

Airport seeks loan for hangar

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MT. VERNON — Airport authority commissioners gave its general manager permission this week to enter talks for a private loan to build a \$360,000 hangar as part of new development at the airport.

General Manager Chris Collins asked for the authorization after informing commissioners of a letter of intent from the Bean Capital Banking Center in Wayne City to enter a fixed rate loan over 25 years.

The fixed rate was critical to any deal, allowing payments to be capped at just over \$2,000 a month for the life of the loan. The offer on the table as it stands now, Collins said, is a \$400,000 loan at 3.5 percent interest paid over 25 years.

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The loan is to be paid with fees and sales at the airport, Collins said, making it imperative to keep payments within a planned amount. Other loan offers were available, including a 10-year fixed rate deal amortized over 25 years for lower interest and lower payments on the principal. However, those offers were considered too volatile come the 11th year of the deal with no guarantee against skyrocketing interest rates.

“Board members did not want to go back on their \$2,000 a month (pledge),” Collins said.

The authorization to enter talks brings commissioners closer to hiring an architect to design the hangar. Last month, commissioners tabled a decision on an architectural contract because of concerns over the only private loan offer they had at the time. Instead, they gave Collins the go-ahead to shop around for other deals.

A U.S. Department of Agriculture rural development loan still remains a viable option, though Collins has said the

process for approval from the federal government would take months to complete.

The hangar is one aspect of development work commissioners are planning for the southwest section of airport property, known as Innovative Park. Another construction project is a new \$585,000 ramp primarily being paid for by the Federal Aviation Administration and the Illinois Department of Transportation. The local share of that project is \$29,250 to be paid with a 2009 bond issue.

Delays in building the hangar, Collins has said, would likely cause delay in ramp construction because IDOT wants the hangar built first before it releases funds for the ramp. Plans are to begin construction on the ramp in June.

Commissioners, Collins said, may use the difference between the eventual cost of the hangar and the loan amount to also build an office section at the hangar.

“They are pretty

adamant. That is going to be a showcase building that everybody sees,” Collins said. “We really need to be putting our best foot forward down there to make this work.”

In other business commissioners:

■ Learned that an environmental impact study at Innovative Park had no findings that would prohibit construction;

■ Accepted a bid for property and equipment insurance from the Insurance Company in Mt. Vernon. The underwriter for the one-year policy is Columbia and raises the airport’s premium to \$28,000, a \$7,000 or 31.7 percent increase. Collins said the increase was due to rate increases and property losses in a storm within the last year. Last month, commissioners authorized seeking quotes for both a one-year and three-year plan. Only one bid was received. The three-year option was declined by the Insurance Company. Though the bid was accepted, commissioners elected to renew the bid process seeking a three-year plan. 10-12-12