

Salina Airport Authority Board of Directors Special Meeting

JULY 29, 2020



Local Transportation Company

Durham School Services, L.P.

- In need of a facility to accommodate
 - Vehicle Maintenance
 - Dispatching Operations
 - Office / Training Space
 - Nearly 2 acres of paved parking

❖ Opportunities

- ❖ Viable prospect-not speculative
- ❖ Turn a non-tenantable facility into a long-term, revenue producing asset
- ❖ Historically low financing rates
- ❖ Local bank interest in project
- ❖ Secure a new tenant to Airport Industrial Center
- ❖ Community support of a long-time Salina business



Review of Financing Bids Received for the Bldg. 824 and Equipment Yard Project

TIM ROGERS, A.A.E.

SHELLI SWANSON, C.M.

DAVID ARTEBERRY

Project Financing and Lease Terms

➤ Financing

- Taxable Lease Purchase
- Interest rates were estimated at 3.25-3.99%
- 10- year amortization
- 4 Proposals were received

Project Financing and Lease Terms

Salina Airport Authority
Lease Purchase Financing
2020 Taxable Municipal Lease Purchase Agreement

Summary of Proposals

Bidder	Rate	Approximate Annual Payment	Early Prepayment Feature	Other Conditions
First Bank Kansas	3.460%	\$54,764	Not mentioned (Terms Sheet specified 8/1/25 @ Par)	They handle escrow Title insurance required
Commerce Bank	2.580% Revised to 2.79% with removal of the environmental audit	\$52,441 \$52,974	8/1/25 @ 101 No partial prepayment Prepayment premium only applies if funds are from grant or refinancing.	Rate may change if closed after 8/12 Title report Environmental "audit/report" Copy of construction contract and certificate of architect \$250 escrow fee \$1,000 legal counsel
Sunflower Bank	4.625%	\$57,928	8/1/25 @ 100	\$5,000 legal counsel Right to assign lease
Bennington State Bank	3.300%	\$54,337	Not mentioned (Terms Sheet specified 8/1/25 @ Par)	Annual notification that payment appropriation has been made. \$880 Escrow Fee

Consideration of Resolution No. 20-3 authorizing a Lease Purchase Agreement to finance the acquisition, construction, furnishing and equipping of facility improvements; and to approve the execution of certain documents in connection therewith.

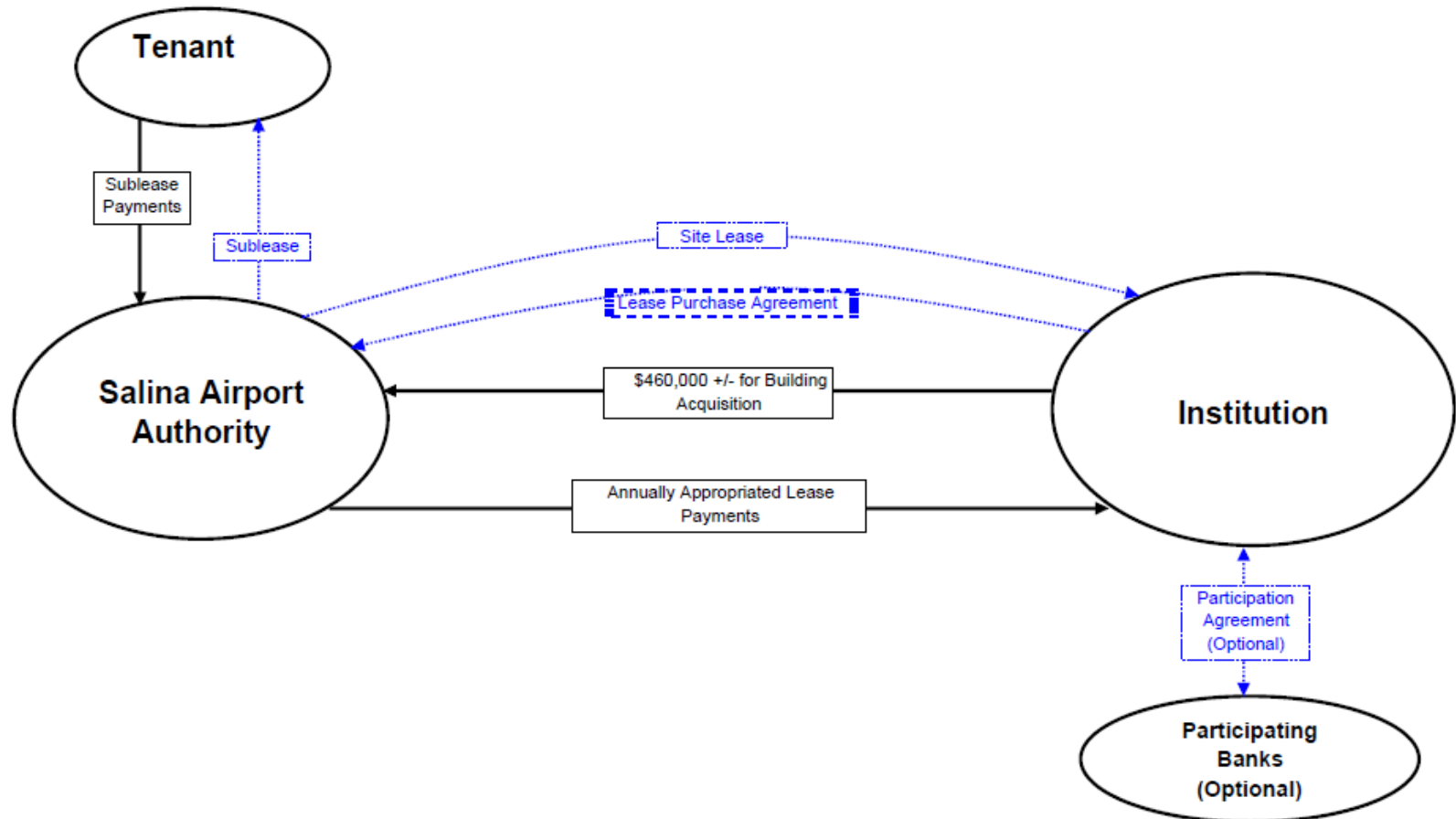
SHELLI SWANSON, C.M.

