

AGENDA
SHAWNEE AIRPORT AUTHORITY
October 3, 2016 AT 6:30 P.M.
COMMISSION CHAMBERS AT CITY HALL
SHAWNEE, OKLAHOMA

CALL TO ORDER

DECLARATION OF A QUORUM

All motions will be made in the affirmative. The fact that a commissioner makes or offers a second to a motion does not mean that the commissioner must vote in favor of passage.

1. Consider approval of Consent Agenda:
 - a. Minutes from the September 19, 2016 meeting.
2. Discussion, consideration, and possible action on entering into a Memorandum of Understanding with the Shawnee Industrial Authority in order to finance the construction of a ten unit T-hangars facility.
3. New Business

(Any matter not known about or which could not have been reasonably foreseen prior to the posting of the agenda)
4. Adjournment

Respectfully submitted

Phyllis Loftis, CMC, City Clerk

Shawnee Airport Authority**1. a.**

Meeting Date: 10/03/2016

SAA 09-19-2016 Minutes

Submitted By: Lisa Lasyone, City Clerk

Department: City Clerk

Information

Title of Item for Agenda

Minutes from the September 19, 2016 meeting.

Fiscal Impact**Attachments**SAA Minutes 09-19-2016

THE TRUSTEES OF THE SHAWNEE AIRPORT AUTHORITY OF THE CITY OF SHAWNEE, COUNTY OF POTTAWATOMIE, STATE OF OKLAHOMA, MET IN REGULAR SCHEDULED SESSION IN THE COMMISSION CHAMBERS AT CITY HALL, 9TH AND BROADWAY, SHAWNEE, OKLAHOMA, MONDAY, SEPTEMBER 19, 2016, DURING THE BOARD OF CITY COMMISSIONERS MEETING AT 6:30 P.M., PURSUANT TO NOTICE DULY POSTED AS PRESCRIBED BY LAW. UPON ROLL CALL, A QUORUM WAS DECLARED WITH THE FOLLOWING MEMBERS IN ATTENDANCE:

PRESENT: Bushong, Gillham, Harrod, Finley, Rutherford, Shaw, Dykstra

ABSENT: None

Call to Order

Declaration of a Quorum

AGENDA ITEM NO. 1: Consider approval of Consent Agenda:

- a. Minutes from the September 6, 2016 meeting.
- b. Airport Advisory Board Minutes from July 20, 2016 meeting.

A motion was made by Trustee Shaw, seconded by Trustee Bushong, to approve Consent Agenda Item Nos. 1(a-b). Motion carried 7-0.

AYE: Shaw, Bushong, Gillham, Harrod, Finley, Rutherford, Dykstra

NAY: None

AGENDA ITEM NO. 2: New Business (Any matter not known about or which could not have been reasonably foreseen prior to the posting of the agenda)

There was no New Business.

AGENDA ITEM NO. 3:

Adjournment

There being no further business to be considered, the meeting was adjourned by power of the Chair. (7:14 p.m.)

RICHARD FINLEY
CHAIRMAN

ATTEST:

PHYLLIS LOFTIS, SECRETARY

Shawnee Airport Authority

2.

Meeting Date: 10/03/2016

SIA Loan

Submitted By: Lisa Lasyone, City Clerk

Department: City Clerk

Information

Title of Item for Agenda

Discussion, consideration, and possible action on entering into a Memorandum of Understanding with the Shawnee Industrial Authority in order to finance the construction of a ten unit T-hangars facility.

Fiscal Impact

Attachments

SIA Loan Memo

SIA Loan Fact Sheet

SIA Loan MOU



Date: October 3rd, 2016

To: Shawnee Airport Authority

From: Keenan English, Assistant Airport Manager

RE: **Memorandum of Understanding between the Shawnee Industrial Authority and the Shawnee Airport Authority**

Nature of Situation: The Shawnee Industrial Authority (SIA) is offering the Shawnee Airport Authority (SAA) a 12 year loan to construct a 10 unit T-hangar facility. This Memorandum of Understanding is not a binding Loan Agreement per se. Rather, it documents the intent of both parties to enter into a Loan Agreement in the future and allows the Shawnee Regional Airport to pursue preliminary infrastructure projects with the confidence financing will be available to build the hangars. The Memorandum of Understanding does address certain aspects of what a future loan will look like and is spelled out within the document. Yet, many of the elements of the Loan Agreement shall be addressed later. Below are key components of the MOU.

Key terms of the MOU

Loan Amount: \$350,000

Interest Rate: To be determined prior to Loan Agreement

Term: 12 years.

Payments: Annual payments.

Collateral: The City of Shawnee guarantees the loan.

Other: This MOU is not a commitment to lend, nor does it contain all the terms and conditions of the financing that may be included in the final loan documentation. It is also understood that closing of the Loan is dependent upon the SAA receiving approvals and consents from various governmental third parties and other conditions which may or may not be included in this MOU. This MOU is an expression of the parties' intent to move forward with the Project.

