



**Land Acquisition
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 10
AGENDA DATE: Thu 06/23/2005
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SUBJECT: Authorize the negotiation and execution of a Master Agreement, Lease Purchase Agreement and other agreements with Airport Commercial Center, Ltd., and its affiliates to acquire a tract of approximately 86 acres of land in Travis County, Texas, being: Lots 1-7 Block A Phase I, Lots 8-10 Block A Phase II, Lots 23, 24 & 25 Block A Phase III, and the remaining unplatted portion (sometimes referred to as Phase IV) of Austin-Bergstrom Airport Center, a subdivision of Travis County, Texas; Spirit of Texas Drive, a subdivision in Travis County, Texas; and Lot 2 Block A, Airport Fast Park Subdivision, a subdivision of Travis County, Texas.

AMOUNT & SOURCE OF FUNDING: Funding in the amount of \$650,000 is available in the Fiscal Year 2004-2005 Approved Operating Budget of the Aviation Department.

FISCAL NOTE: There is no unanticipated fiscal impact. A fiscal note is not required.

**REQUESTING Aviation
DEPARTMENT:**

**DIRECTOR'S
AUTHORIZATION: Jim Smith**

FOR MORE INFORMATION CONTACT: Jim Smith, Executive Director/(512) 530-7518

PRIOR COUNCIL ACTION: N/A

BOARD AND COMMISSION ACTION: Reviewed by the Airport Advisory Commission

This action will authorize the Department of Aviation to acquire approximately 86 acres of land north of Highway 71 across from Austin-Bergstrom International Airport for airport purposes. The Austin-Bergstrom International Airport October 2003 Master Plan Update, which was approved by the Federal Aviation Administration, identified the need to acquire additional land north of Highway 71 for such airport-related future uses as a consolidated rental car facility and employee and public parking. Because the land is included in the Airport's Master Plan, up to 75% of the cost of acquisition is eligible for reimbursement by the Federal Government under FAA Airport Improvement Program Grants.

The land proposed to be acquired is owned by Airport Commercial Center, Ltd. and is currently undeveloped. The land is adjacent to other tracts of land that either have been, or are in the process of being acquired by the City under the Airport Noise Compatibility Program. Airport Commercial Center, Ltd. is currently in the process of emerging from a Chapter 11 Bankruptcy proceeding, and authority for the proposed transactions is included in the debtor's Plan of Reorganization. The Plan must be approved by the Bankruptcy Court, and a hearing on approval of the plan is currently scheduled for July 20, 2005. Certain development rights appurtenant to the land are currently being held by affiliates of Airport Commercial Center, Ltd., and will also be acquired under the proposed transaction.



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Under the proposed transaction, the City would enter into a Master Agreement and a Lease Purchase Agreement for the land. The lease would go into effect upon confirmation of the debtor's bankruptcy plan, and allow the City to control the land until the City is ready to exercise its option to purchase. It is the intent of the Department of Aviation to exercise the purchase option as soon as reasonably possible after all conditions to closing under the Master Agreement have been satisfied. The purchase price will be established by appraisals performed in accordance with FAA standards. Until the City exercises its purchase option, the land will be leased at an approximate annual rental of \$650,000, a substantial portion of which will be credited toward the purchase price, when the option is exercised.