURLINGTON, VERMONT

BURLINGTON INTERNATIONAL AIRPORT
STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30

	2020	2019
Cash Flows From Operating Activities:		
Receipts from customers and users	$ 15,919,850	$ 18,795,598
Other receipts and reimbursements	103,779	55,620
Receipts of operating grants	143,950	144,824
Payments to suppliers	(11,604,519)	(12,007,816)
Payments for wages and benefits	(4,585,839)	(4,508,931)
Other building rents	363,396	353,535
Other building expenses	(426,824)	(231,903)
Net Cash Provided By (Used For) Operating Activities	(86,207)	2,600,927
Cash Flows From Noncapital Financing Activities:		
Nonoperating intergovernmental grants	989,780	1,095,955
Loan payments from Burlington Community Development Corporation	76,591	74,331
Net Cash Provided By Noncapital Financing Activities	1,066,371	1,170,286
Cash Flows From Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(14,164,093)	(14,901,970)
Proceeds from sale of assets	37,468	-
Capital grants	9,198,978	14,159,404
Passenger facility charges	2,404,878	2,734,669
Drawdowns on line of credit	11,598,672	2,195,402
Repayment of line of credit	(351,528)	(2,538,456)
Principal paid on revenue bonds	(2,245,000)	(2,195,000)
Release from escrow	2,784,980	1,230,263
Principal paid on capital leases	(753,780)	(733,020)
Interest paid on revenue bond	(1,308,550)	(1,420,800)
Interest paid on other debt	(183,934)	(211,256)
Net Cash Provided By (Used For) Capital and Related Financing Activities	7,018,091	(1,680,764)
Cash Flows From Investing Activities:		
Sale of investments	2,099,918	338,049
Receipt of interest and dividends	147,114	195,799
Net Cash Provided By Investing Activities	2,247,032	533,848
Net Change in Cash and Cash Equivalents	10,245,287	2,624,297
Cash and Cash Equivalents, Beginning of Year	21,347,182	18,722,885
Cash and Cash Equivalents, End of Year	$ 31,592,469	$ 21,347,182

(continued)

CITY OF BURLINGTON, VERMONT

BURLINGTON INTERNATIONAL AIRPORT
STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30

(continued)

		2020		2019
Reconciliation of Operating Loss to Net Cash Provided by (Used For) Operating Activities:				
Operating loss	$	(5,399,186)	$	(2,616,458)
Depreciation		6,182,674		5,937,839
Other building rents		363,396		353,535
Other income		103,779		55,620
Other building expenses		(426,824)		(231,903)
Changes in assets, liabilities, and deferred outflows/inflows:				
Customer and concessions receivable		(53,120)		(301,480)
Inventories		3,853		35,268
Prepaids		(116,878)		(15,383)
Deferred outflows of resources		58,127		117,781
Accounts payable		(680,527)		(659,756)
Accrued liabilities		5,795		10,427
Unearned revenue		(94,311)		(45,996)
Other liabilities		5,648		3,947
Accrued compensated absences		46,400		22,904
Net pension liability		211,126		(6,961)
Total OPEB liability		145,177		7,315
Deferred inflows of resources		(441,336)		(65,772)
Net Cash Provided By (Used For) Operating Activities	$	(86,207)	$	2,600,927

The accompanying notes are an integral part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *The Financial Reporting Entity*

The City of Burlington, Vermont Airport Enterprise Fund (the Airport) is a municipally owned airport organized in 1920. The Airport is located in South Burlington, Vermont.

The Airport is an enterprise fund within the City of Burlington, Vermont (the City). As such, this financial statement is not intended to present the financial position and results of operations of the City of Burlington, Vermont, as a whole.

The accounting policies of the Airport conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. The following is a summary of the more significant accounting policies.

B. *Basis of Presentation*

Enterprise Funds are used to account for operations: (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Based on the above definition, the Airport is accounted for utilizing enterprise fund accounting.

C. *Measurement Focus*

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Proprietary fund financial statements are reported using the *economic resources measurement focus*. This means that all assets and liabilities associated with the operation of these funds (whether current or noncurrent) are included on the balance sheet (or statement of net position). Fund equity (i.e., total net position) is segregated into net investment in capital assets, restricted net position, and unrestricted net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position.

D. *Basis of Accounting*

Basis of accounting refers to when revenue and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The financial statements are prepared utilizing the *accrual basis of accounting*. Accordingly, revenues and expenses are recognized at the time goods and services are provided or received.

Operating revenues are defined as income received from the rent of terminal space and buildings, landing fees, concession commissions and parking receipts.

Nonoperating revenues are defined as income received from sources other than that defined above. Nonoperating revenues include investment income, passenger facility charges (PFC), grant income, building rents from buildings purchased for future expansion and the sale of equipment.

Operating expenses are defined as the ordinary costs and expenses of the Airport for operations, maintenance and repairs. Operating expenses include the costs of operating the Airport and related buildings as well as administrative and general expenses and depreciation and amortization. Operating expenses do not include the principal and interest on bonds, notes or other indebtedness, certain grant expenses, amortization of bond issue costs, or expenses related to the rental of buildings purchased for future expansion.

E. *Estimates*

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

F. *Cash, Cash Equivalents, and Investments*

Deposits with financial institutions consist primarily of demand deposits and savings accounts.

Cash recorded by the Airport is combined with cash of the City in determining amounts covered by Federal Depository Insurance or by collateral held by the City's banks.

State and local statutes place certain limitations on the nature of deposits and investments available. Deposits in any financial institution may not exceed certain levels within the financial institution. Investments can be made in securities issued by or unconditionally guaranteed by the U.S. Government or agencies that have a maturity of one year or less from the date of purchase and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase.

Investments for the Airport consist of debt related securities which are carried at fair value.

G. *Receivables*

Receivables are shown net of an allowance for uncollectible accounts for the estimated losses that will be incurred in the collection of the receivables. The estimated losses are based on the judgment of management and a review of the current status of existing receivables.

H. Inventories

Inventory quantities are determined by physical count and are valued at the lower of cost or market value. Inventories at the Airport consist of maintenance supplies and parts.

I. Capital Assets

Capital assets include nondepreciable assets, such as construction in progress and land, and depreciable assets, such as land improvements, buildings and improvements, and machinery, vehicles, and equipment recorded at cost. Land includes all ancillary charges such as demolition costs. Equipment includes assets acquired under capital leases that transfer substantially all risks of ownership to the Airport. Contributed assets are recorded at acquisition value at the time received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. The Airport's capitalization policy considers two factors. Property will be capitalized when:

1. The combined cost to put a unit in service totals more than $10,000, (no threshold is applied to land and buildings).
2. The unit's estimated life is greater than five years.

The Airport follows the policy of charging to expenses annual amounts of depreciation which allocates the cost of plant and equipment over their estimated useful lives. The Airport employs the straight-line method for determining the annual charge for depreciation.

The depreciable lives of capital assets are as follows:

	Depreciable Lives
Land improvements	30 Years
Buildings and improvements	25 - 150 Years
Infrastructure	10 - 40 Years
Machinery, equipment and vehicles	5 - 15 Years

J. Long-Term Obligations

In the Airport's statements revenue bonds payable, capital leases payable, accrued employee compensated absences, total OPEB liability, and net pension liability are reported as long-term liabilities.

2. DEPOSITS AND INVESTMENTS

A. Custodial Credit Risk

The custodial credit risk for deposits and investments is the risk that, in the event of bank or counterparty failure, deposits may not be returned or the value of investments or collateral securities that are in the possession of another party may not be recovered. The Airport's cash and short-term investments include deposits, money market accounts, and securities with original maturities of one year or less. The deposits and money market accounts are fully collateralized. Investments in securities are held in the Airport's name.

B. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment.

As of June 30, 2020 and 2019, the Airport's investment in U.S. Treasury Notes of $553,223 and $2,032,459, respectively, and U.S. Government Agencies of $508,536 and $1,129,218, respectively, has an implied credit rating of AAA.

C. Concentration of Credit Risk

Concentration of credit risk is the risk that an individual investment represents a significant concentration of the total portfolio. The Airport's investment in U.S. Government Agencies makes up 48% of total investments. In addition, the Airport has a U.S. Treasury Note that makes up 38% of the total investments.

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City's policy limits maturities for investments in U.S. Treasury Notes and U.S. Government Agencies to 10 years. The Airport's investments in U.S. Treasury Notes and U.S. Government Agencies mature from 1 to 5 years from June 30, 2020 and 2019.

E. Fair Value

The categorization of financial instruments within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement. The hierarchy is prioritized into three levels (with Level 3 being the lowest) defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities that the entity has the ability to access.

Level 2: Observable inputs other than prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated with observable market data.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the investments.

The fair value of the Airport's investment in U.S. Treasuries Notes and U.S. Government Agencies were determined based on "Level 2" inputs for June 30, 2020. The valuation techniques used to measure the fair value of the "Level 2" instruments were valued based on quoted market prices or model-driven valuations using significant inputs derived from or corroborated by observable market data. The Airport does not have any investments in the "Level 1" or "Level 3" category.

3. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following at June 30:

	2020	2019
Customer/concessions receivables	$ 1,712,379	$ 1,659,259
Less: Allowance for doubtful accounts	(7,844)	(7,844)
Net Receivables	$ 1,704,535	$ 1,651,415

4. INTERGOVERNMENTAL RECEIVABLE

The majority of this balance represents reimbursements requested from the Federal Aviation Administration's Airport Improvement Program (AIP), and State Department of Transportation, for capital related expenditures incurred in fiscal 2020. Additional receivables represent other reimbursements from Federal and local governments. The intergovernmental receivable consists of the following at June 30:

	2020	2019
Airport Improvement Projects:		
AIP 118 - Taxiway Gulf Phase 2	$ 1,670,867	$ 741,316
AIP 116 - Air Carrier Apron Phase 5 & 6	584,609	-
AIP 114 - Air Carrier Apron Phase 4	483,478	621,677
AIP 109 - Noise Land Acquisition 2017	316,880	299,062
AIP 122 - Reconstruct Apron 7	275,220	-
AIP 120 - Security access upgrades	101,818	-
AIP 113 - Master Plan Update	81,757	410,337
AIP 112 - Taxiway Gulf Construction	-	371,134
AIP 108 - Noise Land Acquisition 2016	-	124,298
Other AIP	374,602	410,821
Other Intergovernmental:		
CARES Act	2,278,701	-
Law Enforcement Officer Grant	32,000	43,500
Vermont Air National Guard	-	85,675
Total	$ 6,199,932	$ 3,107,820

5. LOAN RECEIVABLE

In 2006, the Airport issued a $1,400,000 note to Burlington Community Development Corporation (BCDC), a special revenue fund of the City, to assist in financing the construction of a new Airport support hanger. The terms of the note require monthly payments of $7,764 beginning in July 2006 for twenty years with interest at 3%. The note is due in June 2026. The outstanding balance at June 30 is as follows:

	2020	2019
Balance due	$ 511,026	$ 587,617
Less: current portion	(78,921)	(76,591)
Long term portion	$ 432,105	$ 511,026

Future maturities are anticipated to be as follows:

Fiscal Year	Principal	Interest	Total
2021	$ 78,921	$ 14,251	$ 93,172
2022	81,321	11,851	93,172
2023	83,795	9,378	93,173
2024	86,344	6,829	93,173
2025	88,970	4,203	93,173
2026	91,675	1,497	93,172
	$ 511,026	$ 48,009	$ 559,035

6. PROPERTY, PLANT AND EQUIPMENT

Capital asset activity for the years ended June 30 is as follows:

	2020			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 53,804,892	$ 1,646,774	$ (759,146)	$ 54,692,520
Construction in progress	30,565,336	14,637,170	(10,863,135)	34,339,371
Total capital assets, not being depreciated	84,370,228	16,283,944	(11,622,281)	89,031,891
Capital assets, being depreciated:				
Land improvements	45,704,261	10,005,821	-	55,710,082
Buildings	29,353,903	-	-	29,353,903
Building improvements	1,257,879	-	-	1,257,879
Infrastructure	96,395,313	-	-	96,395,313
Machinery & equipment	12,842,434	399,646	(302,950)	12,939,130
Vehicles	155,553	-	-	155,553
Total capital assets, being depreciated	185,709,343	10,405,467	(302,950)	195,811,860
Less accumulated depreciation for:				
Land improvements	(27,715,450)	(1,043,339)	-	(28,758,789)
Buildings	(10,826,641)	(588,459)	-	(11,415,100)
Building improvements	(162,990)	(52,320)	-	(215,310)
Infrastructure	(47,654,258)	(3,853,639)	-	(51,507,897)
Machinery & equipment	(7,783,990)	(629,362)	300,320	(8,113,032)
Vehicles	(38,888)	(15,555)	-	(54,443)
Total accumulated depreciation	(94,182,217)	(6,182,674)	300,320	(100,064,571)
Total capital assets, being depreciated, net	91,527,126	4,222,793	(2,630)	95,747,289
Total capital assets, net	$ 175,897,354	$ 20,506,737	$ (11,624,911)	$ 184,779,180

	2019			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 53,174,438	$ 630,454	$ -	$ 53,804,892
Construction in progress	19,606,310	11,710,119	(751,093)	30,565,336
Total capital assets, not being depreciated	72,780,748	12,340,573	(751,093)	84,370,228
Capital assets, being depreciated:				
Land improvements	45,671,215	33,046	-	45,704,261
Buildings	29,353,903	-	-	29,353,903
Building improvements	1,257,879	-	-	1,257,879
Infrastructure	96,395,313	-	-	96,395,313
Machinery & equipment	12,238,837	842,698	(239,101)	12,842,434
Vehicles	155,553	-	-	155,553
Total capital assets, being depreciated	185,072,700	875,744	(239,101)	185,709,343
Less accumulated depreciation for:				
Land improvements	(26,927,710)	(787,740)	-	(27,715,450)
Buildings	(10,238,182)	(588,459)	-	(10,826,641)
Building improvements	(110,670)	(52,320)	-	(162,990)
Infrastructure	(43,793,263)	(3,860,995)	-	(47,654,258)
Machinery & equipment	(7,390,311)	(632,780)	239,101	(7,783,990)
Vehicles	(23,333)	(15,555)	-	(38,888)
Total accumulated depreciation	(88,483,469)	(5,937,849)	239,101	(94,182,217)
Total capital assets, being depreciated, net	96,589,231	(5,062,105)	-	91,527,126
Total capital assets, net	$ 169,369,979	$ 7,278,468	$ (751,093)	$ 175,897,354

7. SHORT-TERM DEBT

Grant Anticipation Note

The Airport used a Grant Anticipation Note (GAN) to finance airport improvement projects prior to grant reimbursement from the Federal Aviation Administration and the State Department of Transportation. On November 14, 2017, the Airport entered into a GAN in the principal amount of up to $7,000,000 with an interest rate of 2.75% which matured on November 13, 2018. On November 14, 2019, the GAN was rolled at the adjusted overnight LIBOR rate.

Short-term debt activity for the years ended June 30 is as follows:

Description	Balance at 7/1/19	Draws	Repayments	Balance at 6/30/20
Grant Anticipation Note	$ 351,528	$ 498,672	$ (351,528)	$ 498,672

Description	Balance at 7/1/18	Draws	Repayments	Balance at 6/30/19
Grant Anticipation Note	$ 694,582	$ 2,195,402	$ (2,538,456)	$ 351,528

Revenue Anticipation Note

Part of the Airport's COVID-19 emergency response measures was to obtain funds through temporary borrowing in order to pay the ordinary running operating expenses of the Airport as it was expected that there would not be sufficient funds on hand. On May 6, 2020, the Airport entered into a Revenue Anticipation Note (RAN) agreement in the principal amount of $11,100,000, with an interest rate of 1.85%. On May 7, 2020 the Airport drew down $11,100,000. The RAN is due May 6, 2021.

8. CAPITAL LEASE OBLIGATIONS

The Airport enters into lease agreements as the lessee for the purpose of financing the acquisition of major pieces of equipment. These lease agreements qualify as capital lease obligations for accounting purposes (even though they include clauses that allow for cancellation of the lease in the event the City does not appropriate funds in future years) and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date of the leases.

The Airport had the following leases outstanding at June 30:

	2020	2019
Capital lease for airport equipment. The rental payments are made twice a year for a total of $173,460 annually including interest at 3.214% annually, maturing on June 26, 2020.	$ -	$ 173,460
Capital lease for airport equipment. The rental payments are made annually for $74,486 including interest at 2.77%, maturing on August 10, 2025.	446,920	521,406
Capital lease payable via the City's general master lease program for a snow plow. The rental payments are made twice a year for a total of $88,850 including interest at 2.47%, maturing on September 30, 2023.	310,973	399,823
Capital lease for the airport's Parking Access Revenue Control System (PARCS). The rental payments are made twice a year for total annual payments of $193,411 including interest at 2.37%, maturing on March 2, 2024.	809,527	1,002,937
Capital lease for airport equipment. The rental payments are made twice a year for total annual payments of $345,015 including interest at 2.99%, maturing on September 18, 2027.	2,587,609	2,932,624
Total lease payments	4,155,029	5,030,250
Less: amount that represents interest	(382,586)	(504,027)
Total lease obligation	3,772,443	4,526,223
Less: amount due within one year	(600,281)	(753,780)
Capital lease obligation, net of current portion	$ 3,172,162	$ 3,772,443

Future minimum lease payments consisted of the following as of June 30, 2020:

Fiscal Year	
2021	$ 701,761
2022	701,762
2023	686,557
2024	626,925
2025	501,000
Thereafter	937,024
Subtotal	4,155,029
Less: amounts representing interest	(382,586)
Total	$ 3,772,443

The following is an analysis for the leased assets included in capital assets at June 30:

	2020	2019
Machinery, vehicles and equipment	$ 6,471,106	$ 4,712,580
Less: accumulated depreciation	(1,138,172)	(861,606)
Equipment under capital leases, net	$ 5,332,934	$ 3,850,974

9. LONG-TERM DEBT

Revenue Bonds (public offerings) - The Airport issues bonds where the City pledges income to pay the debt service. Revenue bonds outstanding at June 30 are as follows:

2020					
Description	Original Issue Amount	Serial Maturities Begin	Serial Maturities Through	Interest Rates	Amount Outstanding as of 06/30/20
Revenue Refinding Bond 2012 Series A	$ 17,670,000	7/1/2019	7/1/2028	4.00 - 5.00%	$ 16,245,000
Revenue Refinding Bond 2014 Series A	$ 15,660,000	7/1/2015	7/1/2030	4.00 - 5.00%	12,230,000
Total					$ 28,475,000

2019					
Description	Original Issue Amount	Serial Maturities Begin	Serial Maturities Through	Interest Rates	Amount Outstanding as of 06/30/19
Revenue Refunding Bond 2012 Series A	$ 17,670,000	7/1/2019	7/1/2028	4.00 - 5.00%	$ 17,670,000
Revenue Refunding Bond 2014 Series A	$ 15,660,000	7/1/2015	7/1/2030	4.00 - 5.00%	13,050,000
Total					$ 30,720,000

Maturities are as follows (excluding the lease obligations):

Public Offering Revenue Bonds			
Fiscal Year	Principal	Interest	Total
2021	$ 2,355,000	$ 1,249,675	$ 3,604,675
2022	2,480,000	1,128,800	3,608,800
2023	2,605,000	1,001,675	3,606,675
2024	2,725,000	877,075	3,602,075
2025	2,855,000	755,275	3,610,275
2026 - 2030	14,050,000	1,793,050	15,843,050
2031	1,405,000	35,125	1,440,125
	$ 28,475,000	$ 6,840,675	$ 35,315,675

Unamortized Premium - Debt premiums in connection with the sale of bonds are amortized over the terms of the related debt. Unamortized balances are included as a component of long-term debt.

