

MEMORANDUM



OCAT Agenda
Item No. IV. R
1/25/2024

TO: Trustees, Oklahoma City Airport Trust

FROM: Jeff Mulder, Director of Airports

Joint Resolution with the City of Oklahoma City authorizing the Director of Airports to submit a grant application for Will Rogers World Airport to the Oklahoma Department of Aerospace and Aeronautics for the Airport Improvement Grant Preserving Rural Economic Prosperity Program for “New Hangar 4”, and agreeing to the acceptance and compliance with all required understandings and grant assurances for the project; acknowledging this Joint Resolution as their official action and acceptance of the applicable grant if offered by Oklahoma Department of Aerospace and Aeronautics under such substantially similar terms described herein; designating each entity’s respective Official Representatives and authorizing the Official Representatives to administer and execute the applicable grant documents on behalf of each respective entity without further action by either entity; and authorizing payment of Trust funds for the payment of the local match and any other project costs not funded by the applicable Oklahoma Department of Aerospace and Aeronautics grant.

Location:

Will Rogers World Airport

Background:

The Oklahoma City Airport Trust (Trust) leases, operates, and maintains the Will Rogers World Airport (WRWA) for the benefit of The City of Oklahoma City (City) and has certain programs in place for the long-term development, improvement, and sustainability of the Airport as well to purchase certain types of equipment for Airport maintenance. The Trust and AAR entered into a Lease and Operations Agreement, dated March 24, 2010, and subsequently amended by Supplemental Nos. 1 through 7 (Lease Agreement) to lease certain hangars and buildings from the Trust, in order to operate as a Fixed Base Operator and as a Maintenance Repair and Overhaul (MRO) operation mainly for large passenger aircraft at the Airport. AAR has requested that the Trust provide AAR a new large hangar consisting of approximately 80,000 square feet with associated office and other space at the Airport to expand its MRO business. The Trust has agreed to construct New Hangar 4 (Project).

The State of Oklahoma, through the Oklahoma Department of Aerospace and Aeronautics (ODAA) has agreed to give the Trust a Preserving Rural Economic Prosperity grant to fund part of the construction and AAR has agreed to fund the remaining construction and other related expenses of the Trust for the Project. The grant after ODAA’s administrative expenses is deducted is anticipated to be approximately \$19,600,000. The Trust’s estimated expenses related to the Project

are estimated to be \$37,575,412.90 and the remaining commitment of AAR is anticipated to be \$17,975,412.90 (Local Match).

The Trust plans to make an application for the project listed above for the ODAA Preserving Rural Economic Prosperity grant funding. The Trust is the leading sponsor of the grant and provides the local match, but the ODAA, requires The City of Oklahoma City (“City”) to be a co-sponsor to any grant offered since the City maintains a reversionary interest in the Trust. The ODAA encourages all sponsors to have advanced authorization in place to permit the application, signing, and acceptance of anticipated grant agreements because ODAA frequently imposes short times in which to apply, sign, or accept the grant offerings.

Estimated Cost:

Estimated ODAA	\$19,600,000.00
Estimated Local Match	<u>\$17,975,412.90</u>
Estimated Grant & Local Match	\$37,575,412.90

In this Joint Resolution, the Trust authorizes the Director of Airports to make an application for WRWA New Hangar 4 to the ODAA for the Preserving Rural Economic Prosperity grant funding to include all understandings and assurances contained therein for the project and acknowledges the Joint Resolution as the Trust’s official action to accept the grant when offered, if the grant is offered under substantially similar terms described herein when offered by the ODAA. The Joint Resolution also designates the Chairman or Vice-Chairman, or General Manager in both of their absence, as the Official Representative to ministerially sign the grant acceptance documents on its behalf without further action by either entity. The Trust will receive the grant funds from ODAA and will be responsible for the payment of any project costs not funded by the grant.

Likewise, the City authorizes the Director of Airports to make application for WRWA New Hangar 4 to the ODAA for the Preserving Rural Economic Prosperity grant funding and acknowledges the Joint Resolution as the City’s official action to accept the grant when offered, if the grant is offered under substantially similar terms described herein when offered by the ODAA. Further, the City designates the Mayor or Vice-Mayor as the Official Representative to ministerially sign the grant acceptance documents on its behalf without further action by either entity. No City funds will be used for project costs.

Revenue:

To be deposited in OCAT-Project Account-AT Project Fund (510-0600-44702000)

Source of Funds:

Local matching funds from Oklahoma City Airport Trust – Project Account (510-0600)

Recommendation: Joint Resolution be adopted.