TIM ROGERS, A.A.E.

MITCH WALTER, GILMORE & BELL

Direct Lease Structure

Documentation and Cashflow



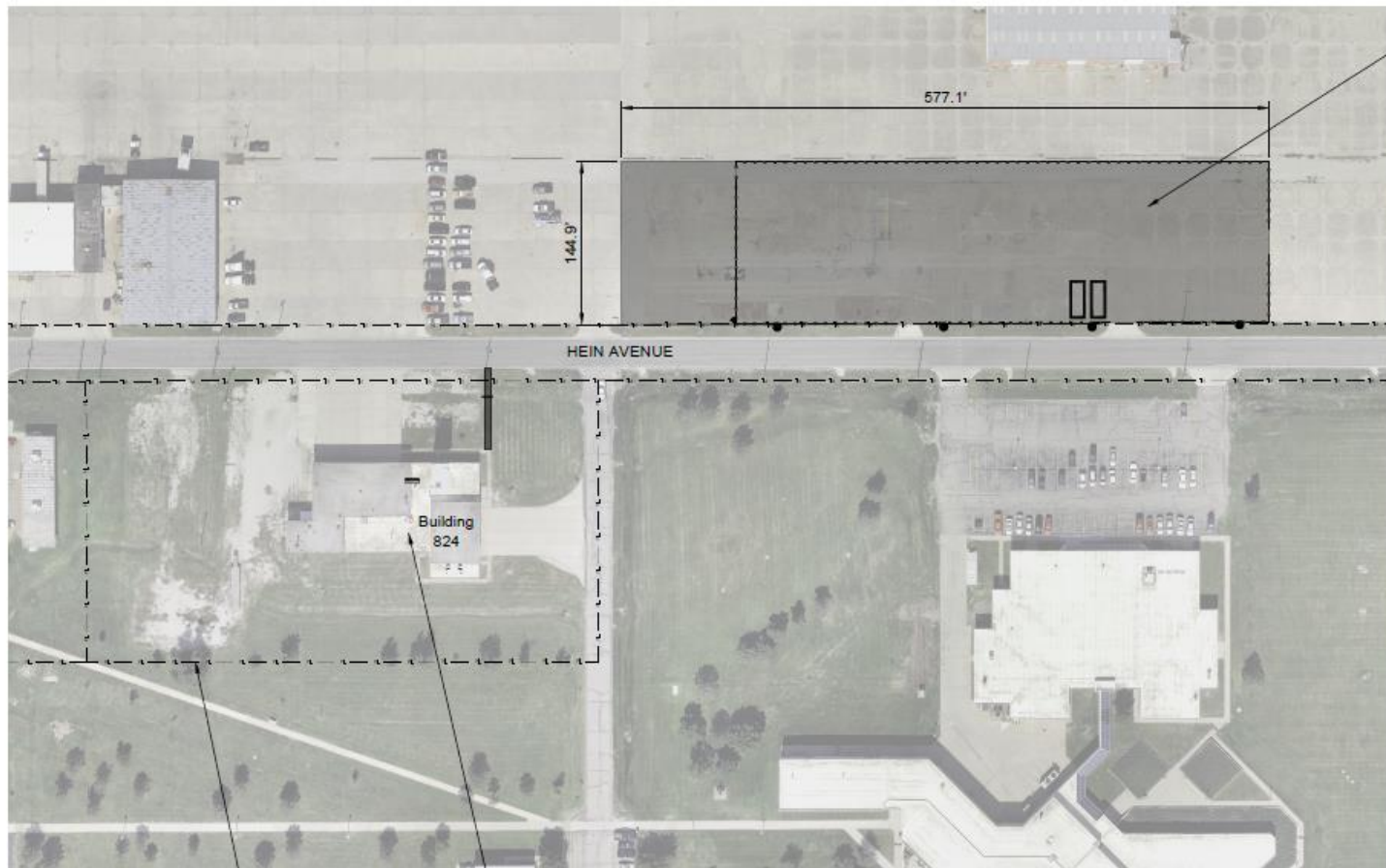
----- Documentation
----- Cash Flow

Consideration of a Sublease Agreement with Durham School Services, L.P. for the leasing of Lot 9, Block 1, Schilling Subdivision No. 3 and a portion of Lot 2, Block 1, Schilling Subdivision No. 4 all located within the City of Salina, Saline County, KS.

TIM ROGERS, A.A.E.

SHELLI SWANSON, C.M.

MITCH WALTER, GILMORE & BILL



Bus & Vehicle parking lot
Area = 1.90 Acres.

Property Line, Lot 9,
Block 1, Schilling
Subdivision No. 3.
Area = 2.616 Acres

Building 824
Area = 12,353 S.F.

North Ramp Bus Yard Fencing Plan
Scale 1" = 100'



