Airport Commission

Wednesday, February 7, 2024, 4:00 PM, Zoom/Wright Room at the Airport

PLEASE NOTE:
This meeting is will be held on zoom and in-person in the Wright Room at the Airport. Zoom Info:
Join from a PC, Mac, iPad, iPhone or Android device:
Please click this URL to join. https://us02web.zoom.us/j/86253461005?pwd=U0lQem55VVRxb2RCUGs4aHVFb3VSdz09
Passcode: 472807
Or One tap mobile:
+ 16468769923,,86253461005# US (New York)
+ 13017158592,,86253461005# US (Washington DC)
Or join by phone:
Dial(for higher quality, dial a number based on your current location):
US: +1 646 876 9923 or +1 301 715 8592 or +1 312 626 6799 or +1 669 900 6833 or +1 253 215 8782 or +1 346 248 7799 or +1 408 638 0968
Webinar ID: 862 5346 1005
International numbers available: https://us02web.zoom.us/u/kA3vE0KmX

1. Call to Order

Subject	**1.1. Call to Order**
Meeting	February 7, 2024 - Airport Commission - Wednesday, February 7, 2024 - Wednesday, February 7, 2024, 4:00 PM, Zoom/Wright Room at the Airport
Category	1. Call to Order
Department	
Type	

Subject	**1.2. Acknowledgement of Remote Commissioners**
Meeting	February 7, 2024 - Airport Commission - Wednesday, February 7, 2024 - Wednesday, February 7, 2024, 4:00 PM, Zoom/Wright Room at the Airport
Category	1. Call to Order
Department	
Type	

2. Agenda

Subject	**2.1. Motion to amend/adopt agenda**
Meeting	February 7, 2024 - Airport Commission - Wednesday, February 7, 2024 - Wednesday, February 7, 2024, 4:00 PM, Zoom/Wright Room at the Airport
Category	2. Agenda
Department	
Type	
Recommended Action	

3. Public Forum

Subject	**3.1. PUBLIC FORUM - Verbal Comments**
Meeting	February 7, 2024 - Airport Commission - Wednesday, February 7, 2024 - Wednesday, February 7, 2024, 4:00 PM, Zoom/Wright Room at the Airport
Category	3. Public Forum
Department	
Type	

4. Consent Agenda

Subject	**4.1. Approval of Minutes**
Meeting	February 7, 2024 - Airport Commission - Wednesday, February 7, 2024 - Wednesday, February 7, 2024, 4:00 PM, Zoom/Wright Room at the Airport
Category	4. Consent Agenda
Department	
Type	
Recommended Action	

5. Action Items

Subject	**5.1. Janitorial Services Contract (N. Longo)**
Meeting	February 7, 2024 - Airport Commission - Wednesday, February 7, 2024 - Wednesday, February 7, 2024, 4:00 PM, Zoom/Wright Room at the Airport
Category	5. Action Items
Department	Burlington International Airport
Type	
Recommended Action	

Subject	**5.2. North Hangar Lease Agreement (N. Longo)**
Meeting	February 7, 2024 - Airport Commission - Wednesday, February 7, 2024 - Wednesday, February 7, 2024, 4:00 PM, Zoom/Wright Room at the Airport

Category	5. Action Items
Department	Burlington International Airport
Type	Action
Recommended Action	1. To approve and recommend that the City Council authorize the conveyance of the North Hangar building located at 1150 Airport Drive in South Burlington to Beta Technologies, Inc. and to authorize the Mayor of the City of Burlington to execute a bill of sale to effect the conveyance, subject to final review and approval by the City Attorney's Office. 2. To approve and recommend that the City Council authorize the leasing of certain identified space at the Patrick Leahy Burlington International Airport to Beta Technologies, Inc. and to authorize the Mayor of the City of Burlington to execute the ground lease agreement, subject to final review and approval by the City Attorney's Office.

6. Construction Update

Subject	**6.1. Construction Update (L. Lackey)**
Meeting	February 7, 2024 - Airport Commission - Wednesday, February 7, 2024 - Wednesday, February 7, 2024, 4:00 PM, Zoom/Wright Room at the Airport
Category	6. Construction Update
Department	Burlington International Airport
Type	

7. Noise Compatibility Program Updates

Subject	**7.1. Noise Compatibility Program Updates (L. Lackey)**
Meeting	February 7, 2024 - Airport Commission - Wednesday, February 7, 2024 - Wednesday, February 7, 2024, 4:00 PM, Zoom/Wright Room at the Airport
Category	7. Noise Compatibility Program Updates
Department	Burlington International Airport
Type	

8. Financial Update

Subject	**8.1. Financial Update (M. Friedman)**
Meeting	February 7, 2024 - Airport Commission - Wednesday, February 7, 2024 - Wednesday, February 7, 2024, 4:00 PM, Zoom/Wright Room at the Airport
Category	8. Financial Update
Department	Burlington International Airport
Type	

Subject	**8.2. FY23 Airport Audit (M. Friedman)**
Meeting	February 7, 2024 - Airport Commission - Wednesday, February 7, 2024 - Wednesday, February 7, 2024, 4:00 PM, Zoom/Wright Room at the Airport

Category	8. Financial Update
Department	Burlington International Airport
Type	

9. Director's Report

Subject	**9.1. Director's Report (N. Longo)**
Meeting	February 7, 2024 - Airport Commission - Wednesday, February 7, 2024 - Wednesday, February 7, 2024, 4:00 PM, Zoom/Wright Room at the Airport
Category	9. Director's Report
Department	
Type	

10. Commissioner Items

Subject	**10.1. Commissioner Items**
Meeting	February 7, 2024 - Airport Commission - Wednesday, February 7, 2024 - Wednesday, February 7, 2024, 4:00 PM, Zoom/Wright Room at the Airport
Category	10. Commissioner Items
Department	
Type	

11. Follow-up Items

Subject	**11.1. Follow-Up Items**
Meeting	February 7, 2024 - Airport Commission - Wednesday, February 7, 2024 - Wednesday, February 7, 2024, 4:00 PM, Zoom/Wright Room at the Airport
Category	11. Follow-up Items
Department	Burlington International Airport
Type	

12. Adjournment

Subject	**12.1. Motion to adjourn - Next Meeting: March 6, 2024**
Meeting	February 7, 2024 - Airport Commission - Wednesday, February 7, 2024 - Wednesday, February 7, 2024, 4:00 PM, Zoom/Wright Room at the Airport
Category	12. Adjournment
Department	Council and Board
Type	
Recommended Action	

13. Informational and Non-Discrimination Statements

Subject	**13.1. This agenda is available in alternative formats upon request. For more information on access, call Lori Olberg, Licensing, Voting and Records**

Coordinator (802-865-7136)(TTY 802-865-7142). Persons with disabilities who require assistance or special arrangements to participate are encouraged to contact 802-865-7000 (voice) or 802-865-7142 (TTY) at least 72 hours in advance so that proper arrangements can be made. This meeting will also air on Town Meeting TV the Wednesday after the meeting, starting at 8:00 pm and repeating at 1:00 am and 7:00 am the following day. The City of Burlington will not tolerate unlawful harassment or discrimination on the basis of political or religious affiliation, race, color, national origin, place of birth, ancestry, age, sex, sexual orientation, gender identity, marital status, veteran status, disability, HIV positive status, crime victim status or genetic information.

Meeting	February 7, 2024 - Airport Commission - Wednesday, February 7, 2024 - Wednesday, February 7, 2024, 4:00 PM, Zoom/Wright Room at the Airport
Category	13. Informational and Non-Discrimination Statements
Department	Council and Board
Type	

MINUTES SUBJECT TO CORRECTION BY THE BOARD OF AIRPORT COMMISSIONERS. CHANGES, IF ANY, WILL BE RECORDED IN THE MINUTES OF THE NEXT MEETING OF THE COMMISSION.

BURLINGTON INTERNATIONAL AIRPORT
BOARD OF AIRPORT COMMISSIONERS
MINUTES OF MEETING
January 17, 2024

DRAFT

[Hybrid meeting]

MEMBERS PRESENT:	Tim George Jeff Schulman Greg Shepler Bryn Oakleaf Chip Mason Helen Riehle Robin Guillan
BTV STAFF PRESENT:	Nic Longo, Director of Aviation Larry Lackey, Director of Engineering & Environmental Compliance Dave Carman, Director of Aviation Operations Jeff Bartley, Director of Innovation & Marketing Hannah Dusablon, Executive Assistant
OTHERS PRESENT:	Channel 17

1.0 CALL TO ORDER

Aviation Commission Chair, Tim George, called the meeting to order at 4:05 PM and acknowledged those attending remotely. The recently hired property manager, airfield manager, and operations manager were introduced.

2.0 AGENDA

2.01 Approve/Adopt Agenda
There were no changes to the agenda.

3.0 PUBLIC FORUM

None.

4.0 CONSENT AGENDA

4.01 Minutes: December 6, 2023

MOTION by Helen Riehle, SECOND by Chip Mason, to approve the consent agenda as presented.

<u>DISCUSSION</u>:

- **It was noted the enplanement report will now be part of the Director's Report agenda item.**

VOTING: unanimous (7-0); motion carried.

5.0 ACTION ITEMS

5.01 Budget Neutral Amendment

MOTION by Helen Riehle, SECOND by Jeff Schulman, to recommend to the Board of Finance and City Council to approve the budget neutral amendment as outlined.

DISCUSSION:

- **Staff explained the transfer of funds within the budget is per past practice. There was a question on the parking garage number. Staff explained the decrease in the amount to the budget number is due to the amount of work needed in the parking garage being less than projected. There was a question on the additional charge for utilities. Staff explained the charge covers utility costs for the terminal and other buildings.**

VOTING: unanimous (7-0); motion carried.

5.02 Hudson News Lease Extension

MOTION by Helen Riehle, SECOND by Greg Shepler, to recommend the Mayor execute a 10-year lease extension to Hudson News as outlined.

DISCUSSION:

- **Staff explained the arrangement with Hudson News for a longer lease is in exchange for investment by Hudson in new space at the airport.**

VOTING: unanimous (7-0); motion carried.

5.03 Snow Removal Equipment Purchase

MOTION by Helen Riehle, SECOND by Greg Shepler, to recommend to the Board of Finance and City Council to purchase a rotary plow as outlined.

DISCUSSION:

- **Staff described the snowplow equipment to be purchased and the needed lead time for the order. There was mention of snowplowing and fire/rescue services provided by the Guard at the airport.**

VOTING: unanimous (7-0); motion carried.

6.0 CONSTRUCTION UPDATE

In addition to the written construction update provided to the Airport Commission, staff gave a brief update on the progress of ongoing projects at the airport. The hotel is still on track. Proposed improvements to the glycol system and pursuit of FAA grants were discussed.

7.0 NOISE COMPATIBILITY PROGRAM UPDATE

Staff reported the sound insulation program, Phases 1 & 2, are essentially complete and ready for testing. A grant was received for Phase 3 and people are signing up for the program. Outreach continues to homeowners.

Update of the Noise Exposure Map continues. The technical advisory committee (TAC) meeting was postponed pending information from the consultants.

8.0 FINANCIAL UPDATE

In addition to the written financial update provided to the Airport Commission, staff highlighted the audit is being finalized and the report will be available in March.

Revenues continue to be strong. Expenses are up due to planned work in the parking garage.

9.0 AVIATION DIRECTOR'S REPORT

Aviation Director Longo reported:

- Enplanements numbers for November 2023 were 4% greater than last year. October numbers were the highest in over 15 years. Yearend 2023 number is anticipated to be 650,000 enplanements.
- Carriers serving Burlington are showing strong numbers.
- All manager positions have been filled except Deputy Aviation Director.
- Local VT products and events kiosk (Maverick) was implemented.
- Breeze carrier service to Tampa and Orlando is operational.
- Staff met with air carriers (American, United, Delta).
- Employee celebration is scheduled in February 2024.
- Administration Retreat with the four airport managers will be scheduled.
- Solar eclipse event at airport is planned (solar glasses will be provided).
- Electric vehicles that were purchased have been received.
- Administration staff facilitated the artwork on the walls of the terminal in partnership with Burlington City Arts.
- 2023 Summary:
  - Strong enplanements
  - New name for airport (logo being updated)
  - Finalized/hired staff per the reorg of the airport
  - New air service: Breeze
  - Record utilization of parking garage
  - Airport received awards and national recognition and was represented at the Airport International Summit in London
  - Airport donation truck for flood relief was done
  - Women in Aviation celebration was held
  - Mamava new model installed and 10th anniversary was celebrated

10.0 COMMISSIONER ITEMS

Helen Riehle mentioned people have expressed support for maintaining the trees on airport property that was formerly the dog park.

Greg Shepler commented the artwork in the terminal hallways is nice.

11.0 FOLLOW UP ITEMS

No new follow-up items added.

12.0 EXECUTIVE SESSION and/or ADJOURNMENT

MOTION by Helen Riehle, SECOND by Greg Shepler, to find that premature public disclosure of the airport's legal affairs would clearly place the airport at a substantial disadvantage, and further, to go into Executive Session to discuss the airport's legal affairs and invite the airport administrative and management staff in attendance to be present. VOTING: unanimous (7-0); motion carried.

It was noted no action will be taken following the adjournment of Executive Session.

The regular meeting was adjourned and Executive Session convened at 5:38 PM.

RScty by tape: MERiordan

PATRICK LEAHY
BURLINGTON
INTERNATIONAL AIRPORT

To: City of Burlington, Airport Commission

From: Nicolas Longo, C.M, Director of Aviation

Date: February 7, 2024

Subject: Request for Authorization to Sign a Janitorial Services Contract with Janitech Services, LLC.

Request:

The Patrick Leahy Burlington International Airport ("Airport") seeks Board of Finance recommendation and City Council authorization to enter into a contract for janitorial services with Janitech Services, LLC (Janitech).

Summary:

The Airport issued a request for proposals (RFP) for janitorial services for the Airport on December 8, 2023. The Airport held a mandatory pre-bid meeting on December 20, 2023 with four interested parties. The Airport received two proposals in response to this request from Janitech and Service Management Systems, Inc. A panel of Airport administration conducted a formal review, and scoring process, with Janitech being the lowest responsive bidder and receiving the highest cumulative score based on the RFP scoring matrix. In addition to cost, the companies were scored on experience, responsibility and responsiveness.

The amount of the contract is $799,200.00 for the first year of services (Mar 2024-Feb 2025), $823,175.00 for the second year (Mar 2025 – Feb 2026) and $282,625.00 for the final few months of the contract (Mar 2026-Jun 2026). In addition, the contract provides for reimbursement to Janitech for their cleaning supplies of up to $240,575.00 for the duration of the contract. Janitech is responsible for any additional supply costs that exceed that amount.

Janitech was preliminary awarded the contract pending approval from the Board of Finance and City Council. The current janitorial agreement with Janitech expired on June 30, 2023 and has continued on a month-to-month basis. If approved, this contract will go into effect on March 1, 2024 and will terminate on June 30, 2026. This contract is funded with the

Operating and Maintenance (O&M) budget of the airport and is recovered through calculated rates and charges from various tenants including airlines, rental cars, concessionaires, and leaseholders.

Motions:

Board of Finance

1. “To approve and recommend to the City Council that the Director of Aviation be authorized to execute a contract for janitorial services with Janitech Services, LLC in the amount of $799,200.00 for the first year, $823,175.00 for the second year and $282,625.00 for the final few months through June 2026, subject to the final review and approval by the office of the City Attorney.”

City Council

1. “To authorize the Director of Aviation to execute a contract for janitorial services with Janitech Services, LLC in the amount of $799,200.00 for the first year, $823,175.00 for the second year and $282,625.00 for the final few months through June 2026, subject to the final review and approval by the office of the City Attorney.”

Thank you for your continued support.

BILL OF SALE

The **CITY OF BURLINGTON**, a Vermont municipal corporation located in Chittenden County, Vermont, ("Seller") in consideration of the sum of Three Hundred Eighty Three Thousand, Four Hundred Nineteen and No/100 Dollars ($383,419.00) paid by **BETA TECHNOLOGIES, INC.**, a Delaware corporation with a place of business in South Burlington, Chittenden County, Vermont ("Purchaser"), does hereby sell, assign, convey, transfer, deliver and set over to Purchaser and its successors and assigns all of Seller's right, title and interest in and to the building numbered 1150 Airport Drive, South Burlington, Vermont (the "Building"). The Building is situated on real property owned by Seller that Purchaser ground leases from Seller in accordance with a Ground Lease of even date herewith; the terms and provisions of the Ground Lease govern the ownership and disposition of the Building upon expiration of the Ground Lease.

Seller represents and warrants to Purchaser that Seller is the owner of the Building, that the Building is free and clear of all liens and security interests, that Seller has full right, power and authority to sell and convey the Building and to make and deliver this Bill of Sale, and Seller hereby engages to warrant and defend Seller's title to the Building against all lawful claims for liens or security interests. Seller conveys the Building to Purchaser "as is" and "with all faults" and Seller excludes and disclaims any and all warranties of quality, fitness and merchantability.

IN WITNESS WHEREOF, Seller has caused this Bill of Sale to be executed and delivered as of ________________, 2024.

City of Burlington

By: ___________________________
Miro Weinberger, Mayor

STATE OF VERMONT
CHITTENDEN COUNTY, SS.

This record was acknowledged before me on _____________, 2024 by Miro Weinberger as Mayor and Authorized Agent of the City of Burlington.

Before me, _________________________________
Notary Public State of Vermont
My commission expires: 1.31.25
My credential number: __________________

ACCEPTED AND AGREED:

Beta Technologies, Inc.

______________________	By:	________________________________
Date	Name:	________________________________
	Title:	_____________ and Authorized Agent

STATE OF VERMONT
CHITTENDEN COUNTY, SS.

This record was acknowledged before me on ____________, 2024 by _______________ as __________and Authorized Agent of Beta Technologies, Inc.

Before me, ________________________________
Notary Public State of Vermont
My commission expires: 1.31.25
My credential number: _________________

GROUND LEASE AGREEMENT – NORTH HANGAR

This Ground Lease Agreement ("Agreement" or "Lease") is dated _________________, 2024 (the "Effective Date") and is made by and between **Beta Technologies, Inc.**, a Delaware corporation with a place of business in Burlington, Vermont (the "Tenant") and the **City of Burlington**, a Vermont municipal corporation located in Chittenden County, Vermont (the "Landlord") acting by and through Burlington International Airport.

Recitals

A. Landlord owns the real property (the "Property") operated as the Burlington International Airport (the "Airport") in South Burlington, Vermont, which is more particularly shown on **Exhibit A** attached hereto.

B. Tenant desires to ground lease a [±205,340 sq. ft.][1] portion of the Property for the purpose of operating an existing ±65,000 sq. ft. building (the "Building"), together with related site improvements, including a portion of the apron adjacent to the Building, parking, landscaping, lighting, driveways, walkways, service areas, and utilities (collectively, the "Project").

C. The portion of the Property on which the Project is located is referred to in this Agreement as the "Premises" and is more particularly depicted on **Exhibit B-1** attached hereto (the "Lease Plan"). The legal description of the Premises is set forth on **Exhibit B-2** attached hereto.

D. Landlord and Tenant are parties to that certain Lease Agreement having an effective date of January 1, 2020 (the "Original Lease"), through which, among other things, (i) Tenant leased from Landlord certain space within a pre-existing building (the "Original Facility") located on a portion of the Premises that had been scheduled for demolition by Landlord, (ii) Tenant demolished or renovated substantial portions of the Original Facility, and (iii) Tenant constructed substantial improvements and additions to the remaining portion of the Original Facility, including within certain Expansion Space (as defined in the Original Lease) and including certain Infrastructure Improvements (as defined in the Original Lease). The Original Facility is now entirely encompassed within the Building and the Project as such terms are defined in this Lease.

E. The Original Lease provided that Tenant would pay rent according to a schedule that applied various rates (consistent with Landlord's established rates and methodologies for similar property at the Airport) based on the type and condition of the space comprising the premises leased under the Original Lease. The Original Lease also provided Tenant the benefit of certain credits against rent due under the Original Lease, which have since expired through their application against the rent payable thereunder. The Original Lease provided that upon termination of the Original Lease, title to the improvements constructed by Tenant would belong to Landlord.

F. Tenant's demolition, expansion and initial construction efforts pursuant to the Original Lease are now complete. By separate instrument as of even date herewith, Landlord has conveyed to Tenant Landlord's right, title, and interest in and to the Original Facility. The parties hereby desire to amend and restate the leasehold arrangement between them. Accordingly, the parties now desire to terminate the Original Lease and simultaneously enter into this Agreement to reflect the current, post-expansion and post-initial construction conditions at the Premises and to set forth the parties' agreement for Tenant's continued use and operation of the Premises. By this Agreement, the parties intend (i) to replicate the economic structure of the Original Lease (as expanded to account for Tenant's expansion and new construction), and (ii) to continue their leasehold arrangement through this Agreement upon terms that reflect the substantial

[1] DRM Note: Final SF to be determined based on survey.

investment made by Tenant, an investment which was disproportionate to the value of the Original Facility.

In consideration of the mutual covenants and agreements herein set forth, and in reliance on the representations and warranties contained herein, the parties hereby agree as follows:

Section 1. **Premises; Parking; Retained Rights; Condition; Landlord Obligations**.

(a) Premises. Landlord does hereby demise, let, rent and lease unto Tenant, and Tenant hereby hires and rents from Landlord, the Premises together with (i) the appurtenances, rights, privileges and easements in any way now or hereafter appertaining thereto to the extent required for Tenant's reasonable use of the Premises (as determined by Tenant), and (ii) the right, title and interest of Landlord in and to the land lying in the streets, avenues, ways and roads in front of and adjoining the Premises to the extent required for Tenant's reasonable use of the Premises (as determined by Tenant), all subject to the terms and conditions of this Agreement. In addition, Tenant shall have, and Landlord hereby grants to Tenant the right, to use the apron adjacent to the Premises and connecting to the Airport's broader airfield (the "Apron") consistent with applicable regulations of the Federal Aviation Administration ("FAA") governing the use of federal funds, which require the shared use of the Apron by other Airport users. Notwithstanding anything to the contrary, Landlord shall at all times ensure that Tenant's aircraft may cross the Apron and/or portions of the Airport adjacent to the Premises to connect, on a continuous and unimpeded basis, the Premises with the taxiways to and within the Airport's broader airfield. [Landlord shall prepare a striping plan for the Apron depicting such connectivity and submit the same to Tenant for Tenant's review and approval (subject to Section 44) within forty-five (45) days of the Effective Date.][2] As further provided in Sections 7(b) and 7(d) of this Agreement, during the Term (as defined in Section 2), Tenant shall own the fee simple ownership interest in and to the Building and all existing improvements and equipment on the Premises as of the Commencement Date, subject to Landlord's reversionary interest in an to the Building and other improvements to the Premises following the expiration or earlier termination of the Term, it being understood that upon the expiration or earlier termination of the Term, the Building and other improvements to the Premises shall be the property of Landlord, free and clear of all claims of Tenant or anyone claiming by, through or under Tenant.

(b) In addition to the lease of the Premises, Landlord hereby grants to Tenant a license for Tenant's employees to use up to a total of 125 parking spaces at the Airport (the "Parking Spaces") on the terms and conditions set forth in this Section 1(b). Tenant's Parking Spaces shall be in locations that Landlord shall establish and which Landlord may modify from time-to-time in its discretion by written notice to Tenant given a minimum of thirty (30) days prior to any such re-location, with the Parking Spaces initially located where shown on **Exhibit C** attached hereto. Notwithstanding the foregoing, Landlord shall endeavor to provide the Parking Spaces in no more than one location at any given time, and if the Parking Spaces cannot reasonably be provided in a single location, Landlord shall provide the Parking Spaces in as few locations as possible. Tenant may reduce the number of Parking Spaces from time-to-time in its discretion by written notice to Landlord given a minimum of thirty (30) days prior to such reduction. In consideration of its right to use the Parking Spaces, Tenant shall pay to a parking rental fee to Landlord as Additional Rent in accordance with Section 5(a)(3) of this Lease. Tenant' use of the Parking Spaces shall be subject to such rules and regulations of general application as Landlord may, from time to time, establish and modify with respect to the use of parking spaces at the Airport. Without limitation, no overnight parking is permitted, no storage is permitted, parking is only permitted while Tenant is physically present in the Premises, and no unregistered or inoperable vehicles are permitted. This paragraph creates a limited use license and not a bailment. Tenant and its employees assume all risk and responsibility for damage to all vehicles and any personal property contained in them in connection with any use of the Parking Spaces. Landlord is not responsible for any damage to vehicles or property contained in vehicles, unless caused by

[2] DRM Note: Status pending.

the negligence or intentional misconduct of Landlord or its agents.

(c) Landlord shall have the right to take any action it considers necessary to protect the aerial approaches of the Airport against obstruction, together with the right to prevent Tenant from erecting or permitting or causing to be erected any building or other structure which, in the sole reasonable opinion of Landlord, would limit the usefulness of the Airport or constitute a hazard to aircraft. Landlord acknowledges and agrees (i) that the existing improvements and equipment on the Premises as of the Commencement Date do not limit the usefulness of the Airport or constitute a hazard to aircraft and (ii) that no action is or will be necessary to protect the aerial approaches of the Airport against obstruction with respect to the existing improvements and equipment on the Premises as of the Commencement Date.

(d) In the event that proper, planned, and orderly development of the Airport shall require that Landlord devote any part of the Premises to a different use than that contemplated by this Lease, Landlord shall have the right—upon not less than three years' advance written notice to Tenant and without cost or expense to Tenant—to relocate all or part of the Premises. Said relocated premises shall be of no less area, as conveniently located as is reasonable considering all demands for space at the Airport and shall be replacement premises of the same or substantially similar quality as those premises vacated. All of Tenant's fixed improvements shall, without cost or expense to Tenant, be relocated or replaced on said relocated premises. All terms and conditions of this Lease, except the description of the Premises, shall apply to said relocated premises.

(e) Reserved.

(f) Retained Rights. Landlord retains the non-exclusive right to maintain, repair or replace all existing utility lines crossing, on or under the Premises that provide service to the property owned by Landlord adjoining the Premises, provided (i) Landlord shall provide written notice to Tenant of Landlord's intention to undertake such work at least 10 days in advance and afford Tenant the reasonable opportunity to undertake such work on its own, except in the event of an emergency wherein such advance notice cannot reasonably be given (provided that in such event Landlord gives such advance notice as it reasonably can), (ii) Landlord shall exercise its retained rights hereunder in a manner that does not unreasonably interfere with the operation of the Premises or the Project, and (iii) any damage or disturbance to the Premises or the Project caused by or resulting from the exercise of the Landlord's retained rights hereunder shall be repaired or restored at Landlord's sole cost and expense promptly following, and to a condition equal to or better than that existing prior to, such damage or disturbance. In addition, if and to the extent Landlord reasonably determines to require rights on, over, under, upon, across, or through the Premises for Landlord to operate the Airport, including rights of ingress and egress to adjoining lands of Landlord, Tenant will reasonably cooperate with Landlord to provide the same, provided that in all events Tenant's refusal to provide such rights will not be considered unreasonable if the use of such rights by Landlord would unreasonably interfere with Tenant's operation of the Premises or the Project.

(g) Condition of Premises. Tenant acknowledges that it has completed such investigations, testing, analysis and due diligence of and with respect to the Premises and Landlord's title as Tenant has determined to be necessary for Tenant's intended use thereof. Except as expressly provided in this Agreement, Tenant accepts the Premises and such title "as is" and "where is" without any representations, warranties or assurances by Landlord as to the condition of the same or its suitability for any particular purpose, subject only to those exceptions to title set forth on **Schedule 1(e)** hereto, as well as such other exceptions to title and/or encumbrances contemplated by the terms of this Agreement (the "Permitted Encumbrances"). Landlord expressly disclaims any and all representations and warranties with respect to the suitability of the Premises for Tenant's intended use or for any other use except as expressly provided in this Agreement.

(h) Landlord Obligations.

i. Access. Landlord shall ensure reasonable non-exclusive ingress and egress to and from the Premises, for the benefit of Tenant and Tenant's designees, from the public aircraft runways, taxiways, and ramps serving the Premises, including on the Apron.

ii. Landlord Maintenance. Landlord shall maintain [(including snow removal)][3], repair, replace and restore the Apron and all other means of ingress and egress to and from the Premises from the public aircraft runways, taxiways, and ramps serving the Premises, including the Apron.

iii. Reserved.

iv. Additional Property Rights. Landlord shall grant to the Tenant such rights and easements as may be necessary to enter upon portions of the Property outside the Premises to facilitate Tenant's construction of the Project and use of the Premises, in compliance with Applicable Laws and subject to the rights of others, if any, under existing leases of portions of the Property.

v. Development Encumbrances. If Landlord's consent or joinder shall be required for the grant of, or for the vacation or abandonment of, any easements, rights of way, covenants, leasehold condominium regimes or other title matters encumbering the Premises in connection with the development of the Project and/or the demolition, construction, renovation, alteration or replacement of any portions of the Project (collectively, "Development Encumbrances"), Landlord's consent shall be given subject to Section 44, provided that (a) Landlord shall not be required to incur any material expense or liability (and any such expense or liability shall be promptly reimbursed by Tenant to Landlord upon request), and (b) Landlord's consent shall not be considered unreasonably withheld if the proposed Development Encumbrance is prohibited by Applicable Laws or if the proposed Development Encumbrance would materially impair Landlord's ownership or use of the Premises upon expiration or earlier termination of this Lease or Landlord's operation of the Airport. For additional clarity, Development Encumbrances may include construction easements, easements or rights of way for installation of water, gas, steam, electricity, telephone, cable or other communication service, sewer, district energy, chilled or heated water, storm drainage and other utilities, and easements or rights of way for streets, roads, alleys, or other access. Notwithstanding the foregoing, any leasehold condominium regime that affects the Premises shall explicitly provide that the condominium regime shall automatically terminate upon the expiration or earlier termination of this Lease.

Section 2. **Commencement Date; Initial Term; Extension Terms**.

(a) Landlord and Tenant agree that the initial term of this Agreement ("Initial Term") shall commence upon the Effective Date (the "Commencement Date") and expire at 11:59 p.m. local time on the day prior to the thirtieth (30th) anniversary of the Commencement Date (the "Fixed Expiration Date"), subject to earlier termination in accordance with the terms set forth in this Agreement. For additional clarity, the Initial Term of the Lease shall be for a period of twenty-nine and 364/365ths years.

[3] DRM Note: Parties to discuss extent of respective obligations for snow removal.

(b) The Tenant shall have the right to extend the Term of this Lease for two (2) additional terms of ten (10) years each (each, an "Extension Term" and collectively the "Extension Terms"). The Extension Terms and the Initial Term are collectively referred to herein as the "Term." The Extension Terms shall each be upon all of the terms and conditions of this Lease. As a condition precedent to the Tenant's exercise of any right of extension, the Tenant must not be in default beyond any applicable notice and cure period as provided herein. Tenant shall exercise such extensions, if at all, not less than six (6) months prior to the expiration of the then current term by delivering written notice of exercise to Landlord. The Tenant's failure to timely provide notice of extension shall cause this Lease to expire at the end of the then current term, time being of the essence.

Section 3. **Use of Premises.**

(a) Use. Except as otherwise provided in this Lease, Tenant shall use the Premises for the construction and operation of the Project and for general aviation use and for no other purposes without Landlord's prior written consent (subject to Section 44). The construction, operation, and maintenance of the Project shall be performed in material compliance with the requirements of this Agreement. Notwithstanding any other provision of this Lease, in all instances the Premises shall only be used in conformance with the Permitted Encumbrances and with the duly adopted federal, state, and municipal ordinances and regulations applicable to the Premises from time to time ("Applicable Laws"). Tenant acknowledges that, as of the Effective Date, the Airport Compliance Manual published by the FAA requires that the Premises shall only be used for "aeronautical activity", which term is currently defined as "any activity which involves, makes possible, or is required for the operation of an aircraft, or which contributes to or is required for the safety of such operations".

Section 4. **Reserved**.

Section 5. **Rent; Airport Landing Fees**.

(a) Base Rent/Rent Credit/Parking Rental.

1. Base Rent.[4] Commencing on the Effective Date, Tenant shall pay "Base Rent" to Landlord at the address specified in Section 5(g) or at such other location as Landlord may hereafter designate in writing in the amount of $106,777.00 per year ($8,898.08 per month), subject to the application of the Rent Credit (defined in Section 5(a)(2)) and subject to escalation in accordance with Section 5(b).

2. Rent Credit. Tenant shall be entitled to a credit against Base Rent in the total amount of $383,419.00 amortized over the first five (5) lease years, such credit amounting to $76,684.00 per year ($6,390.31 per month) for the first five (5) lease years.

3. Parking Rental. In addition to Base Rent, Tenant shall pay as Additional Rent (as defined in Section 5(c) below) a fee per Parking Space consistent with the employee parking rates paid by others at the Airport. As of the Effective Date, that fee equals $125.00 per year ($10.42 per month) for each Parking Space, for a total of $16,000 per year ($1,333.33 per month) assuming that Tenant has accepted the use of all 125 Parking Spaces.

(b) Annual Increase in Base Rent. The Base Rent shall be adjusted on July 1 of each year

[4] DRM Note: Rental calculations to be confirmed based on surveyed area.

during the Term by the percentage increase in the Consumer Price Index for all Cities, all Urban Consumers, Northeast Region, (CPI-U-NE, 1982-84=100) (the "Price Index") published just prior to July 1 of each such year by the Bureau of Labor Statistics of the United States Department of Labor over the corresponding value so published just prior to July 1 of the prior year during the Term, subject to a minimum increase of 2% and a maximum increase of 6% in any year. If the government body issuing the Price Index ceases to use the 1982-84 average of 100 as the basis of calculation, the Price Index shall be adjusted to mathematically account for the adjustment to the base year. If the Price Index (or a successor or substitute) ceases to be published, Landlord shall have the right subject to Tenant's approval (subject to Section 44) to select another similar index, published by a governmental or other non-partisan body, with appropriate reconciliation of the base of the substituted index with the base of the Price Index. In addition, Base Rent shall adjust as of every tenth (10th) anniversary of the Effective Date to the amount of rent then charged by the Airport to its other tenants as approved by the FAA for comparable ground, provided that in no event shall the amount of Base Rent increase or decrease by more than twenty percent (20%) over the prior lease year as a result of any such decennial adjustment. There shall be no separate Price Index adjustment for years on which such decennial Base Rent reset is made.

