

# Springfield Airport Authority

Request For Proposals  
For The Refinancing of Up To \$2,400,000 Loan  
For SE Quadrant T-Hangars

## SE QUADRANT T-HANGARS

Issued  
August 20, 2019

Due Date: Tuesday, September 3, 2019 at 10:00 a.m.  
Springfield Airport Authority Office  
2<sup>nd</sup> Floor Terminal Building  
Abraham Lincoln Capital Airport  
1200 Capital Airport Drive  
Springfield, IL 62707

# Springfield Airport Authority

## Request For Proposals (RFP)

### Refinancing of up to \$2,400,000 Loan for SE Quadrant T-Hangars

#### Intent of This RFP

This RFP is being issued by the Springfield Airport Authority for the purpose of refinancing up to \$2,400,000 loan for the SE Quadrant T-Hangar 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, 2018, the Authority's assets were about \$78 million and liabilities were about \$15 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 refinance up to \$2,400,000 loan for the SE Quadrant T-Hangar Facilities at Abraham Lincoln Capital Airport.

The initial loan was taken for the construction of the SE Quadrant T-Hangars which general aviation tenants lease from the Springfield Airport Authority to store aircraft.

#### Term of Borrowing

The Authority wishes to refinance up to \$2,400,000 loan, in the form of a ten (10) year period of time with monthly payments. The loan will commence on September 15, 2019.

#### Timing of Borrowing

The rate of interest for the loan are to be set as of the date the RFP is submitted to the Authority. As indicated, the Authority desires to close this transaction before September 15, 2019.

### 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. The lender understands that for both the potential refinancing and prepayment, there are to be no penalties, fees, or expenses of any kind. Any such charges the lender anticipates 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, 2018 financial report is available upon request.

#### Second Preference

The Authority offers as collateral rent and future revenue derived from the SE Quadrant T-Hangars and not the land that they are located on. There are approximately 98 T-Hangars located on the SE Quadrant of the airport's Charlie Ramp.

### Complaints

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 10:00 a.m. CDT on Tuesday, September 3, 2019.

Variances

While the Authority would prefer to have the loan process proceed as outlined in this RFP, especially as indicated in the Term of Borrowing, Timing of Borrowing, and Refinancing and Prepayment sections, the Authority is willing to entertain any reasonable alternate proposals. These variances should be listed on page 7 of this RFP.

Questions

Questions should be addressed to the Authority via email to [kboyle@flyspi.com](mailto: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 10:00 a.m. CDT on Tuesday, September 3, 2019. 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 within two days of the RFP due date, and in that event anyone submitting a proposal will be so notified by a letter.

Proposals should be submitted in a sealed envelope clearly marked "HANGAR REFINANCING LOAN PROPOSAL, DO NOT OPEN." 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**  
**REFINANCING OF Up To \$2,400,000 LOAN**

1. The fixed rate of interest over a ten year term effective September 15, 2019 for this borrowing of up to \$2,400,000 will be \_\_\_\_\_ % APY\* on the terms specified in this RFP.

There are to be no closing costs or related fees of any kind. There is to be no prepayment or refinance fees or penalties for this borrowing. Any such anticipated costs, fees and penalties are to be incorporated into the rate being quoted.

2. 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 Preference:

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5. Variances from the attached specifications to be considered by the Authority:

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Springfield Airport Authority  
Page 2 of Proposal Form

Up To \$2,400,000 Borrowing

Submitted by:

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Typed Name

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Typed Title

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Authorized Signature

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Financial Institution

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Phone Number

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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.