



Truckee Tahoe Airport District

2025 Apron A2 Project Financing



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2025 Loan Financing

The 2025 Loan will finance approximately \$4,000,000 for the District's Apron A2 Project. The project consists of repaving the primary airport apron.

The total Apron A2 Project cost is approximately \$5 million with grant proceeds (or reserves) expected to cover the remaining amount needed.

Security

The 2025 Loan will be secured by net revenues of the District. The main sources of revenues are:

- District operating revenues, property taxes, and federal grants

Covenants

The District's 2017 Installment Sale Agreement has an additional bonds test of 1.15x.

This means that **total net revenues must be at least 1.15 times total debt service** (existing and proposed debt service).

Outstanding Debt – 2017 Installment Sale Agreement

- \$7.8 million financing for the acquisition and construction of aircraft hangers
 - Approximately \$5.6 million outstanding with annual debt service payments of \$548,816
 - Interest rate of 3.50% and final maturity of August 8, 2037

Direct Placement Process

- Financing is placed directly with an accredited investor (typically a bank)
- Typical method of sale when financing amount is small (under \$5-\$7 million) and maximum term (30-35 years) is not required
- Through a competitive and transparent Request for Proposal process, the Placement Agent finds the investor (buyer) with the most favorable terms (lowest interest rate, most flexible prepayment options, etc.)
 - All proposals will be summarized and then reviewed with the District
- Bond rating and POS are not needed which reduces costs of issuance and staff time compared to a public offering
- Issuer can lock the rate, oftentimes 30 to 60 days prior to closing
- Typical maximum term of 20 years (sometimes up to 25 years)

Financing Numbers: 15-, 20- & 23-Year Term

	15-Year Term	20-Year Term	23-Year Term
Estimated Project Fund	\$4,000,000	\$4,000,000	\$4,000,000
Estimated Cost of Issuance*	\$81,000	\$81,000	\$81,000
Estimated Par Value	\$4,081,000	\$4,081,000	\$4,081,000
Total Debt Service	\$5,946,036	\$6,667,321	\$7,142,324
Average Annual Debt Service**	\$396,402	\$333,366	\$310,536
Final Maturity	August 8, 2040	August 8, 2045	August 8, 2048
Interest Rate	5.25%	5.30%	5.35%
All-In TIC	5.55%	5.54%	5.57%

*Includes placement agent, bond counsel, counterparty, counterparty counsel, bank counsel fees, and CDIA/contingency. Costs of issuance are contingent upon closing.

**Including this debt service, the District's coverage exceeds the 1.15x covenant. The calculation is on following page.

Debt Service Coverage Analysis

	Audited FYE 2022	Audited FYE 2023	Projected ⁽¹⁾ FYE 2024	Projected ⁽¹⁾ FYE 2025	Projected ⁽¹⁾ FYE 2026	Projected ⁽¹⁾ FYE 2027	Projected ⁽¹⁾ FYE 2028
Operating Revenues							
Hanger Rentals	1,758,257	1,902,206					
Airside Operating Revenues	2,954,594	3,014,648					
Warehouse	279,457	302,203					
Other	630,587	600,919					
Total Operating Revenues	5,622,895	5,819,976	5,819,976	5,819,976	5,819,976	5,819,976	5,819,976
Non-Operating Revenues⁽²⁾							
Property Taxes	8,507,022	9,213,945					
Interest Income	83,451	283,688					
Gain on Disposable Assets	272,375	43,319					
Other	-	110,949					
Total Non-Operating Revenues	8,862,848	9,651,901	9,651,901	9,651,901	9,651,901	9,651,901	9,651,901
Total Revenues	14,485,743	15,471,877	15,471,877	15,471,877	15,471,877	15,471,877	15,471,877
Operating Expenses⁽³⁾							
Salaries and Wages	2,762,841	3,094,177					
Employee Benefits	1,610,754	1,660,378					
General and Administrative	4,550,797	4,777,566					
Repairs and Maintenance	589,571	725,095					
Total Operating Expenses	9,513,963	10,257,216	10,564,932	10,881,880	11,208,337	11,544,587	11,890,925
Net Revenues	4,971,780	5,214,661	4,906,945	4,589,997	4,263,540	3,927,290	3,580,952
Debt Service							
2017 Installment Sale Agreement	548,816	548,816	548,816	548,816	548,816	548,816	548,816
2025 Installment Sale Agreement ⁽⁴⁾	-	-	-	-	396,811	396,968	396,599
Total Debt Service	548,816	548,816	548,816	548,816	945,627	945,784	945,415
Debt Service Coverage Ratio	9.06	9.50	8.94	8.36	4.51	4.15	3.79

(1) Assumes flat revenues and 3% annual increase to total operating expenses.

(2) Excludes federal grants and interest expense. Federal grant proceeds were \$973,530 and \$5,890,479 for 2022 and 2023, respectively.

(3) Excludes depreciation.

(4) Based on a 15-year term; preliminary and subject to change with market conditions.

Description of Legal Documents

- Authorizing Resolution:
 - The resolution approves the financing and authorizes the execution and delivery of the Installment Sale Agreement. The resolution provides a not-to-exceed interest rate, financing amount and good faith estimates for net proceeds received from financing, and total payment through maturity.

- Installment Sale Agreement (similar to the structure used in 2017):
 - Under the Installment Sale Agreement, the investor will purchase the District's 2025 Project and sell the 2025 Project back to the District in order for the District to obtain the financing proceeds. The District will purchase the 2025 Project back from the investor with Installment Payments.

 - The 2025 Project is defined in the Installment Sale Agreement as improvements to capital facilities for the District's Apron A2 Project. This project consists of upgrades to the primary airport apron.

Financing Team Members

Placement Agent

- Typically an investment bank
- Responsible for transaction management including timing/schedule, staff and Board education and presentations, closing and post-closing assistance.
- Connects issuer's financing with an investor (bank) through transparent and competitive RFP process. Negotiates with selected investor throughout the process.
- Responsible for structuring financing numbers
- Assists in review of financing terms, legal documents and debt service coverage calculations
- Provides market updates and advises on market timing.

Bond Counsel

- Drafts legal documents such as Authorizing Resolution and Installment Sale Agreement in conjunction with negotiated terms.
- Reviews and ensures compliance with existing covenants
- Assists with Counterparty engagement and documentation
- Provides tax opinion
- Finalizes documents and closes transaction

Financing Schedule Example

Week	Private Placement	Responsible Party
Week One	Kick-off conference call with financing team	All
	Distribute interested parties list and financing schedule	PA
Week Two	RFP distributed to investors	PA
Week Three	1st draft of resolution and legal documents distributed	BC
Week Four	Select investor, lock interest rate and finalize numbers	PA /ISS
	Comments due on documents	All
Week Five	Agenda deadline for Board meeting	ISS
Week Six	Board meeting to approve transaction and related legal documents	ISS/PA
Week Seven	Documents finalized and signed	BC/ISS
Week Eight	Close transaction	PA/BC

ISS = Issuer; PA = Placement Agent; BC = Bond Counsel



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