

Springfield Airport Authority

Request For Proposals
For The Borrowing of up to \$3,000,000

Rehabilitation of Standard Aero Facilities

Issued
March 28, 2022

Due Date: Thursday April 7, 2022 at 2:00 p.m.
Springfield Airport Authority Office
2nd Floor Terminal Building
Abraham Lincoln Capital Airport
1200 Capital Airport Drive
Springfield, IL 62707

Springfield Airport Authority Request For Proposals (RFP) Borrowing of up to \$ 3,000,000

Intent of This RFP

This RFP is being issued by the Springfield Airport Authority for the purpose of borrowing up to \$3,000,000 for the rehabilitation of the StandardAero MRO facilities at Abraham Lincoln Capital Airport.

Background

The Authority is an Illinois Municipal Corporation established in 1945 under authority granted by the State of Illinois Statutes. The Authority owns and operates Abraham Lincoln Capital Airport, an air carrier airport located in Springfield, Illinois. As of June 30, 2021, the Authority's assets were about \$89 million and liabilities were about \$14 million. In a typical year, revenues and expenses are about \$10 million each. The Authority is an independent entity, governed by a Board of Commissioners, four of who are appointed by the Mayor of the City of Springfield and three by the Sangamon County Board. Policy-making authority rests with the Board that has, among other responsibilities, the approval of ordinances and resolutions, adopting the budget, hiring the Executive Director and setting overall policy. The Executive Director is responsible for carrying out the policies, ordinances and resolutions of the Board and overseeing the day-to-day operations of the Authority.

Use of the Funds

The Springfield Airport Authority desires to borrow up to \$3,000,000 for the purpose of rehabilitating portions of the StandardAero MRO facility located in the north quadrant of the airport. The project is expected to provide upgrades and needed improvements to an approximate 40 year old airplane maintenance and paint facility for StandardAero, a major tenant to the Springfield Airport Authority and employer in the community.

Term of Borrowing

The Authority wishes to borrow up to \$3,000,000 in the form of a construction loan with an unspecified number of individual draws as needed over the period from June 2022 through March 2023. During the time of construction, the Authority prefers to make monthly interest payments only.

Once construction is completed and the final draw on the construction loan is made, the Authority desires to borrow the aforementioned amount for a five-year period of time with payments at a 20 year amortization or for a ten year fixed rate loan. Lending institutions are encouraged to provide rates for both loan types. It is at the discretion of the Authority on which loan type it will secure. The loan will commence at a mutually agreeable date but is expected to be about April 2023. At the end of the five-year term, the Authority will pay the full principal balance then due or seek to refinance the loan unless the

Authority opts for the ten year fixed rate loan. The Authority anticipates that debt service payments over the term of the loan chosen will be made on a monthly basis, but is willing to consider whatever frequency is desired by the lender.

Timing of Borrowing

The rate of interest for the construction loan and the rate of interest for the regular loan are to be set as of the date the RFP is submitted to the Authority. As indicated, the Authority desires to close in May 2022 and to borrow the funds as needed. It is estimated the first borrowing will occur in June 2022 and the final borrowing estimated to be in March of 2023. As indicated, the Authority prefers to make only interest payments during the construction loan period and debt service payments once construction is completed, with the debt service payments beginning at the termination of the construction loan.

Refinancing and Prepayment

The Authority reserves the right to refinance the amount due with another financial institution at any time and reserves the right to prepay principal. For both the potential refinancing and prepayment there are to be no penalties, fees, or expenses of any kind. Any such charges should be incorporated into the interest rates proposed in #1 and #2 of the Proposal Form. The Authority intends to use the interest rate proposed by the financial institution as the sole determiner of the cost of the borrowing of funds.

Bank Qualified Loan

The Authority's legal counsel has determined that "Subject to the condition that the Authority comply with certain covenants made to satisfy the requirements of the IRC, interest on this Loan is interest that is excluded from the gross income of the owner of the Note under Section 265 of the IRC and will not be treated as an item of tax preference in computing the alternative minimum tax for individuals or corporations. Therefore, the loan is "bank qualified" under the pertinent provisions of the IRC". The Authority's legal counsel has provided this information in the form of a draft letter and will issue an executed letter to this effect to the financial institution with whom the Authority closes on the loan. The draft letter is available upon request.