(c) Additional Rent; Rent Defined. In addition, for each lease year Tenant agrees to pay all sums of money or charges of whatsoever nature required to be paid under any provisions of this Agreement by Tenant to Landlord ("Additional Rent"), whether or not the same are designated as additional rent, on the next Base Rent payment date following written notification of such sums or charges in the same manner as Base Rent, provided that if such notification is given fewer than fifteen (15) days prior to the next installment of Base Rent coming due, then such amount of Additional Rent shall be due on the second next Base Rent payment date following such notification. Base Rent and any Additional Rent or other sums or charges are collectively referred to herein as "Rent." It is understood and agreed that the Rent to be paid to Landlord by Tenant hereunder shall be absolutely net to Landlord, and that all costs, expenses and obligations of every kind and nature whatsoever relating to the Premises shall be paid by Tenant directly to the party invoicing the same or in the form of Additional Rent, and this Agreement shall be interpreted and construed to that effect.

(d) Rent Payment. Except as otherwise specifically provided in this Agreement, all Base Rent shall be paid in monthly installments in arrears, without demand or setoff, on the first (1st) day of each month throughout the Term and Base Rent for any period of less than a full month shall be prorated on a per diem basis. Except as otherwise expressly provided in this Agreement, any and all Rent and other sums payable under this Agreement shall be paid without notice, demand, counterclaim, set off, deduction, or defense and without abatement, suspension, diminution, or reduction, and the obligations and liabilities of Tenant under this Agreement shall in no way be released, discharged or otherwise affected by reason of any occurrence whatsoever. Payment shall be made at the office of the Director of Aviation, Burlington International Airport, 1200 Airport Drive #1, South Burlington, Vermont 05403. Any Rent which has not been paid when due shall incur interest at the rate of 1.5% per month.

(e) Utilities and Services. Tenant shall, at its sole cost and expense, cause to be furnished and shall pay for all utilities and services necessary or desirable for Tenant's use of the Premises, including water, sewer, gas, electricity, communications, stormwater, and trash and recycling pick-up and disposal. Tenant covenants to pay the charges for all such utilities and services prior to delinquency and to keep the Premises free and clear of any lien or encumbrance of any kind whatsoever constituting a charge against the Premises arising from the nonpayment or a delinquency in payment for said utilities or services. No trash is allowed to be stored outside unless it is in an approved trash container located in an approved area. If Tenant fails to comply with the requirements of this provision, then Landlord reserves the right to fulfill Tenant's obligations and all costs incurred by Landlord in connection therewith shall immediately be paid by Tenant to Landlord as Additional Rent.

(f) Aircraft Landing Fees; Other Fees. In addition to Rent due hereunder, Tenant shall pay the following fees as generally applied to Airport users and as generally applied to the applicable type of aircraft:

(i) Aircraft Landing. On or before the 10th day of each month, Tenant shall provide the Airport's Director of Aviation with a listing of its Aircraft Landings during for the preceding month. "Aircraft Landing" means any aircraft being utilized at the Airport by or on behalf of Tenant in carrying out the business which is authorized by this Agreement (including but not limited to aircraft owned or leased by Tenant, aircraft providing services to Tenant pursuant to contract whether oral or written, and aircraft being parked in or on the Premises).

(ii) Landing Fees. Tenant shall pay Landlord Airport Landing fees at the rate established by Landlord in its sole discretion and applicable to other aircraft landing at the Airport at that same time. Landlord shall issue an initial Airport Landing fee on the Effective Date and provide Tenant written notice seven (7) days in advance if the Airport Landing Fee is changed by Landlord. Tenant shall pay Landlord the then-applicable Aircraft Landing fees on or before the last day of each month based upon the number of Aircraft Landings properly attributable to Tenant during the preceding month. Such payments shall be paid at the office of the Airport's Director of Aviation without billing.

(iii) Late Payment of Landing Fees. If Tenant fails to promptly pay due Airport Landing fees on or before their due date, they shall be considered past due and shall incur interest at a rate of 1.5% per month.

(iv) Records. Tenant shall keep and maintain a complete and accurate set of records of all the Aircraft Landings for the use of Landlord and payment of fees required under this Agreement for three (3) years. Tenant shall make such records available for inspection and copying by Landlord at any and all reasonable hours and times. Landlord shall have the right, at its expense and on reasonable notice, from time to time, but in no event more than once in any 12-month period, to audit the records and other data of the Tenant relating to the provisions and requirements hereof, provided such inspection is made during regular business hours. If Tenant is found to have under-reported Aircraft Landings by five percent or more, then Tenant shall pay the full cost of the audit.

(v) Other Fees. Tenant shall direct all entities obligated to pay any transient aircraft landing, tie down, parking, and seat charges directly to Landlord or the fixed base operator for Landlord.

Section 6. **Reserved**.

Section 7. **Project; Capital Reserve Account**.

(a) Modifications. During the Term and following completion of construction of the Project, Tenant shall not modify or alter the structural design or exterior appearance of the buildings constructed on the Premises or the related site improvements in a manner that diminishes their quality without prior written approval of Landlord (subject to Section 44 provided that the Deemed Approval provision thereof shall not apply) to ensure the Project's compatibility with the functionality of the Airport, provided that structural modifications required from time to time to support ongoing needs of Tenant shall not require Landlord approval.

(b) Title to the Project. During the Term and until the expiration or earlier termination of this Agreement, title to the Project shall belong solely to Tenant, and Tenant alone shall have the right to operate, manage, repair, replace, maintain and further improve the Premises and the Project subject to the terms and conditions of this Agreement, and to deduct all depreciation on its income tax returns with respect thereto. Landlord hereby waives any right to claim a lien or security interest in Tenant's fixtures and personal property and, to the extent applicable, waives any statutory right of distraint in or to Tenant's fixtures and personal property; the foregoing shall not be construed to limit Landlord's ability to seek, obtain or enforce a judicial lien granted by a court of competent jurisdiction. Tenant shall not damage or remove the Project without Landlord's prior written consent (subject to Section 44 provided that the Deemed Approval provision thereof shall not apply).

(c) Removal of Project on Expiration or Termination. Unless Landlord shall have agreed to extend the Term of this Agreement, Landlord may, at its option, notify Tenant in writing delivered at least thirty-six (36) months prior to the expiration of the Term (or upon shorter notice in connection with the earlier termination of this Agreement) that following the expiration of the Term all or portions of the Project must be removed, in which event Tenant shall remove and/or demolish the applicable portions of the Project, grade the land and then seed it with grass so long as Tenant is able to obtain all municipal and state permits and approvals necessary in connection with such demolition and removal, subject only to conditions that are reasonably acceptable to Tenant. If Landlord notifies Tenant of its desire to have the Project (or portions thereof) removed and demolished in accordance with this provision, Tenant shall use commercially reasonable, good faith efforts to obtain permits therefor, but in no event shall Tenant be required to appeal any denial of such permits, appeal any conditions that it reasonably deems unacceptable or to defend any appeals made by others in connection with any permits. If Tenant is unable to secure the necessary permits for demolition, Landlord may attempt to secure said permits. Tenant shall have the right to use the funds maintained in the Capital Reserve Account (as defined below) in connection with obtaining the permits required by this provision (i.e., to pay engineers, consultants, attorneys, application fees, etc. in connection with such permits) and thereafter to pay for the work to remove and/or demolish the Project (or portions thereof) and then grade and seed the land as aforesaid. If Tenant is unable to secure such permits and Landlord attempts to secure such permits, then Landlord may use the funds maintained in the Capital Reserve Account for such purposes, and Landlord agrees to use such funds in a prudent and reasonable manner. Following the issuance of all such permits and such permits having become final and unappealable, but in all events after the expiration or earlier termination of this Agreement, Tenant shall promptly remove and/or demolish the Project (or portions thereof) and then grade and seed the land as aforesaid, and shall use commercially reasonable, good faith efforts to complete such work in a timely manner, commencing promptly upon such permits having become final and unappealable (weather permitting) and then diligently prosecuting such work to completion thereafter. Landlord herein grants to Tenant a license to enter the Premises and other portions of the adjacent Property as necessary, said license shall take effect upon the termination or expiration of this Agreement for the sole and exclusive purpose of removing the Project (or portions thereof). Tenant's right to use said license is contingent upon Landlord's notification to Tenant that the Project (or portions thereof) shall be removed from the Premises. If there are insufficient funds in the Capital Reserve Account to permit and complete the removal and/or demolition the Project (or portions thereof) and then grade and seed the land as aforesaid, Tenant shall use its own funds to accomplish the demolition, grading and seeding required by this provision.

(d) Title Upon Expiration. Except as set forth in subsection (c) above, upon expiration or termination of this Agreement all rights and interests of Tenant (and all persons whomsoever claiming by, under or through Tenant) in and to the Premises and the Project shall wholly cease and title to the Premises and the Project, including all permanent and temporary non-proprietary improvements, erections and additions constructed on the Premises by Tenant (but excluding all furniture, proprietary fixtures, equipment and other personal property of Tenant used by Tenant solely in connection with the operation thereof, all of which Tenant shall have the right to remove from the Premises at any time prior to the expiration of the Term) shall automatically vest in Landlord without cost or expense to Landlord and without further act or conveyance, and without liability to make compensation therefor to Tenant or to anyone whatsoever, and shall be free and discharged from all and every lien, encumbrance, claim and charge of any character created or attempted to be created by Tenant at any time other than pursuant to the specific terms of this Agreement. This provision shall not relieve Tenant from liability for having left the Premises in unsound or unsafe condition or with encumbered title, in each event other than as permitted in this Agreement. Tenant, upon the request of Landlord, covenants and agrees to execute a deed and bill of sale conveying and releasing to Landlord all such rights in the Premises and the Project in a form and substance reasonably acceptable to Landlord.

(e) Tenant's Maintenance Obligations. Tenant shall, at all times during the Term, subject to the provisions of this Agreement, at its sole cost and expense, keep the Premises in good appearance, order and repair and in a clean and sanitary condition at all times, including by retaining and engaging pest control services as necessary. Tenant's obligations hereunder include all necessary repairs and replacements of the Premises and its improvements, structural or otherwise, ordinary or extraordinary, foreseen and unforeseen, including, but not limited to, the roof, exterior and interior windows, doors and entrances, signs, floor coverings, columns, and partitions, electrical and lighting, heating, plumbing and sewage facilities, and HVAC equipment. Such actions include painting, lighting, removal of garbage, landscaping, snow removal, replacement of broken glass with glass the same size and quality of that broken, and utility services. Landlord shall not be required to make any repairs of any kind or nature, in, on or to the Premises during the Term.

(f) Capital Reserve Account. Within forty-five (45) days of the Effective Date, Tenant shall establish a joint reserve account for the replacement and demolition of the Project ("Capital Reserve Account") in accordance with the following:

(i) The Capital Reserve Account shall be in the name of Tenant and the Landlord. The parties acknowledge and agree that during any period when a Leasehold Mortgage is in effect the Leasehold Mortgagee is likely to require that it maintain and control the funds maintained in the Capital Reserve Account, and Landlord will agree to authorize the Leasehold Mortgagee to maintain and control the funds maintained in the Capital Reserve Account so long as such funds are used solely for capital replacements and improvements and not used to pay debt service (principal or interest), lender fees or expenses, or to pay any other cost, fee or expense.

(ii) The Capital Reserve Account shall be funded monthly consistent with the parameters set forth on **Schedule 7(f)** and based on a capital reserve study performed by a mutually acceptable consultant to Tenant, or otherwise in accordance with prudent long term maintenance practices applicable to structures and infrastructure similar to the Project as approved by Landlord (subject to Section 44). Such funds, including interest earned, from this Capital Reserve Account are to be used for major maintenance, repair, and replacement activities and not for minor or ongoing maintenance items. Tenant shall inform the Landlord in advance of its intent to expend funds from the Capital Reserve Account and the purpose of the expenditure, and all expenditures shall be subject to Landlord's prior review and approval (subject to Section 44) subject to the provisions of Section 7(f)(iii). Balances in the Capital Reserve Account shall be reviewed periodically by Tenant and the Landlord to ascertain whether monthly funding levels are appropriate. Tenant shall provide Landlord with annual account statements reflecting the balances in the Capital Reserve Account no later than June 1 of each year. Provided that the Project is not demolished in accordance with Section 7(c) at the expiration or earlier termination of this Agreement, funds remaining in the Capital Reserve Account shall be used to perform whatever repairs are then necessary to preserve the Project in good quality, habitable condition, and any excess funds remaining thereafter in the Capital Reserve Account shall become the property of Landlord. If the Project is demolished in accordance with Section 7(c) at the expiration or earlier termination of this Agreement, funds remaining in the Capital Reserve Account following performance of the demolition, grading and seeding shall be disbursed to Tenant. If funds from the Capital Reserve Account are used in connection with the repair or restoration of the Project following casualty damage in accordance with Section 16, then after substantial completion of such repair or restoration Tenant shall engage a consultant to perform a new life cycle analysis of the Project, and Tenant shall thereafter fund the Capital Reserve Account monthly in accordance with such life cycle analysis, including any requirements in such analysis to bring the current funding to a particular level.

(iii) Notwithstanding the provisions of Section 7(f)(ii), the funds deposited in the Capital Reserve Account during the last five (5) years of the Term shall accumulate and shall not be spent until the Landlord determines whether the Project will be demolished in accordance with Section 7(c) at the expiration of the Term. If Landlord decides that the Project will be demolished, then the Capital Reserve Account shall be used to accomplish the demolition, grading and seeding described in Section 7(c) and any funds remaining after the performance of such work shall be disbursed to Tenant in accordance with Section 7(f)(ii). If Landlord decides to have the Project demolished and removed but the parties are unable to obtain permits therefor, then the funds held in the Capital Reserve Account shall be disbursed to Landlord in accordance with Section 7(f)(ii) as if Landlord decided not to demolish the Project. Tenant shall be solely responsible for all costs and expenses associated with demolition, grading and seeding, however Tenant may use funds from the Capital Reserve Account to perform the work before resorting to the use of its own funds. If Landlord does not opt to have the Project demolished and removed in accordance with Section 7(c), then the funds held in the Capital Reserve Account shall continue to be used for major maintenance, repair, and replacement activities in accordance with Section 7(g)(ii) and any funds remaining in the Capital Reserve Account at the expiration of the Term, including any extensions or renewals thereof, or earlier termination of this Agreement shall become the property of Landlord.

Section 8. **Taxes and Other Expenses**.

(a) Taxes. Tenant is responsible for payment of all transfer taxes associated with this Agreement, if any, and shall pay all income taxes, sales and use taxes, and any other taxes imposed on Tenant in connection with or by reason of its lease of the Premises and its ownership and operation of the Project. In addition, Tenant shall, from and after the Effective Date and thereafter during the Term, pay and discharge punctually, as and when the same shall become due and payable as Additional Rent, all real estate taxes or ad valorem taxes as assessed by any government then entitled to do so, special and general assessments and other governmental impositions and charges, extraordinary as well as ordinary, including any state, regional or local taxes, fees or payments that may be imposed in lieu of such real estate or ad valorem taxes or assessments (collectively hereinafter referred to as "Taxes"), and each and every installment thereof which shall or may during the Term be charged, levied, laid, assessed, imposed, become due and payable, or a lien upon, or for, or with respect to, the Premises or any part thereof, together with all interest and penalties thereon, under or by virtue of all present or future laws, ordinances, requirements, orders, directives, rules or regulations of the federal, state, county and municipal governments and of all other governmental authorities whatsoever (all of which shall also be included in the term "Taxes" as heretofore defined). Landlord shall deliver to Tenant an invoice detailing Tenant's share of Taxes, calculated with reference to the assessed value of the land and improvements that comprise the Premises as determined by the City of South Burlington or any additional or successor taxing authority.

(b) Time For Payment. Tenant shall be deemed to have complied with the covenants of this Section 8 if payment of such Taxes shall have been made either within any period allowed by law or by the governmental authority imposing the same during which payment is permitted without penalty or interest or before the same shall become delinquent, and Tenant shall produce and exhibit to Landlord satisfactory evidence of such payment as and when so requested by Landlord.

(c) Right To Contest. Tenant or its designee shall have the right to contest or review all Taxes by legal proceedings, or in such other manner as it may deem suitable (which, if instituted, Tenant or its designees shall conduct promptly at its own cost and expense, and, if necessary, in the name of and with the cooperation of Landlord and Landlord shall execute all documents reasonably necessary to accomplish the foregoing). Notwithstanding the foregoing, Tenant shall promptly bond off or otherwise cause the removal of any lien which is placed on the Premises as a result of or arising out of such dispute and Tenant shall promptly pay all Taxes prior to commencement of any foreclosure, tax sale or other forfeiture proceeding, the result of which would be loss of title to the Premises to the taxing authority. The legal proceedings referred to in this Subsection 8(c) shall include appropriate certiorari proceedings and appeals from orders therein and appeals from any judgments, decrees or orders. If there is any reduction, cancellation or discharge, Tenant shall pay the amount finally levied or assessed against the Premises or adjudicated to be due and payable on any such contested Taxes.

(d) Refunds. Landlord covenants and agrees that if there shall be any refunds or rebates on account of the Taxes paid by Tenant under the provisions of this Agreement, such refund or rebate shall belong to Tenant. Landlord will, upon the written request of Tenant, sign such receipts as may be necessary to secure the payment of any such refund or rebate, and will pay over to Tenant such refund or rebate as received by Landlord.

(e) Remedies for Nonpayment. If Tenant shall fail, refuse or neglect to make any of the payments required by this Section, then Landlord, at its option, may pay the same or any portion thereof, and the amount or amounts so paid, including reasonable attorneys' fees and expenses incurred by Landlord in connection therewith, shall be repaid by Tenant to Landlord within ten (10) days after written demand by Landlord, and the amount thereof shall be treated as Additional Rent.

Section 9. **Requirements of Governmental Authorities**.

(a) Compliance. During the Term, Tenant shall, at its own cost and expense, promptly observe and comply with all present or future, foreseen or unforeseen, laws, ordinances, requirements, orders, directives, rules and regulations duly adopted by applicable federal, state, county, and municipal governments and of all other governmental authorities affecting the Premises or appurtenances thereto or any part thereof whether the same are in force at the Effective Date or may in the future be passed, enacted or directed giving full effect to all vesting or “grandfathering” provisions. Tenant shall further so comply with each and every duly adopted rule, order and requirement of any applicable federal, state, municipal, legislative, executive, judicial or other governmental body, commissioner or officer or of any bureau or department thereof, whether now existing or hereafter created, having jurisdiction over the Premises or any part thereof, or properly exercising any power relative thereto or to the owners, tenants or occupants thereof including compliance with all regulations and permits for the Project giving full effect to all vesting or “grandfathering” provisions. Tenant shall maintain the Project and the Premises, and otherwise operate the Project and the Premises, in conformity with all municipal, state and federal land use permits and approvals governing the Project or the Premises at any time giving full effect to all vesting or “grandfathering” provisions.

(b) Minimum Standards for Commercial Aeronautical Activities. Tenant’s right of access to the Property for aircraft shall be subject to all applicable federal, state and local laws, ordinances and regulations, as well as all Airport standards, rules and policies including Minimum Standards for Commercial Aeronautical Activities now in effect or hereinafter duly adopted or promulgated and consistently applied by the Airport.

(c) FAA and TSA. This Agreement is subject and subordinate to FAA regulations duly adopted and consistently applied governing the use of Airport including those regulations imposed by reason of the Landlord’s acceptance of federal funds relative to the operation or maintenance of the Airport, the transfer of federal rights, funds or property to Landlord for Airport purposes, or the expenditure of federal funds for the improvement or development of the Airport. In addition, this Agreement may be amended without further consideration (except as provided below) if and to the extent required by the FAA or Transportation Safety Administration (“TSA”) or their respective successor agencies as a condition precedent to Landlord’s receipt of federal rights, funds or property for Airport purposes, or precedent to the expenditure of federal funds for the improvement or development of the Airport. If the FAA requires modifications or changes to this Agreement as a condition precedent to Landlord’s receipt or retention of funds for the improvement of the Airport, Tenant agrees to execute and deliver to Landlord an amendment to this Agreement (prepared by Landlord) that effects such modifications or changes as may be required to enable the Landlord to obtain or retain such funds or funding. If any such amendment as described in this Section 9(c) modifies the terms and conditions of this Agreement in a manner that causes the Tenant to directly incur costs, expenses or fees that materially modify the financial bargain embodied by this Agreement or otherwise materially adversely affects Tenant’s use of the Premises or other rights under this Agreement, then the parties shall use good faith efforts to cooperatively seek to obtain exemptions or exclusions from the FAA or TSA requirements in an effort to eliminate or minimize the costs or expenses or other material adverse effects arising from the amendment sought to be imposed and, if such exemptions or exclusions are not forthcoming, to modify the terms of this Agreement in order to eliminate, minimize or otherwise fairly account for such costs or expenses or other material adverse effects. Without limiting the foregoing, the Tenant agrees that it is subject to the terms and provisions of the required federal provisions included on **Exhibit E** attached hereto, with the understanding that the Tenant is the “Contractor” identified therein.

(d) Livable Wage Ordinance. Tenant shall construct and operate the Project and the Premises in accordance with the requirements of the City of Burlington Livable Wage Ordinance to the extent such requirements are applicable to such activities and shall provide the required certification attesting to compliance with this ordinance on an annual basis (due by April 1st of each year) if requested by Landlord.

(e) Union Deterrence Ordinance. Tenant shall construct and operate the Project and the Premises in accordance with the requirements of the City of Burlington Union Deterrence Ordinance to the extent such requirements are applicable to such activities and shall provide the required certification attesting to compliance with this ordinance if requested by Landlord.

(f) Non-Outsourcing Ordinance. Tenant shall construct and operate the Project and the Premises in accordance with the requirements of the City of Burlington Outsourcing Ordinance to the extent such requirements are applicable to such activities and shall provide the required certification attesting to compliance with this ordinance if requested by Landlord.

(g) No Discrimination. Tenant, for itself and its personal representatives, successors and assigns, as part of the consideration hereof, does hereby covenant and agree that (i) no person on the grounds of political or religious affiliation, race, color, national origin, place of birth, ancestry, age, sex, sexual orientation, gender identity, marital status, veteran status, disability, HIV positive status, genetic information or other protected classification shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of Tenant's facilities pursuant to its operations hereunder; (ii) in the furnishing of services at the Project and the Premises, no person on the grounds of political or religious affiliation, race, color, national origin, place of birth, ancestry, age, sex, sexual orientation, gender identity, marital status, veteran status, disability, HIV positive status, genetic information or other protected classification shall be excluded from participation in, denied the benefit of, or otherwise be subjected to discrimination; (iii) Tenant shall ensure compliance with the applicable provisions of Title VI of the Civil Rights Act of 1964 as amended, Executive Order 11246 as amended by Executive Order 11375 and as supplemented by the Department of Labor regulations (41 CFR Part 60); (iv) Tenant shall also comply with the rules, regulations and relevant orders of the Secretary of Labor, Nondiscrimination regulations 49 C.F.R. § 21 through Appendix C, and Regulations under 23 C.F.R. § 710.405(b); (v) Tenant shall comply with all the requirements of Title 21, V.S.A., Chapter 5, Subchapter 6 and 7, relating to fair employment practices to the extent applicable; and (vi) all subcontracts shall include reference to the above.

(h) Public Records Act. Any and all records submitted to Landlord, whether electronic, paper, or otherwise recorded, are subject to the Vermont Public Records Act. The determination of how those records must be handled is solely within the purview of Landlord. All records considered to be trade secrets, as that term is defined by subsection 317(c)(9) of the Vermont Public Records Act, shall be identified, as shall all other records considered to be exempt under the Act. It is not sufficient to merely state generally that the proposal is proprietary or a trade secret or is otherwise exempt. Particular records, pages or sections that are believed to be exempt must be specifically identified as such and must be separated from other records with a convincing explanation and rationale sufficient to justify each exemption from release consistent with Section 317 of Title 1 of the Vermont Statutes Annotated.

(i) Right to Contest. Tenant shall have the right to contest by appropriate legal proceedings diligently conducted in good faith, in the name of Tenant, without cost or expense to Landlord, the validity or application of any law, ordinance, rule, regulation or requirement of the nature referred to in this Section 9 and, if by the terms of any such law, ordinance, order, rule, regulation or requirement, compliance therewith may legally be delayed pending the prosecution of any such proceeding, Tenant may delay such compliance therewith until the final determination of such proceeding. Notwithstanding the foregoing, Tenant shall promptly bond off or otherwise cause the removal of any lien which is placed on the Premises as a result of or arising out of such dispute, provided that in no event shall Tenant be permitted or authorized to maintain any such contest if doing so has or would have an adverse effect on the Airport as determined by Landlord in its discretion.

(j) Aircraft Parking**.** Tenant shall abide by all Airport rules concerning parking of aircraft. Tenant shall not park or allow any contract carrier to park an aircraft or leave or allow the same to be left standing on a public landing area, public ramp and apron area, public cargo ramp and apron area, public aircraft parking and storage area, or operational area, except as such places as may be prescribed or permitted by the Airport's Director of Aviation. Tenant further covenants and agrees to move or cause to be moved such aircraft from the place where it is parked or stored to any other place as designated and directed by the Airport's Director of Aviation. At no time will Tenant occupy or enter any portion of existing or future Air Carrier Apron as defined by TSA and FAA regulations.

(k) Security. Tenant shall secure the Premises with construction fencing prior to performing any exterior work on the Premises and shall maintain the safety and security of the Premises during the Term of this Agreement. Tenant shall observe and comply with any and all present and future security regulations and procedures and operational procedures promulgated from time to time by or at the direction of the Landlord for the administration of the Airport, including but not limited to training and Secure Identification Area ("SIDA") Badging requirements. Tenant shall create a security policy covering the Premises that will include, but not be limited to, security procedures, configurations, infrastructure and equipment, provision of emergency alerts and notices to Landlord, reporting guidelines, maintenance of security footage and records, staffing of security personnel, and training of personnel. Tenant shall be responsible for following this policy. The Landlord shall review the proposed security policy and any subsequent revisions and, at the Landlord's sole but reasonable discretion, may either approve or require changes. Tenant shall, at is sole cost and expense, install, maintain and replace as necessary all equipment necessary for SIDA compliance, including but not limited to badge readers, locks, alarms, doors and cameras. Any alterations to existing security configurations, SIDA boundaries, infrastructure, and equipment will require the Landlord's prior written consent (subject to Section 44). Landlord shall reasonably cooperate with Tenant to minimize interference with Tenant's business operations, including the installation of SIDA equipment in additional locations as is reasonably determined by Tenant to promote efficient circulation within the Premises.

Section 10. **Covenant Against Liens**. If during the Term any mechanic's lien or other lien shall be filed against the Premises or any portion of the Property because of any work performed upon the Premises by or at the expense of Tenant, or any failure of Tenant to pay Taxes in accordance with this Agreement, Tenant shall, at its own cost and expense, cause the same to be discharged of record or bonded within twenty (20) days after the recording thereof; and Tenant shall indemnify and save harmless Landlord against and from all costs, liabilities, suits, penalties, claims and demands, including reasonable attorneys' fees, resulting therefrom. If Tenant fails to timely discharge any such lien by payment or bond, Landlord may (but shall not be obliged to) pay the amount of such lien, or discharge the same by bonding, and the amount so paid shall be deemed to be Additional Rent.

Section 11. **Access to Premises**. During the Term, Landlord or Landlord's agents shall have the right to inspect the Project and the Premises at reasonable times upon reasonable advance notice to Tenant, given no more than twice in any consecutive 12 month period (except in the event of an emergency).

Section 12. **Assignment and Subletting**.

(a) Reserved.

(b) Tenant may, from time to time, effectuate a Transfer to any person, subject to Landlord's prior written consent (subject to Section 44), provided that in the instrument effecting the Transfer, the transferee shall assume and agree to perform all of the terms, covenants and conditions of this Lease from and after the date of the Transfer, including the terms and conditions of this Lease related to the use of the Premises, subject in all respects to the exceptions and limitations set forth in this Lease. Tenant shall give Landlord sixty (60) days prior written notice of its desire to assign this Agreement and shall furnish Landlord with such information as it may reasonably request indicating that the proposed assignee is reputable and financially responsible. Landlord may justifiably refuse consent to any assignment based upon (i) the financial position of the proposed assignee; (ii) the relevant business experience of the proposed assignee; (iii) the proposed use of the Premises (if different that the permitted uses under this Agreement);

(iv) the character and reputation of the proposed assignee; (v) the economic terms of the proposed assignment; and (vi) any other factor that Landlord reasonably deems relevant to the proposed assignment. Tenant agrees to reimburse Landlord for any reasonable third party expenses that may be incurred by Landlord in connection with any proposed assignment, including the reasonable cost of investigating the acceptability of the proposed assignee and reasonable third party legal expenses incurred in connection with the granting of any requested consent.

(c) Notwithstanding anything to the contrary, Landlord's consent shall not be required and Section 12(b) shall not apply with respect to any Transfer (i) by the foreclosure of any Leasehold Mortgage or through a deed or instrument of transfer delivered in lieu of such foreclosure or through a deed or instrument of transfer by a Leasehold Mortgagee out of foreclosure or next after having received a deed or other instrument of transfer delivered in lieu thereof, (ii) to a direct or indirect Affiliate of Tenant so long as the ultimate parent company, currently Beta Technologies, Inc., a Delaware corporation, remains liable for the obligations of the tenant under this Lease, or (iii) in connection with a Permitted Sale-Leaseback (as set forth in Section 13(m)). As used in this Agreement, "Affiliate" means a person or entity that Controls, is Controlled by, or is under common Control with another person or entity, and "Control" or "Controlled" means ownership of more than fifty percent (50%) of the outstanding voting stock of a corporation, or other majority equity and control interest of an entity which is not a corporation, or the possession of power to direct or cause the direction of the management and policy of such corporation or other entity, whether through the ownership of voting securities, by statute or according to the provisions of a contract.

(d) Except for a Transfer to an Affiliate pursuant to which the parent company will remain liable for the obligations of the tenant under this Lease as stated in Section 12(c), from and after a Transfer by Tenant of its interest in the Premises and this Lease that is permitted pursuant to this Section 12, the Tenant (meaning, the transferor) shall have no obligation for liabilities under this Lease first arising from and after the date of such Transfer, provided that in the instrument effecting the Transfer, the transferee shall assume and agree to perform all of the terms, covenants and conditions of this Lease from and after the date of the Transfer.

(e) Tenant may, without Landlord's consent, enter into subleases, licenses, occupancy agreements or management agreements for the possession, operation or use of any space in the Project and any amendments thereto (collectively, "Subleases") with any person in Tenant's sole discretion; provided, however, Tenant shall not enter into any Sublease of the Project (exclusive of Subleases with Affiliates) which, when combined with any other then pending Sublease of the Project (exclusive of Subleases with Affiliates), exceeds fifty percent (50%) of the occupiable area of the Project, without Landlord's prior written consent (subject to Section 44). Whether Landlord's consent to a Sublease is required or not, Tenant shall provide Landlord with a copy of each and every Sublease that Tenant enters into for space in the Project. When Tenant seeks Landlord's consent to any Sublease of the Project, Tenant shall provide Landlord with a written list of all then pending Subleases in the Project and Tenant's calculation of the occupiable area covered by such Subleases, as well as the total occupiable area of the Project. The fifty percent (50%) threshold for subleasing beyond which Landlord's consent (subject to Section 44) is required, refers to fifty percent (50%) of the Project as it has been substantially completed from time to time. Notwithstanding anything to the contrary, Landlord's consent shall not be required and this Section 12(e) shall not apply with respect to any Sublease (i) by the foreclosure of any Leasehold Mortgage or through a deed or instrument of transfer delivered in lieu of such foreclosure or through a deed or instrument of transfer by a Leasehold Mortgagee out of foreclosure or next after having received a deed or other instrument of transfer delivered in lieu thereof, (ii) to a direct or indirect Affiliate of Tenant so long as the ultimate parent company, currently Beta Technologies, Inc., a Delaware corporation, remains liable for the obligations of the tenant under this Lease, or (iii) in connection with a Permitted Sale-Leaseback (as set forth in Section 13(m)).

(f) Except as set forth above in this Section 12, any transfer, assignment or subletting without the prior written consent of Landlord as provided above shall be void *ab initio*. Landlord's consent to a transfer, assignment or subletting, or to any use or occupancy by a party other than Tenant, shall not invalidate or constitute a waiver of this provision, and each subsequent transfer or assignment, and each subsequent use and occupancy by a party other than Tenant shall likewise be made only with the prior written consent of Landlord.

Section 13. **Leasehold Mortgage / Sale-Leaseback**.

(a) Tenant shall have the right to mortgage or pledge its interest in this Lease (a "Leasehold Mortgage") to one or more mortgagees (a "Leasehold Mortgagee") at any time and from time to time. The term "Leasehold Mortgage" as used in this Agreement shall include a mortgage, a deed of trust, a deed to secure debt and any other conveyance or agreement for security purposes, which may now or hereafter affect the Premises. The term "Leasehold Mortgagee" as used in this Agreement shall include the holder of (including any nominee or administrator) or the beneficiary under, as the case may be, a mortgage, deed of trust, deed to secure debt or any other conveyance or agreement for security purposes, which may now or hereafter affect the Premises.

(b) Tenant or the Leasehold Mortgagee shall give to Landlord written notice of the making of any Leasehold Mortgage (which notice shall contain the name and office address of the Leasehold Mortgagee) within ten (10) days after the execution and delivery of such Leasehold Mortgage and a duplicate original or certified copy thereof.

