

Posting Language

Approve an ordinance amending the Fiscal Year 2017-2018 Airport Capital Fund Budget (Ordinance 20170913-001) to increase transfers out to the Airport CIP Fund by an amount of \$25,000,000; amend the Fiscal Year 2017-2018 Aviation Capital Improvements Program to appropriate the same amount for the purchase of Lynxs Austin CargoPort , LLC leasehold interest and improvements and to fund additional improvements to the property after acquisition.

Amount and Source of Funding

Funding in the amount of \$25,000,000 is available in the Capital Fund of the Department of Aviation.

Lead Department

Aviation.

Fiscal Note

A Fiscal Note is attached.

Prior Council Action:

Fiscal Year 2017-18 Aviation Department Capital Budget (Ordinance Number 20170913-001).

For More Information:

David Arthur, Assistant Director and Chief Financial Officer, (512) 530-6688.

Council Committee, Boards and Commission Action:

To be reviewed by Airport Advisory Commission on June 12, 2018.

Additional Backup Information:

This request for council action is to amend the Aviation Department Capital Budget by \$25,000,000.

This action will allow the department to purchase the leasehold interest and improvements previously assigned to Lynxs Austin Cargoport LLC (Lynxs) for an amount not to exceed \$17,850,000.

Buying back the leasehold including the improvements from Lynxs allows the Airport to further support air freight and cargo development. Buildings acquired in this purchase may also be utilized to accommodate additional needs of the Airport including utilizing the building as a receiving and distribution center for terminal tenants as well as for Airport storage and warehouse needs. Once the leasehold interest and improvements are acquired the Airport might need to make further improvements to the property. The additional \$7,150,000 is included to ensure adequate funding for these improvements.

**CIP BUDGET
FISCAL NOTE**

DRAFT

DATE OF COUNCIL CONSIDERATION:
CONTACT DEPARTMENT(S):

6/14/18
Aviation

SUBJECT: Approve an ordinance amending the Fiscal Year 2017-2018 Airport Capital Fund Budget (Ordinance 20170913-001) to increase transfers out to the Airport CIP Fund by an amount of \$25,000,000; amend the Fiscal Year 2017-2018 Aviation Capital Improvements Program to appropriate the same amount for the purchase of Lynxs Austin CargoPort , LLC leasehold interest and improvements and to fund additional improvements to the property after acquisition. (District 2)

CURRENT YEAR IMPACT:

Department:	Aviation
Project Name:	ABIA Improvements Parent Account
Funding Source:	Airport Capital Fund
Fund/Dept/Unit:	4910-8107-3050

Current Budget	0
Unencumbered Balance	0
This Action	<u>25,000,000</u>
Estimated Available	25,000,000

ANALYSIS / ADDITIONAL INFORMATION: Funding available in Airport Capital Fund

Posting Language

Approve a resolution declaring the City of Austin's official intent to reimburse itself from revenue bonds in an amount not to exceed \$25,000,000 for Austin-Bergstrom International Airport.

Amount and Source of Funding

Funding in the amount of \$25,000,000 is available in the Capital Fund of the Department of Aviation.

Lead Department

Aviation.

Fiscal Note

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Prior Council Action:

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For More Information:

David Arthur, Assistant Director and Chief Financial Officer, (512) 530-6688.

Council Committee, Board

To be reviewed by the Airport Advisory Commission on June 12, 2018.

Additional Backup Information:

The Aviation Department has funds available in the Capital Fund. However in the event that the Department would instead choose to issue debt, the Department would desire to reimburse itself for the costs associated with the Financed project from the proceeds of obligations to be issued.

The Aviation Department requests approval, in accordance with Federal Treasury Regulations, of an Official Declaration of Intent to Reimburse costs of improvements to Austin-Bergstrom International Airport (ABIA).

For the City to spend money today, but reimburse itself from the issuance of debt obligations in the future, a reimbursement resolution is required by state and federal law. The resolution must contain certain information and is generally drafted by bond counsel to protect the tax-exempt status of the future issuance. The resolution must be passed not more than 60 days after the date that the cost to be reimbursed is paid. Failure to adopt a qualified declaration of official intent will prohibit the City from reimbursing the cost with the proceeds of tax exempt obligations. Reimbursement bonds generally must be issued 18 months after the later of, the date the expenditure was made, or the date that the project, with respect to which the expenditure was made, is placed in service.

This action expresses the City Council's intent to authorize the reimbursement for costs associated with the leasehold interest and improvements purchase of Lynxs Austin CargoPort LLC (Lynxs) in the amount of \$25,000,000.

DRAFT

**RESOLUTION EXPRESSING INTENT TO
FINANCE EXPENDITURES TO BE INCURRED**

WHEREAS, the City of Austin, Texas (the “City”), is a political subdivision of the State of Texas authorized to finance its activities by issuing obligations; and

WHEREAS, the City will make, or has made not more than 60 days prior to the date hereof, payments with respect to the projects listed on Exhibit A attached hereto (the “Financed Project”); and

WHEREAS, the City has concluded that it does not currently desire to issue obligations to finance the costs associated with the Financed Project; and

WHEREAS, the City desires to reimburse itself for the costs associated with the Financed Project from the proceeds of obligations to be issued subsequent to the date hereof; and

WHEREAS, the City reasonably expects to issue obligations to reimburse itself for the costs associated with the Financed Project

NOW, THEREFORE, be it resolved that:

Section 1. The City reasonably expects to reimburse itself for costs that have been or will be paid subsequent to the date that is 60 days prior to the date hereof and that are to be paid in connection with the Financed Project from the proceeds of obligations to be issued subsequent to the date hereof.

Section 2. The City reasonably expects that the maximum principal amount of obligations issued to reimburse the City for the costs associated with the Financed Project will be \$25,000,000.

ADOPTED THIS 14th DAY OF JUNE, 2018.

CITY OF AUSTIN, TEXAS

By: _____

Name: _____

Title: _____

EXHIBIT A

DESCRIPTION OF PROJECT

<u>Purpose/Project</u>	<u>Amount</u>
Acquisition, construction, reconstruction, rehabilitation or renovation of airport facilities, including airport cargo facilities, and the acquisition of land and interests in land in connection with the facilities	\$25,000,000