

Proposed Project Financing

Public Hearing
Private Activity Bonds

The logo for Addison, featuring the word "ADDISON" in a bold, blue, sans-serif font centered within a white circle. The circle is set against a blue background that has a white diagonal line running from the top-left to the bottom-right, creating a triangular shape on the right side of the slide.

ADDISON

Proposal:

- Town is considering a proposed long-term ground lease with Sky Harbour Corporation d.b.a. Addison Hangars, LLC as “Tenant”.
 - A 40-year Ground Lease.
 - Tenant proposes to redevelops 6.5 acres of airport land as an executive/corporate jet hangar campus.
 - Sky Harbour proposes to finance the project using proceeds from “private activity bonds.”
 - In August 2021, Sky Harbour (parent of Tenant) secured \$166.34 million in financing through the sale of Series 2021 PABs tax-exempt senior bonds (“private activity bonds”) through municipal conduit issuer, Public Finance Authority.
 - Sky Harbour contributed \$68 million as equity



Proposed Development Financing

- The Public Finance Authority (“PFA”) was created by local governments, for local governments, for the purpose of issuing tax-exempt conduit bonds for private development benefiting the public.
- The bonds will be secured by the leasehold interests and building improvements of all the “qualifying projects” financed through the program by Sky Harbour, including Addison Hangars, LLC.
- The bonds will be repaid from the operating revenues from all the qualifying projects.
- These Private Activity Bonds **do not** constitute a:
 - Debt, loan of credit, or a pledge of the full faith and credit or taxing power of the Town; or
 - Monetary liability of the Town; or
 - Contingent liability or obligation, charge directly or indirectly against the general credit of the Town.

The bond issuer generally has the same rights and remedies as any other leasehold mortgagee at the Airport (e.g., right to cure tenant lease default, take possession of the leasehold in event of loan default).

About Sky Harbour Corporation (NYSE-SKYH)

A blue circular logo with the word "ADDISON" in white, uppercase letters.

- A New York-based aviation development company building “Home-Basing Solutions” for corporate and private executive flight departments.
- Became publicly held company earlier this year via a special purpose acquisition with Yellowstone Acquisition, valuing the company at \$777 million.
- Builds high-end private hangar campuses with a full suite of dedicated services for based aircraft.
- Has projects in Houston/Sugar Land, Nashville, Miami, Denver, Phoenix.
- Sky Harbour’s management team consists of seasoned professionals who combine aviation experience with a strong real estate development pedigree.

Proposed Development Financing (cont.)

Town's Obligation:

As the host jurisdiction, the Town is required to hold a public hearing and approve the issuance of the bonds to finance or refinance the project in satisfaction of Section 147(f) of the Internal Revenue Code and Section 66.0304(11)(a) of the Wisconsin Statutes, where the Public Finance Authority is authorized to issue the bonds.

- Notice of Public Hearing to be advertised.
- Public hearing and council approval of resolution to occur prior to approval of Ground Lease.

Council's Strategic Pillars

Innovation in Entrepreneurship & Business

- Milestone #3: Leverage the use of the Airport to maximize business growth and expansion.

Town's objectives for the Airport

- Enhances overall value of the Airport with new development
- Increases revenue
- Enhances tax base
- Consistent with the 2013 Airport Strategic Plan and 2016 Airport Master Plan Update.

Recommendation: Administration recommends approval.

QUESTIONS?