(c) Landlord shall give to each Leasehold Mortgagee, at the address of such Leasehold Mortgagee set forth in the notice from such Leasehold Mortgagee or from Tenant, and otherwise in the manner provided by Section 25, a copy of each notice given by Landlord to Tenant hereunder (including notice of an Event of Default) at the same time as and whenever any such notice shall thereafter be given by Landlord to Tenant, and no such notice by Landlord shall be deemed to have been duly given to Tenant (and no grace or cure period shall be deemed to have commenced) unless and until a copy thereof shall have been given to each such Leasehold Mortgagee. The Leasehold Mortgagee (i) shall thereupon have a period of thirty (30) days more in the case of an Event of Default in the payment of Rent and sixty (60) days more in the case of any other Event of Default (or in the case of a non-monetary Event of Default which shall require more than sixty (60) days to cure using due diligence, then such longer period of time as shall be necessary so long as such Leasehold Mortgagee shall have commenced to cure (or caused to be commenced such cure) within such 60-day period and continuously prosecutes or causes to be prosecuted the same to completion with reasonable diligence and continuity), after the applicable period afforded Tenant for remedying the Event of Default or causing the same to be remedied has expired and (ii) shall, within such period and otherwise as herein provided, have the right (but not the obligation) to remedy such Event of Default or cause the same to be remedied. Landlord shall accept performance by or on behalf of the Leasehold Mortgagee of any covenant, condition or agreement on Tenant's part to be performed hereunder with the same force and effect as though performed by Tenant, so long as such performance is made in accordance with the terms and provisions of this Lease. Landlord shall not object to any temporary entry onto the Premises by or on behalf of the Leasehold Mortgagee to the extent necessary to effect such Leasehold Mortgagee's cure rights, provided such entry is in compliance with Applicable Law. Notwithstanding anything to the contrary, the Leasehold Mortgagee shall have no obligation to cure an Event of Default except as expressly provided in this Lease.

(d) A non-monetary default by Tenant or a non-monetary Event of Default shall not be deemed to exist as long as the Leasehold Mortgagee, in good faith, (i) shall have commenced to cure (or caused to be commenced such cure) the default or Event of Default within the time periods provided in Section 13(c), and continuously prosecutes or causes to be prosecuted the same to completion with reasonable diligence and continuity (subject to Unavoidable Delays), or (ii) if possession of the Premises or any part thereof is required in order to cure such default or Event of Default, shall have notified Landlord within thirty (30) days after the applicable period afforded to Tenant for remedying the default or Event of Default shall have expired of its intention to institute foreclosure proceedings to obtain possession directly or through a receiver, and thereafter commences such foreclosure proceedings, prosecutes such proceedings with all reasonable diligence and continuity (subject to Unavoidable Delays) and, upon obtaining such possession, commences promptly to cure the default or Event of Default and prosecutes the same to completion with all reasonable diligence and continuity (subject to Unavoidable Delays).

(e) Notwithstanding anything in this Section 13 to the contrary, a Leasehold Mortgagee shall not be required to cure any Incurable Defaults of Tenant, and if any Leasehold Mortgagee, assignee or transferee shall acquire the Premises pursuant to a foreclosure or transfer in lieu of foreclosure, then any such Incurable Default by Tenant shall no longer be deemed a default or Event of Default. For purposes of this Agreement, "Incurable Default" shall mean (i) any Event of Default described in Section 21(a)(iv) or Section 21(a)(v), (ii) any Event of Default that is personal in nature to the Tenant, and (iii) any Event of Default that is based upon Tenant's wrongful assignment of this Lease or any interest therein (other than a wrongful assignment to such Leasehold Mortgagee).

(f) With respect to any default or Event of Default, so long as the Leasehold Mortgagee shall be diligently exercising its cure rights under this Section 13 with respect thereto within the applicable cure periods set forth above and so long as, if possession of the Premises is required to cure the same, the Leasehold Mortgagee shall be taking the actions required by Section 13(d), Landlord shall not (i) re-enter the Premises, (ii) serve a termination notice, or (iii) bring a proceeding on account of such default to (A) dispossess Tenant and/or other occupants of the Premises, (B) re-enter the Premises, or (C) terminate this Lease or the leasehold estate (such rights described in clauses (i), (ii) and (iii) being herein "Landlord's Termination Rights"). Upon any cessation of the Leasehold Mortgagee so exercising such rights and undertaking such activities, Landlord may exercise any of Landlord's Termination Rights hereunder. Nothing in the protections to Leasehold Mortgagees provided in this Lease shall, however, be construed to either (i) extend the Term beyond the expiration date provided for in this Lease that would have applied if no default had occurred or (ii) require such Leasehold Mortgagee to cure any non-monetary default by Tenant that is not capable of being cured as a condition to preserving this Lease or, in the case of a Leasehold Mortgagee only, to obtaining a New Lease as provided in this Section 13.

(g) The exercise of any rights or remedies of a Leasehold Mortgagee, including the consummation of any foreclosure or transfer in lieu of foreclosure, shall not constitute a default under this Lease. A Leasehold Mortgagee shall provide Landlord with prior written notice of its commencement of any foreclosure or of its commencement of any efforts to cause a transfer in lieu of foreclosure.

(h) No Leasehold Mortgagee shall become liable under the provisions of this Lease unless and until such time as it becomes, and then only for so long as it remains, the owner of the leasehold estate created hereby and no performance by or on behalf of such Leasehold Mortgagee of Tenant's obligations hereunder shall cause such Leasehold Mortgagee to be deemed to be a "mortgagee in possession" unless and until such Leasehold Mortgagee shall take control or possession of the Premises.

(i) New Lease.

(i) In the event of the termination of this Lease as a result of an Event of Default by Tenant, prior to the expiration of the Term, whether by summary proceedings to dispossess, service of notice to terminate, or otherwise, or as a result of any bankruptcy, insolvency or similar proceedings, Landlord shall serve upon each Leasehold Mortgagee who is entitled to notice, written notice of such termination promptly following same, together with a statement of any and all sums which would at that time be due under this Lease but for such termination, and of all other defaults, if any, under this Lease then known to Landlord. Subject to Section 13(i)(iv) below, the Leasehold Mortgagee shall thereupon have the option to obtain a new lease in accordance with and upon the following terms and conditions, and otherwise upon the same terms and conditions and in the same form as this Lease (including a term that expires on the same expiration date as this Lease) (a "New Lease"):

i. Upon the written request of such Leasehold Mortgagee, served upon Landlord in accordance with Section 25, within forty-five (45) business days after service upon the Leasehold Mortgagee of the aforementioned notice of termination, Landlord shall enter into a New Lease of the Premises with the Leasehold Mortgagee or any designee of the Leasehold Mortgagee (such Leasehold Mortgagee or such designee, the "New Tenant").

ii. The New Lease shall be effective as of the date of termination of this Lease and shall be for the remainder of the Term and at the Base Rent and upon all the agreements, terms, covenants and conditions hereof, it being acknowledged that the New Lease is effectively a reinstatement of this Lease (but with the New Tenant). Upon and as a condition to Landlord's execution of such New Lease, the New Tenant shall pay any and all sums which would at the time of the execution thereof be due under this Lease but for its termination, as aforesaid, and shall commence to remedy any non-monetary defaults (other than Incurable Defaults) under this Lease (and the New Lease shall require the New Tenant to diligently continue to remedy such non-monetary defaults until cured). Landlord shall have no obligation to deliver physical possession of the Premises in connection with the giving of any such New Lease to the extent that Landlord shall not previously have recovered possession of same.

iii. Nothing herein contained shall release Tenant from any of its obligations under this Lease which shall not have been discharged or fully performed by Tenant or by such Leasehold Mortgagee.

(ii) As between Landlord and such New Tenant, any such New Lease and the leasehold estate thereby created, subject to the same conditions contained in this Lease, shall continue to maintain the same priority as this Lease with regard to any mortgage or any other lien, charge or encumbrance whether or not the same shall then be in existence.

(iii) Upon the execution and delivery of a New Lease under this Section 13(i), all subleases which theretofore may have been assigned to Landlord thereupon shall be assigned and transferred, without recourse, by Landlord to the New Tenant. Between the date of termination of this Lease and the date of execution and delivery of the New Lease, if a Leasehold Mortgagee shall have requested such New Lease, Landlord shall not enter into any new subleases, cancel or modify in any material respect any then-existing subleases or accept any cancellation, termination or surrender thereof (unless such termination shall be effected as a matter of law on the termination of this Lease) without the written consent of the

Leasehold Mortgagee, not to be unreasonably withheld or delayed, except as permitted in the subleases.

(iv) Any rejection of this Lease by any trustee of Tenant in any bankruptcy, reorganization, arrangement or similar proceeding which would otherwise cause this Lease to terminate, shall, without any action or consent by Landlord, Tenant or any Leasehold Mortgagee, effect the transfer of Tenant's interest hereunder to the Leasehold Mortgagee or its nominee or designee. Such Leasehold Mortgagee may reject the transfer of this Lease upon such transfer upon giving notice thereof to Landlord no later than thirty (30) days after notice from Landlord of such transfer. Such Leasehold Mortgagee shall thereupon have no further rights or obligations hereunder. Alternatively, the Leasehold Mortgagee may, during such 30-day period, request a New Lease in accordance with the provisions of this Section 13(i). In the event that the Leasehold Mortgagee shall fail either to timely effect the transfer of this Lease or timely request a New Lease, then this Lease shall be deemed terminated and no Leasehold Mortgagee shall have any further rights under this Lease.

(j) Additional Leasehold Mortgagee Protective Clauses. In addition to the other rights, notices and cure periods afforded to the holders of any Leasehold Mortgage, Landlord further agrees that:

(i) without the prior written consent of the Leasehold Mortgagee, Landlord will neither agree to any material modification or amendment of this Lease, including any modification or amendment that increases Tenant's obligations or reduces Tenant's rights under this Lease, nor accept a surrender or cancellation of this Lease;

(ii) Landlord shall execute any modification to the Lease and enter into recognition agreements (in form and substance reasonably acceptable to Landlord, at the cost and expense of the party making the request) as reasonably requested by a Leasehold Mortgagee as a condition to making a loan to Tenant, provided that the same does not materially increase Landlord's obligations or materially diminish Landlord's rights hereunder;

(iii) the Leasehold Mortgagee shall have the right to participate in the adjustments of any insurance claims of the nature set forth in Article 16 and condemnation awards of the nature set forth in Article 17; and

(iv) within fifteen (15) business days following the written request of Tenant from time to time, Landlord shall execute and deliver an instrument addressed to the holder of any Leasehold Mortgage confirming that such holder is a Leasehold Mortgagee and entitled to the benefit of all provisions contained in the Lease which are expressly stated to be for the benefit of Leasehold Mortgagees.

(k) No merger of fee title with the leasehold interest under any circumstances (whether voluntary or involuntary or effected by the Landlord or the Tenant) will result in the termination of this Agreement or an extinguishment of any Leasehold Mortgage.

(l) Notwithstanding any other term or provision of this Lease to the contrary, Landlord's interest in this Lease and in the Premises shall not be subject or subordinate to any Leasehold Mortgage now or hereafter placed upon Tenant's interest in this Lease, the leasehold interest created hereby, or upon any interest in Tenant.

(m) Sale-Leaseback. Notwithstanding anything to the contrary, upon or following substantial completion of the Project, Tenant shall have the absolute right, without requiring Landlord's consent, to Transfer, in whole or in part, Tenant's interest in this Lease and/or the Project in a transaction through which Beta Technologies, Inc. or its Affiliate (the "Beta Sublessee") simultaneously enters into, and thereafter remains the subtenant under, a Sublease for the entirety of the property interest subject to such Transfer (the "Beta Sublease", and together with such Transfer, a "Permitted Sale-Leaseback"). Notwithstanding anything to the contrary, the transferee of this Lease in connection with a Permitted Sale-Leaseback (and any subsequent transferee from such initial transferee) may Transfer its interest in this Lease and the Beta Sublease without the consent of Landlord. Notwithstanding anything to the contrary, the City shall have the same rights, subject to the same exceptions, to review and approve any Transfer of the Beta Sublessee's interest in the Beta Sublease that the City holds with respect to a Transfer of this Lease pursuant to Section 12. Landlord shall execute any modification to the Lease and enter into recognition agreements (in form and substance reasonably acceptable to Landlord, at the cost and expense of the party making the request) as reasonably requested in connection with a Permitted Sale-Leaseback, provided that the same does not materially increase Landlord's obligations or materially diminish Landlord's rights hereunder.

Section 14. **Signs**. Tenant has the right to place, install or maintain upon the Premises any sign, symbol, advertisement or similar device which is intended to be visible to public view from outside the Premises so long as Tenant first obtains, at its sole expense, all necessary governmental permits and approvals therefor and Landlord's prior written consent (subject to Section 44).

Section 15. **Indemnity and Insurance**.

(a) Tenant shall, from and after the Effective Date, defend, indemnify and hold harmless Landlord, its officers and employees, from and against all loss, liability, damages, claims, proceedings, costs (including costs of defense and reasonable attorneys' and professionals' fees incurred in defense or incurred in enforcement of this indemnity), expenses, demands, suits and causes of action (all of the foregoing collectively referred to as "Liabilities") arising out of or in connection with (i) damage to property or death or injury to any person sustained on or about the Premises, or arising (directly or indirectly) out of or in connection with Tenant's possession, use, occupation or control of the Premises, (ii) damage to any property or death or injury to any person anywhere occasioned, or claimed to have been occasioned, by any willful misconduct or any negligent act or omission of Tenant, its agents, employees, licensees or contractors and (iii) any breach or default of this Agreement by Tenant, its agents, employees, licensees or contractors, except in any event to the extent such damage, death, injury or Liabilities are caused by or arise from the willful misconduct or negligence of Landlord.

(b) Insurance Certificates. Unless waived in writing or otherwise provided by the Landlord, the Tenant shall procure the insurance coverages identified below at the Tenant's own expense and shall furnish the Landlord an insurance certificate listing "City of Burlington, Burlington International Airport" as the certificate holder. The insurance certificate must provide the following:

- Name and address of authorized agent.
- Name and address of insured.
- Name of insurance company(ies).
- Description of policies, including coverage type and amounts.
- Policy Number(s).
- Policy Period(s).

- Limits of liability.
- Name and address of Landlord as certificate holder.
- Signature of authorized agent.
- Telephone number of authorized agent.
- Insurance company will endeavor to notice in accordance with the policy provisions in the event of cancellation/non-renewal.
- Landlord designated as additional insured under all policies with the exception of professional liability and workers' compensation.

Landlord may require certificates of insurance for any insurance policies entered into by Tenant, and Tenant is responsible for annually verifying and confirming in writing to Landlord that all sub-contractors, agents, operators or workers meet the minimum coverage and limits plus maintain current certificates of coverage, and that all work activities related to this Agreement shall meet minimum coverage and limits, with any sub-contractors, agents, operators or workers complying with the same insurance requirements as Tenant.

(c) Policy Provisions. Each of the insurance coverages required below (i) shall be issued by a company licensed by the State of Vermont to transact the business of insurance in the State of Vermont for the applicable line of insurance, and (ii) shall be an insurer with a Best Policyholders Rating of "A-/VIII" or better by the latest *Best Insurance Report* or has an analogous rating from a comparable rating service approved by Landlord. Each such policy shall contain the following provisions:

(i) All certificates shall contain a provision stating that the coverages afforded under said policies will not be cancelled, materially changed or not renewed without at least thirty (30) days written prior notice to the Landlord; and

(ii) The policies shall not be subject to invalidation as to any insured by reason of any act or omission of another insured or any of its officers, employees, agents or other representatives and shall contain a clause to the effect that such policies and the coverage evidenced thereby shall be primary with respect to any policies carried by Landlord, and that any coverage carried by Landlord shall be excess insurance. In no event shall the limits of said policies be considered as limiting the liability of Tenant under this Agreement.

(d) Insurance Coverages. During the Term, the Tenant agrees to purchase and maintain the following types of insurance coverages, and provide evidence of continuing coverage to Landlord on an annual basis. Under no circumstances shall Tenant's liability be limited to the amount of insurance carried. Any changes to insurance are at the sole expense of Tenant. Limits of insurance required at the Effective Date of this Agreement are as follows:

(i) Workers' Compensation and Employer's Liability. The Tenant agrees to provide Workers' Compensation coverage in accordance with the statutory limits as established by the State of Vermont and with a minimum limit for employer's liability no lower than \$500,000/accident (bodily injury by accident) and \$500,000 policy limit, \$500,000/employee (bodily injury by disease). The Tenant shall require all contractors and subcontractors performing work or occupying the Premises under this Agreement to obtain an insurance certificate showing proof of Workers' Compensation coverages and Tenant shall require from its general contractor(s) that all subcontractors submit certificates of such insurance to Landlord prior to performing work or occupying the Premises.

(ii) Employers' Liability Insurance. If Tenant has employees, the Tenant shall also maintain Employers Liability Insurance Coverage with limits of at least:

Bodily Injury by Accident	-	$500,000 each accident; and
Bodily Injury by Disease	-	$500,000 each employee.
Bodily Injury by Disease	-	$500,000 policy limit.

The Tenant shall require all contractors and subcontractors performing work or occupying the Premises under this Agreement to obtain an insurance certificate showing proof of Employers Liability Insurance Coverage and Tenant shall require from its general contractor(s) that it and all subcontractors submit certificates of such insurance to Landlord prior to performing work or occupying the Premises. Notwithstanding the foregoing, recognizing that not all subcontractors will have the limits set forth herein, the Tenant may allow its contractor to have discretion to accept lower limits from subcontractors as appropriate.

(iii) Commercial General Liability Insurance. The Tenant shall provide Commercial General Liability Insurance naming the Landlord as additional insured on a primary, non-contributory basis which shall include, but need not be limited to, coverage for bodily injury and property damage arising from premises and operations liability, products and completed operations liability, personal injury and advertising liability, contractual liability, fire legal liability, blasting and explosion, collapse of structures and underground damage liability. The Commercial General Liability Insurance shall provide at minimum limits of $1,000,000 per occurrence, $2,000,000 aggregate.

(iv) Commercial Business Automobile Liability Insurance. The Tenant shall provide Commercial Business Automobile Liability Insurance naming the Landlord as additional insured on a primary, non-contributory basis which shall include coverage for bodily injury and property damage liability arising from the operation of any owned, non-owned or hired automobile. The Commercial Business Automobile Liability Insurance Policy shall provide not less than $1,000,000 Combined Single Limits for each accident.

(v) Commercial Umbrella Liability Insurance. The Tenant shall provide a Commercial Umbrella Liability Insurance Policy to provide excess coverage above the Commercial General Liability, the Commercial Business Automobile Liability, and Employers' Liability on a follow form basis in addition to the minimum limits set forth herein and including identical additional insured requirements as required in the primary liability policies. The minimum amount of Umbrella limits required above the coverages and minimum limits stated above shall be $4,000,000 per occurrence and $4,000,000 in the aggregate. Alternatively, if excess coverage is not available for any of the liability policies referenced above, the minimum limits of the underlying policy shall be increased by $4,000,000 per occurrence and $4,000,000 in the aggregate.

(vi) Builders Risk Insurance. During the construction of the Project, any major renovation (defined to mean with a cost in excess of $100,000) or major reconstruction of all or any portion of the Project, Tenant shall provide, or cause its Contractor to provide, a Builder's Risk Insurance Policy to be made payable to the Landlord and Tenant as their interests may appear, but in all instances subject to the terms, conditions of any Leasehold Mortgage and the requirements of any Leasehold Mortgagee. The policy amount should be equal to 100% of the construct sum under any construction contract applicable to any such reconstruction. All deductibles shall be the sole responsibility of Tenant or the Contractor, and in no event shall the amount of any deductible exceed $250,000.00. The policy shall be endorsed substantially as follows:

"The following may occur without diminishing, changing, altering or otherwise affecting the coverage and protection afforded the insured under this policy:

(i) Furniture and equipment may be delivered to the insured premises and installed in place ready for use; and

(ii) Partial or complete occupancy by Tenant, and

(iii) Performance of work in connection with construction operations insured by the Tenant, by agents or sublessees or other contractors of Tenant, or by contractors of the Tenant."

(vii) During the construction of the Project, any major renovation (defined to mean with a cost in excess of $100,000) or major reconstruction of all or any portion of the Project, Tenant shall require its general contractor, architect and other design professionals with significant design obligations (other than the landscape architect) to carry professional liability insurance covering claims arising out of negligent errors or omissions in rendering or failure to render professional services, in an amount not less than $1 million each claim and $2 million annual aggregate; coverage shall include liability arising out of a contract, and if such insurance is on a claims made basis, Tenant's architect shall maintain liability coverage for not less than five years following the date of substantial completion of the work.

(viii) Property Insurance. Upon completion of the Project, during the Term Tenant shall provide an "all risk" Property Insurance Policy to be made payable to the Landlord and Tenant as their interests may appear, but in all instances subject to the terms and conditions of any Leasehold Mortgage and the requirements of any Leasehold Mortgagee. The policy amount should be equal to 100% of the replacement value of the completed Project and related improvements and shall include replacement cost, demolition cost and increased cost of construction endorsements. All deductibles shall be the sole responsibility of Tenant, and in no event shall the amount of the "All Risk" deductible exceed $100,000.00. Any improvements constructed by Tenant upon the Premises shall be constructed and maintained at Tenant's risk.

(ix) Performance Bond and Payment Bond. During the construction of any major renovation (defined to mean with a cost in excess of $500,000) or major reconstruction of all or any portion of the Project, Tenant shall deliver to Landlord, at the time of execution of a contract related to such construction or reconstruction work evidence of, (x) a Performance Bond of Tenant's contractor equal to 100% of the completed value of the work with Landlord named as a co-obligee, and (y) a Labor and Materials Payment Bond from Landlord's contractor in the amount equal to 100% of the completed value. For additional clarity, this Section 15(d)(ix) shall not apply with respect to the initial construction of the Project, bonding for which is addressed in Section 3(d)(iii), or otherwise with respect to work being performed by the Contractor.

(e) Waiver of Subrogation. Each of Landlord and Tenant hereby releases the other and their officers, directors, shareholders, agents and employees from any and all liability or responsibility (to the other or anyone claiming through or under them by way of subrogation or otherwise) for any loss or damage to property caused by any of the perils which are insured against under standard policies of fire and casualty insurance (including extended coverage), even if such fire or other casualty shall have been caused by the fault or negligence of the other party, or anyone for whom such party may be responsible. This provision shall be deemed suspended during any period of time when insurance companies will not issue insurance policies for properties with such a provision in this Agreement.

(f) Termination of Obligation to Insure. Unless otherwise expressly provided to the contrary, the obligation to insure as provided herein continues throughout the Term and shall not terminate until this Agreement has expired or been terminated and the Premises surrendered.

(g) Review of Insurance. Subject to the terms and conditions of any Leasehold Mortgage and the requirements of any Leasehold Mortgagee, the Landlord reserves the right to review the insurance coverage requirements every five years to ensure that the specified coverages and limits remain commercially reasonable for similar improvements and facilities, and Tenant shall modify its coverage throughout the term of this Agreement at Tenant's sole expense upon the reasonable request of Landlord if the specified coverages and limits are no longer commercially reasonable for similar improvements and facilities.

Section 16. **Damage or Destruction**. If, during the Term, the Project is wholly or partially damaged or destroyed, Tenant shall promptly give written notice of that damage or destruction to Landlord. Subject to the terms of any Leasehold Mortgage then in effect, any such damage or destruction shall not terminate this Agreement, and Tenant shall apply available insurance proceeds and the amount then held in the Capital Reserve Account to promptly repair, restore, replace, rebuild, or reconstruct (herein "Restoration" or "Restore") the Project to substantially the same quality, workmanship, finishes and size as existed immediately before the damage or destruction unless the Landlord gives its prior written approval to do otherwise (subject to Section 44). Subject to the terms of any Leasehold Mortgage then in effect, which may provide that a Leasehold Mortgagee has the right to participate in adjustment of losses as to casualty proceeds, the Restoration shall be commenced promptly and prosecuted with due diligence following adjustment or collection of insurance proceeds. The terms of any Leasehold Mortgage may require payment of insurance proceeds to be made to the Leasehold Mortgagee or to an independent trustee acceptable to the Leasehold Mortgagee until Restoration is complete. Base Rent required to be paid hereunder shall abate in proportion to that part of the Premises that is rendered unfit for occupancy bears to the whole of the Premises until Restoration is complete. In no event shall Landlord have any right to receive any insurance proceeds; any excess insurance proceeds remaining following Restoration shall be delivered to Tenant, subject to the rights of any Leasehold Mortgagee. The parties acknowledge that if funds held in the Capital Reserve Account are used in connection with the restoration of the Project, the reduction of the sum then held in the Capital Reserve Account may be offset by the fact that some or all of the Project shall have been replaced prior to their scheduled replacement. Notwithstanding the foregoing, Tenant agrees that if reasonably requested by Landlord, it shall commission a third-party consultant selected and paid for by Tenant and reasonably acceptable to Landlord to perform a life cycle analysis of the Project following restoration to determine the amount by which the Capital Reserve Account shall be funded on a monthly basis following restoration.

Notwithstanding anything to the contrary, if any damage or casualty to the Project shall occur within the five (5) years prior to the end of the Term, and the cost of Restoration pursuant is reasonably estimated to exceed one percent (1%) of the replacement cost thereof, Tenant shall have the right to terminate this Lease. Tenant shall exercise such right on or before the date that is ninety (90) days after the occurrence of such damage or casualty. If Tenant provides such notice of termination of this Lease, then at the option of Landlord, Tenant, at its sole cost and expense (subject to reimbursement from the Capital Reserve Fund and as described below), shall either (i) demolish the Project, or (ii) safeguard and secure the Project so that they do not present any imminent danger to person or property. Landlord shall exercise such option within two (2) months after such notice. If this Lease so terminates, then the proceeds of insurance shall be disbursed as follows: (a) first, to any Leasehold Mortgagee, the amount of the outstanding indebtedness secured by the Leasehold Mortgage, (b) second, to Tenant to reimburse Tenant for the out-of-pocket costs incurred by Tenant pursuant to clauses (i) and (ii) above, if any, and (c) the balance, to Landlord.

Section 17. **Condemnation or Eminent Domain; Certain Other Governmental Orders**.

(a) If the whole of the Premises and the Project shall be appropriated or condemned under power of eminent domain by any competent authority for any public or quasi-public use or purpose after the Effective Date, Tenant reserves unto itself the right to prosecute its claim for an award of damages for the termination of this Agreement caused by such appropriation or taking, together with damages based on the value of Tenant's total improvements on the Premises and damages Tenant may sustain caused by such appropriation and taking of, or the injury to, the Tenant's leasehold interest. In such event, this Agreement shall terminate when Tenant can no longer use the Premises in the manner herein intended, or when possession thereof shall be required by the appropriating or condemning authority, whichever shall first occur and any unearned Rent or other charges, if any, paid in advance shall be refunded to Tenant.

(b) If a part of the Premises shall be appropriated or condemned, and Tenant determines in its reasonable discretion that such partial taking renders the continued operation and management of the Premises uneconomic, then and in any such event Tenant, at any time either before or within a period of sixty (60) days after the date when possession on the part of the Premises so taken shall be required by the appropriating or condemning authority may elect to terminate this Agreement. If Tenant shall exercise such election to terminate this Agreement, Tenant shall have the right to prosecute its claim for an award for damages for the termination of this Agreement caused by such partial appropriation or taking, together with damages based on the value of Tenant's total improvements in the same manner and to the same extent as that hereinbefore reserved by Tenant in the event that the whole of the Premises were appropriated or condemned, except that nothing herein shall be construed to entitle Tenant to any such damages or to obligate the Landlord to pay any such damages or portion thereof upon a failing by the condemning or appropriating authority or an adjudication as between the authority and Tenant to make an award of damages. Upon termination, any unearned Rent or other charges, if any, paid in advance shall be refunded to Tenant. For additional clarity, any temporary taking of the whole or part of the Premises shall be considered under this Section 17 as a partial taking.

(c) If Tenant shall fail to exercise such option, or in the event that a part of the Premises shall be taken or condemned under circumstances in which Tenant shall have no such option, then in either event this Agreement shall continue in full force and effect and shall terminate only as to that part of the Premises so taken and Rent required to be paid hereunder shall abate in proportion to that part of the Premises that is taken or condemned bears to the whole of the Premises. In that event Tenant shall, using compensation available or paid upon such a partial taking (or purchase), and if those are insufficient, using funds then held in the Capital Reserve Account, make all repairs to the buildings and improvements on the Premises affected by such taking (or purchase) to the extent necessary to restore the same to a complete architectural unit (to the extent permitted, however, taking into consideration the amount of land remaining after any such taking or purchase). All compensation available or paid to the Landlord and Tenant upon such a partial taking (or purchase), shall be paid to Tenant for the purpose of paying towards the cost of such restoration, and any excess compensation shall be paid first to Tenant for the value of any improvements or improved property so taken, and then to Landlord for the value of any property taken and considered as unimproved and for the cost of any property restoration occasioned by such partial taking (or purchase). The parties acknowledge that if funds held in the Capital Reserve Account are used in connection with the restoration of the Project, the reduction of the sum then held in the Capital Reserve Account may be offset by the fact that some or all of the Project shall have been replaced prior to their scheduled replacement. Notwithstanding the foregoing, Tenant agrees that if reasonably requested by Landlord, it shall commission a third-party consultant selected and paid for by Tenant and reasonably acceptable to Landlord to perform a life cycle analysis of the Project following restoration to determine the amount by which the Capital Reserve Account shall be funded on a monthly basis following restoration.

(d) In all events, and notwithstanding the foregoing provisions of this Section or anything to the contrary, a Leasehold Mortgagee shall have the right to participate in any condemnation proceedings and settlement discussions. If any Leasehold Mortgage is in effect at the time of any taking or partial taking, payments or awards made in connection therewith shall be made to the Leasehold Mortgagee or to an independent trustee for the purposes of supervising and controlling the receipt and disbursement of condemnation awards for the restoration of the Premises (in the event of a partial taking that does not result in the termination of this Agreement) or otherwise. This payment must not be less than the total award minus the value of the land considered as unimproved but encumbered by this Agreement.

(e) To the maximum extent allowable under State or Federal Law, Tenant reserves its rights to pursue damages or remedies for any condemnation of the Premises. Nothing in this Section 17 waives or modifies any legal or equitable rights Tenant may have as a leasehold owner or as a business owner in the event the Premises is subject to eminent domain.

(f) In the event of the issuance by any court of competent jurisdiction of an injunction, order, or decree preventing or restraining the use by Tenant of all or any substantial part of the Premises or preventing or restraining the use of the Airport for usual Airport purposes in its entirety, or the use of any part thereof which may be used by Tenant and which is necessary for Tenant's operations on the Airport, Landlord shall not be deemed in default of its obligations hereunder, and Tenant's obligation to pay Rent shall equitably abate until such order terminates or is vacated.

(g) In the event that any agency or instrumentality of the federal or any state or local government shall occupy the Airport or a substantial part thereof, or in the event of military mobilization or public emergency wherein there is a curtailment, either by executive decree or legislative action, of normal civilian traffic at the Airport or its use for civil aviation, and any of said events shall result in material interference with Tenant's normal operations, Landlord shall not be deemed in default of its obligations hereunder, and Tenant's obligation to pay Rent shall equitably abate until such state affairs ceases and normal operations resume

Section 18. **Landlord's Right to Mortgage Property**.

(a) Landlord shall have the right to grant one or more mortgages, deeds of trust or other security instruments on Landlord's interest in the Premises (each, a "Fee Mortgage"), subject to Section 18(b).

(b) Any Fee Mortgage shall automatically and without further act be subject and subordinate in all respects to this Lease, any Leasehold Mortgage and the Tenant's rights hereunder. The foregoing is intended to provide that although the Fee Mortgage pertains to the fee interest in the Property, any exercise by the holder of a Fee Mortgage (each, a "Fee Mortgagee") of its remedies thereunder shall be subject to this Lease and any Leasehold Mortgage and shall not terminate or otherwise affect this Lease. No foreclosure of such Fee Mortgage (or deed in lieu of such foreclosure) or other exercise of remedies under a Fee Mortgage, shall operate to disturb the rights of Tenant under this Lease or the rights of a Leasehold Mortgagee under a Leasehold Mortgage, and the transferee thereof shall recognize such rights. The foregoing provisions of this Section 18(b) are intended to be self-operative, but each Fee Mortgagee, by acceptance of its Fee Mortgagee, shall be deemed to have agreed to execute such further assurances as Tenant or any Leasehold Mortgagee may reasonably request to confirm the agreements set forth in this Section 18(b).

Section 19. **Environmental Compliance**.

(a) Except as provided in Subsections 19(b) and 19(d), below, to the extent caused by or arising from the acts or omissions of Tenant, its agents, employees or contractors, Tenant shall defend, indemnify, and hold harmless Landlord and its officers and employees from and against any and all claims, demands, penalties, fines, liabilities, settlements, damages, costs, or expenses (including reasonable attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses) of whatever kind or nature, known or unknown, contingent or otherwise, arising out of or in any way related to: (i) the presence, disposal, release, or threatened release of any Hazardous Materials on or from the Premises, except in any such case to the extent of any negligence or willful misconduct with respect to the foregoing by a party other than Tenant, its agents, employees or contractors; (ii) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to Hazardous Materials on or from the Premises, except in any such case to the extent of any negligence or willful misconduct with respect to the foregoing by a party other than Tenant, its agents, employees or contractors; (iii) any lawsuit brought or threatened, settlement reached, or government order relating to Hazardous Materials on or from the Premises, except in any such case to the extent of any negligence or willful misconduct with respect to the foregoing by a party other than Tenant, its agents, employees or contractors; and/or (iv) any violation of laws, orders, regulations, requirements, or demands of government authorities which are based upon or in any way related to Hazardous Materials on or from the Premises, except in any such case to the extent of any negligence or willful misconduct with respect to the foregoing by a party other than Tenant, its agents, employees or contractors. For purposes of this Section 19, the term "Hazardous Materials" includes any flammable explosives, radioactive materials, hazardous materials, hazardous waste, hazardous or toxic substances, oil or petroleum products, asbestos, or related materials; including as the same are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. §§ 9601, *et seq.*), the Hazardous Materials Transportation Act, as amended (49 U.S.C. §§ 1801, *et seq.*), the Resource Conservation and Recovery Act, as amended (42 U.S.C. §§ 6901, *et seq.*), applicable Vermont Statutes, and in the regulations adopted and publications promulgated pursuant thereto. Tenant shall provide Landlord with copies of any notices, correspondence, warnings, guidance or other written materials received from any governmental authority or other person or entity in connection with Hazardous Materials and the Premises and shall give Landlord written notice of its discovery or release of any Hazardous Materials on, from or affecting the Premises. The foregoing provisions shall be in addition to any other obligations and liabilities Tenant may have under this Agreement, at common law, or otherwise, and shall survive the termination or expiration of this Agreement for a period of two years.