Changes in long-term debt and other obligations are as follows for the year ended June 30:

2020						
	Total Balance 7/1/19	Additions	Reductions	Total Balance 6/30/20	Less Current Portion	Equals Long Term Portion
Revenue refunding bond 2012 series A	$ 17,670,000	$ -	$ (1,425,000)	$ 16,245,000	$ (1,495,000)	$ 14,750,000
Revenue refunding bond 2014 series A	13,050,000	-	(820,000)	12,230,000	(860,000)	11,370,000
Total revenue bonds payable	30,720,000	-	(2,245,000)	28,475,000	(2,355,000)	26,120,000
Add: unamortized premium	996,829	-	(153,687)	843,142	(142,880)	700,262
Subtotal	31,716,829	-	(2,398,687)	29,318,142	(2,497,880)	26,820,262
Net pension liability	1,623,323	211,126	-	1,834,449	-	1,834,449
Total OPEB liability	112,007	145,177	-	257,184	-	257,184
Capital leases	4,526,223	-	(753,780)	3,772,443	(600,281)	3,172,162
Compensated absences	280,769	168,539	(122,139)	327,169	(32,717)	294,452
Total	$ 38,259,151	$ 524,842	$ (3,274,606)	$ 35,509,387	$ (3,130,878)	$ 32,378,509

	2019					
	Total Balance 7/1/18	Additions	Reductions	Total Balance 6/30/19	Less Current Portion	Equals Long Term Portion
Revenue refunding bond 2012 series A	$ 17,670,000	$ -	$ -	$ 17,670,000	$ (1,425,000)	$ 16,245,000
Revenue refunding bond 2012 series B	1,415,000	-	(1,415,000)	-	-	-
Revenue refunding bond 2014 series A	13,830,000	-	(780,000)	13,050,000	(820,000)	12,230,000
Total revenue bonds payable	32,915,000	-	(2,195,000)	30,720,000	(2,245,000)	28,475,000
Add: unamortized premium	1,160,822	-	(163,993)	996,829	(153,687)	843,142
Subtotal	34,075,822	-	(2,358,993)	31,716,829	(2,398,687)	29,318,142
Net pension liability	1,630,284	-	(6,961)	1,623,323	-	1,623,323
Total OPEB liability	104,692	7,315	-	112,007	-	112,007
Capital leases	5,259,243	-	(733,020)	4,526,223	(753,780)	3,772,443
Compensated absences	257,865	183,726	(160,822)	280,769	(28,222)	252,547
Total	$ 41,327,906	$ 191,041	$ (3,259,796)	$ 38,259,151	$ (3,180,689)	$ 35,078,462

The 2012 and 2014 Revenue Bonds were issued pursuant to General Bond Resolutions and are secured by a pledge of net Airport revenues. Pursuant to the General Bond Resolutions, revenues mean all rates, fees, charges, or other income and includes rentals, proceeds of insurance or condemnation or other disposition of assets, proceeds of bonds or notes and earnings from the investment of revenues.

On an annual basis, revenues must be sufficient after deducting operating expenses to meet minimum debt service coverage requirements of 1.25. Revenues for this purpose represent all rates, charges, rents and other income, including PFC revenues available for debt service. Operating expenses represent O&M (operation and maintenance), excluding depreciation. Certain other exclusions apply. City's Bond Counsel has determined that the effect of GASB 68 and 75 on pension and OPEB expense is excludable from O&M and, therefore, not included in determining Net Revenues available for debt service. In fiscal year 2020, the Airport recognized $2,278,701 in CARES Act revenue that is included in the debt coverage ration as this money was used 100% to cover operating expenses. If minimum debt service coverage requirements are not met, the Airport must take timely corrective action. The Airport met the required debt coverage ratio for 2020 with 1.31.

10. RESTRICTED NET POSITION

Restricted net position was comprised of the following at June 30:

	2020	2019
Restricted for debt service and capital projects (PFC)	$ 7,314,892	$ 5,866,931
Restricted for prepaid cash reserve (PFC)	491,094	490,358
Restricted for renewal and replacement reserve	217,711	217,384
Restricted for debt service reserve fund	3,904,092	3,798,151
Restricted for debt service	3,019,881	2,963,560
Restricted for operations and maintenance reserve	3,317,059	3,312,088
Total	$ 18,264,729	$ 16,648,472

The restricted PFC cash above of $7,805,986 ($7,314,892 and $491,094) in addition to the PFC amount included in the debt service reserve above of $707,424 and $7,182 included in unrestricted cash, for a total of $8,520,592, is presented in the Schedule of Passenger Facility Charges Collected and Expended (other information).

11. RETIREMENT BENEFITS AND RESULTING NET PENSION LIABILITY

Defined Benefit Plan: All full-time employees of the Airport participate in the City of Burlington Employees' Retirement System (the Plan), a cost sharing, single employer defined benefit plan. The Airport follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, with respect to the Plan.

Plan Description: Substantially all employees of the Airport are members of the Plan and are classified as Class B members. Eligible employees must participate in the Plan.. The City Council has the authority to amend the benefit terms of the Plan by enacting ordinances and sending them to the Mayor for approval.

At June 30, 2020, the Airport reported a net pension liability for its proportionate share of the City's total net pension liability per GASB 68. The net pension liability was measured as of June 30, 2019. At June 30, 2020 and 2019, Fund's proportion was 2.20% and 2.14%, respectively. For more information on the City's plan, see the City of Burlington, VT Comprehensive Annual Financial Report.

Benefits Provided: Class B retirees who have attained the age of 55 or older and completed 5 or more years of creditable service (age and years of creditable service vary depending on agreements) are eligible for benefits based on average final earnable compensation (AFC) during either the highest 5 or 3 non-overlapping 12-months periods depending on hiring dates. For details on agreements and AFC, see the City of Burlington, VT Comprehensive Annual Financial Report..

Contributions: The Airport contributed $238,269 and $216,312 for the fiscal years ending June 30, 2020 and 2019, respectively. Beginning in FY19, the City is using the direct rate smooth method for funding. The Airport's contributions were based on full time equivalents and wages. Employer and employee contribution rates are governed by the respective collective bargaining agreements. The employer and plan members share the cost of benefits. The plan members contribute 5.51% of the employee's base pay.

Summary of Significant Accounting Policies: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan was used as reported on the City of Burlington, VT Comprehensive Annual Financial Report. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Actuarial assumptions: The net pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.6 percent
Salary increases	3.0 percent per year
Investment rate of return	7.4 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Adjusted to 2006 Total Dataset Mortality Table, projected to the valuation date with Scape MP-2019.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2012 through June 30, 2017, with discount rate updated from 7.50% to 7.40%.

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major class as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Core Equity	30.00%	7.50%
SMID Cap Core Equity	18.00%	10.20%
International Equity	10.00%	5.50%
Emerging Markets Equity	10.00%	10.10%
Private Equity	2.00%	10.90%
Real Estate / Timber	10.00%	8.40%
Core Fixed Income	20.00%	8.30%
Total	100.00%	

Nominal long-term expected rates of return for these asset classes are equal to the sum of the above expected long-term real rates and the expected long-term inflation rate of 2.60%.

Discount Rate: The discount rate used to measure the net pension liability was 7.40%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the fiduciary net position was projected to be available to make all future benefit payments to the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the Airport's proportionate share of the net pension liability calculated using the discount rate, as well as what the Airport's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

Fund's net pension liability as of:	1% Decrease	Discount Rate	1% Increase
June 30, 2020	$ 2,533,585	$ 1,834,449	$ 1,245,861
June 30, 2019	$ 2,276,834	$ 1,623,323	$ 1,073,212

Deferred Outflows and Inflows of Resources: Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized in pension expense for of subsequent fiscal year. Other amounts reported as deferred outflows and inflows of resources related to pension are recognized in pension expense in future fiscal years as follows:

Amortization Year	As of 6/30/20	As of 6/30/19
2020	$ -	$ (71,322)
2021	(80,623)	(132,395)
2022	(3,668)	(53,017)
2023	36,541	(15,030)
2024	19,664	-
	$ (28,086)	$ (271,764)

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued City of Burlington financial report. No separate stand-alone report is issued for the pension system.

Further disclosures about the Pension Plan are included in the City of Burlington, Vermont's Comprehensive Annual Financial Report.

12. OTHER POST-EMPLOYMENT BENEFITS (OTHER THAN PENSION) – OPEB GASB 75

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, replaces the requirements of *Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. This Statement identifies the methods and assumptions that are required to be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

General Information about the OPEB Plan

Plan Description

In addition to providing the pension benefits described, the City provides postemployment healthcare and life insurance benefits for retired employees through the City's plan.

In addition, the City allows certain retired employees to purchase health insurance through the City at the City's group rates. GASB No. 75 recognizes this as an implied subsidy and requires accrual of this liability.

Benefits Provided

The City provides medical, prescription drug, mental health/substance abuse and life insurance to retirees and their covered dependents. All active employees who retire from the City and meet the eligibility criteria may receive these benefits.

Funding Policy

The Plan Sponsor's Funding Policy is to contribute the employer portion of retiree benefit payments annually.

Contributions

Employer and employee contribution rates are governed by the respective collective bargaining agreements. The OPEB plan is currently funded on a pay-as-you-go basis. The employer and plan members share the cost of benefits. The plan members contribute 5.20% of the monthly premium cost, depending on the plan in which they are enrolled. The Airport contributes the balance of the premium costs.

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60% per year. This assumptions is consistent with the Social Security Administration's current best estimate of the ultimate long-term annual percentage increase in CPI, as published in the 2019 OASDI Trustees Report.
Rate of annual aggregate payroll growth	2.60% per year
Interest rate	2.21% as of June 30, 2020 (Prior: 3.51%)
Healthcare cost trend rates	6.50 % for 2019, reducing by 0.2% each year to an ultimate rate of 4.60% per year rate for 2029 and later.
Retirees' share of benefit-related costs	Retirees are responsible for a portion of premium rates not covered by the City.

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2017.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.21% and 3.51% for the years ending June 30, 2020 and 2019, respectively.

Since the OPEB plan is not funded, the selection of the discount rate is consistent with the GASB 75 standards linking the discount rate to the 20-year AA municipal bond index for unfunded OPEB plans. The discount rate used for the valuation is equal to the published Bond Buyer general obligation 20-year-Bond Municipal Index effective as of June 30, 2020 and 2019.

Total OPEB liability

The Airport's total OPEB liability of $257,184 and $112,007 was measured as of June 30, 2020 and 2019, respectively and was determined by an actuarial valuation as of July 1, 2019 and June 30, 2017, respectively.

Changes in the Total OPEB Liability

Detailed information about the changes in total OPEB liability is available in the separately issued City of Burlington, Vermont's Comprehensive Annual Financial Report.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease in Discount Rate	Current Discount Rate	1% Increase in Discount Rate
June 30, 2020	$294,221	$257,184	$226,540
June 30, 2019	$125,747	$112,007	$100,546

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
June 30, 2020	$233,242	$257,184	$286,358
June 30, 2019	$103,077	$112,007	$122,613

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the years ending June 30, 2020 and 2019, the Airport recognized an OPEB expense of $37,121 and $8,632, respectively. The remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense over the next 6 years.

Further disclosures about the OPEB Plan are included in the City of Burlington, Vermont's Comprehensive Annual Financial Report.

13. DEFERRED COMPENSATION PLAN

The Airport offers its employees a deferred compensation plan administered through the City in accordance with Section 457 of the Internal Revenue Code (IRC). The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or for "unforeseeable emergency" as defined by IRS guidelines.

14. RELATED PARTY TRANSACTIONS

It is the City's policy to charge or pay interest based on outstanding balances advanced to or borrowed from the municipal funds of the City. The interest rate is based on the average interest rate which would have been earned in the City's sweep account. Total interfund interest received/(paid), net, during 2020 and 2019 was $5 and $145, respectively.

The City Clerk/Treasurer's office charges all departments for administration and risk management fees. The City Council approves, through the budget process, the annual assessments. For the years ending June 30, 2020 and 2019, administrative and risk management fees paid to the City General Fund was $391,216 and $429,667, respectively.

The Airport contracted with other City departments to provide services such as security from the Police Department at a fee of $1,205,150 and $1,164,400 for fiscal years 2020 and 2019, respectively.

15. LEASES

The Airport leases office, building and ground space to various Airport related businesses, including airlines, car rental companies, food and gift concessions, governmental agencies and others. The lease rates vary and are computed based upon square footage, percentages of gross revenues and combinations of the two. The leases expire at varying dates through 2033.

Lease revenue for the years ending June 30, 2020 and 2019 was approximately $8,224,000 and $8,892,000, respectively. Future lease revenue estimated to be received in each of the next five fiscal years under these agreements are as follows:

2021	$ 6,575,000
2022	$ 7,500,000
2023	$ 8,300,000
2024	$ 8,980,000
2025	$ 9,090,000

16. COMMITMENTS AND CONTINGENCIES

COVID-19 - The COVID-19 outbreak in the United States (and across the globe) has resulted in economic uncertainties. There is considerable uncertainty around the duration and scope of the economic disruption. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on individuals served by the Airport, employees, and vendors, potential vaccines, additional possible Federal Grant monies and the airline industry recovery, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

Grants - Amounts received or receivable from grantor agencies, including possible grant assurance violations at the Airport, are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Airport expects such amounts, if any, to be immaterial.

Construction Commitments – The Airport has a number of ongoing Airport Improvement Program (AIP) projects for construction and land acquisition, as well as several Passenger Facility Program (PFC) projects for terminal improvements that are funded from restricted assets. AIP projects include taxiway and apron reconstruction, Master Plan and Noise Compatibility Program planning grants, and building demolition related to previously acquired property and land acquisition. The PFC projects include energy projects, cargo apron reconstruction, escalator and baggage carousel projects and related work.

17. RISK MANAGEMENT

A. *Insurance*

The Airport is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employee; and natural disasters. The Airport manages these risks through a combination of commercial insurance packages and through the City's risk management program.

The City carries commercial insurance to cover its property, casualty, and general liability risks. Commercial property insurance, inland marine and employment practices insurance coverage is provided by Travelers and is offered on a guaranteed cost basis with a deductible of $50,000. The City has a large-deductible worker's compensation plan with Travelers Indemnity Company.

The Airport also carries Airport Owners and Operators General Liability insurance with the following limits:

Completed Operations Aggregate	$100 million
Personal Injury and Advertising Injury Aggregate	$50 million

Malpractice Aggregate	$50 million
Each occurrence limit	$100 million
Fire Damage – any one fire	$500,000
Medical Expenses – any one person	$10,000
Hangarkeepers Limit – any one aircraft	$100 million
Hangarkeepers Limit – any one occurrence	$100 million

For Health and Dental insurance, the City self-insures with appropriate stop-loss coverage in place to cover large claims. The stop-loss limits are as follows:

Health insurance	$130,000 per occurrence with no stop loss coverage
Dental insurance	The benefit from this coverage cannot exceed $1,500 per participant

All of the City's self-insurance programs are administered by a third-party administrator, which processes and pays the claims and then bills the City for the amount of the total claims paid.

The costs associated with these self-insurance plans are budgeted in the City's General Fund and allocated to the Airport based on the following:

Type	Allocation Method
Worker's compensation	50% Experience and 50% Exposure
Health	Number of employees and levels of coverage
Dental	Actual claims and administrative fees paid
Liability	Adjusted operating budgets
Property	Insured value of city structures

The City has elected to pay actual unemployment claims instead of enrolling in an unemployment insurance program. There were no claims 2020.

B. Factors Affecting the Airline Industry

The City's ability to derive Revenues from its operation of the Airport depends upon many factors, many of which are not subject to the control of the City. Revenues may be affected by the ability of the Signatory Airlines, individually and collectively, to meet their respective obligations under the Airport Agreements. This year in particular, with the coronavirus affecting both the airline industry as well as the entire country, the airport is very closely monitoring this effect. The pandemic impacted the last quarter of fiscal year 2020 and continues to impact the new fiscal year. Prior to coronavirus, the airline industry was seeing tremendous enplanement growth, including growth at BTV airport. However, the pandemic has created some volatility in which the recovery will take some time. Historically, the airline industry's results have correlated with the performance of the economy. Regarding recent financial performance (pre-COVID), the Airlines had experienced their greatest profitable years, following several years of positive net revenues. The projections and outlook for 2021 remain uncertain, thought the speedy development and rollout of potential vaccines will aid air travel in the future.

The City's ability to generate Net Revenues and PFCs depends on sufficient levels of aviation activity and passenger traffic at the Airport. The achievement of increased passenger traffic will depend partly on the profitability of the airline industry and the ability of individual airlines to provide sufficient capacity to meet demand. The airline industry has been adding seats and experiencing significant enplanement growth with growth in recent years. The Airport expects air travel to return to pre-COVID levels over the next few years.

The City's ability to derive Net Revenues from its operation of the Airport depends upon many factors which affect the airlines' operations at the Airport, many of which are not subject to the control of the City, including the economy, domestic and international affairs, air transportation disruptions, the threat of terrorism and international conflict, health crises, cost structure of the airlines, including the cost of aviation fuel, and labor issues. The City cannot assess the impact that these factors will have on the airline industry and, in turn, on the Net Revenues.

