



Council Communication

Office of the City Manager

Date

May 21, 2007

Agenda Item No. 52A

Roll Call No. 07-_____

Communication No. 07-309

Submitted by: Allen McKinley, Finance
Director and Craig Smith, A.A.E. Aviation
Director

AGENDA HEADING:

Setting date of hearing on Issuance of not to Exceed \$6,000,000 in Aggregate Principal Amount of Special Facility Revenue Bonds (Elliott Aviation Project) of the City of Des Moines, Iowa (6-18-07), Directing Publication of Notice of Intention to Issue, and Declaring an Official Intent to Reimburse

SYNOPSIS:

Recommend approval of the actions described above. Elliott Aviation of Des Moines (Rick Michalski, Vice President / General Manager, 2800 SW McKinley Avenue, Des Moines) has requested that the City issue Special Facility Revenue Bonds in an aggregate amount not to exceed \$6 million. Elliott Aviation, not the City, will be legally responsible for paying the debt service. This debt instrument does not count against the City's general obligation debt limit.

FISCAL IMPACT:

Amount: The City does not incur any costs upon the issuance of Special Facility Revenue Bonds. Elliott Aviation will pay all fees charged by non-City parties for work done in conjunction with the review and issuance process, and will pay the debt service on the bonds.

ADDITIONAL INFORMATION:

Elliott Aviation of Des Moines Inc. has requested that the City issue Special Facility Revenue Bonds in an amount not to exceed \$6 million. Bond proceeds will primarily be used by Elliott Aviation to fund the construction of a regional headquarters facility to be used by Elliott Aviation, consisting of three aircraft hangars, a general aviation terminal and supporting office area with certain other directly related improvements. The facility will be located at 2800 SW McKinley Avenue, Des Moines, Iowa, on the Des Moines International Airport and will be leased to Elliott Aviation pursuant to a Fixed Base Operator Lease and Agreement. A small portion of the Special Facility Revenue Bonds will be used for

a reserve fund and for paying costs of issuance and related costs of the bonds, including necessary incidental expenses.

The City's Revenue Bond policy requires the City Council to review the bond at two separate meetings. The first review (May 21, 2007) is to approve a resolution to set a date of public hearing for June 18, 2007, on the proposal to issue bonds. Prior to the public hearing, City staff, in conjunction with special counsel and Public Financial Management (the City's financial advisor), will review all documents to ensure legal compliance and to assess the possibility of any future default on the bonds, which could harm the capital markets' perception of the city's own bonds.

Even though Elliott Aviation will pay the debt service, the City's name will be on the bonds. Elliott Aviation will pay all fees charged by non-city parties for work done in conjunction with the review process.

PREVIOUS COUNCIL ACTION(S):

Date: May 7, 2007

Roll Call Number: 07-866

Action: Setting date of hearing on approval of a Fixed Base Operator Lease and Agreement with Elliott Aviation of Des Moines, Inc. for services at the Des Moines International Airport, (5-21-07). **Moved by Vlassis to adopt. Motion Carried 7-0.**

BOARD/COMMISSION ACTION(S):

Date: May 1, 2007

Resolution Number: A07-85

Action: Recommended Approval of Fixed Base Operator Lease and Agreement with Elliott Aviation of Des Moines, Inc for Services at the Des Moines International Airport

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

A public hearing is expected to be conducted at the City Council meeting of June 18, 2007.