Collateral

First Preference

The Authority offers as collateral its financial stability and credit history. In the personal knowledge of the Authority's staff, the Authority has not been late with a debt service payment since at least the late 1970's, and it is unlikely the Authority has been late with such a payment going back to the Authority's inception in 1945. The Authority's June 30, 2021 financial report is available upon request.

Second Preference

The Authority offers as collateral the revenues to be received from rental payments by tenant. Approximately \$1,000,000 in rental revenue is collected annually.

In the event a bidder has a complaint against the Authority regarding the manner in which the proposal process has been handled, the concern should be presented in writing to the Executive Director within two business days following the opening of the proposals, which will occur at 2:00 p.m. CDT on Thursday, April 7, 2022.

Variations

While the Authority would prefer to have the loan process proceed as outlined in this RFP, especially as indicated in the Term of Borrowing and Timing of Borrowing sections, the Authority is willing to entertain any reasonable alternate proposals. These variations should be listed on page 6 of this RFP.

Questions

Questions should be addressed to the Authority via email to kboyle@flyspi.com. Responses will be made either to only the questioner or to all submitters of a proposal, as appropriate. Only questions asked in this manner will be responded to.

In submitting this proposal, the submitter agrees that no one has made a representation or promise with respect to this RFP except as contained either within this RFP or in an email as described in the previous paragraph.

Proposal Submission

In order to be considered, proposals must be received by the Springfield Airport Authority in its offices at 1200 Capital Airport Drive by 2:00 p.m. CDT on Thursday, April 7, 2022. The attached two-page Proposal Form needs to be completed but nothing else needs to be submitted for a proposal to be considered.

The Authority will review the proposals received and unless all proposals are rejected, it is anticipated that the award will be made on Tuesday, April 19, 2022 and in that event anyone submitting a proposal will be so notified by a letter to be mailed on Wednesday, April 20, 2022.

Proposals should be submitted in a sealed envelope clearly marked "LOAN PROPOSAL, DO NOT OPEN- APRIL 7, 2022." The Authority reserves the right to reject any and all proposals, to modify or amend with the consent of the proposer any bid prior to acceptance, and to make the award as the Springfield Airport Authority deems to be in its best interest.

SPRINGFIELD AIRPORT AUTHORITY
Mark E. Hanna, A.A.E.
Executive Director

SPRINGFIELD AIRPORT AUTHORITY
PROPOSAL FORM
BORROWING OF UP TO \$3,000,000

1. The fixed rate of interest for a construction loan of up to \$_____ for the period of June 2022 through March 2023 will be _____ % APY* on the terms specified in this RFP.

2. The fixed rate of interest over a five-year term with a twenty year amortization beginning upon the termination of the construction loan referred to in 1 above (April 2023) with a borrowing of up to \$3,000,000 will be _____ % APY* on the terms specified in this RFP.

The fixed rate of interest over a ten year term effective on or about April 2023 for this borrowing of up to \$3,000,000 will be _____ % APY* on the terms specified in this RFP.

For both 1 and 2 there are to be no closing costs or related fees of any kind and there is to be no prepayment penalty. Any such costs, fees and penalties are to be incorporated into the rate being quoted.

3. It is understood that the above rates are contingent on the Authority's legal counsel providing a letter confirming that in its opinion the use of these funds is tax-exempt and bank qualified financing.

4. Collateral:

Springfield Airport Authority
Page 2 of Proposal Form
\$3,000,000 Borrowing

5. Variances from the attached specifications:

Submitted by:

Typed Name

Typed Title

Authorized Signature

Financial Institution

Phone Number

Date Submitted

* APY (Annual Percentage Yield) is defined for the purpose of this loan borrowing as the total amount of interest that would be paid by the Authority on a given amount borrowed, based on the annual rate of simple interest and the frequency of compounding for a 365-day period, expressed as a percentage.