In addition, many factors have combined to create structural changes in the travel market that have altered consumer travel patterns. As a result of increased security protocols from the Department of Homeland Security, the Transportation Security Administration has mandated various security measures that have resulted in security taxes and fees and potentially longer passenger processing and wait times at airports. Both add to the costs of air travel and make air travel less attractive to consumers relative to ground transportation, especially to short-haul destinations. Additionally, consumers have become more price sensitive. Efforts of airlines to stimulate traffic by heavily discounting fares have changed consumer expectations regarding airfares with the introduction of Ultra-Low-Cost Carriers (ULCC). Consumers have come to expect extraordinarily low fares from ULCC operators (Spirit, Allegiant, etc.). In addition, the availability of fully transparent price information on the Internet now allows quick and easy comparison shopping, which has changed consumer purchasing habits. This has made pricing and marketing even more competitive in the U.S. airline industry. Smaller corporate travel budgets, combined with the higher costs of travel, have made business customers more amenable to communications substitutes such as tele- and video-conferencing.

Faced with the growth of lower-cost airlines and evolving business technology, legacy airlines (United, Delta, and American) have been forced to change their business practices, including reducing or eliminating service on unprofitable routes, reducing their workforces, implementing pay cuts, reducing fares to compete with low-cost carriers, deferring aircraft deliveries and streamlining operations.

The aviation industry is cyclical and subject to intense competition and variable demand. Further, airline debt levels remain high, many airlines have large unfunded pension obligations and many airlines have an aging aircraft fleet and/or aging computer systems. The airlines are vulnerable to fuel price spikes, labor activity, recession and external shocks (such as terrorism, pandemics, military conflicts and natural disasters). As a result, financial performance can fluctuate dramatically from one reporting period to the next, however, airlines have recently shown record profitability. Typically, at small and non-hub airports, airlines serve these markets with smaller regional airline affiliates. These are typically flown with smaller aircraft with lower paying pilots. Burlington International Airport has seen differences in this trend with introduction of legacy carrier mainline (larger) aircraft serving multiple markets. The Airport, through on-going communication with airline partners, have also been made aware of legacy carriers liquidating the smaller aircraft in their fleets.

The City makes no representation with respect to the continued viability of any of the carriers serving the Airport, airline service patterns, or the impact of any airline failures on the Net Revenues and PFC or CFC collections. Additionally, no assurance can be given that adverse or catastrophic events will not happen in the future.

18. MAJOR CUSTOMERS

A significant portion of the Airport's earnings and revenues are directly or indirectly attributed to the activity of a few major airlines.

The Airport's earnings and revenues could be materially and adversely affected should these major airlines discontinue operations, and should the Airport be unable to replace the airline with similar activity. The level of operations is determined based upon the relative share of enplaned passengers. The following represents major concentrations and their respective airline passenger shares:

	2020	2019
United	31%	34%
American	30%	28%
Delta	24%	25%

19. SUBSEQUENT EVENTS

Management has evaluated subsequent events though November 25, 2020, which is the date the financial statements were available to be issued.

Subsequent to year-end the Airport obtained approval from the Federal Aviation Administration (FAA) for a new passenger facility charge (PFC), Application 20-07-C-00-BTV. The FAA acknowledged that the Airport would begin collecting a PFC at a $4.50 PFC level beginning August 1, 2021.

Subsequent to year-end Management increased the Grant Anticipation Note (GAN) from $7,000,000 on November 14, 2019 to $23,000,000 on July 1, 2020.

20. NEW ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued Statement No. 87, Leases, effective for the Airport beginning with its fiscal year ending June 30, 2022. This statement establishes new reporting and disclosure requirements, including the recording of various operating leases in the financial statements.

The Airport is currently evaluating the impact of the implementation of GASB No. 87 on its financial statements.

CITY OF BURLINGTON, VERMONT
BURLINGTON INTERNATIONAL AIRPORT

SCHEDULE OF PROPORTIONATE SHARE (GASB 68) OF THE NET PENSION LIABILITY

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2020
(Unaudited)

Burlington Employees' Retirement System						
Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
June 30, 2020	June 30, 2019	2.20%	$1,834,449	$2,538,239	72.27%	70.00%
June 30, 2019	June 30, 2018	2.14%	$1,623,323	$2,375,629	68.33%	71.41%
June 30, 2018	June 30, 2017	1.87%	$1,630,284	$1,899,810	85.81%	66.77%
June 30, 2017	June 30, 2016	2.95%	$2,631,042	$1,795,630	146.52%	63.75%
June 30, 2016	June 30, 2015	3.18%	$2,169,468	$1,664,402	130.35%	70.35%
June 30, 2015	June 30, 2014	2.38%	$1,278,506	$1,642,817	77.82%	75.00%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditors' Report.

CITY OF BURLINGTON, VERMONT
BURLINGTON INTERNATIONAL AIRPORT

SCHEDULE OF PENSION CONTRIBUTIONS (GASB 68)
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020
(Unaudited)

Burlington Employees' Retirement System					
Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2020	$ 238,269	$ (238,269)	$ -	$ 2,656,886	8.97%
June 30, 2019	$ 216,312	$ (216,312)	$ -	$ 2,538,239	8.52%
June 30, 2018	$ 203,967	$ (203,967)	$ -	$ 2,375,629	8.59%
June 30, 2017	$ 254,514	$ (254,514)	$ -	$ 1,899,810	13.40%
June 30, 2016	$ 270,003	$ (270,003)	$ -	$ 1,795,630	15.04%
June 30, 2015	$ 281,375	$ (281,375)	$ -	$ 1,664,402	16.91%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditors' Report.

CITY OF BURLINGTON, VERMONT
BURLINGTON INTERNATIONAL AIRPORT

SCHEDULE OF PROPORTIONATE SHARE OF TOTAL OPEB LIABILITY (GASB 75)
REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

City OPEB plan

Fiscal Year	Measurement Date	Proportion of the Total OPEB Liability	Proportionate Share of the Total OPEB Liability	Covered Payroll	Total OPEB Liability as a Percentage of Covered Payroll
June 30, 2020	June 30, 2020	3.9061%	$257,184	$2,302,374	11.17%
June 30, 2019	June 30, 2019	2.0995%	$112,007	$1,642,196	6.82%
June 30, 2018	June 30, 2018	2.0995%	$104,692	$1,600,581	6.54%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditors' Report.

Report on Compliance with Requirements of
the Passenger Facility Charge Program
and on Internal Control Over Compliance
in Accordance with the Passenger Facility Charge
Audit Guide for Public Agencies

Independent Auditors' Report

To the Honorable Mayor, City Council
and Burlington Airport Commission
City of Burlington, Vermont

Report on Compliance for the Passenger Facility Charge Program

We have audited the Burlington International Airport, an enterprise fund of the City of Burlington, Vermont (the Airport), for compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies (the Guide) issued by the Federal Aviation Administration, applicable to its passenger facility charge program* that could have a direct and material effect on the Airport's passenger facility charge program for the year ended June 30, 2020. Our responsibility is to express an opinion the Airport's compliance based on our audit procedures.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the Passenger Facility Charges Program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Airport's passenger facility charge program based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the passenger facility charges program occurred. An audit includes examining, on a test basis, evidence about the Airport's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the Airport's Passenger Facility Charges Program. However, our audit does not provide a legal determination of the Airport's compliance.

Opinion on Passenger Facility Charge Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Passenger Facility Charge program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the Airport is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Airport's internal control over compliance with the types of requirements that could have a direct and material effect on the Passenger Facility Charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the Passenger Facility Charge program and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Airport's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

MELANSON

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *Passenger Facility Charge Audit Guide for Public Agencies*. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Revenues and Expenditures of Passenger Facility Charges

We have audited the financial statements of the Burlington International Airport, the enterprise fund of the City of Burlington, Vermont (the Airport) as of and for the year ended June 30, 2020, and have issued our report thereon dated November 25, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Airport's basic financial statements. The accompanying schedule of revenues and expenditures of passenger facility charges is presented for purposes of additional analysis as required by the *Passenger Facility Charge Audit Guide for Public Agencies* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of passenger facility charges is fairly stated in all material respects in relation to the basic financial statements as a whole.

Melanson

Merrimack, New Hampshire
November 25, 2020

CITY OF BURLINGTON, VERMONT
BURLINGTON INTERNATIONAL AIRPORT
SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED
FOR THE YEAR ENDED JUNE 30, 2020

Cash balance - July 1, 2019	$ 7,062,113
Receipts	
Passenger facility charges collected	2,404,878
Interest earnings	11,012
Total receipts	2,415,890
Disbursements	
Project No. 96-01-I-00-BTV	288,133
Project No. 00-03-C-00-BTV	55,475
Project No. 10-04-C-00-BTV	488,030
Project No. 11-05-C-00-BTV	125,773
Total disbursements	957,411
Increase in cash balance	1,458,479
Cash balance - June 30, 2020	$ 8,520,592

See Note 10 for reconciliation of above cash to the restricted accounts presented in the financial statements.

BURLINGTON INTERNATIONAL AIRPORT

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

I. Summary of Auditor's Results

Financial Statements

Type of auditors' report issued: unmodified

Internal Control over Financial Reporting:

• Material weaknesses identified?	___ Yes _✓_ No
• Significant deficiencies identified that are not considered to be material weaknesses?	___ Yes _✓_ None reported
Noncompliance material to financial statements noted?	___ Yes _✓_ No

Passenger Facility Charges Program

Internal Control over the Programs:

• Material weaknesses identified?	___ Yes _✓_ No
• Significant deficiencies identified that are not considered to be material weaknesses?	___ Yes _✓_ None reported
Type of auditors' report issued on compliance for the Programs:	unmodified
• Any audit findings disclosed that are required to be reported in accordance with Passenger Facility Charges Audit Guide for Public Agencies?	___ Yes _✓_ No

II. Financial Statement Findings

None reported.

III. Findings and Questioned Costs for the Program

None reported.

APPENDIX C

SUMMARY OF THE RESOLUTION

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SUMMARY OF THE RESOLUTION

The General Bond Resolution Authorizing the Issuance of Airport Revenue Bonds adopted May 6, 1997 by the City Council of the City of Burlington, Vermont (as supplemented, the "Resolution") contains terms and conditions relating to the issuance and sale of Bonds under it, including various covenants and security provisions, certain of which are summarized below. This summary does not purport to be comprehensive or definitive and is subject to all of the provisions of the Resolution, to which reference is hereby made, copies of which are available from the City or the Trustee.

Supplemental Resolution Number 1 authorized the Series 1997 Bonds. Supplemental Resolution Number 2 authorized the Series 2000 Bonds. Supplemental Resolution Number 3 authorized the Series 2003 Bonds.

Supplemental Resolution Number 4 authorized the Series 2012 Bonds. A portion of the proceeds of the Series 2012 Bonds were used to currently refund, in full, the Series 1997 Bonds, the Series 2000 Bonds, and the Bond Anticipation Note, Series 2011.

Supplemental Resolution Number 5 authorized the Series 2014 Bonds. A portion of the proceeds of the Series 2014 Bonds were used to currently refund, in full, the Series 2003A Bonds.

Supplemental Resolution Number 6 authorizes the Series 2021 Bonds. A portion of the proceeds of the Series 2021 Bonds will be used to advance refund the Refunded Series 2012A Bonds and the Refunded Series 2014A Bonds.

Definitions

In addition to the terms defined elsewhere in this Official Statement, unless the context clearly indicates some other meaning, the following terms shall have the following meanings in the Resolution:

"Act" means the City Charter, Part I, Title III, Section 64b of the Code of Ordinances of the City of Burlington, Vermont, as amended from time to time.

"Additional Bonds" means Bonds other than the initial series of Bonds issued under the Resolution.

"Airport" means the entire airport now owned by the City, including, without limitation, runways, hangars, loading facilities, repair shops, terminals, retail stores in such terminals, restaurants, parking areas and other facilities necessary or convenient for the operation of the airport, together with any improvements thereto hereafter constructed or acquired.

"Airport Consultant" means an individual, firm or corporation in the airport management consulting business, as from time to time appointed by the City which has a wide and favorable reputation for special skill and knowledge in methods of the development, operation and management of airports and airport facilities, but which has no substantial interest, direct or indirect, in the City and in the case of an individual, is not a member of the city council or an officer or employee of the City, and in the case of a firm or corporation, does not have a partner, director, officer or employee who is a member of the city council or an officer or employee of the City.

"Authorized Officer" means the City Chief Administrative Officer or any other person designated by the City.

"Board" means the Board of Airport Commissioners of the City or an officer or board succeeding to its powers.

"Bondowner" or "Owner" means any person who shall be the registered owner of any Outstanding Bond or Bonds.

"Bonds" means the Series 2012 Bonds, the Series 2014 Bonds, the Series 2021 Bonds and any Additional Bonds issued under the Resolution.

"City" means the City of Burlington, Vermont.

"Consulting Engineer" means any registered or licensed professional engineer, any firm of such engineers, any licensed professional architect, or any firm of such architects, as from time to time appointed and designated by the City who has a wide and favorable reputation for skill and experience in the field of designing, preparing plans and specifications for, and supervising construction of, airports and airport facilities and who is entitled to practice and is practicing as such under the laws of the State; but who has no substantial interest, direct or indirect, in the City and, in the case of an individual, is not a member of the city council or an officer or employee of the City and, in the case of a firm or corporation, does not have a partner, director, officer or employee who is a member of the city council or an officer or employee of the City.

"Credit Facility" means any letter or line of credit, policy of bond insurance, surety bond, guarantee or similar instrument issued by a financial, insurance or other institution and which provides security and/or liquidity in respect of Bonds.

"Credit Facility Obligations" means repayment or other obligations incurred by the City in respect of draws or other payments or disbursements made under a Credit Facility, but only if such obligations have a lien on Revenues on the same priority as the lien thereon of the Bonds.

"Debt Service" means with respect to each Fiscal Year or other period the aggregate of the amounts to be set aside (or estimated to be required to be set aside) in the Debt Service Fund in the Fiscal Year for the payment of the principal or redemption price of and interest on Bonds. "Debt Service" shall not include the following with respect to any Bonds at the time of calculation then Outstanding: (a) debt service paid or to be paid from Bond proceeds or from earnings thereon or from any subsidy from the United States of America for that purpose; (b) interest on Bonds to the extent such interest is to be paid from (i) amounts credited to the Interest Account of the Debt Service Fund, or (ii) any other available amounts irrevocably deposited under the Resolution for the payment of interest; or (c) principal on Bonds to the extent such principal is to be paid from (i) amounts credited to the Principal Account or Sinking Fund Account of the Debt Service Fund, or (ii) any other available amounts irrevocably deposited under the Resolution for the payment of principal.

"Debt Service Reserve Fund Requirement" means as of any date of calculation an amount equal to the sum of the amounts determined at the time of issue of each Series of Bonds (but only including the Series of Bonds Outstanding at the time of calculation) as the lesser of (a) maximum annual Debt Service on Outstanding Bonds during the then current or any future Fiscal Year, (b) 125% of the average annual Debt Service on Outstanding Bonds, or (c) 10% of the aggregate proceeds of all Outstanding Bonds upon original issuance thereof. With respect to Variable Rate Bonds, the interest accrued or estimated to accrue on such Bonds during the calendar month in which the payment is to be made shall be the amount of the required payment, subject in the case of an estimate to an adjustment at the end of the month.

"Fiscal Year" means the fiscal year of the City with respect to the Airport as established from time to time. The Fiscal Year is now the twelve-month period ending June 30.

"Heritage Flight Property" means the approximate 1.5 acre parcel of land, located at 265 Aviation Avenue and located within the Industrial Park, leased by the City to the Burlington Community Development Corporation ("BCDC"), together with the approximate 40,000 square foot aviation support hangar building thereon, all as subleased by BCDC to Elan Air. Inc. (d/b/a/ Heritage Flight). The aviation support hangar building was built in 2006.

"Industrial Park" means the area of the Airport designated as such and used for aviation, non-scheduled airline purposes.

"Industrial Park Revenues" means all revenues derived by the City from the ownership and operation of the Industrial Park.

"Net Revenues" means (i) for any period or year which has concluded at the time the calculation was made, the aggregate of the Revenues after deducting for such past period or year the aggregate of the Operation and Maintenance Expenses; and (ii) for any future period or year the aggregate of the Revenues that is estimated for such future period or year, after deducting for such future period or year the aggregate of the estimated Operation and Maintenance Expenses in such future year or period.

"Operation and Maintenance Expenses" means the reasonable and necessary expenses of the City paid or accrued under generally accepted accounting principles (or to be paid or accrued under generally accepted accounting principles) in administering, operating, maintaining, and repairing the Airport. The term "Operation and Maintenance Expenses" shall include, without limitation, the following items: (a) costs of collecting Revenues and of making any refunds therefrom lawfully due others; (b) engineering, auditing, legal and other overhead expenses directly related to the administration, operation, maintenance, and repair of the Airport; (c) costs of all or a portion of the salaries, wages and other compensation of officers and employees and payments to pension, retirement, health and hospitalization funds and other insurance, including self-insurance for the foregoing with respect to officers and employees of or properly allocable to the Airport; (d) costs of repairs, replacements, renewals and alterations occurring in the usual course of business of the Airport; (e) taxes, assessments and other governmental charges, or payments in lieu thereof, imposed on the Airport or any part thereof or on the operation thereof or on the income therefrom or on any privilege in connection with the ownership or operation of the Airport or otherwise imposed on the Airport or the operation thereof or income therefrom; (f) costs of utility services with respect to the Airport; (g) costs and expenses of general administrative overhead of the City allocable to the Airport; (h) costs of equipment, materials and supplies used in the ordinary course of business, including ordinary and current rentals of equipment or other property allocable to the Airport; (i) contractual services and professional services for the Airport, including but not limited to, legal services, accounting services and services of financial consultants and airport consultants; (j) costs of fidelity bonds, or a properly allocable share of the premium of any blanket bond, pertaining to the Airport or Revenues or any other moneys held or required to be held or deposited under the Resolution; (k) costs of carrying out the provisions of the Resolution, including Trustee and Paying Agents' fees and expenses; costs of insurance required, or a properly allocable share of any premium of any blanket policy pertaining to the Airport or Revenues; and costs of recording, mailing publication; and (1) all other costs and expenses of administering, operating, maintaining and repairing the Airport arising in the routine and normal course of business; provided, however, the term "Operation and Maintenance Expenses" shall not include: (1) any allowance for depreciation or any amounts for capital replacements or reserves therefor; (2) costs of extensions, enlargements, betterments and improvements or reserves therefor; (3) reserves for operation, maintenance, renewals and repairs occurring in the normal course of business; (4) payment (including redemption) of Bonds or other evidences of indebtedness or interest and premium thereof or reserves therefor; and (5) operation and maintenance costs and expenses pertaining to any Special Facilities.