(b) Tenant shall not be liable to Landlord for any Hazardous Materials to the extent that such Hazardous Materials were generated, stored, handled, transported, disposed of, discharged or released by any party other than Tenant, its agents, employees or contractors.

(c) Tenant shall provide Landlord with copies of any environmental reports or studies in its possession or in the possession of its agents which it can obtain without expense related to the Premises and any notices, correspondence, warnings, guidance or other written materials received from any governmental authority or other person or entity in connection with Hazardous Materials on, from or affecting the Premises and shall give Landlord written notice of its discovery or release of any Hazardous

Materials on, from or affecting the Premises.

(d) Except as otherwise provided in Subsection 19(a), above, Landlord shall defend, indemnify, and hold harmless Tenant and its members and managers from and against any and all claims, demands, penalties, fines, liabilities, settlements, damages, costs, or expenses (including attorney and consultant fees, investigation and laboratory fees, court costs, and litigation expenses) of whatever kind or nature, known or unknown, contingent or otherwise, arising out of or in any way related to: (i) the presence, disposal, release, or threatened release of any Hazardous Materials on, from, or affecting the Premises to the extent generated, stored, handled, transported, disposed of, discharged or released prior to January 1, 2020 and/or by Landlord or its tenants, agents, employees, licensees or contractors, except in any such case to the extent of any negligence or willful misconduct with respect to the foregoing by Tenant, its agents, employees, licensees or contractors; (ii) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to Hazardous Materials on, from or affecting the Premises to the extent generated, stored, handled, transported, disposed of, discharged or released prior to January 1, 2020 and/or by Landlord or its tenants, agents, employees, licensees or contractors, except in any such case to the extent of any negligence or willful misconduct with respect to the foregoing by Tenant, its agents, employees, licensees or contractors; (iii) any lawsuit brought or threatened, settlement reached, or government order relating to Hazardous Materials on, from or affecting the Premises; and/or (iv) any violation of laws, orders, regulations, requirements, or demands of government authorities based upon or in any way related to Hazardous Materials on, from or affecting the Premises to the extent generated, stored, handled, transported, disposed of, discharged or released prior to January 1, 2020 and/or by Landlord or its tenants, agents, employees, licensees or contractors, except in any such case to the extent of any negligence or willful misconduct with respect to the foregoing by Tenant, its agents, employees, licensees or contractors. Landlord shall provide Tenant with copies of any notices, correspondence, warnings, guidance or other written materials received from any governmental authority or other person or entity in connection with Hazardous Materials on, from or affecting the Premises and shall give Tenant written notice of its discovery or release of any Hazardous Materials on, from or affecting the Premises. The foregoing provisions shall be in addition to any other obligations and liabilities Landlord may have under this Agreement, at common law, or otherwise, and shall survive the termination or expiration of this Agreement for a period of two years.

Section 20. **Quiet Enjoyment; Landlord's Warranties**.

(a) Landlord covenants and agrees with Tenant that upon Tenant paying the Rent and observing and performing all the terms, covenants and conditions on Tenant's part to be observed and performed under this Agreement, Tenant shall and may peaceably and quietly have, hold, occupy and enjoy the Premises, the Project and all appurtenances thereto without hindrance or molestation from any person claiming by, through or under Landlord.

(b) Landlord represents and warrants to Tenant that (i) Landlord and any person executing this Agreement in a representative capacity has full right and lawful authority to execute this Agreement in the manner and upon the conditions and provisions herein contained; (ii) Landlord has obtained all necessary approvals, including from the FAA, to enter into this Agreement, including to allow the use of the Premises by Tenant as permitted under this Lease; (iii) Landlord owns good and marketable fee simple title to the Premises subject only to the Permitted Encumbrances and to no other restrictions, covenants, conditions, easements or encumbrances whatsoever unless subsequently consented to by Tenant (and if applicable by any Leasehold Mortgagee), (iv) Landlord has fully complied with all requirements pertaining in any way to the disposition of real estate as the same may apply to this Agreement, and (v) except as expressly provided otherwise in this Lease, there are no leases, licenses, or other agreements pursuant to which any person has the right to use or occupy any part of the Premises, except as set forth on **Schedule 20(b)** attached hereto.

Section 21. **<u>Defaults</u>**.

(a) If any one or more of the following events (herein called "<u>Events of Default</u>") shall occur:

(i) if default shall be made in the due and punctual payment of any installment of Rent, when and as the same shall become due and payable, and such default shall continue for a period of ten (10) business days after written notice thereof from Landlord; provided, however, that once Landlord has given Tenant two (2) such notices during any twelve (12) consecutive month period, Landlord shall not be required to give further written notice, and thereafter the failure by Tenant to pay any installment of Rent, when and as the same shall become due and payable, which failure continues for a period of ten (10) business days, shall be an Event of Default without further notice; or

(ii) if default shall be made in the due and punctual payment of any installment of any sum of money payable by Tenant under this Agreement other than Rent, when and as the same shall become due and payable, and any such default shall continue for a period of ten (10) business days after written notice thereof from Landlord; provided, however, that once Landlord has given Tenant two (2) such notices during any twelve (12) consecutive month period, Landlord shall not be required to give further written notice, and thereafter the failure by Tenant to make any such payment when and as the same shall become due and payable, which failure continues for a period of ten (10) business days, shall be an Event of Default without further notice; or

(iii) if default shall be made by Tenant in the performance or compliance with any of the agreements, terms, covenants or conditions in this Agreement provided, other than those referred to in the foregoing Subsections 21(a)(i) or (ii), and such default shall continue for a period of thirty (30) days after written notice from Landlord to Tenant specifying the items in default, or in case of a default or contingency which cannot with due diligence be cured within said thirty (30) day period, Tenant fails to proceed within said thirty (30) day period to commence to cure the same and thereafter to prosecute the curing of such default with due diligence (it being understood that the time of Tenant within which to cure shall be extended for such period as may be necessary to complete the same with all due diligence); or

(iv) if Tenant shall file a voluntary petition in bankruptcy or shall be adjudicated a bankrupt or insolvent, or shall file any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future state or federal bankruptcy or insolvency statute or law, or shall seek or consent to the appointment of any bankruptcy or insolvency trustee, receiver or liquidator of Tenant or of all or any substantial part of its properties or of the Premises; or

(v) if within sixty (60) days after the commencement of any proceeding against Tenant seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future state or federal bankruptcy act or any other present or future state or federal bankruptcy or insolvency statute or law, such proceeding shall not have been dismissed, or, if, within sixty (60) days after the appointment, without the consent or acquiescence of Tenant, of any trustee, receiver or liquidator of Tenant or of all or substantially all of its properties or of the Premises, such appointment shall not have been vacated or stayed on appeal or otherwise, or if within sixty (60) days after the expiration of any such stay, such appointment shall not have been vacated,

then and in any such event Landlord, at any time thereafter that the Event of Default remains uncured, may give written notice to Tenant specifying such Event of Default or Events of Default and stating that this Agreement and the term thereof shall expire and terminate on the date specified in such notice which shall be at least sixty (60) days after the giving of such notice, and upon the date specified in such notice this Agreement and such term and all rights of Tenant under this Agreement shall, subject to the rights of Leasehold Mortgagees, expire and terminate (except those that are expressly provided to survive termination of this Agreement) and whereupon the provisions of Section 7(c) and Section 7(d) shall apply.

Notwithstanding anything to the contrary, if the Event of Default giving rise to such notice of termination from Landlord arises pursuant to Section 21(a)(i) or 21(a)(ii), Tenant may cure such Event of Default prior to the date specified in Landlord's notice of termination in which event this Agreement shall continue in full force and effect.

Further notwithstanding anything to the contrary, if the Event of Default results in an emergency matter posing a risk of immediate harm to persons or property and/or respects failure by Tenant to maintain insurance as required by this Lease and Tenant fails to remedy the same within a reasonable time given the exigency, Landlord may elect to cure the same and Landlord's reasonable costs in so doing will be considered Additional Rent under this Lease.

(b) Upon any such expiration or termination of this Agreement, Tenant shall quit and peacefully surrender the Premises to Landlord, and Landlord, upon or at any such expiration or termination, may without further notice, enter upon and reenter the Premises and possess and repossess itself thereof by summary proceedings, and may bring such actions for damages or equitable relief to which Landlord may be entitled under Applicable Law or at equity, provided that in no event shall Landlord be entitled to accelerate or otherwise receive Rent for longer than four (4) years of the unexpired remainder of the Term, subject to Landlord's obligation to use good faith efforts to mitigate Tenant's damages.

(c) If Landlord shall default in its obligations under this Agreement, Tenant may pursue all available legal or equitable remedies provided by law.

Section 22. **Additional Covenants of Tenant**. Tenant covenants and agrees as follows:

(a) To keep and maintain the Project and the Premises, and each and every part thereof including the building structure and roof, doors and windows, exterior appearance, gas, electrical, plumbing, HVAC and other building systems, landscaping and hardscaping, and building shell and core fixtures, in good order, condition and repair (reasonable wear and tear excepted).

(b) Not to make any illegal use of the Premises and not to cause waste to the Premises.

(c) To pay to Landlord a late charge equal to five percent (5%) of each payment of Rent or other amount due hereunder which is not received by Landlord within ten (10) days after the same is due.

Section 23. **No Waiver; No Accord and Satisfaction**. The waiver by Landlord of a breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition, or of any subsequent breach of the same or any other term, covenant or condition. The subsequent acceptance of Rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant, other than the failure of Tenant to pay the particular rental so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such Rent. No covenant, term or condition of this Agreement shall be deemed to have been waived or modified, unless such waiver or modification is in writing and executed on behalf of the parties. No payment by Tenant or receipt by Landlord of a lesser amount than the monthly Rent herein stipulated shall be deemed to be other than on account of the earliest stipulated Rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as Rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such Rent or pursue any other remedy in this Agreement provided.

Section 24. **Time is of the Essence; Force Majeure**. All time limits stated herein are of the essence of this Agreement. If either party (and/or a Leasehold Mortgagee curing Tenant's or its obligations hereunder) shall be affected by Unavoidable Delay (as defined below), then performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. As used in this Agreement, "Unavoidable Delay" means delays incurred due to (i) any act of God (including weather delays beyond historic weather patterns), flood, earthquake, fire, disease, pandemics, epidemics and the like, (ii) labor strike, civil unrest or work stoppage or slowdown (including failure of building inspectors to reasonably process approvals that cause work stoppage), (iii) unforeseeable interruptions in utility services, (iv) unforeseeable material shortages, transportation and logistics delays, (v) sabotage, war, riot, terrorism, moratorium, (vi) unforeseeable governmental action (including required work stoppage or closure of construction sites by applicable government authorities including closures in the general vicinity where the Premises is located, and including unforeseen archeological conditions or closure of government offices that issue necessary permits), (vii) delays caused by the other party, or with respect to Tenant any Affiliate of Tenant, or with respect to Landlord, any division, department or instrumentality of Landlord or under Landlord control, (viii) any other unforeseeable act of any third party unrelated to, and having no arrangements, contractual or otherwise, with the Premises or the respective party claiming the delay that reasonably prevents an action from being taken through no fault of the respective party claiming the delay, or (xi) other similar causes beyond the reasonable control of the party claiming the delay (but not including insolvency).

Section 25. **Notices**. Any notices to be given pursuant to this Agreement shall be sufficient if given by a writing deposited in the United States mails, certified mail or registered mail, return receipt requested, postage prepaid, by commercial courier, provided the courier's regular business is delivery service and provided further that it guarantees delivery to the addressee by the end of the next business day following the courier's receipt from the sender, by email (provided the electronic process used is reasonably secure and not easily susceptible to manipulation and that if notice is delivered by email, notice must also be delivered by one of the other methods described above unless the recipient or its counsel waives for foregoing) addressed as follows:

If to Landlord:	City of Burlington Attention: Office of the City Attorney City Hall, 149 Church St. Burlington, VT 05401
with a copy to:	Burlington International Airport Attention: Director of Aviation 1200 Airport Drive South Burlington, VT 05403
with a copy to:	Jeremy Farkas, Esq.

MSK Attorneys
275 College Street
P.O. Box 4485
Burlington, VT 05406-4485
Telephone No.: (802) 861-7000
Email: jfarkas@mskvt.com

If to Tenant: Beta Technologies, Inc.
Attention: CEO & COO
1150 Airport Drive
South Burlington, VT 05403
Telephone No.: (802) 281-3623
Email: kyle@beta.team & blain@beta.team

with a copy to: Beta Technologies, Inc.
Attention: General Counsel
1150 Airport Drive
South Burlington, VT 05403
Telephone No.: (802) 281-3623
Email: bdunkiel@beta.team

or to such other person, address or number as the party entitled to such notice or communication shall have specified by notice to the other party given in accordance with the provisions of this Section. Any such notice or other communication shall be deemed given: (i) if mailed, three days after being deposited in the mail, properly addressed and with postage prepaid; (ii) if sent by courier, the next day after being deposited with the courier, properly addressed and with prepaid; (iii) if sent by email, when transmitted, provided that the sender does not receive an automated delivery failure or "out of office" message.

Section 26. **Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of the State of Vermont, without giving effect to such jurisdiction's principles of conflict of laws. The parties consent to and submit to in personam jurisdiction and venue in the State of Vermont, County of Chittenden, and in the U.S. District Court for the District of Vermont. The parties assert that they have purposefully availed themselves of the benefits of the laws of the State of Vermont and waive any objection to in personam jurisdiction on the grounds of minimum contacts, waive any objection to venue, and waive any plea of forum non conveniens. This consent to and submission to jurisdiction is with regard to any action related to this Agreement, regardless of whether the parties' actions took place in the State or elsewhere in the United States.

Section 27. **Partial Invalidity**. If any term, covenant, condition or provision of this Agreement or the application thereof to any person or circumstance shall, at any time or to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term, covenant, condition and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

Section 28. **Holding Over**. If Tenant shall continue in occupancy of the Premises after the expiration or termination of this Agreement, such occupancy shall not be deemed to extend or renew the terms of this Agreement, but such occupancy shall continue as a tenancy at will from month to month and otherwise upon the covenants, provisions and conditions herein contained, except that Base Rent shall be doubled. This Section shall not be construed as giving Tenant any right to hold over after any such expiration or termination. In addition, Tenant agrees to pay Landlord's reasonable attorney's fees and related costs if

Landlord must take legal action to evict or eject Tenant who is holding over or to collect the holdover amount as set forth in this provision.

Section 29. **Jury Trial Waiver**. Landlord and Tenant waive the right to a trial by jury in any action or proceeding based upon, or related to, the subject matter of this Agreement. This waiver is knowingly, intentionally, and voluntarily made by Tenant and Landlord and Tenant and Landlord acknowledge that neither Landlord nor Tenant nor any person acting on behalf of Landlord or Tenant has made any representations of fact to induce this waiver of trial by jury or in any way to modify or nullify its effect. Tenant and Landlord further each acknowledge that it has been represented (or has had the opportunity to be represented) in the signing of this Agreement and in the making of this waiver by independent legal counsel, selected of its own free will, and that it has had the opportunity to discuss this waiver with counsel. Tenant and Landlord further acknowledge that it has read and understands the meaning and ramifications of this waiver provision.

Section 30. **Tenant and Landlord Defined**. The word "Tenant" shall be deemed and taken to mean Beta Technologies, Inc. and its successors and permitted assigns. The term "Landlord" as used in this Agreement means only the owner for the time being of the Premises, so that, in the event of any sale thereof, the seller shall be and hereby is entirely freed and relieved of all covenants and obligations of Landlord hereunder not theretofore accrued, and it shall be deemed and construed, without further agreement between the parties or between the parties and the purchaser of the Premises, that such purchaser has assumed and agreed to carry out any and all covenants and obligations of Landlord hereunder.

Section 33. **Notice of Lease**. The parties will at any time, at the request of either one, promptly execute multiple originals of an instrument, in recordable form which will constitute a notice of lease, setting forth the information required by 27 V.S.A. § 341(c). Landlord shall, upon request of Tenant, promptly execute and deliver to Tenant any transfer tax returns, affidavits or other documents which shall be required by any recording office as a condition of recording such memorandum or notice of this Agreement. Tenant shall be responsible for all recording fees and other recording costs, including recording taxes, related to the recording of the memorandum or notice of this Agreement.

Section 34. **Number; Gender; "Including"**. Wherever the context so requires, the singular and the plural form of words and words of masculine or feminine gender shall, within those respective classifications, be deemed interchangeable. The term "including", and variants thereof, shall mean "including without limitation" unless the context otherwise expressly provides.

Section 35. **Captions; Headings**. The captions and section numbers appearing in this Agreement are inserted only as a matter of convenience. They do not define, limit, construe or describe the scope or intent of such sections, nor in any way affect this Agreement or have any substantive effect.

Section 36. **Counterparts**. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument; such counterparts may be evidenced by pdf or similar reproduction methods and/or may be executed electronically using electronic signature software (e.g., DocuSign or similar software) or similar methods (each a method of "Electronic Execution"), and each pdf or Electronic Execution shall have the same legal and binding effect as original signatures; upon the request of either party, the other shall furnish a copy or copies with original signature within five (5) business days.

Section 37. **Waiver of Rule of Construction**. The parties waive the benefit of any rule that this Agreement is to be construed against one party or the other.

Section 38. **Entire Agreement; Amendment**. This Agreement and the exhibits hereto and the agreements referenced herein embody the entire agreement and understanding between the parties relating to the subject matter hereof and there are no covenants, promises, agreements, conditions or understandings, oral or written, except as herein set forth. This Agreement may not be amended, waived or discharged except by an instrument in writing executed by both parties.

Section 39. **Successors and Assigns**. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

Section 40. **Commissions and Fees**. The parties hereto warrant and represent to each other that they have no knowledge of any real estate broker or agent to whom a commission may be payable as a result of this transaction or any such knowledge of any other finder's fees or commissions related thereto, and each party agrees to indemnify and hold harmless the other for all claims or demands of any real estate agent or broker claiming by, through, or under such party, which indemnification shall also include payment of costs and attorneys' fees incurred by a party in defense of a claim for such real estate commissions or fees.

Section 41. **Tenant Representations and Warranties**. The Tenant makes the following representations and warranties to and for the benefit of Landlord:

(a) Tenant is a Delaware corporation, validly existing and in good standing under the laws of the State of Delaware and qualified to do business in the State of Vermont and has the full power and authority to enter into, execute, deliver, and consummate the transaction contemplated by this Agreement and any instruments and agreements contemplated herein. Tenant has taken all action required by law or by its organizational or corporate documents to authorize the execution, delivery, and consummation of the transaction contemplated hereby.

(b) The consummation of the transaction contemplated by this Agreement will not violate or be in conflict with any provision of Tenant's governing documents, or any other agreement or instrument to which Tenant is a party or by which Tenant is bound, or any judgment, decree, order, statute, rule or regulation applicable to Tenant.

(c) This Agreement constitutes the legal, valid and binding obligation of Tenant in accordance with its terms. No consent or approval of any trustee or holder of any indebtedness of the Tenant, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Agreement or the consummation of any transaction herein contemplated, except as have been obtained or made and as are in full force and effect.

(d) No information, exhibit or report furnished to the Landlord by the Tenant in connection with the negotiation of this Agreement knowingly contains any untrue statement of a material fact or knowingly omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Section 42. **No Partnership**. The parties do not intend by this Agreement to create, nor shall this Agreement be deemed to create, a partnership or a joint venture among the parties; each party is an independent actor and entity, and nothing in this Agreement shall be deemed to make either party an agent or partner of the other, or to give either party the right to bind the other in any way, notwithstanding any reference to the Project as a "public-private partnership."

Section 43. **No Third-Party Rights**. This Agreement is made solely and specifically between and for the benefit of the parties hereto, and their respective successors and assigns, subject to the express provisions hereof relating to successor and assigns, and except as otherwise expressly set forth herein, no other person, individual, corporation or entity, whatsoever, shall have any rights, interests or claims hereunder or be entitled to any benefits under or on account of this Agreement as a third party beneficiary or otherwise.

Section 44. **Consents and Approvals**. Wherever this Agreement requires the approval or consent of Landlord or Tenant, unless a different standard is expressly indicated, such approval or consent shall not be unreasonably withheld, conditioned or delayed. Wherever this Agreement requires the approval or consent of Landlord or Tenant, unless a different time period is expressly provided, such party shall respond to any written request for approval or consent within ten (10) business days following receipt of the same. Such response shall include either the party's consent to, or rejection of, such request. The responding party may also request additional information or materials related to the approval or consent requested (provided such request shall not extend the time of such party to respond to the request). If any party fails to respond to any written request for approval or consent within such time period as may be provided in this Agreement, the party requesting such approval or consent may elect to send an additional written notice that (i) is marked URGENT, IMMEDIATE RESPONSE REQUIRED and states the approval or consent that is requested, and (ii) states that the failure to respond to such request within two (2) business days after receipt of such additional written notice shall be deemed approval or consent. If such additional notice is sent as aforesaid, the failure to respond to such request within two (2) business days after receipt of such additional written notice shall be deemed approval or consent to the request contained therein (a "Deemed Approval"). Wherever this Agreement requires the approval or consent of Landlord or Tenant, if such party determines to withhold such approval or consent, such party shall state in reasonable detail the basis for withholding such approval or consent.

Section 45. **Estoppel**. Each party shall, within thirty (30) business days after request by the other party, execute and deliver to the requesting party, or the party designated by the requesting party, a statement certifying that: (i) this Agreement is unmodified and in full force and effect (or, if there have been modifications, stating the modifications, and that the modified Agreement is in full force and effect); (ii) whether, to the responding party's knowledge, either party is in default in performance of any of its obligations under this Agreement, and, if so, specifying each default; and (iii) any other information reasonably requested concerning this Agreement.

Section 46. **Further Assurances**. Each party agrees that it will, without further consideration, execute and deliver such other documents and take such other action as may be reasonably requested by the other party to consummate more effectively the purposes or subject matter of this Lease, including amending this Lease to adjust the legal description of the Premises following construction to account for as-built conditions and entering into separate easements or other instruments to effectuate the access, use and other rights set forth in this Lease; provided, however, that the execution and delivery of such documents by such party shall not result in any additional liability or material cost to such party.

Section 47. **Dispute Resolution; Attorneys' Fees**. If a dispute arises between the parties with regard to the performance or interpretation of any terms of this Agreement, the parties agree to use the following procedures in the order as set forth below:

(a) Negotiation. A meeting shall be held between the Landlord and Tenant regarding the dispute to attempt in good faith to negotiate a resolution of the dispute (the "Negotiation Meeting"); such Negotiation Meeting shall be held within five (5) business days of a party's written request for such a meeting and may occur by telephone or video conference.

(b) Mediation. If the parties fail to resolve their dispute through the Negotiation Meeting, either party (the "Notifying Party") may demand non-binding mediation in an effort to resolve the dispute by giving written notice (the "Notice of Dispute") to the other party (the "Receiving Party"). The Notice of Dispute shall include, in detail, the issues in dispute that the Notifying Party deems relevant to the mediation. Within five (5) business days following the date of the Notice of Dispute, the Receiving Party shall submit to the Notifying Party a list of three (3) persons in Vermont or adjacent states who (i) do not have any professional, business, family or personal affiliation with any of the parties that would compromise their independence, (ii) have relevant training, experience and expertise with regard to the matters in dispute, and (iii) are reasonably available to mediate the dispute (the "Mediator List"). The Notifying Party shall, within three (3) business days following receipt of the Mediator List select a mediator (the "Designated Mediator") from the Mediator List and give written notice of the identification of the Designated Mediator to the Receiving Party and to the Designated Mediator. If the Receiving Party fails to approve a Mediator List within the time provided above, the Notifying Party shall have the right, upon notice to the Receiving Party, to designate a Designated Mediator who the Notifying Party reasonably believes will satisfy the Mediator criteria set forth above. The parties shall use good faith efforts to schedule and conduct the mediation as expeditiously as is reasonably possible, and the parties shall use their best efforts to make authorized representatives with authority to settle the dispute available for mediation and to cooperate in the mediation. The cost of Mediation, including any fees charged by the Mediator, shall be paid in equal shares by the Notifying Party and the Receiving Party.

(c) All negotiation shall occur in Chittenden County, Vermont at a mutually agreeable location; all Mediation shall occur or at the office of the Designated Mediator unless the parties to the dispute otherwise agree.

(d) If the parties fail to resolve the dispute through negotiation or mediation, then (1) if the parties agree on binding arbitration, they shall submit the matter to binding arbitration by a single arbitrator, or (2) a party may seek an adjudicated resolution through an appropriate court.

(e) The parties consent to the inclusion in any mediation, arbitration, or litigation (by consolidation, joinder, or any other manner) third parties substantially involved in a question of law or fact common to a dispute between the parties under this Agreement.

(f) The substantially prevailing party in any dispute arising out of or relating to this Agreement that is resolved by binding arbitration or by litigation shall be entitled to recover from the other party its reasonable attorneys' fees, costs and expenses incurred in connection therewith.

(g) This dispute resolution provision shall survive the expiration or termination of this Agreement.

Section 48. **Termination of Original Lease.** Landlord and Tenant hereby agree that the Original Lease is hereby terminated and of no further force or effect.

Signature Page(s) Follows

IN WITNESS WHEREOF, the parties, as evidenced by the signatures of their duly authorized agents, do hereby execute this Agreement as of the date first set forth above.

LANDLORD

City of Burlington

By: ___________________________
Name: ____________________________
Title: ___________________________

STATE OF VERMONT
CHITTENDEN COUNTY, SS.

This Lease was acknowledged before me on _____________, 20__ by ________________ as ___________and Authorized Agent of the City of Burlington.

Before me, _________________________________
Notary Public State of Vermont
My commission expires: 1.31.25
My credential number: __________________

TENANT

Beta Technologies, Inc.

By: _________________________________
Name: _________________________________
Title: Duly Authorized Agent

STATE OF VERMONT
CHITTENDEN COUNTY, SS.

This Lease was acknowledged before me on _____________, 20__ by ________________ as ___________and Authorized Agent of Beta Technologies, Inc.

Before me, _________________________________
Notary Public State of Vermont
My commission expires: 1.31.25
My credential number: __________________

EXHIBIT A

DEPICTION OF AIRPORT PROPERTY

[attached behind][5]

[5] DRM Note: Use same Exhibit A as with Valley West Apron.

EXHIBIT B-1

LEASE PLAN

[attached behind][6]

[6] DRM Note: Beta to provide

EXHIBIT B-2

Premises Legal Description

[to follow][7]

[7] DRM Note: Beta to provide.

EXHIBIT C

Parking Spaces

[to follow][8]

[8] DRM Note: BetaParties to providecoordinate graphic representation of location of Parking Spaces.

EXHIBIT D

Reserved

EXHIBIT E

REQUIRED FEDERAL PROVISIONS

I. Tenant agrees to comply with pertinent statutes, Executive Orders and such rules as are promulgated to ensure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance. If Tenant transfers its obligation to another, the transferee is obligated in the same manner as Tenant. This provision obligates Tenant for the period during which the property is owned, used or possessed by Tenant and the Airport remains obligated to the Federal Aviation Administration. This provision is in addition to that required by Title VI of the Civil Rights Act of 1964.

II. **Compliance with Nondiscrimination Requirements:** During the performance of this contract, the Tenant, for itself, its assignees, and successors in interest (hereinafter referred to as the "Contractor"), agrees as follows:

1. **Compliance with Regulations:** The Contractor (hereinafter includes consultants) will comply with the Title VI List of Pertinent Nondiscrimination Acts and Authorities, as they may be amended from time to time, which are herein incorporated by reference and made a part of this Agreement.

2. **Nondiscrimination:** The Contractor, with regard to the work performed by it during the contract, will not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The Contractor will not participate directly or indirectly in the discrimination prohibited by the Nondiscrimination Acts and Authorities, including employment practices when the contract covers any activity, project, or program set forth in Appendix B of 49 CFR part 21.

3. **Solicitations for Subcontracts, including Procurements of Materials and Equipment:** In all solicitations, either by competitive bidding or negotiation made by the Contractor for work to be performed under a subcontract, including procurements of materials, or leases of equipment, each potential subcontractor or supplier will be notified by the Contractor of the contractor's obligations under this contract and the Nondiscrimination Acts and Authorities on the grounds of race, color, or national origin.

4. **Information and Reports:** The Contractor will provide all information and reports required by the Acts, the Regulations, and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the sponsor or the Federal Aviation Administration to be pertinent to ascertain compliance with such Nondiscrimination Acts and Authorities and instructions. Where any information required of a contractor is in the exclusive possession of another who fails or refuses to furnish the information, the Contractor will so certify to the sponsor or the Federal Aviation Administration, as appropriate, and will set forth what efforts it has made to obtain the information.

5. **Sanctions for Noncompliance:** In the event of a Contractor's continuing noncompliance with the nondiscrimination provisions of this contract and failure to cure the same following the applicable notice and cure provisions of this Agreement, the sponsor will impose such contract sanctions as it or the Federal Aviation Administration may determine to be appropriate, including, but not limited to:

   a. Withholding payments to the Contractor under the contract until the Contractor complies; and/or
   b. Cancelling, terminating, or suspending a contract, in whole or in part.

6. **Incorporation of Provisions:** The Contractor will include the provisions of paragraphs one through six in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations, and directives issued pursuant thereto. The Contractor will take action with respect to any subcontract or procurement as the sponsor or the Federal Aviation Administration may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if the Contractor becomes involved in, or is threatened with litigation by a subcontractor, or supplier because of such direction, the Contractor may request the sponsor to enter into any litigation to protect the interests of the sponsor. In addition, the Contractor may request the United States to enter into the litigation to protect the interests of the United States.

III. During the performance of this Agreement, the Tenant, for itself, its assignees, and successors in interest (hereinafter referred to as the "Contractor") agrees to comply with the following nondiscrimination statutes and authorities; including but not limited to:

- Title VI of the Civil Rights Act of 1964 (42 USC § 2000d *et seq*., 78 stat. 252) (prohibits discrimination on the basis of race, color, national origin);
- 49 CFR part 21 (Non-discrimination in Federally-assisted programs of the Department of Transportation—Effectuation of Title VI of the Civil Rights Act of 1964);
- The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 USC § 4601) (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
- Section 504 of the Rehabilitation Act of 1973 (29 USC § 794 *et seq*.), as amended (prohibits discrimination on the basis of disability); and 49 CFR part 27;
- The Age Discrimination Act of 1975, as amended (42 USC § 6101 *et seq*.) (prohibits discrimination on the basis of age);
- Airport and Airway Improvement Act of 1982 (49 USC § 471, Section 47123), as amended (prohibits discrimination based on race, creed, color, national origin, or sex);
- The Civil Rights Restoration Act of 1987 (PL 100-209) (broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, the Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms "programs or activities" to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);
- Titles II and III of the Americans with Disabilities Act of 1990, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 USC §§ 12131 – 12189) as implemented by U.S. Department of Transportation regulations at 49 CFR parts 37 and 38;
- The Federal Aviation Administration's Nondiscrimination statute (49 USC § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
- Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures nondiscrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;
- Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 Fed. Reg. at 74087 to 74100);
- Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 USC 1681 et seq).

Schedule 1(e)

Permitted Encumbrances[9]

[9] DRM Note: Beta to provide.

Schedule 7(f)

<u>Parameters for Capital Reserve Account</u>

[attached behind][10]

[10] DRM Note: Beta to provide.

Schedule 20(b)

Lease Schedule

None.

