

MEMORANDUM



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

TO: Trustees, Oklahoma City Airport Trust

FROM: Jeff Mulder, Director of Airports

Reimbursable Agreement with AAR Services Inc. dba AAR Aircraft Services for the construction of New Hangar 4.

Location:

Will Rogers World Airport

Background:

The Oklahoma City Airport Trust (Trust) and AAR Services Inc. (AAR) entered into a Lease and Operations Agreement, dated March 24, 2010 as 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 Will Rogers World Airport (Airport). AAR has requested that the Trust provide AAR a new large hangar consisting of approximately 80,000 square feet with associated office, warehouse, storage, vehicular parking, and other space (Project) at the Airport to expand its MRO business. The new hangar will be known as Hangar 4. The Project will mainly be located within AAR's existing Lease Premises, but the parties will be modifying the existing Lease Agreement in the near future to provide for the additional ground space needed for the Project and AAR's lease of the new hangar and office space.

The Trust has agreed to construct the Project and the estimated expenses are estimated to be \$37,575,412.90. The Oklahoma Department of Aerospace and Aeronautics (ODAA) has agreed to offer the Trust and the City a \$20,000,000 grant to fund part of the construction. AAR has agreed to fund the remaining construction and other related expenses of the Trust for the Project. After the ODAA's administrative expenses are deducted, the anticipated grant proceed amount is \$19,600,000, and the remaining commitment of AAR for the Project is anticipated to be approximately \$17,975,412.90.

This Reimbursable Agreement (Agreement) between AAR, the City, and the Trust solidifies everyone's commitment for the Project and how funding will be made by each party. The Trust will be responsible to pay the initial Project's expenses until the proceeds received from the ODAA grant are exhausted. After the ODAA grant proceeds are exhausted, the Trust will invoice AAR monthly for the Project's costs. AAR is to reimburse OCAT for any costs not covered by the grant proceeds. The City is only a joint sponsor on the grant with the Trust but contributes no funds towards the Project.

In the Agreement, AAR certifies to the Trust and the City that it has sufficient funds available to reimburse the Trust AAR's anticipated portion the Project's costs and to pay the same when due in accordance with this Agreement. AAR understands that the Trust and City will rely on such certifications.

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

Recommendation: Agreement be approved.