"Operation and Maintenance Reserve Fund Requirement" means, during each Fiscal Year, an amount equal to 25% of the amount of Operation and Maintenance Expenses of the Airport as set forth in the Airport's annual budget for such Fiscal Year.

"Opinion of Bond Counsel" means a written opinion of an attorney at law or a firm of attorneys acceptable to the City and the Trustee of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America.

"Other Available Funds" means for any Fiscal Year the amount of unencumbered funds on deposit or anticipated to be on deposit, as the case may be, on the first day of such Fiscal Year in the Prepaid Revenue Account of the Airport Revenue Bond General Fund; provided, however, that for purposes of the Additional Bonds test and the rate covenant, the amount of such funds treated as "Other Available Funds" shall not exceed 25% of Debt Service in any Fiscal Year.

"Permitted Investments" means any of the following, if and to the extent that they are legal for the investment of funds of the City:

1. United States Treasury bills, bonds and notes or securities for which the full faith and credit of the United States are pledged for the payment of principal and interest (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States) and securities which represent an undivided interest in such direct obligations;

2. Obligations issued by the following United States government agencies which represent the full faith and credit of the United States: the Export-Import Bank, the Farmers Home Administration, the Federal Financing Bank, the General Services Administration, the U.S. Maritime Administration, the Government National Mortgage Association, the U.S. Department of Housing and Urban Development and Federal Housing Administration Debentures;

3. Senior debt obligations rated "Aaa" by Moody's and "AAA" by S&P issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation or senior debt obligations of other government sponsored agencies approved by each bond insurer then providing insurance for any Series of Bonds;

4. Any repurchase agreement with any bank or trust company organized under the laws of any state of the United States or any national banking association, including the Trustee, or government bond dealer reporting to, trading with and recognized as a primary dealer by, the Federal Reserve Bank of New York, which agreement is secured at all times by collateral security described in clause (1) or (2) of this definition and in which the Trustee has performed security interest, and which collateral (a) is held by the Trustee or a third party agent, (b) is not subject to liens or claims of third parties, (c) has a market value determined as frequently and in an amount sufficient to satisfy the collateralization levels required by each of the Rating Agencies, and (d) is required to be liquidated due to a failure to maintain the requisite collateral level, provided that such repurchase agreement shall be acceptable to each bond insurer then providing insurance for any Series of Bonds;

5. Bankers' acceptances which are issued by a commercial bank organized under the laws of any state of the United States or any national banking association, including the Trustee, eligible for purchase by the Federal Reserve System, which have a rating on their short term certificates of deposit on the date of purchase of "P-l" by Moody's and "A-l" or "A-1+" by S&P; provided, that such bankers' acceptances may not mature more than two hundred seventy (270) days after the date of purchase; and

provided, further, that ratings on a holding company may not be considered the rating of such commercial bank;

6. Commercial paper of '"prime" quality which is rated at the time of purchase in the single highest classification. "P-l" by Moody's and "A-1+" by S&P, issued by a corporation that is organized and operating within the United States, that has total assets in excess of $500,000,000 and that has an "A" or equivalent or higher rating for its long term debt as rated by Moody's and S&P at the time of purchase; provided that purchase of eligible commercial paper may not mature more than one hundred eighty (180) days after the date of purchase;

7. A taxable or tax-exempt government money market portfolio restricted to obligations with maturities of one (1) year or less, and either issued or guaranteed as to payment of principal and interest by the full faith and credit of the United States of America and rated at the time of purchase "AAAm" or "AAAm-G" or better by S&P;

8. Any investment agreement approved in writing by each bond insurer then providing insurance for any Series of Bonds, such investment agreement to be supported by appropriate opinions of counsel; and

9. Any other investment approved in writing by each bond insurer then providing insurance for any Series of Bonds.

"PFC Revenues" means the proceeds of any passenger facility charge or analogous charge or fee that may hereafter be levied with respect to the Airport which are received and retained by the City and any investment earnings thereon.

"Project" means any improvement, expansion, betterment, addition, alteration, reconstruction, extraordinary repair, equipping or reequipping of or to the Airport. Each Project shall be as described in the Supplemental Resolution authorizing the issuance of Bonds to pay the Project Costs of such Project.

"Project Costs" means all costs of carrying out a Project and, without limiting the generality of the foregoing, may include (i) all preliminary expenses, (ii) the cost of acquiring all property, franchises, easements and rights necessary or convenient for the Project, (iii) engineering and legal expenses, (iv) expenses for estimates of costs and revenues, (v) expenses for plans, specifications and surveys, (vi) other expenses incident or necessary to determining the feasibility or practicability of the enterprise, (vii) administrative expenses, (viii) construction costs, (ix) permitting and impact fees, (x) interest on the Bonds issued to finance construction of the Project during the estimated period of construction and for a reasonable period thereafter, (xi) the establishment of or contribution to such reserves as may be required by the Resolution, and (xii) such other expenses as may be incurred in the financing of the Project or in carrying it out, placing it in operation (including the provision of working capital) and in the performance of things required or permitted by the Act in connection with the Project.

"Rating Agencies" means Fitch, Moody's and S&P, but, in each instance, only so long as such rating agencies then maintain a rating on the Bonds.

"Renewal and Replacement Fund Requirement" means an amount to be determined by Supplemental Resolution, which may be increased, or with the concurrence of the Consulting Engineer, decreased from time to time by Supplemental Resolution.

"Resolution" means the General Bond Resolution Authorizing the Issuance of Airport Revenue Bonds adopted by the City Council on May 7, 1997, as supplemented by Supplemental Resolution No. 1 ("Supplemental Resolution No. 1") adopted by the City Council on May 7, 1997, Supplemental Resolution No. 2 ("Supplemental Resolution No. 2") adopted by the City Council on May 1, 2000, Supplemental Resolution No. 3 ("Supplemental Resolution No. 3") adopted by the City Council on June 2, 2003, Supplemental Resolution No. 4 ("Supplemental Resolution No. 4") adopted by the City Council on November 13, 2012, Supplemental Resolution No. 5 ("Supplemental Resolution No. 5"), adopted by the City Council on November 17, 2014 and Supplemental Resolution No. 6 ("Supplemental Resolution No. 6"), adopted by the City Council on January 19, 2021 in connection with the issuance of the Series 2021 Bonds.

"Revenues" means all rates, fees, charges, rents and other income derived by the City from the ownership or operation of the Airport, including, without Limitation, PFC Revenues and Industrial Park Revenues, but only to the extent PFC Revenues and Industrial Park Revenues are specifically included in Revenues by a Supplemental Resolution. Unless and to the extent otherwise provided by a Supplemental Resolution, "Revenues" do not include (a) the proceeds of Bonds or other borrowings by the City, (b) the proceeds of grants for limited purposes or of the disposition of property financed by such grants, (c) condemnation proceeds or insurance proceeds except insurance proceeds received from rental or business interruption insurance, (d) all income and revenue collected and received by the City with respect to properties and facilities which are not included in the definition of Airport, (e) Special Facility Revenues, (f) PFC Revenues, or (g) Industrial Park Revenues. (*See* “Pledge of Revenues” herein.)

“Series” or “Series of Bonds” or “Bonds of a Series” means a series of Bonds authorized by the Resolution.

“Series 1997 Bonds” means, collectively, the City of Burlington, Vermont Airport Revenue Bonds, Series 1997A (Non-AMT), and Series 1997B (AMT), each authorized by Supplemental Resolution No. 1.

“Series 2000 Bonds” means the City of Burlington, Vermont Airport Revenue Bonds, Series 2000 (AMT), authorized by Supplemental Resolution No. 2.

“Series 2003 Bonds” means, collectively, the City of Burlington, Vermont Airport Revenue Bonds, Series 2003A (Non-AMT), and Series 2003B (AMT), each authorized by Supplemental Resolution No. 3.

“Series 2012 Bonds” means, collectively, the City of Burlington, Vermont Airport Revenue Refunding Bonds, Series 2012A (Non-AMT), Series 2012B (AMT), and Series 2012C (Taxable), each as authorized by Supplemental Resolution No. 4.

“Series 2014 Bonds” means the City of Burlington, Vermont Airport Revenue Refunding Bonds, Series 2014A (Non-AMT), authorized by Supplemental Resolution No. 5.

“Series 2014 Bond Insurer” means Assured Guaranty Municipal Corp., a stock insurance company incorporated under the laws of the State of New York, or any successor thereto or assignee thereof.

“Series 2014 Bond Insurance Policy” means the insurance policy for the Series 2014 Bonds issued by the Series 2014 Bond Insurer guaranteeing the scheduled payment of principal of and interest on the Series 2014 Bonds when due.

“Series 2021 Bonds” means the City of Burlington, Vermont Airport Revenue Refunding Bonds, Series 2021A (Taxable), authorized by Supplemental Resolution No. 6.

“Special Facility” shall mean any facility, structure, equipment or other property, real or personal, which is at the Airport or a part of any facility or structure at the Airport and which is designated as a Special Facility pursuant to the Resolution.

“Special Facility Bonds” shall mean any revenue bonds, notes, bond anticipation notes, commercial paper or other evidences of indebtedness for borrowed money issued by the City to finance a Special Facility, the principal of, premium, if any, and interest on which are payable from and secured by the Special Facility Revenues derived from such Special Facility, and not from or by Revenues.

“Special Facility Revenues” shall mean the revenues earned by the City from or with respect to a Special Facility and which are designated as such by the City, including but not limited to contractual payments to the City under a loan agreement, lease agreement or other written agreement with respect to the Special Facility by and between the City and the person, firm, corporation or other entity, either public or private, as shall operate, occupy or otherwise use the Special Facility.

“Supplemental Resolution” means a resolution adopted by the City providing for the issuance of Bonds, and shall also mean a resolution adopted by the City amending or supplementing the Resolution.

Authorization of Bonds; General Provisions

The Resolution authorizes the issuance of Airport Revenue Bonds in one or more series without limitation as to amount except as limited by law and the terms of the Resolution for the purposes of (a) payment of Project Costs and (b) the refunding (directly or indirectly) of Bonds or other obligations issued for the purpose of paying Project Costs.

Additional Bonds

General. In addition to the Series 1997 Bonds, the Series 2000 Bonds, the Series 2003 Bonds, the Series 2012 Bonds, the Series 2014 Bonds, and the Series 2021 Bonds, the Resolution permits the issue of Additional Bonds on a parity with the Bonds Outstanding. Additional Bonds shall be issued only upon filing of the following with the Trustee: (1) (a) a certificate of the City, executed on its behalf by an Authorized Officer, that to the best of the knowledge and belief of the Authorized Officer no Event of Default exists and (b) a certificate of the Trustee that there is no Event of Default of which it has actual knowledge; (2) a certificate of the City, executed on its behalf by an Authorized Officer, setting forth for the last audited Fiscal Year or for any period of 12 consecutive calendar months out of the 18 calendar months next preceding the delivery of such series of Additional Bonds, as determined by the City, (i) the Net Revenues, together with any Other Available Funds, for such period and (ii) the Debt Service for such period including, without duplication, related Credit Facility Obligations; and demonstrating that for such period the Net Revenues, together with any Other Available Funds, at least equaled the larger of either (A) the amounts needed to make the required deposits to the credit of the Debt Service Fund, the Debt Service Reserve Fund, the Special Redemption Fund, the Rebate Fund, the Operation and Maintenance Reserve Fund, the Renewal and Replacement Fund and the General Obligation Fund or (B) an amount not less than 125% of the aggregate Debt Service for such period, including without duplication related Credit Facility Obligations; (3) a certificate of the Consulting Engineer setting forth (i) the estimated date of completion for the Project for which such series of Additional Bonds is being issued and (ii) an estimate of the Project Costs of such Project; (4) a report of the Airport Consultant estimating, for each of the three Fiscal Years commencing with the Fiscal Year following that in which the Consulting Engineer estimates such Project will be completed, (i) the Net Revenues and (ii) the amounts required to be deposited in the Debt Service Fund, the Debt Service Reserve Fund, the Special Redemption Fund, the Rebate Fund, the Operation and Maintenance Reserve Fund, the Renewal and Replacement Fund and the General Obligation Bond Fund; and demonstrating that the Net Revenues in each such Fiscal Year, together with any Other Available Funds, are projected to be at least equal to the greater of either (A) the amounts needed to make the required deposits to the credit of the Funds described above or (B) an amount not less than 125% of the aggregate of any Debt Service requirement for each such Fiscal Year for any Bonds then Outstanding, for the Series of Bonds then to be issued and for any future Series of Bonds which the City estimates (based on the estimate of the Consulting Engineer of the Project Costs of such Project) will be required to complete payment of the Project Costs of such Project, in each case after giving effect, among other factors, to the increase in Operation and Maintenance Expenses and to the completion of the Project or any completed portion thereof, and the increase in rates, fees, rentals or other charges, or any combination thereof, as a result of the completion of such Project or any completed portion thereof; (5) a certified copy of the Supplemental Resolution providing for the issuance of the Bonds; and (6) an Opinion of Bond Counsel that the conditions precedent to the issuance of the Bonds have been satisfied.

The report of the Airport Consultant described in clause (4) above is not required in connection with the issuance of Bonds to pay preliminary Project Costs of a Project, which for this purpose shall mean Project Costs not exceeding ten percent (10%) of the total estimated Project Costs of the Project as certified by the Consulting Engineer to the Trustee; provided that such Bonds, upon the issuance of the same, would not cause the amount of Bonds Outstanding for Projects not certified under a report of the Airport Consultant described in clause (4) above to exceed five per cent (5%) of the total amount of Bonds Outstanding under the Resolution.

The certificate of the Consulting Engineer described in clause (3) above and the report of the Airport Consultant described in clause (4) above are not required in connection with: (A) the issuance of Additional Bonds to pay costs of completing a Project for which Bonds have been previously issued; provided that the principal amount of such Bonds shall not exceed 15% of the original principal amount of the Bonds previously issued for such Project; and provided further there shall have been filed with the Trustee a certificate of the Consulting Engineer (i) stating that the Project has not materially changed from its description in the Supplemental Resolution authorizing the Bonds initially issued to pay the Project Costs of the Project, (ii) estimating the revised aggregate Project Costs of the Project, (iii) stating that the revised aggregate Project Costs of such Project cannot be paid in full with moneys available for such Project in the Construction Fund, and (iv) stating that the issuance of the Additional Bonds is necessary to provide funds for the completion of the Project; or (B) the issuance of Bonds to refund Bonds, provided that the average annual Debt Service on the refunding Bonds shall not be greater than the average annual Debt Service on the Bonds refunded, but such certificates shall be required in the case of Bonds issued to refund other obligations (including the issuance of Bonds to retire notes issued in anticipation of Bonds) as if the Bonds were being issued for the Projects financed by the prior obligations.

Bonds of any one or more Series may be refunded by the same Series of refunding Bonds, which Bonds to be refunded shall be specified in the Supplemental Resolution authorizing the refunding Bonds, and the principal amount of such refunding Bonds may include amounts necessary to pay the principal of the Bonds to be refunded, interest thereon to the date of redemption thereof, and any premium payable thereon upon such redemption. The proceeds of the refunding Bonds shall be held and applied in such manner, consistent with the provisions of Section 11.1 of the Resolution with respect to Bonds being refunded as is provided in the Supplemental Resolution authorizing such refunding Bonds, so that upon delivery of such refunding Bonds the Bonds to be refunded thereby shall no longer be deemed to be Outstanding under the Resolution in accordance with the provisions of Section 11.1 thereof. For purposes of the Additional Bonds test in the Resolution, PFC Revenues are counted as Revenues only to the extent that such PFC Revenues are actually transferred, or are reasonably expected to be transferred, from the PFC Revenue Account to the Debt Service Fund.

Subordinate Lien and Other Obligations. Notwithstanding anything to the contrary in the Resolution, the City may issue bonds, notes or other evidences of indebtedness for the purposes of the Airport payable from the Revenue Fund and the Revenues, subordinate to the deposits and credits required to be made from the Revenue Fund to other funds and accounts under the Resolution and to the payments required for Operating and Maintenance Expenses, and may secure the bonds, notes or other evidences of indebtedness by a pledge of the Revenues inferior to the pledge of the Revenues created by the Resolution. The proceeds of the inferior obligations may be pledged as security for the inferior obligations free and clear of the lien of the Resolution. The City may also issue bonds, notes or other evidences of indebtedness, other than Bonds, for the purposes of the Airport payable from and secured by a pledge of and lien on those revenues, proceeds, grants or other sources specifically excluded from the definition of Revenues.

Option Bonds. A Supplemental Resolution providing for the issuance of a Series of Bonds may provide for their repurchase, at the option of the Owners, by the City or by the Trustee, on any date or dates prior to the date of maturity of the Bonds. The Supplemental Resolution may provide for the terms of any such option and the remarketing of Bonds with respect to which such option is exercised. The Supplemental Resolution may also provide for the use of a Credit Facility for purposes of liquidity or security relating to the Bonds and for the issuance by the City of Credit Facility Obligations or other arrangements in connection therewith. Nothing in this paragraph shall be deemed to preclude any repurchase or redemption of Bonds otherwise required or permitted by the terms of the Resolution.

Variable Rate Bonds. A Supplemental Resolution providing for the issuance of a Series of Bonds may provide for the Bonds to bear interest at a variable rate or rates so long as it specifies (1) the manner of determining the interest rate or rates and (2) a maximum rate or rates at which the Bonds may bear interest. If Bonds of a Series bear interest at a variable rate, the Debt Service Reserve Fund Requirement shall be calculated by using the maximum rate or rates so specified. For purposes of calculating the payments into the Interest Account in the Debt Service Fund, the interest accrued or estimated to accrue during the calendar month in which the payment is to be made shall be the amount of the required payment, subject in the case of an estimate to an adjustment at the end of the month. The Supplemental Resolution providing for the issuance of Variable Rate Bonds may also provide for the use of a Credit Facility for purposes of liquidity or security relating to the Bonds and for the issuance by the City of Credit Facility Obligations or other arrangements in connection therewith.