22471006.1

22490259.1

GROUND LEASE AGREEMENT

BETWEEN

THE CITY OF BURLINGTON

AND

BETA TECHNOLOGIES

FOR THE

NORTH HANGAR

1150 AIRPORT DRIVE

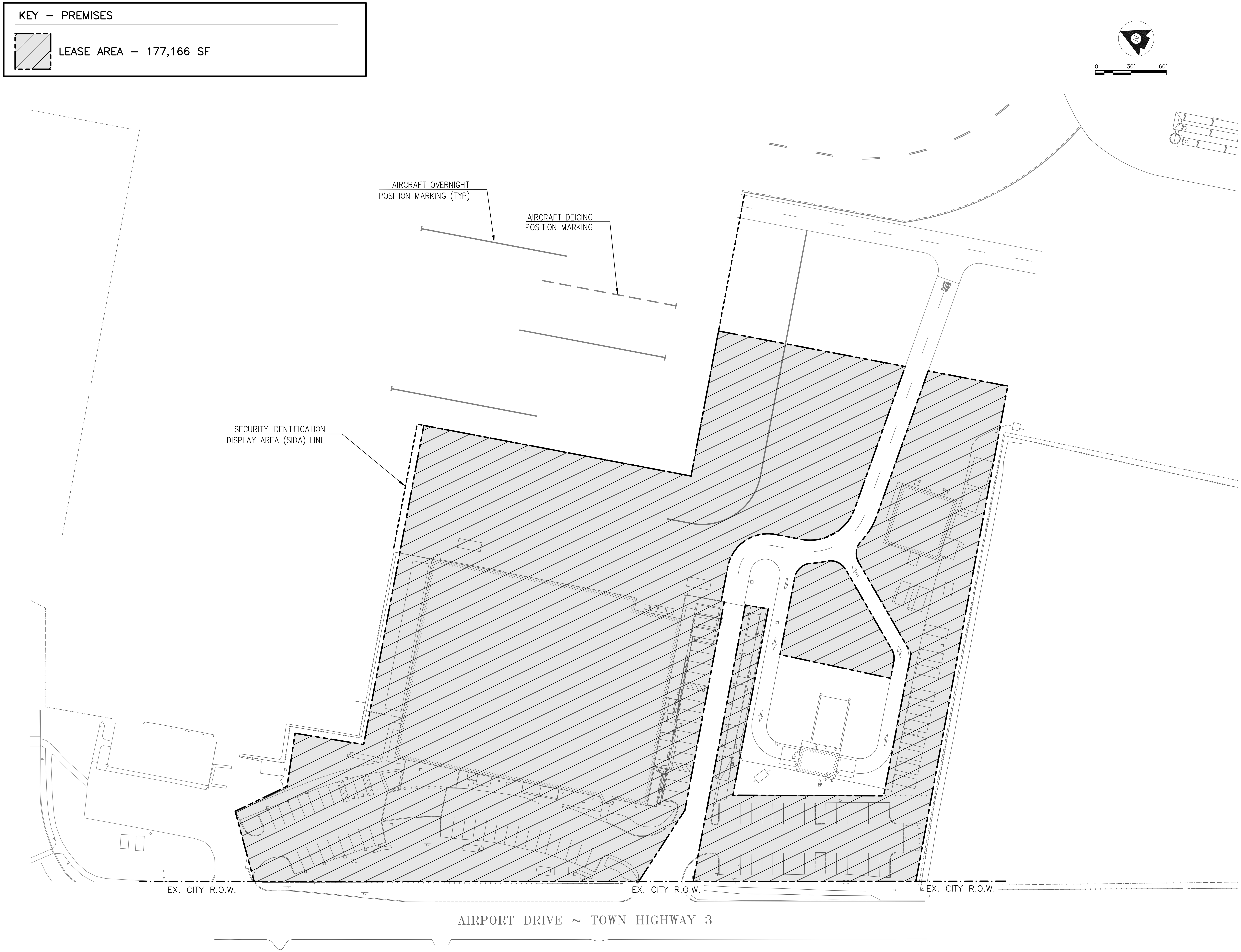


EXHIBIT B-1 LEASE PLAN

EXHIBIT B-1

PATRICK LEAHY
BURLINGTON
INTERNATIONAL AIRPORT

TO: City of Burlington, Board of Finance
City of Burlington, City Council
City of Burlington, Airport Commission

FROM: Patrick Leahy Burlington International Airport
Nicolas Longo, Director of Aviation

DATE: February 12, 2024

SUBJECT: Request to (1) convey the so-called North Hangar building at Patrick Leahy Burlington International Airport to Beta Technologies, Inc. (Beta) by Bill of Sale, and (2) execute a Ground Lease Agreement with Beta to replace the existing building lease between the parties.

REQUEST

The Patrick Leahy Burlington International Airport (Airport or BTV) seeks approval and authorization to convey the so-called North Hangar building located at 1150 Airport Drive to Beta Technologies, Inc. (Beta) and to replace the existing lease of that building with a Ground Lease Agreement.

EXECUTIVE SUMMARY

BACKGROUND.

Beta has been a tenant of the North Hangar at BTV since 2019 and has performed in accordance with the terms of its Council-approved lease. During that period, Beta has invested ±$15,000,000 to fully renovate the North Hangar to house its engineering, administrative and prototype manufacturing facilities. Beta now employs 465 people at its BTV facility, out of a total of nearly 600 employees at the company, many in high-paying positions. Beta manages a robust internship program, collaborating with local educational institutions to provide students with work-study opportunities. Beta is currently seeking to fill another 125 full-time positions and 85 internship positions at BTV. In all, Beta projects total expenditures on capital investments and salaries in excess of $200,000,000 through 2024.

A primary motivator for BTV to play an integral role in facilitating the Beta development is to support this emerging technology that will make a significant contribution to reducing greenhouse gases and the effects of climate change. Additionally, the opportunity for BTV to serve as the site for this significant financial investment is compelling. The direct and ancillary benefits to Burlington and the BTV region have been, and will be, substantial – including everything from direct payroll taxes, sales taxes, hotel and restaurant revenues and the multiplier effect of all of that from vendors that will be needed to supply and service Beta's business at BTV.

At the North Hangar, Beta originally leased from BTV certain space within a pre-existing building that had been scheduled for demolition; Beta then demolished or renovated substantial portions of the original building and constructed substantial improvements and additions to the remaining portion of the original building. Beta now desires to convert its existing lease of the North Hangar to become a ground lease, consistent with its other leases at BTV (for the new production facility and for the two West Valley hangars) so that Beta can finance the building and recover a portion of its ±$15,000,000 investment in the North Hangar for use to support its mission of developing electric aircraft.

Before Beta can convert its existing lease of the North Hangar to become a ground lease, it must first acquire the original building from the City. BTV's accounting records indicate that the original building has a book value of $383,419. Beta has agreed to pay that sum to the City in consideration of the City's conveyance of the building to Beta by Bill of Sale, and BTV's agreement to grant Beta a rent credit equal to that amount to be applied over a term of five years.

The basic terms of the Ground Lease Agreement are as follows:

<u>LEASE TERM</u>. The lease term would be 30 years, and Beta would have two 10-year extension options, which, if exercised, would cause the lease term to total 50 years.

<u>CAPITAL RESERVE</u>. Beta will fund and maintain a capital reserve to ensure that the leasehold improvements are maintained in good condition throughout the lease term. If BTV desires for the leasehold improvements to be demolished at the expiration of the lease term, the capital reserve can be used to fund the demolition.

<u>RENT</u>. The rent payable by Beta under the Lease will be fair market rent, consistent with the rent paid by other tenants of the Airport. Rent will escalate each year by the percentage change in the Consumer Price Index, with a minimum increase of 2% and a maximum increase of 6% each year. In addition, rent will reset to fair market every 10 years throughout the lease term.

<u>PARKING RENT</u>. Beta will also have the right to license the use of up to 125 parking spaces

at BTV upon payment of a fee per parking space consistent with the employee parking rates paid by others at BTV.

ATTACHMENTS

A. Ground Lease Agreement with Beta Technologies, Inc.

B. Parcel Diagram of Beta Site.

C. Bill of Sale with Beta Technologies, Inc.

MOTIONS:

Board of Finance:

1. "To approve and recommend that the City Council authorize the conveyance of the North Hangar building located at 1150 Airport Drive in South Burlington to Beta Technologies, Inc. and to authorize the Mayor of the City of Burlington to execute a bill of sale to effect the conveyance, subject to final review and approval by the City Attorney's Office."

2. "To approve and recommend that the City Council authorize the leasing of certain identified space at the Patrick Leahy Burlington International Airport to Beta Technologies, Inc. and to authorize the Mayor of the City of Burlington to execute the ground lease agreement, subject to final review and approval by the City Attorney's Office."

City Council:

1. "To authorize the conveyance of the North Hangar building located at 1150 Airport Drive in South Burlington to Beta Technologies, Inc. and to authorize the Mayor of the City of Burlington to execute a bill of sale to effect the conveyance, subject to final review and approval by the City Attorney's Office."

2. To authorize the leasing of certain identified space at the Patrick Leahy Burlington International Airport to Beta Technologies, Inc., and to authorize the Mayor of the City of Burlington to execute the ground lease agreement, subject to final review and approval by the City Attorney's Office."

Airport Commission:

1. To approve and recommend that the City Council authorize the conveyance of the North Hangar building located at 1150 Airport Drive in South Burlington to Beta Technologies, Inc. and to authorize the Mayor of the City of Burlington to execute a bill of sale to effect the conveyance, subject to final review and approval by the City Attorney's Office.

2. To approve and recommend that the City Council authorize the leasing of certain identified space at the Patrick Leahy Burlington International Airport to Beta Technologies, Inc. and to authorize the Mayor of the City of Burlington to execute the ground lease agreement, subject to final review and approval by the City Attorney's Office.

PATRICK LEAHY
BURLINGTON
INTERNATIONAL AIRPORT

To: Airport Commission

From: Larry Lackey
Director of Planning, Engineering and Environmental Compliance

Date: February 7, 2024

Subject: Airport Commission Construction Update

1. **Annual Parking Garage Maintenance ($2.2M).** The purpose of this maintenance is to ensure the longevity of the parking garage. We anticipated and were ready to start the replacement of the expansion joints and joint seal repair in the vicinity on the floors above the Tesla charging area. Due to the pandemic and travel restrictions, the maintenance project was postponed. This project is in the process of rebidding. Stair tower 1 was refurbished, new roof, pressure was of walls, new paint and conduit leak repair. We are developing a plan to complete the rehabilitation of the other stair wells. We are in the process of replacement of all lighting and the fire alarm systems in the parking garage totaling up to $2.2M. MEI is the selected contractor. Construction on the lighting and fire alarm replacement in the south garage is complete. MEI has left the site for the winter, restart, and complete the north garage in calendar year 2024. A contractor completed removing corrosion from columns and repainting in the Car Charging area.

2. **Environmental Assessment (est. $.25M).** The purpose of this project is to evaluate environmental impacts related to the mitigation of obstructions with in the aircraft approach surfaces to the runways. This is in follow up to the recently completed Master Plan, which includes obstruction identification and environmental review. The scope and IFE process is complete and a grant application was prepared and submitted on April 29, 2022. Grant received. Contract issued with work progressing. Letters currently going out to property owns about the investigations required. Investigations are complete with the report in progress.

3. **South Terminal Replacement Project ($35M).** The purpose of this project is for overall terminal efficiencies and a better passenger experience. Due to increased aircraft seating existing passenger hold areas are overcrowded during peak times as identified in the recent Master Plan Update. Recently the opportunity had risen through the Airport Terminal Improvement Program from the Bipartisan Infrastructure Law. We have submitted our request for full build out of this project, including: Demolition of the existing South Concourse; new Terminal improvements

A: 1200 Airport Drive, #1 South Burlington, VT 05403
P: 802.863.2874

(approximately 45,000 SF of new gross floor area on 2 levels); five (5) new aircraft gates; four (4) new passenger boarding bridges(PBB), new passenger circulation and hold rooms; future concessions space; and apron construction within demolished South Concourse footprint. The South Terminal Replacement Project will be approximately 160' farther from Taxiway A as the existing South Concourse. We were not selected this past year and have reapplied for FFY23 design only. We did receive notice from the program that we will be awarded the a design only grant for this project. We have finalized discussions with the FAA to how best move this project forward in the future, as the timing to design this needs to be pushed back due to FAA scheduling requirement and having the funding to complete the construction of this project.

4. **Cargo Apron Design Project ($.3M).** The purpose of this project is to provide additional space for other potential cargo carry operations. Have submitted 7460-1 (Air Space Review) to FAA for this project. The scoping of the he project, design only has been completed with the FAA. The IFE process for completion before a FAA Grant Application in April has been completed. Grant Application was submitted on April 3, 2023. Grant has been issued, moving to finalize contract. The contract has been issued to Hoyle, Tanner and Associates with the design to started.

5. **SRE Building Design ($1.2M).** The purpose of this project is to replace the existing out dated facilities, which does not meet the storage needs of the required equipment to maintain the airfield. A contract for study is being completed with programing and scoping moving forward. The scoping session with the FAA has been completed. The final scope is complete with the IFE process was completed. The Grant Application was submitted to the FAA. Contract has been signed with Passero Associates to design and bid this project. Site investigations were completed in November. The site plan has been developed with the building design in progress.

6. **Burlington Tech Center (BTC) ($10M).** The purpose of this project is to support the design efforts for an improved facility at the airport for the regional educational needs. The Burlington School district has been given an award for $10M in which they are in the process of applying for. We continue to work with the school on this project.

7. **FAA CIP for next 5 years.** We had our FAA Airports Division CIP review on September 14th.The focus was on next years proposed projects (FFY24), with the balance of the meeting discussion on the needed funds for our identified projects for the additional 4 years and beyond.

8. **BETA – Development**

   Communication and coordination with Beta on the first phase of the Electric Aircraft Assemble Facility and Valley West Hangar for all aspects of permitting, environmental, engineering, utilities and attendance at public hearing and construction meetings. The first Phase is substantially complete with a interim certificate of occupancy issued by the City of South Burlington.

9. **In-line Baggage Screening System Design ($.75M).** The purpose of this project is to update the baggage screening system from independent system to a more efficient streamlined in line baggage system. This project design is substantially complete and moving to closure so we may work with TSA for a grant on construction in future years. TSA has included this in their 2027 fiscal year budget, at this time.

10. **Taxiway A Mill & Overlay (est. $3.7M).** The purpose of this project is maintenance and the addition of safety measures to include new edge lighting and paved shoulders. The scope and proposal to have been received from the consultant (McFarland and Johnson Consulting, Inc.) A scoping session with the FAA was completed. The FAA Independent Fee Estimate (IFE) process has started. The permitting preparation process has started. The project consists of the rehabilitation of approximately 21,000 SY of existing Taxiway A pavement between Taxiway C and Taxiway G. Additionally, the project will include the construction of one 20-foot asphalt shoulder. The major project components include the mill and overlay of approximately 21,000 SY of existing taxiway pavement, the construction of approximately 4,000 SY of taxiway shoulder pavement, the installation of new taxiway edge lighting, airfield signage, and other ancillary items. Bids were received on April 20, 2022 and a grant application was prepared and submitted on April 29, 2022. Received grant moving to scheduling and contracts. We submitted an additional grant application for this project which includes the remainder of TW A and corresponding connection to TW C. Grant was received last week. This was initially removed from the previous year application do to limits on funding. Construction started on July 24, 2023. Construction is substantially complete. Final Inspection with the FAA was completed 10/30/23. Project closeout in process.

11. **Gate 9 Passenger Boarding Bridge (PBB) ($2.0M).** The purpose of this project is to provide a fully enclosed access for passengers to the commercial aircraft using the Terminal Gate 12 location on the Apron from the new TIP. Received scope and proposal from the consultant (Jacobs Engineering Group). The FAA scoping session was completed with the FAA. The Independent Fee Estimate (IFE) process is underway. This project is for the installation of a new PBB. The new PBB will be located at the south end of the Terminal Integration Project (TIP), which is currently under construction. The second floor of the TIP will serve as the Gate 9 hold room. The new PBB will eliminate the need for passengers to descend a stairwell, walk across the apron, and board aircraft via a stair truck. Accessibility for disabled passengers will be drastically improved as well. This project is being initiated now to identify the preferred rotunda location and PBB configuration while the TIP project can still accommodate changes. Bids were received on April 27, 2022 and a grant application was prepared and submitted on April 29, 2022. Grant received. Construction contract issued moving forward with construction. Construction and installation is nearing completion. Due to a request of one air carrier for a certain angle an addition wedge

piece was fabricated for connection to the building. The new PBB is operational and functioning well. The new PBB construction is complete with Final Inspection with the FAA was completed on 10/30/23. Project closeout in process.

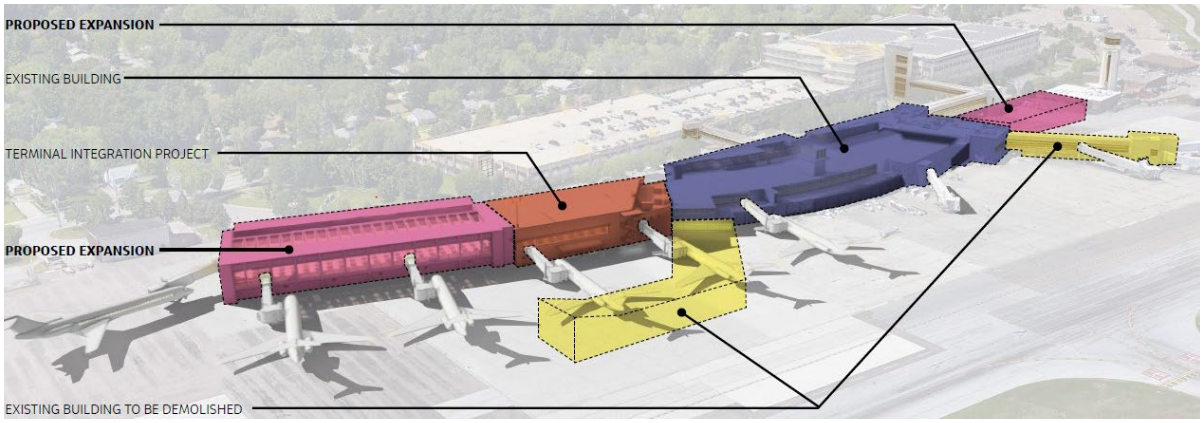
12. **South Apron and TW G Ext. Development ($6.0).** The purpose of this project is to provide much needed additional general aviation apron area on the airfield. Received scope and proposal from the consultant (Hoyle, Tanner and Associates) and have completed the FAA scoping session. The FAA IFE process is complete. The proposed project would extend Taxiway G approximately 100', construct a 19,000 SY general aviation apron in the area of the "quarry". Excess material from the site would be used to fill in the "gully" creating a level area along the Medium Intensity Approach Light System (MALSF) approach lighting plane replacing two light stations currently on towers with ground mounts and connecting the vehicle service road from the civilian to the military side of the airport. Scope for design and bidding has been completed with an IFE. Design is underway. There has been a delay in design do to the availability of the geotech contractor. Request for bids have been issued. The geotech report confirmed that a total fill of the gully is not economically feasible at this time. Grant has been recieved. Received Bids with the selected bidder being Engineers Construction, Inc. Grant Application has been submitted to the FAA. Completed questions from the FAA on the Application. We have completed permit process. Contractor started mobilization/construction on July 17, 2023. Mass excavation is complete. Stormwater chamber installation is complete, with other drainage piping work is completed. Placement of final sub-base materials is underway. In vicinity of the Beta building a temporary aircraft access for the winter is complete. Pavement to be started in the spring.

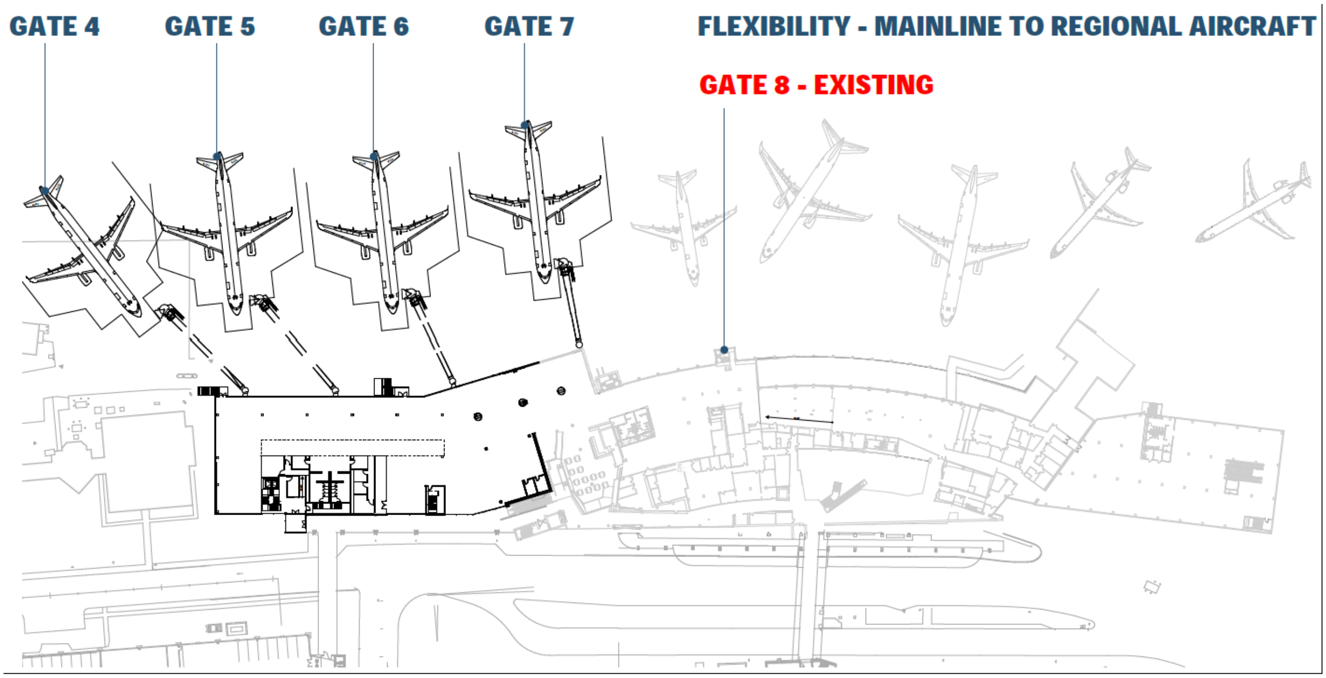
13. **Glycol System Upgrade (est. $3.5M).** The purpose of this project is to improve the glycol system (De-icing). We have had additional follow up discussions with the FAA and it appears this is eligible for funding and is being added back into our FAA CIP. Developing site evaluation scope.

14. **North Terminal Improvement Project ($2.0M)**. The purpose of this project is for overall terminal efficiencies and a better passenger experience due to the completion of the TIP the north terminal will be upgraded to provide more capacity for passengers and concessions. This includes the removal of the existing north TSA station along with the removal of the existing escalators. This project is under design and funding is anticipated from the recent approval of the Infrastructure Law. Received Bids with the selected bidder being Engelberth Construction, Inc. Preparing and submitting Grant Application. This will become a FFY23 Project. We have received the Grant from the FAA. Construction is nearing completion, and should be complete by September 15th. There was a delay related to the glass for the new restaurant area. Construction is complete with final inspection with the FAA completed on 10/30/23. Project closeout in process. However, we are in the process of applying for an additional grant to add additional egress lanes in both the North and South Terminal locations.

15. **PROJECT NEXT: North Terminal Replacement Project and New PBB's ($38M)**. The purpose of this project is for overall terminal efficiencies and a better passenger experience. Due to increased aircraft seating existing passenger hold areas are overcrowded during peak times as identified in the recent Master Plan Update. Recently the opportunity had risen from Senator Leahy's office through Congressional Directed Spending. We have submitted our request for full build out of this project Phase III Terminal Improvement Project, including: Demolition of the existing North Concourse; new Terminal Improvement (approximately 25,000 SF of new gross floor area on 2 levels); five (5) new aircraft gates; six (6) new passenger boarding bridges (PBB), new passenger circulation and hold rooms; future concessions space; and apron construction within demolished North Concourse footprint. Contract for 30% design has been issues to Jacobs Engineering Group. Geo-technical site work has been completed. Data collection and design currently on going. We submitted to the FAA for a Construction Manager at Risk (CMAR) RFQ/P construction development process. We received approval from the FAA on this procurement process. The RFQ/P for CMAR has been advertised with a pre-bid meeting and site visit by prospective contractors completed. CMAR Proposals received reviewed and scored. Also, held interviews with the top 3 contractors. This has been scored and we can let you know the selected contractor at the AC meeting. As reported the CMAR selected is Engelberth Construction Company. The contract with our design engineer, Jacobs Engineering Group, is completing the 80% design to move to pricing.

Conceptual Renderings – North and South Terminal (concourse) Improvements





16. **RW 15 – 33 Improvements – Mill and Overlay (15M).** The purpose of this project is to improve the pavement condition of the airport's main runway. Scoping meeting with FAA completed. Contract for design is moving to BOF/CC next week for review. Received CC approval moving to finalize contract. The 60% drawings have been completed. Moving to 100% and bidding

17. **Airfield Pavement Plan Update ($.25M).** The purpose of this project is to update the outdated pavement condition report done in 2017. All surfaces will be evaluated so we can plan on future

improvement for the safety of the aircraft users. Scoping has been completed with the FAA. We have completed the IFE. A Grant Application was submitted on April 3, 2023. Investigations have started, and the grant has been issued. Moving to finalize contract. The Contract has been issued to HTA with the investigations being completed. The report is in progress.

Patrick Leahy Burlington International Airport
Board of Commissioners
Noise Compatibility Program Updates

February 7, 2024

ADDITIONAL INFORMATION IS UPLOADED TO WWW.BTVSOUND.COM

Residential Sound Insulation Programs:

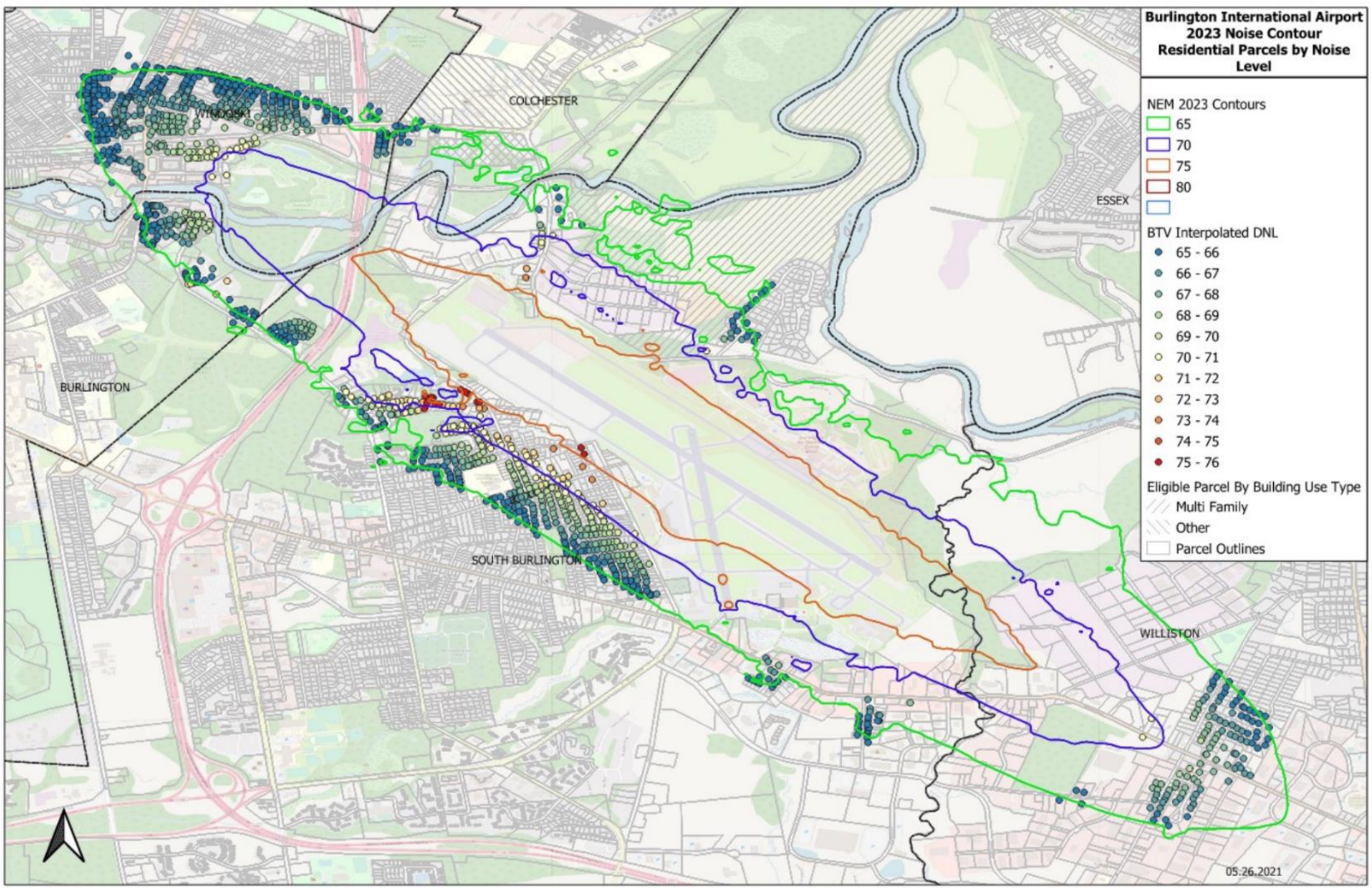
The purpose of the project is to convert a sample of incompatible residential units to a compatible land use by installing an acoustical treatment package which will provide relief from aircraft noise by upgrading interior living areas. Upgrades may include replacement of windows and doors with acoustically rated products and installation or upgrade of ventilation systems. The sound insulation treatments are designed to reduce the interior noise levels to below 45 DNL and provide a minimum noise level reduction of 5dB. This project has also determined the eligibility of an additional 50 residential units, located in and around the 70 DNL which will be included in phase 2 of the program.

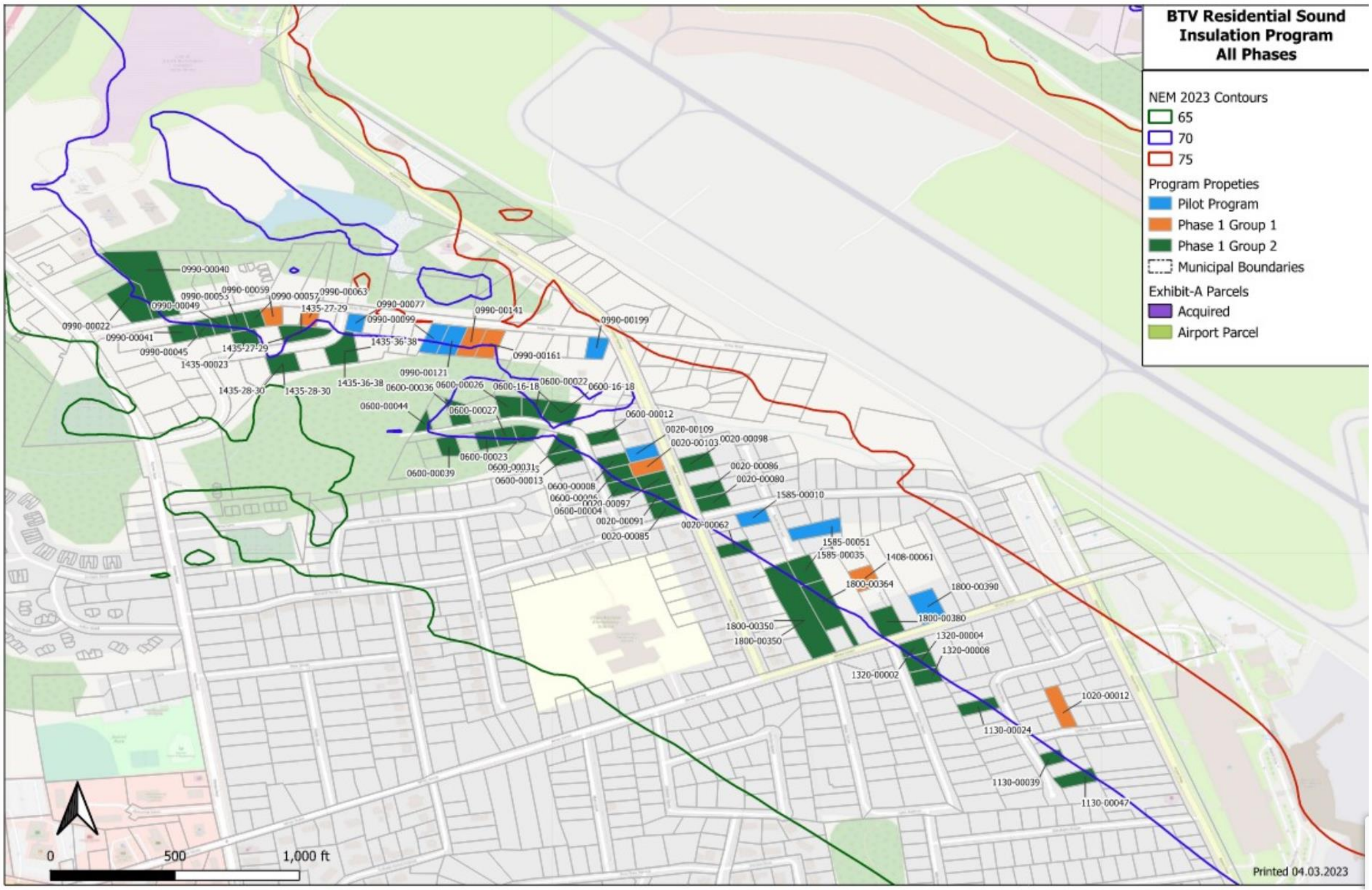
1. **Sound Insulation Pilot Project (Phase 1) ($1.5M).** This Program includes: Program formulation, Home eligibility determination, Project Management, Community Outreach, Evaluations of Structures, Design Services, Bid activities, Construction Support, Construction and Pre-qualification of 50 homes. The Airport and Consultant team has established program standards, implemented a pilot phase for sound insulation, and developed and created a public outreach program that defines the process. Based on the completed acoustical testing we requested and received approval from the FAA for blanket approval of homes in the 70 dB contour and higher to move to outreach and design without additional testing from the FAA. Construction has started on October 2nd and the first windows were installed on the first home. The schedule for this Phase 1 portion will include 9 properties, and construction will be completed approx. prior the end of calendar year 2023. . The installation of noise reduction materials for the 9 properties is currently substantially, and close out expected in January 2024.