Staff Analysis, Considerations: The Airport has not built new hangars since the 1970s. Since then, the Airport has seen significant growth, yet has struggled to harness such growth due to lack of facilities. Currently, there is a long waiting list of aircraft owners who

would like to rent hangars at Shawnee but cannot. The Airport is at full occupancy and has been so for quite some time.

Recommendation: The Airport Advisory Board recommended approving the Memorandum at the September 21, 2016 Airport Advisory Board meeting.

Budget Consideration:

Accepting a loan would be predicated on constructing a new taxiway and apron in years leading up to the construction of T-hangars. Attached is a document that shows the construction schedule and who is responsible for the cost of each portion of the project. Below is a summary of that document

FAA -	\$625,313
SIA -	\$350,000
City -	\$121,883
Airport -	<u>\$72,650</u>
TOTAL	\$1,169,846

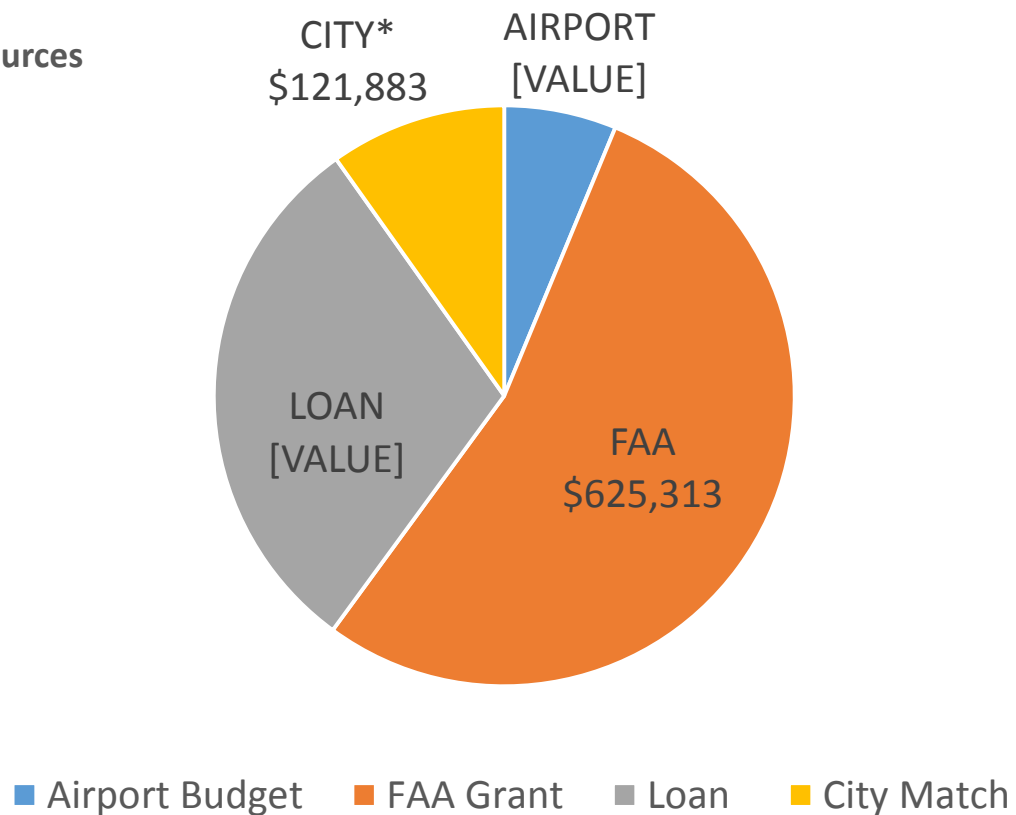
The revenue from the newly constructed T-hangars would generate approximately \$30,000 per year and would be a significant source of revenue after the loan was paid off. Currently, after operating expenses, the airport has only \$50,000 - \$75,000 each year to spend on capital improvements and/or match grant dollars.

Airport T-Hanger Project Fact Sheet

	PROJECT	COST
2017/2018 Phase 1	Administration and Engineering of new ramp for T-Hangers	\$76,500
2018/2019 Phase 2	Administration, inspection, and construction of new ramp for T-hangers	\$743,346
2019 or 2020 Phase 3	Design and construction of T-hangers	\$350,000

TOTAL COST OF PROJECT - \$1,169,846

Funding Sources



*City Funds would need to be budgeted for in FY 2018/2019

Memorandum of Understanding – Airport Development Loan

October 3, 2016

Shawnee Airport Authority
16 W. 9th St.
Shawnee OK, 74801

Shawnee Industrial Authority
231 N. Bell
Shawnee, OK 74801

The Shawnee Industrial Authority (“SIA”) wishes to enter into this Memorandum of Understanding (“MOU”) to set forth the general terms under which the parties anticipate the SIA will offer certain financing to the Shawnee Airport Authority (“SAA”), in connection with the SAA’s desire to obtain up to \$350,000 of funds (“the Loan”). Proceeds from the Loan will be used solely to assist in financing the design, development, construction, furnishing and equipping of an approximately 12,000 square foot T-Hangar building facility (“The Project”) located at the Shawnee Regional Airport, to be owned and operated by the SAA in furtherance of making the T-hangar available for rent to airport tenants.