Special Facility Bonds. The City from time to time, may by Supplemental Resolution (a) designate a facility, structure, equipment or other property, real or personal, which is at the Airport or part of any facility or structure at the Airport as a “Special Facility,” (b) provide that revenues earned by the City from or with respect to such Special Facility shall constitute “Special Facility Revenues” and shall not be included as Revenues, and (c) issue Special Facility Bonds primarily for the purpose of acquiring, constructing, renovating or improving, or providing financing to a third party to acquire, construct, renovate or improve, such Special Facility. The Special Facility Bonds shall be payable as to principal, purchase price, if any, redemption premium, if any, and interest from and secured by the Special Facility Revenues with respect thereto, and not from or by Revenues. The City from time to time may refinance any such Special Facility Bonds with other Special Facility Bonds.

No Special Facility Bonds shall be issued by the City unless there shall have been filed with the Trustee a certificate of an Airport Consultant to the effect that: (a) the estimated Special Facility Revenues with respect to the proposed Special Facility shall be at least sufficient to pay the principal (either at maturity or by mandatory sinking fund redemptions) or purchase price of and interest on such Special Facility Bonds as and when the same shall become due, all costs of operating and maintaining such Special Facility not paid by a part other than the City, and all sinking fund, reserve fund and other payments required with respect to such Special Facility Bonds as and when the same shall become due; and (b) the estimated Net Revenues calculated without including the Special Facility Revenues and without including any operation and maintenance expenses of the Special Facility as Operation and Maintenance Expenses will be sufficient so that the City will be in compliance with the Resolution during each of the five Fiscal Years immediately following the issuance of such Special Facility Bonds. At such time as any Special Facility Bonds issued for a Special Facility, including Special Facility Bonds issued to refinance such Special Facility Bonds, are fully paid or otherwise discharged, the Special Facility Revenues with respect to such Special Facility shall be included as Revenues.

Pledge of Revenues

The Revenues are pledged under the Resolution to secure the payment of the principal or redemption price of and interest on the Bonds and the performance of the undertakings of the City in the Resolution. The Bonds are equally and ratably secured by the pledge, and the undertakings of the City in the Resolution are for the equal and proportionate benefit of the Owners of the Bonds, except as otherwise expressly provided in the Resolution.

The pledge of Revenues shall include all PFC Revenues which have been specifically designated as subject to the pledge of the Resolution by Supplemental Resolution adopted by the City in connection with the issuance of Bonds. The Supplemental Resolutions authorizing the issuance of the Series 1997 Bonds specifically include as “Revenues” all PFC Revenues that are allocable to the terminal improvements financed by the Series 1997 Bonds. The Supplemental Resolutions authorizing the issuance of the Series 2000 Bonds specifically include as “Revenues” all PFC Revenues that are allocable to the Project financed by the Series 2000 Bonds and the Supplemental Resolutions authorizing the issuance of the Series 2003 Bonds specifically include as “Revenues” all PFC Revenues that are allocable to the Project financed by the Series 2003 Bonds. The Supplemental Resolutions authorizing the issuance of the Series 2012 Bonds, the Series 2014 Bonds and the Series 2021 Bonds specifically include as

"Revenues" (i) all PFC Revenues that are allocable to the terminal improvements financed by the Series 1997 Bonds, (ii) all PFC Revenues that are allocable to the Project financed by the Series 2000 Bonds, and (iii) all PFC Revenues that are allocable to the Project financed by the Series 2003 Bonds.

The pledge of Revenues under the Resolution only includes Industrial Park Revenues to the extent the same are specially designated as subject to the pledge of the Resolution by Supplemental Resolution adopted by the City in connection with the issuance of Bonds. Supplemental Resolution No. 5, which authorized the issuance of the Series 2014 Bonds, provides that all Industrial Park Revenues derived from the facilities in the Industrial Park in existence at the time of adoption of Supplemental Resolution No. 5, except for Industrial Park Revenues from the Heritage Flight Property, are subject to the pledge of the Resolution. Industrial Park Revenues from the Heritage Flight Property shall not be subject to the pledge and lien of the Resolution.

The Series 2021 Bonds will be special obligations of the City, payable solely from Revenues which, pursuant to Supplemental Resolution No. 6, includes certain PFC Revenues and certain Industrial Park Revenues, of the City derived from the ownership and operation of its Airport, subject to the prior payment of Operation and Maintenance Expenses, on a parity with Outstanding Bonds and any Bonds which may hereafter be issued by the City, as provided in the Resolution. The Series 2021 Bonds will not be a general obligation of the City, nor will the City be obligated to levy any taxes in connection with the Series 2021 Bonds.

Establishment of Funds and Accounts

The Resolution establishes the following funds:

1) Revenue Fund;
2) Operation and Maintenance Expense Fund;
3) Debt Service Fund;
4) Debt Service Reserve Fund;
5) Special Redemption Fund;
6) Rebate Fund;
7) Operation and Maintenance Reserve Fund;
8) Renewal and Replacement Fund;
9) General Obligation Bond Fund;
10) Airport Revenue Bond General Fund; and
11) Construction Fund.

Application of Bond Proceeds and Other Moneys

The application of the proceeds of each series of Bonds is governed by the provisions of the applicable Supplemental Resolution providing for their issue. For a description of the application of the proceeds of the Series 2021 Bonds, see "ESTIMATED SOURCES AND USES OF FUNDS".

Application of Funds and Accounts

The Resolution provides that the proceeds of Bonds, Revenues and other moneys deposited in the various funds and accounts under the Resolution shall be applied as follows:

Revenue Fund. The Revenue Fund is held and administered by the City. The City shall pay all of the Revenues into the Revenue Fund as promptly as practicable after receipt (other than the Revenues expressly required or permitted by the Resolution to be credited to or deposited in any other account or fund).

Within the Revenue Fund the City has created a separate account known as the "PFC Revenue Account," into which the City shall pay all PFC Revenues, regardless of whether such PFC Revenues have been specifically included in the definition of Revenues as provided in a Supplemental Resolution. The City shall apply moneys accumulated in the PFC Revenue Account as follows: (a) PFC Revenues allocable to a Project financed from the issuance of Bonds shall be applied (i) to the payment of Debt Service on such Bonds through monthly transfers to the Debt Service Fund, (ii) to the redemption of such Bonds through the transfer of moneys to the Special Redemption Fund, (iii) directly to the payment of related Project Costs, or (iv) directly to any other lawful purpose of the City; and (b) all other PFC Revenues, if any, shall be applied by the City directly to any lawful purpose of the City, including without limitation as may be provided in a Supplemental Resolution; provided, however, that in all cases the City shall account for and apply PFC Revenues in accordance with all applicable federal regulations and approvals related thereto.

Subject to the foregoing, the moneys in the Revenue Fund shall be applied in the following order of priority:

1) to the payment of the Operating and Maintenance Expenses of the Airport;

2) to payment of the amounts required to be paid from the Revenue Fund into the Debt Service Fund;

3) to payment of the amounts required to be paid from the Revenue Fund into the Debt Service Reserve Fund;

4) to payment of the amounts required to be paid from the Revenue Fund into the Rebate Fund;

5) to the payment of any amount required to be paid from the Revenue Account to the Special Redemption Fund;

6) to payment of the amounts required to be paid from the Revenue Fund into the Operation and Maintenance Reserve Fund;

7) to payment of the amounts (if any) required to be paid from the Revenue Fund into the Renewal and Replacement Fund;

8) to payment of the amounts required to be paid from the Revenue Fund into the General Obligation Bond Fund; and

9) the balance in the Revenue Fund (but not the PFC Revenue Account) to the General Fund.

Operation and Maintenance Expense Fund. The Operation and Maintenance Expense Fund is held and administered by the City. Amounts in the Operation and Maintenance Expense Fund will be applied by the City from time to time only to pay Operation and Maintenance Expenses. On or before the twenty-fifth day of each month, the City shall pay from the Revenue Fund into the Operation and Maintenance Expense Fund an amount sufficient, together with any balance available therefor in the fund, to pay the Operation and Maintenance Expenses for the next succeeding month. If during the course of a month amounts in the Operation and Maintenance Expense Fund are insufficient to pay all current Operation and Maintenance Expenses, the City shall transfer funds for such purpose to the Operation and Maintenance Expense Fund first, from the Operation and Maintenance Reserve Fund and second, from the Revenue Fund.

Debt Service Fund. The Debt Service Fund is held and administered by the City. The Debt Service Fund contains three separate accounts:

a) The Interest Account, which shall be used to pay interest on the Bonds. Transfers to such fund shall be made, not later than the twenty-fifth day of the sixth calendar month before the date upon which an installment of interest on the Bonds of a Series falls due, and on or before the twenty-fifth day of each calendar month thereafter until the installment falls due, from the Revenue Fund in an amount of one-sixth of the installment of interest coming due and any amount to pay interest on overdue principal;

b) The Principal Account, which shall be used to pay principal of Serial Bonds. Transfers to such fund shall be made, not later than the twenty-fifth day of the twelfth calendar month before the date upon which an installment of principal of Serial Bonds of a Series falls due, and on or before the twenty-fifth day of each calendar month thereafter until the installment falls due, from the Revenue Fund in an amount equal to one-twelfth of the principal of Serial Bonds coming due and any amount required to pay principal of Serial Bonds which have been accelerated; and

c) The Sinking Fund Account, which shall be used to pay principal or sinking fund installments on Term Bonds. Transfers to such fund shall be made, not later than the twenty-fifth day of the twelfth calendar month before the date upon which a sinking fund installment of Term Bonds of a Series falls due, and on or before the twenty-fifth day of each calendar month thereafter until the installment falls due, from the Revenue Fund in an amount equal to one-twelfth of the sinking fund installment coming due on Term Bonds and any amount required to pay principal of Term Bonds which have been accelerated.

Debt Service Reserve Fund. The Debt Service Reserve Fund is held and administered by the Trustee. The purpose of the Debt Service Reserve Fund is to provide a reserve for the payment of the principal or redemption price and interest on the Bonds. There shall be deposited from the proceeds of each Series of Bonds into the Debt Service Reserve Fund the amount necessary so that there will be on deposit in the Debt Service Reserve Fund immediately after their issuance an amount equal to the Debt Service Reserve Fund Requirement, except that the

Supplemental Resolution providing for the issuance of the Series may provide for payment of a portion or all of the Debt Service Reserve Fund Requirement (or of the increase thereof resulting from the issuance) from the Revenue Fund into the Debt Service Reserve Fund in one or more installments ending not later than three (3) years from the estimated date of substantial completion of the Project(s) to which the Series is attributable, as set forth in the Supplemental Resolution.

If there is a deficiency in the amounts transferred from the Interest Account, Principal Account or Sinking Fund Account to pay an installment of interest or principal or a sinking fund installment, the Trustee shall make up the deficiency by transfer from the Debt Service Reserve Fund. The City shall forthwith reimburse the Debt Service Reserve Fund from the Revenue Fund by depositing therein on or before the twenty-fifth day of each month following a withdrawal therefrom an amount sufficient so that any deficiency in the Debt Service Reserve Fund is made up in not less than six (6) substantially equal monthly deposits.

If the amount in the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement on June 30 of any year, the City shall forthwith make up the deficiency from the Revenue Fund in the same manner as provided above with respect to withdrawals from the Debt Service Reserve Fund. If the amount in the Debt Service Reserve Fund is greater than the Debt Service Reserve Fund Requirement on June 30 of any year or immediately after the issuance of a Series of Bonds, the excess shall be dealt with in the manner provided for earnings from investment of the Debt Service Reserve Fund. For the purposes of this paragraph, the Debt Service Reserve Fund Requirement shall be adjusted to reflect provisions by Supplemental Resolution for installment payment of the Debt Service Reserve Fund Requirement pursuant to the Resolution.

In lieu of the deposit of moneys in the Debt Service Reserve Fund, or in substitution of moneys previously deposited therein, the City at any time may cause to be credited to the Debt Service Reserve Fund a Credit Facility for the benefit of the Owners of the Bonds equal to the difference between the Debt Service Reserve Fund Requirement and all other amounts then on deposit (or, in the case of substitution of moneys previously on deposit therein, the amount remaining on deposit) in the Debt Service Reserve Fund. Any funds in the Debt Service Reserve Fund that are subsequently replaced by a Credit Facility shall be transferred by the Trustee to the Renewal and Replacement Fund, the Special Redemption Fund or the Construction Fund, as the City shall direct; provided that the City may direct the Trustee to transfer such funds to any other Fund or Account under the Resolution upon receipt of an Opinion of Bond Counsel to the effect that such transfer will not adversely affect the tax-exempt nature of the interest on any Series of Bonds Outstanding. The Credit Facility shall be payable (upon the giving of notice as required thereunder) on any date on which moneys will be required to be withdrawn from the Debt Service Reserve Fund and applied to the payment of the principal of or interest on any Bonds of such Series and such withdrawals cannot be made by amounts credited to the Debt Service Reserve Fund. Any insurer providing such Credit Facility shall be an insurer whose municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bond issues results in such issues being rated in the highest rating category by a Rating Agency or any insurer who holds the highest policyholder rating accorded insurers by A.M. Best & Co. or any comparable service. Any bank or other institution providing such Credit Facility shall be a bank or other institution which is rated not lower than the second highest rating category by a Rating Agency or their successors, and the Credit Facility itself shall be rated not lower than the ratings on the bank or other institution. If a disbursement is made pursuant to a Credit Facility provided pursuant to this paragraph, the City shall be obligated either (i) to reinstate the maximum limits of such Credit Facility or (ii) to deposit funds into the Debt Service Reserve Fund, or a combination of such alternatives, as shall provide that the amount credited to the Debt Service Reserve Fund equals the Debt Service Reserve Fund Requirement.

In connection with the issuance of the Series 2021 Bonds, the Debt Service Reserve Fund Requirement will be funded with a portion of the proceeds of the Series 2021 Bonds up to the amount of the Debt Service Reserve Fund Requirement.

Special Redemption Fund. The Special Redemption Fund is held and administered by the Trustee. Moneys in the Special Redemption Fund shall be applied by the Trustee as soon as practicable to the purchase or redemption of Bonds. The purchase price (excluding accrued interest) shall not exceed the earliest available redemption price (excluding accrued interest). If the accrued interest on a purchase of Bonds is available in the Interest Account, it shall be paid from the Interest Account. Otherwise, the City shall transfer moneys from the Revenue Fund to the Special Redemption Fund to pay accrued interest on the purchase of Bonds or to reimburse the Special Redemption Fund for accrued interest already paid. Except as otherwise provided in the Supplemental Resolution providing for the issuance of a Series of Bonds for a Project, moneys in the Special Redemption Fund borrowed for or attributable to such Project shall be used to purchase or redeem Bonds of that Series (to the extent issued for such Project) and, if more than one Series of Bonds has been issued for such Project, the Trustee shall select the Series to be redeemed as directed by the City (or in the Trustee's own discretion if no direction is received form the City). Moneys in the Special Redemption Fund not borrowed for a Project or attributable to a Project financed by Bonds shall be used to purchase or redeem Bonds of such one or more Series as may be directed by the City (or selected by the Trustee in its own discretion if no direction is received from the City).

Rebate Fund. The Rebate Fund is held and administered by the Trustee. The Rebate Fund was established for the purpose of complying with Section 148(f) of the Internal Revenue Code of 1986, as amended, and amounts shall be deposited in the Rebate Fund and applied as provided in each Supplemental Resolution providing for the issuance of a Series of Bonds other than Taxable Bonds.

Operation and Maintenance Reserve Fund. The Operation and Maintenance Reserve Fund is held and administered by the City. Any Supplemental Resolution providing for the issuance of a Series of Bonds may provide for a deposit from the proceeds of the Bonds into the Operation and Maintenance Reserve Fund. In addition, on or before the twenty-fifth day of each month the City shall pay from the Revenue Fund to the Operation and Maintenance Reserve Fund and amount equal to the lesser of (i) one-twelfth of the Operation and Maintenance Reserve Fund Requirement or (ii) the amount necessary so that the balance in the Operation and Maintenance Reserve Fund is not less than the Operation and Maintenance Reserve Fund Requirement. If the amount in the Operation and Maintenance Reserve Fund is greater than the Operation and Maintenance Reserve Fund Requirement on June 30 of any year, the excess shall be dealt with in the manner provided for earnings from investment of the Operation and Maintenance Reserve Fund. If there is a deficiency in the Interest Account, Principal Account or Sinking Fund Account when a transfer is to be made to the Trustee as Paying Agent, after first taking account of any transfer from the Debt Service Reserve Fund, the City shall make up the deficiency by transfer from the Operation and Maintenance Reserve Fund.

Renewal and Replacement Fund. The Renewal and Replacement Fund is held and administered by the City. Any Supplemental Resolution providing for the issuance of a Series of Bonds may provide for a deposit from the proceeds of the Bonds into the Renewal and Replacement Fund. In addition, on or before the twenty-fifth day of each month the City shall pay from the Revenue Fund to the Renewal and Replacement Fund an amount equal to 5% of the amount required to be deposited at that time in the Debt Service Fund, other than Debt Service accruing with relation to a Project prior to the date of substantial completion of such Project (or, if discontinued, prior to its discontinuance). Moneys in the Renewal and Replacement Fund may be applied to Project Costs, and may be used for maintenance, repairs, renewals, or replacements related to the Airport. If there is a deficiency in the Interest Account, Principal Account or Sinking Fund Account when a transfer is to be made to the Trustee as Paying Agent, after first taking account of any transfer from the Debt Service Reserve Fund and from the Operation and Maintenance Reserve Fund, the City shall make up the deficiency by transfer from the Renewal and Replacement Fund. If the amount in the Renewal and Replacement Fund is greater than the Renewal and Replacement Fund Requirement on June 30 of any year, the excess shall be dealt with in the manner provided for earnings from investment of the Renewal and Replacement Fund.

General Obligation Bond Fund. The General Obligation Bond Fund is held and administered by the City. Moneys in the General Obligation Bond Fund shall be used to pay debt service on general obligation bonds of the City issued for Airport purposes. On or before the twenty-fifth day of each month the City shall pay from the Revenue Fund into the General Obligation Bond Fund an amount so that sufficient amounts will be available, together with other available funds, to provide for the timely payment of debt service on all of the City's general obligation bonds heretofore and hereafter issued for Airport purposes.

Airport Revenue Bond General Fund. The Airport Revenue Bond General Fund is held and administered by the City. Amounts on deposit in the Airport Revenue Bond General Fund may be applied by the City for capital improvements, extraordinary repairs and maintenance, redemption of Bonds, Operation and Maintenance Expenses, or any other lawful purpose of the City. Within the Airport Revenue Bond General Fund there is a separate account known as the "Prepaid Revenue Account." The City may pledge amounts in the Airport Revenue Bond General Fund (but not amounts in the Prepaid Revenue Account) free and clear of the lien of the Resolution to secure other obligations of the City with respect to the Airport.

