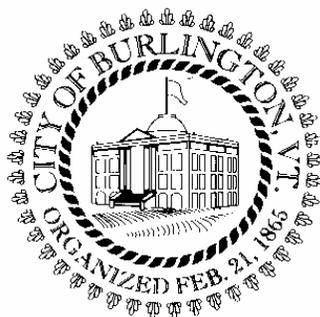


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**PRESS RELEASE
FOR IMMEDIATE RELEASE**

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MOODY'S DOWNGRADES BURLINGTON AIRPORT CREDIT RATING

City Takes Immediate Steps to Address Moody's Concerns

Burlington, VT – May 21, 2010. The City of Burlington announced today that Moody's Investors Service has downgraded the Burlington International Airport's credit rating from Baa1 to Baa3. The Moody's analysis cites several factors: concerns about the Airport's "protective liquidity" due to uncertainties in the City's pooled cash system; a debt service coverage ratio that is too low; and a potential reduction in enplanements based on the recent departure of AirTrans.

Moody's states that the Baa3 rating is under review for further downgrading or potentially to go back up – with a focus on the Airport's ability to restore protective liquidity and raise its debt service coverage ratio through increasing rates and charges. The report also lists as strengths the diversity of airport revenues, the presence of JetBlue Airways, the relative strength of Burlington's economy, and the airport's low enplanement and parking rates.

City officials are concerned about the Moody's determination and dispute the assumptions made in the analysis. "The City can and will address the issues raised in the Moody's report," said Mayor Bob Kiss. "The Airport continues to be a tremendous strength for Burlington, the region, and the State. While the airline industry has suffered nationally during the economic circumstances of the last two years, BTV is poised to maintain its passenger base and grow stronger in the next year and beyond."

"The Moody's analysis of the status of the Airport's liquidity related to the City's pooled cash system is an incomplete and poor characterization of the circumstances," said Chief Administrative Officer Jonathan Leopold. "Over the last 10 months not only has the pooled cash system covered the Airport's normal operating expenses but, in addition, it has advanced over \$17 million in capital improvements to the Airport. Pooled cash has been advantageous, rather

than a problem, for the Airport. However, in order to respond to the Moody's concerns, we have ended the Airport participation in pooled cash and established a separate account for the Airport.

The City will take the following measures in response to the Moody's report:

- All Airport funds will be held in accounts separate from the City's pooled cash system;
- The city will establish a dedicated line of credit for the Airport to establish liquidity;
- The Airport has ordered a new study of rates and charges and is prepared to adjust those rates and charges, as needed, by the end of the fiscal year;
- The Airport has proposed an operating budget that cuts \$385,707 in spending and sets a revenue target increase in FY11 of \$682,316.

"The Moody's report is unnecessarily pessimistic about the business outlook and future growth at BTV," said Airport Director Brian Searles. "While 2009 was undoubtedly a tough year for Burlington as well as airports across the country, the travel hubs we rely upon have begun growing their business this year, and we anticipate a corresponding return to greater passenger numbers here. In the last two months we are already seeing passenger increases which have resulted in numbers that are equivalent to those when AirTran was operating in Burlington."

City officials learned about the downgrade earlier this week, several days after it was officially released on May 13. Mayor Kiss and Chief Administrative Officer Jonathan Leopold discussed the report with the City's Board of Finance at its meeting yesterday evening.

National trends indicate that many airports are facing credit downgrades or potential downgrades due to the economic recession and uncertainties in the airline industry. A February 2010 Moody's analysis of the U.S. Airline sector concluded that, despite the fact that many indicators are stabilizing, the overall outlook for the industry is negative going forward 12 to 18 months:

"Moody's believes U.S. airport credit remains in a tenuous position for the outlook period as solid growth is not expected to take hold soon and the majority of rated airports have lost varying degrees of financial flexibility in the downturn of the past 18 months. Strong enplanement declines in late 2008 and throughout 2009 pressured airport margins and required them to make use of financial flexibility by expending reserves, reducing capital plans, and trimming operating expenses. This flexibility gone, many U.S. airports will struggle to maintain their financial position without positive enplanement growth."

Over the last several months, Moody's has faced Congressional and regulatory scrutiny regarding its monitoring of municipal bond ratings and its role in assigning high ratings to subprime-mortgage bonds before the collapse of that market in 2007, a main factor leading to the current economic recession.

The Burlington International Airport currently has \$41.7 million in outstanding rated debt. On Town Meeting Day in March 2009, Burlington voters approved a proposal for \$21.5 million in revenue bonds to expand the airport parking garage.

Links:

Moody's Report: <http://www.ci.burlington.vt.us/docs/2021.pdf>

Moody's Analysis of Airline Industry: <http://www.ci.burlington.vt.us/docs/2022.pdf>