This MOU describes the general terms and conditions regarding the Loan, but is not intended to comprehensively describe all of the final terms and conditions of the proposed loan, nor is this MOU a firm commitment to lend. This MOU and the Loan are subject to the SAA applying for and receiving Federal and/or State grants as well as securing the appropriation of future City funds for essential preliminary infrastructure projects in relation to the Project. This MOU is also subject to the parties subsequently entering into a loan documents to further describe all of the terms and conditions of the potential Loan and is further subject to negotiating all additional Loan terms which have not been discussed. In addition, the commitment of the SIA and SAA to agree to the Loan is subject to the SAA satisfying itself that it has adequate collateral for the Loan and acceptable assurances of Loan repayment.

GENERAL DESCRIPTION OF FINANCING TRANSACTION

SHAWNEE INDUSTRIAL AUTHORITY

LOAN AMOUNT: \$350,000

SOURCES OF LOAN:

The sources of the total Loan amount shall be the following:

1. Shawnee Industrial Authority loan \$ 350,000.00
Total \$ 350,000.00

CLOSING DATE:

If the SAA is awarded the loan, it is anticipated that the Loan can be documented and closed within ninety (90) days of the date the SIA approves of the Loan application and issues its letter of conditions. It is contemplated that the Loan will be closed after final completion of the Project.

INTEREST RATE:

The interest rate on the Loan shall be negotiated and established prior to entering into the final Loan Agreement.

TERM

The SAA covenants and agrees to repay the Loan in annual payments, together with interest thereon in Loan Repayments which in the aggregate shall be in an amount sufficient to pay in full and when due, all of the principal of and interest of the Loan. The Loan is projected to be a twelve (12) year fixed loan beginning on the Fiscal Year after the completion of the Project.

PAYMENTS

Annual payments on the Loan will commence within the first month of the fiscal year (July) following the closing date, and continue within the first month of each fiscal year until paid in full over the twelve (12) year amortization of the Loan. The obligations of the SAA to pay the Loan due and owing to the Lender under this Agreement and under the note are obligations of the SAA and the City of Shawnee ("City") payable solely from Airport Revenue, and solely to the extent the City so determines in its sole discretion. The City pledges to make payments on behalf of the Airport in the event the Airport is not able to pay principal and/or interest on any and all payment date deadlines. The use of City funds to make payments hereunder shall never constitute a pledge of such other available funds nor a claim on ad valorem taxes of the City.

FAILURE TO PAY AS REQUIRED

If payments are not received in the full amount on the due date, the loan will be in default. The borrower has (90) days from the due date to pay overdue payments or the entire principal and

accrued interest shall become due and payable. Upon the occurrence and continuation of an event of default, the SIA may demand payment in the full amount of the leftover principal.

RESOLUTIONS:

The SIA shall receive a copy of the resolutions of the governing board of the SAA authorizing the Loan and the execution, delivery and performance of the Loan Agreement, and any and all other documents related thereto or required by the SIA, which resolutions shall be duly certified by an office of the SAA.

APPROVAL AND PREPARATION OF DOCUMENTS:

All documents and agreements contemplated by this MOU shall be prepared and approved by, and all legal matters incidental hereto shall be acceptable to and approved by both party's legal counsel.

MISCELLANEOUS:

This MOU shall not be assignable or transferable by either party. This MOU shall not be construed to have been extended, changed, amended, modified, discharged or terminated except by an instrument in writing signed by the party against whom enforcement of any such extension, change, amendment, modification, discharge or termination is sought. The SAA understands, and by signing this MOU, the SAA hereby agrees, that they shall be responsible for all costs and expenses (including without limitation attorneys' fees) paid or incurred by the SIA in connection with this MOU and the loan transaction contemplated hereby whether or not said loan transaction is in fact consummated.

Again, this MOU is not a commitment to lend, nor does it contain all the terms and conditions of the financing that may be included in the final loan documentation. It is also understood that closing of the Loan is dependent upon the SAA receiving approvals and consents from various governmental third parties, and other conditions which may or may not be included in this MOU. This MOU is an expression of the parties' intent to move forward with the Project.

IN WITNESS WHEREOF, the undersigned party has executed this Loan and Security Agreement under seal as of the date first above written.

BORROWER:

SHAWNEE AIRPORT AUTHORITY, an
enterprise authority of the City of Shawnee

JUSTIN ERICKSON
City Manager/Airport Manager
City of Shawnee

RICHARD FINLEY
Mayor
City of Shawnee

ATTEST:

Phyllis Loftis
City Clerk

(SEAL)

LENDER:

SHAWNEE INDUSTRIAL AUTHORITY

CHRIS HARDEN
President
Shawnee Industrial Authority

Approved as to form and legality on this _____ day of _____, 2016

JOSEPH VORNDRAN,
CITY ATTORNEY