Construction Fund. The Construction Fund is held and administered by the Trustee. Moneys in the Construction Fund shall be applied to the payment of the Project Costs of the respective Projects for which the Bonds are issued. Before any payment may be made for this purpose from the Construction Fund, the City shall file with the Trustee a written order, signed by an Authorized Officer identifying the Project and stating (i) the name and address of the person to whom the payment is due, (ii) the item or items to be paid, (iii) the amount to be paid for each item, (iv) that the items to be paid have been incurred by the City, that each item is a proper item for payment from the Construction Fund and that the amount to be paid has not already been paid from any fund or account maintained by a Trustee under the Resolution, and (v), if payment is to be made to the City, that the City has advanced payment for the item from other funds. Where Bond proceeds are to be used to provide working capital, they may be transferred to the Revenue Fund upon receipt by the Trustee of a certificate of the Airport Consultant that they are not needed for other Project Costs and a certificate of the City that they are needed for expenditure within six months to pay costs payable from the Revenue Fund and attributable to the Project and not otherwise provided by Bond proceeds.

Investments and Deposits

Moneys in the Revenue Fund, the Operation and Maintenance Expense Fund, the General Obligation Bond Fund and the Airport Revenue Bond General Fund not needed for immediate disbursement may be invested by the City as permitted by law. Other moneys held by the City or the Trustee not needed for immediate disbursement will be invested by the Trustee at the direction of the City (or in the discretion of the Trustee if no direction is received from the City) in Permitted Investments, subject to the following:

1. Moneys in the Debt Service Fund shall be invested in Permitted Investments of the types described in items 1, 2 and 3 of the definition of Permitted Investments or described in items 5 and 6 of such definition (and secured by obligations of the types described in items 1 and 3 of such definition), maturing or subject to redemption at the option of the holder on or prior to the dates when the moneys will be required for expenditure.

2. Moneys in the Debt Service Reserve Fund shall be invested in Permitted Investments of the types described in items 1, 2 and 3 of the definition of Permitted Investments or described in items 5 and 6 of such definition (and secured by obligations of the types described in items 1, 2 and 3 of such definition), maturing or subject to redemption at the option of the holder within ten years from the date of investment.

3. Moneys in the Operation and Maintenance Reserve Fund and the Renewal and Replacement Fund shall be invested in Permitted Investments maturing or subject to redemption at the option of the holder within five years from the date of investment.

4. Moneys in the Construction Fund shall be invested in Permitted Investments maturing or subject to redemption at the option of the holder on or prior to the dates when the moneys are expected to be required for expenditure. Any investment made by the Trustee shall be made with due regard to the latest estimates with respect to the amounts needed from time to time to pay Project Costs from the Construction Fund.

5. Moneys in the Special Redemption Fund shall be invested in Permitted Investments maturing or subject to redemption at the option of the holder on or before the dates when the moneys are expected to be required for expenditure.

6. Moneys in several funds or accounts may be invested in undivided interests in the same Permitted Investments if they are otherwise eligible for each of the several funds or accounts. Permitted Investments may be transferred in kind at fair market value when deposits or transfers are required if they are eligible for the transferee or depository fund or account.

7. In the event that invested moneys in a fund or account are required for expenditure or transfer, they shall be sold or redeemed to the extent necessary. Permitted Investments may be sold by one fund or account to another if eligible for investment by the latter.

Except as otherwise provided below, all income from the investment of any fund or account established under the Resolution (including net profit from the sale of any investment) shall be deposited in the Revenue Fund. Unless otherwise provided by Supplemental Resolution, income from investment of the Rebate Fund shall be retained in the Rebate Fund. Income from investment of the Special Redemption Fund shall accrue to it except that any income not needed to pay or redeem Bonds shall be subject to the provisions of the preceding sentence. For the period until the date of substantial completion of a Project financed by Bonds (or until the Project is discontinued) income accruing from investment of the proceeds of Bonds issued to finance or refinance the Project which have been deposited in the Interest Account, the Construction Fund, the Debt Service Reserve Fund and the Renewal and Replacement Fund, including income on the income, shall when received be deposited in the Construction Fund, or, if so directed by the City, in the Interest Account, or as otherwise provided by the Supplemental Resolution under which the Bonds are issued for the Project. Any loss from investment of a fund or account shall be charged to the fund or account but, unless otherwise made up, shall be set off against income from investment of the fund or account which would otherwise be deposited in another fund or account.

Investments shall be valued at cost (plus amortized discount or minus amortized premium but excluding accrued interest to the date of purchase) plus accrued interest to the date as of which they are valued unless the Trustee determines that a lower valuation is necessary by reason of uncertainty of payment or anticipated loss on sale prior to maturity.

Covenant as to Rates and Charges

The Resolution provides that the City shall impose and prescribe such schedule of rates, rentals, fees and charges for the use and services of and the facilities and commodities furnished by the Airport, and shall revise the same from time to time whenever necessary, and collect the income, receipts and other moneys derived therefrom, so that in each Fiscal Year the Revenues, together with Other Available Funds, will be at all times at least sufficient to provide for (i) the payment of all Operation and Maintenance Expenses for such Fiscal Year and (ii) the payment of all amounts needed for making the required deposits in such Fiscal Year to the credit of the Debt Service Fund, Debt Service Reserve Fund, Special Redemption Fund, Rebate Fund, Operation and Maintenance Reserve Fund, Renewal and Replacement Fund and General Obligation Bond Fund.

Without limiting the generality of the foregoing, the City shall establish and collect such rates, rentals, fees and charges sufficient so that in each Fiscal Year its Net Revenues, together with Other Available Funds, will be at least equal to one hundred twenty-five per cent (125%) of Debt Service on all Bonds Outstanding including, without duplication, any Credit Facility Obligations. A failure to generate Net Revenues in accordance with this paragraph shall not be considered a default by the City of the City's obligations under the Resolution if the City is taking timely corrective action as described below. The City shall review the adequacy of its rates, rentals, fees and charges at least annually.

The failure to comply with the rate covenant described above shall not constitute a default by the City under the Resolution if (a) the City promptly (i) causes an Airport Consultant to make a study for the purpose of making recommendations with respect to rates, rentals, fees and charges for the Airport in order to provide funds for all the payments and other requirements as specified in the rate covenant; (ii) considers the recommendations of the Airport Consultant; and (iii) takes such action as the City, in its discretion, may deem necessary to comply with the rate covenant, and (b) thereafter, Revenues, together with Other Available Funds, are at least sufficient to pay all Operation and Maintenance Expenses and all Debt Service due in each Fiscal Year.

Notwithstanding anything in the Resolution to the contrary, PFC Revenues shall only be counted as Revenues for purposes of the rate covenant to the extent that such PFC Revenues are actually transferred from the PFC Revenue Account to the Debt Service Fund.

Covenants as to Annual Budget

Not less than sixty (60) days prior to the beginning of each Fiscal Year, the City shall file a preliminary annual Airport operating budget with the Trustee. Not less than one day prior to the beginning of each Fiscal Year, the City shall adopt and file with the Trustee an annual operating budget ("Annual Budget") for such Fiscal Year. The City may at any time adopt and file with the Trustee an amended and supplemental operating budget for the Fiscal Year then in progress. The Annual Budget is required to show projected Operation and Maintenance Expenses, Debt Service and other payments from the Revenue Fund and the Revenues or other moneys projected to be available to meet the same. The City shall not incur aggregate Operation and Maintenance Expenses in any Fiscal Year in excess of the aggregate amount shown in the Annual Budget as amended and supplemented for such Fiscal Year except in case of emergency and in such event shall promptly file a written report with the Trustee.

Covenant with Respect to Federal Income Tax

In the Resolution, the City covenants that except with respect to any Series of Taxable Bonds, the City shall not make any use of Bond proceeds or take any other action that would cause the interest on a Series of Bonds to become included in gross income for federal income tax purposes, and shall not fail to take any other lawful action necessary for interest on a Series of Bonds to be or continue to be excluded from gross income for federal income tax purposes.

Covenant with Respect to Operation, Maintenance and Improvement of the Airport

In the Resolution, the City covenants that it will maintain, preserve, keep and operate, or cause to be maintained, preserved, kept and operated, the properties constituting the Airport (including all additions, improvements and betterments thereto and extensions thereof and every part and parcel thereof) in good and efficient repair, working order and operating condition in conformity with standards customarily followed in the aviation industry for airports of like size and character. The City will from time to time make all necessary and proper repairs, renewals, replacements and substitutions to said properties, and construct additions and improvements thereto and extensions and betterments thereof which are economically sound, so that at all times the business carried on in connection therewith shall and can be properly and advantageously conducted in an efficient manner and at reasonable cost.

Covenant with Respect to Insurance

In the Resolution, the City covenants that it shall carry insurance with generally recognized responsible insurers with policies, payable to the City against risks, accidents, or casualties at least to the extent that similar insurance is usually carried by airport operators operating properties similar to the Airport. In the event of loss or damage to property covered by such insurance, the City shall promptly repair, replace or reconstruct the damaged or lost property to the extent necessary for the proper conduct of its operations and shall apply the proceeds of the insurance for that purpose to the extent needed; provided that no such repair, replacement or construction shall be required if the City files a certificate with the Trustee signed by an Authorized Officer to the effect that repair, replacement or reconstruction of the damaged or destroyed property is not in the best interest of the City and that failure to repair, replace or reconstruct the damaged or destroyed property will not cause Revenues in any future Fiscal Year of the City to be less than an amount sufficient to enable the City to comply with all covenants and conditions of the Resolution or impair the security or the payment of the Bonds. If the City elects to undertake the repair, replacement or reconstruction of the damaged or destroyed property and such proceeds of the aforesaid insurance are insufficient for such purpose, the amount of such insufficiency may be satisfied from moneys available in the Airport Revenue Bond General Fund for any lawful purpose of the City. Any excess proceeds from property insurance shall be paid to the Trustee for deposit in the Debt Service Reserve Fund to the extent necessary to cause the amount in the Debt Service Reserve Fund to equal the Debt Service Reserve Fund Requirement and the balance shall be deposited in the Renewal and Replacement Fund or, if the City receives an Opinion of Bond Counsel to the effect that the proposed use of such proceeds will not adversely affect the tax exempt status of any Bonds issued under the Resolution, in any other fund or account under the Resolution as directed by the City. Within sixty (60) days after the close of each Fiscal Year, the City shall file with the Trustee a certificate describing the insurance then in effect.

Covenant Not to Encumber or Dispose of the Revenues or Properties of the Airport

Except as set forth below, the City covenants that it shall not sell, mortgage, lease or otherwise dispose of or encumber the Revenues or any properties of the Airport.

The City may sell, lease, or otherwise dispose of any portion of the properties and facilities (real or personal) comprising a part of the Airport the disposal of which will not impede or prevent the use of the Airport or its facilities for the conduct of air transportation or air commerce and which in the reasonable judgment of the City has become unserviceable, unsafe or no longer necessary in the operation of the Airport or which is to be or has been replaced by other property of substantially equal revenue producing capability and of substantially equal utility for the conduct of air transportation or air commerce. Proceeds of a sale, lease or other disposition pursuant to this paragraph shall be paid to the Trustee for deposit in the Debt Service Reserve Fund to the extent necessary to cause the amount in the Debt Service Reserve Fund to equal the Debt Service Reserve Fund Requirement, and the balance shall be paid into the Revenue Fund if the balance is not in excess of $250,000 or one percent of the principal amount of the Outstanding Bonds, whichever is greater; *provided*, *however*, that to the extent that the original construction or acquisition of such properties or facilities was financed from moneys derived from grants or passenger facility charges, then such proceeds shall be deposited in the Revenue Fund only to the extent that such application of proceeds is consistent with the conditions agreed to by the City with any governmental authority, or imposed on the City by law or any governmental authority, in obtaining such grants or passenger facility charges. If the balance exceeds that sum, it shall be deposited, as the City shall determine, in the Renewal and Replacement Fund, the Construction Fund (for the purpose of paying Project Costs of Projects designated by the City) or the Special Redemption Fund.

The City may execute leases, licenses, easements and other agreements of or pertaining to properties constituting the Airport in connection with the operation of the Airport and in the normal and customary course of business thereof, according to the City's policy regarding rates, rentals, fees and charges of the Airport, which rates, rentals, fees and charges shall be part of Revenues and which properties shall remain part of the Airport, but any such leasing shall not be inconsistent with the provisions of the Resolution, and no lease shall be entered into by which the security of and payment for the Bonds might be impaired or diminished. The City may enter into agreements in connection with Special Facilities pursuant to and in accordance with the Resolution.

If any portion of the properties of the Airport is taken by eminent domain, any moneys received by the City as a result shall be paid to the Trustee for deposit in the Debt Service Reserve Fund to the extent necessary to cause the amount in the Debt Service Reserve Fund to equal the Debt Service Reserve Fund Requirement, and any balance shall be paid into the Revenue Fund if the balance is not in excess of $250,000 or one percent of the principal amount of the Outstanding Bonds, whichever is greater. If the balance exceeds that sum, it shall be deposited, as the City shall determine, in the Renewal and Replacement Fund, the Construction Fund (for the purpose of paying Project Costs of Projects designated by the City) or the Special Redemption Fund.

The City may apply the Revenues as provided in the Resolution, may encumber the Revenues for the benefit of the Bondowners to the extent and in the manner provided in the Resolution and may otherwise encumber the Revenues to the extent and in the manner provided in the Resolution.

Covenant as to Other Leases and Contracts

Pursuant to the Resolution, the City shall perform all contractual obligations undertaken by it under leases or agreements pertaining to or respecting the Airport and shall enforce its rights thereunder. The City shall not enter into any contract or lease pertaining to the Airport by which the rights, payment or security of the Bonds might be impaired or diminished.

Covenant as to Books of Account and Annual Audit

Pursuant to the Resolution, the City shall keep proper books and accounts relating to the Airport. Within one hundred eighty (180) days after the end of each Fiscal Year, the City shall file with the Trustee an annual financial statement, certified by an independent certified or registered public accountant or an independent firm of certified or registered public accountants. In addition to other matters required by law or sound accounting or auditing practice, the financial statement shall cover the transactions in the funds and accounts held by the City under the Resolution. The report of the auditor shall state whether there has come to the attention of the auditor in the course of its examination any default by the City with respect to the Resolution or the Bonds and, if so, the nature of the default.

Covenant as to Payment of Taxes and Other Claims

Pursuant to the Resolution, the City shall make timely payments of all taxes, assessments and other governmental charges lawfully imposed upon the properties constituting the Airport or upon the Revenues, as well as all lawful claims for labor, materials and supplies which, if not paid, might become a lien or charge upon any part of the Airport, or upon any of the Revenues; but the failure to do so will not be considered a violation of such covenant so long as the City is in good faith contesting the validity of the tax, assessment, charge or claim.

Covenant as to Governmental Approval

Pursuant to the Resolution, the City shall perform any construction, reconstructions, and restorations of, improvements, betterments and extensions to, and equipping and furnishings of, and will operate and maintain the Airport at standards required in order that the same may be approved by the proper and competent federal government authority or authorities for the landing and taking off of aircraft operating in scheduled service, and as a terminal point of the City for the receipt and dispatch of passengers, property and mail by aircraft.

Covenant as to Employees' Fidelity Bonds

Pursuant to the Resolution, the City shall require employees or agents of the City collecting or handling money in connection with the operation of the properties of the Airport to obtain fidelity bonds with responsible surety companies as surety in accordance with standard and customary practice in the aviation industry.

Covenant as to Compliance with Terms of Grants-in-aid and Application Thereof

Pursuant to the Resolution, the City shall comply with the requirements of the federal government of grants-in-aid accepted by the City.

Covenant as to Carrying Out Projects

Pursuant to the Resolution, the City shall proceed with all reasonable dispatch to complete the acquisition, purchase, construction, improvement, betterment, extension, addition, reconstruction, restoration, equipping and furnishing of any properties the costs of which are to be paid from the proceeds of Bonds or from any other moneys held hereunder. Notwithstanding the foregoing, the City may discontinue a Project by written notice to the Trustee, with a certificate of the Airport Consultant stating that, by reason of change in circumstance not reasonably expected at the time of the issuance of the Bonds, completion of the Project (or work) is no longer consistent with custom in the airport industry. The moneys for the Project in the Construction Fund not needed to pay Project Costs of the Project (as determined by a certificate of the Airport Consultant) shall be deposited in the Debt Service Reserve Fund to the extent necessary to cause the amount in the Debt Service Reserve Fund to equal the Debt Service Reserve Fund Requirement and the balance shall be deposited, as the City shall determine, in the Renewal and Replacement Fund, the Construction Fund (for the purpose of paying Project Costs of Projects designated by the City) or the Special Redemption Fund.

Events of Default; Acceleration of Maturities

There shall be an "Event of Default" if any of the following occurs: (1) if there is a default in the payment of the principal of or redemption on premium, if any, on any of the Bonds when due, whether at maturity or by proceedings for redemption or otherwise; (2) if there is a default in the payment of any interest on any Bond, or of any sinking fund installment, when due; (3) if the City defaults in any payment to be made into the Debt Service Fund or Debt Service Reserve Fund and the default continues for twenty (20) days; (4) if the City defaults in the performance of any other covenant or agreement contained in the Resolution and the default continues for sixty (60) days after written notice to the City by the Trustee or to the City and the Trustee by the holders of not less than twenty-five per cent (25%) in principal amount of the Outstanding Bonds; (5) if an order, judgment or decree is entered by a court of competent jurisdiction (a) appointing a receiver, trustee, or liquidator for the City or the whole or any substantial part of the Airport, (b) granting relief in involuntary proceedings with respect to the City under the federal Bankruptcy Code, or (c) assuming custody or control of the City or of the whole or any substantial part of the Airport under the provision of any law for the relief of debtors, and the order, judgment or decree is not set aside or stayed within sixty (60) days from the date of the entry of the order, judgment or decree; and/or (6) if the City (a) admits in writing its inability to pay its debts generally as they become due, (b) commences voluntary proceedings in bankruptcy or seeking a composition of indebtedness, (c) makes an assignment for the benefit of its creditors, (d) consents to the appointment of a receiver of the whole or any substantial part of the Airport, or (e) consents to the assumption by any court of competent jurisdiction under any law for the relief of debtors of custody or control of the City or of the whole or any substantial part of the Airport.

