

Mid-Continent Aviation Services Use & Lease Agreement



Wichita Airport Authority

June 2, 2020



Background



- **Mid-Continent Aviation Services (MCAS) has been a tenant on Eisenhower National Airport since 2010 operating as a full-service Maintenance, Repair & Overhaul (MRO) facility. MCAS is a subsidiary of ICM, Inc.**
- **They previously subleased the facilities from Wichita Airport Facilities, Inc. for the last ten years, and now hold a direct lease with the WAA which was approved as an assignment from WAF to ICM, Inc. as of September 1, 2019.**



Background – cont.



- They provide aircraft maintenance services as an FAA-approved Part 145 Repair Station
- They service a number of aircraft brands, including all Textron products (Beech, Cessna and Hawker), Learjet, Gulfstream, Quest, and Robinson rotorcraft
- They are a factory-authorized service center for the Quest Kodiak and Robinson R44 and R66 helicopters



Key Financial & Business Terms



- **Lease Term: Five years**
- **Option Periods: Five 5-year options**
- **Leasehold: 249,366 SF+- total**
- **Exclusive Use Hangar Area: 62,923 SF+-**
- **Initial Land Rental Rate: \$0.15 PSF**
- **Initial Facility Rental Rate: \$1.57 PSF**
- **\$136,194 annual revenue during the initial term**
- **Total Initial Lease Revenue: \$680,970 (first 5 years)**



Key Financial & Business Terms – cont.



- **Rates increase each 5-year period: Land Rent goes to \$0.35 PSF and Facility Rent goes to \$1.75 PSF in the first option period; rents will incrementally increase to levels closer to market value.**
- **Rental rates reflect consideration of \$1.2 million previously spent on capital improvements and additional investment to be made by MCAS**
- **Future additional capital improvements and upgrades to the property**
- **MCAS may obtain Airport Special Facilities Revenue Bond (ASFRB) financing in order to qualify for sales tax exemption on certain construction costs**
- **MCAS currently employs 17, and is expected to increase as their market expands**



Wichita Airport Advisory Board (WAAB) Recommendation



The financial and business terms of the agreement were unanimously approved by the WAAB on February 3, 2020



Recommendation



**For the Wichita Airport Authority to
approve the MCAS Use and Lease
Agreement**



MCAS Use & Lease Agreement



Wichita Airport Authority

