

AGENDA



Recommendation for Council Action

AUSTIN CITY COUNCIL

Regular Meeting: June 14, 2018

Item Number: **004**

Aviation

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 to purchase an air freight and cargo facility leasehold interest and improvements.

Lead Department	Aviation.
Fiscal Note	Funding in the amount of \$25,000,000 is available in a future issuance of debt. A fiscal note is attached.
For More Information	David Arthur, Assistant Director and Chief Financial Officer, (512) 530-6688. <u>Council Committee, Board</u> To be reviewed by the Airport Advisory Commission on June 12, 2018.

Additional Backup Information:

The Aviation (Aviation) requests approval, in accordance with Federal Treasury Regulations, of a resolution officially declaring the City's intent to purchase a leasehold interest and the costs of improvements to Austin-Bergstrom International Airport (ABIA).

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

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 reviewed 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 to be purchased from Lynxs Austin CargoPort LLC (Lynxs) in the amount of \$25,000,000.