If an Event of Default occurs and has not been cured, either the Trustee (by notice in writing to the City), or the Owners of not less than twenty-five per cent (25%) in principal amount of the Outstanding Bonds (by notice in writing to the City and the Trustee), may declare the principal of all Outstanding Bonds and the accrued interest to be due and payable immediately.

Upon the curing of all outstanding Events of Default (other than the payment of principal or interest coming due by reason of the acceleration), the Owners of a majority in principal amount of the Outstanding Bonds, by written notice to the City and to the Trustee, may annul the acceleration, or, if the Trustee has acted without a direction from the Bondowners, and, if there has not been delivered to the Trustee a written direction to the contrary by the Owners of a majority in principal amount of the Outstanding Bonds, the acceleration shall be deemed annulled.

No delay or omission of the Trustee or of any Owner of Bonds to exercise any right of power arising upon the happening of an Event of Default shall impair any right or power or be construed to be a waiver of the Event of Default. The Owners of not less than sixty-six and two-thirds percent (66 2/3%) in principal amount of the Outstanding Bonds may on behalf of the Owners of all of the Bonds waive any past default under the Resolution and its consequences, except a default in the payment of the principal or redemption price of and interest on any of the Bonds.

Notwithstanding the foregoing, for so long as the Series 2014 Bond Insurer's Policy shall be in full force and effect, acceleration of the Series 2014 Bonds and all rights of the Owners of the Series 2014 Bonds upon any acceleration shall be in all respects subject to the provisions of such policy and Supplemental Resolution No. 5.

Application of Revenues and Other Moneys after Default

If an Event of Default happens and has not been remedied, the City upon demand of the Trustee shall pay over and transfer to the Trustee (i) all funds and investments then held by the City in the funds and accounts held by it under the Resolution and (ii) as promptly as practicable all other or subsequent Revenues. After a transfer of a fund or account under this paragraph, the Trustee shall administer the fund or account until all Events of Default have been cured.

If at any time the available funds are insufficient for the payment of the principal or redemption price and interest then due on the Bonds, the following funds and accounts (other than funds held in trust for the payment or redemption of particular Bonds) shall be used in the following order:

Interest Account
Principal Account
Sinking Fund Account
Debt Service Reserve Fund
Operation and Maintenance Reserve Fund
Renewal and Replacement Fund
General Obligation Bond Fund
Airport Revenue Bond General Fund (including the Prepaid Revenue Account)
Construction Fund
Special Redemption Fund

and the City shall promptly restore from the Revenue Fund any amount taken for this purpose from any fund or account other than the Interest Account, Principal Account or Sinking Fund Account. The moneys shall be applied in the following order of priority:

First, to the payment of all unpaid interest on Bonds then due (including any interest on overdue principal and, to the extent permitted by law, interest on overdue interest at the same rate) in the order in which the same became due, and, if the amount available is sufficient to pay the unpaid interest which became due on any date in part but not in full, then to the payment of that interest ratably; and

Second, to the payment ratably of the unpaid principal or redemption price of Bonds then due.

Whenever moneys are to be so applied, they shall be applied by the Trustee at such times as it shall determine, having due regard to the amount available and the likelihood of additional moneys becoming available. The Trustee shall use an interest payment date as the date of payment unless it deems another date more suitable. On the date fixed for payment interest shall cease to accrue on the amounts of principal and interest to be paid on that date to the extent that the necessary moneys have been made available for payment. The Trustee shall give such notice of the date as it may deem appropriate and shall not be required to make payment to the Owner of any Bond unless the Bond is presented for appropriate endorsement.

Interest on overdue principal and interest (to the extent permitted by law) shall accrue and be payable daily but, for the purpose of applying the order of priority as described under this heading (and of calculating interest on interest), it shall be treated as if it became due on the regular interest payment dates.

Amendments

The Resolution provides that it may be amended:

(1) With the written concurrence of the Trustee but without the consent of any Bondowner, pursuant to Supplemental Resolution, (a) to provide for the issuance of Additional Bonds, (b) to make changes in the Resolution which may be required to permit the Resolution to be qualified under the Trust Indenture Act of 1939, as amended, (c) to make provisions relating to the Renewal and Replacement Fund as permitted by the Resolution, and (d) for any one or more of the following purposes: (i) to cure or correct any ambiguity, defect or inconsistency in the Resolution; (ii) to add additional covenants and agreements of the City for the purpose of further securing the payment of the Bonds; (iii) to limit or surrender any right, power or privilege reserved to or conferred upon the City by the Resolution; (iv) to confirm any lien or pledge created or intended to be created by the Resolution; (v) to confer upon the Owners of the Bonds additional rights or remedies or to confer upon the Trustee for the benefit of the Owners of the Bonds additional rights, duties, remedies or powers; and (vi) to modify the Resolution in any other respects; provided that the modification shall not be effective until after the Outstanding Bonds cease to be Outstanding, or until the Bondowners consent pursuant to Section 9.2 of the Resolution; and

(2) With the written concurrence of the Trustee and the consent of the Owners of not less than sixty-six and two-thirds per cent (66⅔%) in principal amount of the Outstanding Bonds, pursuant to Supplemental Resolutions for the purpose of making other changes in the Resolution; provided, however, that, without the consent of the Owner of each Bond which would be affected, no Supplemental Resolution shall (1) change the maturity date for the payment of the principal of any Bond or the dates for the payment of interest on the Bond or the terms of the redemption of the Bond, or reduce the principal amount of any Bond or the rate of interest on the Bond or the redemption price, (2) reduce the percentage of consents required under this proviso for a Supplemental Resolution, or (3) give to any Bond any preference over any other Bond; and provided further that, without the consent of the Owners of not less than sixty-six and two-thirds per cent (66⅔%) in principal amount of the Outstanding Term Bonds of each Series and maturity which would be affected, no Supplemental Resolution shall (a) change the amount of any sinking fund installments for the retirement of Term Bonds or the due dates of the installments or the terms for the purchase or redemption of Bonds from the installments, or (b) reduce the percentage of consents required under this proviso for a Supplemental Resolution.

Defeasance

The obligations of the City under the Resolution and the pledge, covenants and agreements of the City made in the Resolution shall be discharged and satisfied as to any Bond and the Bond shall no longer be deemed to be Outstanding under the Resolution: (i) when the Bond has been cancelled or surrendered for cancellation, or has been purchased by the Trustee from moneys held by it under the Resolution (other than provisions for Option Bonds); or (ii) when payment of the principal or the redemption price of the Bond, plus interest on the principal to the due date (whether at maturity or upon redemption or otherwise) or to the date set for payment in the case of an overdue Bond, either (a) had been made or (b) has been provided for by irrevocably setting aside with the Trustee for the purpose (1) moneys sufficient to pay the principal or redemption price and interest or (2) Permitted Investments (which for the purposes described under this heading shall include only those obligations described in item 1 of the definition of Permitted Investments) maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to pay the principal or redemption price and interest when required, and when all proper fees and expenses of the Trustee and Paying Agents pertaining to the Bond have been paid or provided for to the satisfaction of the Trustee and Paying Agents.

When a Bond is deemed to be no longer Outstanding under the Resolution, or if the Bond has become due, it shall cease to draw interest. When a Bond is deemed to be no longer Outstanding under the Resolution, it shall no longer be secured by the Resolution except for the purpose of payment from the moneys or Permitted Investments set aside for its payment.

Notwithstanding the foregoing, in the case of Bonds which are to be redeemed prior to their stated maturities, no deposit shall operate as a discharge and satisfaction until the Bonds have been irrevocably called or designated for redemption and proper notice of the redemption has been given or provision satisfactory to the Trustee has been irrevocably made for giving the notice.

Any moneys deposited with the Trustee as described under this heading may be invested and reinvested in Permitted Investments of the types described earlier under this heading maturing in the amounts and times as required and any income from the investment not required for the payment of the principal or redemption price and interest on the Bonds shall be paid to the City and credited to the Revenue Fund.

In the event that the Resolution is defeased with respect to Bonds as described under this heading, the Trustee shall mail notice of the defeasance to the Owners of those Bonds in the manner provided by Section 13.3 of the Resolution within ninety (90) days after the defeasance.

Notwithstanding any provision of the Resolution, all moneys or Permitted Investments set aside for the payment of the principal or redemption price of and interest on Bonds shall be held in trust and used solely for the payment of the particular Bonds with respect to which the moneys or Permitted Investments have been set aside.

Notwithstanding conditions to amending and supplementing the Resolution, if moneys or Permitted Investments have been set aside with the Trustee as described under this heading for the payment of Bonds and the Bonds are deemed to be no longer Outstanding under the Resolution, but the Bonds have not in fact been paid, no amendment shall be made without the consent of the Owner of each Bond affected by the amendment.

The City may at any time surrender to the Trustee for cancellation Bonds which the City has acquired for the sinking fund or otherwise, and the Bonds shall thereupon be deemed paid and no longer Outstanding.

APPENDIX D

SUMMARY OF THE USE AND LEASE AGREEMENTS

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SUMMARY OF THE USE AND LEASE AGREEMENTS

1. Location – Burlington International Airport, South Burlington, Vt.

2. Duration – five years which commenced July 1 2016 and will terminate June 30, 2021 with the month-to-month extension thereafter until a new agreement is negotiated and executed.

3. Rental – consists of two (2) components, a terminal space rental charged on the basis of exclusive space, preferential space and joint use space rented on a square footage basis and a landing fee charged on the basis of landed weight. The terminal space rental rate is currently set at $ 63 per sq. ft. The rental rate for non-signatory airlines is 125% of the rate for signatory airlines. The landing fee is set at $ 2.44 per 1,000 lbs. of landed weight for commercial operations and $2.09 for cargo operations, inclusive of an apron fee. The terminal space rental and the landing fee are subject to readjustment annually.

4. Recalculation – The adjusted terminal space rental for space exclusively used by an Airline is determined by dividing gross Terminal Rentable Space into the projected operating expenses allocable to the Terminal Complex for the succeeding fiscal year, as reflected in the City's Annual Budget. This determination of the cost per square foot of Gross Terminal Rentable Space is defined as the Terminal Requirement. The Terminal Requirement is then multiplied by the total Terminal Complex Premises leased by the Airline.

For Joint Use Space, the Airline pays on the basis of 20% shared equally by all Airlines using this space, and 80% based upon the Airline's proportion of total monthly enplanements.

The Landing Fee is calculated annually by dividing the Airfield Area Operating Expense by the composite estimate of Total Landed Weight of signatory airlines for the succeeding fiscal year. Deficits and credits are carried forward based upon actual audited figures. Additionally, if the Terminal Rate in any one year is inadequate to cover the Terminal Requirement, the amount of the shortfall is added to the Terminal Requirement for the ensuing year. The landing fee for non-signatory airlines is 125% of the rate for signatory airlines.

5. True Up – The Agreement specifies that within 120 days following the close of each fiscal year or is soon thereafter as audited Financial Data is available terminal rentals for the preceding fiscal year shall be recalculated using the audited Financial Data so long as at least 1.5 times debt service coverage ratio is maintained and the Airport has 200 days of cash available. Overpayments are then to be refunded and the airlines are to be invoiced for any underpayment. However, if over payment would result in the Airport having less than 200 days of cash available for operating expenses, only 50% of such overpayment is to be remitted.

6. Approval of General Bond Resolution – The Agreement specifies that if the Airport adopts or amends a bond resolution that requires a change in the manner in which Airline rentals are calculated in a manner that materially affects the rights of an Airline, the Airline may terminate the Agreement upon thirty days advance written notice to the Airport.

7. Cost Centers – The Agreement establishes five Cost Centers, namely the Terminal Complex, the Airfield, Parking Areas, Rented Buildings and Other Areas, and the Industrial Park. The Agreement does not require that net parking revenues be utilized in determining the Landing Fees, and does not require that Landing Fees be increased to cover any Parking Areas deficiency.

8. Gate Controls – The Agreement requires the Airlines to temporarily accommodate a new Airline wishing to serve the Airport by allowing the new Airline to share an Airline's gate positions and terminal space, subject to appropriate reimbursement. It designates certain space as reassignable space, also for the purpose of accommodating new service. It also allows the Airport to reassign the terminal space and gate positions of an Airline which has substantially curtailed its service to the Airport. Substantial curtailment of service is defined as a reduction by more than 50% of daily jet flights in the case of Airlines providing jet service, and a reduction by more than 50% of the available daily seats in the case of a commuter airline.

9. Capital Improvements – The Agreement permits the Airport to effectuate Capital Improvements which are defined as improvements having a useful life of three or more years together with any development studies, analyses, engineering studies, master planning studies and economic or operational studies of the Airport made in connection therewith. Capital improvements which have an estimated cost of $500,000 or less may not be accomplished in a particular fiscal year if a majority in interest of the signatory airlines objects to the necessity thereof, unless the Airport determines that the improvement is necessary for the proper and prudent operation of the Airport. If a majority in interest of the signatory airlines objects to a capital improvement costing one million

dollars or more, such improvement may not be made during the ensuing fiscal year. However, this limitation is not applicable to capital improvements that are financed entirely through FAA's Airport Improvement Program, exclusively through the imposition of Passenger Facility Charges or Customer Facility Charges or with funds contained in the Airport's Capital Projects Reserve Fund (not to exceed five million dollars) into which not more than one million dollars may be set aside in any fiscal year.

10. Interest on Past Due Accounts – The Airlines are obligated to pay an interest charge of one and one-half percent (1 1/2 %) per month on all sums due to the Airport.

11. Records – The Airlines are obligated to maintain a complete and accurate set of records concerning landed weights and enplanements for three (3) years, and to allow the inspection of such records by the Airport upon reasonable notice.

12. Airport Operating Expenses – Defined to include the cost of collecting revenues; engineering, consulting services, audit reports, legal and other overhead expense related to the administration, operation, maintenance and repair of the Airport; costs for salaries, wages and other compensation of officers and employees including all legally required payments to pension, retirement, health and other insurance; cost of routine maintenance, repairs, replacements, and renewals; taxes; utilities services; management services; equipment, materials and supplies; issuance cost of bonds; bond amortization; depreciation; all other costs and expenses, reasonably incurred, of administering, operating, maintaining and repairing the Airport arising in the routine and normal course of business.

13. Termination Rights – Airline has the right to terminate the Agreement in the event there is a substantial destruction of the premises which the Airport does not proceed to repair or rebuild, or if the Airport defaults in meeting any of its commitments to the Airline, and does not cure such default after notice to do so. The Airport has the right to terminate the Agreement in the event of a failure to pay the rates and charges or in the event of a default with respect to any of the other covenants contained in the Agreement which is not cured after notice to do so.

14. Maintenance and Operations of the Airport – The Airport commits to maintain the Airport and its complexes in good condition and repair, and in a neat, orderly, sanitary and presentable condition at all times.

15. Assignment and Subletting – Generally prohibited without the advance written approval of the Airport, but is authorized as a result of a merger, consolidation, reorganization, etc.

16. Successors and Assigns – Bound by the Agreement.

17. Subordinate to U.S. Government Agreements –The Agreement is subordinate to the provision of any present or future agreement between the Airport and the United States, the terms of which are required as a condition precedent to the receipt of federal funds for the development of the Airport.

18. Title to Improvements – At the cancellation or termination of the Agreement, all fixed improvements made by the Airlines become the property of the Airport with the exception of the Airlines' personal property and fixtures.

19. Insurance – The Airlines are required to carry liability and property damage insurance covering their activities at the Airport, the liability limit being a minimum of $100,000,000.00 for any one occurrence, bodily injury, aircraft liability and property damage liabilities combined. The Airport is designated as an additional insured on all such policies of insurance. The liability limits must be adjusted when the Airport determines such adjustments are necessary to protect its interests.

20. Governing Law – Agreement controlled by Vermont law.

APPENDIX E

BOOK-ENTRY ONLY SYSTEM

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DTC BOOK-ENTRY ONLY SYSTEM

The description that follows of the procedures and record keeping with respect to beneficial ownership interests in the 2021 Bonds, payments of principal, premium, if any, and interest on the 2021 Bonds to DTC, its nominee, Participants, or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the 2021 Bonds and other bond-related transactions by and between DTC, Participants and Beneficial Owners is based solely on information furnished by DTC. Neither the City nor the Underwriter can give and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners either (a) payments of interest, principal or premium, if any, with respect to the 2021 Bonds, or (b) certificates representing ownership interest in or other confirmation of ownership interest in the 2021 Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

General. The Depository Trust Company, New York, New York ("DTC") will act as securities depository for the Series 2021 Bonds. The Series 2021 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2021 Bond certificate will be issued for each maturity of each Series of the 2021 Bonds, each in the aggregate principal amount of such Series and maturity and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of the Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com**. The information on such website are not incorporated into this Official Statement.

Purchases of the Series 2021 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such Series 2021 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2021 Bond (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2021 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2021 Bonds, except in the event that use of the book-entry system for the Series 2021 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2021 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2021 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2021 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2021 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

So long as a book-entry system is used for determining beneficial ownership of the 2021 Bonds, the Trustee is to send redemption notice to DTC or to Cede & Co., as partnership nominee for DTC. Any failure of DTC to advise any Participant, or of any Direct Participant or Indirect Participant to notify the actual purchaser of each 2021 Bond, or any such notice of its content or effect does not affect the validity of the redemption of the 2021 Bonds called for redemption or any other action premised on that notice. In the event of a call for optional redemption, the Authority's notification to DTC initiates DTC's standard call; and if a partial call, DTC's practice is to determine by lot the amount of the interest of each Participant in the 2021 Bonds to be redeemed, and each such Participant then selects by lot the ownership interest in such 2021 Bonds to be redeemed. When DTC and its Participants allocate the call, the Beneficial Owners of the book-entry interests called are to be notified by the broker or other organization responsible for maintaining the records of those interests and subsequently credited by that organization with the process once the 2021 Bonds are redeemed.

THE TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE 2021 BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY PARTICIPANT, OR OF ANY PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER OF ANY NOTICE AND OF ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OR SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE 2021 BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2021 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2021 Bonds are credited on the record date (identified in a listing attached to the omnibus proxy).

Principal (including sinking fund installments), redemption premium, if any, and interest payments on the Series 2021 Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from City or Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2021 Bonds at any time by giving reasonable notice to the City and the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered as provided in the Resolution.

