

Mt. Vernon Airport Authority
Regular Meeting of the Board of Commissioners
Held October 9, 2012 at 6:00 PM

Present: Greg Martin	Chairman
Michael Ancona	Vice Chairman
Galen Monk	Secretary
Gary Chesney	Treasurer
Joe Bob Pierce	Commissioner

Staff: Chris Collins
Mary Barnett-Johnson

Guests: See Attached

PUBLIC COMMENTS

There being none, Chairman Martin moved forward with the meeting.

REPORTS

Minutes

Minutes were presented for the September 11, Meeting for approval. There being no changes to the minutes, motion was made and seconded to approve the minutes as presented. Upon roll call vote, all were in favor.

Treasurers' Reports

There being no questions or concerns with the Treasurer's Reports, motion was made and seconded to approve the Treasurer's Report as presented. Upon roll call vote, all were in favor.

Bills for Approval

There being no questions or concerns with the Bills for Approval, motion was made and seconded to approve the bills as presented. Upon roll call vote, all were in favor.

CORRESPONDENCE

Mr. Collins presented a thank you letter submitted by the Salem South Baptist Association for the airport hosting the SSBA Tent Revival during the week of September 17, 2012.

The Commissioners were informed by Mr. Collins that the airport's Annual Transportation Improvement Program Meeting is scheduled for Friday, November 2, 2012 at the Illinois Department of Transportation Division of Aeronautics in Springfield, Illinois.

Mr. Collins presented an invitation to the retirement party for Mr. Jim Wear of Hanson Professional Services. Mr. Wear is retiring after 40 plus years of service to airports across the Midwest. The party is scheduled for Monday, November 5, 2012 at Hanson's Springfield Office.

OLD BUSINESS

Innovation Park

Mr. Collins provided an update on the project. IDOT/IDA/ENGINEERING: Mr. Collins noted that IDOT, IDA's Terry Schaddel called on Friday to notify him that the Environmental Assessment Categorical Exclusion (CATEX) has been approved. Copies of some of the pages from the document were presented to the Commissioners. Mr. Collins stated the only remaining item would be a Construction Phasing Safety Plan prior to construction beginning.

HANGAR: Mr. Collins noted that other than exploring the numbers to facilitate financing options, he has not done much with the hangar. The USDA Rural Development Loan will have to include budgeted line items for legal services and contingencies. He expanded on these additional requirements by telling the Commissioners that he feels the process will not allow flexibility for the airport/Lipps/Edmison team to bid, build the hangar, and build an office with the remainder of the funds. Mr. Collins stated that he has tried hard to submit the airport's application, but Legal Counsel has struggled to complete and supply the required Attorney's Opinion Relative to Organization, Authority, and Continuous Existence form. Legal Counsel is also waiting on the Secretary of State's Office to supply a Certificate of Good Standing. Once Legal Counsel supplies these two items, the airport's application will be submitted to the USDA Rural Development Office. Mr. Collins noted that he was told to expect a six month wait from the time of submittal to construction.

FINANCING: Mr. Collins presented correspondence from Peoples National Bank. Peoples National Bank is offering a ten year loan, with a 3% interest rate, amortized at 25 years. The loan would renew at ten years with a new interest rate calculation based upon the ten year U.S. Treasury rate plus 2%. Mr. Collins expressed concern over any balloon/points incorporated into the financing and presented charts of the ten year U.S. Treasury Yields. Historically, the present yield is as low as it has ever been. Mr. Collins noted that 1946 was the last time the yield was as low. The average yield over the lifetime of the U.S. Treasury is approximately 4.5% so thinking conservatively could yield a new interest rate after year ten years of 6.5% or greater. Mr. Collins stated that he feels the Peoples National Bank offer is not favorable and is too volatile after ten years.

Mr. Collins explained that just after last month's meeting, he approached some good folks at the Bean Capital Banking Center in Wayne City regarding the project. He submitted the project overview, financial statements, and the budget. Mr. Richard Talbert called early in the following week and offered a 3.5% fixed rate loan for a 25 year term pending approval by the bank's board of director's. Mr. Collins presented a letter from the Bean Capital Banking Center approving the loan contingent on the following conditions being met: 1) The loan must be secured by real estate, 2) The interest earned by the bank is determined to be on a tax exempt basis, and 3) any costs incurred (attorney's fees, appraisals, title insurance) will be paid by the MVAA. Mr. Collins explained that he called the bank with specific questions regarding the loan being secured via real estate. With the airport being Federal Property, the term "Real Estate" needed to be defined more in terms of a building. Perhaps Hangar #1 itself can be placed as security. Mr. Collins noted that Mr. Talbert sounded confident and stated "we will work something out". Mr.