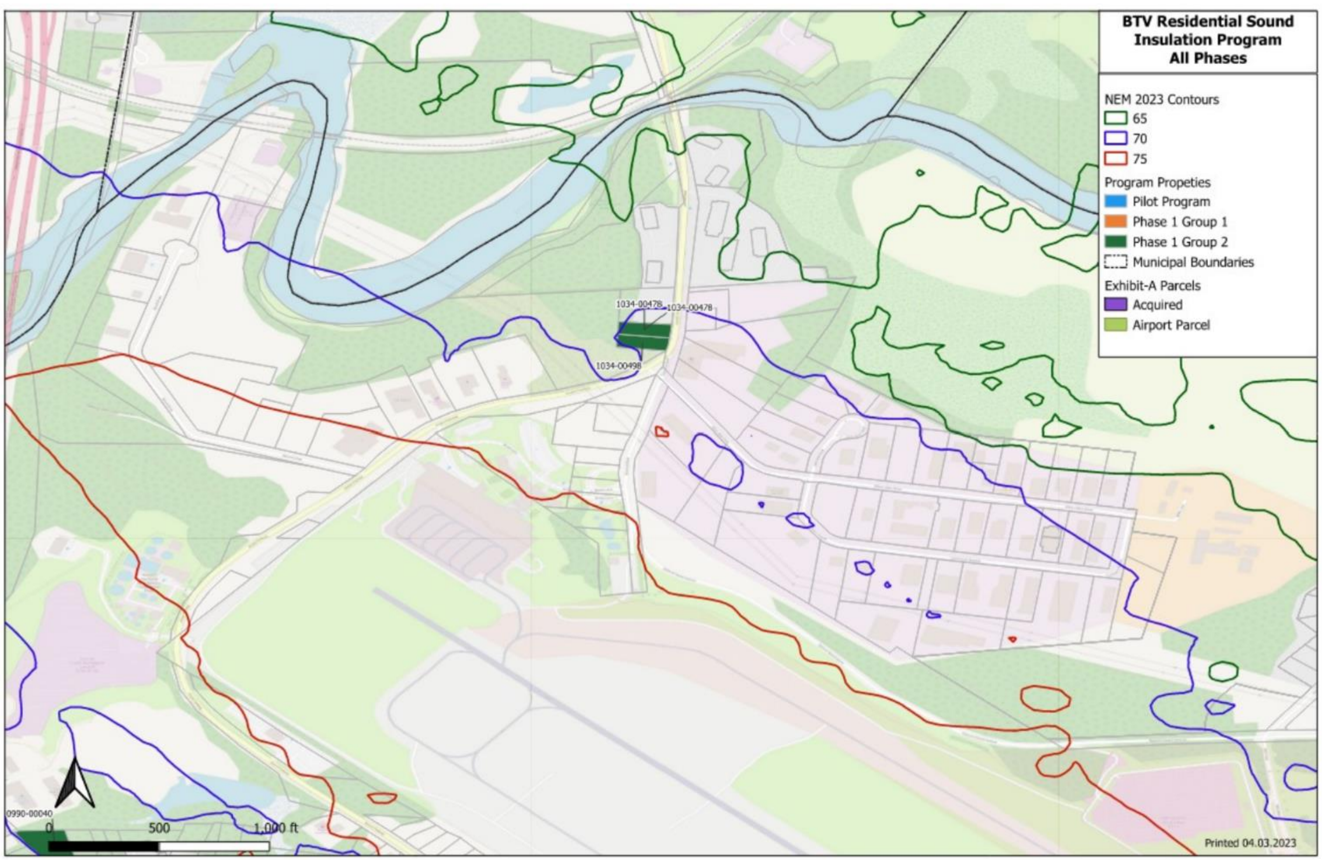
2. **Residential Sound Insulation Project - Phase 2 ($2.20M)** The purpose of the project is convert incompatible residential units to a compatible land use by installing an acoustical treatment package which will provide relief from aircraft noise by upgrading interior living areas as defined in the Phase 1 project and the Noise Compatibility Program. The Airport is proposing to continue implementation of its Residential Sound Insulation Program (RSIP). This grant will include: community outreach, historic review, design and bidding of 52 homes, noise reduction of 6

homes which construction improvements will be completed by the end of calendar year 2023. Properties are located within the 70+ DNL FAA accepted 2023 noise contours. Bids were received on April 22, 2022 and a grant application was prepared, submitted, and received by the FAA. The FAA grant included installation of noise reduction materials for 6 properties and the design of noise reduction improvements to 52 homes. This grant also includes the outreach and design for the next approximate 50 homes. The installation of noise reduction materials for the 5 properties is expected to be substantially complete by the end of December 2023, and close out expected in January 2024. One homeowner has asked us to complete next year.

3. **<u>Residential Sound Insulation Project - Phase 3 ($6.2M).</u>** The Airport is proposing to continue implementation of its Residential Sound Insulation Program (RSIP) as described in more detail above. This grant was issued in late August includes: the construction improvements of the 52 Homes designed and bid in Phase 2, in addition it provides for community outreach, historic review, design and bidding of the next approximately 50 homes for improvements. The schedule for installing the noise insulating improvements for the 52 homes will start in Spring 2024. We also are currently engaging with additional property owners to start designing the next 50 homes as part of this grant.




BTV Residential Sound Insulation Program All Phases
NEM 2023 Contours
65
70
75
Program Propeties
Pilot Program
Phase 1 Group 1
Phase 1 Group 2
Municipal Boundaries
Exhibit-A Parcels
Acquired
Airport Parcel
0
500
1,000 ft
Printed 04.03.2023


BTV Residential Sound Insulation Program All Phases
NEM 2023 Contours
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Program Propeties
Pilot Program
Phase 1 Group 1
Phase 1 Group 2
Municipal Boundaries
Exhibit-A Parcels
Acquired
Airport Parcel
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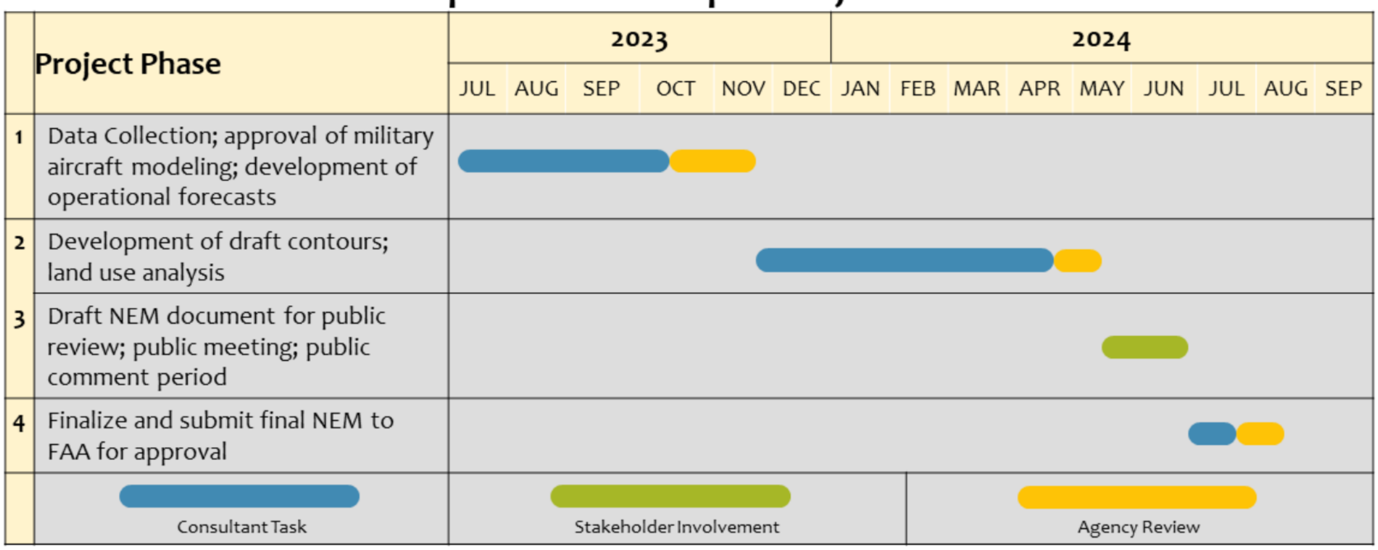
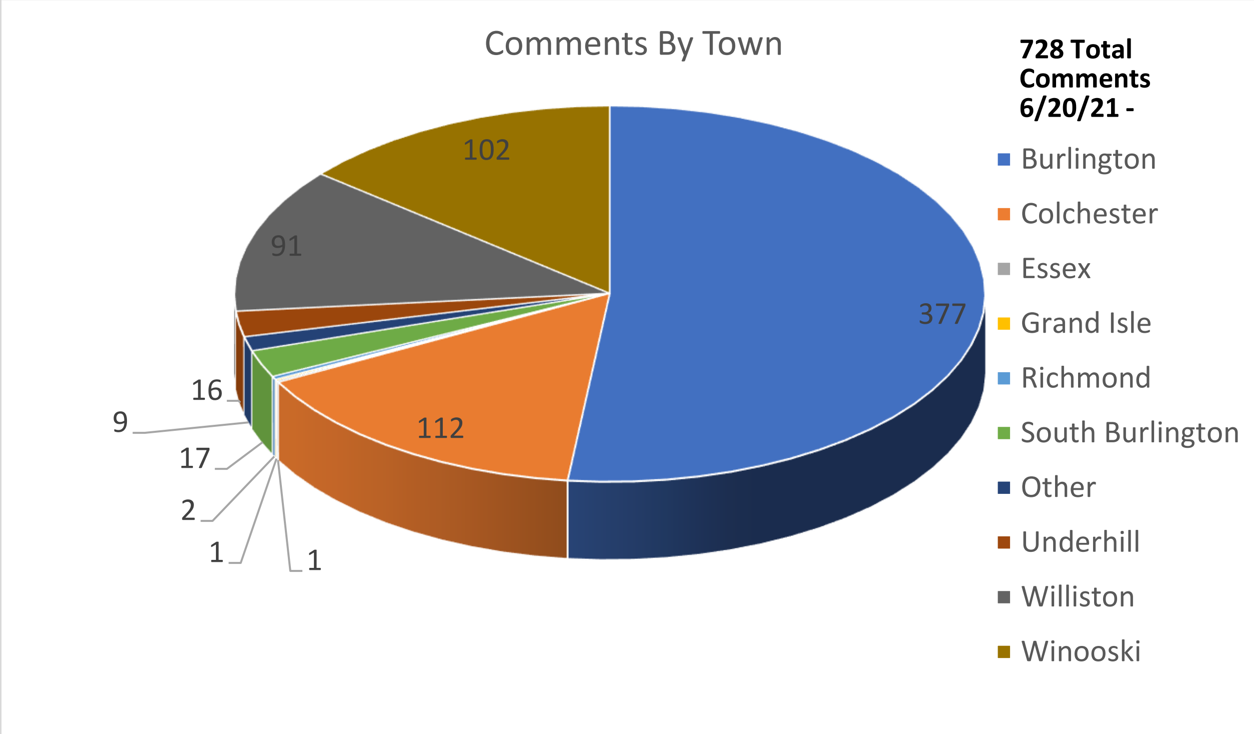
1034-00478
1034-00498
0990-00040
0
500
1,000 ft
Printed 04.03.2023

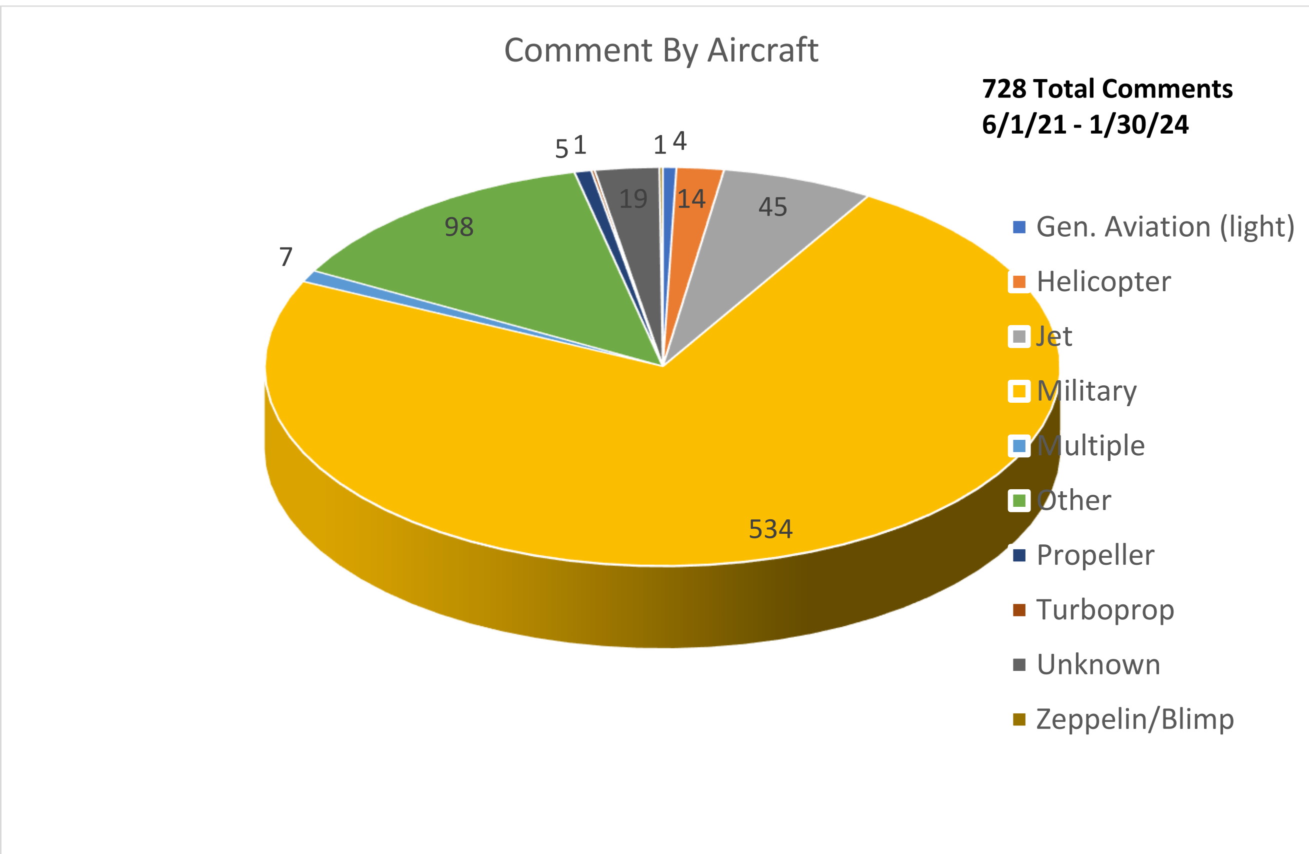
<u>Noise Exposure Map Updates (NEM) (est. $.85M).</u> The purpose of the Federal Aviation Administration (FAA) grant is to prepare a 14 C.F.R Part 150 Noise Exposure Map (NEM) update for Patrick Leahy Burlington International Airport (BTV). The NEM Update will replace the maps which were accepted by the FAA in 2019. Under the Federal requirements, The previous NEM Update indicated an update would be completed once the F-35A aircraft have been operational for one year. The scope and Independent Fee process is complete and a grant was received by FAA to proceed. Currently, the schedule, outlined below, and Technical Advisory Committee (TAC) meetings are being coordinated and outreach is proceeding with communities to identify these changes. Further, the Airport held in informational town meeting style meeting at the Chamberlin Elementary School on September 14, 2023 to discuss the proposed schedule and general updates to the process. Additional TAC meetings and Public meetings are being identified and planned under the proposed schedule

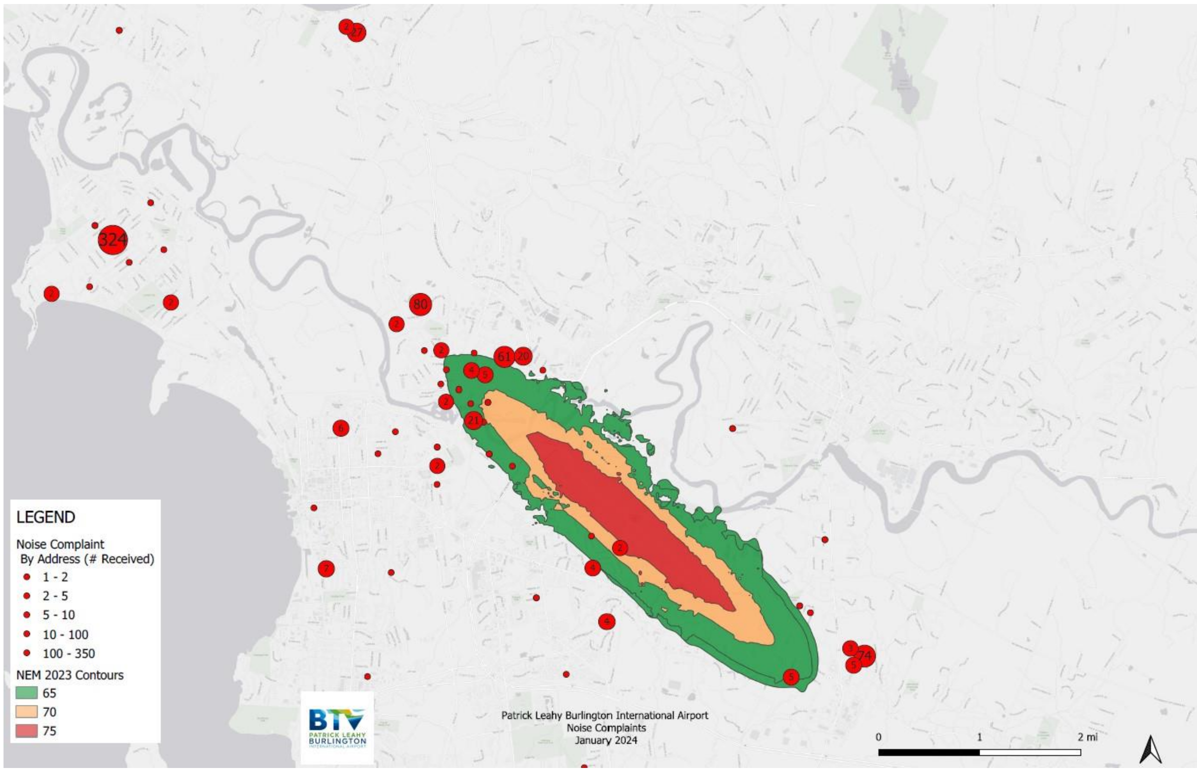
Noise Exposure Map Project Timeline



Airport Noise Comments






LEGEND
Noise Complaint
By Address (# Received)
1 - 2
2 - 5
5 - 10
10 - 100
100 - 350
NEM 2023 Contours
65
70
75
BTV PATRICK LEAHY BURLINGTON
Patrick Leahy Burlington International Airport
Noise Complaints
January 2024
0
1
2 mi
324
80
61
20
21
74

PATRICK LEAHY
BURLINGTON
INTERNATIONAL AIRPORT

To: Airport Commissioners
From: Marie Friedman, CPA, Director of Finance
Date: February 2, 2024
Re: Financial Highlights Report for February 7th, 2024 meeting

- This month's financial package includes the December P&L, Revenue Recovery Metrics, Banking Balance report an AIP Receivable report.
- STIMULUS GRANTS Summary
  - CARES ACT Grant received May 11, 2020 for $8.7M. BTV has drawn down $7,830,557 on this grant. $6,165,155 of this used to cover operating expenses in both FY 2020 and 2021. $1,665,403 reimbursed the airport for local share contribution on FAA grants. The Airport is reserving the remaining available grant monies of $870,557 to cover additional local share expenditures. This grant is effective until May 11, 2024. The Airport will drawing the remaining funds down this year and closing out the grant.
  - CRSSA Grant was received April 5, 2021 for a combined total of $4.04M. There is still $447,435 available under the CRRSA grant. This grant is effective until April 5, 2025.
  - The Airport received a $7.6M Grant November 30, 2021 under the American Rescue Act. There is still $3.9 million available under ARPA grant. We have four years to utilize this grant.
  - BTV does not owe any money on the Grant Anticipation Note (GAN). Interest rates are adjusted monthly. Interest paid on the GAN is eligible for reimbursement under a future PFC application. The GAN expires in February and the Airport intends to renew the GAN for an additional year. We are working with the CT office on this.
- Year-to-date (YTD) Revenues through December were $13.97 million. Operating revenues are higher than the prior year primarily due to higher rental car revenues and parking revenues. Please refer to the P&L for more detail. The Airport Revenue recovery schedule is included as well. All metrics are recovering as expected. This shows five revenue sources and how they performed over time. The data points represent a trailing twelve month for each month. Parking garage revenues, Car rental concession revenues, landing fees and CFC have all recovered. PFC revenues are at 94% which is similar to enplanement recovery.
- Expenses thru December were $8.97 million. This is higher than last year primarily due to garage lighting and fire alarm system replacement. The Airport is also seeing expenditure increases to salaries and employee benefits, as well as professional and consulting services and property repairs. Please refer to the P&L for more detail.
- Cash update: As of December 2023, BTV had $3,801,821 in the Airport International account and did not owe the City any money.

A: 1200 Airport Drive, #1 South Burlington, VT 05403
P: 802.863.2874

Budget Performance Report

Fiscal Year to Date 12/31/2023

Account	Account Description	Amended Budget	YTD Encumbrances	FY 2024 YTD Transactions	Remaining Balance	% Used/ Rec'd	FY 2023 YTD Transactions
Fund **400 - Airport**							
	REVENUE						
4247	Fees and Permits	125,000.00	.00	70,460.00	54,540.00	56%	72,680.00
4267	Utility Reimbursement	126,700.00	.00	60,510.93	66,189.07	48%	48,654.02
4268	Sale of Gasoline	750,000.00	.00	337,324.14	412,675.86	45%	355,250.47
4295	Parking Fees	6,750,000.00	.00	3,402,255.36	3,347,744.64	50%	3,183,093.10
4297	CFC's	1,775,000.00	.00	1,528,241.00	246,759.00	86%	1,522,086.00
4345	Advertising Revenues	114,000.00	.00	25,245.00	88,755.00	22%	3,473.52
4390	Concessions	330,000.00	.00	193,193.15	193,193.15	59%	177,667.49
4440	Taxi Fees	170,000.00	.00	123,341.00	46,659.00	73%	105,064.00
4445	Terminal Rent - Exclusive	1,360,800.00	.00	650,422.50	710,377.50	48%	660,052.08
4450	Terminal Rent - Commonuse	1,591,433.00	.00	757,826.99	833,606.01	48%	767,600.37
4455	Terminal Concessions Airport	750,000.00	.00	349,439.94	400,560.06	47%	210,311.27
4460	Rental Car Concessions	3,250,000.00	.00	2,356,048.00	893,952.00	72%	2,072,823.00
4465	Rent Grounds	508,531.00	.00	284,498.02	224,032.98	56%	235,525.41
4470	Rent Buildings	1,179,719.00	.00	697,449.72	482,269.28	59%	619,845.72
4475	Landing Fees	1,975,000.00	.00	1,001,191.78	973,808.22	51%	1,050,518.75
4480	PFC Revenue	2,625,000.00	.00	1,250,771.00	1,374,229.00	48%	1,190,654.00
4505	Terminal Non Airline	631,000.00	.00	333,358.52	297,641.48	53%	309,565.84
4535	Misc Rev	1,000.00	.00	312.10	687.90	31%	6,249.00
4600	Fees For Services	6,500.00	.00	3,940.00	2,560.00	61%	5,265.00
4700	Interest / Investment Income	6,000.00	.00	142,289.96	(136,289.96)	+++	56,977.89
4702	Interest Income PFC	10,000.00	.00	3,835.81	6,164.19	38%	4,905.40
4703	Restricted Interest Income	30,000.00	.00	15,306.44	14,693.56	+++	5,350.48
4705	Unrealzed Gain/Loss-Invest	.00	.00	64,922.25	(64,922.25)	+++	(33,134.60)
4750	Gain/Loss On Asset	.00	.00	14,410.91	(14,410.91)	+++	14,999.00
4875	Grants TSA Leo Grant	150,000.00	.00	93,280.00	56,720.00	+++	93,280.00
4890	CARES ACT/ARPA/CRRSA Federal Grant	4,385,934.00	.00	.00	4,385,934.00	+++	.00
4925	Proceeds	9,900.00	.00	61,109.90	(51,209.90)	+++	.00
4961	Property Tax Reimbursement - Airport	204,700.00	.00	145,337.04	59,362.96	71%	137,603.41
	REVENUE TOTALS	$28,816,217.00	$0.00	$13,966,369.19	$14,906,234.11	48%	$12,876,445.98
	EXPENSE						
5000	Salaries and Wages	3,852,654.00	.00	1,546,931.25	2,305,722.75	40%	1,347,559.85
5100	Overtime	317,300.00	.00	143,027.67	174,272.33	45%	128,953.55
5200	Other Personal Service	402,675.00	.00	223,500.85	179,174.15	56%	168,146.83
5400	Employee Benefits	1,360,326.00	.00	635,823.25	724,502.75	47%	571,002.24
6000	Office Supplies	9,000.00	.00	1,951.65	7,048.35	22%	2,419.37
6005	Postage	500.00	.00	67.99	432.01	14%	98.96
6007	Shipping and Moving	33,750.00	348.57	9,096.64	24,304.79	28%	5,169.18
6010	Computer Equipment	28,500.00	.00	24,159.83	4,340.17	85%	26,397.96
6015	Computer Software	4,500.00	.00	5,452.00	(952.00)	121%	.00
6017	Computer Licensing and Maint.	270,000.00	19,067.74	202,920.31	48,011.95	82%	156,410.09
6020	Office Equipment	21,500.00	.00	549.99	20,950.01	3%	16,940.00
6025	Furnishings	102,000.00	.00	1,200.88	100,799.12	1%	41,765.16

Budget Performance Report

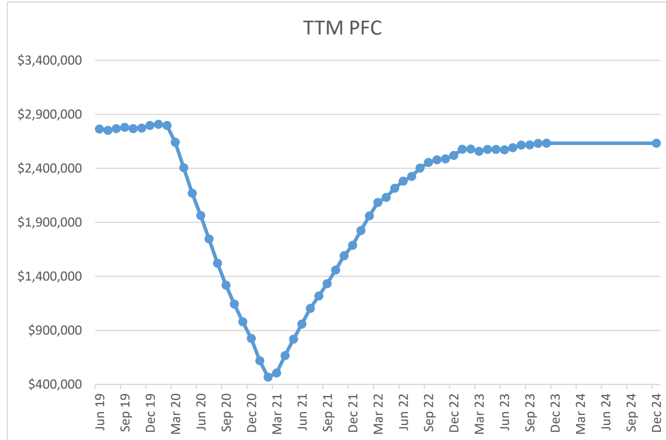
Fiscal Year to Date 12/31/2023

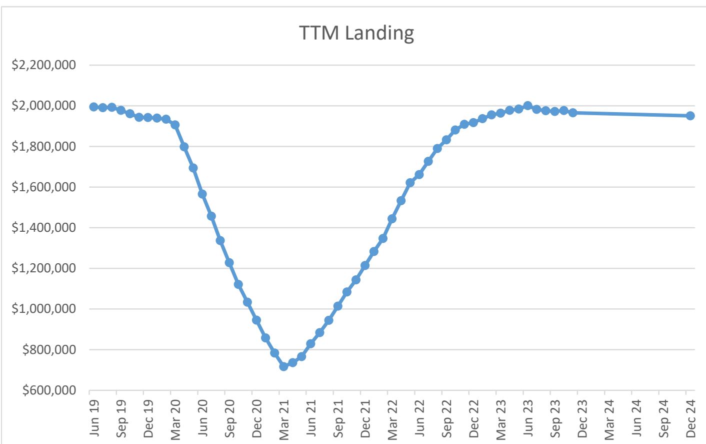
Account	Account Description	Amended Budget	YTD Encumbrances	FY 2024 YTD Transactions	Remaining Balance	% Used/ Rec'd	FY 2023 YTD Transactions
6200	Medical Fees And Supplies	6,000.00	.00	1,148.87	4,851.13	19%	2,583.29
6202	Printing/Copying/Paper Mgt	8,450.00	.00	612.49	7,837.51	7%	115.00
6203	Dues/Subscriptions	140,100.00	(3,552.08)	51,881.53	91,770.55	34%	63,083.00
6206	Custodian Supplies	70,000.00	.00	39,449.06	30,550.94	56%	23,902.16
6208	Special Supplies	60,300.00	4,335.55	32,066.47	23,897.98	60%	35,674.57
6210	Small Tools and Equipment	125,000.00	259.98	15,197.18	109,542.84	12%	26,738.90
6212	Fuel	910,000.00	.00	373,569.39	536,430.61	41%	383,167.08
6214	Clothing And Uniforms	6,000.00	.00	730.79	5,269.21	12%	1,952.20
6215	Uniform Laundering	23,000.00	2,144.16	7,855.84	13,000.00	43%	7,816.03
6216	Oil & Grease & Antifreeze	22,000.00	6,465.17	63.40	15,471.43	30%	3,793.00
6222	Runway De-Ice	400,000.00	.00	.00	400,000.00	0%	121,539.60
6247	Energy Efficient	250,000.00	.00	61,783.94	188,216.06	25%	4,955.35
6294	Donations	3,600.00	.00	3,581.20	18.80	99%	.00
6300	Repair & Maintenance	3,882,529.00	85,611.44	1,206,819.02	2,590,098.54	33%	756,172.91
6350	Legal Notice & Advertising	2,200.00	.00	345.00	1,855.00	16%	.00
6400	Utilities	1,654,600.00	.00	721,611.08	932,988.92	44%	602,066.80
6500	Professional and Consultant Services	1,861,027.00	5,162.00	725,096.39	1,130,768.61	39%	455,805.19
6530	Rentals	17,000.00	.00	10,750.07	6,249.93	63%	9,488.99
6600	Maintenance Contracts	397,500.00	16,957.00	112,862.21	267,680.79	33%	170,092.02
6605	Radio Maintenance	11,500.00	3,283.50	6,274.50	1,942.00	83%	2,742.50
6610	Custodial Contracts	856,020.00	.00	407,010.00	449,010.00	48%	344,010.00
6615	Property Repairs	435,000.00	.00	227,860.13	207,139.87	52%	97,312.33
6625	Equipment Maintenance Repairs	230,000.00	3,481.75	65,206.40	161,311.85	30%	44,153.93
6700	Travel & Training	113,800.00	.00	28,384.79	85,415.21	25%	38,218.32
6800	Fees for Services	26,350.00	.00	13,465.39	12,884.61	51%	10,560.86
7002	Interest Expense	.00	.00	.00	.00	+++	.00
7004	Interest Expense - Restricted	.00	.00	.00	.00	0	.00
7200	Capital Leases	572,488.00	321.90	285,153.50	287,012.60	50%	302,899.40
7230	Insurance	410,115.00	.00	263,903.31	146,211.69	64%	206,258.74
7303	Regulatory and Bank Fees	231,000.00	.00	93,588.34	137,411.66	41%	86,002.37
7312	Real Estate Taxes	798,173.00	265,760.05	531,520.10	892.85	100%	511,346.86
7652	Discretionary Spending	45,000.00	.00	25,274.97	19,725.03	56%	19,768.90
8015	Indirect Fees	534,960.00	.00	267,480.00	267,480.00	50%	246,402.00
8017	Indirect Fees - City Attorney	83,149.00	.00	41,574.00	41,575.00	50%	45,294.00
8095	Interest On Pooled Cash	.00	.00	9,964.54	(9,964.54)	0%	.00
8135	Airport Security To Police	1,100,000.00	3,684.64	547,791.95	548,523.41	50%	548,913.98
	Operating EXPENSE TOTALS	$21,689,566.00	$413,331.37	$8,974,558.16	$12,301,676.47	43%	$7,637,693.47
	Net Operating Revenues (which are used to pay for Bond payments, Leases, Capital and FAA projects)			$4,991,811.03			$5,238,752.51

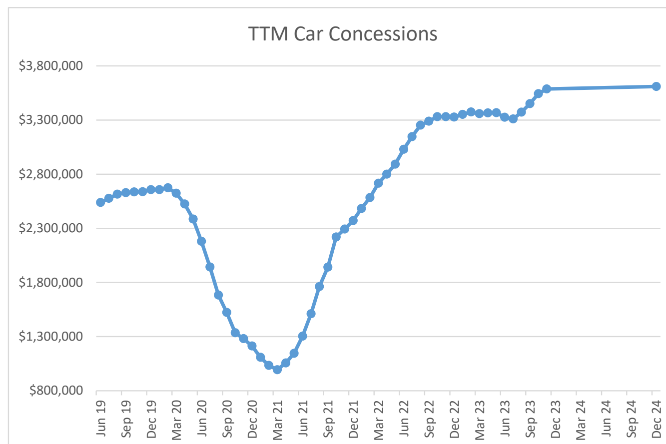
Recovery Metrics

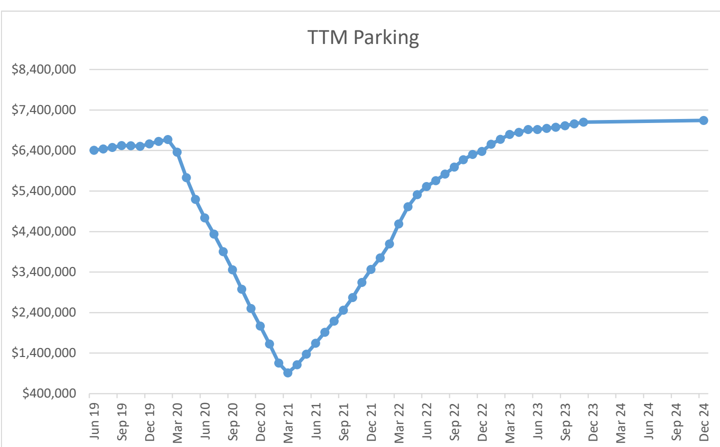
	At Feb 2020	Minimum	Drop	Current	Recovery
Parking	$6,670,572	$911,595	-86%	$7,143,177	107%
PFCs	$2,797,591	$467,680	-83%	$2,632,189	94%
Car Concessions	$2,673,896	$994,488	-63%	$3,609,632	135%
Landing Fees	$1,933,993	$716,928	-63%	$1,951,072	101%
CFCs	$1,568,752	$352,036	-78%	$2,402,723	153%

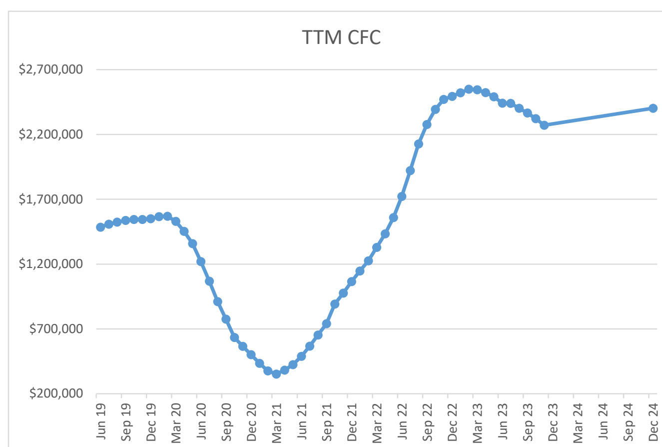
All figures are trailing twelve months











PATRICK LEAHY
BURLINGTON INTERNATIONAL AIRPORT
FINANCIAL STATEMENTS
(An Enterprise Fund of the City of Burlington, Vermont)

AS OF AND FOR FISCAL YEARS ENDED

June 30, 2023 and 2022

Patrick Leahy Burlington International Airport
(An Enterprise Fund of the City of Burlington, Vermont)

Table of Contents

Passenger Facility Charge:

MARCUM
ACCOUNTANTS ▲ ADVISORS

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Patrick Leahy Burlington International Airport (an enterprise fund of the City of Burlington, Vermont) (the Airport), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Patrick Leahy Burlington International Airport, as of June 30, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Airport and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

The Airport's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Airport's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Marcum LLP / 9 Executive Park Drive / Suite 100 / Merrimack, NH 03054 / **Phone** 603.882.1111 / **marcumllp.com**

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Airport's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, and certain 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.

