



## TRUCKEE TAHOE AIRPORT DISTRICT BOARD OF DIRECTOR STAFF REPORT

**AGENDA TITLE:** Installment Purchase Contract – Financing of Apron A2 Reconstruction

**MEETING DATE:** June 25, 2025

**PREPARED BY:** Robb Etnyre, General Manager

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**RECOMMENDED ACTION:** Truckee Tahoe Airport District Board of Directors approve the attached resolution approving an Installment Purchase Contract for \$5.6M to fund the reconstruction of Apron A2.

**Background:** The Truckee Tahoe Airport District has awarded a contract for the reconstruction of Apron A2. To fund this reconstruction project, the District selected Banner Bank after an RFP was conducted with Oppenheimer and Co. Inc. to determine the best project financing options for the District.

**DISCUSSION:** The financing will be structured as an Installment Purchase Contract through which Banner Bank will provide funds to acquire the project, and the District will repay the borrowed funds (solely from net revenues of the District) on an installment basis, with semi-annual payments due on February 8 (interest) and August 8 (interest and principal) of each year through August 8, 2040.

Kutak Rock LLP, the District's bond counsel, has drafted an Installment Purchase Contract and negotiated the terms thereof with Banner Bank and its counsel. Kutak Rock LLP has also worked with staff to prepare a resolution approving the Installment Purchase Contract and related financing documents and authorizing the District to execute related closing documents, including a tax certificate.

The Installment Purchase Contract will be entered into with CSDA Finance Corporation, a California nonprofit public benefit corporation, which will assign its right to receive installment payments to Banner Bank.

Under the Installment Purchase Contract, funds in the amount of approximately \$5,500,000 (representing the anticipated amount to be borrowed (\$5,588,000) less fees of: (i) Kutak Rock LLP, as bond counsel; (ii) Oppenheimer & Co. Inc., as placement agent; (iii) Mardikes Law, as Banner Bank's counsel; (iv) CSDA Finance Corporation and its counsel; and (v) certain filing requirements payable to the State Treasurer's Office, will be available to the District pursuant to a draw procedure after closing.

The Installment Purchase Contract includes the following provisions:

- (i) a description of the procedure by which the District may requisition funds to pay for the acquisition and installation of the project;
- (ii) a pledge of revenues of the District's airport enterprise to repay the installment payments;
- (iii) a covenant not to enter into additional debt except in compliance with the Installment Purchase Contract, which requires a showing of sufficient net revenues to cover 115% of the debt service on the Installment Purchase Contract and the proposed additional debt;
- (iv) a covenant to set airport enterprise rates and charges at levels that are expected to generate sufficient net revenues to cover 115% of payments due under the Installment Purchase Contract;
- (v) a description of events of default; and
- (vi) a description of the conditions under which the District may prepay the installment payments at any time prior to maturity.

Adoption of the approving resolution will authorize the District to execute the Installment Purchase Contract and related documents and to close the financing. Closing is currently anticipated to occur on July 9, 2025.

The following documents are presented to finalize an Installment Purchase Contract to fund Apron A2 Reconstruction;

1. District Authorizing Resolution.
2. Conveyance Agreement.
3. Installment Purchase Contract.
4. Placement Agent Agreement.

**Fiscal Impact:** Adoption of the resolution will authorize the District to borrow up to \$5,600,000 to be repaid over 15 years at an interest rate of 4.72% per annum, for total debt service of approximately \$7,889,000.

**Recommended Motion:** I move to approve the closing documents set forth in Truckee Tahoe Airport District Board RESOLUTION 2025-05 for the Installment Purchase Contract of \$5.6M for the Reconstruction of Apron A2.

**ATTACHMENTS:**

1. District Authorizing Resolution.
2. Conveyance Agreement.
3. Installment Purchase Contract.
4. Placement Agent Agreement.