Collins noted the Bean Capital offer would be favorable for two reasons: design/construction flexibility and quicker access to the funds. He presented an amortization schedule at 3.5% and 25 years. A \$400,000 principal hits the \$2000 per month payment right on the head. Discussion ensued regarding the building's footprint. Options are an 80' x 90' hangar with an interior mezzanine office or an 80' x 80' hangar with a 25' x 50' external office structure. Mr. Collins noted that it would be impossible to construct the 80' x 80' hangar and exterior office with only \$400,000. He noted that the interior mezzanine office idea would be hard to afford also. The Commissioners decided to move forward with the 80' x 80' hangar and external office structure based on the location of the building and its intended purpose of housing an aircraft manufacturer. The project would be managed like the Community Hangar was managed with the shortages coming from the airport's Capital Projects Fund. Commissioner Ancona stated that any additional funding from the airport could be considered by the bank as a "down payment", would increase the appraised value of the structure, and help with convincing the Bean Capital Bank to accept the structure as security for the loan. The Commissioners directed Mr. Collins to move forward with the loan process at Bean Capital Banking Center.

Narrowbanding Project

Mr. Collins noted that he met with IDOT, IDA's Scott Paden on Friday, September 21, 2012. He noted that only seven of the twelve radios will be eligible for re-imbusement if the project is bid as a local let FAA Project. All of the requirements have been met and IDOT, IDA has given its permission to move forward with the project. Mr. Collins is currently constructing the Specification. Since the airport's 2012 and 2013 General Aviation Entitlement is being used for the Innovation Park ramp, the first shot of re-imbusement will not occur until the 2014 GAE is available in mid-2014.

Property & Equipment Insurance

Mr. Collins stated that only one bid was received for the airport's Property and Equipment Insurance renewal, and it was eye opening! The sizable loss sustained on the Community Hangar Door coupled with all underwriters increasing their premiums on account of natural disasters led to a 30.7% premium increase. Mr. Collins noted that with the policy expiring on October 4th, he had little choice but to renew. Reluctantly, he asked for approval of the renewal with the Insurance Store for \$28,000. Motion was made by Commissioner Monk and seconded by Commissioner Ancona to approve the renewal with The Insurance Store for \$28,000. Upon roll call vote, all were in favor.

Discussion ensued regarding options – especially since insurance renewals always produce stiff competition and this instance only resulted in one bid. Commissioner Monk suggested seeking bids for a three year policy to begin on January 1, 2013 and ending on December 31, 2015. Bids could be due on Tuesday, December 11, 2012 just ahead of the regularly scheduled December Meeting. Motion was made by Commissioner Monk and seconded by Commissioner Ancona to advertise for a three year policy due on December 11, 2012. Upon roll call vote, all were in favor.

NEW BUSINESS

Fly-In & Veterans Reunion

Mr. Collins briefed the Commissioner on the 16th Little Egypt Fly-In and Veterans Reunion. The event is officially part of the Mt. Vernon Fall Festival. A great lineup of antique military as well as current military aircraft are coming to the event that allows the citizenry a free aviation experience. Mr. Collins noted he has worked on some elements all year, while other elements just fell into place recently. The Commemorative Air Force B-25 "Show-Me" and the USAF C-130 "Hercules" are the co-headliners this year. Other aircraft expected are ARMY CH-47 "Chinook" and UH-60 "Blackhawk" helicopters, the L-29 "Delphin" Jet, and the T-6 trainer. The employees of "Team MVN" based Kash Helicopters are donating their time and resources to area Veterans by providing free helicopter rides to all Veterans. Mr. Collins stated that it will be an exciting day.

OTHER BUSINESS

There being none, Chairman moved forward with the meeting.

EXECUTIVE SESSION

There being no items to discuss in Executive Session, Chairman Martin moved forward with the meeting.

There being no further business to discuss under Other Business, no further items for discussion on the Agenda, and no items to be taken from Executive Session, motion was made and seconded to adjourn the meeting. Upon roll call vote, all were in favor and the meeting was adjourned.