Drawing Number 2790-06-20

SALINAAirport
Authority

3237 ARNOLD, SALINA, KS 67401
(785-827-3914 FAX: 785-827-2221)

None : REVISIONS

1008 : DESIGNED BY

1008 : DRAWN BY

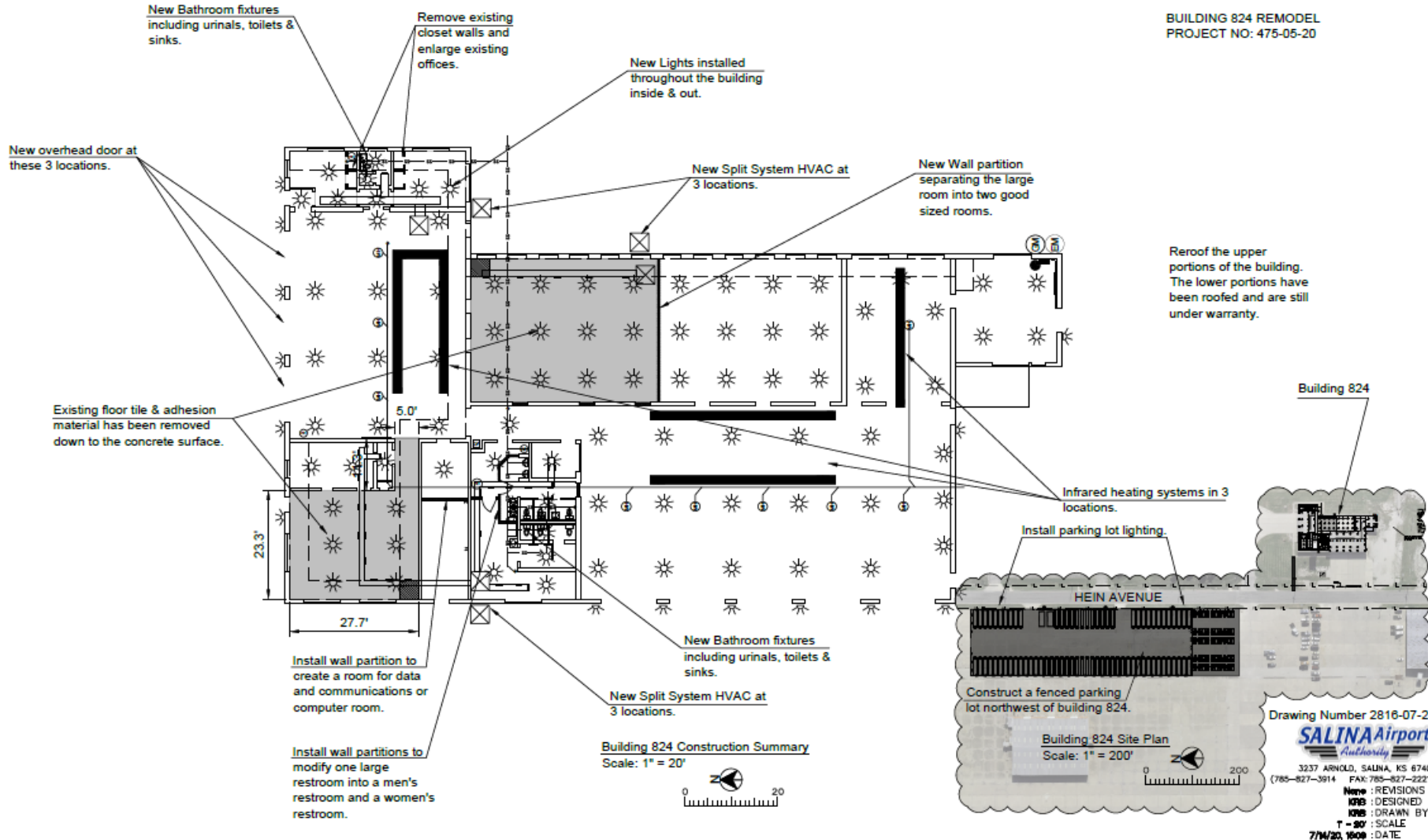
T - 100' : SCALE

6/7/20, 1008 : DATE

SALINA AIRPORT AUTHORITY

Durham School Services, LP., Bldg. 824 and Transportation Yard-Sublease Exhibit A

1
OF
1



Reroof the upper portions of the building. The lower portions have been roofed and are still under warranty.

Building 824 Construction Summary
Scale: 1" = 20'

Drawing Number 2818-07-20

SALINA Airport Authority

3237 ARNOLD, SALINA, KS 67401
(785-827-3914 FAX: 785-827-2231)

Name : REVISIONS
KPB : DESIGNED BY
KPB : DRAWN BY
T - 80' : SCALE
7/14/20, 1608 : DATE

SALINA AIRPORT AUTHORITY

Sublease Exhibit B, Building 824 Summary of Construction Items

	A	B	C	D
1	SOURCES AND USES OF FUNDS			
2				
3	SALINA REGIONAL AIRPORT			
4	SALINA AIRPORT AUTHORITY			
5	SALINA, KANSAS			
6				
7	August 2020 Lease Purchase Transaction			
8	<i>Bldg. 824 Transportation Facility</i>			
9				
10	July 28, 2020			
11				
12				
13	SOURCES OF FUNDS			
14				
15	Lease Purchase Financing Proceeds			\$ 460,000
16				
17	FINAL			
18		TOTAL SOURCES =		\$ 460,000
19				
20				
21	USES OF FUNDS			
22				
23	Project Development Costs - Construction Fund			
24	Construction bids		\$ 376,791	
25	Contingency	12.4%	53,141	
26				\$ 429,932
27				
28				
29	Transaction Costs			
30	Cost of Issuance			29,450
31				
32				
33	Rounding			617.50
34				
35	<i>Total Designated Use of Funds</i>			\$ 460,000
36				
37				
38				
39	Notes:			