Prior Period Financial Statements

The financial statements of the Airport as of and for the year ended June 30, 2022 were audited by Melanson, P.C., whose practice was combined with Marcum LLP as of January 1, 2023, and whose report dated January 26, 2023 expressed an unmodified opinion of those statements.

Other Reporting Required

Government Auditing Standards

In accordance with the *Government Auditing Standards*, we have also issued our report dated January 23, 2024 on our consideration of the Airport'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 solely 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 the effectiveness of the Airport's internal control over financial reporting and on compliance. That report is an integral part of an audit performed in accordance with the *Government Auditing Standards* in considering the Airport's internal control over financial reporting and compliance.

Marcum LLP

Merrimack, NH
January 23, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2023 AND 2022

Within this section of the Patrick Leahy Burlington International Airport's (the Airport) annual financial report, management provides a narrative discussion and analysis of the financial activities for the years ended June 30, 2023 and 2022. 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 Change in Net Position, (3) the Statement of Cash Flows, and (4) Notes to the Financial Statements.

The Statement of Net Position is designed to indicate our financial position as of a specific point in time. At June 30, 2023, it shows our net position of $222,794,214, a change of $10,906,889 from June 30, 2022. At June 30, 2022, it shows our net position of $211,887,325, a change of $25,516,536 from June 30, 2021.

The largest portion of net position, $184,364,173 and $183,303,869 at June 30, 2023 and 2022, respectively, 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 by $1,060,304 and $17,717,114 in the years ending June 30, 2023 and 2022, respectively. Net investment in capital assets increased primarily from the acquisition of capital assets from AIP Grants less depreciation expense exceeding the debt service principal payment during the fiscal years.

An additional portion of net position of $20,079,960 and $15,161,978 at June 30, 2023 and 2022, respectively, represents resources that are subject to external restrictions on how they may be used (restricted net position). This portion of net position increased by $4,917,982 for the year ending June 30, 2023 primarily from the increase in the bond debt service reserve and the restricted PFC cash balance. This portion of net position decreased by $875,828 for the year ending June 30, 2022 primarily from the decrease in the restricted PFC cash balance.

The remaining balance, or unrestricted net position, was $18,350,081 and $13,421,478 at June 30, 2023 and 2022, respectively. This portion of net position increased by $4,928,603, or 37% for the year ending June 30, 2023 and by $8,675,250, or 183% for the year ending June 30, 2022.

The Statement of Revenues, Expenses, and Change in Net Position summarizes 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 was $10,906,889 and $25,516,536 for the years ending June 30, 2023 and 2022, respectively. There are two significant components of this increase. The first is the net income before capital contributions of $2,135,588 and $556,886 for the years ending June 30, 2023 and 2022, respectively. The second component is the recognition of the capital contributions received from the Federal Aviation Administration (FAA) for capital improvements of $8,771,301 for the year ending June 30, 2023 and FAA contributions of $24,459,650 and the State of Vermont contributions for capital improvements of $500,000 for the year ending June 30, 2022. Collectively, these two components account for the net increase in net position. The Airport received significant stimulus grants under the Coronavirus Aid, Relief and Economic Security Act (CARES Act) $8.7M, Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) grant $4.04M and the American Rescue Plan Act (ARPA) grant for $7.6M since 2020. The Airport used $2,128,160 and $2,702,886 of the stimulus grant funds to cover fiscal year 2023 and 2022 operating expenditures, respectively. The Airport also used $871,771 to cover FAA grant local share match requirements for the year ending June 30, 2022.

Financial Highlights:

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

Summary of Net Position (000s)

	2023	2022	2021
Assets:			
Current and other assets	$ 58,326	$ 57,128	$ 49,920
Capital assets	218,793	216,334	197,556
Total Assets	277,119	273,462	247,476
Deferred Outflows of Resources	863	1,096	2,523
Total Assets and Deferred Outflows of Resources	$277,982	$274,558	$249,999
Liabilities:			
Current and other liabilities	$ 6,016	$ 9,613	$ 5,981
Long-term liabilities	32,981	32,883	34,899
Total Liabilities	38,997	42,496	40,880
Deferred Inflows of Resources	16,191	20,175	22,748
Net Position:			
Net investment in capital assets	184,364	183,304	165,587
Restricted	20,080	15,162	16,038
Unrestricted	18,350	13,421	4,746
Total Net Position	222,794	211,887	186,371
Total Liabilities, Deferred Inflows of Resources, and Net Position	$277,982	$274,558	$249,999

Summary of Change in Net Position

	2023	2022	2021
Revenues	$ 22,591	$ 19,079	$ 10,213
Operating expenses	(24,866)	(23,511)	(20,275)
Operating loss	(2,275)	(4,432)	(10,062)
Nonoperating Revenues (Expenses)			
Other revenue	5,663	6,561	9,384
Other expenses	(1,252)	(1,573)	(2,204)
Total Non-Operating Revenues and Expenses, Net	4,411	4,988	7,180
Net Income Before Capital Contributions	2,136	556	(2,882)
Capital contributions - grants	8,771	24,960	18,705
Change in Net Position	10,907	25,516	15,823
Beginning Net Position	211,887	186,371	170,548
Ending Net Position	$222,794	$211,887	$186,371

Operating revenues changed by $3,511,314 and $8,866,879 for the years ending June 30, 2023 and 2022, respectively, an increase of 18.4% in 2023 and 86.8% in 2022. The biggest increases in revenues occurred in parking garage revenues, car rental concessions, Customer Facility Charges (CFC) and Passenger Facility Charges (PFC) in 2023.The increase was a result of airlines bringing back additional flights and passengers returning to fly and the Airport experiencing revenue recovery in 2022. Additional discussion for this change can be found in the Revenues section of this MD&A.

Operating expenses changed by $1,355,174 in 2023 and $3,236,289 in 2022, an increase of 5.8% in 2023 and 16% in 2022. This change in 2023 is mostly attributed to the increases in professional contracts, salaries and benefits, the operating costs of the newly opened car rental Quick Turnaround Facility, and increases in repairs and maintenance costs. This also includes FAA non-capitalized operating grants such as the residential sound insulation programs. The change in 2022 was mostly attributed to the increases in professional contracts, deicing materials for the runway snow operations, the operating costs of the newly opened car rental Quick Turnaround Facility, and increases in repairs and maintenance costs. This also included FAA non-capitalized operating grants such as the Chamberlain School HVAC upgrade and residential sound insulation programs.

Capital Assets:

Capital Assets - Net capital assets changed by $2,459,168 in 2023, the difference between current year additions, net of CIP reclassification of $9,298,361 and annual depreciation expense of $6,839,193. Net capital assets changed by $18,777,374 in 2022, the difference between current year additions, net of CIP reclassification of $25,959,538 and annual depreciation expense of $6,848,830.
Significant capital asset additions for the years ending June 30 include:

2023	2022	
$ 3,964,666	$ 11,908,160	Terminal Integration Project
$ 1,528,011	$ -	Passenger Boarding Bridge
$ 1,358,497	$ -	North Terminal Renovation
$ 769,362	$ -	North Terminal Concourse Replacement
$ 624,486	$ 946,663	Construction of Taxiway K
$ -	$ 6,656,894	Air Carrier Apron Phase 5 & 6
$ -	$ 4,916,772	Terminal Apron Phase 7, part 2 & 3
$ -	$ 2,462,498	South Terminal Apron 7 , phase 1
$ -	$ 1,868,728	Taxiway Gulf Phase 2
$ -	$ 1,077,367	Air Carrier Apron Phase 6A

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

Long-Term Debt:

Long-Term Debt - At June 30, 2023 and 2022, total bonded debt outstanding, including unamortized premiums, was $23,360,599 and $26,603,651, respectively, all of which was backed by the full faith and credit of the City of Burlington, Vermont.

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 strengthened cost recovery framework following the adoption of a five-year airline agreement that is residual in nature and provides for a 1.5X Debt Service Coverage Ratio. On July 14, 2020, February 22, 2021, September 16, 2021, March 11, 2022, September 14, 2022 and August 28, 2023, Moody's affirmed the Baa2 rating and stable outlook.

Likewise, on September 19, 2018, Fitch Ratings (Fitch) 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-19 uncertainty. On March 5, 2022, Fitch Ratings affirmed the BBB rating and upgraded the outlook to stable due to revenues and enplanements recovering strongly.

No new Airport bonds were issued during fiscal year 2023. The Airport issued $10.635 million in Airport Revenue Refunding Bonds, Series 2022A in June 2022. The bonds were callable and the Airport was able to take advantage of interest rate savings on future debt payments.

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

Historical Airport Operating and Financial Performance

The City of Burlington, Vermont (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 2023, 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 Airport's accounts under the resolution. The City has paid all bond debt service and other financial obligations timely and in full. The Airport debt rate calculation was not applicable for FY 2022. This was due to all revenue bond principal and interest payments being defeased with the issuance of Series 2021 A bonds. 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 2019:

Historical Revenues (000s)

	Fiscal Year Ended June 30				
	2019	**2020**	**2021**	**2022**	**2023**
Airline Revenues					
Terminal Revenues	$ 2,420	$ 2,827	$ 2,828	$ 2,844	$ 2,836
Landing Fee Revenues	1,890	1,566	829	1,702	2,006
Airline Surplus	536	-	-	-	-
Total Airline Revenues	**4,846**	**4,393**	**3,657**	**4,546**	**4,842**
Non-Airlines Revenues					
Parking Lot/Garage	6,409	4,747	1,642	5,523	6,935
Car Rental Concessions	2,539	2,179	1,303	2,836	3,294
Terminal Concessions	737	550	317	430	393
Terminal Non-Airline Rent	622	641	632	628	756
Building and Ground Rent	1,488	1,420	1,387	1,659	1,736
Other Non-Airline Revenues	1,162	1,061	787	2,193	2,239
Total Non-Airline Operating Revenues	**12,957**	**10,598**	**6,068**	**13,269**	**15,353**
CFC Revenues	**1,485**	**1,220**	**488**	**1,723**	**2,396**
Total Operating Revenues	**$ 19,288**	**$ 16,211**	**$ 10,213**	**$ 19,538**	**$ 22,591**
Y-O-Y Operating revenue Growth		**-16.0%**	**-37.0%**	**91.3%**	**15.6%**
PFC Revenues	**$ 2,763**	**$ 1,964**	**$ 936**	**$ 2,283**	**$ 2,573**

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 the airport airline agreements. 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 agreements during FY 2017. American Airlines, United, Delta, and Jet Blue all signed the agreements and are considered signatory airlines. The new airline agreement, which is a residual method contract, outlines the airline rates and charges methodology which were in effect from July 1, 2016 through June 30, 2021 and is continuing on a monthly basis. This five-year residual airline agreement provides strong and timely cost recovery. In 2022, Sun Country began service at the Airport. Breeze Airways is scheduled to begin service to two additional destinations on January 31, 2024. Lease discussions are on-going.

Parking

Current parking fees in the garage are $12 per day. Parking revenues represented approximately 31% of the Airport's total operating revenue in fiscal year 2023, with an increase of 25.6% from the previous year. This follows multiple years of substantial growth. This increase was due to higher numbers of passengers flying in and out of the Airport.

Car Rental Facilities

Car rental revenues represented approximately 14.9% of the Airport's total operating revenue in fiscal year 2022. Car rental revenues decreased 118% from the previous year, again due to higher numbers of passengers flying in and out of the Airport. Car rental facilities occupy office and counter space within the terminal building adjacent to the luggage receiving area. 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, 2026. All existing car rental companies continued providing service at the Airport and signed the new five-year agreement.

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. $183,044 of the collected CFCs were utilized to support the operating expenses of the garage, per the car rental agreements. The City has allocated the remaining $493,910 of the CFC charges collected to pay for the lease financing and costs of a consolidated quick turnaround car wash/return facility (QTA) which replaced 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 transactions fees. The QTA opened in October 2021.

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, a local restaurant with three locations at the Airport, and newly expanded Hudson News facilities opened in fiscal year 2013. Food concession revenues increased by 54.1% for fiscal year 2022 due to the Airport having significantly more passengers flying in and out of the Airport than fiscal year 2021. Terminal concession revenues represented approximately 1.6% or $305,236 of the Airport's total operating revenue in fiscal year 2022.

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, Betta Technologies 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 12.7% of the Airport's total operating revenue in fiscal year 2023. These revenues decreased slightly from the previous year.

Other Revenue

Other revenues include federal operating grants, 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 2023, the Airport received $2,572,840 in PFC revenues. $156,511 was used to pay a portion of bond debt service attributable to authorized PFC projects and were included as part of the bond refinancing in April 2021 Series A. In June 2022 the FAA approved the airport's PFC application #8 to pay for snow equipment leases as well as the local share of numerous FAA grants. The airport received $3.279 million in June under this application.

As of June 30, 2023, the Airport had approximately $7.2 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 firefighting services that are provided by the VT Air National Guard (VTANG) as part of its lease with the Airport, saving the Airport approximately $4 million annually. VTANG's lease was recently extended to the year 2073.

Salaries and benefits were only slightly higher in fiscal year 2022. 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.

Recent Financial Performance

Airport net revenue was determined to have been above the rate covenant requirement of 1.25× of debt service in fiscal years 2011 through 2021. For fiscal year 2023 and 2022, the debt coverage calculation was not applicable. The Airport refinanced the fiscal year 2022 revenue bond principal and interest payments with the 2021 Series A revenue bond. Therefore, the Airport did not have to pay debt service using Airport funds in 2022 and only interest was paid in 2023. 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, and continues to impact the Airport. 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 Airport received an $8.7 million CARES ACT grant in May 2020. In the spring of 2021, the FAA awarded the Airport at $4.04 million CRRSA grant. Additionally in December 2021 the Airport received $7.6 million under the ARPA grant. The Airport used $2.1 million in stimulus grant monies to cover fiscal year 2023 operating expenses.

The Airport also has a strong contractual relationship with its airline partners and is renegotiating an updated airline agreement to incorporate the latest terminal square footage as well as updated methodologies for calculating rates and charges. 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 2011-2023, 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 2023, 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 $434,135 in fiscal year 2023. This is lower than typical as many of the FAA grants received during fiscal years 2020 and 2021 were 100% federally funded. Grants issued in fiscal year 2022 and 2023 are back to 90% federally funded and 10% local share match.

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. The debt covenant requirement of net revenues to be 1.25% of debt service. The airport was able to exceed the bond requirement, through fiscal year 2021. Due to refinanced debt mentioned above, the debt covenant calculation score was not applicable for fiscal year 2022.

We believe this presentation tells our most accurate success story from fiscal years 2019 through 2023.

Rate Covenant Calculation
From FY 2019 to 2023 (000s)

	Fiscal Year Ended June 30				
	2019	**2020**	**2021**	**2022**	**2023**
Revenues	$ 18,347	$ 18,377	$ 16,763	$ 21,371	$ 22,655
O&M Expenses (as defined)	13,838	14,462	12,943	14,625	16,559
Net Revenues (as defined)	$ 4,509	$ 3,915	$ 3,820	$ 6,746	$ 6,096
PFC Revenues Available for DS	$ 981	$ 832	$ 1,128	$ 948	$ 156
Funds Available for DS	$ 5,490	$ 4,747	$ 4,948	$ 7,694	$ 6,252
25% PFC Revenue for DS coverage	245	208	282	237	39
Adjusted funds Available for DS	$ 5,735	$ 4,955	$ 5,230	$ 7,931	$ 6,291
Debt Service	$ 3,660	$ 3,610	$ 3,605	$ 546	$ 1,127
Debt Service Coverage	**1.50**	**1.31**	**1.37**	**n/a**	**n/a**
Adjusted Debt Service Coverage	**1.57**	**1.37**	**1.45**	**n/a**	**n/a**

The rate covenant calculation for fiscal year 2023 was not applicable. Due to the bond refundings (2022 Series A) no principal payments were owed during the fiscal year. Only interest was incurred in fiscal year 2023. Principal and Interest payments resume in fiscal year 2024.

The rate covenant calculation for fiscal year 2022 was not applicable. This is because all revenue bond principal and interest payments were paid by an external trustee due to refunding of these bond payments in April 2021. These payments were no longer owed by the Airport. Only interest was incurred.

Liquidity

The following table reflects changes to the Airport's liquidity since fiscal year 2019:

Liquidity Position (000s) *Fiscal Year Ended June 30*

Cash and Investment balances	**2019**	**2020**	**2021**	**2022**	**2023**
Unrestricted cash[1]	$ 7,860	$ 14,389	$ 3,342	$ 8,230	$ 9,991
O&M Reserve	3,312	3,317	4,532	4,931	5,447
Renewal and Replacement Reserve	217	218	200	200	200
PFCs[2]	5,867	7,315	6,783	6,075	7,223
PFC Rolling Coverage	490	491	492	492	492
Debt Service Reserve Fund	3,798	3,904	3,840	3,386	3,358
Bond Debt Service Reserve[3]	2,964	3,020	191	77	3,360
Total cash and investments	**$ 24,508**	**$ 32,654**	**$ 19,380**	**$ 23,391**	**$ 30,071**

1 *FY20 includes revenue anticipation note of $11M that was repaid in FY21.*

2 *As a result of refunding during certain years, our debt service requirements decreased, thereby providing for an increase in our year-end PFC cash position.*

3 *Represents 1/6 Interest and 1/12 Principal Payments; decrease in 2021 resulted from refunding.*

The current year increase in cash and investments of $6.7 million is primarily due to increases in unrestricted cash, PFC account and the bond debt service reserve account.

Requests for Information

This financial report is designed to provide a general overview of the Patrick Leahy Burlington International Airport's finances for all those with an interest in the Airport'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

PATRICK LEAHY BURLINGTON INTERNATIONAL AIRPORT
STATEMENT OF NET POSITION

JUNE 30

	2023	2022
Assets		
Current:		
Cash and short-term investments	$ 9,991,410	$ 8,230,172
Accounts receivable, net of allowance for doubtful accounts	1,136,986	1,644,990
Intergovernmental receivables	9,239,304	11,293,705
PFC receivables	496,204	248,386
Loan receivable, current portion	86,344	83,795
Deposit on capital asset	-	200
Inventory	401,846	342,047
Prepaid expenses	115,042	175,967
Leases receivable	3,176,842	3,082,279
Total current assets	24,643,978	25,101,541
Noncurrent:		
Restricted cash for passenger facility charges (PFC)	7,223,200	6,075,235
Restricted cash for prepaid cash reserve (PFC)	491,892	491,892
Restricted cash for R&R reserve fund	200,013	200,013
Restricted cash for debt service reserve	15,031	1,451,677
Restricted cash for bond debt service fund	3,360,311	77,420
Restricted cash for O&M reserve fund	5,446,593	4,930,937
Restricted short-term investments for debt service reserve	3,342,919	1,934,804
Leases receivable, noncurrent portion	13,421,347	16,598,189
Loan receivable, noncurrent portion	180,645	266,989
Land and construction in progress	84,551,567	120,415,557
Capital assets, net of accumulated depreciation/amortization	134,241,570	95,918,412
Total noncurrent assets	252,475,088	248,361,125
Total Assets	277,119,066	273,462,666
Deferred Outflows of Resources		
Pension related:		
Deferred current year pension contributions	237,931	263,244
Difference between actual and expected experience	56,058	46,002
Change in assumptions	80,924	88,592
Difference between projected and actual investment earnings	411,373	-
Change in proportional share of contributions	8,123	69,552
OPEB related:		
Difference between expected and actual experience	834	1,765
Change in assumptions	26,274	36,958
Change in proportional share of contributions	41,817	56,091
Deferred amount on refunding	-	533,400
Total Deferred Outflows of Resources	863,334	1,095,604
Total Assets and Deferred Outflows of Resources	$ 277,982,400	$ 274,558,270

(continued)

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

CITY OF BURLINGTON, VERMONT

PATRICK LEAHY BURLINGTON INTERNATIONAL AIRPORT
STATEMENTS OF NET POSITION

JUNE 30, 2023

	2023	2022
Liabilities, Deferred Inflows of Resources, and Net Position		
Liabilities		
Current:		
Accounts payable	$ 2,983,285	$ 4,430,425
Retainage payable	313,851	952,481
Accrued liabilities	59,977	33,630
Accrued interest	561,296	607,046
Unearned revenue	693,123	1,045,417
Grant anticipation note	1,401,866	2,541,057
Other liabilities	2,597	2,597
Current portion of:		
Revenue bonds payable	2,928,323	314,728
Leases payable	193,580	191,472
Equipment notes payable	566,277	618,132
Accrued employee compensated absences	307,770	331,279
Total current liabilities	10,011,945	11,068,264
Noncurrent:		
Revenue bonds payable, net of current portion	23,360,599	26,288,923
Leases payable, net of current portion	1,311,256	1,504,836
Equipment notes payable, net of current portion	1,371,169	1,937,445
Net pension liability	2,719,717	1,482,310
Total OPEB liability	222,159	213,927
Total noncurrent liabilities	28,984,900	31,427,441
Total Liabilities	38,996,845	42,495,705
Deferred Inflows of Resources		
Pension related:		
Difference between projected and actual investment earnings	-	712,101
Changes in proportional share of contributions	34,802	612
OPEB related:		
Change in assumptions	27,245	31,646
Difference between actual and expected experience	57,118	63,173
Lease related	16,072,176	19,367,708
Total Deferred Inflows of Resources	16,191,341	20,175,240
Net Position:		
Net investment in capital assets	184,364,173	183,303,869
Restricted	20,079,960	15,161,978
Unrestricted	18,350,081	13,421,478
Total Net Position	222,794,214	211,887,325
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 277,982,400	$ 274,558,270

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

CITY OF BURLINGTON, VERMONT

PATRICK LEAHY BURLINGTON INTERNATIONAL AIRPORT
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION

FOR THE YEAR ENDED JUNE 30

	2023	2022
Operating Revenues		
Charges for services	$ 22,430,301	$ 19,376,920
Intergovernmental	160,600	160,600
Total Operating Revenues	22,590,901	19,537,520
Operating Expenses		
Personnel costs	4,898,709	4,482,622
Non-personnel costs	13,128,698	12,179,973
Depreciation and amortization	6,839,193	6,848,831
Total Operating Expenses	24,866,600	23,511,426
Operating Loss	(2,275,699)	(3,973,906)
Nonoperating Income (Expenses)		
Passenger facility charges	2,572,840	2,283,319
Nonoperating grants	408,677	200,741
CRSSA and ARPA grants	2,080,353	3,484,658
Investment income (loss)	288,201	(28,088)
Amortization of bond premium	314,729	131,507
Interest expense and fiscal charges	(1,246,874)	(1,572,927)
Loss on sale of asset	(4,767)	-
Other income (expense)	(1,872)	31,582
Total Other Income (Expenses), net	4,411,287	4,530,792
Net Income Before Capital Contributions	2,135,588	556,886
Capital contributions	8,771,301	24,959,650
Change in Net Position	10,906,889	25,516,536
Net Position at Beginning of Year	211,887,325	186,370,789
Net Position at End of Year	$ 222,794,214	$ 211,887,325

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

CITY OF BURLINGTON, VERMONT

PATRICK LEAHY BURLINGTON INTERNATIONAL AIRPORT
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30

	2023	2022
Cash Flows From Operating Activities		
Receipts from customers and users	$ 22,372,756	$ 18,475,983
Other receipts and reimbursements	-	31,582
Other payments	(1,872)	-
Receipts of operating grants	160,600	160,600
Payments to suppliers	(13,097,637)	(11,818,943)
Payments for wages and benefits	(4,639,727)	(4,422,175)
Net Cash Provided By Operating Activities	4,794,120	2,427,047
Cash Flows From Noncapital Financing Activities		
Nonoperating intergovernmental grants	428,266	200,741
CRSSA and ARPA grants	3,262,490	1,426,773
Loan payments from Burlington Community Development Corporation	83,795	81,321
Net Cash Provided By Noncapital Financing Activities	3,774,551	1,708,835
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	(11,446,631)	(24,549,688)
Proceeds from sale of capital assets	27,998	-
Capital grants	9,623,976	21,064,484
Passenger facility charges	2,325,022	2,385,138
Debt service reserve fund release	-	2,505,664
Drawdowns on grant anticipation note	1,401,866	3,829,737
Repayments of grant anticipation note	(2,541,057)	(1,288,680)
Principal paid on leases	(191,472)	(191,109)
Principal paid on equipment notes	(618,131)	(616,585)
Interest paid on revenue bonds	(639,422)	(1,223,052)
Interest paid on other debt	(119,802)	(381,188)
Net Cash (Used For) Provided By Capital and Related Financing Activities	(2,177,653)	1,534,721
Cash Flows From Investing Activities		
Investment income	288,201	-
Purchase of investments	-	(1,657,923)
Net Cash Provided By Investing Activities	288,201	(1,657,923)
Net Change in Cash and Short-Term Investments	6,679,219	4,012,680
Cash and Short-Term Investments, Beginning of Year	23,392,150	19,379,470
Cash and Short-Term Investments, End of Year	$ 30,071,369	$ 23,392,150

(continued)

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

CITY OF BURLINGTON, VERMONT

PATRICK LEAHY BURLINGTON INTERNATIONAL AIRPORT
STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30

(continued)

	2023	2022
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:		
Operating loss	$ (2,275,699)	$ (3,973,906)
Depreciation and amortization	6,839,193	6,848,831
Other income	(1,872)	31,582
Changes in assets, liabilities, and deferred outflows/inflows:		
Customer and concessions receivable	508,002	(416,375)
Leases receivable	3,082,279	2,982,771
Inventory	(59,799)	(39,923)
Prepaid expenses	60,925	34,278
Deferred outflows of resources	(301,130)	377,543
Accounts payable	29,935	366,675
Accrued liabilities	26,349	(58,801)
Unearned revenue	(352,294)	(171,802)
Accrued employee compensated absences	(23,509)	36,550
Net pension liability	1,237,407	(881,608)
Total OPEB liability	8,232	(57,088)
Deferred inflows of resources	(3,983,899)	(2,651,680)
Net Cash Provided By Operating Activities	$ 4,794,120	$ 2,427,047

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *The Financial Reporting Entity*

The Patrick Leahy Burlington International Airport (an enterprise fund of the City of Burlington, Vermont) (the Airport) is a municipally owned airport organized in 1920. The Airport is located in South Burlington, Vermont.

The Airport operates as a department of the City of Burlington, Vermont (the City). As such, these financial statements are 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 accounting principles generally accepted in the United States of America, 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/amortization) 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 are recognized when earned and expenses are recognized when the related liability for goods and services are incurred regardless of the timing of the related cash flows.

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 those 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 accounting principles generally accepted in the United States of America (GAAP) 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 and Short-Term 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 Deposit Insurance Corporation 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 its 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.

Short-term investments for the Airport consist of U.S. government 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. *Leases*

The Airport is a lessor for noncancellable leases of buildings, land, and solar panels. The Airport recognizes a lease receivable and a deferred inflow of resources. At the commencement of a lease, the Airport initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. The Airport uses its estimated incremental borrowing rate as the discount rate for leases, if rate is not available. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee. The Airport monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure lease receivables and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the leases receivable.

I. *Inventory*

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

J. *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 right to use assets reported in accordance with GASB Statement Number 87, *Leases*. 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 and amortization 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 and amortization.

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
Right to use machinery and equipment	5 - 15 Years

K. *Long-Term Liabilities*

The Airport reports revenue bonds, leases, equipment notes, net pension liability and total OPEB liability as long-term liabilities. Bond premiums are deferred and amortized by the interest method; the unamortized balance is included within bonds payable.

L. *Net Position*

Net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of bonds, notes, leases or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position includes the following components:

The debt service reserve account represents the lesser of:

1. the sum of 10% of the aggregate original net proceeds of each series of outstanding bond,
2. 125% of the average annual aggregate debt service on such bonds, or
3. the maximum aggregate amount of debt service due on such bonds in any succeeding bond year.

The debt service fund is used to accumulate resources for the next scheduled principal and interest debt service payment for all prior issues.

The "operations and maintenance reserve account" is kept at a level to fund three months of future operating expenses. The "renewal and replacement account" contains funds intended to meet unanticipated or emergency repairs.

Passenger facility charges (PFCs) represent approximately $4.50 per passenger ticket collected by airline carriers and remitted to the Airport per enplaned passenger. PFC funds are restricted, to be used for financing eligible airport projects approved by the Federal Aviation Administration (FAA).

Unrestricted net position is not specifically restricted for any project or other purpose. When both restricted and unrestricted resources are available for use, it is the Airport's policy to use restricted resources before unrestricted.

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 were 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, 2023 and June 30, 2022, the Airport's investments in short-term U.S. Treasury notes of $3,342,919 and $1,934,804, had 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. As of June 30, 2023 and 2022, the Airport had three and two U.S. Treasury notes, respectively, which comprised 100% of the total short-term 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.

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 short-term U.S. Treasury notes was determined based on "Level 2" inputs at June 30, 2023 and 2022. 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. There has been no change in valuation methodologies for 2023 and 2022 and no transfers between levels.

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30:

	2023	2022
Customer / concessions receivables	$ 1,144,830	$ 1,652,834
Less: Allowance for doubtful accounts	(7,844)	(7,844)
Net Receivables	$ 1,136,986	$ 1,644,990

4. INTERGOVERNMENTAL RECEIVABLES

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 years 2023 and 2022. Additional receivables represent other reimbursements from federal and local governments. The intergovernmental receivable consisted of the following at June 30:

	2023	2022
Airport Improvement Projects:		
AIP 122 - Reconstruct Apron 7	$ 307,433	$ 2,259,528
AIP 118 - Taxiway Gulf Phase 2	117,474	2,934,096
AIP 120 - Security Access Upgrades	122,134	121,920
AIP 125 - Terminal Integration Project	2,111,641	650,775
AIP 78 - Land 2010 Noise	2,454,915	120,423
Taxiway Alpha Construction	256,298	256,298
Taxiway AIP Grants	704,036	1,495,652
Other AIP	2,362,996	1,042,233
Other Intergovernmental:		
CARES Act	722,737	2,333,140
Law Enforcement Officer Grant	79,640	79,640
Total	$ 9,239,304	$ 11,293,705

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.

Future maturities are anticipated to be as follows:

Fiscal Year	Principal	Interest	Total
2024	$ 86,344	6,829	$ 93,173
2025	88,970	4,203	93,173
2026	91,675	1,497	93,172
Total	$ 266,989	$ 12,529	$ 279,518

6. LEASES RECEIVABLE

In the year ended June 30, 2022, the Airport adopted GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Airport leases office, building, and ground space to various Airport related businesses, 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. For additional information, refer to the disclosures below. Material leases valued at more than $1,000,000 are shown in more detail below.

Regarding the non-material leases: As of June 30, 2023 and 2022, there are seventeen and eighteen leases, respectively, falling into this category. These leases range in length from 24 months to 154 months. As of June 30, 2023 and 2022, the value of the individual lease receivables ranged from $5,721 to $542,231 and $41,972 to $640,745, respectively. The range of monthly fixed payments for this group of leases is $637 to $15,272. The range value of the deferred inflow of resources as of June 30, 2023 and 2022 was $5,246 to $499,664 and $13,082 to $570,204 respectively, and the Airport recognized lease revenues ranging from $7,607 to $182,093 and $7,780 to $182,286 for each lease during the years ended June 30, 2023 and 2022, respectively.

The Airport entered into a 195-month lease as a lessor for the use of Airport - GSA - National Weather Service. An initial lease receivable was recorded in the amount of $4,147,896. As of June 30, 2023 and 2022, the value of the lease receivable was $3,684,947 and $3,915,611, respectively. The lessee is required to make monthly fixed payments of $23,648. The lease has an interest rate of 1.394%. The value of the deferred inflow of resources as of June 30, 2023 and 2022 was $3,638,343 and $3,893,119, respectively, and Airport recognized lease revenue of $254,776 during the fiscal years ended June 30, 2023 and 2022. The Airport has 1 extension option for 60 months.

The Airport entered into a 114-month lease as lessor for the use of the Airport - BETA North Hangar. An initial lease receivable was recorded in the amount of $1,852,847. As of June 30, 2023 and 2022, the value of the lease receivable was $1,766,037 and $1,852,847, respectively. The lessee is required to make monthly fixed payments of $18,313. The lease has an interest rate of 1.170%. The value of the deferred inflow of resources as of June 30, 2023 and 2022 was $1,462,774 and $1,657,811, respectively, and the Airport recognized lease revenue of $195,037 during the fiscal years ended June 30, 2023 and 2022.

