SPECIAL COMMITTEE ON AIRPORT ACTIVITIES

March 17, 2026 at 5:00 PM

Chairman Burkush called the meeting to order.

The Clerk called the roll.

Present: Aldermen Burkush, Sapienza, Barry, Dexter, Terrio

Messrs.: T. Malafronte, T. Avampato

1. Presentation from Tom Malafronte, Aviation Director, regarding the refunding and restructuring of Series 2018 Bonds.

Tom Malafronte, Aviation Director: I'd first like to introduce Teresa Avampato. Teresa is the CFO at the airport. She's been with the city for almost 25 years, been the CFO for more than 15, and she has done 16 refinancing and 1 debt restructuring effort for the airport. She's very familiar with the process. So, she's going to keep me honest as we go through this. So, what I want to start out with is a couple of weeks ago when I was here, just kind of doing the general airport overview, I introduced the concept of phase two of our debt restructuring and the reason that we're going to do this. The reason that we're going to do this first and foremost is to reduce those spikes that you see in years 27 and 28. The first phase of the debt restructuring we actually did back in March of 2020. So, when you see the annual debt service bars on 2025 and 2026 on the left-hand side, that was our annual debt service last year and this year. So, as you can see, it's under $10 million. The second phase of this debt restructuring aims to reduce those spikes that you see in 27 and 28. If we hadn't done the original debt restructuring back in 2020, then those bars that you see for 25 and 26 would have matched what you see in 27 and 28. So our annual debt service would have been between $14 and $16 million. So, in other words, that $14 to $16 million is a lot of money to pass along to the airlines if traffic is not recovering significantly. We're recovering, but we're recovering at a very slow rate. We still haven't returned to 2019 levels yet. So, the goal for this second phase of the debt restructuring is to take the 2018 bonds, which is what you see in orange there, restructure that debt, refinance it, and then spread it out to year 2036. Basically, what we're looking to do is restructure what you see, the $12.9 about $13 million in debt. So rather than passing on $10.1 and $10.4 million in debt service over the next two years to our airlines, we will be passing on $6 million less in 2027 and $4 million less in 2028. And then when you get out to 2029 through 2036, you can see that our debt payments drop off significantly. So even if traffic increases at a moderate rate, 2%, 3%, if we're fortunate that very low debt service is going to make it very reasonable for the airlines to absorb and create an atmosphere where they can invest more and grow more. So, this slide really tells the whole story in terms of the airport's overall debt picture. So, the bars that you see in gray are the way our current bond structure lines up. So, we currently have about a total US debt capacity of about $83 million. The spikes that we're trying to reduce, you can see in 2027 and 2028 are the $16.7 and $13.9. The blue bar represents what will happen if we get the approval to do the second phase of the debt restructuring. So, you can see 2027 and 2028 become much more palatable for our new carriers. We flatten out for the period of 2029 through about 2036, and then drops off significantly from there. And again, if you're a new entrant to the airport, JetBlue has only been in Manchester for a couple of years. Breeze, which is adding markets, they can't absorb those spikes, which is why we're doing this. We've made them aware that we want to do this. They know the impact of spreading out the debt a little farther, but obviously it's much more manageable. And they are all 100% behind doing this.

Teresa Avampato, Airport Chief Financial Officer: So, after the resolution, we're assuming if it does get approved and we can move forward, our plan is to distribute an RFP and it will have two options in it, which is a bank purchaser option, which could be a bank directly purchasing this loan. And we feel like this loan is more attractive for a bank because it's less than $20,000,000 in ten years maturity. We do feel like we will have some bank interest, but we also have a placement agent option as well, which is what we did with the last restructuring, where we have an investment firm that comes and helps market the bond. PFM will assist the city with this restructuring. That is the same PFM that the city uses as well. A different consultant, but the same firm. And we plan for about one month, have it out on the street and draft the documents in May and hopefully close in June.

T. Malafronte: So, all in, we've planned for about a $15 million debt restructuring. We're looking for about $13.9 to $15 would cover the additional cost to do the closing. And as Teresa said, we have already had interest from local banks because it's a smaller amount that we're trying to cover. If you get into $25, $30, $40 million, if you tried to wrap a number of these bonds together, they would be too big for a local bank to handle. So, I've had interest from three local banks. We will reach out to them when we get to the point where this gets advertised, gets put out on the street, because we would love to have a local bank step up and take this loan. But we think it will get picked up quickly and we should be able to close on it fairly quickly. The reason for the July 1st date is that I mentioned in the last update that I gave, even though it was kind of fast and furious, I think we went through six months of updates in about 30 minutes. July 1st is the beginning of our new fiscal year, obviously, but it also aligns with the new airline operating agreement that we're working diligently to try to get all of the airlines on board to get them to sign on for five additional years. So, this is a key piece of that puzzle. So, if we're able to restructure this debt, which again, is the second phase of what we started back in 2020, and get them to an environment where they know and can predict what their debt is going to be over the next 6 to 10 years, airlines like stability. They like to know that they're going to have a reasonable debt structure going forward. We don't plan to take out any additional bonds. We're not doing any major expansions. What we're going to do in the master plan and what we've told everybody as part of the airline operating agreement negotiations is we're going to make the airport as efficient as we possibly can, and we're going to lower costs to the airlines as much as we can. And this is just another important step in that process.

Alderman Sapienza: Thank you for the presentation. When you talk about restructuring the debt and lowering the spikes, that's great. How exactly are you doing that? Is it simply by stretching it out over a greater length of time? Is that it?

T. Malafronte: Yes. That's the tradeoff. We know the rates aren't as good as they were when we refinanced several times in the past when the rate was 2% or 3%.

Alderman Sapienza: That's fine. But you feel that by stretching it out over a greater length of time, that's worth it to lower the spikes and have the obligation for a greater length of time in the future.

T. Malafronte: Yes. So, the debt structure will be reasonable. It will be stable. The airlines will be able to predict what they're going to have to pay year to year. And to be perfectly honest, to ask JetBlue and Breeze, they are now coming off of incentives. So, when we bring a new airline to the airport, they get a year essentially for free. They get marketing assistance. Year two is 50%. Once you get into year three and they're closing in on year three, if they march into that spike in airport costs, it's going to stop them in their tracks and they're not going to grow anymore. But if we can reduce that debt, even though we have to spread it out over time, it gives them more chance to grow.

Alderman Sapienza: Terrific. Thank you.

Chairman Burkush: Director, do you need this reported out? Is there a time constraint on this? Would you like it reported and approved tonight?

T. Malafronte: We don't have to do it tonight. I mean, we are on track for July 1st. So, Teresa kind of mapped it out. We've already got an RFP drafted. This will go out on the street. Hopefully a local bank will pick it up. But we think we have enough time to be able to get all of that done.

*On motion of **Alderman Barry**, duly seconded by **Alderman Sapienza**, it was voted that the Bond Resolution ought to pass and be referred to the Committee on Finance.*

*There being no further business, on motion of **Alderman Barry**, duly seconded by **Alderman Terrio**, it was voted to adjourn.*

A True Record. Attest.

Clerk of Committee

Meeting Start Time: 5:00PM
Meeting End Time: 5:09PM
Minutes Prepared By: Michael Intranuovo