40				
41				
42				
43				

Project Financing and Lease Terms

➤ Sub-Lease

- Leasehold = Bldg. 824 - 12,353 SF and Transportation Yard - 83,034 SF
- 10-year term with three 5-year options
- Basic Rental \$5,185/month – 3% Biennial adjustment
- Rental- \$4.53/SF/Year for Bldg. and \$.075/SF/Year for yard
- SAA responsible for all structural maintenance
- Lessee responsible for routine maintenance, utilities, taxes and insurance
- SAA assumes risk for financing in years 10-15 should Lessee non renew
 - Fund risk – Deposit below into d/s fund
 - All unexpended project proceeds
 - Unexpended operating expenditures (i.e. facility repairs & maintenance)
 - Designate lease NIBD to d/s fund in years 1-5 (\$38K)

Consideration of the project budget for the improvement of the Bldg. 824 and Equipment Yard Project

TIMOTHY F. ROGERS, A.A.E.

KENNY BIEKER

Executive Session

ALAN EICHELBERGER, CHAIRMAN

Consideration of SAA Resolution No. 20-04 approving the issuance of general obligation bonds of the SAA for the purpose of financing the cost of certain capital improvements at the Salina Regional Airport and Airport Industrial Center and authorizing the sale of general obligation temporary notes, Series 2020-1, of the SAA

TIMOTHY F. ROGERS, A.A.E.

SHELLI SWANSON, C.M.

DAVID, ARTEBERRY, STIFEL, NICOLAUS & CO.

GINA RIEKHOF, GILMORE & BELL

Directors' Forum

ALAN EICHELBERGER, CHAIRMAN

Visitor's Forum

ALAN EICHELBERGER, CHAIRMAN

Staff Reports

TIM ROGERS, A.A.E.

Announcements

KASEY WINDHORST

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Adjournment