The Airport entered into a 178-month lease as lessor for the use of the Airport Heritage Building 890. An initial lease receivable was recorded in the amount of $2,723,276. As of June 30, 2023 and 2022, the value of the lease receivable was $2,384,658 and $2,553,565 respectively. The lessee is required to make monthly variable fixed in substance principal and interest payments of $16,886. The lease has an interest rate of 1.362%. The value of the deferred inflow of resources as of June 30, 2023 and June 30, 2022 was $2,356,093 and $2,539,684, respectively, and the Airport recognized lease revenue of $183,592 during the fiscal years ending June 30, 2023 and 2022. The lessee has 2 extension options, each for 60 months.

The Airport entered into a 60-month lease as lessor for the use of the Airport - Budget Rent-A-Car. An initial lease receivable was recorded in the amount of $2,750,716. As of June 30, 2023 and 2022, the value of the lease receivable was $1,659,143 and $2,205,841, respectively. The lessee is required to make monthly fixed payments of $46,498. The lease has an interest rate of 0.577%. The value of the deferred inflow of resources as of June 30, 2023 and 2022 was $1,650,429 and $2,200,572, respectively, and the Airport recognized lease revenue of $550,143 during the fiscal years ended June 30, 2023 and 2022.

The Airport entered into a 60-month lease as lessor for the use of the Airport - Hertz Dollar. An initial lease receivable was recorded in the amount of $2,730,920. As of June 30, 2023 and 2022, the value of the lease receivable was $1,647,203 and $2,189,967, respectively. The lessee is required to make monthly fixed payments of $46,164. The lease has an interest rate of 0.577%. The value of the deferred inflow of resources as of June 30, 2023 and 2022 was $1,638,552 and $2,184,736, respectively, and the Airport recognized lease revenue of $546,184 during the fiscal years ended June 30, 2023 and 2022.

The Airport entered into a 60-month lease as lessor for the use of the Airport - ELRAC Concession agreement. An initial lease receivable was recorded in the amount of $2,791,297. As of June 30, 2023 and 2022, the value of the lease receivable was $1,683,621 and $2,238,384, respectively. The lessee is required to make monthly fixed payments of $47,184. The lease has an interest rate of 0.577%. The value of the deferred inflow of resources as of June 30, 2023 and 2022 was $1,674,778 and $2,233,038, respectively, and the Airport recognized lease revenue of $558,259 during the fiscal years ended June 30, 2023 and 2022.

The Airport entered into an 87-month lease as lessor for the use of the Airport - Hudson News. An initial lease receivable was recorded in the amount of $1,735,179. As of June 30, 2023 and 2022, the value of the lease receivable was$1,289,535 and $1,514,856, respectively. The lessee is required to make monthly fixed payments of $18,131. Additionally, there are monthly other reasonably certain payments of $1,263. The lease has an interest rate of 0.833%. The value of the deferred inflow of resources as of June 30, 2023 and 2022 was $1,256,509 and $1,495,844, respectively, and the Airport recognized lease revenue of $239,335 during the fiscal years ended June 30, 2023 and 2022.

Regulated Leases

The Airport leases office, building and ground space to various airlines. These leases are excluded from lease receivables and related deferred inflows per GASB Statement Number 87, as these are regulated leases.

Lease revenue for the year ending June 30, 2023 and 2022 was $1,310,474 and $ $1,309,189, respectively.

7. PROPERTY, PLANT, AND EQUIPMENT

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

	2023			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 52,792,520	$ -	$ -	$ 52,792,520
Construction in progress	67,623,037	5,762,498	(41,626,488)	31,759,047
Total capital assets, not being depreciated	120,415,557	5,762,498	(41,626,488)	84,551,567
Capital assets, being depreciated/amortized:				
Land improvements	66,897,167	25,535,767	-	92,432,934
Buildings	29,353,903	-	-	29,353,903
Building improvements	1,257,879	17,662,274	-	18,920,153
Infrastructure	96,395,313	-	-	96,395,313
Machinery and equipment	12,814,938	1,937,567	(418,381)	14,334,124
Right to use machinery and equipment	1,887,417	-	-	1,887,417
Vehicles	259,851	59,509	-	319,360
Total capital assets, being depreciated/amortized	208,866,468	45,195,117	(418,381)	253,643,204
Less accumulated depreciation/amortization for:				
Land improvements	(31,516,341)	(1,530,994)	-	(33,047,335)
Buildings	(12,592,018)	(588,471)	-	(13,180,489)
Building improvements	(319,950)	(52,320)	-	(372,270)
Infrastructure	(59,207,992)	(3,849,130)	-	(63,057,122)
Machinery and equipment	(9,017,096)	(593,618)	385,616	(9,225,098)
Right to use machinery and equipment	(198,676)	(198,676)	-	(397,352)
Vehicles	(95,983)	(25,985)	-	(121,968)
Total accumulated depreciation/amortization	(112,948,056)	(6,839,194)	385,616	(119,401,634)
Total capital assets, being depreciated/amortized, net	95,918,412	38,355,923	(32,765)	134,241,570
Total capital assets, net	$ 216,333,969	$ 44,118,421	$ (41,659,253)	$ 218,793,137

			2022	
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 52,792,520	$ -	$ -	$ 52,792,520
Construction in progress	53,365,094	23,042,685	(8,784,742)	67,623,037
Total capital assets, not being depreciated	106,157,614	23,042,685	(8,784,742)	120,415,557
Capital assets, being depreciated:				
Land improvements	55,710,082	11,187,085	-	66,897,167
Buildings	29,353,903	-	-	29,353,903
Building improvements	1,257,879	-	-	1,257,879
Infrastructure	96,395,313	-	-	96,395,313
Machinery & equipment	12,738,060	76,878	-	12,814,938
Right to use machinery and equipment	1,887,417	-	-	1,887,417
Vehicles	155,553	104,298	-	259,851
Total capital assets, being depreciated	197,498,207	11,368,261	-	208,866,468
Less accumulated depreciation/amortization for:				
Land improvements	(29,985,347)	(1,530,994)	-	(31,516,341)
Buildings	(12,003,559)	(588,459)	-	(12,592,018)
Building improvements	(267,630)	(52,320)	-	(319,950)
Infrastructure	(55,358,863)	(3,849,129)	-	(59,207,992)
Machinery & equipment	(8,413,829)	(603,267)	-	(9,017,096)
Right to use machinery and equipment	-	(198,676)	-	(198,676)
Vehicles	(69,998)	(25,985)	-	(95,983)
Total accumulated depreciation/amortization	(106,099,226)	(6,848,830)	-	(112,948,056)
Total capital assets, being depreciated/amortized, net	91,398,981	4,519,431	-	95,918,412
Total capital assets, net	$ 197,556,595	$ 27,562,116	$ (8,784,742)	$ 216,333,969

8. 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, 2019, the Airport entered into a GAN in the principal amount of up to $7,000,000 with an interest rate of 3.065%. On July 1, 2020, the GAN was increased to $23 million to reflect the significant increase in FAA grants issued to the Airport. The Airport renewed the GAN on November 17, 2021 for $10,000,000. This note expired on November 17, 2022. The airport renewed the GAN for $10,000,000 on February 21, 2023.

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

Description	Balance at 7/1/22	Draws	Repayments	Balance at 6/30/23
Grant Anticipation Note	$ 2,541,057	$ 1,401,866	$ (2,541,057)	$ 1,401,866

Description	Balance at 7/1/21	Draws	Repayments	Balance at 6/30/22
Grant Anticipation Note	$ -	$ 3,829,737	$ (1,288,680)	$ 2,541,057

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 was repaid in full on May 6, 2021. The Airport renewed the RAN for $11,100,000 on November 17, 2021. This note expired on November 17, 2022. No funds were drawn down on the 2021 RAN. The Airport chose not to renew the RAN going forward.

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 were as follows:

2023

Description		Original Issue Amount	Serial Maturities Begin	Serial Maturities Through	Interest Rates		Amount Outstanding
Revenue Refunding Bond 2022 Series A	$	10,635,000	6/30/2024	6/30/2029	4.00 - 5.00%	$	10,635,000
Revenue Refunding Bond 2021 Series A	$	5,175,000	7/1/2023	7/1/2030	1.20 - 3.00%		5,175,000
Revenue Refunding Bond 2014 Series A	$	15,660,000	7/1/2015	7/1/2030	4.00 - 5.00%		9,515,000
Total						$	25,325,000

2022

Description		Original Issue Amount	Serial Maturities Begin	Serial Maturities Through	Interest Rates		Amount Outstanding as of 06/30/22
Revenue Refunding Bond 2022 Series A	$	10,635,000	6/30/2024	6/30/2029	4.00 - 5.00%	$	10,635,000
Revenue Refunding Bond 2021 Series A	$	5,175,000	7/1/2023	7/1/2030	1.20 - 3.00%		5,175,000
Revenue Refunding Bond 2014 Series A	$	15,660,000	7/1/2015	7/1/2030	4.00 - 5.00%		9,515,000
Total						$	25,325,000

Maturities are as follows:

Fiscal Year	Public Offering Revenue Bonds Principal	Interest	Total
2024	$ 2,655,000	$ 795,859	$ 3,450,859
2025	2,770,000	1,491,908	4,261,908
2026	2,900,000	1,304,638	4,204,638
2027	3,045,000	1,100,033	4,145,033
2028	3,200,000	877,284	4,077,284
2029 - 2033	10,755,000	1,321,278	12,076,278
	$ 25,325,000	$ 6,891,000	$ 32,216,000

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 were as follows for the year ended June 30:

	2023					
	Total Balance 7/1/22	Additions	Reductions	Total Balance 6/30/23	Less Current Portion	Equals Long Term Portion
Revenue refunding bond 2014 series A	9,515,000	-	-	9,515,000	(995,000)	8,520,000
Revenue refunding bond 2021 series A	5,175,000	-	-	5,175,000	(85,000)	5,090,000
Revenue refunding bond 2022 series A	10,635,000	-	-	10,635,000	(1,575,000)	9,060,000
Total revenue bonds payable	25,325,000	-	-	25,325,000	(2,655,000)	22,670,000
Add: unamortized premium	1,278,651		(314,729)	963,922	(273,323)	690,599
Subtotal	26,603,651	-	(314,729)	26,288,922	(2,928,323)	23,360,599
Leases payable	1,696,308		(191,472)	1,504,836	(193,580)	1,311,256
Equipment notes payable	2,555,577	-	(618,131)	1,937,446	(566,277)	1,371,169
Net pension liability	1,482,310	1,237,407		2,719,717	-	2,719,717
Total OPEB liability	213,927	8,232		222,159	-	222,159
Compensated absences	331,279		(23,509)	307,770	(307,770)	-
Total	$ 32,883,052	$ 1,245,639	$ (1,147,841)	$ 32,980,850	$ (3,995,950)	$ 28,984,900

The 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 2023 and 2022, the Airport recognized $2,128,160 and $2,702,886 in CRRSA and ARPA grant revenue respectively, that 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 debt coverage ratio for fiscal year 2023 and 2022 was not applicable due to refunding the fiscal year 2022 revenue bond principal and interest payments. This bond debt service payments were refunded with the issuance of 2021 Series A revenue bond in April 2021 and 2022 Series A revenue bond in June 2022.

Current Refunding – On June 28, 2022, the Airport issued taxable airport revenue refunding bonds 2022 Series A (the "refunding bonds") in the amount of $10,635,000 with variable interest rates ranging from 4.0% to 5.0% and released debt service reserves of $430,480 to advance refund $11,520,000 of the 2012 Series A Revenue Bond payments with interest rates ranging from 4.0% to 5.0% maturing on July 1, 2022 through July 1, 2028. After premium of $781,854 and issuance costs and discount of $316,959, the net proceeds were $11,528,960.

As a result of the current refunding, the Airport reduced its total debt service cash flow requirements by $661,037, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $601,500.

Equipment Financing Notes – The Airport had the following equipment notes outstanding at June 30:

	2023	2022
Airport equipment - payments total to $74,486 annually, including interest at 2.77%, maturing on August 10, 2025.	$ 212,143	$ 279,246
Snow plow - payments total to $88,850 annually, including interest at 2.47%, maturing on September 30, 2023.	43,885	130,055
Parking Access Revenue Control System (PARCS) - payments total to $193,411 annually, including interest at 2.37%, maturing on March 2, 2024.	238,819	408,434
Airport equipment - payments total to $345,015 annually, including interest at 2.99%, maturing on September 18, 2027.	1,442,599	1,737,842
Total equipment notes outstanding	$ 1,937,446	$ 2,555,577

Maturities are as follows:

Fiscal Year		Principal		Interest		Total
2024	$	575,170		51,755	$	626,925
2025		383,997		36,457		420,454
2026		395,305		24,197		419,502
2027		413,005		13,510		426,515
2028		169,969		2,541		172,510
Total	$	1,937,446	$	128,460	$	2,065,906

10. RESTRICTED NET POSITION

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

		2023		2022
Restricted for debt service and capital projects (PFC)	$	7,223,200	$	6,075,235
Restricted for prepaid cash reserve (PFC)		491,892		491,892
Restricted for renewal and replacement reserve		200,013		200,013
Restricted for debt service reserve fund		3,357,950		3,386,481
Restricted for debt service		3,360,311		77,420
Restricted for operations and maintenance reserve		5,446,594		4,930,937
Total	$	20,079,960	$	15,161,978

As of June 30, 2023 and 2022, the restricted PFC cash above of $7,715,092 ($7,223,200 and $491,892) and $6,567,127 ($6,075,235 and $491,892), respectively, in addition to the PFC amount included in the debt service reserve above of $876,004 and $7,374, respectively, included in unrestricted cash, for a total of $8,591,096 and $6,574,501, respectively, is presented in the Schedule of Passenger Facility Charges Collected and Expended.

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.

The Plan membership for the City includes 838 inactive plan members or beneficiaries currently receiving benefits, 767 inactive plan members entitled to but not yet receiving benefits, and 876 active plan members.

At June 30, 2023, 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, 2022. At June 30, 2023 and 2022, the Airport's proportion was 2.34% and 2.40%, respectively. For more information on the City's plan, see the City of Burlington, Vermont's Annual Comprehensive 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, Vermont's Comprehensive Annual Financial Report.

Contributions: The Airport contributed $237,931 and $263,244 for the fiscal year ending June 30, 2023 and 2022. The Plan uses 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. For the years ending June 30, 2023 and 2022, the Plan members contribute 4.87% and 5.34% of their base pay, respectively.

Summary of Significant Accounting Policies: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Plan was used as reported on the City of Burlington, Vermont's 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, 2022 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	7.1 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-2020.

The actuarial assumptions used in the June 30, 2022 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 7.20% to 7.10%.

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, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Core Fixed Income	17.50%	5.00%
US Bonds - Dynamic	7.50%	5.60%
U.S. Large Cap Equity	32.00%	6.70%
U.S. Small Cap Equity	9.00%	6.50%
International Developed Equity	20.50%	8.89%
International Emerging Markets Equity	7.00%	10.80%
Private Equity	0.50%	9.70%
Real Estate	6.00%	7.40%
Long-term Return Assumption		7.10%

Total nominal long-term expected rate of return (ROR) is equal to the sum of the above individual asset class RORs and the expected long-term inflation rate of 2.60%.

Discount Rate: The discount rate used to measure the net pension liability was 7.10%. 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 (6.10%)	Discount Rate (7.10%)	1% Increase (8.10%)
June 30, 2023	$ 3,599,700	$ 2,719,717	$ 1,981,872
June 30, 2022	$ 2,302,254	$ 1,482,310	$ 791,600

Deferred Outflows and Inflows of Resources: Deferred outflows and inflows or resources consist of the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred pension contributions	$ 237,931	$ -
Changes in proportional share of contributions	8,123	34,802
Difference between expected and actual pension experience	56,058	-
Changes in assumptions	80,924	-
Difference between projected and actual investment earnings	411,373	-
Total	$ 794,409	$ 34,802

Deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized in pension expense in the 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	Amount
2024	$ 159,829
2025	105,104
2026	21,345
2027	235,398
	$ 521,676

Pension Plan Fiduciary Net Position: Detailed information about the Plan's fiduciary net position is available in the separately issued City of Burlington, Vermont's Annual Comprehensive Financial Report. No separate stand-alone report is issued for the Plan.

Further disclosures about the retirement Plan are included in the City of Burlington, Vermont's Annual Comprehensive 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 GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This 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. The Plan membership for the City includes 433 inactive plan members or beneficiaries currently receiving benefits, and 623 active plan members. 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 OPEB Plan'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 5.52% and 5.20% of the monthly premium cost for the years ending June 30, 2023 and 2022, respectively, 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, 2023, 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
Discount rate	3.65% as of June 30, 2023 (Prior: 3.54%)
Healthcare cost trend rates	6.50% for 2021, reducing by 0.2% each year to an ultimate rate of 4.60% per year rate for 2029 and later.
Participation rate	20% of eligible active members will elect medical coverage at retirement.
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 3.65% and 3.54% for the year ending June 30, 2023 and 2022, 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, 2023 and 2022.

Total OPEB liability

The Airport’s total OPEB liability was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2023.

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 Annual Comprehensive 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 (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
June 30, 2023	$241,747	$222,159	$197,355
June 30, 2022	$242,730	$213,927	$189,833

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 (5.5% decreasing to 3.6%)	Healthcare Cost Trend Rates (6.5% decreasing to 4.6%)	1% Increase (7.5% decreasing to 5.6%)
June 30, 2023	$201,365	$222,159	$248,173
June 30, 2022	$233,242	$213,927	$304,585

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

For the years ending June 30, 2023 and 2022, the Airport recognized an OPEB expense of $23,665 $28,630. 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 Annual Comprehensive Financial Report.

13. DEFERRED COMPENSATION PLAN

The Airport offers its employees a deferred compensation plan (DCP) administered through the City in accordance with Section 457 of the Internal Revenue Code (IRC). The DCP 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 the IRC. Investments of the DCP are self-directed by employees.

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 fiscal years 2023 and 2022 was zero.

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, 2023 and 2022, administrative and risk management fees paid to the City General Fund were $583,392 and $457,597 respectively.
The Airport contracted with other City departments to provide services. Security from the Police Department was $1,103,874 and $1,246,125 for fiscal years 2023 and 2022, respectively.

15. COMMITMENTS AND CONTINGENCIES

Grants - Amounts received or receivable from grantor agencies 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.

16. RISK MANAGEMENT

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 Indemnity Company and is offered on a guaranteed cost

basis with a deductible of $50,000. The City has a large-deductible workers' 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
Workers' 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 in the years ending June 30, 2023 and 2022.

17. 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:

American	34%
United	31%
Delta	24%

18. SUBSEQUENT EVENTS

Management has evaluated subsequent events though January 23, 2024, which is the date the financial statements were available to be issued.

19. NEW ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has also issued Statement No. 101-Compensated Absences, effective for the Airport for the fiscal year ending June 30, 2025. Management is currently evaluating the impact of implementing this GASB pronouncement.

CITY OF BURLINGTON, VERMONT
PATRICK LEAHY BURLINGTON INTERNATIONAL AIRPORT

SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2023
(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, 2023	June 30, 2022	2.34%	$2,719,717	$ 2,659,239	102.27%	64.28%
June 30, 2022	June 30, 2021	2.40%	$1,482,310	$ 2,606,931	56.86%	81.10%
June 30, 2021	June 30, 2020	2.40%	$2,363,918	$ 2,656,886	88.97%	66.37%
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%

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

See notes to the Airport's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.

CITY OF BURLINGTON, VERMONT
PATRICK LEAHY BURLINGTON INTERNATIONAL AIRPORT

SCHEDULE OF PENSION CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023
(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, 2023	$ 237,931	$ (237,931)	$ -	$ 2,659,239	8.95%
June 30, 2022	$ 263,244	$ (263,244)	$ -	$ 2,615,031	10.07%
June 30, 2021	$ 248,981	$ (248,981)	$ -	$ 2,606,391	9.55%
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%

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

See notes to the Airport's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.

CITY OF BURLINGTON, VERMONT
PATRICK LEAHY BURLINGTON INTERNATIONAL AIRPORT

SCHEDULE OF PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY
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, 2023	June 30, 2023	3.93%	$222,159	$2,433,238	9.13%
June 30, 2022	June 30, 2022	3.93%	$213,927	$2,371,577	9.02%
June 30, 2021	June 30, 2021	3.91%	$271,015	$2,362,236	11.47%
June 30, 2020	June 30, 2020	3.91%	$257,184	$2,302,374	11.17%
June 30, 2019	June 30, 2019	2.10%	$112,007	$1,642,196	6.82%

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

See notes to the Airport's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditors' Report.

MARCUM
ACCOUNTANTS ▲ ADVISORS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the Patrick Leahy Burlington International Airport (an enterprise fund of the City of Burlington, Vermont) (the Airport), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements, and have issued our report thereon dated January 23, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Airport's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control. Accordingly, we do not express an opinion on the effectiveness of the Airport's internal control.

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

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

Marcum LLP / 9 Executive Park Drive / Suite 100 / Merrimack, NH 03054 / **Phone** 603.882.1111 / **marcumllp.com**

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Airport's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marcum LLP

Merrimack, NH
January 23, 2024

MARCUM
ACCOUNTANTS ▲ ADVISORS

REPORT ON COMPLIANCE WITH REQUIREMENTS OF THE PASSENGER FACILITY CHARGE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEUDLE OF PASSENGER FACILITY CHARGES REQUIRED BY THE FEDERAL AVIATION ADMINISTRATION PASSENGER FACILITY CHARGE BRANCH

INDEPENDENT AUDITORS' REPORT

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

Opinion on the Passenger Facility Charge Program

We have audited the Patrick Leahy 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 Passenger Facility Charge Branch, 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, 2023. Our responsibility is to express an opinion the Airport's compliance based on our audit procedures.

In our opinion, the Airport 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, 2023.

Basis for Opinion on the Passenger Facility Charge Program

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the requirements of the Federal Aviation Administration, Passenger Facility Branch (FAA). Our responsibilities under those standards and the FAA are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

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We are required to be independent of the Airport and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Airport's passenger facility charge program. Our audit does not provide a legal determination of the Airport's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to the Passenger Facility Charge Program.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred. whether due to fraud or error, and to issue an opinion on the Airport's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the FAA will always detect a material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Airport's compliance with the requirements of the passenger facility charge program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the FAA, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Airport's internal control. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 and significant deficiencies may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 FAA's *Passenger Facility Charge Audit Guide for Public Agencies*. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Passenger Facility Charges Required by the Federal Aviation Administration, Passenger Facility Charge Branch

We have audited the financial statements of the Patrick Leahy Burlington International Airport (an enterprise fund of the City of Burlington, Vermont) (the Airport), as of and for the year ended June 30, 2023, and have issued our report thereon dated January 23, 2024, 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 Passenger Facility Charges is presented for purposes of additional analysis as required by the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration, Passenger Facility Charge Branch 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.

Marcum LLP

Merrimack, NH
January 23, 2024

CITY OF BURLINGTON, VERMONT
PATRICK LEAHY BURLINGTON INTERNATIONAL AIRPORT
SCHEDULE OF PASSENGER FACILITY CHARGES
FOR THE YEAR ENDED JUNE 30, 2023

Cash balance - July 1, 2022	$	6,574,501
Receipts		
Passenger facility charges collected		2,325,022
Interest earnings		3,402
Total receipts		2,328,424
Disbursements		
Project No. 96-01-I-00-BTV		(19,144)
Project No. 00-03-C-00-BTV		(7,688)
Project No. 10-04-C-00-BTV		(89,675)
Project No. 20-07-C-00-BTV		(39,960)
Project No. 22-08-C-00-BTV		(155,362)
Total disbursements		(311,829)
Increase in cash balance		2,016,595
Cash balance - June 30, 2023	$	8,591,096

See Note 10 for reconciliation of above cash to the restricted accounts presented in the financial statements.

PATRICK LEAHY BURLINGTON INTERNATIONAL AIRPORT

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

I. Summary of Auditors' Results

Financial Statements

Type of Auditors' report issued:	Unmodified
Internal Control over Financial Reporting:	
• Material weaknesses identified?	____ Yes ✓ No
• Significant deficiencies identified?	____ Yes ✓ None reported
Noncompliance material to financial statements noted?	____ Yes ✓ No

Passenger Facility Charge Program

Internal Control over the Passenger Facility Charge Program:	
• Material weaknesses identified?	____ Yes ✓ No
• Significant deficiencies identified?	____ Yes ✓ None reported
Type of Auditors' report issued on compliance:	Unmodified
• Any audit findings disclosed that are required to be reported in accordance with the *Passenger Facility Charges Audit Guide for Public Agencies*?	____ Yes ✓ No

II. Financial Statement Findings

None reported.

III. Findings and Questioned Costs

None reported.

BTV

PATRICK LEAHY
BURLINGTON
INTERNATIONAL AIRPORT

Patrick Leahy

Burlington International Airport

February 7, 2024

Airport Commission

Director's Report

Staffing Updates

Beach Party Staff Appreciation Luncheon

- Celebrating all employees this winter season and highlighting two long time City employees:
  - Dick White – over 34 years
  - Chip French – Over 35 Years!

Welcome Breeze Airways!

- Tampa, FL started January 31st
- Join us next week at the inaugural Orlando, FL February 14th
- And now starting non-stop to Raleigh-Durham with Direct to Jacksonville, FL

Thank you Tampa Team!

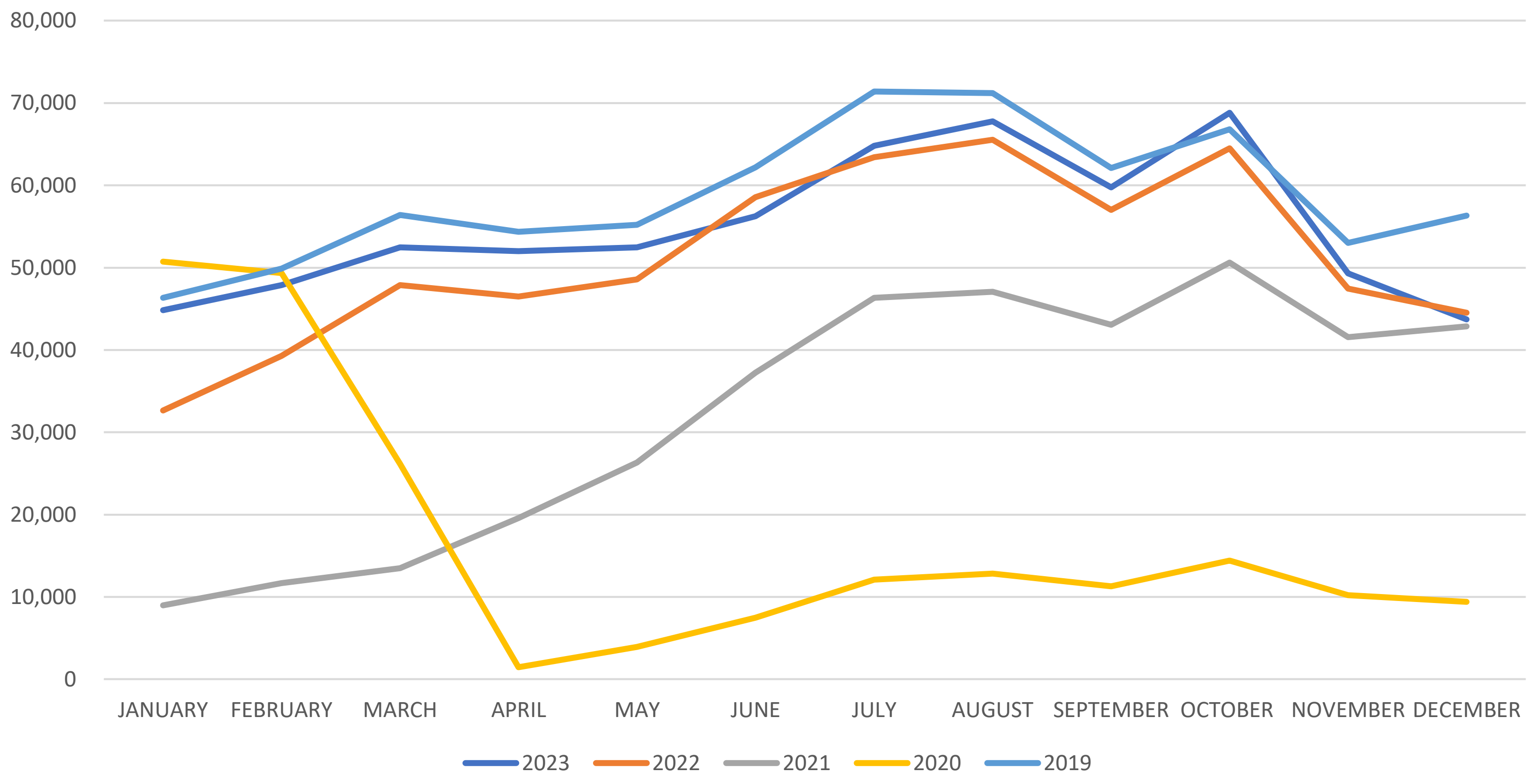

Transcend
April 8, 2024 | 2 - 5 PM
BTV
PATRICK LEAHY
BURLINGTON
INTERNATIONAL AIRPORT
Enjoy the solar eclipse from the airfield of the
Patrick Leahy Burlington International Airport
Live Music, Food Trucks, Bar Services, Games, and more!

Short Look Ahead

- Breeze Inaugural Orlando February 14
- Electric Vehicle Press Release
- February School Break Travel Peaks (February 24 – March 3)

Passenger Statistics Through December 2023

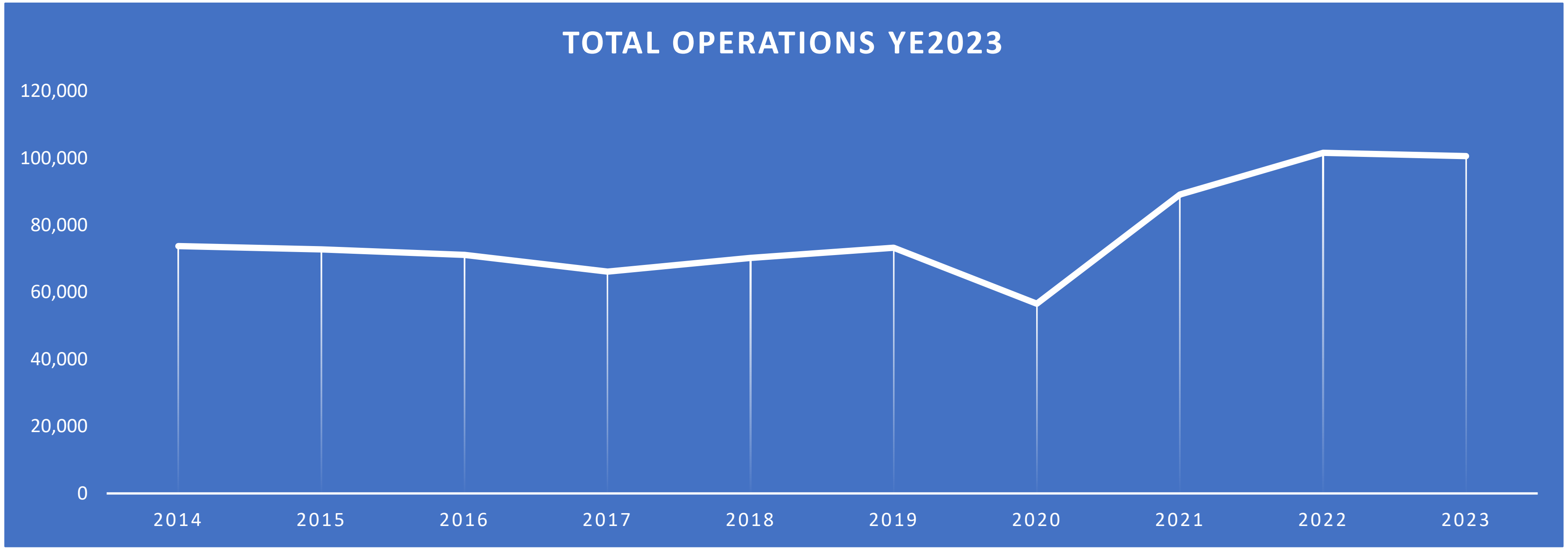
	2023	2022	2021	2020	2019
JANUARY	44,848	32,652	8,979	50,750	46,356
FEBRUARY	47,864	39,291	11,696	49,341	49,867
MARCH	52,484	47,878	13,491	26,158	56,400
APRIL	52,018	46,485	19,563	1,448	54,340
MAY	52,471	48,564	26,325	3,911	55,209
JUNE	56,241	58,546	37,229	7,458	62,180
JULY	64,807	63,402	46,344	12,119	71,381
AUGUST	67,763	65,535	47,059	12,823	71,200
SEPTEMBER	59,751	57,037	43,072	11,292	62,116
OCTOBER	68,823	64,490	50,618	14,416	66,795
NOVEMBER	49,302	47,452	41,572	10,211	53,007
DECEMBER	43,725	44,545	42,886	9,393	56,314
TOTALS	**660,097**	**615,877**	**388,834**	**209,320**	**705,165**



Operational Statistics Through December 2023

	December 2023	December 2022		FY2024 YTD	FY2023 YTD	% Change
Air Carriers	1,140	1,266	-10%	8,731	9,210	-5%
Air Taxi	528	530	0%	3,872	3,322	17%
General Aviation	1,659	2,409	-31%	19,260	21,439	-10%
Military	166	269	-38%	1,714	2,067	-17%
Local Traffic	1,914	2,920	-34%	13,218	20,734	-36%
Total BTV Operations	5,407	7,394	-27%	46,795	56,772	-18%

Calendar Year	Total Operations
2010	70,420
2011	77,618
2012	76,498
2013	74,199
2014	73,757
2015	72,795
2016	71,133
2017	66,150
2018	70,236
2019	73,270
2020	56,559
2021	89,122
2022	101,567
2023	100,601



Air Carrier: Seating Capacity of more than 60 seats or a max payload capacity of more than 18,000 pounds

Air Taxi: Maximum seating capacity of 60 seats or a max payload capacity of less than 18,000 pounds

General Aviation: Takeoffs and Landings of all civil aircraft, except those classified as air carrier or air taxi

Military: All classes of military takeoffs and landings

Parking Garage Statistics