Should Series 2021 Bond certificates be printed, the Resolution provides that no charge shall be made to any owner for registration, transfer and exchange of the Series 2021 Bonds but any owner requesting such registration, transfer or exchange shall pay any tax or other governmental charges required to be paid with respect thereto.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2021 Bonds will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

NONE OF THE CITY, THE UNDERWRITER, THE TRUSTEE, THE REGISTRAR OR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE BENEFICIAL OWNERS, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEE, WITH RESPECT TO (I) THE PAYMENTS BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR REDEMPTION

PRICE, IF ANY, OR INTEREST ON THE SERIES 2021 BONDS; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO BENEFICIAL OWNERS; OR (III) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS REGISTERED OWNER.

BENEFICIAL OWNERS OF THE SERIES 2021 BONDS OR THOSE POSSESSING INTERESTS IN THE SERIES 2021 BONDS WILL NOT RECEIVE OR HAVE THE RIGHT TO RECEIVE PHYSICAL DELIVERY OF CERTIFICATES EVIDENCING THEIR OWNERSHIP INTEREST IN SUCH BONDS, AND WILL NOT BE OR CONSIDERED TO BE REGISTERED OWNERS THEREOF UNDER THE RESOLUTION. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2021 BONDS, AS NOMINEE OF DTC, REFERENCES MADE HEREIN TO THE BONDHOLDERS, OWNERS OR REGISTERED OWNERS OF SUCH BONDS (OTHER THAN UNDER THE HEADING “TAX MATTERS”) SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS THEREOF.

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APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

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CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "***Disclosure Agreement***") is made and delivered this ___ day of March, 2021 by the City of Burlington, Vermont (the "***Issuer***") acting by its undersigned officer, duly authorized in connection with the issuance of its $__________ Airport Revenue Refunding Bonds, Series 2021A (Taxable) (the "***Bonds***"). The Bonds are being issued pursuant to the City Charter and the General Bond Resolution of the Issuer adopted May 6, 1997, as previously amended and supplemented (the "***Original Resolution***"), and as further amended and supplemented by Supplemental Resolution No. 6 adopted by the Issuer on January 19, 2021 authorizing the issuance of the Bonds ("***Supplemental Resolution No. 6***" and, together with the Original Resolution, as previously modified and amended, the "***Resolution***"). The Issuer, intending to be legally bound, hereby covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is the written undertaking for the benefit of the beneficial owners of the Bonds required by Section (b)(5)(i) of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities and Exchange Act of 1934, as the same may be amended from time to time (the "***Rule***").

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Airport" means the Burlington International Airport.

"Disclosure Agent" shall mean any agent of the Issuer designated in writing by the Issuer, which agent has filed with the Issuer a written acceptance of such designation.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Official Statement" means the Official Statement dated March ___, 2021 used in connection with the issuance of the Bonds.

"Participating Underwriter" shall mean the original underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Submission Date" shall mean the date which is not later 180 days following after the end of each fiscal year of the Issuer, commencing with the fiscal year ending June 30, 2021.

SECTION 3. Provision of Annual Financial Information.

(a) The Issuer shall, or shall cause the Disclosure Agent to, on or before the Submission Date, provide to the MSRB the Annual Financial Information (the "Annual Financial Information") with respect to the Airport which contains or incorporates by reference the following components:

(i) Financial statements for the Airport Enterprise Fund, which statements shall be prepared in accordance with generally accepted accounting principles (for entities of the same type as the Airport) or mandated state statutory principles as in effect from time to time. The financial statements will be audited by an independent certified public accounting firm or individual and accompanied by the auditor's report.

(ii) To the extent not included in the financial statements described in 3(a)(i) above, the historic financial information and operating data (historic only) for the most recently completed fiscal year of the type included in the information appearing in the tables contained in the final Official Statement under the headings "AIRPORT FINANCIAL DATA - Airport Revenues," " - Airport Expenses," "- Rate Covenant Calculation," and " - Airport Liquidity Position and Days Cash on Hand" and "AIRPORT OPERATIONS – Historical Enplaned Passengers by Carrier" and " - Historical Landed Weights at the Airport"; provided, however, that references to the final Official Statement for the Bonds as a means of identifying such financial information and operating data shall not prevent the Issuer from reorganizing such material in subsequent official statements or annual information reports.

(iii) to the extent not included in the financial statements described in 3(a)(i) above or the information provided pursuant to 3(a)(ii) above, the following historic financial information and historic operating data of the Airport for the most recently completed fiscal year:

(1) total enplanements in such fiscal year and annual growth in enplanements over the prior fiscal year;

(2) a list of carriers, by type, providing services to the Airport for such fiscal year;

(3) enplaned passengers by airline for such fiscal year, and landed weight by airline for such fiscal year;

(4) number of aircraft operations for such fiscal year;

(5) operation and maintenance expenses for such fiscal year;

(6) non-airline revenue for such fiscal year;

(7) terminal rental rate and airline terminal revenue for such fiscal year; and

(8) airline landing fee rates and revenues and apron fees and revenues for such fiscal year;

provided, however, that the references to such financial information and historic operating data shall not prevent the Issuer from reorganizing such material in subsequent official statements or annual information reports.

(b) The Annual Financial Information may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements as referenced above in Section 3(a)(i) may be submitted separately from the balance of the Annual Financial Information, if and when available. Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Issuer is an "obligated person" (as defined by the Rule), which have been filed with the MSRB or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

(c) The Issuer reserves the right (i) to provide financial statements with respect to the Airport which are not audited if no longer required by law, (ii) to modify from time to time the format of the presentation of such information or data, and (iii) to modify the accounting principles it follows to the extent required by law, by changes in generally accepted accounting principles, or by changes in mandated state statutory principles as in effect from time to time; provided that the Issuer agrees that the exercise of any such right will be done in a manner consistent with the Rule.

(d) If the Issuer on its own or through a Disclosure Agent, if any, is unable to provide the Annual Financial Information as set forth in Section 3(a) above to the MSRB by the Submission Date, the Issuer shall complete Exhibit A attached hereto and file with the MSRB in a timely manner notice of such failure to file and the anticipated date of filing.

(e) The Disclosure Agent, if any, shall:

(i) determine each year prior to the Submission Date the address of the MSRB and the required mode of filing; and

(ii) file a report with the Issuer certifying that the Annual Financial Information has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all persons to which it was provided.

(f) If there is no Disclosure Agent, the Issuer shall determine each year prior to the Submission Date the address of the MSRB and the required mode of filing.

(g) Audited financial statements with respect to the Airport not submitted as part of the Annual Financial Information shall be provided to the MSRB, if and when available to the Issuer, and in any event not more than thirty (30) days after receipt thereof from the Issuer's auditors. In the event that such audited financial statements are not submitted as part of the Annual Financial Information, the Issuer shall provide in lieu thereof unaudited general financial statements with respect to the Airport in a format similar to the audited financial statements contained in the Official Statement, and the audited financial statements shall be thereafter be filed in accordance with the first sentence of this clause (g).

(h) The Issuer shall promptly provide written notice to the MSRB of any change in the fiscal year with respect to the Airport.

SECTION 4. Reporting of Material Events. The Issuer shall provide or cause the Disclosure Agent to provide, in a timely manner, written notice to the MSRB of any of the following events (each, an "Event") with respect to the Airport and the Bonds not in excess of ten (10) business days after the occurrence of the Event:

(a) principal and interest payment delinquencies;

(b) non-payment related defaults, if material;

(c) unscheduled draws on the debt service reserves, if any, reflecting financial difficulties;

(d) unscheduled draws on credit enhancements reflecting financial difficulties;

(e) substitution of credit or liquidity providers or their failure to perform;

(f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(g) modifications to rights of holders of the Bonds, if material;

(h) Bond calls, if material, and tender offers;

(i) defeasance of the Bonds or any portion thereof;

(j) release, substitution or sale of property, if any, securing repayment of the Bonds, if material;

(k) rating changes;

(l) bankruptcy, insolvency, receivership or similar event of the Issuer;

(m) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of substantially all of the assets of the Issuer or the Airport, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(n) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(o) incurrence of a Financial Obligation of the Issuer relating to the Airport, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect holders of the Bonds, if material; and

(p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer for the Airport, any of which reflect financial difficulties.

For the purposes of the event identified in subsection 4(l) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

SECTION 5. Filing. Any filing under this Disclosure Agreement shall be accompanied by identifying information as prescribed by the MSRB and must be made in such manner as may be prescribed by the MSRB. As of the date hereof, that is by uploading the filing in machine-readable Adobe .pdf format to the MSRB's Electronic Municipal Market Access system ("EMMA") Dataport, at http://emma.msrb.org/.

SECTION 6. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to the Issuer to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 7. Default; Enforcement. The Issuer acknowledges that its undertakings set forth in this Disclosure Agreement are intended to be for the benefit of, and enforceable by, the Participating Underwriter and the beneficial owners from time to time of the Bonds. In the event the Issuer shall fail to perform its duties under this Agreement, the Issuer shall have the option to cure such failure within a reasonable time (but not exceeding 30 days with respect to the undertakings set forth in Section 3 herein or five business days with respect to the undertakings set forth in Section 4 herein) from the time the Issuer receives written notice from any beneficial Owner of the Bonds of such failure. Written notice to the Issuer shall be as prescribed in Section 9 herein.

In the event the Issuer does not cure such failure in the time specified above, the Participating Underwriter or the Trustee may (and, in the case of the Trustee, at the request of beneficial owners representing at least 25% in aggregate principal amount of Outstanding Bonds, shall) take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Agreement. Without regard to the foregoing, the Participating Underwriter or any beneficial owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Resolution. In the event of any failure of the Issuer to comply with this Disclosure Agreement, the sole remedy under this Disclosure Agreement shall be an action to compel performance. The Issuer expressly acknowledges, and the Participating Underwriter and the beneficial owners are hereby deemed to expressly agree, that no monetary damages shall arise or be payable under this Disclosure Agreement nor shall any failure to comply with this Disclosure Agreement constitute an Event of Default with respect to the Bonds. Nothing herein shall be deemed to limit an Owner's rights under any provisions of the federal securities laws other than the Rule

Provided the Issuer has properly filed the Annual Financial Information and any Event notices with the MSRB's EMMA system in accordance with the undertakings set forth herein, the Issuer shall not be responsible for any failure by MSRB's EMMA system to properly post and maintain such information or to associate such information with the correct CUSIPs in respect of any outstanding Bonds.

SECTION 8. Concerning the Disclosure Agent. The Issuer may from time to time, appoint or engage a Disclosure Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such agent, with or without appointing a successor Disclosure Agent.

SECTION 9. Notices. All notices to be given to the Issuer shall be in writing and shall be addressed as follows:

City Hall
149 Church Street
Burlington, VT 05401
Attention: City Chief Administrative Officer

SECTION 10. Compliance Procedures. The City represents that it has established a policy and internal administrative procedures to facilitate continuing compliance with the Rule, including:

(a) At least sixty (60) days prior to the date on which the Annual Financial Information is due, the Chief Administrative Officer will:

(i) meet with appropriate Airport management personnel and the City Auditor to determine the schedule for completing the annual audit and related annual operational data to be included in preparing the Annual Financial Information:

(ii) determine and provide such administrative assistance as necessary to the Airport personnel designated with responsibility to assemble information for the Annual Financial Information;

(iii) Review material compiled to determine compliance with the information required by this Disclosure Agreement; and

(b) The Chief Administrative Officer shall cause to be maintained a record of the Annual Financial Information submitted to EMMA for at least six (6) years; and

(c) The Chief Administrative Officer shall designate one or more individuals to be responsible to surveil the events listed in Section 4 and shall cause all material event notices to be timely filed, as provided in Section 4.

SECTION 11. Governing Law. This Disclosure Agreement shall by governed by and interpreted in accordance with the laws of the State of Vermont determined without regard to principles of conflict of law; provided that, to the extent that the Securities and Exchange Commission, the MSRB or any other federal or state agency or regulatory body with jurisdiction over the Bonds shall have promulgated any rule or regulation governing the subject matter hereof, this Disclosure Agreement shall be interpreted and construed in a manner consistent therewith.

SECTION 12. Severability. If any provision hereof shall be held invalid or unenforceable by a court of competent jurisdiction, the remaining provisions hereof shall survive and continue in full force and effect.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Participating Underwriter and the beneficial owners of the Bonds and shall create no rights in any other person or entity.

SECTION 14. Termination of Reporting Obligation and Disclosure Agreement. This Disclosure Agreement and the Issuer's obligations hereunder shall terminate upon the earlier of (i) the legal defeasance, prior redemption or payment in full of all of the Bonds, or (ii) upon delivery to the Trustee of an opinion of counsel expert in federal securities laws selected by the Issuer and acceptable to the Trustee to the effect that compliance with this Disclosure Agreement no longer is required by the Rule. The Issuer shall provide timely written notice to the MSRB of any termination of its obligations hereunder.

SECTION 15. No Obligation to Provide Additional Information. The Issuer shall have no obligation to provide any information, data or notices other than as set forth in this Disclosure Agreement; provided however, nothing in this Disclosure Agreement shall be construed as prohibiting the Issuer from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Bonds. If the Issuer elects to provide any such additional information, data or notices, the Issuer shall have no obligation under this Disclosure Agreement to update or continue to provide further additional information, data or notices of the type so provided.

IN WITNESS WHEREOF, the Issuer has caused its duly authorized officer to execute this Disclosure Agreement as of the day and year first written above.

CITY OF BURLINGTON, VERMONT, as Issuer

By:________________________________
Title: Chief Administrative Officer

<u>EXHIBIT A</u>

MSRB Procedures for Submission of Continuing Disclosure Documents and Related Information

Name of Issuer:	City of Burlington, Vermont
Name of Bond Issue:	$__________, aggregate principal amount, City of Burlington, Vermont Airport Revenue Refunding Bonds, Series 2021A (Taxable)
Initial Dated Date of Bonds:	March ____, 2021

NOTICE IS HEREBY GIVEN that the above-captioned Issuer (the "Issuer") has not provided the [**Annual Financial Information] [and] [Audited Financial Statements]** with respect to the Bonds as required by a Continuing Disclosure Agreement dated March ___, 2021 (the "Disclosure Agreement"), of the Issuer with respect to the above referenced Bonds. The Issuer anticipates that the **[Annual Financial Information] [and] [the Audited Financial Statements]** will be filed by [________________].

Dated: ________________

CITY OF BURLINGTON, VERMONT,
as Issuer

By:______________________________
Title: Chief Administrative Officer

APPENDIX G

PROPOSED FORM OF BOND COUNSEL OPINION

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APPENDIX G

[DATE OF ISSUANCE]

City Council
City of Burlington
City Hall
Burlington, VT 05401

Ladies and Gentlemen:

We have acted as Bond Counsel to the City of Burlington, Vermont (the "City") in connection with the issuance by the City of $5,175,000 aggregate principal amount of its Airport Revenue Refunding Bonds, Series 2021A (Taxable), dated the date of delivery thereof (the "Series 2021A Bonds").

The Series 2021A Bonds are issued pursuant to the Charter of the City, Part I, Title III, Section 64b (the "Act"), a General Bond Resolution of the City, adopted by the City Council on May 6, 1997, as previously supplemented (the "Bond Resolution"), and Supplemental Resolution No. 6 adopted by the City Council on January 19, 2021 ("Supplemental Resolution No. 6," and together with the Bond Resolution, the "Resolution"). The Act and the Resolution contain provisions for the issuance from time to time, under the conditions therein set forth, of one or more additional series of bonds for the purpose of refunding Bonds of any series issued under the Resolution.

The Series 2021A Bonds are subject to redemption prior to maturity upon the terms and conditions and at the redemption prices provided therein and in the Resolution.

The Series 2021A Bonds mature on July 1 of each of the years and in the amounts and bear interest at the rates per annum (payable July 1, 2021 and semi-annually thereafter on January 1 and July 1 of each year) as follows:

Year	Principal Amount	Interest Rate
2023	$ 85,000	1.20%
2024	80,000	1.40
2025	80,000	1.80
2026	85,000	1.95
2027	90,000	2.35
2028	105,000	2.60
2029	$ 2,290,000	2.90%
2030	2,360,000	3.00

We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. We have also examined one of the Series 2021A Bonds as executed and authenticated.

On the basis of this examination, we are of the opinion, as of the date hereof and under existing law, rules and regulations, as follows:

1. The City is validly existing as a municipal corporation of the State of Vermont with full legal right, power and authority to adopt and perform its obligations under the Resolution and issue, sell and deliver the Series 2021A Bonds.

2. Pursuant to the Act, the Resolution provides for the benefit of the holders from time to time of the Series 2021A Bonds a legal, valid and binding pledge of and lien, on a parity with other bonds issued and to be issued under the Resolution, on the Revenues (as defined in the Resolution), after the payment of Operating Expenses (as defined in the Resolution).

3. The Series 2021A Bonds have been duly authorized, executed and delivered by the City, have been duly authenticated and delivered by the Bond Trustee under the Resolution and constitute legal, valid and binding special obligations of the City, enforceable in accordance with their terms. The Series 2021A Bonds are entitled to the benefits set forth in the Resolution.

4. Under existing law, interest on the Series 2021A Bonds is included in the gross income of the owners of the Bonds for federal income tax purposes. We express no opinion regarding any other federal tax consequences with respect to the Bonds.

5. The Act provides that the bonds of the City issued pursuant to the Act are issued for an essential public and governmental purpose and, together with interest and income thereon, shall be exempt from Vermont taxes. We express no opinion regarding any other state tax consequences with respect to the Series 2021A Bonds.

The foregoing opinions are qualified to the extent that enforceability of the Series 2021A Bonds and the Resolution may be limited by the exercise of judicial discretion in accordance with general equitable principles and by bankruptcy, insolvency, moratorium and other laws affecting creditors' rights generally heretofore or hereafter enacted, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We note for purposes of the opinion in paragraph 5 that Vermont residents seeking to exempt interest on the Series 2021A Bonds from Vermont personal income tax or Vermont corporate tax may need to provide supplemental information to the Vermont Department of Taxes to in order to claim the exemption.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement, or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service or State of Vermont Department of Taxes; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above. We express no opinion as to any federal or state tax consequences with respect to the Series 2021A Bonds, or the interest thereon, if any action is taken, or not taken, with respect to the Series 2021A Bonds or the proceeds thereof upon the advice or opinion of counsel other than this firm.

Very truly yours,

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CITY OF BURLINGTON, VERMONT • AIRPORT REVENUE REFUNDING BONDS, SERIES 2021A (TAXABLE)

CITY OF BURLINGTON, VT.

ORGANIZED FEB. 21, 1865

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

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