

AGENDA



Recommendation for Council Action

AUSTIN CITY COUNCIL
Regular Meeting: June 14, 2018

Item Number: **029**

Office of Real Estate Services

Authorize negotiation and execution of a purchase and sale agreement with Lynxs Austin CargoPort, LLC for the purchase of its leasehold interest in approximately 731,822 square feet of land and its improvements, including three buildings located at Austin-Bergstrom International Airport for a total amount not to exceed \$25,000,000 for the purchase, estimated closing costs for the acquisition, and additional improvements to the property after acquisition.

District(s) Affected: District 2

Lead Department	Office of Real Estate Services.
Fiscal Note	Funding is available in the Fiscal Year 2017-2018 Capital Budget of the Aviation Department.
For More Information	David Arthur, Assistant Director, 512-530-6688; Megan Herron, Office of Real Estate Services (512) 974-5649; Alex Gale, Office of Real Estate Services (512) 974-1416
Council Committee, Boards and Commission Action	May 8, 2018 - Approved by Austin Airport Advisory Commission on a vote of 8-0-0-3. Commission Members Saulmon, Thies, and Hendricks absent.

Additional Backup Information:

On or about September 25, 1996, Austin Air Cargo One, LLC (Tenant) leased approximately 731,822

square feet of land from the City at Austin-Bergstrom International Airport (Airport) on which it built three cargo buildings for the operation of an air freight and cargo facility (Improvements). The construction of the Improvements was financed by the issuance of bonds by ABIA Development Corporation. As part of a debt refinancing and restructuring arrangement, the Tenant paid off all outstanding bonds and assigned the ground lease to Lynxs Austin CargoPort, LLC (Lynxs) in 2014. Lynxs leases the land and Improvements from the City under a new ground lease through 2040.

As the airport of choice for Central Texas, the Airport's passenger traffic reached almost 14 million passengers in 2017 and is expected to grow exponentially with more domestic and international air carriers initiating air service. Buying back the leasehold interest including the Improvements from Lynxs allows the Airport to further support air freight and cargo development including the current operations of FedEx, DHL, and UPS. Additionally, the buildings may also be utilized to accommodate additional needs of the Airport including utilizing a building as a receiving and distribution center for terminal tenants as well as for Airport storage and warehouse needs.